



Accelerate Your Supply Chain.



Transforming Global Logistics into a Data-Driven Machine

Fortune 500 manufacturing and distribution organization re-engineers its logistics operation with real-time insights.

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— Logistics Director

Changing Market Conditions Demand New Approach

This well-known manufacturing and distribution organization is one of the oldest and most respected corporations in the industry. The company has a track record of innovation and quality that has allowed it to grow into a Fortune 500 company. From compounded chemicals to manufactured parts, it's likely you are familiar with their products.

During a period of sagging market conditions, the company set out to find a transportation management system to bring visibility and real-time insights to two dozen subsidiary companies and their systems. What they found was a real-time logistics data and service visibility solution that enabled them to redesign their entire logistics process. With a flexible Transportation Management System (TMS) and an intelligent invoice management system, the company was able to deliver over 20 percent cost-savings across all modes of transport. The time to value was under 90 days, so they were able to deliver an in-year Return on Investment (ROI) to the organization.

The company's large scale, variety of products, and global reach make it an industry powerhouse. All of which present a myriad of challenges for its shipping and logistics managers. The company purchases globally from over 20,000 suppliers and ships parts and products all over the U.S.; items smaller than a pound, to complex, fragile, and heavy finished goods. Despite using innovative technology and design in its products, the company's transportation management approach was antiquated—a mix of outdated, manual, stand-alone systems, and tracking methods inherited from the subsidiaries in its portfolio.

Lack of Insight Clouds Decision Making

To tackle the problem, the company hired a new Logistics Director and veteran of the shipping industry, who'd helped reinvent the supply chain structures at a number of large corporations. Looking at the company's global shipping practices, the director found inefficiency and waste throughout. More importantly, very little empirical data on freight cost, routing, and shipper relations existed.

"The fundamental problem when I joined was finding out we had no information, no data—or should I say, no usable data," he says. "The data was only available by request and manually created in Excel. Because it was manual, there were gaps in the data. There were a lot of errors."

Faced with a declining U.S. market, the company needed to increase its effectiveness and efficiency in shipping and logistics in order to maintain profitability and service. The new logistics director knew that, without accurate and timely insights from the supply chain, it was impossible to create truly successful initiatives to drive sustainable value.

"We were relying on opinion rather than data or fact," he recalls. "We had no strategic logistics approach. It was very difficult for me to design and deploy a global logistics strategy when I didn't have any data. I needed to adapt the information we had into a usable, standard format. That was my biggest challenge."

The organization was surrounded by data but lacked the tools to bring it all together and create the insights needed to optimize its shipping. Without a solution, the company would continue to make less-than-optimal decisions based on misleading, delayed, inaccurate, or incomplete information. Such decisions would exacerbate the inefficiencies and lack of accountability in their processes. Over time, supply chain improvement initiatives would continue to flounder.

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Scalability Required:

Solution needed to support multiple BUs with different ERPs and 400 shipping locations.

Finding A Robust, Flexible, and Scalable Solution

“We looked at five different vendors for TMS and one of the fundamental things that was important to me was: ‘Could they do what we needed them to do?’ The answer for all five we examined was, ‘Yes, they probably could.’ But could they take us to that next level?” He goes on to say, “We needed a solution provider that was nimble, but large enough to support us.”

The company knew flexibility was essential with any TMS partner they worked with. With multiple business units (BU) in North America, each with different enterprise resource planning (ERP) systems, it was difficult for them to figure out how to deploy a solution into so many different systems. Coupled with more than 400 shipping locations of all different sizes in North America, a TMS solution needed to be agile.

In their search for the right provider, the company discovered the larger TMS providers needed processes to work their way. Providers typically assess exorbitant fees for modifications, so the company would be faced with fitting their processes to the TMS, instead of the TMS to their processes.

Another limitation of typical TMS providers is they often lack insights into freight spend. With inefficiencies and waste running rampant in the organization, they knew they needed more than a standard TMS. To effectively redefine their shipping business, they needed an intelligent invoice management solution that could automate tedious processes and deliver real-time freight spend insights.

The company soon landed on the RateLinx Enterprise Suite, which included the ShipLinx Intelligent Transportation Management System to handle their complex TMS needs in a flexible manner and PayLinx Intelligent Invoice Management, to provide the invoice and spend insights they had been craving. RateLinx’s

Enterprise Suite is compatible with nearly any enterprise resource planning or warehouse management system in the world and delivers a single data set to improve logistics data accuracy and insights.

Additional Efficiencies Discovered with Optimized Transportation

The ShipLinX Intelligent Transportation Management System component of the RateLinX Enterprise Suite enabled the company to optimize its transportation business on a single platform and handle the complex business rules for each subsidiary. Having total control over the cost, route, and carrier rules provided and maintained in the ShipLinX software, the logistics director set about making changes and questioning processes that were “done the way they’ve always been done.” One major change was transitioning to a three-hub shipping network from the previous two-hub system. Having three regional hubs helped decrease dreaded overlap (a sign of inefficiency) in shipping lanes.

The built-in lane management and auction tools completely changed the client’s relationships with its carriers, ultimately resulting in the company using fewer carriers. This new approach ensured shipping contracts were beneficial to both the client and its transportation providers. The tool allowed both parties to structure shipments to give the best rates to the client while giving the carriers freight in lanes they needed to fill. The goal was to have the lowest possible sustainable rates for the company and avoid half-filled trucks. Instead of the client having to play “hardball” to get the lowest rates, the shippers were happy to offer discounted rates to fill up trucks that would otherwise operate at less-than-maximum capacity.

By showing shipping managers the full picture through real-time insights, the ShipLinX TMS empowered them to

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make decisions that factor in quality, efficiency, and speed. Consider this—is it worth the effort to deal with four separate, lower-quality carriers to obtain minor savings instead of paying slightly more to use a single company with a reputation for quality service? The complete and accurate visibility now available to the team enabled them to make better decisions.

Automation & Real-Time Analytics Deliver Real Cost-Savings

Working with the PayLinx Intelligent Invoice Management solution from the RateLinx Enterprise Suite gave the company real-time access to their entire freight spend while automating many manual processes and eliminating rate tolerances. Along with the information from ShipLinx, the company now had a reporting dashboard that provided critical analytics and intelligence, including Savings, Lost Savings, and Potential Savings KPI's in real-time.

One crucial facet of the PayLinx solution is the ability to see the “true cost” of freight and shipping of a product. Oftentimes, a supplier will inflate the cost of the freight in order to protect themselves from receiving less than ideal freight. Using the tools the client is able to direct specific freight to specific carriers. The result is RateLinx allows the client to negotiate a better freight rate, by reducing pricing risk for the carrier.

The effects of the insights and transparency provided by the PayLinx solution have been felt throughout the client's organization in ways big and small. One of the company's divisions was shipping small parcel items. The company discovered it had been using the same—and less cost-effective—carrier to move a new line of products. With the new dashboard, the logistics director was able to see which carrier was able to handle the new freight at a lower cost.

At another location, a plant tracking manager thanked the new logistics director for implementing the RateLinx Enterprise Suite into the company's supply chain. He revealed that, previously, the process of booking trucks for the day would start at 10 a.m. and end at 2 p.m. Now, he says he enters the information into RateLinx, goes to lunch, and returns to a printout of the freight bookings.

Real-Time Problem Solving Reduces Variances

PayLinx provides valuable information, but more importantly, provides it to the client in real-time. This allows problems to be solved almost as soon as they are identified. In one case, a new product line was rolled out and shipped using existing carriers. Immediately, the logistics manager saw a significant increase in budgeted rates, as his existing carriers were not well suited to this new product line. Using real-time information, the logistics director was able to engage a new carrier quickly, and come to the business unit CFO with a warning that he would see a variance in the current month's financials—but that the problem had already been corrected.

The logistics director said, "Normally, that would take three or four months to show up on the P&L report. The first time the CFO saw it on the P&L, he'd think it was a variance. The second time, there might be something there. Then, he'd start calling. The books close 10 days after the end of the month. By the time he starts calling and says, 'What's going on?' you're three months out. Instead, we now had a report after two weeks showing our variances and waste, but we fixed it before the CFO even knew there was a problem. That is one of the best examples of the value of RateLinx's solutions."



Driving Cost-Savings:

Client realized 20% savings across all modes of transport.



Added Visibility:

“Suddenly, we’re accountable to what we’re doing and we have complete transparency and visibility to every decision that we make.”

Rapid Deployment and Immediate ROI Drive Initiative Success

Once the logistics director decided on using the RateLinx Enterprise Suite, the process of deployment went smoothly. One of the company’s businesses volunteered to be the pilot for RateLinx. The business unit was up and running quickly, using the new system to fully manage and optimize its shipping. Over the next year, over 400 locations adopted the system through a staggered approach required by the client.

After the deployment was complete, the client had comprehensive, real-time, usable information on every aspect of its shipping and transportation business—all thanks to the Enterprise Suite.

The logistics director’s goal was not to simply save money or create better efficiency. He wanted to fundamentally change the culture of how the company managed shipping and logistics—to a data-driven approach in which decisions are made based on facts, not opinions or relationships. Some in the company were resistant to change.

He says, “You’re a business and you’ve always bought your logistics by relationships—Typically based on personal relationships. Suddenly, we’re holding business units accountable to what they’re doing and we have complete transparency and visibility to every decision that they make.”

The logistics director implemented the RateLinx solution to create a nimble, efficient, global logistics system with a data-driven approach to decision making. However, the client soon found the efficiencies discovered by RateLinx’s software solutions introduced cost savings that quickly impacted the company’s bottom line.

Though the logistics director’s initiative was to remake the company’s shipping network, the cost savings created by the RateLinx Enterprise Suite went beyond—20 percent

across all modes of transport. It's a sum so large, he says, RateLinx paid for itself ten times over.

"You can redesign your logistics approach with RateLinx in a completely self-funding manner," he says. "The return-on-investment was in a matter of hours in some cases. You almost don't need a capital request; you can expense the cost of it because you'll pay it back before the first bill comes."

To emphasize the ROI, one business unit was reluctant to implement the tool because of its cost. The logistics director was completely confident in the tool and made an agreement with the business unit President: Corporate would pay the entire fee of RateLinx if the savings didn't cover the cost. The business unit saw savings within 7 days and Corporate never paid a dime.

"It enables you to change logistics from a tactical necessity to a strategic asset to the organization,"

Transforming Logistics from Necessity to Asset

In the end, he says logistics professionals need to look at the RateLinx solution not simply as a freight management system, but a way to reimagine their entire shipping business. "RateLinx isn't about the automation of freight orders and payment. It's not about a bidding tool. It's not about a truckload auction," he observes. "It's about a way of taking your shipping information and integrating that into your business processes. A lot of companies look at it as a tool and they'll say, 'I need a freight payment system; who should I use?' They are thinking tactically."

"You need to be more calculated. My objective was to change logistics from a tactical necessity to a strategic asset to the organization," he continued. "That's what RateLinx enables you to do."

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