Two in one sweep: Sustainable Reduction of Transport Costs and CO2 with SupplyOn Transport Management

Combining Material and Transport-Management Processes

SupplyOn, the shared supply chain collaboration platform in the manufacturing industry

Christian Kastl
Senior Product Manager, SupplyOn
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Why Transport Management?
Current trends in transport management

- **Active Management of Inbound Supply Chains**
  - Higher flexibility requirements, cost pressure, time pressure, lean management and increasing part number
  - Incoterm FCA, shift from 3PL to active process ownership

- **Segmentation of Supply Chains**
  - Total cost approach
  - Management of all transport modes
  - Dynamic allocation

- **Network Planning Approach**
  - Inter-plant synergies
  - Combined transports
  - Managed transports – hubs and cross-docks

- **Global Supply Chain Management**
  - Global production – global procurement
  - High variability in order volumes

- **Integrated Transport Management**
  - Planning to invoice
  - Process integration including material management
  - Adaptive IT capabilities
Our integrated transportation management system covers all processes of transportation management.

Processes of integrated transportation management

- **Tactical Planning**
  - Optimization of routings and transport flows

- **Transport notification**
  - FPA Creation based on due deliveries

- **Dynamic Planning**
  - Optimization of loads based on actual volumes

- **Transport Execution**
  - Monitoring of load and shipment status

- **Billing & Invoicing**
  - Invoice to carrier including claim management

- **Reporting**
  - Reports & KPIs

Integrated Transportation Management System
SupplyOn TMS capabilities cover inbound, intercompany and outbound logistics

Inbound Logistics

- **SAP MM**
  - Buyer
  - Supplier
  - **ASN**
    - Advance Shipping Notification
  - **FPA**
    - Forwarder Pickup Advice

Outbound Logistics

- **Central freight rate DB**
- **Sales Order**
- **Transport order**
- **Logistic service provider**

SAP SD

- Buyer
Seamless link of the material management process with the transport management process

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MATERIAL MANAGEMENT PROCESS

Demand (Order, Call-Off or VMI-Process) → Forwarder Pickup Advice → Advance Shipment Notification → Goods Receipt → Invoice or Credit Note

Handover demand to transport management → Demand update → Synchronisation of status → Identical references for both invoices

TRANSPORT MANAGEMENT PROCESS

Transport Planning and Consolidation → Transport Order → Track & Trace → Proof of Delivery → Freight Cost Settlement
SupplyOn TOMS covers all relevant data and processes

Process today

1. Demand
2. Transport Order
3. Invoice

Future TOMS process in your company

1. Demand
2. Transport Order
3. Invoice

- Different communication media leads to ...
  - Communication breaks
  - Inconsistent data
  - Insufficient transparency and reliability
  - Manual efforts and corrections

- TOMS enables all transport relevant processes
  - In one single media
  - In a standardized format
  - Fully transparent
  - Completely documented

- The SupplyOn Platform introduces TOMS as industry standard, reducing the process variations

* Logistics Service Provider
SupplyOn TOMS is the new platform for material status information

**Process today**

- LSP* 1
- LSP* 2
- LSP* n

![Process today diagram](image)

- **Transport monitoring today happens**
  - Individually by LSP
  - Manually in LSPs systems
  - Without any option for further data analysis
  - On shipment level only – no search on material level possible

**Future TOMS process in your company**

- LSP* 1
- LSP* 2
- LSP* n

![Future process diagram](image)

- **Transport monitoring tomorrow**
  - On on single media
  - Standardized
  - Transparent for all involved parties
  - Fully documented
  - On material level

* Logistics Service Provider

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SupplyOn: Transport Order Management - TOMS
Benefits and Potentials

- From “Push” to “Pull” principle
- Higher transport frequencies
- Precise information on the material flow
- Exact transport data
- KPI’s for LSP’s
- Reduction of working capital
- Reduction of process costs (invoice processing, goods receipt)
- Reduction of special transports
- Increase utilization of Free Trade Agreements
- New contract options, like bonus / malus agreements
- Increase transport utilization

» The SupplyOn TOMS supports you in leveraging those benefits
Example: Cross-Dock
Reduction of transport costs by efficient use of cross docks

Typical business requirements

- Combine multiple shipments in a cross-dock resulting in a consolidated shipment to a customer
- Integrate multiple pick-up locations in a collection run for the cross-dock
- Separate combined shipments in a cross-dock to multiple customers
- Rules to drive cross-dock vs. direct shipment decisions based on costs and service level
- Communicate with Warehouse Management System in cross-dock
Example: Multi-Leg Shipments
Higher flexibility through multimodal leg transports

- Optimization of intermodal, multi-leg shipment with different carriers per leg
  - ✔

- Load constraints with special requirements (e.g. oversize, fragile, etc.)
  - ✔

- Planning and executing of a multi-leg shipment including different carriers
  - ✔

- Planning and executing door-to-door ocean movement including truck pre-carriage/on-carriage
  - ✔

- Planning and executing multi-modal air shipment and air freight rate integration
  - ✔
Example: Freight Payment
Gain transparency and allow efficient control of freight expenses

- Freight payment and audit
  - Invoice matching
  - Tolerance rules
  - Accounts payable reconciliation

- End-to-end processing of international drop-ship orders (one-time customer)
  ... across different countries and currencies...
  ... allocate freight pay costs to another location / country / currency ...
  - Origin country
  - Sold-to location country
  - Ship-to location country

- Freight payment for cross-business sector shipments
  - One truck (Autom. + Industry) charged back to separate business sectors
  - Allocation methods to each business sector (e.g. by order, quantity, weight)
Reference Example
Development and implementation of an integrated transportation management process for an automotive contract manufacturer

<table>
<thead>
<tr>
<th>Situation / Challenge</th>
<th>Solution</th>
<th>Benefits</th>
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</thead>
<tbody>
<tr>
<td>European automotive contract manufacturer</td>
<td>Overall design of processes for transportation management</td>
<td>Implementation of the first integrated transportation management system in the European automotive industry</td>
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<tr>
<td>Grown, specific processes for planning, optimization and execution of transportations</td>
<td>Verify and assess methods for deploying standard logistics software</td>
<td>Development of an IT strategy with a payback period of less than 10 month</td>
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<tr>
<td>No standardized IT systems</td>
<td>Develop a strategy for replacing and integrating the software into the heterogeneous IT system environment</td>
<td>Identification of transportation cost savings by more than 10% and realizing potentials in pilot runs</td>
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<tr>
<td>Lack of transparency in transportation costs</td>
<td>Pilot project, training and start-up support for implementing the TMS solution</td>
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<tr>
<td>Adopting ad-hoc measures only; no sustainable reduction in transportation costs</td>
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</tbody>
</table>
SupplyOn – Transport Order Management System
Optimization potentials enabled by TOMS

- **Cooperation (internal)**
  - Dynamic transport optimization (distribution)
  - Visibility of transport status
  - Event monitoring

- **Reduction of premium freight**
  - Centralized TM for defined relations / transport structure
  - Invoice audit / E-Billing

- **Combination inbound / outbound**
  - Shipment consolidation
  - Carrier selection

- **Freight payment**
  - Visibility in supply chain
  - Alerting in case of exceptions

- **Efficient load building**
  - Usage of EXW transport structure and cross charge costs
  - Increase of delivery frequency
  - Switch from push to pull

Cost saving possibilities depend on existing organizational structures and capabilities.
CARBON FOOTPRINT REPORTING

Why carbon footprint?

Carriers and logistic providers are confronted with growing requests from customers and legislation, e.g. French regulation (l'article L. 1431-3 du code des transports)

Our customers are enabled to show their carbon footprint and improve their supply chains from an environmental perspective

Benefits

- Proof your sustainability according to your environmental compliance
- Calculate the energy consumption and emission data of your worldwide transport chain
- Analysis environmental optimization potentials in your supply chain and monitor your improvements
- Disclose results customized for different recipients as legislation and your customers

“A measure of the amount of carbon dioxide produced by a person, organization or state in a given time”
SupplyOn offers a comprehensive range of post-implementation service and support options

**Software-as-a-Service**

**Standard SupplyOn Support Concept**
- Worldwide 24x7-hotline and support in 8 languages
- Free of charge Webinar tutorials
- Application maintenance & release management
- Short issue resolution times (97% in 24h)
  Very high customer satisfaction (95%)

**Deployment**

**Intensive Rollout Support**
- HyperCare (direct, operat. access to SupplyOn experts after Go-Live + x weeks)
- Custom-tailored buyer user trainings1
- Onboarding of suppliers & carriers
- User enabling of suppliers & carriers1

**Additional Consulting**

**Operational & Project-based Support**
- Business Case Management & Savings Monitoring
- Transport Planner Coaching
- Rollout Planning and Management
- Supply Chain Performance Analysis & Improvement
- Deep Transportation Analytics, Network Analysis & Optimization
- Supply Chain Control Tower Design & Implementation
- 4PL services

1 incl. concept, preparation, execution and monitoring
The SupplyOn solution concept supports you with the sustainable reduction of distribution cost and improvement of delivery performance:

- Dynamic optimization & selection of the cost-optimal transport
- Short-term update of transports before the assignment of an LSP
- Transparency of all deliveries (track & trace) and transport cost
- > 2,500 LSPs are already part of the SupplyOn/inet Community
- Consideration of all relevant cost aspects – total cost of transportation
- Inbound & outbound transport management integrated in a single system
- Fast implementation with SaaS solution
- High user acceptance due to fast and easy to use system and 7x24 hotline
- CO2 reduction through optimized transports
Any questions?

Contact me!

SupplyOn AG
Christian Kastl
Ludwigstraße 49
85399 Hallbergmoos

e-mail  christian.kastl@SupplyOn.com
phone   +49 811 9 99 97-335
mobile  +49 152 0880 2611
web     SupplyOn.com