IBM
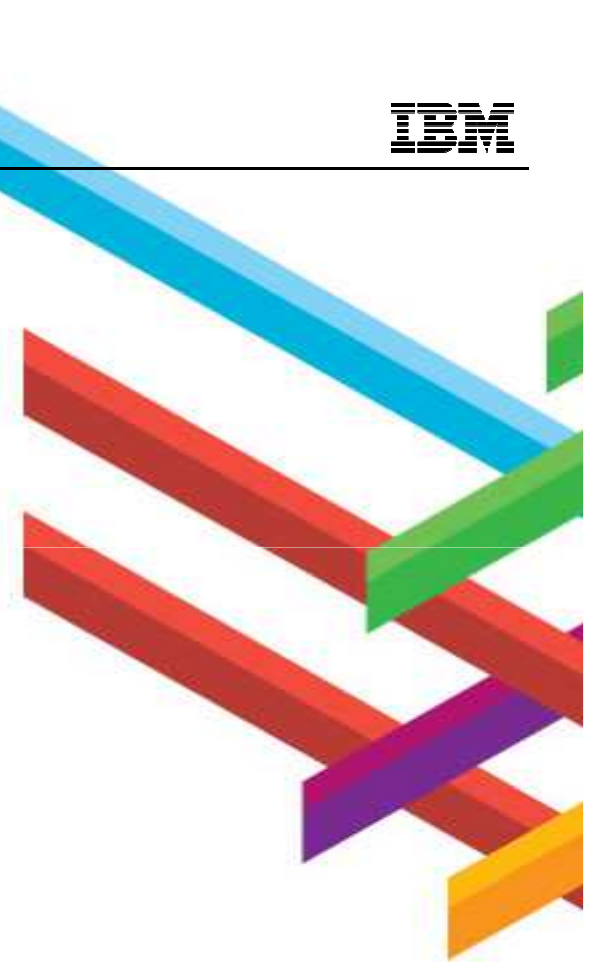
Take control of transport savings and achieve full visibility with the IBM Sterling TMS solution

Ronald Teijken

CLX L GISTICS
EUROPE

Content

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CLX LOGISTICS
EUROPE

IBM

Supply Chain wide expertise with a special focus on Transport & Distribution

Benchmarks & Bids	Transportation Management Solutions	Supply Chain Consulting
Benchmark & Secure best-In-Class Freight Rates	***Global Control & Visibility with World Class Technology***	***Supply Chain expertise with focus on global Transport & Distribution***
Benchmark to identify and quantify transport savings potential. Understand where your performance stands against the competition by comparing freight on trade-lane level.	*Gain control over your logistics network and empower your business to achieve significant competitive advantage with CLX's On-Demand Global TMS.*	*Our solutions include proven project methodologies for a range of supply chain topics, addressing strategic design, tactical choices and operational issues.*
Go-to-market (Bid / Tender) to realize & implement the quantified savings in a minimal timeframe.	*IBM Sterling TMS optimizes load building, routes, rates and service levels, provides real-time visibility into transportation status and automates freight payment.*	*Focus on practical, sustainable solutions developed in close collaboration with clients.*

RICOH · Continental · Nikon · lyondellbasell · L'ORÉAL · MARS Incorporated · TEVA · hp

Levi's · PHILIPS · xerox · Abbott A Promise for Life · STORK · VOLVO · IFF · K-SWISS

Reckitt Benckiser · ROCKWOOL · SAMSUNG · BAYER · SolVin · DSM · BACARDI · Cargill

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Case: European Automotive OEM

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Leading European OEM

Manufactures a range of SUVs, Station wagons (estates), Sedans (saloons), Compact sedans, Coupes

2,300 local dealers from around 100 national sales companies worldwide

Largest markets are the United States, Sweden, China, Germany, the United Kingdom, and Belgium.

**2011: global sales of 449,255 cars (+20.3% vs. 2010).**

Overall Business Objective

"In-source the Logistics Operations of Finished Vehicles from an outsourced 3rd party logistics provider in order to internally control, execute, and manage their global finished vehicle distribution"

Scope

Implement a solution which executes and manages the global finished vehicle distribution of luxury cars. This includes:

- Route Determination,

- Transit Time Calculation,

- Mode Selection,

- Carrier Contract Management & Selection,

- Shipment Visibility,

- Freight Payment and

- Electronic communication with the Shipper's 20+ systems and their 30+ multiple carriers
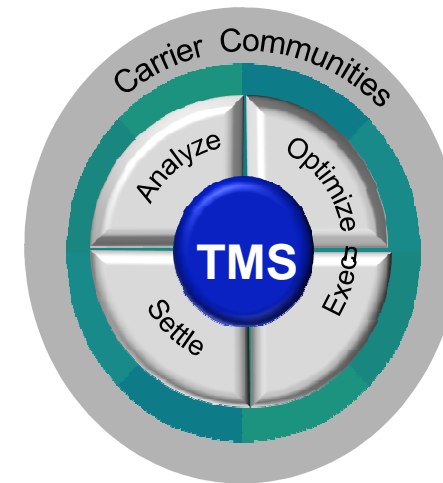
Timelines

- **<u>Live within 5 months</u>** or the Shipper would not have been able to distribute their finished vehicles.
  - The ideal project timeline for a project with this scope would be over a year in length!

- Started March 2012 - Full scope of functionality working in Production by the end of July in 2012
  - Including the connectivity to all systems (Shipper and Carrier systems).

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Logistics knowledge / Domain expertise

+ Outsourced 3rd party LSP to manage the shipper's global vehicle distribution
+ No internal vehicle distribution system or domain expertise
+ Logistics Process and Implementation experience provided by CLX logistics vital

SaaS Solution

+ Cloud Service
+ IBM and CLX joint effort
+ Live in the TMS within 5 months of the start of the project
+ Much lower overall cost than a traditional solution

Carrier On-boarding

+ CLX experienced in on-boarding of Carriers (for multiple modes).
    - Including the development and the implementation of new EDI by the Carriers
+ All of the Shipper's Carriers connected to the TMS at the time of the go-live

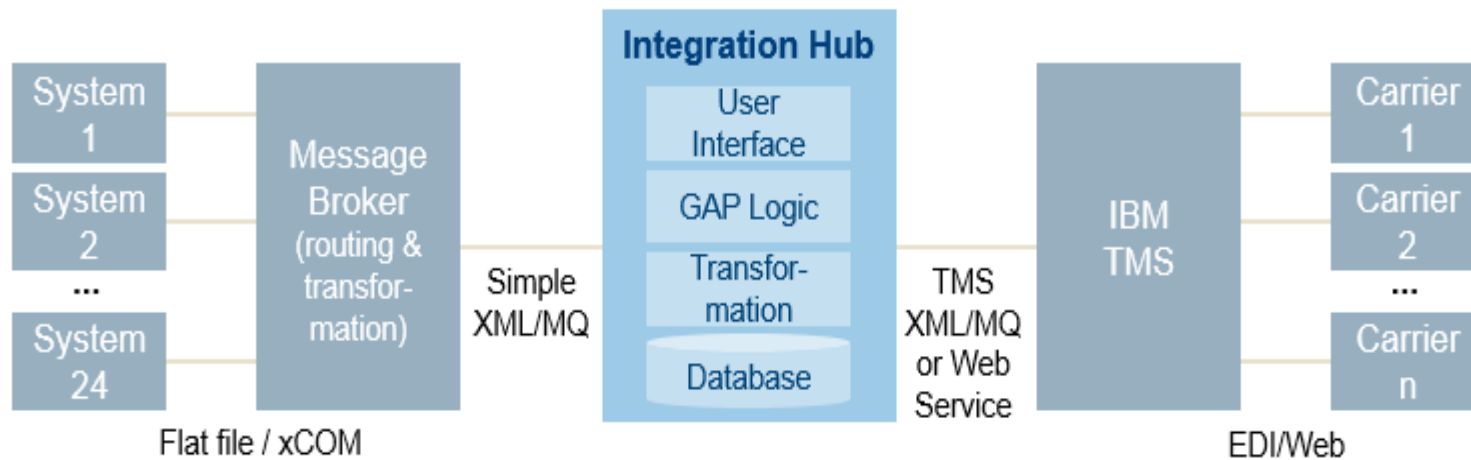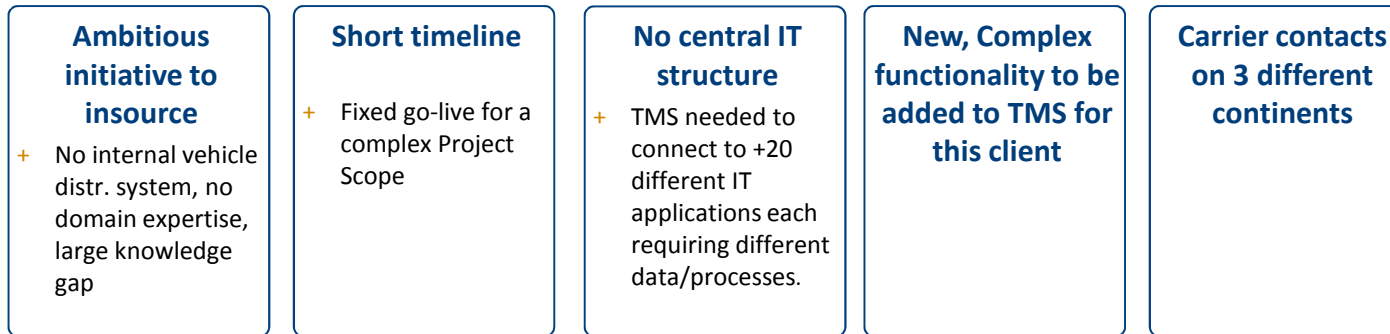### Overall IBM value

+ Full system for testing within 3 months from the start of the project.
    - Including customizations to the SaaS solution and custom cloud connectivity platform to overcome to the Shipper internal IT weaknesses

Ambitious initiative to insource

+ No internal vehicle distr. system, no domain expertise, large knowledge gap

Short timeline

+ Fixed go-live for a complex Project Scope

No central IT structure

+ TMS needed to connect to +20 different IT applications each requiring different data/processes.

New, Complex functionality to be added to TMS for this client

Carrier contacts on 3 different continents

Full deployment within 6 months

- Deployed global solution for car distribution in less than 6 months
- 8,000+ routes via multiple carriers and modes into 120 countries

30+ carriers connected

+ 30+ global carriers connected and certified on IBM TMS network

Control & visibility

- Complete control and visibility of global distribution process

Car movement booking

- Booking car movements from plant, through processing centers, ports, distribution yards and dealers (incl. Routing changes and Dealer allocation updates)

Shipment visibility

- Tracking each shipment leg for visibility of on-time pickup and delivery

Alerts on late arrivals

- Alerting on late events, as well as automatic update of subsequent shipment legs based on actual delivery events on prior legs

SaaS Platform

- SaaS platform providing flexibility to scale with OEM's growth expectations and business changes

Self-billing through TMS

- Automated Self-Billing Freight Payment processing through the TMS

Large money savings: better management of cost through removal of the 3PL and dependency on legacy system support

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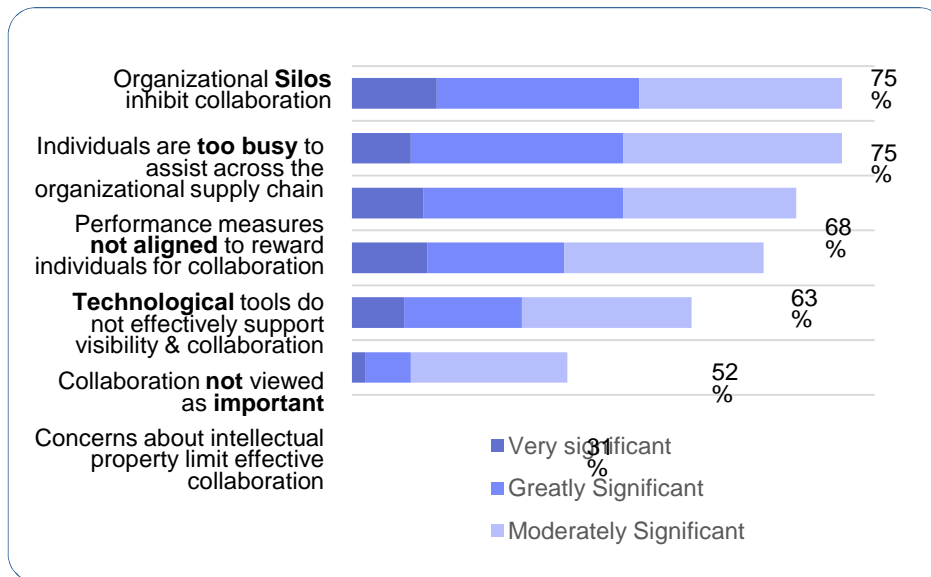**Contact details**

70%

55%

60%

56%

43%

COST CONTAINMENT

- Fighting integral costs as such as might be futile, but being flexible can identify cost savings elsewhere

SUPPLY CHAIN VISIBILITY

- Supply chain visibility is inhibited by a lack of capabilities and an unwillingness to collaborate

RISK MANAGEMENT

- Process, data, & technology are identified as the roadblocks to good risk management, yet they are the key enablers

INCREASING CUSTOMER DEMANDS

- Customers have increased demand for more: right product, right place, right time, right price, sooner.

GLOBALIZATION

- Lead times, delivery, and quality are top challenges, but overall globalization has been a positive boon for the leaders.

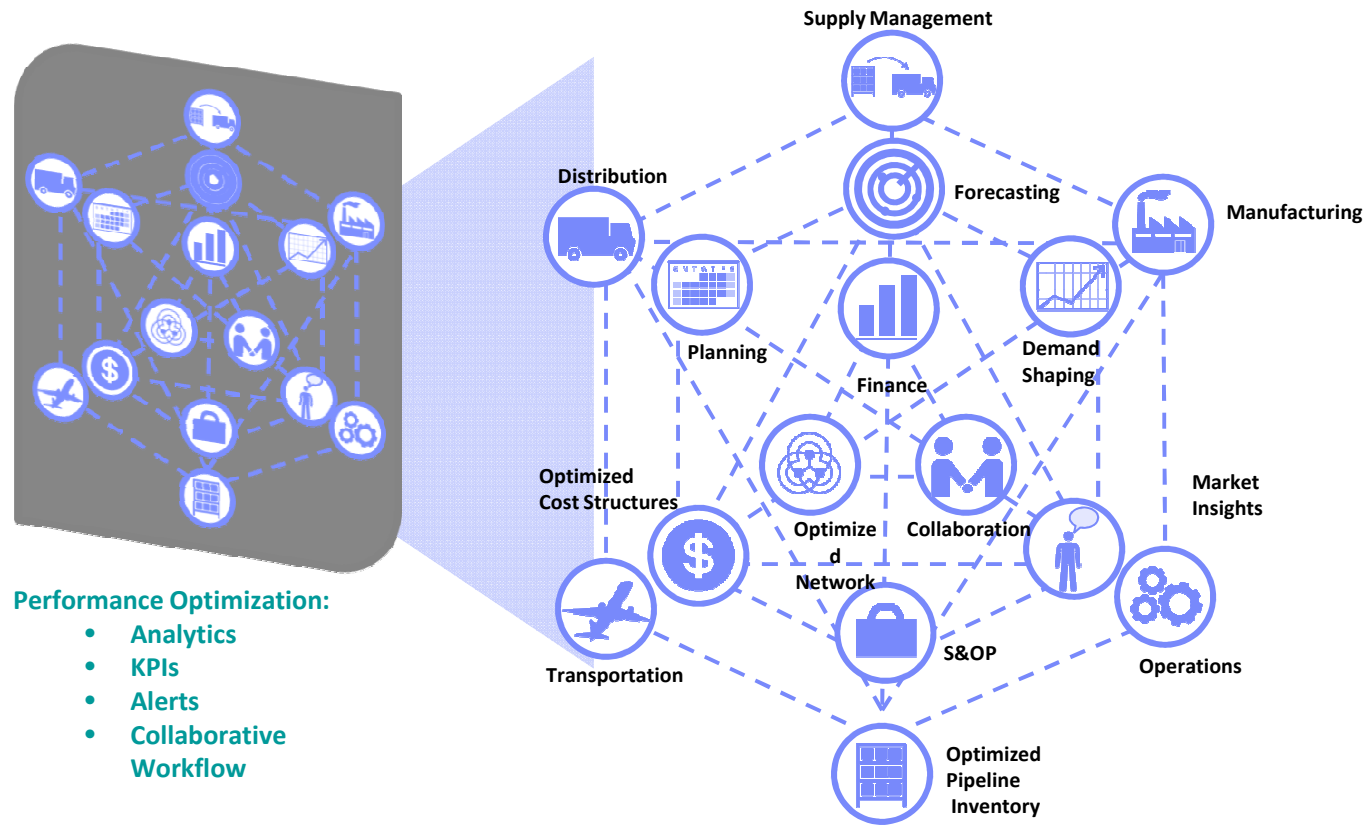Source: IBM Institute for Business Value

IBM

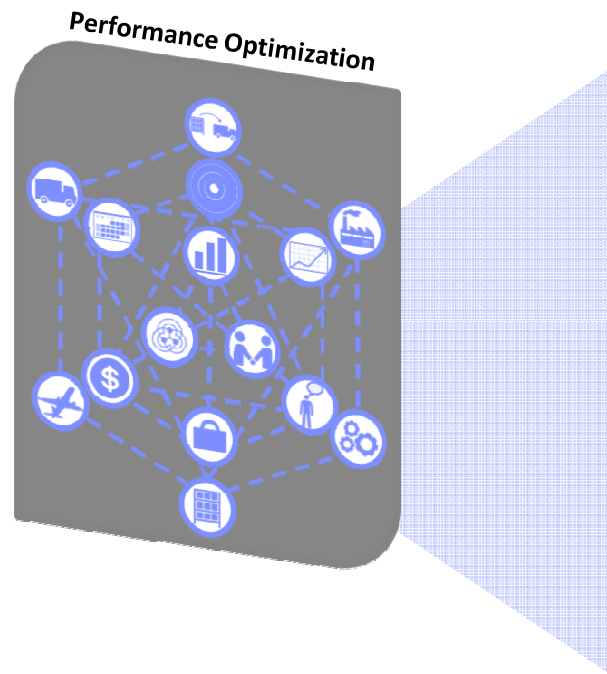**How significant are the following barriers to visibility & collaboration?**

Of your supply chain partners, where is your greatest supply chain visibility issue?

Organizational **Silos** inhibit collaboration — 75%

Individuals are **too busy** to assist across the organizational supply chain — 75%

Performance measures **not aligned** to reward individuals for collaboration — 68%

Technological tools do not effectively support visibility & collaboration — 63%

Collaboration **not** viewed as **important** — 52%

Concerns about intellectual property limit effective collaboration — 31%

■ Very significant
■ Greatly Significant
■ Moderately Significant

Suppliers
Logistics providers
Contract manufacturers
Customers
Others

■ Ranking

IBM

Performance Optimization:
- **Analytics**
- **KPIs**
- **Alerts**
- **Collaborative Workflow**

Supply Management

Distribution

Forecasting

Manufacturing

Planning

Finance

Demand Shaping

Optimized Cost Structures

Optimized Network

Collaboration

Market Insights

Transportation

S&OP

Operations

Optimized Pipeline Inventory

Source: IBM Institute for Business Value

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Performance Optimization

- Bundle **visibility** and **control** of the value chain into a **synchronized portal view**

- **Consolidate events** across the end-to-end value chain – customer, distribution, manufacturing, multi-tired supply

- **Manage by exception.** Issue alerts, recommend action, when key performance indicators are trending toward tolerance boundaries

- Initiate recovery responses either automatically or through **decision feedback loops**

- Uses **advanced analytics for optimized cost, inventory and network alignment**

Source: IBM Institute for Business Value

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Analyze
- Functional Dashboards
- Best of Breed Reports
- Ad-Hoc Reports
- Carrier Scorecard
- Compliance

Optimize
- Route Guide Compliance
- Carrier Network Queries
- Shipment Optimization
- Carrier Optimization
- Bid/Proposal

Carrier Communities

Analyze Optimize

TMS

Settle Execute

Settle
- Match & Pay or Self-Invoicing
- Pre-Shipment Audit
- Accessorial Charges
- Integrated Accruals

Execute
- Auto Booking
- Dock Scheduling
- Events and Alerts
- Shipment Visibility
- Spot Market Tendering

Gain Global Visibility

Control Global Spend

Reduce Costs

Optimize Routes

Execute Shipments

Settle

DC DECONSOLIDATION

SP SUPPLIER

MP MANUFACTURING PLANT

INTERNATIONAL SHIPMENT

LOCALIZED SHIPMENT

CUSTOMER

Graphical view on origins, destination, steps, milestones and content of the shipments (owner, orders, etc.)

IBM Brings World Class Technology

- Supply Chain Applications: Optimization & Execution in a SaaS model
- Carrier Network: 15,000+ carriers for 150+ shippers
- World Scale & World Class Development , Execution, and Support for the Network and Applications
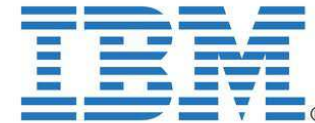
CLX Logistics Brings Deep & Broad Logistics Expertise

- Process Analysis/Improvement/Design
- Proven Implementation Methodology and Resources
- Strong project managers to ensure a successful, efficient implementation
- First Line Support by Logistics & Logistics Systems Experts
- Value Added Services When and If Needed
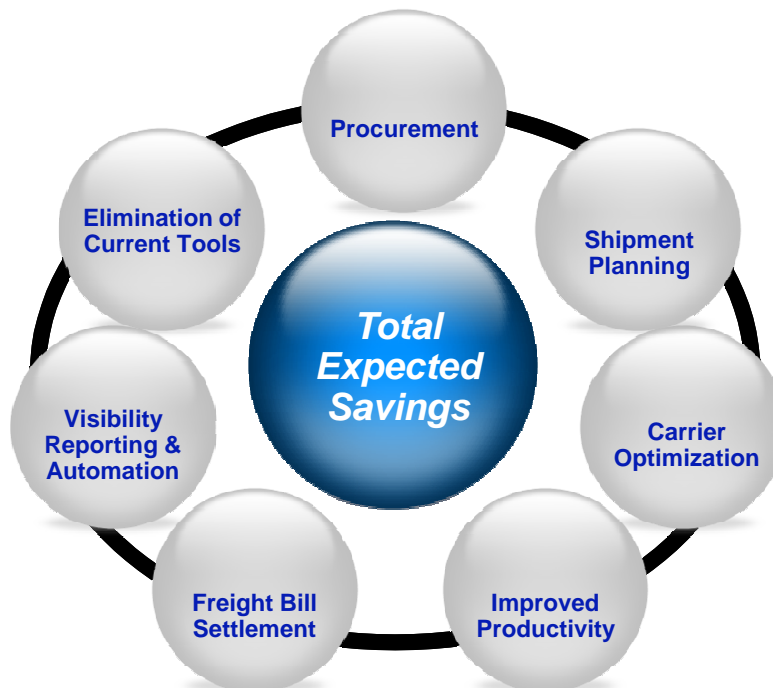
Total Expected Savings

- 5-20% Logistics Cost Reductions
- Based on CLX Logistics proprietary business value assessment process, applying comparable solutions with similar shippers

IBM

Using a Transportation Management System to achieve Global Control Tower Visibility

Manage customer service levels

Pro-active alerts on disruptions

Cost control management

Optimize and extend to a global Network

SAAS based,

Good ROI

Easy and quick to implement

Global capability

ERP independent

Developed by logistic experts

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