



3PL Uses Insight and Technology to Balance Complex Multimodal Scenarios

How Logistics & Procurement Solutions, LLC combined logistics know-how with SMC³ BidSense® technology to give their customer an optimized transportation plan

Challenge: Optimizing Freight and Logistics Approaches within a Complex Supply Chain

Problem solving, effective procurement and supply chain methodologies are core offerings for Logistics & Procurement Solutions, LLC (LPS). The SMC³ business partner fine tunes its customers' multimodal transportation mix, lowering logistics and purchasing expenses to rapidly increase cash flow.

In early 2008, a leading U.S.-based document services provider asked LPS to optimize its less-than-truckload (LTL) and parcel shipping functions. "The client had a \$40 million total transportation spend with an \$8 million LTL

spend to optimize," recalled LPS president and CEO Steve Hogan. "They were interested in improving service, consolidating their carrier base, lowering costs and making better overall decisions on what carrier or mode to use."

Solution: A Strategic Approach to Optimizing LTL

To make comprehensive, cross-modal recommendations for its customers, LPS relies on importing and analyzing key data from a multitude of customer data sources, as well as provider shipment files. "When we engage our customers, we're there to secure operating cash," Hogan said. "The focus is on measured costs reduction; we don't

just look at freight cost—we look at spend categories in outsourcing, fulfillment, transportation, international, fleet, truck, parcel, courier and air. Our methods achieve lower cost structures and they improve spending methods. We map our processes to the cost savings tied directly to improvements in operating cash and the company's financial reporting functions."

According to Hogan, SMC³ BidSense was the obvious choice for reducing the client's LTL-category costs. "We use PrimeTrac™, our proprietary event-optimization tool, in conjunction with BidSense to analyze various category and mode costs," Hogan continued. "BidSense was the front-end piece we used for the LTL bid, carrier negotiations and cost rationalization. PrimeTrac combines and analyzes multiple mode and supply chain categories. It was a matter of reconciling the customer's LTL category with their overall purchasing strategy. LPS is a strong advocate of the SMC³ CzarLite® pricing methodology, and this client was already using CzarLite for long-term LTL pricing. Most of our clients use a repeatable pricing model, where predictability and consistency is more valued than the use of a more dynamic or spot-pricing model that does not always align to best costs," he added.

Hogan also relies on BidSense to extend PrimeTrac's freight handling capabilities in the LTL category much further. "We use BidSense for

At-A-Glance

SMC³ business partner Logistics & Procurement Solutions, LLC (LPS) specializes in logistics and procurement improvement

LPS

Logistics & Procurement Solutions, LLC

solutions that help their customers optimize product and material flow and reduce supply chain cost in areas including fulfillment, transportation and technology. In 2008, an LPS customer presented LPS

with defined goals: improve operating cash while consolidating carriers through a strategic transportation bid. LPS relied on the power of SMC³ BidSense® to optimize the customer's LTL spend, successfully consolidate carriers and achieve a 16-plus-percent cost reduction.

two main purposes: first, to make a tactical decision about which carriers to use and second, which is even more important to us, to quickly import LTL scenarios into PrimeTrac. BidSense allows us to extract service components and transit times without having to maintain carrier database files. We can then bring that information back into PrimeTrac and use it to rationalize hundredweight, LTL, truckload, pool, rail and fleet costs. BidSense provides an intuitive online tool with bid transparency and multiple-user visibility that allows us to engage the customer in the RFP process. In addition, it improves our effectiveness and costs with our customers, as our administrative time is reduced more than 20 percent via the direct interface to all major carrier pricing departments.”

Results: Meeting LTL Efficiency and Cost Reduction Goals

As far as Hogan is concerned, his client proved to be an ideal candidate with imminently solvable LTL concerns, and BidSense proved to be a powerful and highly reliable management tool for helping achieve the best-possible mode mix. “This client runs lean and they’re smart, but they just don’t have the personnel to initiate an LTL bid using BidSense,” he said. “This was a very big job, pulling all the information together from 27 different shipping locations and transportation centers and managing all the modes, including the LTL category. Getting



Steve Hogan,
President and
CEO, Logistics
and Procurement
Solutions, LLC

BidSense data on more than 15 LTL carriers simultaneously and managing and evaluating it within BidSense was huge, as was the ability to export BidSense data into PrimeTrac. That transfer of data allowed us to quickly compare different modes and choose the best transportation approach. BidSense helped our customer develop cost-reduction goals and implement them with their carriers.”

In the final analysis, LPS helped its client succeed in reaching their pre-defined goals of five carriers or less and a minimum 16-percent cost reduction on their overall LTL spend. For a process-oriented company like this particular customer, incorpo-



rating LTL bidding best practices was also a boon. “What BidSense did was help this customer to realize the functional relationship between price and method. That understanding alone will help them sustain their improvements and savings by knowing the rules for using the right carrier on each routing,” Hogan

said. “They’re extremely pleased with the outcome and were very happy with the BidSense results.”

The Carrier Perspective

Tim Shaw, corporate pricing manager at YRC National Transportation Organization, a subsidiary of YRC Corporation, works from the carrier’s Kansas office, supporting customers with LTL needs in the lower 48 states, Canada and Mexico.

For Shaw, BidSense provides a neat package, with not only a reliable tool, but exceptional customer service. “Virtually everyone in this office is familiar with BidSense. It’s one of the more visible bidding tools our customers use,” he said. “The people at SMC³ are familiar with transportation and are good people with a good name in the marketplace,” he continued. “There’s an immediate comfort zone—I can talk with someone if I get stuck and they’ll understand what I’m talking about. Their customer service is so strong that it is really, to me, what seals the deal.

“By choosing BidSense for their customer, LPS benefited from our group’s ability to gather information from the different carriers, analyze the data and make a decision, and our company benefited from helping the customer solve their problems,” he continued. “That’s what we want to do. BidSense is a workable method and was a good choice—the more you use it, the more comfortable you get with it.” ■



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ATLANTA HEADQUARTERS

500 Westpark Drive
Peachtree City, GA 30269
ph 770.486.5800
800.845.8090
fax 770.486.7649

LOUISVILLE

200 High Rise Drive
Suite 200
Louisville, KY 40213
ph 502.962.0900
888.342.6484
fax 502.962.0939