



3PL Charts the Course for Clients' Success with Strategic LTL Bids

How USTC Live Logistics used SMC³ BidSense[®] to leverage volume, consolidate LTL purchasing and provide an integrated transportation solution

Challenge: Thinking Strategically to Optimize LTL Results for Very Different Customers

Good customer relations and retention form a long-standing business mission for Maryland-based 3PL, USTC Live Logistics. The company assists mostly medium-sized shippers nationwide to reduce and control their freight and logistics costs throughout their entire supply chain. Given USTC's roots in LTL and TL billing and transportation management, the company's executive director of business development, Fred Sigman, is always on the lookout for innovative tools and wise approaches that add customer value and make sense for USTC's business expansion.

In 2007 two very different USTC customers—one a leading U.S. plastics distributor and Thule, a Swedish auto and truck accessory manufacturer—needed to conduct LTL bids to better meet their cost and service-level goals. Sigman quickly identified an opportunity to optimize both parties' bid results using SMC³

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At-A-Glance

Third-party logistics provider USTC Live Logistics chose the SMC³ BidSense[®] bid management and analysis tool to conduct individual bids for two customers, saving each client approximately 18 percent on their respective LTL spends.

USTC literally guaranteed bid results with BidSense, ensuring that

each client combined its LTL volume, consolidated and optimized its carriers, effectively negotiated better rates and secured a comprehensive, integrated transportation solution that would help them take advantage of the new rates and USTC as a business partner.





*Fred Sigman, Executive Director
of Business Development,
USTC Live Logistics*

BidSense, the only strategic LTL bid tool that applies a best-practices approach and sophisticated analysis capabilities to leverage his unique expertise. “The size of these two companies’ individual bids—almost \$10 million each—was a good opportunity to use BidSense,” he explained.

Sigman guaranteed the customers’ LTL savings and paid for BidSense and a new CzarLite rate base, in exchange for a share of the savings...

Already a long-time user of the SMC³ CzarLite® base rate, Sigman knew he could tap into BidSense capabilities to help solve a common problem that bedevils shippers everywhere. “Both customers had multiple, decentralized locations independently negotiating their own LTL rates with trucking companies, and each could benefit from taking advantage of system-wide volume,” he continued. “Consolidating and being consis-

tent within their locations was probably the biggest requirement for both companies.”

Sigman offered both customers a no-fail, no-risk solution: He would guarantee their LTL savings and pay for BidSense and a new CzarLite rate base, in exchange for a small share of the savings rendered from the process. Both companies gladly accepted his offer, and USTC took the bid lead.

Solution: Guaranteeing Best-Practices Bids with Customized Transportation Management

BidSense proved an ideal choice—not only as a stand-alone tool for bid optimization but as an innovative transportation pricing solution that could be combined with USTC’s transportation management solution (TMS).

“By combining BidSense with [CzarLite and] our TMS, we gave these two customers a mechanism to effectively negotiate and take advantage of better rates,” he said. “We were able to use BidSense to collect carrier responses online,” he continued, “loading each contract and merging BidSense reports into the TMS, which reports on all customer data. Then we used the TMS as a sort of ‘routing-rating engine’ to enter destination ZIP codes, weight and commodities, and list out each carrier.”

With BidSense USTC was able to conduct LTL bids that resulted in each client saving approximately 18 percent in their LTL spend. Furthermore, the BidSense bids guided decisions to consolidate locations—important moves for both companies’ long-term success. For USTC, the positive bid results have

propelled the company’s growth as a fully integrated 3PL.

“In one company’s case, we combined their business units as one entity and used their volume to negotiate the best-possible rates,” Sigman continued. “Now I provide both customers with breakdowns—both from the cost accounting side and from the carrier side. For one company, I broke the data down by every GL they assign—by location and method of transfer. From an accounting side, USTC provides benefit, because we give them exact data each week.”

Results: Adding Value through a Creative Approach

BidSense has definitely exceeded Sigman’s initial expectations. “From my end, it allowed me to give my customers benefit: They were ecstatic with their bid savings. The awarded carriers were happy, because they were getting more business. And I created more revenue for our business. It created a win-win-win situation,” he explained. “This is working out well. We’ll probably need to tweak the fuel and other things,

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so I would estimate we'll want to re-run these customers' bids on a biannual basis."

What business lessons can Sigman share about optimizing LTL bidding? "In supply chain management, information is power," he said. "You have to understand what type of product you've got, the direction it's going, whether it's a minimum, etc. To manage transportation, you have

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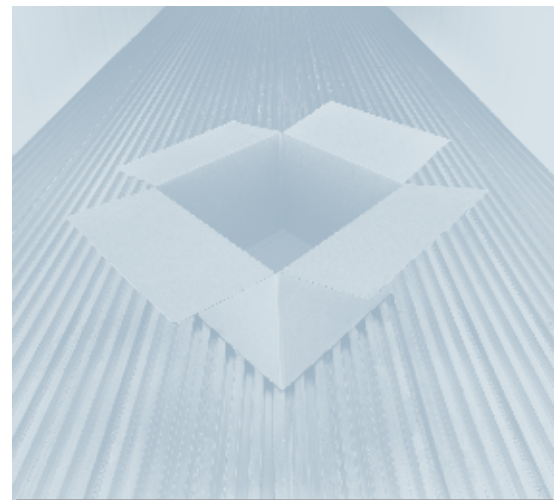
to have control—and an understanding—of what the data is. Traditionally, if companies have done bids with carriers, if they don't know how to provide carriers with the right information, they're not going to get the best rates. That's what BidSense does: Allows you to use information so that carriers can effectively price the best way they can."

The Carrier Perspective

Joe Colapietro is the director of pricing in the Pennsylvania office of Ward Trucking LLC, a division of Ward Transport and Logistics. Ward Trucking LLC is a multi-regional, non-union carrier with 24 services centers, and Colapietro's department manages more than 40 LTL bids per month for Ward. Colapietro noted that bids submitted via BidSense enable his company to price their services according to their business model.



"The great thing on the USTC bid was using BidSense for detailed information, as well as summarized information by lane," Colapietro said. "We are not a very large national carrier, but we are a good-sized multi-regional carrier. With BidSense information, we can easily cost and price lanes within our system, and bid on our strengths to fill capacity. Detailed BidSense information—as far down as five-digit ZIP codes—allows us to see what the volumes are within the areas we service on a direct basis." ■



The Fine Art of Managing Bid Details

Some of Thule's highly unique shipment details required USTC's master touch with BidSense. For example, Class 250 boxes – big enough for a human to sit inside, with unusually large air spaces due to product configuration – were a snap to handle. "With BidSense analytics, we isolated this class from the rest of the freight and allowed the carriers to recommend the proper pricing for higher density classes," USTC's Sigman noted. "BidSense was a really effective tool for bidding the boxes separately from everything else."

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