

BENCHMARKING ANALYSIS

Using freight data and analytics to conduct a global parcel benchmarking analysis that helped drastically improve freight spend efficiency.

Dräger

“nVision’s benchmarking data was critical in allowing us to compare our LTL spend to the market, but also in our development and execution of an RFP targeting our North American LTL spend. nVision’s support and guidance through this process was a key factor in completing the project.”

~ Dave Higgins, Commodity Manager, Draeger Medical Systems Inc.



The Organization

A publicly-traded conglomerate headquartered in United States that produces commercial and engineering services, consumer products.

The Challenge

In an effort to streamline and operate a more efficient supply chain; It has become extremely necessary for organizations to better understand and manage shipping rates. In order to achieve that, a detailed data-driven analysis must be executed. This can become challenging without real-time insight into market rates on similar shipments.

Utilizing our cloud-based intelligence tools we have developed the ability to provide lane by lane and rate card to rate card and transportation provider by transportation provider details in order to inform shippers if they are paying too much for any given shipment.

The Solution

Engineers within nVision Global supply chain services utilized its modeling tool to drive the project. Utilizing historical shipment data provided by the customer we have compared the rates and accessorial charges for both transportation providers rating the individual shipments multiple ways. The results of the benchmarking project are based on rating results of thousands of individual shipments that have been rated at the individual services levels contained in the carrier pricing.

nVision Global manages over 150 million freight bills, totaling approximately \$6.5 billion, each year for hundreds of shippers. By utilizing this extensive database, we can identify if the rates being paid by the customer are higher, lower, or equivalent to other shippers with similar shipping characteristics and volumes being allocated to each transportation provider.

The Results

Utilizing custom business intelligence and analytics tools we were able to compare multiple rates and modes across many transportation providers and networks. We were able to identify several opportunities to save and reduce overall freight spend. The analysis reported the lowest rate and a calculation of the savings potential by using the most cost effective rate for all shipments as compared against like customers/volumes/mode/regions, etc... These calculations were then put into a summary report providing overall assessment by provider/carrier on freight, accessorial and/or fuel.

By reviewing the parcel providers comparable rates against a like customer A and customer B it showed for some weights/zones more competitive that now allows the client to negotiate with a narrowed focus. As weights increased the opportunity to drive savings exists as compared to same type of freight/volumes upwards 10+%.

A key component from the analysis was the client having high fuel surcharges especially in the EMEA region. By reviewing each provider/carrier to customer A & B's fuel it was apparent that fuel discounts was an opportunity for negotiation as the weight breaks occurred. As an example for a shipment with 12 KG the fuel surcharge was \$51.33 for the client, but for similar shipment counts by other customers by weight was \$13.51 this calculates to thousands of dollars in savings opportunity.

It was important to assist our client in understanding that all accessorial fees are negotiable. Also opening up the negotiations to all carriers is important.