TESS™

USE CASES

SOURCING IN CHINA

The China-based operations of a multi-billion dollar US food and beverage conglomerate uses TESS™ to upgrade the vehicle types in its contracted fleet, improve shipment safety and save 7% over historic costs.

Situation

Although the company is a sophisticated TESS user, its carrier base was not familiar with electronic sourcing of any kind.

In addition, the carriers used a variety of smaller vehicle types and unorthodox loading methods which meant shipment safety was a significant consideration.

Before it could develop and implement a strategy to improve its transportation network, the company needed to establish a practical understanding of its existing carriers' assets and capabilities.

The overriding objective for the project was to drive new performance and safety standards based on larger vehicle types and the company was willing to reward carriers that supported its objective.

Challenges

- Carriers were not familiar with online sourcing applications and even simple tasks such as uploading bid-sheets were challenging.

- It was important to design the project in a way that respected existing business practices, contracts and capacity issues while incentivizing the carriers to make operational changes.

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Wins

- TESS was configured to enable the creation of bid sheets that were specific to each carrier and translated into local languages. The bid sheets were then delivered to each carrier and the bidding process was supported in face-to-face meetings.
- The bid sheets not only captured traditional pricing and capacity information, but they also gathered data on each carrier's equipment assets, including vehicle types.
- The process resulted in a highly granular and accurate view of each carrier's capabilities. This included lane-based service histories by equipment type, knowledge of larger vehicle types that could be immediately put into service and a committed schedule from each carrier for deploying larger vehicle types.
- TESS scenario analysis was used with selected carriers to detail the specific business impacts of upgrading to larger vehicles and was able to demonstrate, in real-time, the benefits of upgrading fleets as quickly as possible.
- During scenario analysis, TESS was able to include the schedule provided by each carrier regarding upgrading vehicles in addition to traditional business constraints such as lane pricing, capacity data and vehicle types.

Results

- The project brought order to a complex network, improved safety standards and reduced costs by 7%.
- The objective of moving to larger vehicle types was achieved with many vehicles identified and put into service immediately while carriers committed to acquiring and deploying larger vehicles in the future.
- Shipment safety improved and vehicle and loading standards were realized more quickly than anticipated.

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