



Case Study

For International Expedited Shipments, Faster Can Be Cheaper

Fortune 500 Fashion Brand Uses Software to Analyze and Automate Choice of Parcel Versus Air

THE CHALLENGE

A Fortune 500 fashion brand was spending more than \$15 million a year on expedited inbound stock shipments to the U.S., freight and parcel combined.

The company felt it had enough data to make better real-time decisions on mode and service level choice in order to dramatically reduce costs. But the freight routing process was not dynamic. Suppliers shipped based on static routing guide instructions using a rule of thumb: shipments less than 50 kilos went parcel, and those above went air.

According to the company's Vice President of Transport Operations, "We felt that, by factoring in the cost of customs clearance and local delivery, which are integrated into parcel carriers' costs, we could save money by shipping heavier shipments via parcel. So faster could actually be cheaper."

The company searched for a global transportation management system (TMS) to automate the routing process and better align service with the actual business need.

THE FIX

The company selected Acuitive Solutions' cloud-based, global TMS to connect vendors, forwarders and carriers in a collaborative freight routing workflow. Routing is now automated based on availability and the attributes of the purchase order (P.O.).

For expedites, Acuitive's system factors clearance and local transportation in its cost calculation. As a result, a large percent of the company's inbound shipments to the U.S. have already shifted from freight forwarders to small parcel.

"After Acuitive, we found that 150 kilos or less was generally the point where parcel beat a heavy weight forwarder," says the fashion brand's Transport VP, "although the great thing about Acuitive is that we don't have to use a general rule of thumb. The system can make the choice, shipment by shipment, in a scalable way."

By balancing the allocation of expedited shipments between freight forwarders and parcel carriers in the U.S., Acuitive Solutions facilitated yearly savings of \$1.3 million.

"These results are just the beginning."

- VP of Transport Operations



Key elements of the solution include:

- **Rules based and highly configurable system.**

Acuitive translates a very complex set of variables into easy-to-follow workflows. There is no hard coding, so the company's staff can custom-configure the system as business rules change.

- **Improved shipment visibility.**

Previous visibility solutions were based on unreliable data input from overseas factories. Today, the Acuitive system provides these suppliers with shipment labels that include tracking numbers linked to the P.O. and clothing style. This gives the company P.O.- and SKU-level visibility from the point of origin.

- **Protection of parcel account codes.**

Before, the company had to give suppliers parcel account numbers, setting up potential abuse by suppliers and internal buyers. Today, Acuitive automatically assigns the right parcel account code up front and the supplier never sees it.

- **Carrier choice.**

In the past, static routing guides locked the company into using the chosen parcel carrier for a particular factory. Today, the company can dynamically choose the most cost-effective carrier – a capability that, by itself, has delivered an incremental \$200,000 in annual savings.

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"The great thing about Acuitive is that we don't have to use a general rule of thumb to determine parcel versus air. The system can make the choice, shipment by shipment, in a scalable way."

- VP of Transport Operations

THE RESULT

International parcel management is one piece of a broader solution for inbound global freight routing that this fashion brand has deployed using Acuitive.

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"These results are just the beginning," says the company's Transport VP. "The Acuitive system allows us to use available data to make better decisions. We now use the tool in the U.S. for domestic routing of parcel and are deploying in Asia and Europe, where there is an additional seven-figure savings opportunity."