



# THE QUICKEST ROUTE TO SAVINGS

HOW SUPPLY CHAIN NETWORKS CAN OPTIMIZE GLOBAL FREIGHT

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**O**ptimizing freight in a domestic supply chain is a science that has been evolving for the past 20 years. Beyond truckload moves or your grandfather's streamlined milk run the world of global freight has produced radically different methods of optimization. What follows are five "get rights" a company should consider when evaluating how to cut global freight costs.

## FIRST THINGS FIRST: YOU NEED A SUPPLY CHAIN NETWORK

Phone calls and spreadsheets tend to break down with the barriers of distance, language and time zones. Best-in-class companies are building sophisticated supply chain networks to first integrate all partners and then orchestrate all processes among the community. Think about it: When all service providers and suppliers are linked to your global sourcing and transportation applications, you can manage them as if they were operating divisions of your own company. This is the foundation you can build upon to achieve global freight optimization.

### WATCH THE ROADS

Consolidation savings are best achieved with early and accurate visibility into what is ready to ship in your network.

## KNOW EXACTLY WHAT YOU NEED AND WHEN IT'S READY

With your supply network up and running, you can have complete visibility into the order book and prepare an accurate forecast for your transportation service providers. Offering a rolling three-month forecast of needs can help ensure that you get the capacity and the service you require while proactively eliminating the high cost of expedited freight. As orders move through the production process, you can then get a view of what is ready to ship within a given time bucket, across all of your supply points for a given origin point. With the option to hold shipments and build full containers at a given supplier location or consolidate shipments across many suppliers, you can reduce costs (sometimes millions of dollars) with fewer shipments and much higher load factors. Consolidation savings are best achieved with early and accurate visibility into what is ready to ship in your network.

You also achieve the benefit of having a complete digitized reference of your order, the vendor's shipment and the consolidated shipment, without having to rekey any data—a critical success factor for any in-transit visibility solution.

## MAKING BETTER CARRIER AND SERVICE LEVEL DECISIONS

As cargo is sorted, segregated and prepared for shipment, a pre-shipment advice message can trigger the logistics team for some “between the ears” optimization. For this step to be successful, you need a rate management system that can compute the full, bottom-line cost of a move from origin to destination, across all service providers and for any type of equipment. The system must balance cost efficiency with historical performance on those lanes—is your provider meeting their service-level agreements?—as well as

your contractual commitments.

Other automation opportunities allow you to establish a dynamic, rule-based routing guide that will take these costs, performance and commitments into account, then offer this information to your partners at origin. So skip the pre-shipment advice and give your suppliers and forwarders access to your rates through the routing guide, which is always up-to-date, to execute your planned allocations. This is where you can start to save a little money on every shipment (and save a lot over the course of a year) without impacting your delivery commitments.

## MANAGE INEVITABLE IN-TRANSIT CHALLENGES

Remember how your supply network prepared the shipment and digitally linked the order to all shipment information? You can now use that network to light up the supply chain with near real-time carrier updates and dynamic estimates for cargo delivery. With this visibility into your inventory in-motion, you can moderate demands for expediting shipments and better plan (or postpone) fulfillment decisions for when cargo is received and cleared through customs. Additionally, by using a control tower platform powered by dashboards, metrics and supporting alert frameworks, you can manage flow by exception and focus efforts where most needed to meet a customer commitment or reduce costs.

## SPRINKLE IN SOME BIG DATA

Your supply chain visibility solution not only helps improve execution decisions but also creates a mountain of data. By leveraging analytics, you can answer important cost and performance metrics such as carrier performance, true cycle time, variability of supply, cost by lane and carrier, and so forth. All seem to be simple questions, but in practice they are very complex and time consuming to assemble without the right tools and

data sets. Take your big data solution one step farther and allocate these costs to the products being shipped, and you can create a powerful cost-to-serve model—but let's save that story for another time.

When thinking about freight optimization in the global domain, it all starts with your supply chain network—and a platform that allows you to extend and orchestrate the shipment preparation, consolidation and carrier booking processes. Your ability to determine the dollar value of “optimization” all depends on the power of your rate management system to fully cost a shipment and the rules you create to build a carrier allocation based on cost and performance for the routing guide.

In the end, you can't only rely on black-box optimization but need an integrated, collaborative process across your supply-chain network to generate global freight savings in the future.



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