⌄ CASE STUDY

EQUIPMENT DISTRIBUTOR

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275 BPS LIFT IN NET FREIGHT, CLOSING FREIGHT RECOVERY GAP BY HALF

Background:

This business is a global market leader providing over a million parts across 30+ global distribution centers.

The business was experiencing rising freight costs and widening gaps in cost recovery on freight, calling into question what was driving freight costs, how to better recoup costs on paid freight, and where to set the free freight minimum shipping threshold to improve net profitability. All while balancing the need to remain customer focused.

The path was unclear - without unified data that related sales orders, shipments, carrier billing, product and customer master data, the business relied on making decisions used ad-hoc analysis, sampled data sets, and P&L post-hoc results.
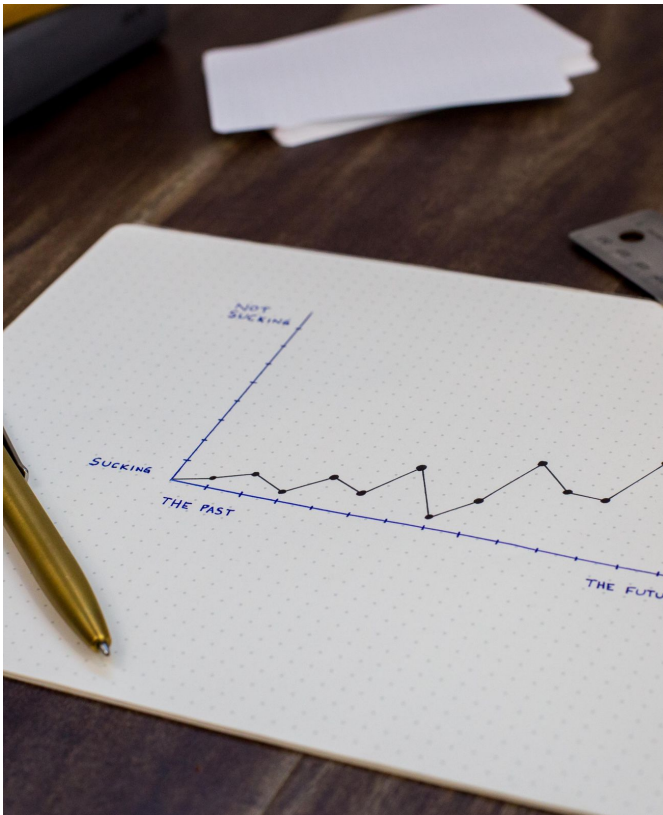
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» GOALS

1. Reverse declines in net profit due to Free Shipping, minimizing adverse impacts on customers
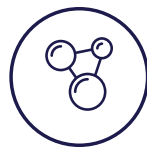
2. Predict outbound freight costs at order checkout on paid freight quotes across Parcel, Air, and LTL modes

3. Bring ongoing freight visibility and intelligence to freight cost drivers across carriers, product, customer, inventory positioning, commercial SLAs, and more

» ACHIEVEMENTS

Freight Cost to Serve Optimizer® delivering business intelligence, simulations, and predictions to guide net freight results

Optimized free shipping commercial terms in customer contracts and recalibrated paid freight quotes at time of order to drive >$2M+ annual benefit

Commercial teams had simulation capability to look at win-win scenarios to reduce customer and company costs through freight collect, forward stocking, and other programs

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275 **BPS**
Net margin

by reducing net freight cost of sales through cost reduction and cost recovery
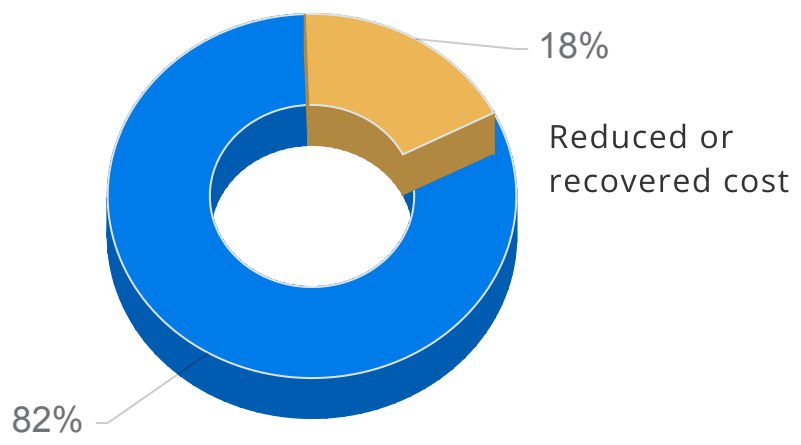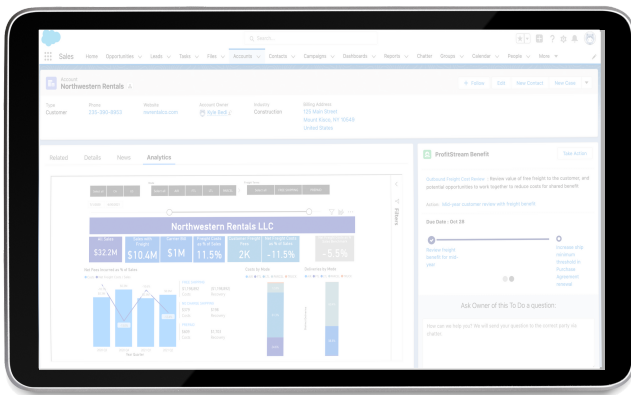
FREIGHT COST RECOVERY GAP

Before

▼48%

After

▼78%

FREIGHT SPEND BASE

18%

Reduced or recovered cost
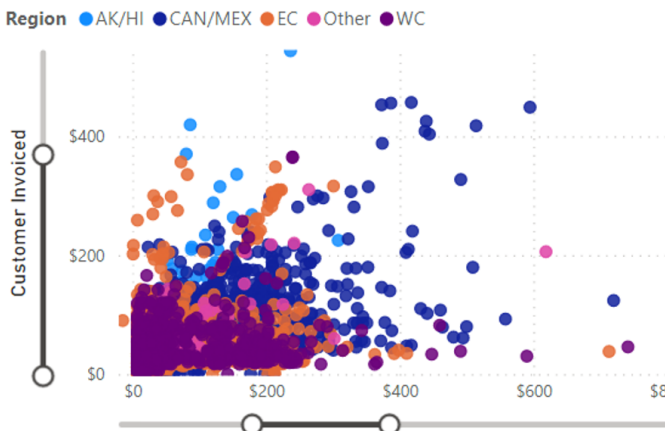
82%

KEY RESULTS

SYNAPSUM SOLUTIONS

COST TO SERVE INTELLIGENCE & INTEGRATIONS

COMMERCIAL TEAM CRM PLUG-INS

FREIGHT ORDER-LEVEL PREDICTIONS

BEFORE

AFTER