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$$\bigvee$$
 case study

MACHINERY DISTRIBUTOR

~\$1M IN BOOSTED FREIGHT RECOVERY AND 2.5X IN NET COST AVOIDANCE

Background:

A global manufacturer of equipment faced a widening freight recovery gap in outbound shipping. To keep pace with rising truckload (flatbed, step deck) and LTL rates, the business blanketed increases to customer freight rates set when orders were booked.

The issue? Logistics and Finance lacked visibility into freight costs on multi-stop truck load shipments. With costs buried in shipments, it was not possible to dial into lane level cost differences putting business at competitive risk where freight charges were too high, and leaving cost on the table where they were too low.

The solve? Synapsum's Freight Cost.IO algorithms allocated freight costs to each item on a truckload. This revealed precise adjustments to standard rates on shipping lanes to the tune of \$1M in year 1. Further, commercial teams received visibility into freight by account vs. benchmarks to guide discounts and contract terms with \$5M in upside.

A bonus? Logistics teams could now measure the cost recovery impact of routing decisions, make carrier negotiation and selection by lane, address outliers in load planning, and produce truck capacity forecasts - all hard-to-get-at insights when relying on transportation management and logistics services alone.

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Tie actual costs to the unit line level with reconciliation against standard freight rates, to identify and regularly update where rates are at variance to actuals

2.

Regularly view freight costs by customer account and product relative to revenue, to understand and better recover shipping cost of sales

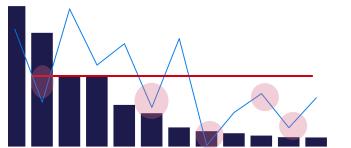
3.

Quantify the impact of routing, carrier, and load planning approaches to provide the logistics team with a feedback loop that allows for continuous improvement





OUTLIERS BY CUSTOMER



ACHIEVEMENTS



Continuously highlight precise freight rate adjustments required to produce accurate shipping fees at time of order; ~\$1M in immediate annual benefit



Inform commercial contracting and forecasting using accurate freight cost benchmarks by customer and product; ~\$5M in excess discounts revealed



Support logistics in ongoing carrier planning and communication by forecasting transport capacity needed against open orders with greater lead time

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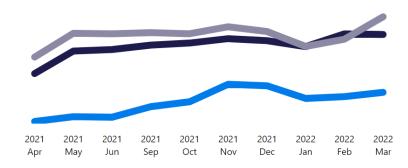
390 BPS Net margin

reducing the freight recovery gap by reflecting actual costs in standard rates

000 Rate

Rate Recalibration

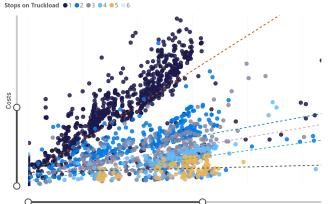
● Cost/Unit ● Customer Freight Rev/Unit ● Standard Rates/Unit



KEY RESULTS



Routes & Load Plan



Shipment Miles