

Company overview

With over 100 DCs and depot centers around the world, a leading provider of aerospace, electronics, and mission-critical industrial components (“Electronic Components”) has grown to over \$1b in revenue by maintaining high service levels for customers dependent upon on-time delivery to ensure uninterrupted manufacturing processes.

Situation

Electronic Components processed thousands of shipments per day from their DCs and depot centers using a variety of carrier-supplied systems, web sites, third party systems, and manual processes to rate, label, document, ship and track outbound shipments. Not all systems were integrated with Electronic Components’ ERP system and those that were required unique interfaces. As a result, Electronic Components’ lacked control over transportation activity and visibility into the status of mission critical components in transit, creating several critical issues.

Situation Summary

- Poor transportation visibility and control
- Disparate, inefficient shipping processes
- Manual international export processes
- Fragmented carrier cost accounting
- Rising transportation costs



Without the ability to check on the status of inbound parts or stock shipped between depots, Electronic Components sales representatives were unable to make commitments to customers about the availability of inventory to order. Tracking shipments to the component level was a tedious process, often requiring customer service personnel to research multiple processes to address urgent customer inquiries, including Electronic Components ERP system, DC shipping departments, depot centers, carrier and 3PL web sites. With a more unified view of parts in transit, customer service could have arranged for faster, less expensive delivery, while eliminating call backs and hold times.

Purchasing, order entry, and shipping personnel lacked cost-effective transportation decision support. Carrier service selections and rate calculations were inconsistent: some shipping systems calculated published rates, others included negotiated discounts. Moreover, the variability of shipping processes increased training time and chances for error, resulting in incorrect address entries, delayed deliveries and extended billing cycles.

For finance, disparate shipping processes made it impossible to gather all transportation costs into a single, unified accounting system. Instead, important financial information related to transportation costs was locked up in a myriad of databases owned and controlled by various carriers. Expected shipping costs were often very different from costs itemized on carrier invoices. Post-shipment accessorial fees levied by carriers accounted for over 7% of total transportation costs. As a result, accounts payable struggled to reconcile carrier invoices.

As a public company, Electronic Components felt pressure to get control of transportation cost accounting processes in order to comply with Sarbanes Oxley requirements. Electronic Components was also concerned that manually prepared international export forms could contain errors, creating regulatory risks and delays in customs. Electronic Components turned to Agile-Network for expertise required to reduce transportation costs, automate international compliance processes, and improve efficiency.

Capabilities Required

Electronic Components identified the following key system requirements:

1. One enterprise platform to automate shipping, integrated with ERP and carrier systems
2. Centralized storage of all transportation activity to improve performance management processes
3. Ability to automate international compliance processes and store digitized customs documents
4. Automate shipment tracking and PODs, with drill down on customer, shipment, and item status
5. Improve financial visibility and control over transportation costs and automate bill reconciliation

Solution

Agile-Network, LLC, is a nationwide organization of logistics systems integrators who specialize in enterprise deployment of integrated shipping processes. Over the years, Agile-Network's New England office ("Agile") had successfully integrated shipping client solutions in Electronic Components DCs. Agile studied Electronic Components' requirements and recommended AgileElite, a suite of enterprise transportation solutions.

Agile deployed an AgileElite server in Electronic Components' corporate data center, fully integrated with their ERP system. With this single interface, Electronic Components' IT personnel were able to completely control information flows, security, authorized user access, and reporting requirements mandated by SOX. Agile used AgileComposer to adapt role-specific processes for personnel in purchasing, order entry, finance, customer service, as well as shipping personnel throughout Electronic Components DCs and depot centers. Now, management shares a real-time and detailed view of transportation activity across their enterprise.

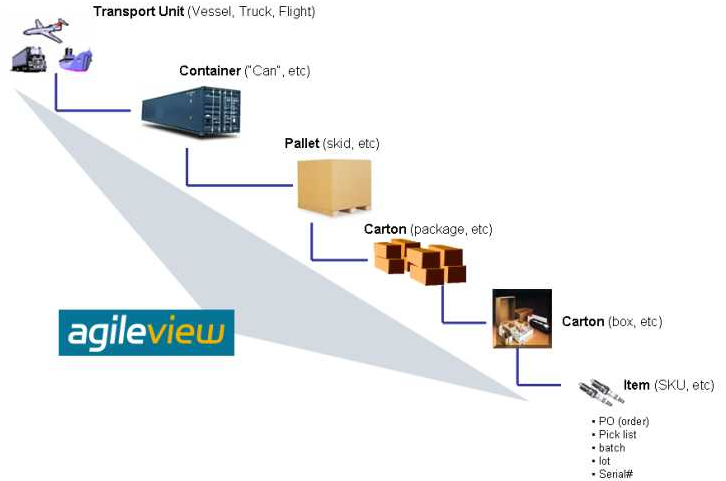
AgileRoute automates rating and carrier service selection decisions in order entry, purchasing, and shipping. Electronic Components DCs process parcel and LTL shipments using simplified AgileShip user interfaces that align with work flows. AgileShip accesses order information from the ERP system and automates weighing, carrier service selection, rating, compliant labeling, and bills of lading printing. AgileShip confirms shipments and updates the ERP system with accurate carrier costs, including likely accessorial charges which are passed along on customer invoices. All transactions, including digitized documentation, are stored in a central database for a complete and unified view.

In addition, Electronic Components personnel no longer have to manually prepare international customs forms. AgileExport automatically generates these documents as part of the shipping process. AgileExport accesses the appropriate tariff code by product# and prints the documents required for each destination country.

Authorized office personnel are able to print shipment requisition forms from their desktops. With one shipping database for all locations and users, Finance personnel are able to generate consolidated management reports to analyze profitability, reconcile carrier invoices, and take action on any variances that appear. Accounts receivable get PODs to support collections.

Results

- Reduced transportation costs by 6%
- Faster and more efficient customer service
- Improved sales with in transit stock visibility
- Reduced SOX compliance risks
- Improved management of critical processes



Results

Electronic Components' VP Operations: "By implementing AgileElite, Agile has helped us establish complete visibility and control over all our outbound transportation processes. As a result, we have reduced transportation costs, improved efficiency, and empowered all of our employees with the decision support they need to meet our customers' mission-critical delivery requirements."

For more information:

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