



Standardizing Carrier Management for a Leading 3PL Company

Business Situation

In today's B2B world, visibility into the supply chain is crucial, both for cost-cutting and profitability purposes. These business pressures prompted a provider of world-class supply chain solutions and services to turn to us to increase the transparency of its supplier compliance and carrier management processes.

Our client provides supply chain services to its parent company and more than 50 other leading corporations throughout the world. It operates 119 facilities and offices in 23 countries on six continents and provides full-service capabilities to companies in a variety of market sectors, including automotive, industrial, mining, oil and gas, aerospace, technology, consumer durables, manufacturing logistics, and maintenance, repair and operations (MRO).

Challenges

The supply chain services and solutions provider was experiencing a number of business challenges in its supplier compliance and carrier management processes. As a result, it was looking to improve its supplier-carrier communications and visibility, as well as collaboration with its transportation carriers.

Our client's business challenges included the following:

- Suppliers shipped materials using high-cost or non-compliant carriers due to minimal visibility into negotiated contract rates.

- Because transportation planners had little visibility into carrier contracts, there was increased use of spot rates instead of negotiated rate contracts, resulting in higher transportation costs for the customer and a direct impact on the bottom line.
- Transportation arrangement processes were not highly automated or integrated with the client's transportation management system (TMS). As a result, carrier selection and tendering were time-consuming processes, and the client had minimal visibility into transportation execution events.

Solution

The client's TMS lacked the ability to expose rates to suppliers, resulting in the use of non-optimal/non-compliant carriers. Moreover, most negotiated contracts were maintained in disparate sources, either in paper form or in spreadsheets, which made it difficult and time-consuming to look up optimal rates.

To resolve this, we developed a wrapper around the client's TMS, which was the centralized repository for carrier rates. The wrapper gave suppliers access to carrier rates in the TMS, thus providing the visibility they needed to choose optimal carriers. This also enabled the client to more effectively measure supplier compliance in using optimal rates.

To ensure that load planners and suppliers can access rates in a timely manner, we also devel-



oped a streamlined method to enter lanes and rates from disparate sources into a centralized repository. We did this by re-engineering the client's rate management process, creating standard carrier rate templates across modes. As a result, existing rates and new ones can be collected, stored and retrieved by suppliers and load planners, thus providing them with a more accurate picture of freight costs, more quickly.

This solution enables our client to effectively create and manage both buy-side and sell-side rates digitally. It also gives load planners the ability to centralize disparate rate management systems into a single, global system that can optimize carrier rate management processes and effectively leverage rate information to improve productivity, profitability and customer service.

We also introduced a common API that can be used by other Web service-enabled applications to obtain rates for a specific origin, destination, mode and weight.

Another challenge was trading partner communication. The process was very rudimentary, involving telephone calls and e-mails, with minimal

communication via electronic data interchange (EDI). As a result, our client lacked visibility into transportation execution events, as well as the ability to react to them.

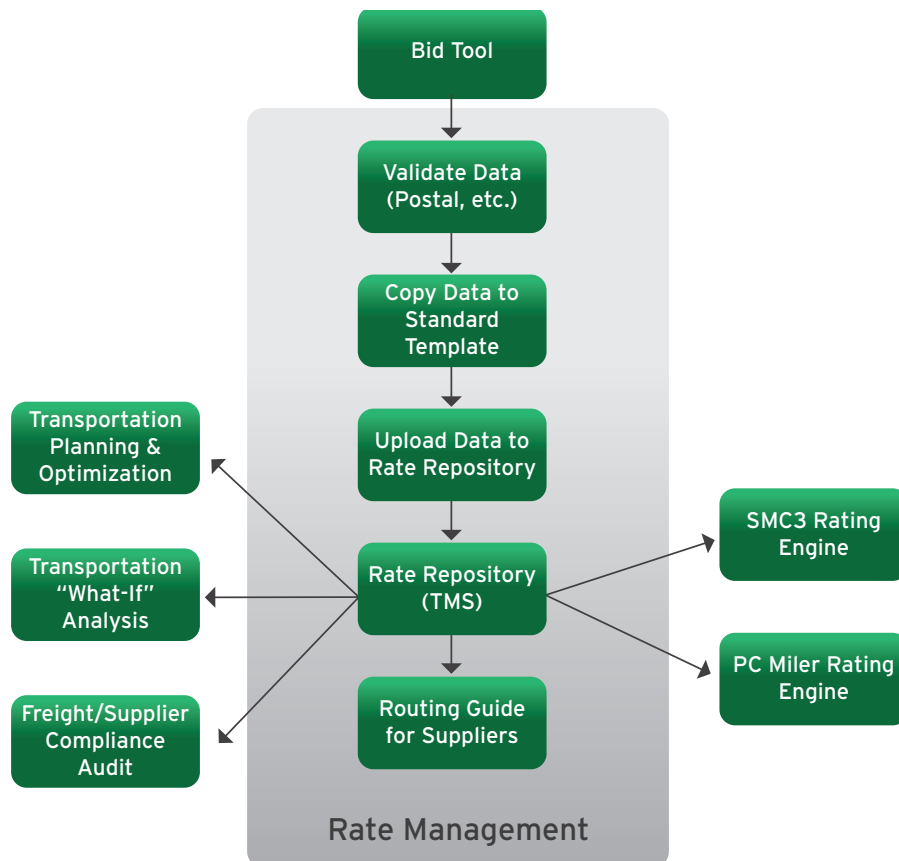
To resolve this challenge, we defined the carrier EDI processes, including EDI 204 (Carrier Load Tender), 990 (Carrier Tender Response) and 214 (Load Execution Events). This resulted in complete automation of the load execution process and eliminated the time-trap the client experienced with its transportation arrangement process.

Benefits

The program resulted in a multi-million-dollar annual savings in transportation costs. Qualitative benefits of this program include:

- Faster upload of carrier rates into the TMS, amounting to about \$36,500 in annual savings.
- Enhanced customer service (on-time and low-cost delivery) and reduction in transportation costs through improved supplier compliance.
- Effective management of disparate sources of rate information in a single place.

Carrier Rate Management Process



- Improved data quality due to minimal manual intervention.
- Improved visibility into events in real time.
- Enhanced ability of the transportation control center to proactively monitor and respond to carrier events.
- Increased routing guide compliance with suppliers, conforming to the client's terms and leading to greater efficiencies. This has accelerated the realization of the solution's benefits.
- Centralized storage of transportation rate data, improving enterprise-wide transparency and visibility for monitoring routing guide compliance.
- Improved measurement of carrier compliance.

As part of this program, we also introduced innovative processes and technologies to our client's internal IT organization. The internal IT organization serves the needs of the client's business units, and we serve as its strategic IT partner.

The client's IT organization faced several challenges. For instance, over the years, the number of non-integrated applications and packaged tools had grown, making it difficult to create an end-to-end process flow. The internal IT organization was also facing difficulties integrating

and supporting legacy systems with packaged tools, resulting in high development and support costs.

With our experience delivering high-value/high-impact technology solutions to various big corporations around the world, we were able to introduce innovate, sophisticated and easy-to-maintain technologies and processes to our client IT organization.

For instance, we were instrumental in introducing J2EE/Spring/AJAX to speed the client's development process and ease application support. We also introduced IBM WPS and Web services to integrate the custom applications and packaged tools that the client has amassed over the years.

Perhaps most significantly, all of our projects exceeded the client's quality evaluation process, and we were the only one of the client's IT services partners to do so.

Our client received numerous benefits and values by partnering with us, including:

- Reduced time to market due to a shorter development and support life cycle.
- Portable, scalable, usable and supportable applications.
- A service-oriented architecture that adheres to its organizational standards.



About Cognizant's Man-Log Practice

Our Manufacturing and Logistics Practice has dedicated industry specialists and technology experts who continually track and analyze manufacturing industry trends to deliver quality solutions to clients. We have worked with several organizations to define IT roadmaps that improve supply chain visibility and allow customers to strengthen product development processes. Our practice is committed to leveraging its domain expertise to provide business-aligned IT solutions from conceptualization through implementation and maintenance.

At a time when companies are relentlessly pushing to compete better, move faster and fight harder, Cognizant is the global technology partner with a single-minded passion: Dedicating our systems expertise, industry intelligence and global resources to make your business stronger.

For more information on how to drive your business results with Cognizant, contact us at inquiry@cognizant.com or visit our Web site at <http://www.cognizant.com>.

About Cognizant

Cognizant (NASDAQ: CTSH) is a leading provider of information technology, consulting, and business process outsourcing services, dedicated to helping the world's leading companies build stronger businesses. Headquartered in Teaneck, New Jersey (U.S.), Cognizant combines a passion for client satisfaction, technology innovation, deep industry and business process expertise, and a global, collaborative workforce that embodies the future of work. With over 50 delivery centers worldwide and approximately 111,000 employees as of March 31, 2011, Cognizant is a member of the NASDAQ-100, the S&P 500, the Forbes Global 2000, and the Fortune 500 and is ranked among the top performing and fastest growing companies in the world.

Visit us online at www.cognizant.com for more information.



World Headquarters

500 Frank W. Burr Blvd.
Teaneck, NJ 07666 USA
Phone: +1 201 801 0233
Fax: +1 201 801 0243
Toll Free: +1 888 937 3277
Email: inquiry@cognizant.com

European Headquarters

Haymarket House
28-29 Haymarket
London SW1Y 4SP UK
Phone: +44 (0) 20 7321 4888
Fax: +44 (0) 20 7321 4890
Email: infouk@cognizant.com

India Operations Headquarters

#5/535, Old Mahabalipuram Road
Okkiyam Pettai, Thoraiakkam
Chennai, 600 096 India
Phone: +91 (0) 44 4209 6000
Fax: +91 (0) 44 4209 6060
Email: inquiryindia@cognizant.com