

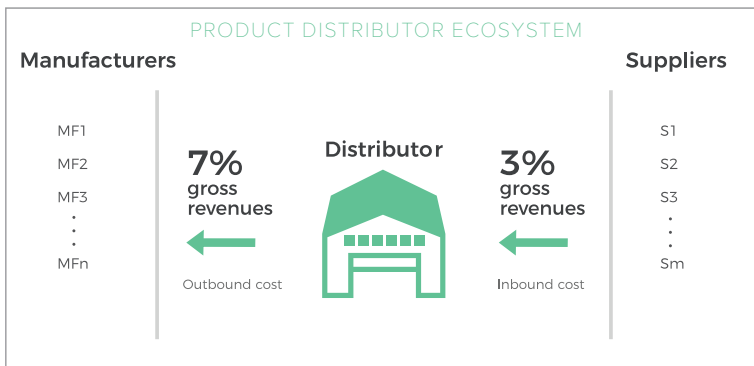
ELECTRONICS PRODUCT DISTRIBUTOR REDUCES FREIGHT SPEND BY **29%**



THE PROBLEM

Panapacific’s electronic product distribution business was moving so fast, there was a lack of a good understanding of how to balance freight costs and customer service. Furthermore, due to the difficulties of preparing RFPs, the company had not competed its freight business for several years. The company felt that re-competing the freight business might enable it to re-allocate capital to other parts of the business, where it would have the most impact on customer satisfaction. “I feel like the proverbial frog being boiled in a pot,” said Panapacific’s CFO John Tingleff, “My carriers turn down the heat just before I get boiled. For example, I got hit by 2.5x fuel surcharge when fuel prices are at the lowest in years.”

The figure below illustrates how freight is a key cost driver for Electrical Product Distributors. According to Kreisler & Miller, an auditor for the Electrical Products Distribution Industry, typical freight costs are 3% of gross revenues for inbound and 7% for outbound. The graphic below provides an overview of a Distributor ecosystem.



THE COMPANY



Industry: B2B Distribution

Panapacific is an Electrical Product Distributor that provides a wide variety of electronics equipment for truck manufacturers. Their primary business is delivering electronic components for manufacturers such as Paccar, Daimler, Navistar, GMC, & Volvo. The company operates a warehouse where it also performs light manufacturing and assembly of finished goods. The company also manages inventory from suppliers such as Delphi, Bosch, Sony, and Panasonic.

I feel like the proverbial frog being boiled in a pot. My carriers turn down the heat just before I get boiled.

-John Tingleff, CFO, Panapacific

THE SOLUTION

After searching the market for the best way to balance shipping costs and customer service, the CFO selected The Fulfillment Intelligence Cloud from GrandCanals. The FIC normalized all of the company's shipping data, analyzed their freight spend, and identified three major problems:

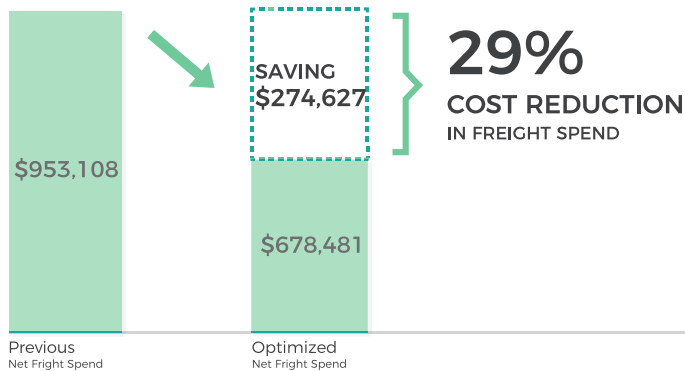
1. Many shipments were sent 2 Day Air when Ground Service would meet their customers' SLAs - at 1/3rd the cost!
2. Existing carrier contracts did not represent the discounts that were available in the current market
3. There was a need to analyze information from Distribution Centers in order to better meet customer SLAs.

The logistics manager employed The Fulfillment Intelligence Cloud to evaluate two competing carriers. He quickly identified and implemented the following improvements to control and manage their freight spend and customer service levels:

1. Identified late shipments in order to better meet customer SLAs
2. Built a continuous process to analyze & identify opportunities to improve and control freight spend and customer satisfaction
3. Restructured carrier contracts to optimize carrier and service use with TurboRFP™

THE RESULTS

As seen in the graphic below, The Fulfillment Intelligence Cloud enabled Panapacific to rapidly analyze their freight spend – across their carriers - and to re-compete the business to drive savings of 29%. In addition, the new, ongoing process allows the FIC to provide continuous distribution compliance management. This enabled the CFO to further drive customer satisfaction and further lower the cost to serve their customers.



THE FULFILLMENT INTELLIGENCE CLOUD™

Purpose-built to analyze and provide intelligent insights for direct-to-customer fulfillment, the Fulfillment Intelligence Cloud enables companies to fulfill with confidence and delight their customers by providing the insight and analysis required to improve fulfillment chains and meet rising customer expectations on delivery time and convenience.

Optimum enabled Panapacific to rapidly analyze their freight spend – across their carriers – to drive savings of 29% while maintaining or improving customer service levels.

About Optimum

Optimum is a leading provider of logistics network transformations. We help companies find and execute efficiencies in their entire logistics network, from the factory to customers, either through their distribution and fulfillment centers or ones they manage with partners.

By applying best practices and a holistic understanding of each client's operations and business model, we align logistical improvements to the goals of the entire business. The Optimum Process results in faster delivery times, increased operational efficiencies, reduced shipping costs, and improved product margins.

Our customers increase sales, fulfill with confidence, and delight their customers by improving their delivery experience. As a result, Optimum allows businesses of all sizes to meet customer expectations in a rapidly transforming e-commerce world profitably.

For more information

[in Optimum Supply Chain](#)