



**Hitachi Consulting helped this third party logistics provider to improve their transportation processes and select and implement a transportation management system to support the business.**

**The client has been able to achieve scale economies and plan for more efficient transportation. Shipments planned per planner day increased 250 percent.**



## Case Study: Third Party Logistics Provider

### Business Challenge

As global competition increases, more businesses are collaborating with logistics companies to meet their special transportation needs. To take advantage of that trend, the client, a third party logistics (3PL) arm of a large food service distributor, needed to revamp their business processes and better position the company.

Customers expected higher service levels and lower costs than the company's current business processes and tools could provide. The company needed new ways to ensure on-time deliveries while optimizing use of partner carriers, especially in the refrigerated trucking market, where capacity is always problematic, especially during the peak summer and holiday seasons. In addition, the 3PL company wanted to improve their transportation planning to avoid expensive partial loads and out-of-route and deadhead miles. They needed a new Transportation Management System (TMS), one that would not constrain, but support their new business model.

### The Solution

The client engaged Hitachi Consulting because of their depth of knowledge and experience in the Food and Beverage industry, as well as logistics and transportation matters.

The first step involved examining their existing business processes and:

- Modeling significant improvements
- Identifying unique requirements that would drive the selection of a new TMS system
- Determining the areas most in need of change that should drive the change process

Hitachi Consulting concluded that the client:

- Engaged many carriers and numerous customers, each with unique needs
- Lacked a process for maintaining carrier rates and charges with multiple fuel surcharge schemes
- Needed to maintain both buy-side and sell-side freight rates

With Hitachi Consulting's guidance, the 3PL company chose the Oracle TMS system (OTM). Working together, they then addressed several factors that complicated the TMS system configuration, including:

- A simultaneous switch to (and integration with) JD Edwards order management and financials
- Carrier capacity issues
- Damage and challenges from Hurricane Katrina
- A primary customer with an "Assured Supply" requirement with zero tolerance for service failures
- The need to integrate with their parent company's and other customers' order management systems

## C Case Study: Third Party Logistics Provider

Hitachi Consulting implemented a comprehensive rollout and training program for the third party logistics provider. It addressed the new TMS system as well as significant business process changes. For example, since the new TMS system featured optimization and shipment planning, the staff needed to learn how to track all activities as shipments passed from origin to destination. They also needed to know how to track various costs associated with planned and unplanned activities.

Finally, the solution integrated their financial processes. Since the goal was to track both costs and revenues associated with each shipment, the information generated in the new TMS system had to be integrated into their current financial management systems and schemas.

### Business Benefits

The company has achieved measurable results, such as a completely transformed transportation function. Shipments planned per planner day have increased 250 percent and service levels have remained steady despite an unplanned staff reduction.

The 3PL company has been able to achieve scale economies and more efficiently plan their transportation. Also, with the help of Hitachi Consulting, they have reorganized their staff into a well-trained, highly-performing team.

With this momentum, the company should double the number of loads they plan every day and assume a position to negotiate better rates for the carriers that serve them. They are now poised to become a dominant player in the food and beverage specialty 3PL market space.

Most importantly, the successful implementation has empowered the client to meet the demands of a changing market and be positioned for the future.



### About Hitachi Consulting

As Hitachi, Ltd.'s (NYSE: HIT) global consulting company, Hitachi Consulting is a recognized leader in delivering proven business and IT solutions to Global 2000 companies across many industries. We leverage decades of business process, vertical industry, and leading-edge technology experience to understand each company's unique business needs. From business strategy development through application deployment, our consultants are committed to helping clients quickly realize measurable business value and achieve sustainable ROI.

Hitachi Consulting's client base includes nearly 30 percent of the Fortune 100 as well as many leading mid-market companies. We offer a client-focused, collaborative approach and transfer knowledge to our clients throughout each engagement. For more information, call 877.664.0010 or visit [www.hitachiconsulting.com](http://www.hitachiconsulting.com).

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