

4 FUNCTIONS OF TMS
THAT CAN ADD
IMMEDIATE IMPACT
TO YOUR OPERATION



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Varsity Logistics | Oct 15, 2019

- Review 4 TMS functions that supplement Frontier and add immediate impact to your operation
- Reasons why Friedman Frontier customers added Varsity
- Wrap up, take-aways, contact information for follow up discussions

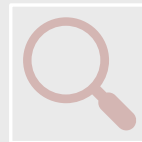
4 key functions of TMS to streamline your shipping processes in **Frontier**



Rate quote and rate shop FTL, LTL and Parcel rates



Automated carrier selection based on routing guide definitions



Audit FTL, LTL and parcel carrier bills and save thousands



Simplify load building and route planning for LTL and FTL shipments

1- RATE QUOTING — TL, LTL & PARCEL CARRIERS

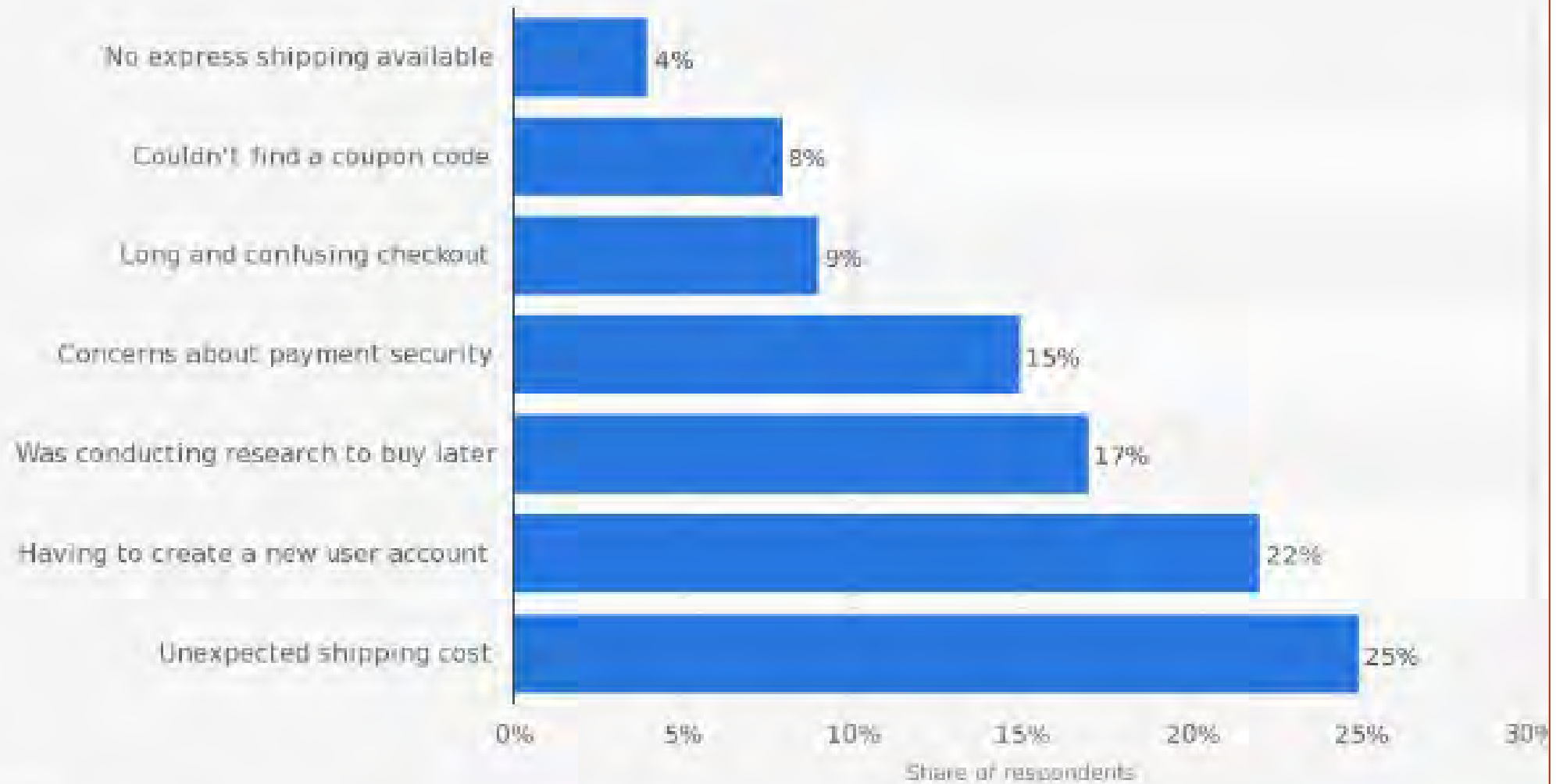


- Customers expect to know the shipping costs and delivery date of shipment while placing an order.
- *The speed and cost of shipping is one of the top reasons for cancelling an order.*
 - Over a year, approximately \$4.6 trillion worth of merchandise is abandoned.
 - 21% of abandoned carts come from customers who were unable to calculate the total cost upfront.

(Source: Sale Cycle, Baymard)

Customers expect a seamless delivery process that offers a variety of features to enable them to stay informed, track the delivery progress, or change their delivery preferences.

PRIMARY REASON FOR ABANDONMENT



Source:
Various sources (VWC)
© Statista 2016

Additional Information:
United States, Various sources, 2015, 1,000 Respondents, 18 years and older

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Coupon Code

To pay for all (or part) of this order using a coupon code, enter the coupon code in the box below.



Purchase Order

Assign an optional Purchase Order number to your order by entering it below.



Cart Overview

Subtotal: \$831.50

Shipping: Cancel

Country*

State/Province*

City*

Postal Code*

[Estimate Shipping](#)

Collect Shipping (You pay the carrier directly; Not free)

\$0.00

[Got it!](#)

LTL Freight (FEDEX FREIGHT PRIORITY)

\$203.70

LTL Freight (HOLLAND)

\$207.90

LTL Freight (XPO LOGISTICS LTL)

\$239.72

LTL Freight (UPS FREIGHT)

\$251.65

LTL Freight - with Lift Gate and Call Before Delivery
add-ons (HOLLAND)

\$261.90

LTL Freight - Residential Delivery, with Call Before
Delivery add-on (XPO LOGISTICS LTL)

\$266.72

LTL Freight - with Lift Gate and Call Before Delivery
add-ons (FEDEX FREIGHT PRIORITY)

\$284.70

LTL Freight - Residential Delivery with Lift Gate and
Call Before Delivery add-ons (HOLLAND)

\$288.90

LTL Freight - Residential Delivery, with Call Before
Delivery add-on (UPS FREIGHT)

Contact Info

First Name

Last Name

Title

Company

Phone

Only for types that require urgent matter to discuss

Email

Required to receive order confirmation and status updates

Shipping Address

Company (If Different)

Attention

Address

1204 ashley drive

Address 2

City

papillion

Zip Code

68046

Country

United States

State / Province

Nebraska

Type

Commercial

Copy to Billing Address

Billing Address

Address

1204 ashley drive

Address 2

City

papillion

Zip Code

68046

Shipping Options

Estimated Ship Date1: 10/15/2019

Shipping Method

--- Please Select ---

— Please Select —

Ground (14.18)

3 Day Select (24.93)

2nd Day Air (32.33)

Next Day Air (73.89)

Tax Total: \$0.00 USD

Shipping Total: TBD

Order Total: \$55.40 USD

Payment Method

Name on Card

Credit Card

VSCTNT110

Time In Transit
Addresses and Services

Date: 10/17/2016
Time: 13:41:16

Shipment Nbr... 000000000000000000002935

Pickup Date... 10/17/16

Destination

Town...
City... COHASSET
State.. MA
Country US
Postal. 02025

Origin

Town...
City... SOUTH SAN FRANCISCO
State.. CA
Country US
Postal. 94080

<u>Carr</u>	<u>Sv</u>	<u>Service Description</u>	<u>Bus</u> <u>Dys</u>	<u>Dlv</u> <u>Day</u>	<u>Exp Dlv</u> <u>Dy</u>	<u>Guar</u> <u>Cde</u>	<u>SvcTm</u>
UPS	12	UPS Next Day Air Early	001	TUE	10/18/16		08:30 AM
FEDEX	69	First Overnight Freight	000	TUE	10/18/16		08:30 AM
FEDEX	61	First Overnight	000	TUE	10/18/16		09:00 AM
UPS	03	UPS Next Day Air	001	TUE	10/18/16		10:30 AM
FEDEX	51	Standard Overnight	000	TUE	10/18/16		03:00 PM
FEDEX	11	Priority Overnight	000	TUE	10/18/16		06:00 PM
UPS	13	UPS Next Day Air Saver	001	TUE	10/18/16		11:00 PM

More...

F3=Exit

F12=Return

Varsity allows you to rate all TL, LTL, Parcel carriers and including internal trucks. Rates can be configured to show published, discounted or custom.

Suggested Integration Points

- eRoute
- Order Entry
- iDispatch
- Shipping
- Others...

2-ROUTING GUIDE AUTOMATION - SHIPSELECT



- How do you know if you're picking the 'Best' carrier and service level for shipments?
- Dependency on manual selection and tribal knowledge
- Chargebacks from customers
- Consistently selecting the appropriate carrier based on YOUR business rules

What are Routing Guides?

- Routing guides contain routing instructions and the rules for shipping products to customers.
- Rules include modes and carriers to use in specific lanes.
- Service requirements such as deliver by time, lift gate, etc.....
- Rules can differ by customer, ship-to location, ship-from location, product-type, shipment weight, cube, etc..
- Guides can also include challenges or issues vendors have had with carriers. Does the carrier offer the lowest rates but is always late making the delivery?

Benefits:

- A formal, well-defined policy used with every vendor can **reduce wasted time, lower warehouse costs, freight charges, and delivery costs, increase speed and accuracy, and lead to better customer service and higher customer satisfaction.**
- Primarily focused on outbound shipments but can also be used for Inbound shipments

ShipSelect ensures your internal freight policies are followed

ShipSelect ensures your customers' freight policies and Routing Guides are followed

Ensures you're always using the '*best*' carrier based on how you define '*best*'

3-AUDIT TL, LTL AND PARCEL CARRIER INVOICES TO SAVE THOUSANDS



What is Freight bill auditing?

- *In short, **freight bill auditing** is the process of examining and validating the **carrier's** invoices. Through this careful process, a shipper can verify the accuracy of their **bills**. Conceptually, it is quite simple; your goal is to pay the **freight** charges you owe and not a single cent more.*

A couple of quotes from IBM Consulting on Freight Bill Auditing

- “Up to 30 percent of all freight invoices are incorrect, according to market research. But performing freight audit and payment internally is challenging, requiring specialized expertise, and extensive time and effort—resources many companies lack.” *
- “Some companies have discovered that the savings from a single TMS module – freight audit and payment (FAP) can help offset their entire TMS investment. Likewise, companies that already use a TMS are often surprised to discover how much more they can save by adding this single module and bringing freight settlement processes back in house.”*

* Source: IBM Consulting, TMS white paper.

- Freight & Parcel bill auditing is the last piece of the shipping puzzle.
- System has determined carrier, service level, transit time and cost.
- Cost has been passed onto the customer.
- Now the only thing left to do is verify the carrier is charging you accurately.
- How do you know if you're being billed as expected?
- One of our customers found a 35% billing discrepancy while in testing!

Subject: FW: ** Incorrect LTL Freight Ratings - Watkins (FedEx National) **

Importance: High

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Hi Gregg,

I haven't spoke to you in a while, hope that you're well.

I'm contacting you to report what we feel is a serious condition, it appears that Watkins is not properly rating all of our LTL shipments.

We just installed a new LTL freight auditing tool that compares the electronic bills coming back from Watkins with the rating & shipment info that we had in our logistics system at the time of shipment and reports any discrepancies found. While pumping the first set of billing data through the new system, the software flagged an invoice (FedEx National PRO# [REDACTED], Bill of lading# 2290) that was for a shipment from our main West Warwick facility to Redwood City CA.

We were billed \$418.43 for a single pallet weighing 728 lbs. of label media products at freight class 55.0 going from ZIP 02893 to ZIP 94063. The auditing system determined that our cost should have been around \$270 and indicated that we were overcharged to the tune of about \$150.

To double-check this information, I telephoned Watkins today and gave our account# ([REDACTED]) and requested a rate quote for this identical same shipment. **The quote given to me (quote# 169149762) indicated that our cost including a 72% discount off of base CzarLite tariff and the fuel surcharge was \$427.40.**

I quoted this shipment in our in-house rating system today and our total cost with discounts & fuel surcharge should be \$277.10 not \$427.40, an unfavorable discrepancy of \$150.30

On the same electronic invoice that included the above shipment I found more gross overbillings. For example, [REDACTED], 882 lbs. at class 55.0 from West Warwick to ZIP 54208 (Denmark, WI), **we were billed \$255.85, that shipment should have cost us about \$180, an overbilling of over \$70.**

To double-check our rating engine, I contacted our transportation software vendor, Varsity Logistics in San Francisco, and they hooked me up with their internal expert on LTL freight rating. Varsity uses the Logility-brand LTL rating engine, so the internal expert at Varsity contacted Logility and they in turn contacted SMC Corp. (the developers of the industry-standard CzarLite tariff). All three organizations in the chain (Varsity, Logility, and SMC) verified that our in-house system had rated the above shipment to Redwood City, CA precisely to the penny at \$277.10 This now leads me to the inescapable conclusion that one of these two situations currently exists:

- 1) There has been a major change made to our LTL contract with Watkins that adversely impacts our shipping cost and those changes need to be implemented in our in-house rating system.
- or
- 2) There is an internal systems problem at Watkins that is causing the incorrect rating of LTL shipments for [REDACTED].

Seeing how our LTL contract with Watkins has always been about as simple as it gets (straight discount off of a common tariff with no freight class exceptions), I tend to believe that this is less likely to be a contract change issue and more likely a system issue at FedEx National where shipments aren't being priced correctly resulting in chronic overbillings to our account.

I cannot underestimate the seriousness of this, **we have sent only one billing file through our auditing tool thus far and we have found multiple instances of gross overbilling, and I fear that we will find many more because Watkins is one of our two highest volume LTL carriers. We directly invoice our customers for shipping charges using the pricing determined by our internal rating engine, if any high-volume carrier that we use is continually overbilling us on charges then that puts us in the unenviable position of hemorrhaging large amounts of cash very quickly.**

There is extreme sensitivity now to shipping costs in the transportation industry and we at [REDACTED] are no exception. I trust FedEx will do whatever it takes to quickly explain the cause of these discrepancies, and, if it should be determined that we in fact have been being overbilled, will work with us in an expedient and cooperative manner to ensure that we are reimbursed for all excess expenses incurred.

- Automates the reconciliation of estimated LTL, Truckload and parcel shipment costs with actual billed carrier costs.
- Reduces freight expenses by identifying duplicate bills and erroneous rating
- Ensures discounts are correctly applied to LTL, truckload, and Parcel shipments
- Eliminates manual audit errors and reduces administrative expenses

■ **Electronic Data Interchange (EDI) Compatibility**

- Receives freight bill data electronically from carriers via EDI (210)
- Eliminates manual data entry errors, expedites the freight bill audit process, and reduces billing cycle time.

■ **Integrates with Accounting Systems**

- Can be directly interfaced to Accounts Payable systems,
- All bill-related information automatically passes through to the Accounts Payable system for reconciliation and payment processing.

■ **Sophisticated Product Cost Allocation**

- Enables partial or complete freight costs to be assigned to order, product, product group, or business unit.

4-LOAD BUILDING & ROUTE PLANNING FOR LTL & FTL SHIPMENTS



What is Load Building and Route Planning?

- Load planning combines separate shipments, often into larger multi-stop loads, to decrease the number of expensive LTL shipments and in-house trucks needed to transport goods.

Benefits

- **Increased Profitability:** Leverage real-time opportunities for shipment consolidation.
- **Reduced Transportation Costs:** Automated **load planning** saves **10-20%** on transportation costs. Lower mileage, less fuel usage, better asset utilization. Bonus: decreased carbon emissions
- *Time is money, and a **route planning** system can drastically reduce the time it takes to **plan** your transportation schedule. Not only do **route planning** systems lower mileage, they also help cut fuel usage, decrease carbon emissions and improve asset utilization*

The Process

- Software looks upstream at Frontier order files to build the most efficient loads.
- Plan is presented for approval.
- Once the load is approved, the Load# and Stop# are assigned to each order.
- Orders are released to warehouse in Load and Stop# sequence.
- Process works for both commercial carriers and your own internal trucks if you use them.

WHY DO FRIEDMAN CUSTOMERS BUY VARSITY?

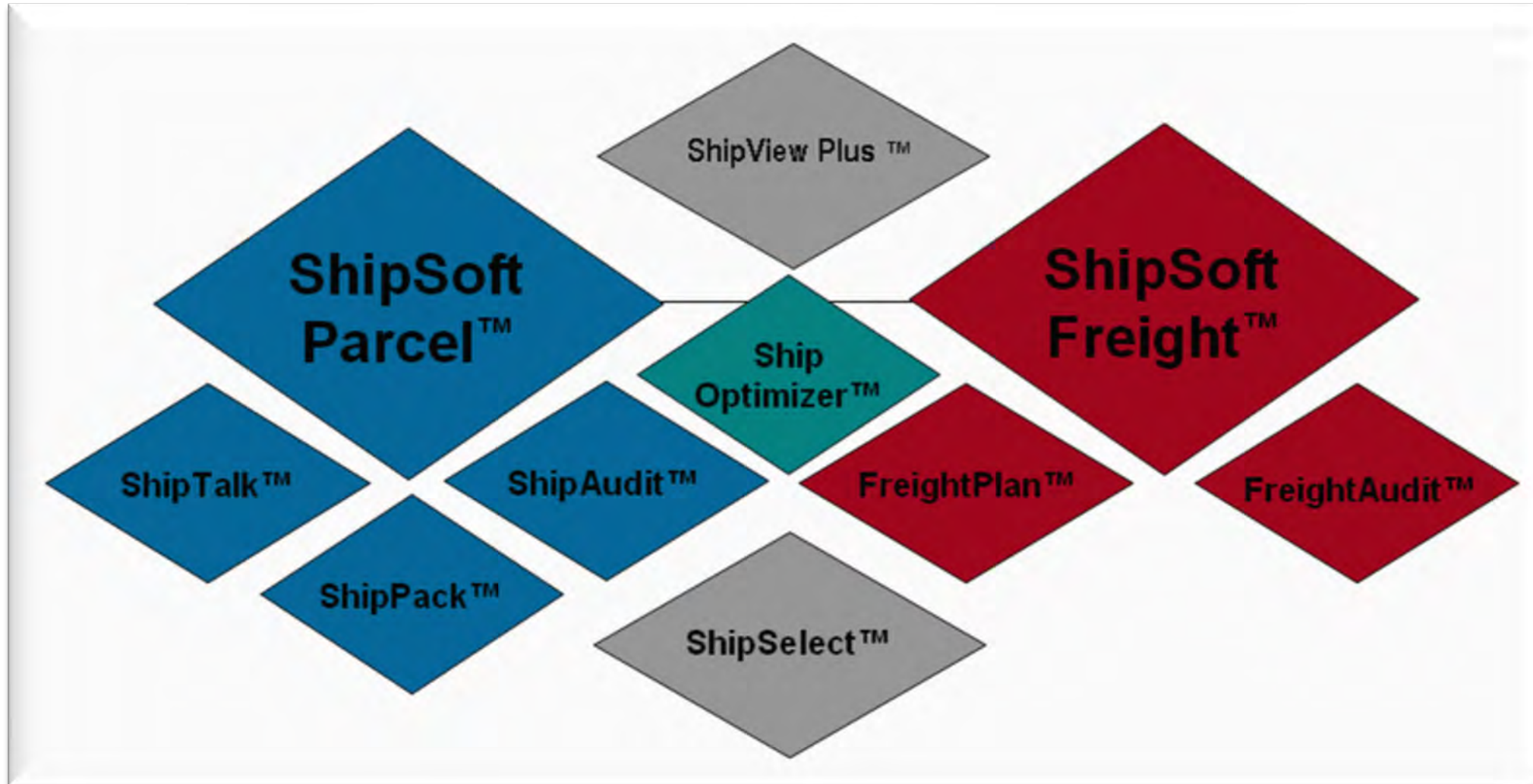
IT'S OFTEN FOR A FEW OF THESE FOLLOWING
REASONS...



- Seamless integration between shipping system and Frontier
- Rate Quote and Execute from Frontiers iDispatch and eQuote
- Automate the LTL/FTL shipping process
- LTL/FTL rating, Bill of Lading and LTL/Bill Auditing
- Replace multiple, stand-alone, carrier-provided systems
- Route shipments, automatically generate multi-stop FTL load plans

- Visibility to all shipments / Centralized historical data base to report against
- Automatically Audit the UPS, FedEx and LTL/FTL bills
- Optimize shipments (suggests box size and the # of boxes for each order)
- Workflow flexibility – Print carrier shipping labels at your packing station or up-stream in the picking process to gain work-flow efficiencies
- Ship confirmations are updated automatically in the interface
- Automatically send outbound e-mails to customers that provide confirmations when products have been shipped and other details

High level review of other functionality Varsity offers



- Reduces shipping expenses
 - Rate shopping
 - Consolidation
 - Automatic document generation

- Makes shipping a profit center
 - Using 'Bill As/Ship As' allows you to take advantage of negotiated rates versus carrier list rates. Two buckets for rating for each transaction.

- Varsity can run visibly or invisibly with Frontier
 - Proven interface methodology
 - Integrates seamlessly to Frontier on the iSeries(AS/400), no ODBC
 - Easy to implement (less than 30 days for a very basic system)

- Manage all carriers and all your warehouse locations through one central system
 - Complete solution for Parcel, LTL, TL and Rail
 - All shipping data accessible from any Frontier workstation
 - Compliant, Certified and Integrated with ALL Carriers

- Leverage your own IBM i server or hosted server. No expensive new server needed!
 - Seamless data transfer
 - No need to change platform or add additional ones
 - No cross-platform support issues
 - No additional IT staff required

- Improve customer satisfaction
 - Extend shipment information throughout your organization and to your customers
 - Select carriers as requested automatically and conform to routing guides



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