



CONSUMER GOODS COMPANY
REDUCED
 estimated variance
 from **40%**
 to **2%**

Discover What Trax Can Do for You

Trax is the leader in Transportation Spend Management. We help our customers gain visibility and control transportation spending across all transportation modes.

See. Save. Control.

To learn how Trax can unlock true bottom-line results for your organization, contact us at **1.800.755.0110** or **sales@traxtech.com**

Trax Helps Global Consumer Goods Company Zero-in on Freight-cost Estimates

The Client & the Challenge:

A well-known global consumer goods company lacked sufficient, advance visibility into its inbound freight costs. The company had been leveraging third-party logistics providers and freight forwarders and generally receiving final invoices well after the shipments had arrived.

This lag resulted in freight **cost estimates varying as much as 40%** from actuals, making accurate financial planning and forecasting extremely difficult.

The Trax Solution:

Trax implemented the following solution: Design a system to analyze carriers' advance shipment notices and apply the client's contractually negotiated rates to **accurately calculate estimated freight costs**.

By combining purchase order and advance ship notice (ASN) data sources, Trax allocated these freight costs down to the **SKU level** based on weight using a frequency-based distribution algorithm.

The Results:

- Our solution enables the company to see estimated spend costs by the second day of the following month and has **reduced estimated variance from 40% to 2%**.
- Having freight cost allocated at the SKU level allows for analysis of specific total cost of ownership (TCO). While one location may manufacture a product cheaper, the cost to import that product may negatively affect current costs. Choosing which products should be manufactured where enables **regular savings of 2-4%**.
- Finally, this solution also enables a **closed-loop** analysis to reconcile what was shipped vs. what was invoiced and correct as needed.