

# Handling global freight costs

One of the biggest challenges facing supply chain managers is the visibility and accuracy of freight costs, keeping them at the lowest possible level while managing the payment process in a way that is fair and transparent for all parties involved. The lengthy process of gathering all the data, calculating miles, adding the relevant charges and then calculating the freight costs, often using tables provided by the freight forwarder, then ensuring that all the invoice items match line by line without error is a huge overhead and often not a viable one if performed manually. This is even more difficult if the freight operation is spread across multiple countries and information is sourced from different systems and physical locations.

Even in our digital age, rates are often maintained in spreadsheets and consignment freight charges calculated manually. Research<sup>[1]</sup> indicates that only 7% of companies report a highly automated process for managing freight payment and audit internally. As a result, many of them only conduct random checks of invoices, and incorrect bills often go unnoticed – a huge, missed opportunity to reduce spending on freight.

## Why automate?

A freight cost management system captures and accurately manages the pool of logistics data to verify freight invoices and bring transparency to an otherwise confusing array of information. With automation, invoice matching can be completed quickly and efficiently, resulting in considerable time savings and cost reductions as human errors are removed from the equation. It frees up manpower and gives supply chain managers the opportunity to identify inefficiencies, negotiate better rates and streamline processes.

By implementing the right software solution, companies can easily capture the required data from multiple sources across multiple countries and make more informed decisions, for example with regards to determining

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transportation options, expediting shipments, handling large shipments as well as calculating and reallocating freight costs and verifying freight invoices. An automated system would provide virtually all the required information on shipments and related costs, whether it is spending per trade-lane or client, per product and destination, per forwarder and service type etc., providing the perfect basis for quick analysis and an ideal preparation for more successful negotiations with forwarders.

Automation gives companies much needed visibility of their freight costs and the ability to respond quickly to changes in the global market, which gains them a competitive advantage. Clients that have adopted these automated systems don't want to go without them anymore – they've gone from a tedious, labour intensive and error-prone process with no or little value-add to lean and accurate operations running in the background and providing them with all the details to improve their business.

So why don't companies automate? Many seem to think that automated solutions are expensive and it's cheaper to hire more staff. In reality, a freight cost management system can finance itself via the savings realised.

## When to automate, and how

An automated freight costs management system can be implemented at any time, but generally companies would do this when they are expanding and their logistics team is dealing with an increasing number of rules to

determine the process for each shipment (e.g. international expansion), or when individual shipping knowledge among staff is becoming so important that operations are jeopardised by their absence or when staff are mainly occupied with manually handling freight invoices.

The type of solution will depend on various factors such as IT capability, security, company size and geographic spread; these include SaaS (software as a service), in-house or outsourced software solutions, and even the possibility of outsourcing the whole process including the handling and monitoring of freight costs. Considerations such as integration (with existing software and that of forwarders and partners), business intelligence and reporting, flexibility on meeting requirements and costs are all important when selecting the appropriate solution.

## In conclusion

An automated freight cost management solution puts a stop to overpaying and provides valuable business intelligence to stay ahead of the competition. Companies are beginning to see the value of adopting technology to manage their freight costs, remove human errors and receive much needed visibility. Having an automated system that provides complete visibility and flexibility and supports key decisions is a crucial tool for the growth of a business, particularly in international markets.

## Reference

1. Aberdeen Group, *Winning Strategies for Transportation Procurement & Payment*, February 2007

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With the debate surrounding the Chancellor's Autumn Statement and its implications for the freight sector still a hot topic, and the crisis in the eurozone continuing to unfold on a daily basis, it would have been easy to have overlooked the recommendations by Mary Portas in her recently published report *The Portas Review: an independent review into the future of our high streets*. The fashion guru was asked to conduct an independent review in May 2011 by the David Cameron and Nick Clegg as part of the government's work on the growth agenda.

One of the recommendations in the report has received the backing of the Freight Transport Association (FTA); it suggests that night-time delivery restrictions could be lifted as one way to reinvigorate the UK's ailing high streets. As Gordon Telling, the FTA's Head of Urban Policy, points out: "Our high streets rely on vans and trucks to stay open for business, but the Portas Review shows that excessive delivery restrictions have held back business growth. By allowing van and truck operators to deliver out-of-hours we will see improvements in congestion levels and air quality, less wasted fuel and more reliability built into our supply chains. The reduced peak-time traffic should also serve to make the high street more desirable for shoppers."

It will be interesting to see if the government takes some of Ms Portas' recommendations forward but lifting night-time delivery restrictions could provide a much needed boost for a road haulage sector that has certainly been under the cosh in recent times.

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# Woodland Logistics leads the remote revolution

Woodland Logistics is the first UK commercial company to benefit from the new DigiDL GPRS remote downloading technology from Tachodisc.

Initially installed into 43 new vehicles purchased by Woodland Logistics to service a specific customer contract that is geographically spread across five sites in the UK, the new DigiDL technology from Tachodisc is helping the company seamlessly and cost efficiently manage the process of downloading all driver card and VU data remotely.

Lesley Thomson, Woodland Logistics Safety & Quality Officer explained: "Given the geographical spread of this new contract, which spans from Scotland to London, we asked Tachodisc if there might be a technical solution available that would allow us to better manage and control the process of downloading driver and vehicle data from all these locations – rather than deploying managers all over the country and relying on drivers.

"We have worked with Tachodisc for many years, and use their analysis software, so we trusted their advice when the technical team suggested the new DigiDL remote downloading device.

It seemed the ideal solution, but it was new to the market, nobody else had even trialled it in a live commercial situation. However, it was the only retro-fit device available that suited our requirements for truly facilitating remote access without human intervention – so with Tachodisc we set to work arranging trials and live tests."

Lesley added: "During the trials we soon realised that this technology was amazing and would make the process of downloading data from remote locations so easy. Now, that is fully set-up, it is saving us so much time and more importantly, it

ensures we are complying with legislation and protecting our O licence."

With the help of Tachodisc, Woodland Logistics has programmed the DigiDLs to automatically download drivers' cards once a week and the vehicles once a month. Via GPRS, the data is then wirelessly transmitted to Tachodisc's server where it is safely hosted in a protected environment. Woodlands HQ then access and analysis the data via Tachodisc's analysis software programme.

"You cannot put a price on legal compliance, but the DigiDLs have literally removed the headache of downloading data from driver cards and vehicles that are spread all over the country," confirmed Lesley.

Such has been the success of the trial on the 43 vehicles, Woodland Logistics are now retro-fitting the DigiDLs on all vehicles in the fleet with a 59 registration and above and on all new vehicles procured. The company aims to have the DigiDL downloading technology fitted on 50% of the fleet by the end of 2011.

"We could not have done this without Tachodisc's expert advice or sophisticated IT structure. Thanks to their continued support we are now leading the way with this remote technology," said Lesley.

Karen Crispe, Managing Director at Tachodisc said: "Woodland Logistics are testament to how the DigiDL can transform how data is collected and managed from remote locations. As a result, many more companies are now talking to us about this unique technology and how we can support the installation and integrate it with our analysis software."



DigiDL technology from Tachodisc is helping Woodland Logistics to manage the process of downloading all driver card and VU data remotely

The DigiDL is being offered by Tachodisc as one all-encompassing package, from point of order thought to fitment and management of data. "This simple process provides customers with all the benefits of remote downloading with relatively little financial investment or IT infrastructure required," added Karen. The GPRS unit can also transfer data from any location in Europe which supports its internal SIM.

● For further information on the DigiDL call Tachodisc on Tel: 01925 283320, E-mail: [sales@tachodisc.co.uk](mailto:sales@tachodisc.co.uk) or visit: [www.tachodisc.co.uk](http://www.tachodisc.co.uk)