e2open®

Global Logistics Provider Improves Service Levels, Compliance and Margins

Dedicated Focus on Customer Expectations

The mission of this global logistics service provider (LSP) is to deliver innovative and trustworthy supply chain solutions that enable customers to meet consumer and industry demands around the world. With a successful background in rail and ocean transport, the LSP provides a wide range of global supply chain and transportation services for many industries. Earlier, the company had been acquired by a freight-forwarding and transportation organization based in Japan.

The impressive global footprint of this sizeable LSP includes over 100 locations in 60 countries, 200 logistics facilities and more than 7,000 logistics professionals with regional market knowledge. Every customer — large or small — is central to the LSP, and giving each the best service at equitable rates is a critical objective.

It is typical for LSPs to create and manage complex contracts with thousands of shippers and carriers. Each contract is subject to a host of regulations, most notably those from the Federal Maritime Commission (FMC). LSPs face two significant challenges: understanding and complying with numerous, continuously changing regulations and making sure that pricing protects margins. For the organization in this case study, this involved accounting for additional costs and the fluctuating situation-specific fees and tariffs imposed by carriers from which the company purchases and resells capacity.

Contract Compliance: Facing the Challenges

Due to the unique nature of its business, the LSP used a variety of third-party and homegrown technology solutions — one of which was a point solution from a niche ocean contract management vendor. However, the solution could not provide the level of service required for contract management at the volumes customers needed due to difficulties keeping up with the frequent amendment updates and tariff filing changes in the contracts.

Furthermore, the vendor's limited automation capabilities meant that it had to apply the repeated contract changes manually. The vendor charged the LSP on a time-and-materials basis for doing so, leading to significant cost variability the LSP had to pass on to customers. Cost variability runs contrary to every rule in business management, and the LSP knew it was wise to make a change. Since critical data would be shared between the new ocean contract management solution and the LSP's enterprise resource management (ERP) system, the ability to align the contract management solution with the ERP system became an important factor.

The LSP realized that the right way to respond to the contract compliance challenges was to utilize a single platform for carrier contract management with integrated, accurate regulatory trade and customs data from authorities worldwide. With the complexity of both buy-side carrier and sell-side shipper contracts involved in operations, it was crucial to ensure that all pricing structures reflected the most current fees and tariffs imposed by the FMC and other agencies.

Why e2open?

After searching for a new system, the LSP chose e2open to establish a platform for contract compliance. This single platform would provide contract publishing services using advanced features built into one of the applications in e2open Logistics suite. The organization selected e2open for its industry-proven regulatory expertise and contract management services. The LSP's project lead had seen the advantages of utilizing the e2open system and had firsthand knowledge of e2open's capabilities and proven capacity for managing high contract-publishing volumes.

E2open's application automates contract management and price management by updating contracts and pricing each day based on continually changing regulatory data. With this information feeding into the LSP's new ERP system, the company could better manage its carrier business. Since e2open's pricing is subscription-based rather than transaction-based, the new model would give the LSP better control over contract management costs. A customized subscription plan would both eliminate the need to audit invoices before making payments and level out cost fluctuations. The resulting cost predictability would be a critical advantage, especially during heavy shipping cycle times.

Of equal importance in the decision to select e2open was the company's adherence to internal quality management process standards. An internationally recognized set of standards for quality management systems developed by the International Organization for Standardization (ISO®), ISO 9001:2015 is an industry benchmark not every software provider has earned. E2open's content management system has met the requirements for ISO 9001 certification since 2012. E2open employs these guidelines when managing governing carrier tariffs, tariff surcharges and line items integrated into the application to ensure that the database is accurate when updating contracts.

A Shift From Risk and Loss to Revenue Generator

Capabilities in e2open Logistics suite were ideal for helping the LSP streamline its contract management compliance. The logistics provider would soon have a centralized digital twin of carrier and shipper contracts integrating timely data into the company's ERP system to reduce transportation contract complexities.

E2open Applications
The LSP chose to leverage e2open Bookings, one of the applications in e2open Logistics suite.

Automation of Contract Management Services
The contract publishing services within Bookings translate legal and technical contract language into business terminology and rules that enable companies to automate their contract management processes. The initial phase of the implementation addressed the carrier contracts on the buy side that required FMC filings. The LSP first automated ocean carrier contract buy rates, optimized service tradeoffs and addressed transaction margins. Next, the company started generating sell-rate quotes
for shippers that booked through the company.

The new, transformational system builds a fully FMC-compliant, confidential contract with the shipper and dynamically ensures its accuracy based on real-time carrier and regulatory updates. An advanced rating engine processes negotiated service agreements against applicable carrier tariff rules.

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Transformative Improvement With a Single Platform

E2open's content team conducted a review to eliminate outdated rules and rates from the LSP's internal database, enabling the logistics provider to start with an accurate library for future contracts. The LSP's U.S. operations teams evaluated all their existing and future contracts thoroughly to ensure compliance and manage contract rates more effectively. Detailed reports from the e2open system enabled the LSP to quickly analyze shipment and contract data to identify any publishing inefficiencies.

The resulting contract pricing accuracy led to improved margins — a significant benefit for the logistics provider. In addition, the LSP now has insight into how well the company adhered to its contracted rates in the past and the impact the streamlined automation capabilities have on margins.

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Due to the platform's capabilities, the global service provider was able to scale up to effortlessly process over 100 carrier contracts with 8,000 amendments and changes annually. Volumes continue to increase based on customers' needs. Pleased with the business relationship with e2open, the LSP is expanding the partnership into other functional areas of the company's supply chain services business.

About e2open

E2open is the connected supply chain software platform that enables the world's largest companies to transform the way they make, move, and sell goods and services. With the broadest cloud-native global platform purpose-built for modern supply chains, e2open connects more than 400,000 manufacturing, logistics, channel, and distribution partners as one multi-enterprise network tracking over 12 billion transactions annually. Our SaaS platform anticipates disruptions and opportunities to help companies improve efficiency, reduce waste, and operate sustainably. Moving as one.™ Learn More: www.e2open.com

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