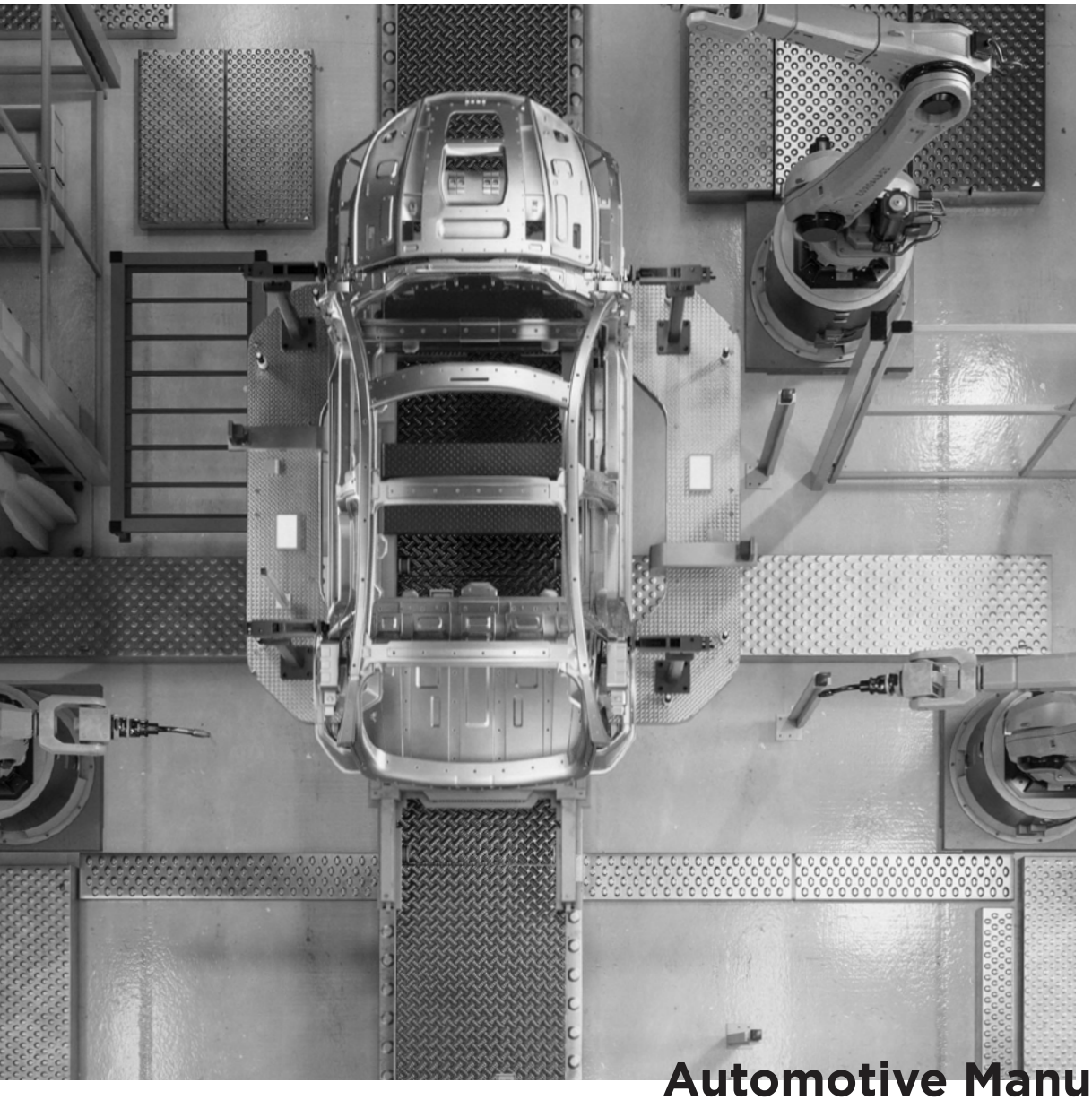

Automotive Manufacturer Finds $15 Million in Transportation Savings with FreightWaves SONAR

An in-depth look at how an automotive manufacturer utilized FreightWaves SONAR to make data-driven decisions.

FREIGHTWAVES SONAR

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SUMMARY

A leading automotive manufacturer was facing challenges in its North American truckload network that resulted in spending more than the market price and still not receiving the levels of service necessary for the operation. Like many manufacturers in the automotive industry, this company relies on high levels of service to ensure the assembly lines remain operational.

The manufacturer was searching for the ability to:

+ **Improve efficiency within its transportation network.**
+ **Reduce costs.**
+ **Proactively manage carrier performance risks in its supply chain.**

The manufacturer turned to FreightWaves SONAR in order to benchmark itself against the broader automotive industry to identify savings and de-risk its supply chain from service failures related to capacity shortages.

The FreightWaves SONAR and Supply Chain Intelligence (SCI) platforms highlighted where the company could improve efficiencies within its North American transportation network, leading to network optimization, improved negotiations with truckload carriers, an understanding of capacity changes in the market and ultimately uncovering ways to reduce transportation spending.

The automotive manufacturer generated **$15 million** in transportation savings by adjusting its rates to align with its peers and the overall market rate. At the same time, the manufacturer discovered over 4% of its network was at high risk of service failures, allowing the company to proactively de-risk its network without accumulating service failures along the way.

! **ISSUE**
Increased service failures put entire production lines at risk

= **OUTCOME**
Generate $15 million in transportation savings while proactively managing carrier performance risk throughout the supply chain

+ **SOLUTION**
FreightWaves SONAR allowed for derisking and optimizing the transportation network through benchmarking

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FOCUSING ON OLD DATA LED TO OVERSPENDING AND INCREASED SERVICE FAILURES

The automotive industry largely relies on just-in-time (JIT) inventory management, running thin inventory levels. Therefore, minimizing service failures is paramount to ensure assembly lines continue moving. Over the past two years, securing truckload capacity was as difficult as it has ever been, resulting in rising shipping costs and increased service failures within the company's network.

The automotive manufacturer was spending well over **$1 billion** in transportation spending just in North America. It needed the ability to home in on areas of potential savings, while also reducing exposure to service failures so as not to exacerbate delays in production caused by shortages of semiconductors and other components.

Given the JIT nature of automotive supply chains, the manufacturer sought a way to use near-real-time data to understand the transportation market in a way that historical data failed to do. The inability to monitor capacity changes during a period when capacity was arguably at its tightest led to increased service failures and thus overpayment in some cases as the company had to rely on securing capacity in the spot market, where rates were near record highs.

DISCOVERING $15 MILLION IN TRANSPORTATION SAVINGS THROUGH BENCHMARKING

Identifying and singling out lanes across the automotive manufacturer's North American truckload network generated huge savings, ultimately impacting both the top and bottom line.

Through the use of FreightWaves SONAR, the manufacturer uncovered $15 million in transportation savings. While the **$15 million** in savings directly impacts the bottom line by slashing operating expenses, it also helps the top line by limiting service failures, ensuring assembly lines continue to roll and finished vehicles can be shipped to dealerships across the country and around the world.

Not only was the company able to identify significant savings in its operations, but it also discovered that 4% of the truckload network was at risk for high service failure levels. High-frequency data allowed the automotive manufacturer to monitor capacity changes as they happened. Being able to de-risk service failures proactively caused indirect savings as network fluidity remained strong; it reduced unwanted exposure to the spot market when rates were over $3 per mile at the national level while ensuring capacity would arrive as anticipated.

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HOW SONAR UNCOVERED $15 MILLION IN TRANSPORTATION SAVINGS

Given the automotive manufacturer's challenges, it turned to FreightWaves SONAR and SCI platforms to help the company make better decisions and optimize its North American truckload network.

Using FreightWaves SONAR and the SCI platform, the manufacturer was able to benchmark its current rates against those of its peers. By benchmarking itself against its peers, the automotive manufacturer was able to identify areas where it was able to adjust its rate lower in order to generate direct cost savings.

Through the FreightWaves SCI platform, the manufacturer found the lanes that were at highest risk for capacity failures by focusing on the lane scores. The lane score within SCI is from 0 to 100; the higher the number, the easier it is to secure capacity on a given lane. Conversely, lower values indicate difficulty securing capacity.

FreightWaves SONAR and SCI identified where the automotive manufacturer was able to manage the risk within its network proactively, ensuring necessary capacity arrived as expected and the company did not have to overpay for the capacity.

Click here to find out more about FreightWaves **SONAR SCI** and **TRAC**. If you are interested in benchmarking your freight spend and making actionable, data-driven decisions, **schedule a free consultation here**.

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