



CASE STUDY

Transportation & Logistics Management using Constellation TMS

Greenfield Industries, Inc.

Company Background

Greenfield Industries Inc. is an established leader in the industrial cutting tool industry. They manufacture and sell expendable cutting tools and related products: drills, taps, end mills, and other cutting tools for a variety of industrial, maintenance, commercial, and construction applications. Greenfield is a division of TDC Cutting Tools Inc., the world's largest manufacturer of twist drills.

Greenfield Industries operates manufacturing and support facilities in Seneca, South Carolina; Mississauga, Ontario, Canada; and Mexico City, Mexico. The company is autonomous, runs its own processes and systems, and manages its transportation locally. Greenfield is primarily an LTL shipper and receiver.

Business Problem

Greenfield employed an automated Transportation Management System (TMS) to manage their day-to-day inbound and outbound transportation operations. However, it lacked capabilities that they needed to effectively and efficiently manage both their transportation processes and spend.

There were three key issues with their current system and processes they wished to resolve:

1. Outbound shipments were self-managed, employing their TMS, from multiple workstations within their facilities. However, their TMS provider controlled the LTL carrier contracts and offered them only two carriers to choose from. This limited choice impacted cost and service.
2. Inbound shipments were primarily vendor-prepaid. Greenfield's vendors selected and booked their own carriers without direction from Greenfield. Greenfield's purchasing department lacked visibility into both cost and delivery times of their inbound materials. That uncertainty caused them to expedite shipping at an increased cost and strained their limited receiving space.

Greenfield has realized savings ranging between 22% and 30%!

3. Operational and Management Reports that Greenfield needed to manage their freight and reduce their cost were not provided, leaving them blind to the operational and financial performance of their transportation operations.

Greenfield felt they needed better planning for, and visibility into, inbound materials and hoped to reduce both their inbound and outbound freight spend.

Solution - Procurement & TMS

At Greenfield's request, TranzAct conducted a Rapid Assessment of Greenfield's operations and freight spend, then developed a Road Map to enhance Greenfield's transportation management capabilities, reduce their freight rates, and increase visibility into all shipments. TranzAct proposed, then implemented within two weeks, two solution components—Freedom Logistics and the Constellation TMS—that allowed Greenfield to accomplish all of their objectives.

Freedom Logistics is an LTL procurement and management system that leverages Freedom's collective buying power to realize lower rates and continuous coverage. Freedom Logistics provides customers with a dependable network of vetted, qualified, and stable National and Regional LTL carriers. Customers immediately realize, then sustain, significant reductions in their LTL spend while protecting the quality of their service.

The Constellation TMS replaced the incumbent provider's system functions and delivered significantly enhanced capabilities. In addition to effectively planning, rating, routing, and booking outbound shipments, Greenfield gained the ability to control and manage inbound shipments. Constellation extended Freedom Logistics' rating and routing capabilities to Greenfield's purchasing department. This allowed their buyers to decide both the speed and the cost of the shipment. When the vendors notified the buyer of inbound material availability, the buyer selected the lowest cost carrier, the quickest delivery, or a blended solution of lowest cost and time,



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and then sent those routing instructions to the vendors. As vendor shipments were picked up, both purchasing and logistics gained notice of what was inbound to anticipate their delivery and plan receiving. Constellation also provided all of the requisite operational and management reporting that has been employed by Greenfield to gain insight into:

Overall Savings - a benchmark analysis of historical freight spend to the Freedom freight spend yielding overall savings

Transportation Performance Review - a periodic (bi-monthly) spend management summary of freight volumes and rates, including optimum carrier usage (use of the least cost carrier for each shipment)

Shipping Volume by Lane - outbound shipping volume by lane and customer as management information for Greenfield's sales force

Billing Exceptions - an operational report of rated shipments for transportation to monitor any anomalies in shipment billing including changes in classes, rates, and weights breaks

Value Proposition

The implementation of Freedom Logistics and the Constellation TMS delivered significant financial and operational benefits to Greenfield Industries.

TranzAct conservatively estimated the potential for a reduction to Greenfield's annual transportation spend at between 9% and 12%. Employing TranzAct's holistic spend management solution components, Greenfield

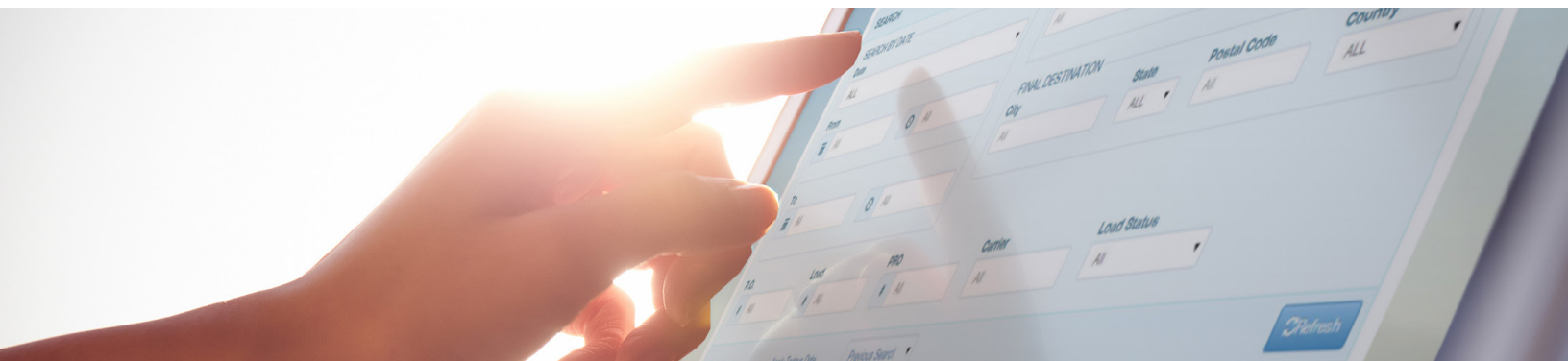
has actually realized savings ranging between 22% and 30% in their first 6 months of operation! Further success is demonstrated by Greenfield's 99.8% utilization of the lowest cost carrier, implying there have been virtually no service issues.

Employing Freedom Logistics has increased Greenfield's carrier choices while lowering their freight rates. Constellation allowed Greenfield to extend their rate shopping capability to purchasing (to calculate their total landed cost of materials) and to instruct their vendors to select Greenfield's preferred carrier with the lowest cost/shortest delivery time.

Vendors realized better rates and service and Greenfield received visibility to inbound shipments to better schedule their limited dock space for receiving. However, the most significant benefit was *dependability* of inbound materials—which reduces inventory safety stock and prevents manufacturing interruptions.

Constellation's flexible and customized reporting has provided the report cards that allow Greenfield to measure performance and continuously improve their transportation operations.

“While the cost savings we have achieved are significant, our greatest benefit is being able to control every shipment’s timing and cost—both inbound and outbound,” states Bobby Densmore, VP of Operations for Greenfield Industries.



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