

AFMS CASE STUDY

Major Automobile Manufacturer

A major automobile manufacturer hired AFMS, to review parcel contracts and data to identify parcel savings. This initiative brought together the Parts, Dealerships, Body Shops, and Vendor freight programs under the focused guidance of our clients North American Procurement group.

Our client collectively had \$100 million in domestic U.S., Mexico, and Latin America spend with UPS and FedEx. At the time AFMS engaged with our client, UPS and FedEx had responded to an RFP with new pricing contracts, which our client was ready to execute. AFMS cautioned against this and instead gathered 6 months of parcel data, along with the UPS and FedEx rate proposals. AFMS then performed detailed analytics to provide a savings estimate for our client. AFMS revealed approximately \$15 million in additional savings annually, without disrupting their incumbent carrier relationships.

AFMS and our client's team of executives met with the executives of both UPS and FedEx to discuss the pricing requirements needed to retain their business. Subsequently, both carriers presented new pricing to our client. The combined proposals savings for the existing business came in at approximately \$15 million annually. Under the advisement of AFMS, our client executed the new agreements and kept both carriers while saving approximately \$45 million over the 3-year agreements.

Our client viewed AFMS as a trusted partner and hired them to analyze their Air Freight spend, which was \$40 million annually with CEVA and UTi Logistics. AFMS completed a detailed data and contract review of their Air Freight between the Asia-Pacific region to various points in the U.S. and Latin America. AFMS identified \$3-4 million in savings annually and guided our client to re-negotiate with CEVA and UTi. Under the pricing analysis and direction provided by AFMS to our client, both incumbent carriers submitted new contract pricing that reduced their Air Freight costs by \$4 million annually.

In continuing to deliver savings, our client hired AFMS to be their watchdog on UPS and FedEx's billing auditing and automated filing for guaranteed service refunds. Since 2010, AFMS has been tracking every package that our client ships with UPS and FedEx, including identifying and correcting billing errors on their invoices. AFMS has been returning an average of \$1.4 million annually back to our client for incorrect billing changes and late shipments.

AFMS has been a trusted partner of our client for 8 years and has provided over \$50 million in cost reductions, all while keeping carrier service at the highest levels.



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