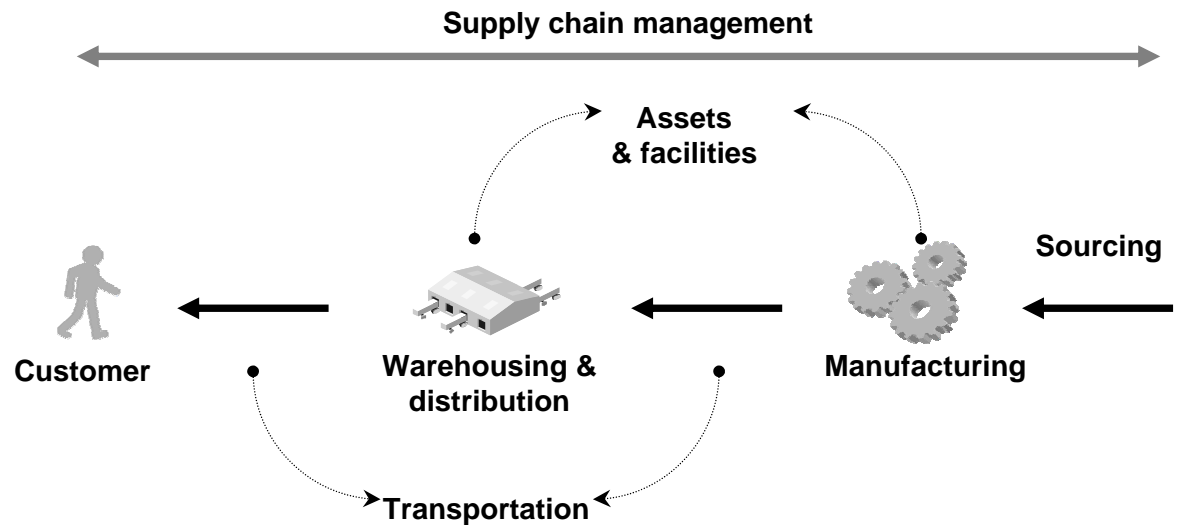


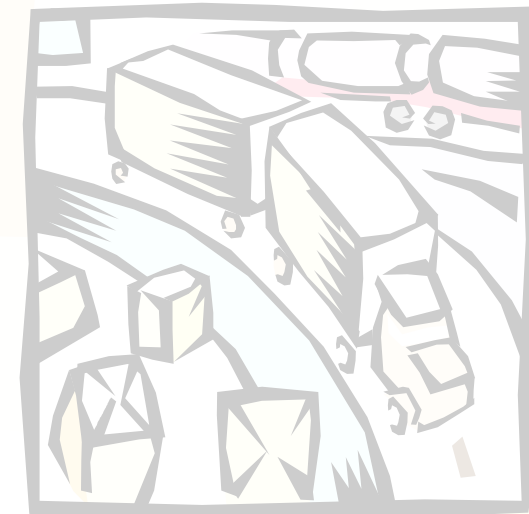
How to optimize transport costs:

PANDA – Transport benchmark



Outline

- Benchmark motivation
- Transport cost factors
- Project approach:
 - Panda Analysis
 - Tendering (addendum)



Why Benchmark?

- Getting the best possible transport conditions for:
 - A specific customer
 - With a specific product
 - On a specific transport route

Complex matter!



Determining factors?

Fixed costs

truck load

☐ truck unload

☐ overhead

Variable costs

☒ expedition costs

☒ profit

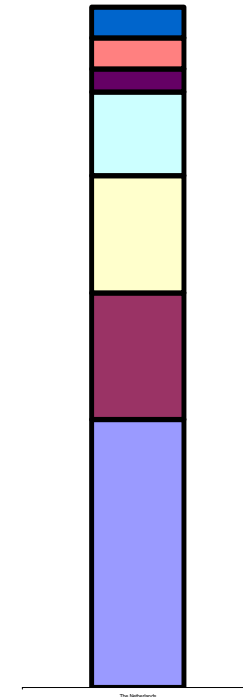
☒ insurance

☒ maintenance

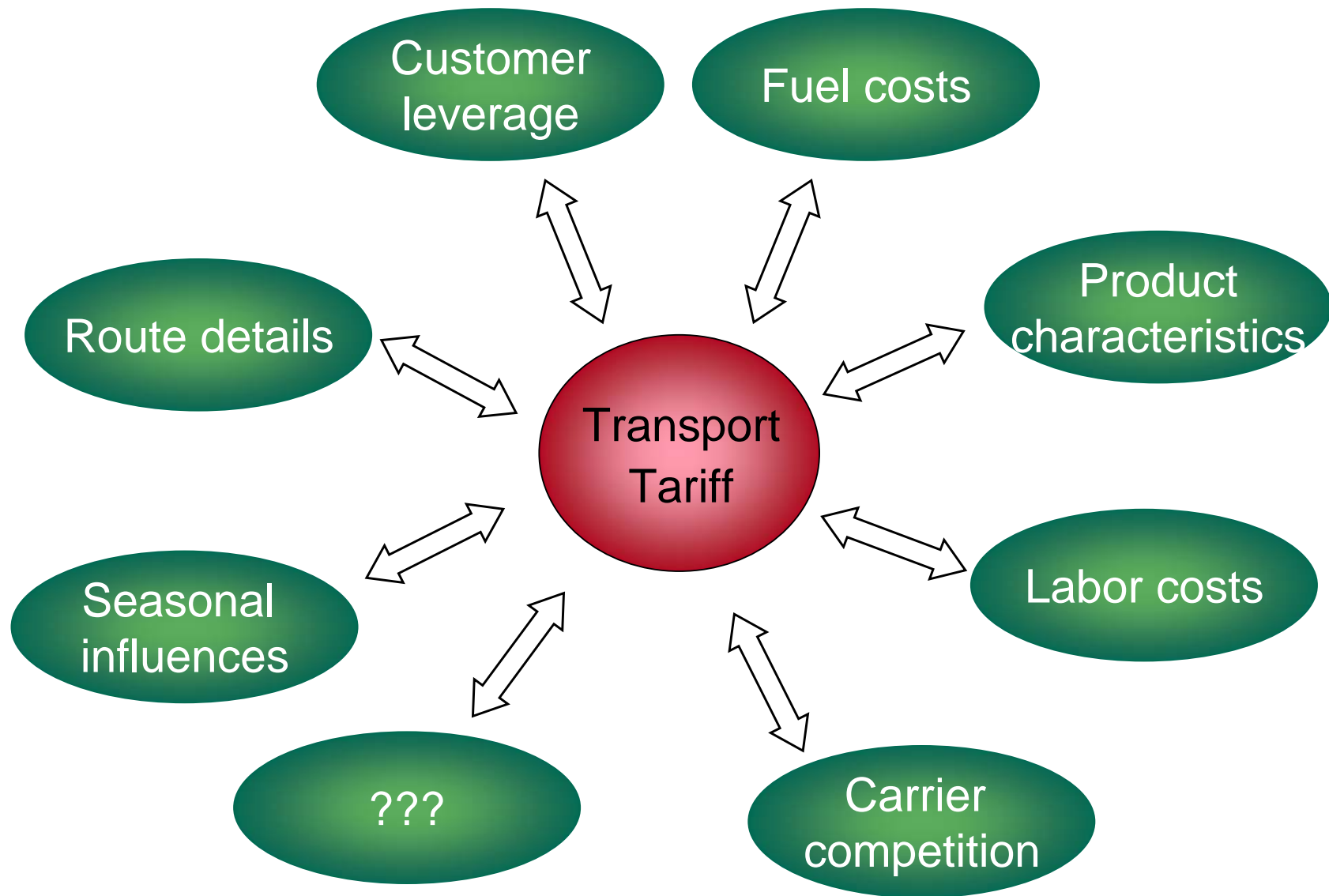
☒ depreciation

☒ fuel

☒ labour



Differentiating factors?



Determining factors?

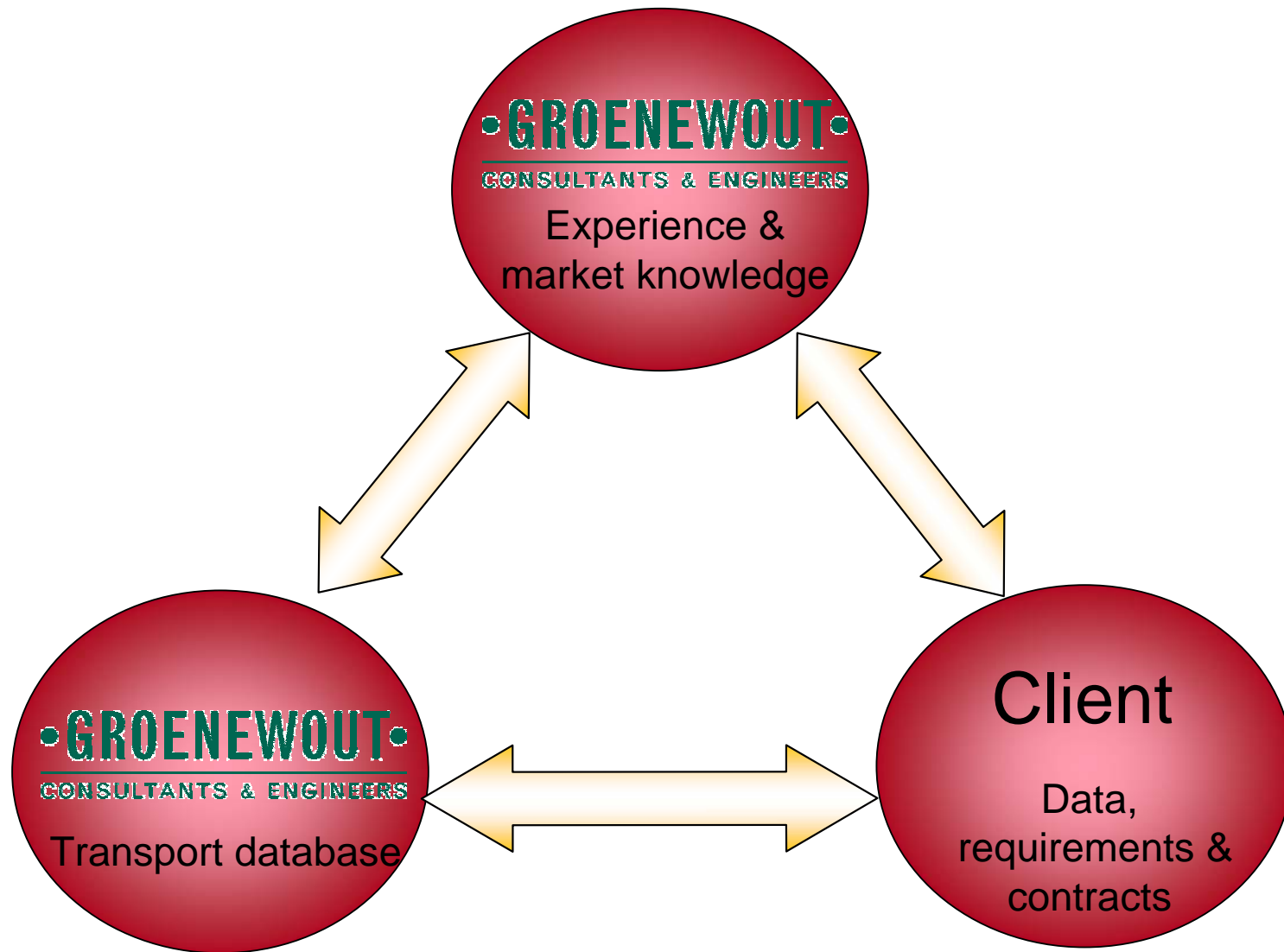
- Product characteristics
 - Volume per product
 - Number of shipments
 - Value per product
 - Life cycle
- Market
 - Consumer
 - Professional
 - Medical
- Treatment & product requirement
 - Medical vs. Electronics vs. Chemical vs. Food

Project approach

- Step 1: Situation analysis
 - Client data analysis
 - PANDA cross reference
 - Identifying opportunities for improvement
 - Future developments
- Step 2: Tendering
 - Supplier pre-selection
 - RFI / RFP
 - Service contract negotiation



1: Situation Analysis

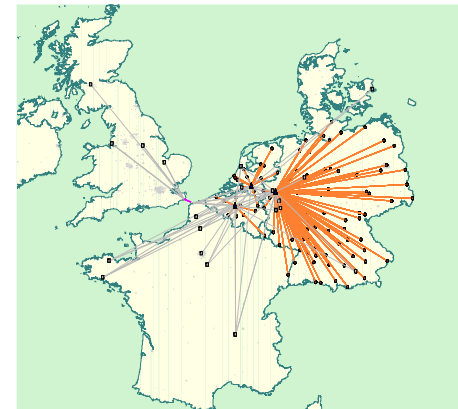


PANDA - concept

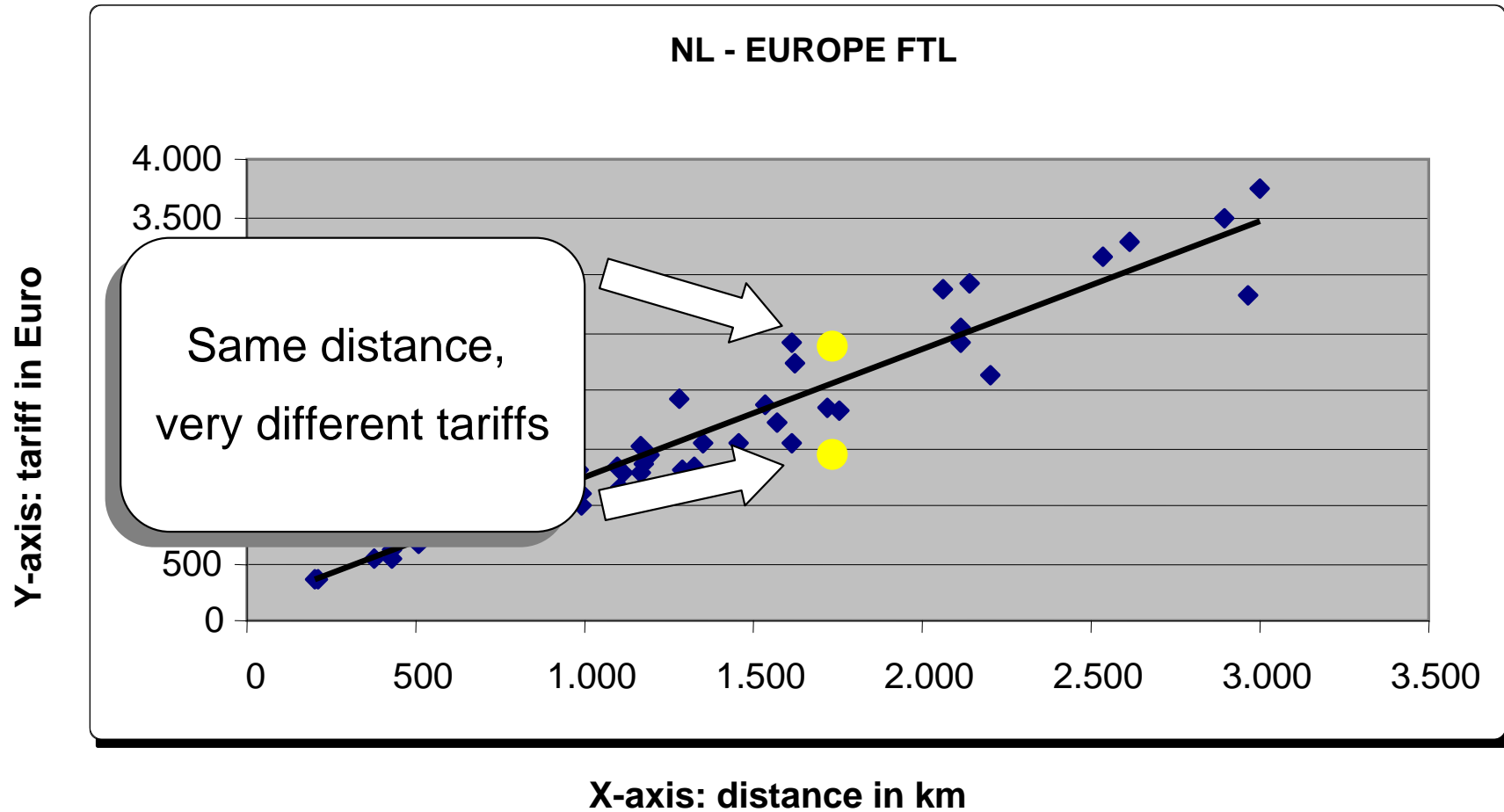
PAN-European transport Database

- Analysis based on:
 - Reference project data
 - GW experience / field expertise
 - Client & product characteristics

Audit the current cost structure

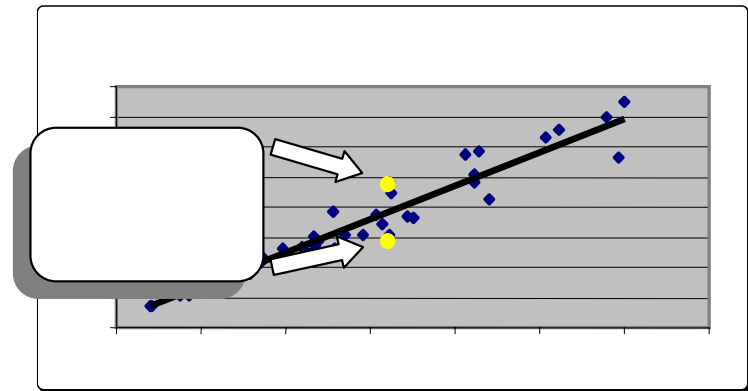


Transport cost analysis (1)

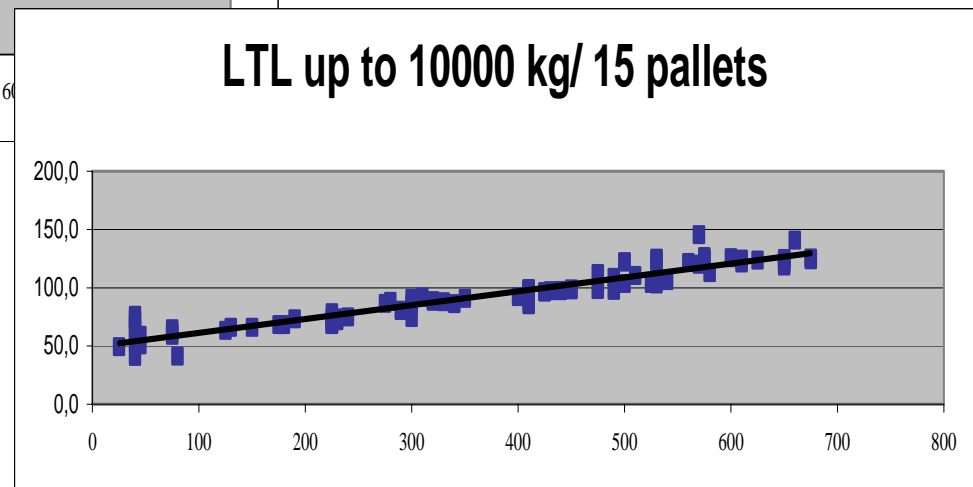
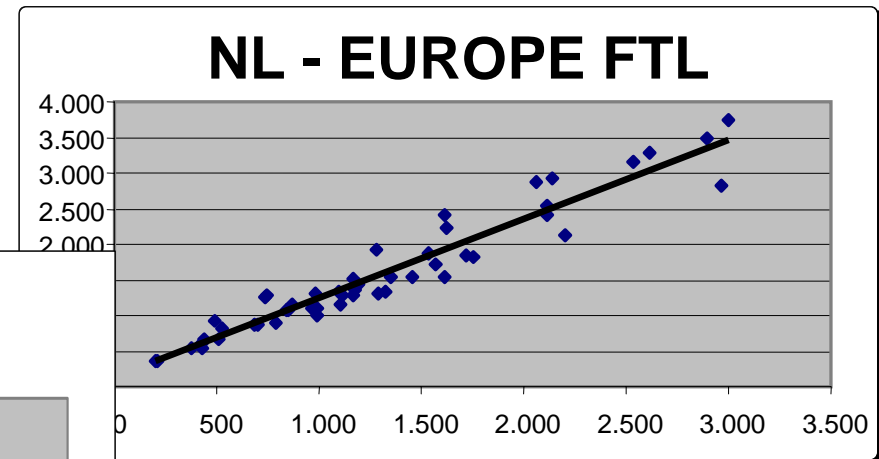
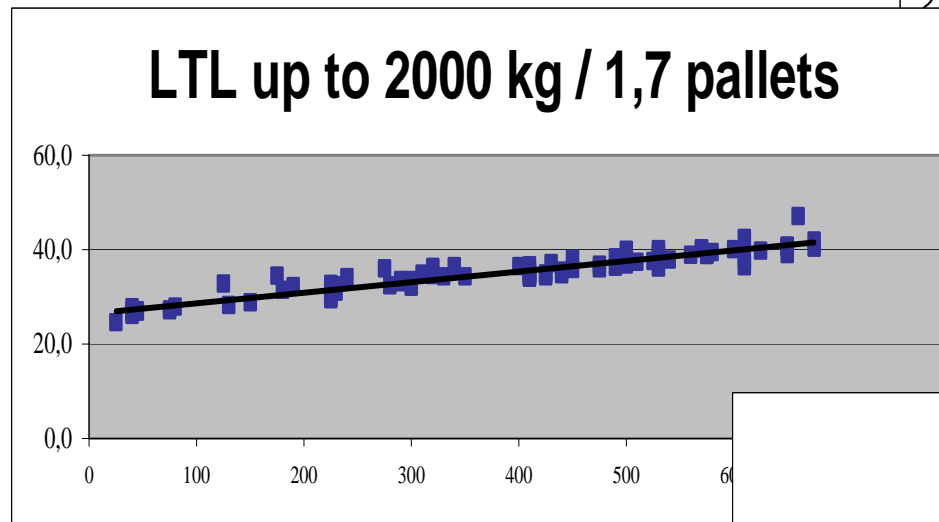


Analysis

- Tariff differences explainable?
 - Destination accessibility?
 - Fuel or labor costs?
 - Carrier monopoly?
 - Product volume?
 - Any of the other factors?
- If not:
 - Quick win: improvement opportunity

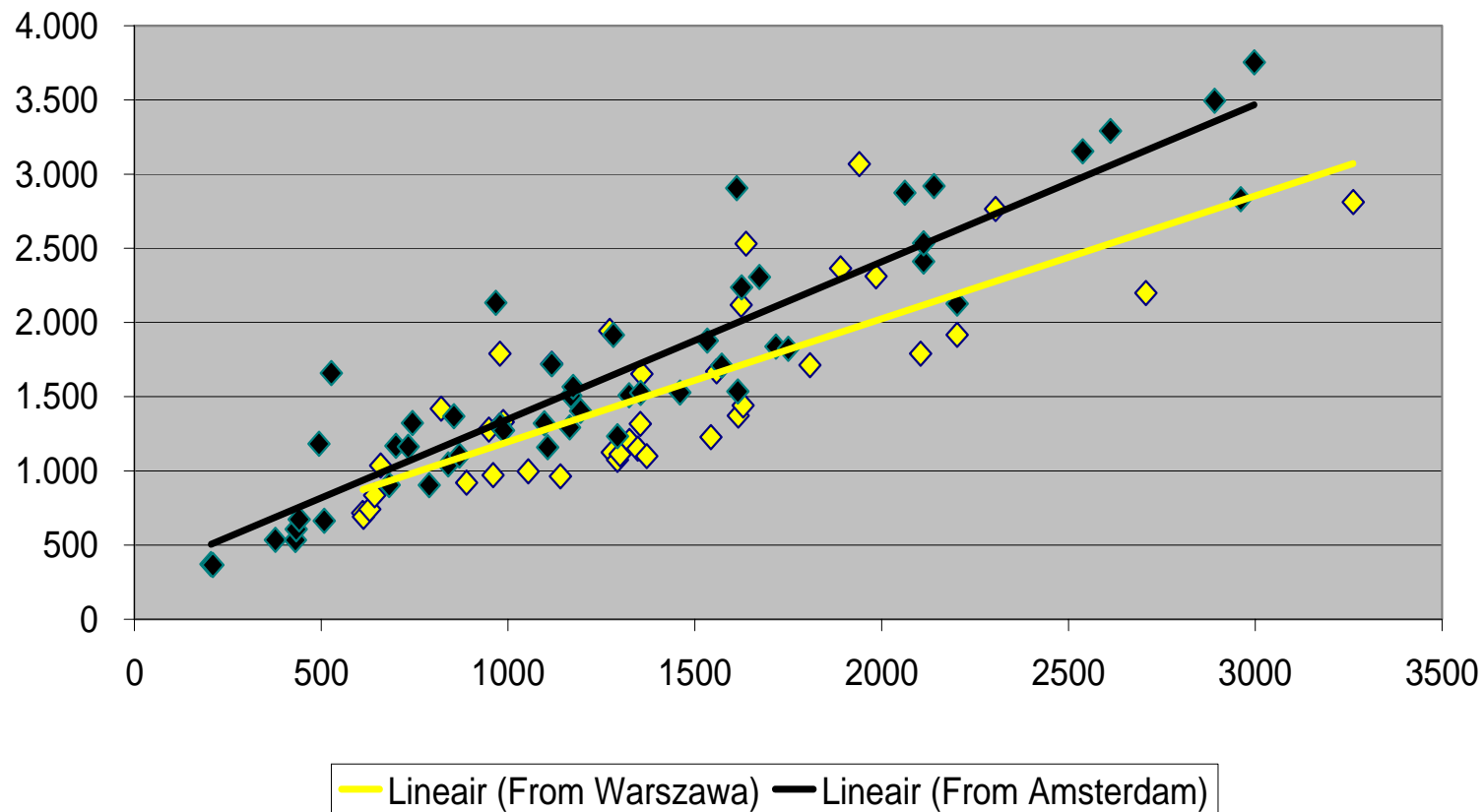


FTL versus LTL



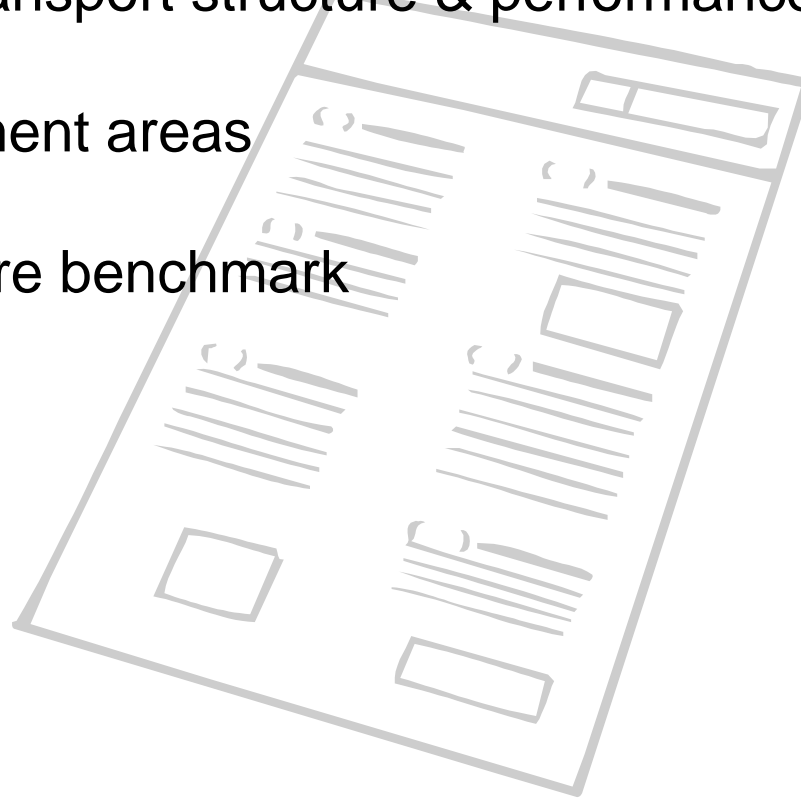
Transport analysis (2): Benchmark

Europe from Amsterdam and Warsaw FTL



Results PANDA analysis

- Clarity on distribution transport structure & performance
- Clear view on improvement areas
- Reference point for future benchmark



In conclusion

What ever approach you take please consider

- Data collection is time consuming but mandatory
- Benchmark will not answer all questions
- Benchmark triggers questions
- Benchmarking is only helpful if you act based upon outcome

MAKING SUPPLY CHAINS YOUR
COMPETITIVE ADVANTAGE!

2: Possible Tender Approach



Tender phasing (1)

Define long list

Potential transportation partners are asked if they are interested in making a proposal.

A long list of approximately ten potential transportation partners will be created.

Request for Information

Request for Information will be sent to the long list transportation partners. RFI will include high level data about the volumes to be shipped to the several countries. In this phase it will be assured that the potential transportation partners are not aware that it's about Client's business.

Tender phasing (2)

Define short list

The answers of the potential transportation partners are evaluated and partners suitable for the short list are selected. It will be again verified whether these short list candidates are still interested in making a realistic proposal.

Request for Proposal

The RFP consist of two parts:

- Program of requirements
- Format for Proposal
(questions for the potential transportation partners)

Tender phasing (3)

Bidding Process

- Setting milestones
- Answering Questions of the potential transportation partners

Select best transportation partners

- Evaluation of the proposals of the potential transportation partners
- Presentation, Advise & Decision

Tender phasing (4)

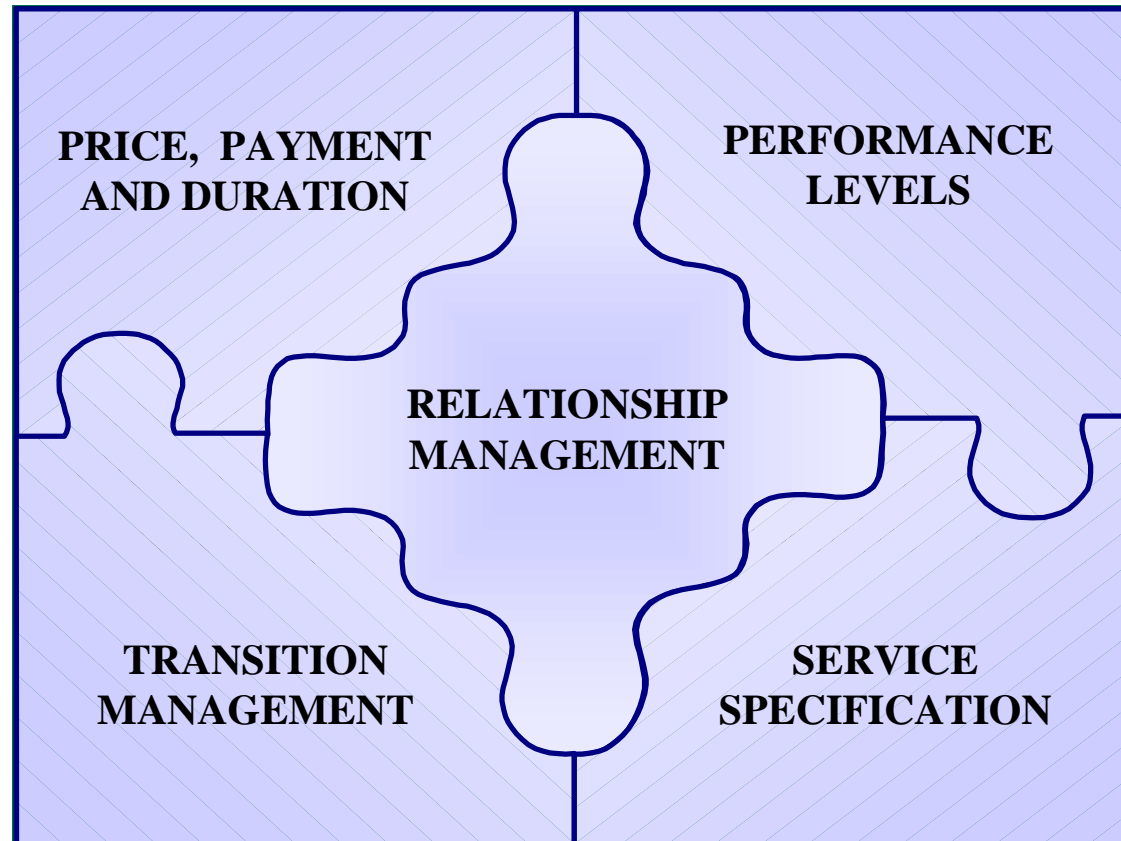
Letter of intent

Based on this document, the Letter of Intent (LOI), both parties commit to each other that they will cooperate at their best endeavors to get a mutual agreement on the service agreement

Negotiations & Contract development

Contract negotiations and development lead to a well defined service contract based on an agreement between both parties involved, describing WHAT should be delivered, and HOW this will be achieved

Service agreements



Possible Project Results

- Transparency on distribution structure, cost & service level
- Tailor made cost & service optimal distribution performance
- Professional “scope of service” contract