FedEx® Transportation Management delivers positive prognosis

This global healthcare company is a leading manufacturer and provider of medical devices and surgical specialty products. The organization is committed to advancing and improving the safety and well-being of patients while reducing healthcare costs around the world.

**Diagnosis: Healthcare supply chain inefficiencies**

Like other companies in the healthcare sector challenged by rising costs, the organization was searching for ways to rein in supply chain expenses and improve efficiencies.

One obvious target: the processes used to deliver product to medical wholesalers throughout the U.S. and Canada from the company’s distribution center (DC) in the southeastern U.S. Many of these customers were receiving multiple deliveries each week through multiple transportation providers. The organization wanted to optimize its transportation budget and eliminate inefficiencies.

**Prescription: Uncover cost-savings opportunities**

The company, which was already using FedEx Express and FedEx Ground for the majority of its package deliveries, turned to FedEx Transportation Management for assistance in identifying improvement opportunities for the rest of its outbound transportation. The FedEx Transportation Management practice has more than two decades of experience in providing end-to-end optimized transportation management solutions — from shipment planning and order administration to operational reporting, ongoing analysis and financial settlement, including shipment optimization and analytics consulting.
The FedEx Transportation Management team scrubbed the transportation processes, drilled down into the details on mode and carrier selection and uncovered several cost-savings opportunities:

• Combine freight into more economical multi-stop truckload (TL) and less-than-truckload (LTL) routes
• Implement the use of cost-effective intermodal service for customers to alleviate more expensive cross-country TL moves
• Eliminate the need for costly expedited deliveries through improved shipment planning

Now, a dedicated FedEx Transportation Management analyst optimizes and consolidates all of the organization’s outbound shipments each day and devises the load plan for the carriers. Deliveries are made just once a week to each customer, which has the added benefit of leveling out the workload for the company’s DC team. The analyst also oversees the customer’s returns authorization process and freight bill payment.

To increase productivity in the warehouse, FedEx Transportation Management also provides an on-site supervisor and package handlers to manage the trailer pool and assist with the loading and scanning functions.

Outcome: better end-customer experience with major bottom-line savings

Since implementing the solution designed by FedEx Transportation Management, the healthcare company has succeeded in streamlining and optimizing its outbound transportation function. During a three-year span, the solution has generated supply chain cost savings in the range of 8-12 percent1. In addition, the company views the contributions of their dedicated FedEx Transportation Management analyst as invaluable and includes him as an integral part of the annual budgeting process.

For the company’s customers, the once-per-week delivery schedule has given them better control over the receiving process without sacrificing on-time reliability. They now know what to expect and when to expect it.

1 FedEx does not guarantee financial outcomes predicted by this simplified analysis. This analysis is intended to demonstrate possible financial outcomes from logistics/distribution changes based on information made available to FedEx. This exercise is provided as an example. Actual results may vary.