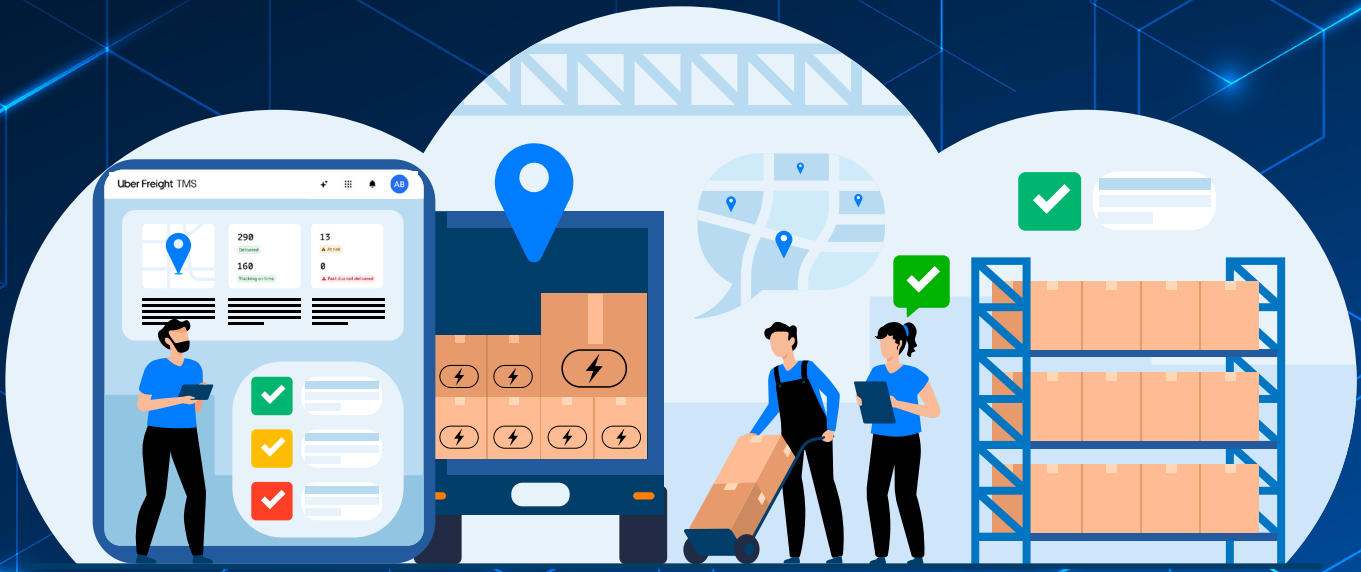
The engine behind your supply chain

How smart inbound transportation drives automotive part manufacturing forward.

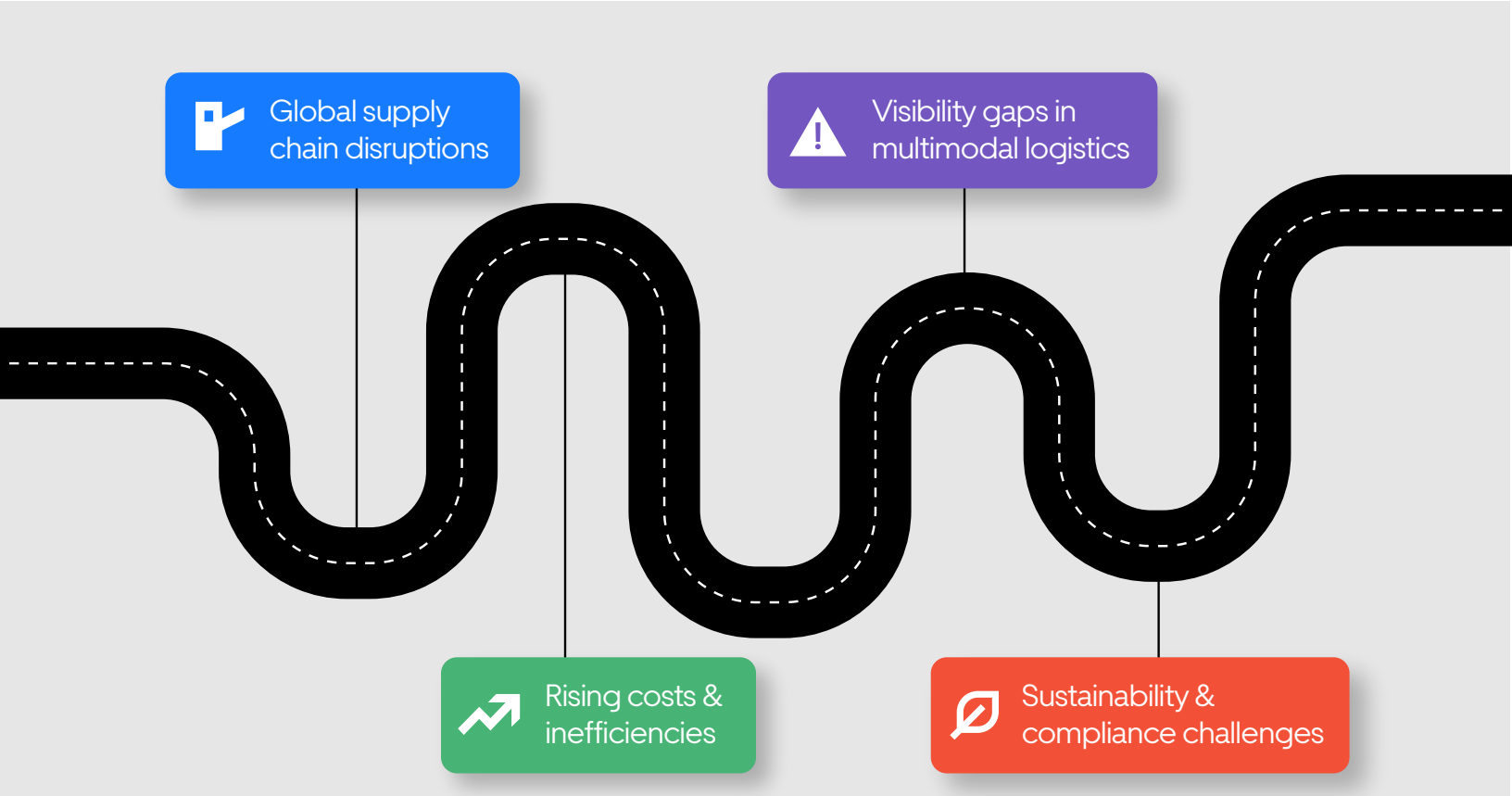


Uber Freight

Overcoming roadblocks in inbound logistics

In today's rapidly evolving market, automotive part manufacturers must navigate a maze of supply chain challenges. Without a proactive inbound strategy, disruptions can slow production, increase costs, and stall growth.

Want to know how top manufacturers avoid costly delays?



Shift gears with smarter inbound freight management

- Real-time visibility into shipment journeys & supplier performance
- Optimized inbound flow with dynamic routing & PFEP strategies
- Actionable KPIs to measure success & enhance efficiency
- Cross-border & multimodal logistics expertise to streamline operations

Get in the driver's seat of your inbound logistics —download the white paper now.

A deep dive into how automotive suppliers can navigate inbound logistics challenges—and the KPIs to prioritize for success

With global supply chain disruptions, the rise of electric vehicles (EVs), technological advances changing manufacturing processes, sustainability initiatives, and evolving consumer demands, automotive equipment manufacturers continually face challenges in today's market. These challenges mean Tier 1, Tier 2 and aftermarket suppliers must rethink their strategies, uplevel processes, and streamline operations to remain resilient and accelerate their supply chain.

However, even as new challenges emerge and supply chains become increasingly complex, many teams still rely on outdated, manual workflows for inbound logistics. This results in inefficient network designs, a lack of multi-modal visibility, fragmented supply chains, and poor inventory management. Without an optimized and proactive approach to inbound logistics that utilizes technology, automotive equipment manufacturers will struggle to drive their processes forward, evolve to meet customer needs and remain competitive.

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Navigating inbound challenges: Visibility and control

Most companies manage varying levels of complexity across their supply base, especially with multimodal or cross-border operations. This creates a decentralized system that makes complete visibility and control difficult.

A lack of visibility and control can slow down inbound logistics, particularly impacting three core components:

- Cost management: A bulk of freight expenses are likely hidden if a company doesn't have access to real-time data, and it can become difficult to understand what's contributing to costs, such as shipment volumes, fuel prices, or carrier rates.
- Inventory management: Suppliers often maximize order increment volumes by shipping as much material as possible in a single truckload, leading to high inventory levels and reduced order frequency, and creating warehouse bottlenecks.
- Production management: A lack of visibility can also lead to production downtime and delays, which can negatively impact cost and service.

With the right transportation management system (TMS), automotive suppliers can enhance their visibility into inbound operations and costs, and improve communication with their suppliers. Leading solutions can improve efficiencies by automating manual tasks, providing real-time visibility and insights into costs—such as freight spend and accrual—and shipment status, and helping teams to be more agile and proactive. This visibility should also extend to cross-border logistics and multimodal transportation.

Uber Freight's TMS can provide instant updates on part-level movements, border and drayage customs events and international air and ocean freight. Ultimately, the additional visibility and control allow automotive companies to better manage elements, like lead times, inventory carrying costs, working capital and manufacturing capacity.

With Uber Freight's TMS, a school bus manufacturer has saved $3 million by centralizing the management of procurement, execution, business intelligence, and call-ahead standardization, while maximizing their supply chain performance.

Accelerating performance: Upleveling data management and network productivity

Companies investing in a TMS will find it easier to steer the future of their freight with a strategic partner who understands the complexities of automotive supply chains, streamlines onboarding, manages TMS utilization, and helps teams pinpoint key data points to monitor.

For example, a solid Plan for Every Part (PFEP) strategy can unlock a more efficient and resilient automotive supply chain by optimizing inventory, minimizing costs, and helping to streamline material flow and production. This means having a plan for every component or part required for manufacturing – including identifying a specific part number, its quantities, the supplier and the storage location. With a dynamic plan, you can identify potential bottlenecks or gaps, which helps mitigate risk and avoid delays or extra costs.

Once your PFEP strategy is in place, you can design your ideal network. This works for manufacturers at any stage—whether it's a hybrid model with in- or out-of-scope suppliers or one encompassing all operations.

To assist with the creation of a PFEP strategy and network design, consider working with a TMS solution and managed transportation experts. The right combination of expertise and a TMS solution can help companies build out a roadmap to execute their network design. A TMS can also integrate with enterprise resource planning (ERP) software to connect planning with manufacturing and warehouse activities.

Ultimately, an effective network design includes static route planning for each pickup, stop location, and mode. The static plan determines a set routing path, while dynamically adapting to changing conditions in real time, all depending on the needs of the shipper and their supply chain. Typically, this process can happen in implementation phases that could include:

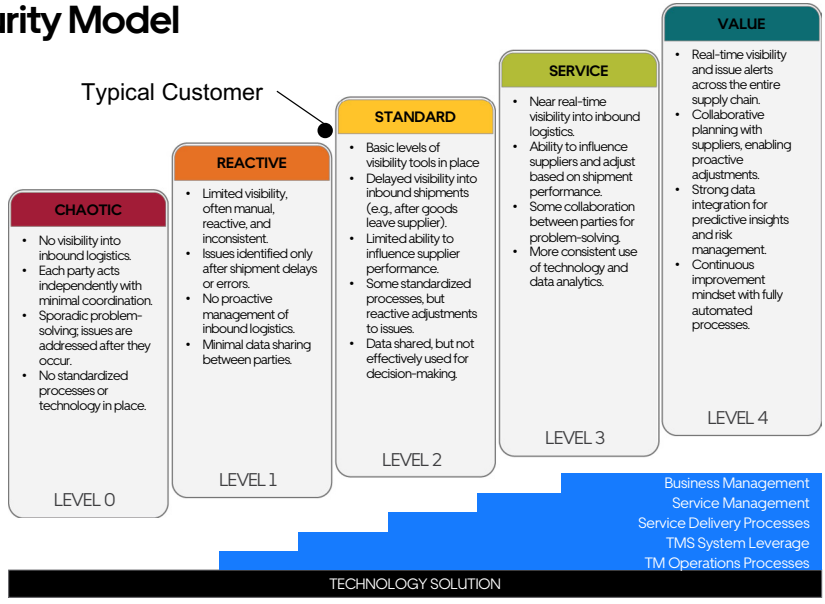
1. Detailed reporting and KPI usage and DIFOT (Delivery In-Full, On-Time) accuracy.
2. Shipment planning, scheduling, execution, and optimization.
3. Identifying all freight costs and potential operational changes that could drive savings.
4. Pinpointing order process inefficiencies and developing strategies to correct those processes.
5. Spotlighting inventory management issues that can be revisited once order processes are corrected.

Inbound Logistics Maturity Model

Standard Customer

KEY ELEMENTS	SCORE
PEOPLE	2.0
PROCESS	1.5
TECHNOLOGY	1.0
OVERALL	1.5

- Maturity model used by Uber Freight consulting to benchmark operations across End-to-End supply chain, facility operations, and transportation strategy and execution
- Scope for this exercise includes sampling of US and Mexico shippers, cross-border, and managed transportation operations.



Similar to transportation management in general, Uber Freight typically sees varying levels of inbound maturity within its customer base. A company can determine where they stand on the inbound maturity model (shown above) to help identify which tools, processes, and technology it should adopt. For example, if a company regularly uses technology and data analytics to make decisions and optimize strategy but doesn't have complete real-time visibility into its inbound logistics—it would be on level three. To optimize processes, it could then consider integrating technology that could offer real-time visibility.

Comparatively, if a company doesn't have any visibility into inbound logistics, standardization processes in place, or use any technology, it would be at level zero with room to grow.

In many instances, customers fall under level two. This often means there are basic visibility tools in place and the customer utilizes technology and data analytics. But it's also possible they lack complete visibility into inbound shipments. The company may also struggle with standardizing processes, meaning it makes reactive adjustments to issues as they occur, instead of planning ahead or having contingency plans in place.

A managed transportation partner like Uber Freight can help customers identify the key areas for growth and improvement, based on where they are on the model to drive continual improvement.

For example, an automotive manufacturer sought Uber Freight's expertise when it was looking to implement an inbound solution to reduce its costs and inventory, increase product velocity through the supply chain, and reduce the lead time to customers.

The Uber Freight team worked with the company to create a static route design that identified the best routes for suppliers to ship their materials together. Then, Uber Freight deployed a modifiable route optimization strategy for the company to reference during tendering and execution, which could dynamically route shipments before tendering.

With this approach, the company decreased transportation costs by as much as 11% through improved trailer utilization, while increasing the velocity of the product through its network.

→ The company decreased transportation costs by as much as 11% through improved trailer utilization

In another instance, Uber Freight helped a manufacturer establish a report and process to recover transportation costs from non-compliant suppliers. Since the Uber Freight TMS can source data and integrate it with additional reporting tools, customers can customize reports that target improvement initiatives, such as optimizing cost-to-serve by effectively categorizing suppliers or improving order management to minimize expedited and premium freight costs.

With the help of the Uber Freight TMS, the manufacturer was able to create a premium and billback report. This process involved defining different types of premium shipments, such as spot freight allocation tools—which remove the manual back-and-forth of traditional spot auction processes, driving load prices down—as well as short lead-time shipments and expedited shipment requests. A report was also run at the line level of detail. The output was a report showing each premium shipment and the SKUs on that route. Each planner then received the report and could select the reason code for the premium shipment and whether they wanted to bill the supplier back for it.

By working with Uber Freight, the manufacturer collected $70,000 in monthly supplier billbacks and now has a process that helps suppliers and planners understand and resolve the root causes of unplanned freight.

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Fueling efficiency: Inbound and inventory management

Once a TMS is implemented, automotive logistics teams can onboard and deploy it with specific goals, using data to track and monitor progress.

The right TMS should have all inbound communication, ordering, and analytics processes in a centralized, digital hub. This hub should enable teams to streamline operations and unlock a comprehensive and centralized view of their inbound activity with capabilities that include:

- Customer order consolidation
- Confirmation of the materials being shipped and their quantities
- Uploading documentation such as bills of lading (BOL)
- The ability for manufacturers and suppliers to provide order updates with a few simple clicks
- Dashboards that offer real-time visibility into order journeys
- Discrepancy documentation that promotes smoother problem solving
- Measurement capabilities that help companies understand how their costs and inventory tactics are performing against plan

For example, with the help of Uber Freight, an automotive equipment manufacturer implemented a rigorous standardized measurement and management process that puts pressure on problem solving at the root cause. Using Uber Freight's TMS to manage inventory and orders, the manufacturer improved its fill rate from 44.5% to 87%.

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Similarly, another manufacturer utilizes Uber Freight's supplier order management solution within the TMS to efficiently confirm orders and manage exceptions throughout the order lifecycle to improve inventory management. This capability reduces the need for emails and increases visibility into the status of orders.

By implementing a robust supplier order management process, the company streamlined the flow of information and improved its order fill rate from 64% to 86%, while reducing the human effort needed to manage the order life cycle.

The KPIs to prioritize for measuring inbound success

With the right TMS solutions, automotive manufacturers can accelerate productivity, measure success through automated reporting, and conduct regular performance check-ins with their logistics partners.

Companies can work with their partners to map out a plan for continuous improvement by consistently monitoring KPIs that inform how inbound operations are performing against plan. These core metrics include:

- On time delivery. This is one of the key supplier performance metrics for logistics teams, as it determines the amount of orders that are shipped as expected.
- PFEP compliance/performance. Measures how well a company adheres to its plan for every part (PFEP), charting the plan/demand to actual occurrences. Deviations in the dashboard highlight possible supply chain inefficiencies or quality problems.
- Unplanned orders. A minimum amount of unexpected shipments is a sign of a stable inbound supply chain. Teams should monitor how many unplanned orders pop up in their queue and how they can impact process efficiency and drive high expedite freight costs.
- Supplier fill rates. The fill rate indicates the percentage of supplier orders that are completely fulfilled based on your order requirements.
- Manufacturing throughput. This KPI measures the rate at which a manufacturing process produces finished goods over a specific period. It's a metric that reflects the efficiency and productivity of the manufacturing process.
- Total logistics cost. For most teams, tracking transportation and inventory costs and savings will be key to determining the overall value of their TMS-powered programs.
- Additional KPIs that align with specific objectives. Logistics teams can work with their transportation partners to identify additional KPIs they need to measure depending on their particular inbound challenges. These could include lead times, inventory levels, trailer utilization, or reduction of miles.

Proper utilization of a TMS can help logistics teams analyze these KPIs regularly, helping them better determine where they're succeeding, and where there's room for improvement.

Through regular Plan-Check-Do-Act (PDCA) cycles with industry experts and the supporting lean toolkit, Uber Freight helps teams reach goals and keep inbound operations and objectives running effectively. By utilizing network data and targeting KPIs and inbound challenges, Uber Freight can also help automotive logistics teams continuously improve. Instead of only focusing on reaching

a singular goal, such as a '95% on time, in full target,' new goals are created as targets are met, contributing to steady incremental improvement over time. For example, if the '95% on time, in full target' is met, the next PDCA cycle would include a new goal to ensure progress isn't stagnant.

As we enter the new era of logistics, now is the time for automotive equipment manufacturers to revitalize their inbound transportation management strategies. The key to success is leveraging a TMS grounded in cutting-edge technology that grants access to real-time data with the support of a strategic logistics partner—one that can help them effectively use its data to garner actionable insights to unlock efficiency and cost savings within their supply chain, creating more productive inbound logistics.

Connect with an Uber Freight representative today to kickstart your inbound transportation management program.