

Executive Summary

In 2007, with freight rates starting to soften for some transportation modes, the majority of companies believe this is a great time to review their procurement and freight audit & payment practices and technology. Companies believe they can **save an average of 8.8%** on their overall freight budget with a more sophisticated procurement or payment/audit system, and this is backed up by Best in Class results.

Key Business Value Findings

Aberdeen analysis of 380 companies finds that a segment of respondents have been able to reduce their negotiated freight rates since 2004, while the vast majority of companies suffered freight rate increases. These Best in Class companies are taking noticeably different actions than their peers. In particular, these top performers are:

- 1.5X as likely to manage procurement centrally.
- 1.6X as likely to let carriers bundle and unbundle lanes in their responses and 1.7X as likely to use multiple bidding rounds with carriers.
- 1.4X as likely to use a procurement application for their carrier selection process rather than spreadsheets or manual processes.
- 1.4X as likely to use online collaboration with carriers for invoice exception handling.

Implications & Analysis

Aberdeen's Transportation Spend Management Framework details how companies can implement a closed-loop process to drive lower negotiated rates, improved service, and significant realized freight savings. This closed-loop spend management process is enabled by increased automation and decision-support technology.

In the next 24 months, fully 81% of companies with freight spend over \$25 million plan to implement new transportation procurement or payment technology, as well as 44% of companies with spend under \$25 million. Best in Class companies are 1.3X more likely to have implementation plans than their peers.

Recommendations for Action

Based on this study's findings, companies seeking to improve their transportation procurement and payment processes should:

- Centralize their freight procurement operations and evolve beyond manual processes and spreadsheets.
- Implement a formal spend management process and encourage more innovation in their carriers' bid responses.
- Mine spend management data to improve cross-functional business decisions. “

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**Informore conclusion based on this report:
if you are spending more than 10 mio on freight, and are investigating ways to realize freight savings, simply talk to Informore !!!**