Westernacher
NONSTOP INNOVATION

Freight Capacity Planning
For ocean freight

LEAP.

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Your hosts for today's session.

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Agenda

1 OPPORTUNITY

- Problem Statement
- Business Impacts

2 SOLUTION

- High Level Solution Overview

3 EXPANSION

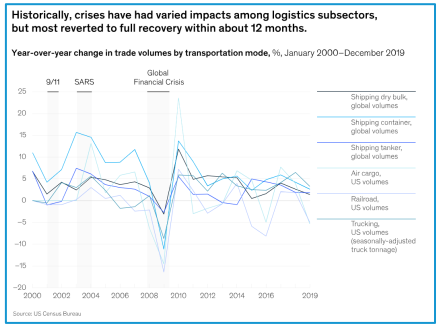
- Benefits
- Next steps / Final Observations

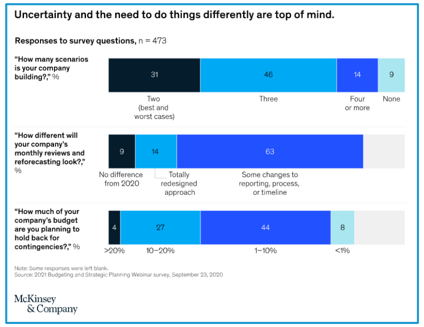
Freight Forecasting
Problem statement

With the increase of transportation costs, companies have the need to estimate the future transportation requirements earlier in time and link this requirements to their S&OP planning process.

Currently companies face the following issues

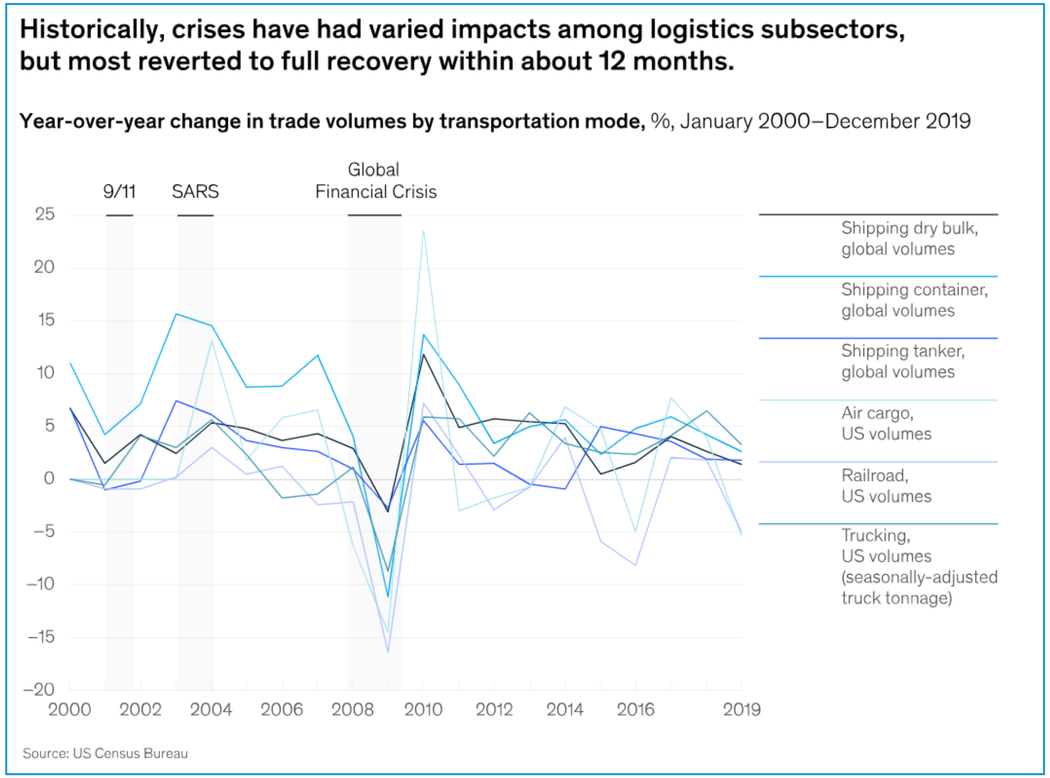
- Manual calculation and upload of Freight capacities through excel files which generates a lot of manual effort for transportation processes.
- Higher freight costs are incurred due to late transportation capacity booking with Freight Forwarders or Ocean liners.
- Manual creation of what-if scenarios to evaluate Means of transport alternatives lead to higher efforts and inconsistencies
- Previously contracted freight capacities or costs are not included or are added with additional manual effort

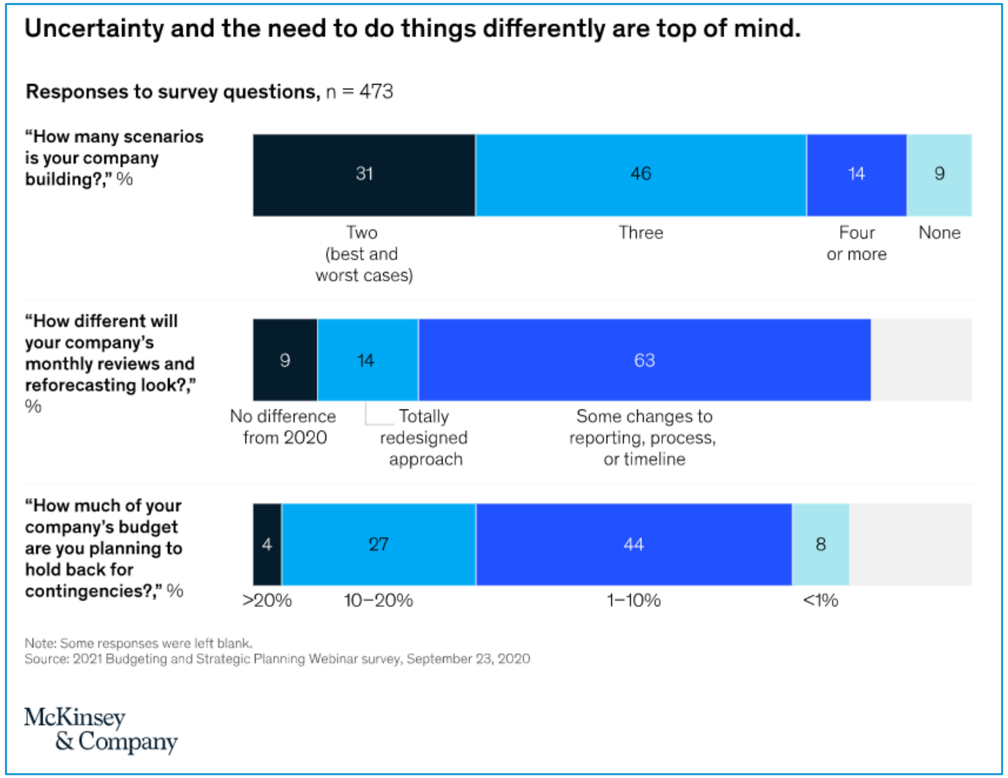




Ref. McKinsey: [A fresh approach to logistics forecasting in 2021]

Freight Forecasting
Problem statement





Ref. McKinsey: A fresh approach to logistics forecasting in 2021

Freight Forecasting
Business Impact

- Ensure early freight capacity booking in time
- Evaluate Freight costs as part of the tactical planning
- Higher manual efforts to perform what-if analysis and evaluate alternative Means of transport
- Higher manual efforts for Freight Tendering
- Lesser overall visibility
- Higher Freight costs due to late bookings

Freight Forecasting
Solution Overview

S/4HANA - TM

Strategic Freight Procurement

- RFQ for future demand
- Capacity plan and Allocations

Transportation Demand History

- Freight Orders and Bookings

Master Data

- Locations, Carriers & Container Types

Demand Forecast

Historical Demand + Master Data

SAP IBP

Demand Forecasting and Planning

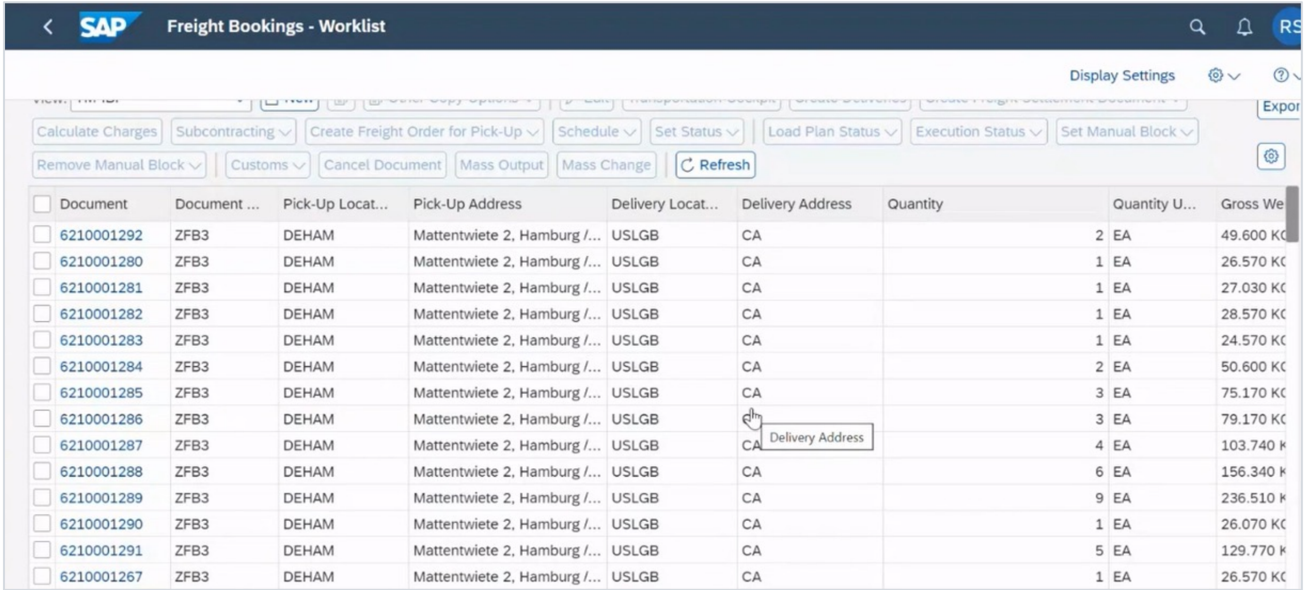
- Tools, algorithms, statistical methods
- MS Excel / Web frontend

- IBP uses statistical forecast methods, applies market intelligence manually and/or derives a transportation demand plan based on historical demand from TM

- TM uses the demand forecast from IBP to feed the strategic freight procurement's RfQs, to set up allocation quantities for contracts or capacities.

Freight Forecasting

Solution Overview: Historical Demand



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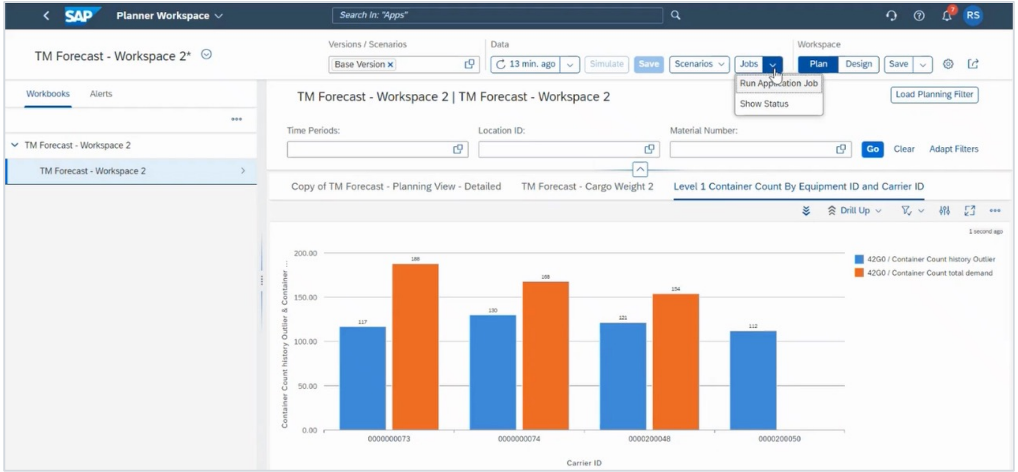
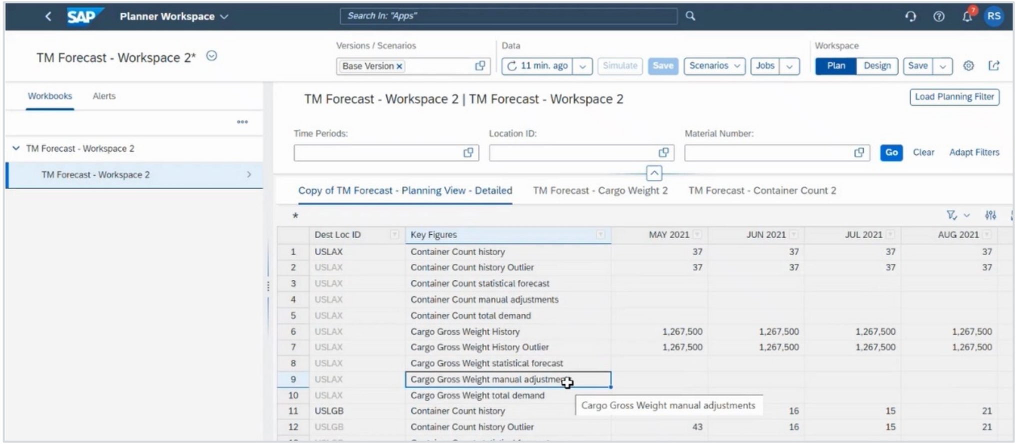
Freight Forecasting

Solution Overview: Forecast generation





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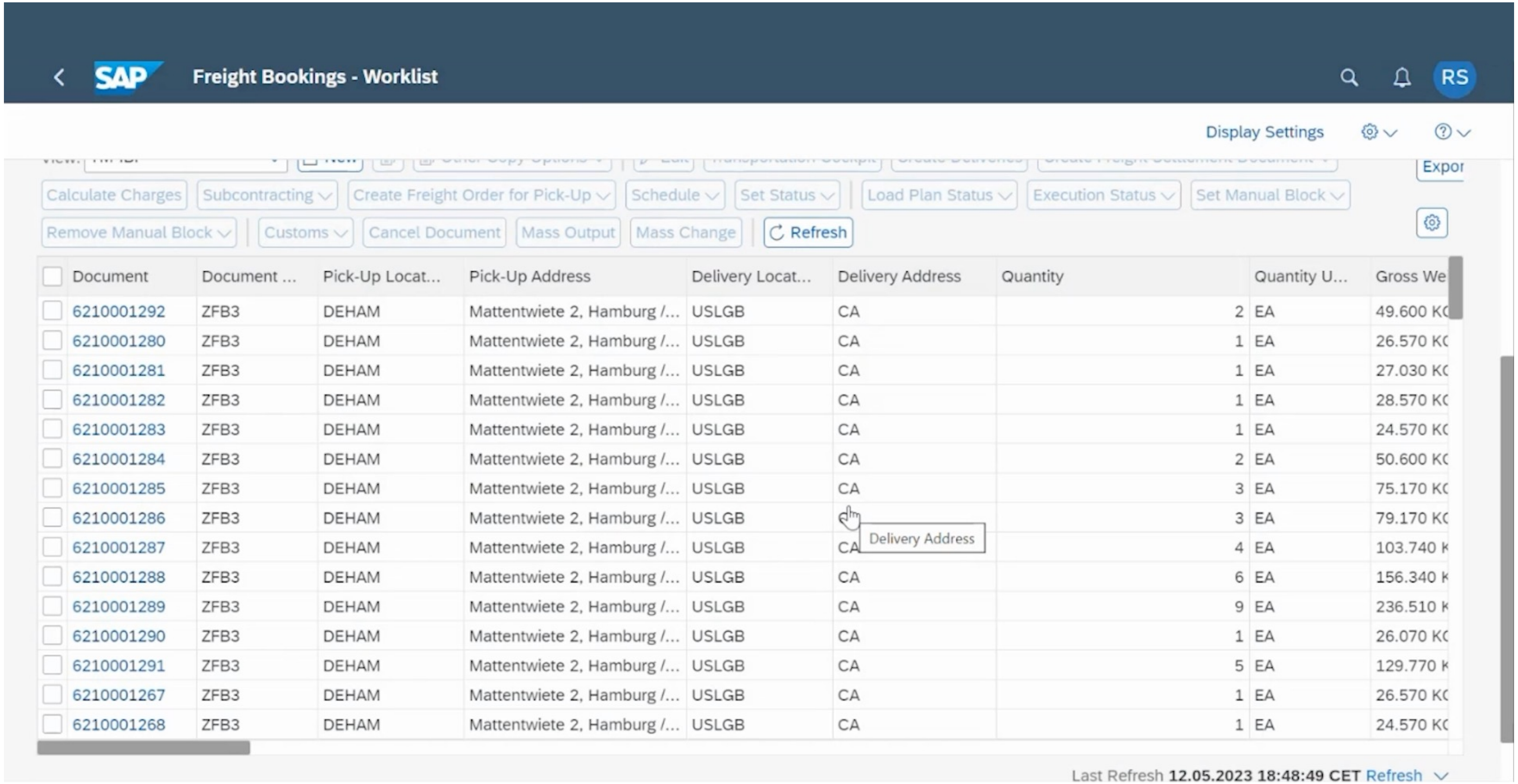

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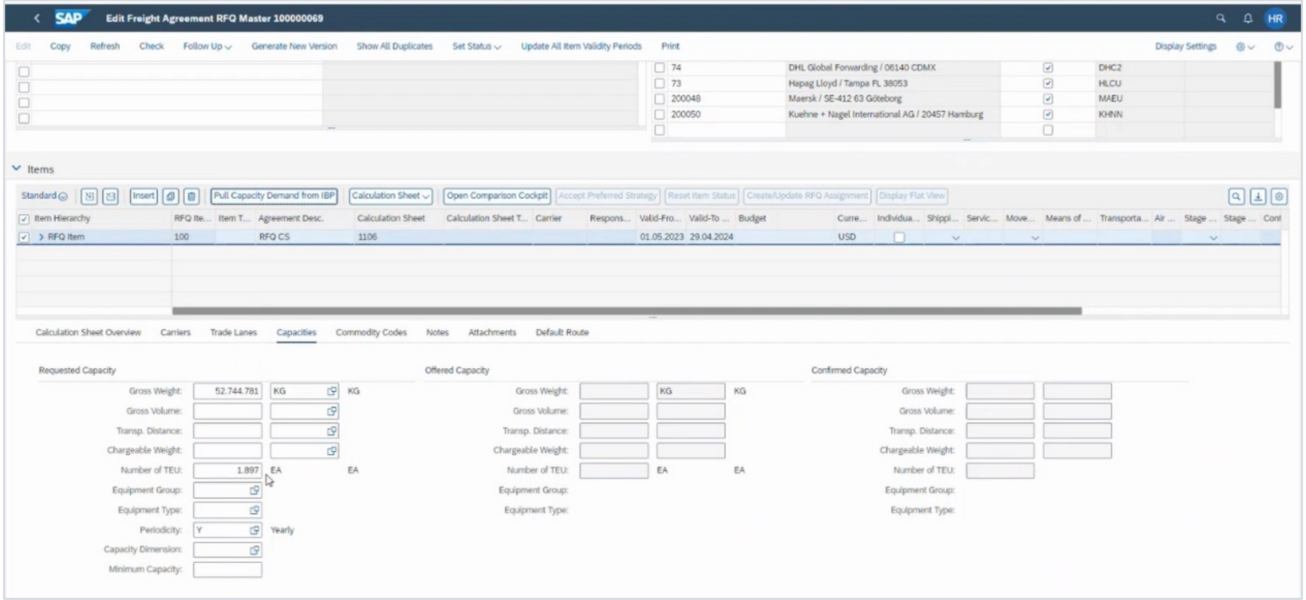
Freight Forecasting
Solution Overview: RFQ based on Forecast



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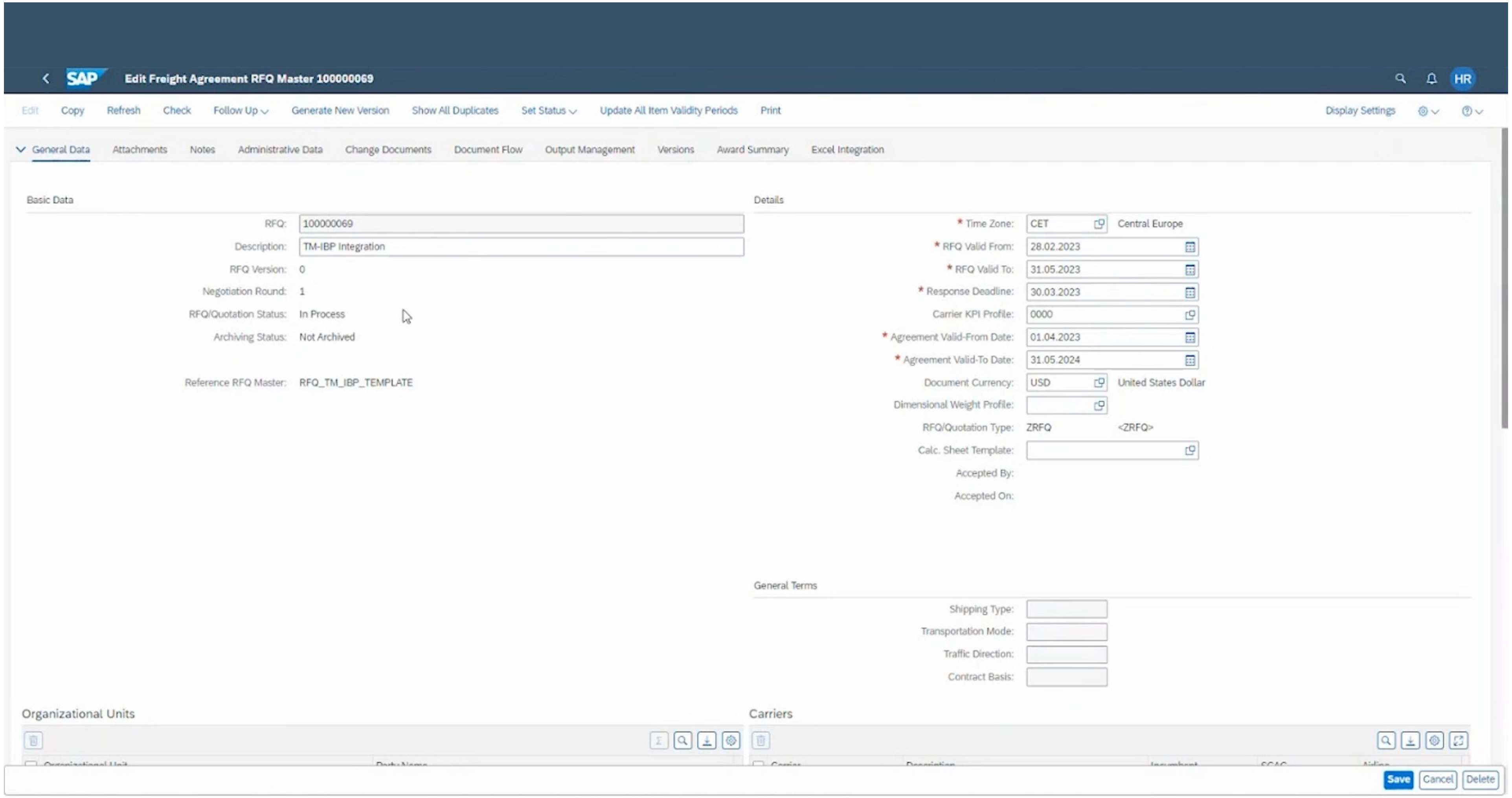
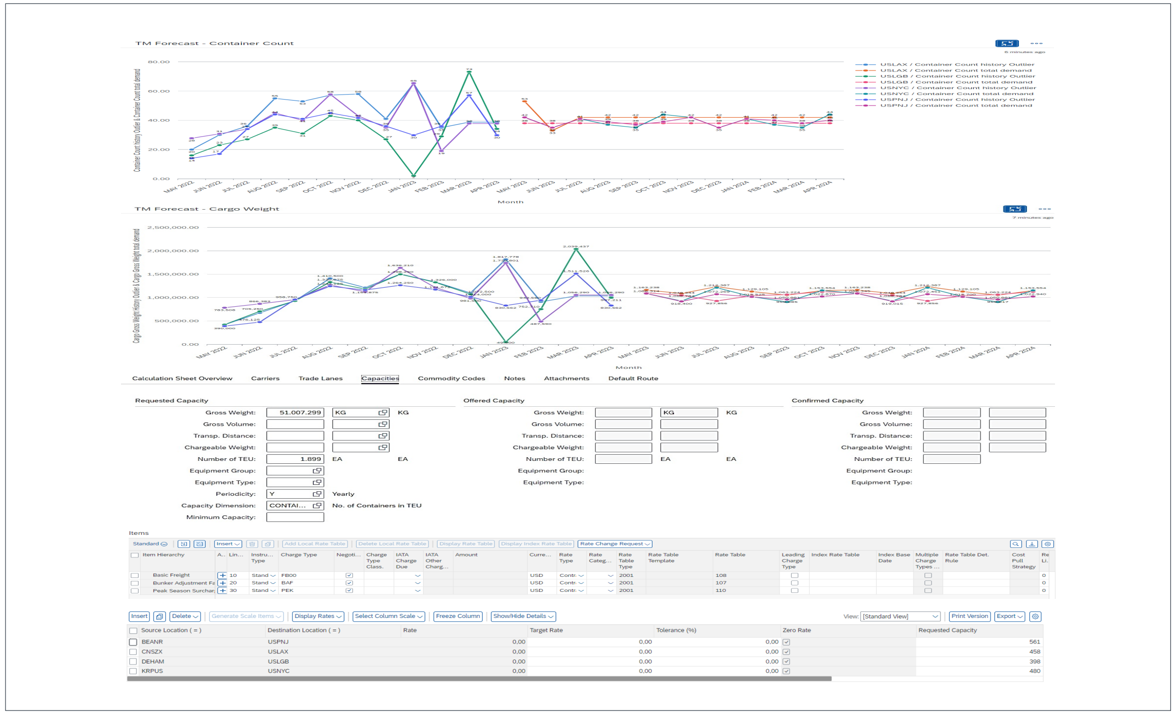


Freight Forecasting
Benefits

- Automatic loading of Historical Freight capacities into SAP IBP Freight Forecasting model
- Automatic Forecasting of future freight capacity requirements
- Link Freight capacity requirements to the Tactical Planning (S&OP process)
- Improved Forecast accuracy of freight capacity requirements
- Automatic loading of future freight capacity requirements to SAP TM system.
- Increased operational efficiency by reducing manual works.
- Faster identification and capitalization of lower transportation rates



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Thank you!