
AAFES LOGISTICS



VENDOR PERFORMANCE PROGRAM (VPP)

The VPP was established 3 years ago for the purpose of identifying costs incurred due to vendors not complying with the AAFES “Supplier Requirements”.



NON-COMPLIANCE ISSUES

- On-time shipments - Origin shipments must be made by the contracted date on the PO.
- On-time deliveries – Destination shipments must arrive at the delivery point by the required date on the PO.
- Shipment must be properly marked, documented and packed.
- Fashion merchandise must be properly ticketed.
- ASN requirements must be met.
- Pallet and wood packing material. Comply with ISPM-15 (International Standards for Phytosanitary measures) Letter posted at www.aafes.com 15 April.
- Overages/Substitutions.



COMMON OCCURENCES

- Overages/shortages
- Repacking
- Improper markings
- Wrong pallets used for all international shipments.
- Failure to consolidate
- Improper routing



HOW TO AVOID CHARGES

- Be sure the buyer amends the PO with changes and exceptions
- Use the correct carrier and ship on contractor ship date (Origin)
- Deliver on time (Destination)
- View details about the VPP on the web

<http://www.aafes.com/pa/selling/performance.htm>



FOB ORIGIN FREIGHT PAYMENT TERMS

➤ Changed in March 2003

➤ Terms

- ◆ Collect, bill 3rd party
 - ➔ For all LTL and Truckload shipments
- ◆ Collect
 - ➔ Small Package, FedEx Ground Collect
- ◆ Prepaid and add to the merchandise invoice
 - ➔ For USPS shipments only
 - (Vendor MUST notate the following)

“TRANSPORTATION HEREUNDER IS FOR THE ACCOUNT OF THE U.S. GOVERNMENT. THE ARMY AND AIR FORCE EXCHANGE SERVICE, AN INSTRUMENTALITY OF THE U.S. GOVERNMENT, WILL REIMBURSE CHARGES PAID TO THE CARRIER BY THE SHIPPER OR THE CONSIGNEE.”



AAFES ROUTING SYSTEMS

- KCI (Current System)
 - ◆ Based on total PO
 - ◆ Determines
 - ➔ Mode
 - ➔ Carrier or call information
 - ➔ Ship to location

- TMS (New System – 1600 + Vendors)
 - ◆ Based on vendor's shipment
 - ◆ Determines
 - ➔ Optimization possibilities
 - ➔ Mode
 - ➔ Carrier



MECHANIZED ROUTING

Mechanically prepared purchase orders will contain routing established by the applicable purchase order routing logic in the AAFES PO - Write program and the EXPRS2 system.

- The logic uses
 - ◆ FOB Terms
 - ◆ Ship Point (SPLC)
 - ◆ Weight
 - ◆ Cube
 - ◆ Type of cargo
 - ◆ Final destination
- To determine :
 - ◆ Ship to address
 - ◆ Mark for information
 - ◆ Mode of transportation
 - ◆ TL, LTL or small pkg.
 - ◆ Carrier or call information
 - ◆ Delivery instructions



CRITICAL INFORMATION

- Any of the following elements entered incorrectly in the IMF or VMF will cause erroneous routing on the purchase order.
 - ◆ FOB Terms
 - ◆ Ship Point (SPLC)
 - ◆ Type of cargo

- The effect on AAFES
 - ◆ On-time Deliveries
 - ◆ Ability to Minimize Freight Costs
 - ◆ Ease of Routing



INCORRECT WEIGHT & CUBE

The example below received routing via an LTL carrier. The orders should have routed by small parcel carrier. (FED EX Ground Service)

PO weight and cube on all orders - 24 LBS 24 cube
Actual weight on all shipments - 18 LBS one carton

<u>LTL Cost</u>	<u>Fed Ex Grd</u>	<u>Average Excess Freight</u>
\$ 108.14	\$ 8.93	\$ 86 X 184 orders over 7 months
76.90	7.07	
101.97	7.07	Total Excess Freight Charges
88.28	10.78	\$ 15,824.00
98.49	7.07	



AAFES Transportation Management System



AAFES Logistics

- Price Waterhouse Coopers conducted a Joint Exchange Due Diligence study 1998
 - ◆ A Transportation Management System is required to allow users to efficiently balance costs against service requirements
 - ◆ Allows for improved visibility of supply chain



What is TMS?

- Transportation Management System (TMS) is a server based, stand alone, web enabled system
- It will optimize and consolidate loads, cascade tender loads to the lowest cost carrier, match and pay freight bills, and provide visibility and tracking for Conus origin vendors



TMS Continued

- TMS is an industry wide mechanized routing system
- TMS eliminates phone calls and faxes for routing by using EDI (electronic data interchange) and web based applications
- TMS automatically offers the shipment to the (low cost) carrier
- TMS consolidates pickups if feasible and does not delay final delivery



TMS Vendors

- TMS Vendors are currently all origin vendors
- TMS is not for everyone. Categories not being considered:
 - ◆ All Jewelry
 - ◆ Customer Drop Ships
 - ◆ *VMI**
 - ◆ *Destination**
 - ◆ *Import Orders**

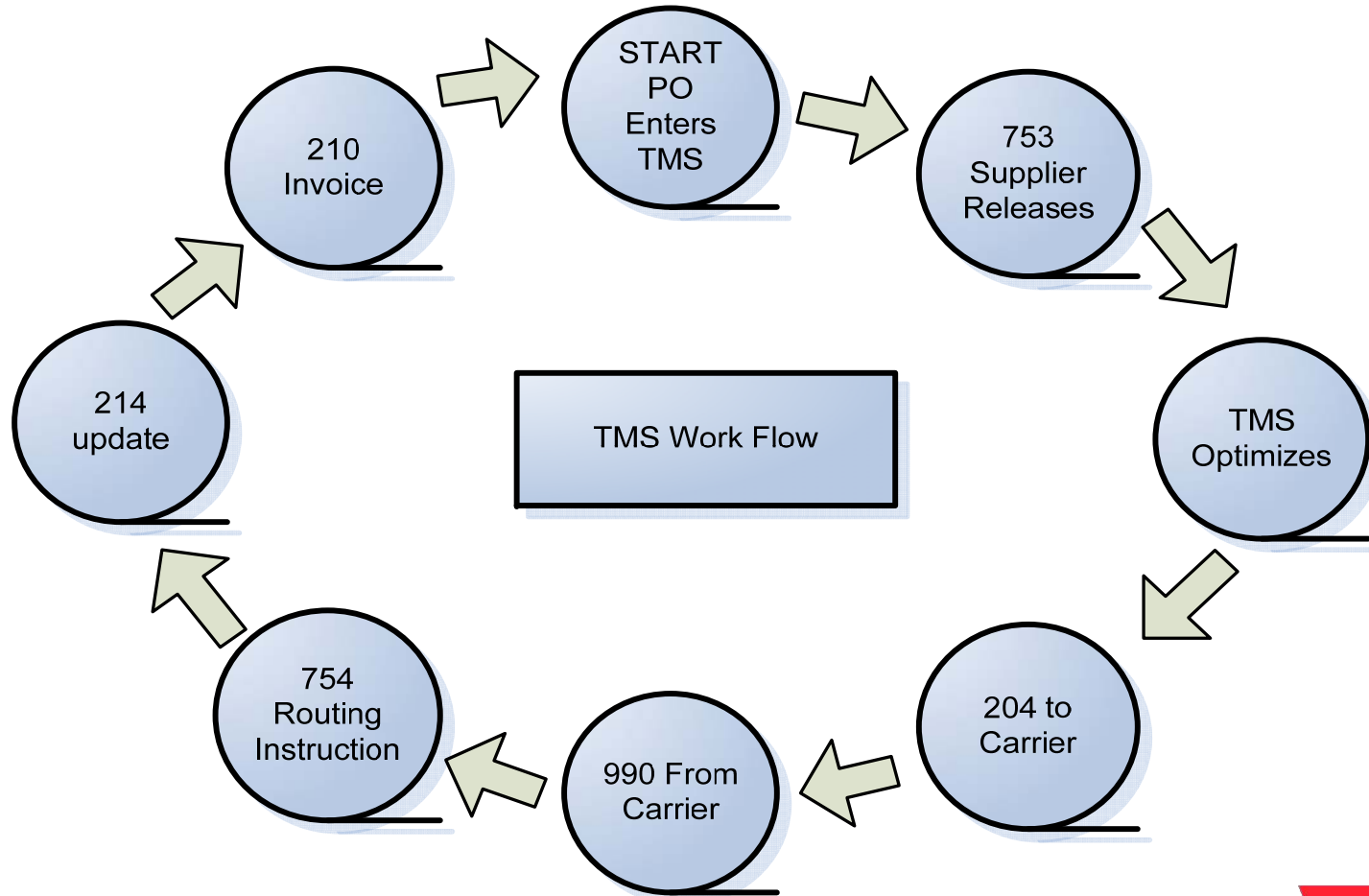


TMS Economic Value

- Proven savings of 10.7% on inbound freight costs
- Increased visibility of shipments
- Better vendor control
- Real-time reporting capabilities
 - ◆ Allows AAFES to see what vendor has and has not released
 - ◆ Po's that have been released 48 hours or less



TMS Workflow



The TMS Cycle

➤ Vendor can release shippable orders to AAFES in a routing request via:

- ◆ EDI (753) or
- ◆ Web interface

The lifecycle of a shipment in the TMS starts when the vendor releases a shippable order in TMS

- ◆ An AAFES purchase order and a shippable order are not one and the same
- ◆ A Shippable order is an order that is less than 45,000 lbs and/or 3000 cubic feet
- ◆ A vendor can change “ship from” location, weight, and cube prior to releasing orders on the web based system, but could incur chargebacks



TMS Cycle - Validating the Order

- Shippable order is validated against TMS PO database
 - ◆ Valid PO and a line must exist in TMS
 - ◆ Release quantity can NOT exceed the order quantity (Zero Tolerance)
 - ◆ Order can not be released past the contractor ship date
 - ◆ A vendor must release the shippable order in TMS 72 hours prior to the first available ship day



TMS Cycle Order Routing

- Order will be sent through an optimization process that considers consolidation, pickup times, and available carriers
- Optimization criteria:
 - ◆ Pickup greater than 48 and less than 96 hours in the future
 - ◆ All US and Canadian postal codes
 - ◆ Shipment that have not been tendered



TMS Cycle Order Visibility

- Ability to track and trace orders available for all identified AAFES users
- Alerts, notifications, and updates can be sent via email to vendors and carriers
- All orders have event log to track from creation of order through delivery
- Information is available real time allowing people to be proactive instead of reactive



Web Based Vendor Releases

- Web based vendors log into TMS using web address
- Enter PO
- Enters ship from location, first available ship date, line to be released, correct quantity, weight, and cube of each line or by overall total weight, cube, and pieces
- Order will be sent through an optimization process that considers consolidation, pickup times, and available carriers
- PO is confirmed by carrier
- Email alert is sent to vendor of routing



EDI 753/754 Vendors

- EDI vendor will release via EDI transaction 753 Request for Routing
 - ◆ 753 comes in to request routing
 - ◆ Optimization process occurs
 - ◆ Load is tendered and confirmed by carrier
 - ◆ 754 returns to vendor with carrier information



TMS Match and Pay

- TMS must receive a 214 containing a D1 status
- If the shipment is marked delivered TMS will match to original shipment and pay
- File is sent to Walker from TMS instantly



The Future of TMS

- TMS Outbound
- Destination Vendors
- VMI Vendors
- ASN Capabilities
- Imports
- Cross Exchange TMS



POC
for vendors is
zzlgtms@aafes.com



AAFES SMALL PACKAGE AND LTL CARRIERS

➤ Small Package

- ◆ FEDEX
 - ➔ 1-800-GO FEDEX (463-3339)
- ◆ DHL Express (Direct from vendor to Alaska, Hawaii, Puerto Rico, Virgin Islands)
 - ➔ 1-800-849-8470 ext 8775

➤ Less Than Truckload

- ◆ Matson LTL
- ◆ UPS Freight
- ◆ YRC



AAFES TL CARRIERS

- AO Easley
- CH Robinson
- Covenant
- COX
- CRST
- E-Trans
- Fepco
- HA Logistics
- Landstar
- Matson
- Mid-Way
- NYK
- Overdrive Logistics
- Scott Logistics
- Sunteck



LOGISTICS POC'S

- Larry Neie - Transportation Customer Service
- (214) 312-3860 Neie@aafes.com
- Routing Questions - CONUS (214)-312-3130
- Exports (214)-312-2915
- Request Routing - (214)-312-3972
- (214)-312-3986
- Jason Spencer - Freight Bill Audit/Claims
- (214) 312-2876 DeleonR@aafes.com
- Brandi Sills - Imports
- (214) 312-3678 SillsB@aafes.com
- Denise Montes - TMS
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QUESTIONS

