

EXCHANGE Logistics

Presented to: EXCHANGE Vendors



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VENDOR COMPLIANCE PROGRAM (VCP)

- **The VCP was established 3 years ago to identify and recover expenses incurred by suppliers not complying with the Exchange “Supplier Requirements”.**

NON-COMPLIANCE ISSUES

- › On-time shipments - FOB Origin shipments must be made by the PO ship date
- › On-time deliveries – FOB Destination shipments must arrive at the delivery point by the PO required date
- › Shipment must be properly marked, documented and packed
- › Fashion merchandise must be properly ticketed
- › ASN requirements must be met
- › Pallet & wood packing material - Comply with ISPM-15 (International Standards for Phytosanitary measures) Reference information at USDA Web Site
- › Overages/Substitutions



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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 (FOB Origin)**
- **Deliver on time (FOB Destination)**
- **View details about the VCP – SHOPMYEXCHANGE.com - under Doing Business with the EXCHANGE**



Exchange Transportation Management System

- **TMS (current system)**
 - Based on vendor's shipment
 - Determines
 - Optimization possibilities
 - Mode
 - Carrier
- **KCI (for non-TMS vendors)**
 - Based on total PO
 - Determines
 - Mode
 - Carrier or call information
 - Ship to location

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 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**



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TMS Vendors

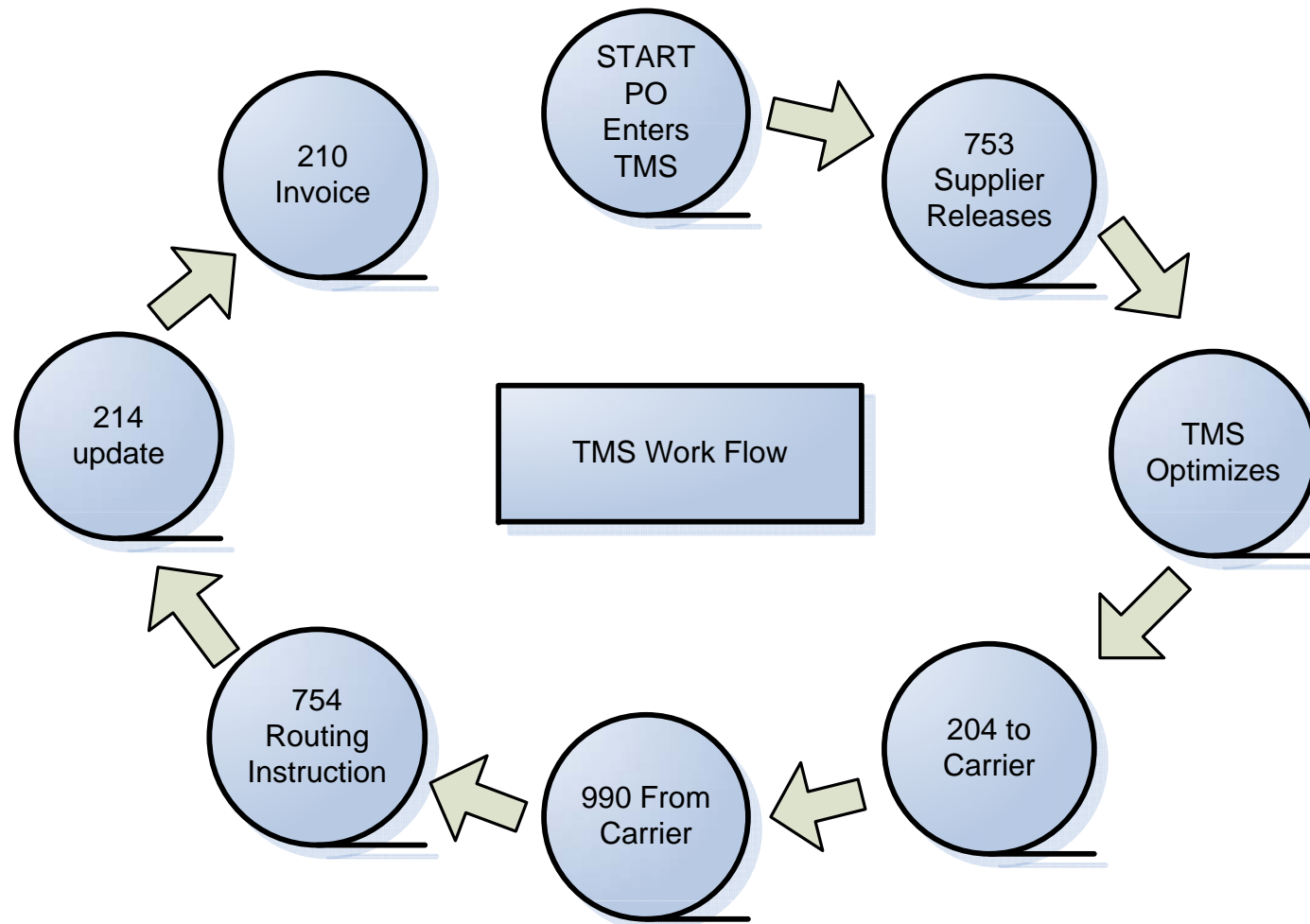
- TMS Vendors are currently all origin vendors
- TMS is not for everyone. Categories not TMS :
 - All Jewelry
 - Customer Drop Ships
 - VMI
 - FOB Destination
 - Import Orders



TMS Economic Value

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

TMS Workflow (EDI)



- **Vendor can release shippable orders to the Exchange 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 Exchange 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 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

- **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

- **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

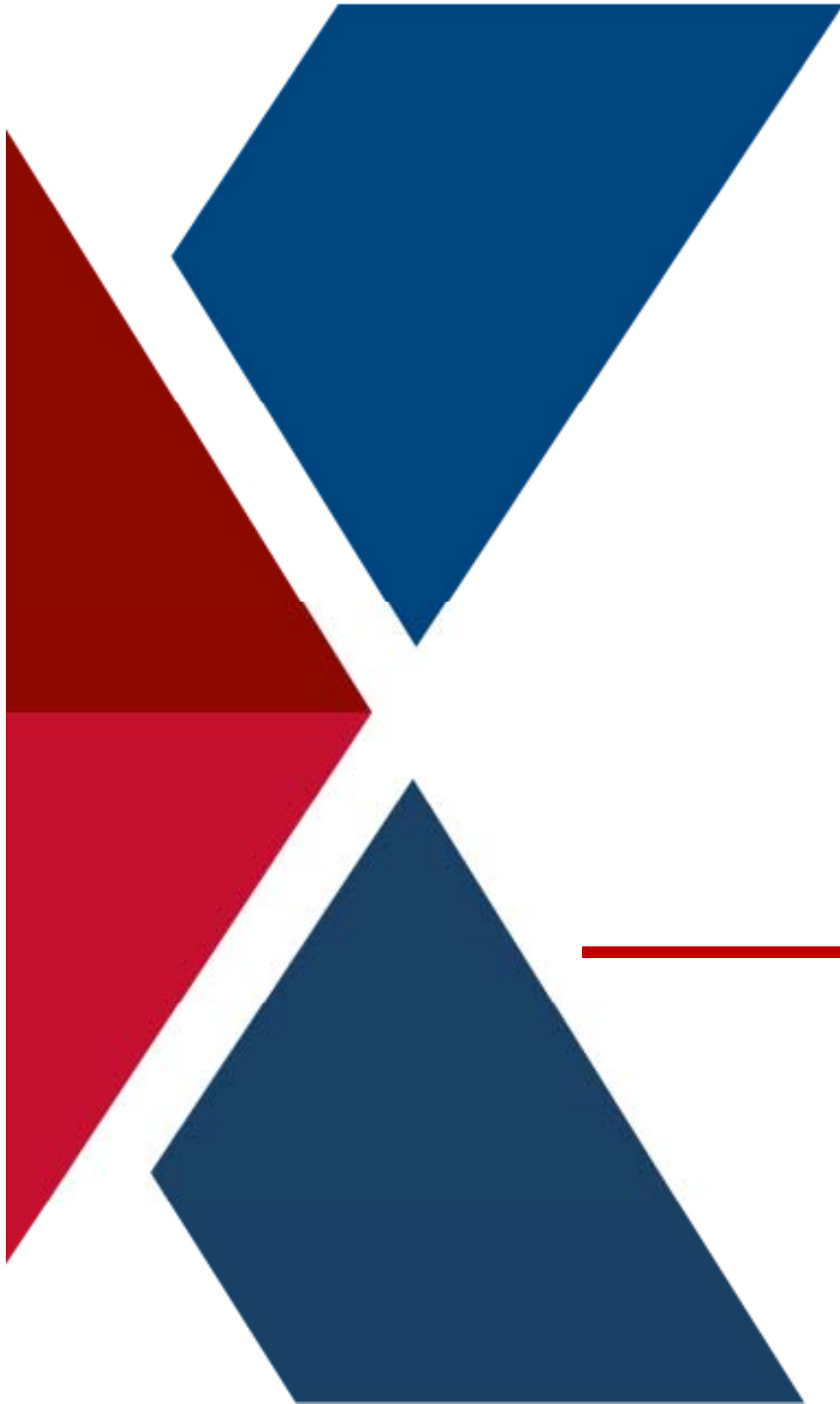
- **Ability to track and trace orders available for all identified Exchange users**
- **Alerts, notifications, and updates can be sent via email to vendors and carriers**
- **All orders have event log to track from creation of order through delivery**
- **Information is available real time allowing people 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 vendor will release routing request via EDI transaction 753**
 - 753 requests routing
 - Optimization process occurs
 - Load is tendered and confirmed by carrier
 - 754 returns carrier information to vendor



Supplier's TMS POC
zzlgtms@aafes.com



› **Small Package**

- › FEDEX Ground (CONUS only as specified on PO)
 - › 1-800-GO FEDEX (463-3339)
- › US Postal Service (OCONUS only as specified on PO)
 - › Prepay and add to merchandise invoice

› **Less Than Truckload**

- › Matson LTL
- › UPS Freight



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Exchange TL CARRIERS

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



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Logistics Point of Contacts

›Customer Service

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Questions?
