

How Oracle Transportation Management Cloud Benefits Food and Beverage Companies

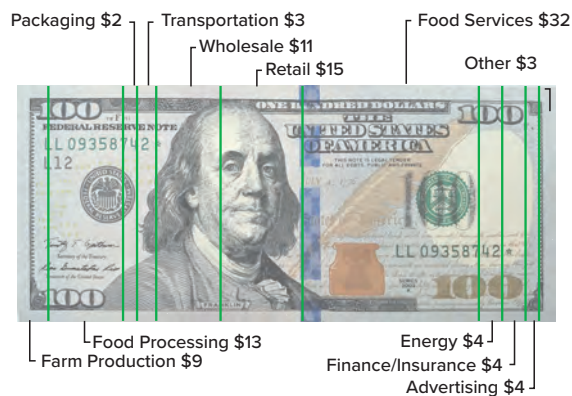


Intellinum

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The USDA estimates that 3.5% of every retail dollar spent on food in the US is attributable to transportation cost. Other industry estimates put the logistics costs at the farm or at the producer somewhere in the neighborhood of 6-10%. With a high level of variability in the global food supply chain, increasing costs of fuel and labor and

increasing regulatory/trade complexity in international transport and logistics, efficient and cost effective transportation management processes can be the difference between profit and loss for food and beverage companies. To address these challenges, Oracle Transportation Management (OTM) Cloud provides a comprehensive, end-to-end transportation management functionality, empowering organizations with the tools to manage, optimize, and execute their transportation operations seamlessly. This whitepaper outlines how Oracle Transportation Management (OTM) Cloud helps food and beverage companies increase operational efficiency, reduces costs, improve service levels, and support sustainability initiatives.



The food dollar estimates provide the average industry group shares of each nominal dollar spent on domestically produced food in a year.

Introduction

Transportation is a vital and costly component of the supply chain for food and beverage (F&B) companies. Efficient transportation management determines whether products arrive on time, in good condition, and at a profit. OTM delivers transformative benefits, where efficient logistics, regulatory compliance, and cost management are absolutely critical. For F&B companies, the challenges of transportation are multifaceted, including the need to:



- **Ensure Product Quality and Safety:** Maintaining product integrity during transport, especially temperature-sensitive goods like perishable food items, is paramount.
- **Meet Regulatory Requirements:** Complying with local and international laws governing food safety, handling, and labeling.
- **Control Costs:** Managing transportation expenses while maintaining high service levels.
- **Reduce Carbon Footprint:** Implementing sustainable practices that meet growing consumer demand for eco-friendly operations.

The Complexities of these challenges demand a sophisticated transportation management system (TMS) to streamline processes, drive efficiencies, and reduce risks. Oracle Transportation Management Cloud provides a powerful platform for F&B companies to manage their transportation needs with agility and precision.

Key Benefits

Enhanced Compliance and Safety

Oracle Transportation Management Cloud enables food and beverage companies to automate various transportation processes, reducing manual work and improving operational efficiency. Key capabilities include:



- **Route Optimization:** OTM Cloud uses advanced algorithms to plan the most efficient routes for delivery, factoring in variables like traffic, weather, fuel costs, and delivery windows. This scenario based decision support enables logistics personnel to reduce fuel consumption and emissions but also enhances delivery speed.
- **Load Planning:** The system helps optimize the use of vehicle capacity, ensuring that each trip is as efficient as possible, thus minimizing transportation costs.
- **Automated Freight Payment and Audit:** OTM Cloud automates the audit process, ensuring that carriers are paid correctly and promptly. This reduces the administrative burden on internal teams and mitigates the risk of overpayment or underpayment.

Real-Time Visibility and Tracking

The food and beverage industry requires real-time monitoring of goods in transit to ensure the products are delivered on time and within required specifications. OTM Cloud offers enhanced visibility that benefits food and beverage companies in several ways:



- **Tracking and Monitoring:** The platform provides real-time tracking of shipments, allowing businesses to monitor delivery progress, location, and condition of the goods (such as temperature monitoring for perishables).
- **Proactive Alerts:** If delays or issues arise (e.g., temperature deviations, weather disruptions), the system automatically alerts stakeholders so corrective actions can be taken immediately, ensuring minimal impact on the business and customers.
- **End-to-End Visibility:** The ability to see both inbound and outbound shipments from a central dashboard ensures the coordination of all activities, reducing the risk of underpayment.

Dustin Braun, senior director of logistics for Land O'Lakes notes that "Overnight, we matured our cross-functional and external partnerships. We've made decisions faster," He goes on to say that "Agility and responsiveness have been critical to our success. We can't go back to the way we've operated in the past." The co-op was one of the only dairy manufacturers and distributors that didn't have to dump milk during the pandemic due to supply chain issues. Oracle Transportation Management was key to Land O'Lakes being able to meet unprecedented demand without missing a beat.

Enhanced Customer Service and Satisfaction

Customer expectations in the F&B industry are high; on-time, quality deliveries are essential for maintaining customer satisfaction and loyalty. Oracle Transportation Management Cloud supports the following capabilities to improve service levels:



- **Accurate Delivery Scheduling:** With OTM Cloud's route optimization and tracking capabilities, companies can offer accurate delivery time windows to customers, reducing the chances of missed or delayed deliveries.
- **Real-Time Communication:** Customers can be provided with up-to-date status updates, helping them stay informed about their orders and reducing uncertainty. This transparency boosts customer trust.
- **Carrier Performance Analytics:** The platform enables F&B companies to assess carrier performance based on key metrics such as on-time delivery, damages, and customer feedback. This data helps in selecting the best carriers and improving relationships.

Oracle Transportation Management Cloud also enabled predictive shipment tracking, which has improved customer satisfaction. Tetra Pak has already seen an improvement in its net promoter score (NPS), a market research metric that rates the likelihood a customer would recommend a company. "Customers love the improved visibility and proactive track and trace," says Lennartsson. "Oracle Transportation Management Cloud was the best fit for our needs, not only today, but also for the needs we expect to have in the future."

Ewonne Lennartsson, Global Integrated Logistics Director, Tetra Pak

Regulatory Compliance and Safety

The food and beverage industry is highly regulated, with stringent requirements governing transportation, handling, and delivery of goods. Failing to comply can result in fines, product recalls, and damage to reputation, all of which translates to lost sales. Oracle Transportation Management Cloud helps companies stay compliant with local, national, and international regulations by providing:

- **Automated Compliance Management:** The platform ensures that all shipments adhere to the relevant regulations (e.g., customs documentation, food safety standards, and industry-specific regulations).
- **Temperature Control Monitoring:** For temperature-sensitive goods like dairy, meat, or fresh produce, OTM Cloud enables real-time temperature monitoring throughout the transportation process. This ensures compliance with health and safety standards and minimizes spoilage or product loss.
- **Documentation Management:** OTM Cloud helps manage the vast amounts of required documentation (e.g., shipping manifests, customs papers, certifications) by digitizing and automating the process, ensuring that companies are always ready for audits.

Cost Reduction and Cost Control

In their study of transportation cost impacts on food pricing during the COVID pandemic, for Logistics and Transportation Review, Chang et. al conclude that “the upsurge in diesel prices, coupled with the intensifying driver shortage, exerts a high pressure on food prices.” While F&B companies know this from hard earned experience, Chang et. al go on to confirm that food prices have continued to rise since the pandemic and point strongly to a material correlation between diesel fuel prices and the retail cost of food. With ever increasing and highly volatile fuel prices, transportation costs are a significant part of the overall logistics expenditure in the F&B industry. Oracle Transportation Management Cloud offers various ways to control, reduce and potentially eliminate costs, including:



- **Freight Spend Visibility:** By providing detailed insights into transportation costs, OTM Cloud helps businesses identify areas of inefficiency, negotiate better rates with carriers, and eliminate unnecessary expenses.
- **Carrier Selection and Negotiation:** The platform allows companies to compare different carriers based on cost, performance, and service level, helping them choose the most cost-effective options.
- **Fuel Efficiency:** Route optimization and load planning help reduce fuel consumption, a major cost in transportation.

Sustainability and Carbon Footprint Reduction

In her article for Food Industry Executive, Shelli Austin writes, “Sustainable practices are no longer a nice-to-have, but an expectation from consumers who want to feel confident in the sustainable credentials of the companies they are purchasing products from. Those who aren’t making clear efforts to implement sustainable practices risk falling behind the curve as other companies adapt to this changing landscape.” As a key market differentiator, a strong customer preference and an increasing regulatory requirement, sustainability is a key focus for modern food and beverage companies. Oracle Transportation Management Cloud supports sustainability goals in the following ways:



- **Carbon Footprint Monitoring:** OTM Cloud includes tools to measure and track carbon emissions from transportation activities, allowing companies to assess the environmental impact of their logistics operations.
- **Sustainable Carrier Options:** The platform helps companies choose carriers that are committed to sustainability practices, such as using electric vehicles or utilizing fuel-efficient routes.
- **Optimized Resource Utilization:** The system helps improve vehicle utilization and reduce empty miles, leading to a decrease in the overall carbon footprint.

“Unilever is committed to growing our businesses sustainably. Working with Oracle Transportation Management, we are contributing to a more sustainable supply chain through streamlining shipping, improving communication with providers, and helping reduce CO2 emissions.”

Wendy Herrick, Vice President, Digital Supply Chain, Unilever United States

Technology Enablers

Integration with Existing Systems

OTM Cloud integrates seamlessly with a variety of enterprise resource planning (ERP), warehouse management (WMS), and supply chain management (SCM) systems. Integration of other business applications ensures smooth transition of process and data between departments and across the supply chain, from procurement to transportation to delivery.

Cloud-Based Accessibility

As a cloud-based solution, OTM Cloud is accessible from anywhere with an internet connection. This flexibility allows transportation teams to manage operations from the office, on the go, or from remote locations, ensuring that they can respond quickly to disruptions or customer needs.

Scalability

OTM Cloud is highly scalable, making it suitable for both small businesses and large enterprises. As businesses grow and their transportation needs evolve, the platform can scale accordingly, ensuring that it continues to meet the needs of the organization.

Technology Enablers

The high variability of transportation costs is a massive challenge to F&B customer and presents an ongoing business risk to organizations that fail to address the increasingly complex logistics challenges they're facing. Oracle Transportation Management Cloud empowers food and beverage companies to transform their transportation strategy, making it more efficient, cost-effective, and customer-centric, ultimately leading to better business outcomes. For food and beverage companies, transportation management is a critical aspect of their supply chain that requires precision, agility, and real-time data to succeed. Oracle Transportation Management Cloud offers a comprehensive solution that helps businesses optimize their transportation operations, reduce costs, improve service levels, ensure compliance, and meet sustainability goals. By adopting OTM Cloud, F&B companies can not only streamline their logistics but also enhance their competitive advantage in an increasingly complex market.