

Schneider Electric: The Journey to Global, Centralized Freight Audit & Payment

How Schneider Electric Achieved Global Visibility to its Ocean, Air & Parcel Shipping & Costs



The Journey To Visibility

Schneider Electric, a company so large it has not one, but seven, global transportation control towers, has been slowly and steadily centralizing the management of its transportation operations. That's no small feat, given the company operates in 100 countries and produces 300,000 products under a number of companies and divisions. Since 2015, Jean-Baptiste Delafoy, vice president of global transport and customs, has been leading the charge in a multi-phase, multi-year plan to migrate Schneider Electric's freight audit and payment operations for ocean, air, and parcel shipping to a central, standardized freight audit & payment process with Cass Information Systems. "Anyone who thinks a 'big bang' approach will be successful in a global company with this kind of footprint is fooling themselves. It takes a disciplined effort with steady progress over a period of years to make something on this scale happen."

"My ultimate goal was to achieve global visibility into freight movements and costs, and I believed then and now that the best way to achieve this was to centralize intercontinental air, ocean and express freight payment with a single provider," says Delafoy. The visibility into standardized shipment data and freight spend would support countless business needs and initiatives, including ongoing supply chain optimization.

After much discussion between Cass and Schneider, a plan was put in place to implement the global freight payment program by region, starting with APAC, and then Europe, Australia/New Zealand, South America, the Middle East and Africa.

Cass provided a global account manager and regional teams to support the project. The journey would be a major change for many of the Schneider Electric teams, and also for its carriers. Its key global ocean and air carriers were included from the beginning and would spend much time determining how to work most efficiently under this new model. Because freight payment is still a relatively new concept in many parts of the world, cultural barriers had to be overcome, and a lot of education provided – particularly with the carriers.

Cass took responsibility for onboarding ocean, air, and express carriers. Working closely with carriers, Cass provides a library of electronic invoice formats to choose from. Test invoices are always submitted before go-live to ensure they enter the Cass system correctly, include the required data fields, and are audited accurately.

Many carriers have reported positive developments. They have been



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challenged in many cases to improve and modernize certain contract and billing practices. What they report enjoying the most is the ability to login to the Cass portal to see invoice and payment statuses. Because in most parts of the world, invoices cannot be short paid like they are in North America, carriers and Cass collaborate in various ways, depending on country or region, to arrive at a final, correct invoice that will be paid as presented.

There are two main reasons an implementation of this size is a multi-year project. First, there is no such thing as a global invoice standard or global legislation that allows for consistent global processing. Second, for most of SE's carriers in parts of the world such as APAC and South America, this is their first experience with a freight payment provider. So, for today, onboarding is more a tedious process than in North America where most freight carriers have been billing third-party providers for years.

Daily Progress Pays Off

"In the midst of enormous global and intra-region complexity, it can be difficult to see the progress being made day by day. But when I think where we were a few years ago, and where we've come today, it's clear that day-to-day commitment yields incredible outcomes," says Kees de Jongh, who is globally responsible for the Schneider Electric account at Cass.

"Everyone knows that Schneider is a very complex operation. We work with people from many countries on a daily and weekly basis," continues de Jongh. "We've made it a point to be flexible. Globally, we offer as much consistency as possible while accommodating for regional differences and requirements."



Cost savings through audits and duplicate protection have been significant. “Where freight payment has been implemented by Cass, it has revealed audit savings of 1-5% depending on the mode, carrier and part of the world. That’s substantial money for a company of our size and scale,” concludes Jean-Baptiste Delafoy.

Schneider Electric also receives cost allocations and accrual reporting from Cass.



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Visibility to Global Shipping & Costs

The ability to fully understand all of its spend for ocean, air and parcel shipping is no doubt the greatest benefit of outsourcing freight payment with a single provider. They have global and regional views of all shipments, costs, carriers, payments, and everyone is working from similar, standardized data. Teams around the world can compare costs and shipping activity across regions, carriers, etc. using the same data source and structure.

Transportation staff around the world have permissions to CassPort®, the Cass online portal for business intelligence and carrier collaboration, based on business unit, region or country, and/or role. They can view anything from individual invoices to global spend numbers for their largest carriers. Robust reporting displays cost and shipment detail by mode, carrier, lane, charge type, product, origin, destination, and much, much more.

Once shippers have this visibility, unexpected opportunities arise. For example, Schneider Electric submitted its first-ever global carbon emissions report in 2018. The Cass centralized system played a pivotal role in the company's ability to calculate carbon emissions from its transportation operations, a clear advantage in today's modern economy.

But their biggest accomplishments are producing savings while simplifying operations. A key success has been the execution of master, global freight rate agreements with some of their largest global carriers. This has not only created savings, but greatly simplified rate management by replacing dozens of regional & local contracts per carrier, all with different rates for the same services. Rates are maintained in the Cass rating system and are now much easier to keep up-to-date.

Summary Highlights

The Schneider Electric partnership with Cass enables:

- Standardized global reporting on shipments and spend
- Carrier accountability and improvements in billing
- Audit savings of 1-5%, depending on mode, region and carrier





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Cass Information Systems (NASDAQ: CASS) is North America's largest and leading provider of freight audit, payment and business intelligence services. Clients include Ford Motor Company, Emerson, The Hershey Company and Restoration Hardware. In 2018, Cass processed more than \$28 billion in freight invoices on behalf of its clients.

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