EXCHANGE Logistics

Presented to: EXCHANGE Vendors

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**

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

EXCHANGE ROUTING SYSTEMS

> **KCI (for non-TMS vendors)**
>> Based on total PO
>> Determines
>>> Mode
>>> Carrier or call information
>>> Ship to location

EXCHANGE ROUTING SYSTEMS

> **TMS (current system)**
> > Based on vendor's shipment
> > Determines
> > > Optimization possibilities
> > > Mode
> > > Carrier

EXCHANGE
ARMY & AIR FORCE EXCHANGE SERVICE

Invoice and Bill of Lading to:
HQ Army & Air Force Exchange
Service
PO Box 660261
Dallas, TX 75266-0202

Purchase Order Number

0058425095

Proc No: 54368089	Pay No: 54368001	Order Date: 30 APR 12
MJ SOFFE CO INC		Payment Terms: NET060
ONE SOFFE DR		Payment Currency: US
PO BOX 2507		F.O.B Terms: ORIGIN
FAYETTEVILLE NC 28312		SPLC: 407750
		POD: QA1
		Milstamp: 709Z9BCT

Ship To: 1059921
DDDC TRANSSHIP BRANCH
DAN DANIEL DIST CTR
SHIPPING DOOR 85
233 ENTERPRISE DRIVE
NEWPORT NEWS VA 23603

Mark For: 1463664
TCN HXLSAE 5842 5095
RDD 126 TP3
HXYAAA AAFES
QA1 KARACHI
1463664 AF SALERNO
P.O. # 0058425095

	1st Destination	2nd Destination	
Ship Date: 02 MAY 12	Delivery Date: 07 MAY 12	Delivery Date: 16 JUN 12	Cancel Date:
Ship Point: FAYETTEVILL NC		Ship Via: PARTNERS.AAFES.COM	

What is TMS?

❯ **Transportation Management System (TMS) is a server based, stand alone, web enabled system**

❯ **TMS is an industry wide mechanized routing system**

❯ **Eliminates phone calls and faxes for routing by using EDI (electronic data interchange) and web based applications**

❯ **Consolidates pickups if feasible and does not delay final delivery**

❯ **Automatically offers the shipment to the (low cost) carrier**

❯ **Matches and pays freight bills**

❯ **Provides visibility and tracking for CONUS origin vendors**
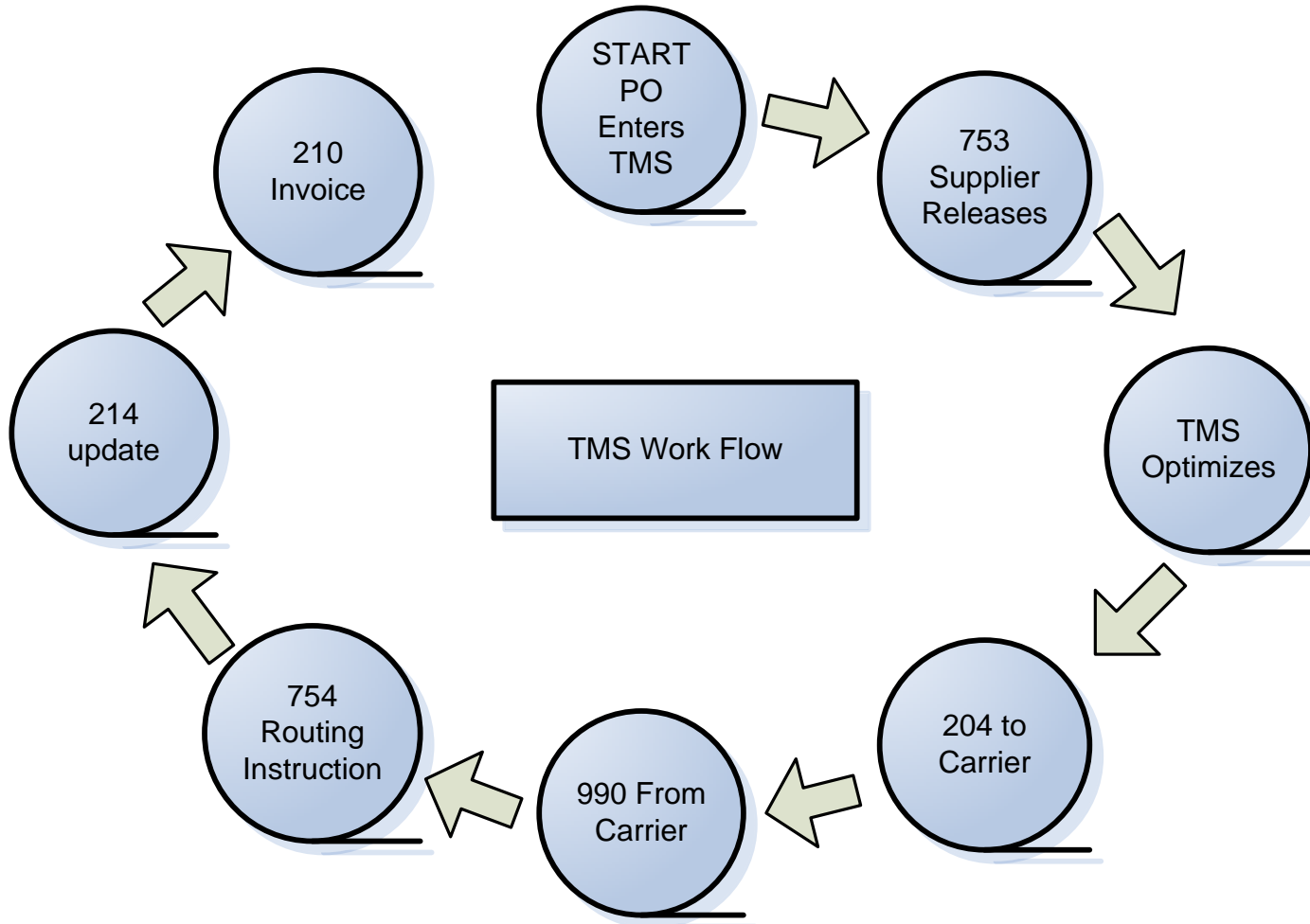
TMS Vendors

> **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)

START PO Enters TMS → 753 Supplier Releases → TMS Optimizes → 204 to Carrier → 990 From Carrier → 754 Routing Instruction → 214 update → 210 Invoice

TMS Work Flow

The TMS Cycle

> **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

Web Interface Vendor Release

> **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**

Web Interface Vendor Release

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 Routing Instructions

❯ **EDI vendors will receive routing via EDI transaction 754**

❯ **Vendors using web based interface will receive email notification listing assigned carrier**

❯ **Notification may include stops for other vendors on route**

❯ **Shipper Reference number should be listed on all Bills of Lading**

❯ **For all shipments less than a truckload, vendor responsible for contacting carrier for pick-up**

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**

Supplier's TMS POC
zzlgtms@aafes.com

Exchange SMALL PKG AND LTL CARRIERS

> **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

Exchange TL CARRIERS

- AO Easley
- CH Robinson
- Command
- Covenant
- COX
- CRST
- Dupre
- Fepco
- HA Logistics

- Landstar
- Matson
- Mid-Way
- Overdrive Logistics
- Red Arrow
- Scott Logistics
- Suntek
- Total Quality
- Yusen

Logistics Point of Contacts

› Customer Service
- › Larry Neie
- › 214-312-3142
- › neie@aafes.com

› Routing Questions
- › Ruthie Chism
- › CONUS 214-312-3123
- › Exports 214-312-4854
- › zzlgconusrouting@aafes.com
- › zzlgexport@aafes.com

› Freight Bill Audit/Claims
- › Kristin Burt
- › 214-312-3782
- › burtkr@aafes.com

› Imports
- › Anne Ross
- › 214-312-3678
- › rossanne@aafes.com

› TMS
- › Denise Montes
- › 214-312-3122
- › montes@aafes.com

› TMS Team
- › zzlgtms@aafes.com
- › 214-312-2939
- › 214-312-6503
- › 214-312-2904

Questions?