



FedEx Express® lowers parts spend and controls costs

Business Challenge: A FedEx Express rollout of a global data synchronization and procurement portal, covering more than 130 primary supplier and 2,200 manufacturers.

Solution: PartsRiver completed a study identifying data quality issues, inefficiencies in the FedEx Express procurement processes and their Parts Master database. PartsRiver provided Data Quality Management Services for their Parts Master database as well as analytical services to identify long-term cost savings.

Key benefits:

- Lower total parts spend
- Compliance with purchasing programs and contracts
- Vendor compliance to contracts
- Consolidation of parts procurement among fewer parts and suppliers
- Reduced parts inventory levels and carrying costs
- Eliminated redundant parts purchasing and inventory
- Reduced write-down of obsolete and superseded inventory
- Improved maintenance service levels and improved fleet uptime

With its Custom Solutions, PartsRiver has enabled the rollout of a global data synchronization and procurement portal initiative for FedEx Express. This global initiative involved working with global operations, purchasing, supply chain management, technical systems support, ground support equipment (GSE) support and engineering as well as fleet support and engineering divisions to acquire supplier catalog parts data from more than 130 primary suppliers and 2,200 manufacturers. Using PartsRiver's proprietary and patented technology along with skilled industry specialists, the data is analyzed, cleansed, standardized, validated, synchronized, classified and selected manufacturers and/or commodities are directed to the customer's preferred suppliers.

Ultimately, this project serves as the foundation for enabling both FedEx Express suppliers and global user base to use their on-line procurement system together with 26 other air transport and passenger carrier companies. Improving data quality in the Parts Master catalog database ensures that purchases via the on-line procurement system can be transacted with assurance that the buyer is selecting the right part from a preferred or contracted supplier.

Early in the project cycle, PartsRiver completed a study for FedEx Express and identified not only data quality issues, but inefficiencies in their procurement practices and the Parts Master database. These inefficiencies resulted in significant supplier overcharges, warranty claim rejections, excess procurement costs, and costly data entry duplication. The following summarizes some of the findings:

- Significant duplication of supplier (and subsequent manufacturer) Part ID and part numbers
- Inaccurate or incomplete manufacturer Part IDs (part numbers)
- Inaccurate manufacturer data
- Multiple purchases of a single part from several suppliers, most of which were not preferred vendors
- Incomplete, inconsistent and erroneous industry standard codes at the line item level
- Data corruption attributable to data conversion (poor process and technology for monitoring of parts)
- Noncompliant product or pricing data provided by the suppliers to the Parts Master

PartsRiver utilizes its proprietary technology, industry expertise and data quality services to match part numbers, manufacturers and suppliers from the FedEx Express Supplier Master catalog (created and maintained by PartsRiver) to both the customer's Parts Master database and PartsRiver's Reference database of 20 million cross-referenced and classified parts, delivering an enriched data set in a FedEx Express preferred format. PartsRiver is further embedding its technology to enable rigorous compliance with pre-defined business processes. This will ensure purchasing from primary suppliers at the lowest price and dramatically minimize off-contract parts spend. Correcting a problem caused by a fragmented industrial parts supply chain with extensive renumbering of identical parts, PartsRiver maps supplier part numbers in the Parts Master database to the correct or contracted component supplier, utilizing our extensive manufacturer cross-reference database and rationalization processes.

PartsRiver also provides ongoing management of the customer's Parts Master database in addition to analytical services to identify long-term cost savings opportunities and to ensure that we maintain 100% data quality and the least cost/best practice procurement processes.

The Results

PartsRiver's Data Quality services are projected to save in excess of \$6.5 M annually for FedEx Express in the following areas:

- Lower total parts spend through improved control over the parts selection and purchasing process
- Compliance with national and international purchasing programs
- Consolidation of parts procurement among fewer parts and suppliers by reconciling "un-known", invalid, second tier and redundant suppliers/manufacturers and their part numbers
- Reduced parts inventory levels and carrying costs through elimination of redundant parts purchasing and inventory
- Reduced write-down of obsolete and superseded inventory
- Improved maintenance service levels and improved fleet uptime
- Reduced administrative costs associated with processing parts purchase transactions
- Reduced total cost of data maintenance with regards to the Parts Master database
- Enforced proper pricing, accurate invoicing, and contract compliance from vendors.

Why PartsRiver

PartsRiver is the leading provider of Sourcing Decision Management solutions for parts management. These services improve three major areas of financial performance: operating expense, working capital and capital expenditures.

For over ten years PartsRiver has created a Parts Master database consisting of over 20 million unique parts, from more than 3,000 industrial parts manufacturers and suppliers.

PartsRiver has developed sophisticated, proprietary technology which enables rigorous compliance with well-defined business processes that enable effective spend control from preferred vendors at the lowest price and dramatically minimize maverick and off-contract parts spend. This, in turn, dramatically impacts parts management decisions while typically achieving a 5X to 10X payback in 90 days or less.

PartsRiver also employs knowledgeable industry specialists that are paramount to our success in helping us to understand your business and your parts data.

We deliver the benefits of strategic sourcing by ensuring procurement compliance; enabling every purchasing decision to be made the way the CFO wants it made. With a unique mix of Software as a Service (SaaS) and Business Process Outsourcing (BPO), we tap the knowledge of your people to innovate the procurement and strategic sourcing processes thereby improving supply chain efficiency.