



## \$10M in annual savings for Ryder System, Inc.

**Business Challenge:** Ryder's management was charged with aggressive goals for reducing costs and gaining control over 73 districts, representing 850 locations. It was critical to obtain consistent view of vehicle replacement parts purchases, representing up to 5% of total expenses.

**Solution:** PartsRiver's Sourcing Decision Management services delivered better sourcing decisions by providing clean, standardized and current parts data to Ryder.

### Key benefits:

- An estimated \$10M in annual savings
- Reduced inventory costs by eliminating duplicated, obsolete and excess parts.
- Lower parts spending through better contract compliance – effectively applying strategic sourcing decisions
- Reduced administration costs – fewer inquiries, fewer vendors, fewer purchase orders and invoices

One of the country's largest operators of leased commercial truck fleets in North America, Ryder is a global leader in supply chain and transportation management solutions. Ryder operates on four continents, employs nearly 30,000 people, has a fleet of more than 170,000 vehicles.

Ryder's management was charged with aggressive goals for reducing costs and gaining control over its diversified purchasing units. Ryder determined that one critical strategy to achieve this control was to obtain a consistent view of vehicle replacement parts purchases, representing up to 5% of total expenses. Focusing on this area of vehicle replacement parts purchasing, Ryder identified significant purchasing inefficiency, sub-optimal procurement processes and high costs for maintenance and repair.

Ryder was regularly paying multiple and off-contract prices for identical parts. Because the parts were captured under different part numbers in the database, there was no way to reduce this inefficiency. While the districts use a single system to order and procure parts, each district uses a separate parts database with inconsistent part numbering high data turnover due to supersession and obsolescence (12% annually) and other errors. Ryder had very limited visibility into overall purchasing patterns, and minimal ability to enforce its painstakingly negotiated national purchasing contracts, as the same part was managed under many part numbers.

After evaluating the field of options, Ryder concluded that the accuracy, speed and cost effectiveness of the PartsRiver solution was not available from any other source. PartsRiver's Sourcing Decision Management Services delivered a focused, accurate and timely service by providing clean, standardized and current parts data to Ryder in less than 120 days.

PartsRiver's cleaned, rationalized and tagged Ryder's Master Parts database and ensured the integrity, currency and completeness of their parts data. Effective Sourcing Decision Management relies on accurate data. PartsRiver captured raw parts price sheet and parts master data in both electronic and paper formats and fed these efficiently and accurately into the sourcing decisions. Finally, PartsRiver applied Ryder's own business rules from its sourcing contracts to ensure the right sourcing decisions were taken.

*Example: Ryder was buying a 'D2 Brake governor' with many different part numbers from multiple sources with different prices. Once the business rules and PartsRiver's Data Quality Services were deployed, PartsRiver collapsed the part number redundancy and exposed large price variances and potential savings to Ryder.*

## The Results

PartsRiver's Data Quality services saved Ryder a projected \$10M in annual hard cost savings by reducing parts spending. These savings were generated in the following areas:

### Reduced Inventory Costs

- Eliminated redundant stocking of identical, superseded and obsolete parts
- Reduced excess carrying costs
- Reduced working capital tied up in MRO inventory by ensuring all plants can share a single inventory pool

### Lower Parts Spending

- Contract compliance with reduced purchasing from non-preferred vendors at sub-optimal pricing
- Increased purchasing leverage
- Lower price variances across suppliers
- No price variances across branches
- Spending consolidation across vendors and SKUs
- No purchasing of items already in inventory
- Dramatically reduced levels of "emergency" spot buying from local sources

### Reduced Administrative Costs

- 80% reduction in field inquiries
- Reduced data management costs
- Reduced # of purchase orders and invoices
- Reduced vendor management costs

## 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 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.