



Company Profile

Aftermarket Technology Corp.
Distribution Group, Westmont, IL www.goatc.com

Industry: Automotive

Varsity Products: ShipSoft, ShipAudit

Shipping Volume: 6,000 packages per day

Number of Shipping Locations: 50

Interfaces: J.D. Edwards software on a 1 TB IBM iSeries server

"We like working with Varsity because they maintain a close relationship with the carrier companies. With our dispersed locations, we have to have the most current shipping information. Adding ShipAudit was a simple process with immediate payback."

— Victoria L'Heureux, Freight Manager

ATC Gains Control Over Shipping Expense Through Varsity's ShipAudit

Automotive aftermarket distributor, Aftermarket Technology Corp. (ATC), ships more than 6,000 packages per day from 50 locations. UPS handles the majority of shipments, accounting for an average of \$50,000 a month in carrier charges. With this level of shipping volume and complexity, ATC wanted more control over shipping expenses. "Our current auditing system was inadequate" reports Victoria L'Heureux, Freight Manager, "and with the volume of packages we ship, we needed to get a better understanding of our charges."

In the past, the company's accounts payable department was responsible for reviewing UPS' weekly paper invoice covering 40 separate accounts. Without dedicated staff, the manual review of individual shipments was impossible. Instead, bills were audited against estimated shipping expense and historical averages. Supplemental third-party auditing services reviewed accounts for on-time delivery.

To gain greater insight into their shipping expense, ATC requested flat files from UPS. While these files provided raw regional shipping data, interpreting the details was a full time job. "UPS' flat files provided us with lots of data, but little usable information", comments L'Heureux. "It took days for a shipping specialist to manually audit the weekly bill."

To address these challenges, the logistics services team outlined requirements for an easy-to-use software auditing package that would automatically identify rate and discount discrepancies, provide customizable exception reports and integrate with the company's shipping and accounts payable systems. A software review revealed that Varsity Logistics' ShipAudit best matched these requirements. Setting up the system

was straightforward. ATC established exception criteria based on package size, shipment method and service charge guidelines. Variances outside the company's defined ranges now appear on an exception report. "Once the system is set-up, all you have to look at are the exceptions", remarks L'Heureux, "we no longer have to review thousands of records."

Using ATC's criteria, 4 percent to 5 percent of shipment orders appear on the exception report. UPS errors accounted for 1 ½ percent of the exceptions, usually for residential fees or out of zone over charges. ShipAudit also automatically checks for duplicate charges and wrong account numbers and sends these discrepancies to a pending file for review.

According to ATC, Varsity ShipAudit has enabled them to gain control of freight expense across their organization. Since implementation, ATC has:

- ◆ Shrunk weekly carrier invoice auditing time from 18 hours to less than one, and expanded shipping accounts to more than 50.
- ◆ Eliminated third-party auditing expense.
- ◆ Identified internal shipping errors, and provided targeted employee training to reduce costly shipping errors.
- ◆ Identified billing errors and reduced carrier invoice expense by 1 ½ percent.
- ◆ Improved the monitoring of regional shipping activity. Each region now has access to regional shipping information to improve performance. Regional freight revenues and expenses are compared to catch disproportionate freight discounting.
- ◆ Gained access to shipping details that were previously only know to the carrier, for example, the percentage of ground shipments or high activity shipping zones. ATC can now negotiate carrier contracts that better match their requirements.

A Varsity customer since 1999, adding Varsity ShipAudit was an extension of the company's commitment to a total Varsity shipping solution. "We like working with Varsity because they maintain a close relationship with the carrier companies. With our dispersed locations, we have to have the most current shipping information", notes L'Heureux. "Adding ShipAudit was a simple process with immediate payback."