



unisource

Logistics Solutions

Case Study (Network Design and Optimization)

Problem (Suboptimal Model)

- Shipping long distance LTL from 3 facilities to all customers
- Facilities not located at optimized locations
- Long distance LTL prove to be very expensive
- Service to customer was low due to distance between facility and customers
- Acquiring new business was a challenge in this setup

Solution (Optimized Model)

- Shipping small distance LTL from 8 facilities
- LTLs travel only a max of 350 miles
- 90 % of deliveries can reach customers next day.
- Significant increase in customer service
- Easy to penetrate new markets and increase market share.
- Significant reduction in transportation cost



Benefits and Savings

- The optimized solution adds \$275,000 to the bottom line of the organization
- Savings of 29% on transportation cost to the tune of \$355,000 annually.
- The inventory holding cost marginally increased by \$80,000
- Percentage of next day deliveries increased from 14% to 77%