In this issue of Premium Procurement Bulletin…

Transportation Company Saves Huge on Fuel Costs

Image via Flickr by 401(K) 2013

Fuel consumption has become an overhanging issue within the transportation sector. The matter rests on the need to fulfill ecological standards as well as saving the parent or host company sufficient amounts of funding that is better used elsewhere.

Matt Farrall of Farrall's Transports has saved an incredible amount of money after installing Dynafleet into 48 of their trucks approximately 2 years ago. The system allows the company to track their transport vehicles via satellite navigation systems. It carefully monitors where the vehicle is, the amount of time spent en route, monitor the driving style of the operator - including break patterns and rate of acceleration, while also calculating fuel consumption.

Matt Farrall has stated that the company, Farrall Transports, has both saved and generated an incredible sum of money after installing the product. The telematics computing software will aid the company in finding fleet vehicles that are not utilized enough and allow them to put these vehicles to the forefront while reducing the amount of miles driven and idle time running down the engines of the vehicles.

By reducing the unnecessary mileage and monitoring the patterns of the drivers, Farrall's Transports has given themselves the opportunity to reduce their overhead costs as a company. They can now adhere to the ever-changing environmental guidelines by watching their fuel consumption and looking how their drivers are draining their fuel.

Coupled with the company's Driver CPC Compliance training, the telematics system can help minimize the fuel budget, which is approximately 28-30 percent within most transportation companies. By installing this system, the company is able to track the CPC compliance training's resilience. If their training holds true and they are reducing the amount of fuel and hazards that can present themselves upon driving, they will have an idea where the extra fund expenditures should come into play. If the CPC training programs are not holding up to standards, the company will also be able to tell which areas need adjustment to better utilize the funds being plugged into the training of transport operators.

For other companies to follow in the footsteps of Farrall's transport monitoring system, would aid in capitalize on the costs saved from reduced fuel cost output. The current thought process towards fuel consumption is becoming increasingly conservative as the prices begin to rise and companies begin putting their research faculties to use finding a different method to creating more fuel-efficient or alternative fuel dependent vehicles.

Farrall's Transports has taken an incredible leap towards optimizing fleet transport. The system of monitoring will help increase employee incentives as well as helping the company utilize their funding. By watching where the operators are utilizing most of their faculties, the company will be able to initiate incentives to help the teams move more efficiently with a higher sense of company and mission loyalty. This alone will cut costs for Farrall since they will not have to retrain different potentials who may not have as firm a grasp on the company's overall mission or an understanding of how the telematic system, Dynafleet, works.

The company has put their plan into play and is leading the pack when it comes to increasing industry standards and cost efficiency. Utilizing fuel conserving methods is only part of the positive adjustments from Farrall's Transports.

3 Things to Consider Before Moving Your ERP to the Cloud

Cloud ERPs (enterprise-resource-planning) are taking the manufacturing world by storm (pun intended). But is the hype hotter than the strategy itself, and will it work for your business? Emergent technology is marketed as the best new solution; what really counts is the reliability and usability of the solution your company ends up with when the excitement subsides.

Before you move your supply chain to a Cloud ERP software, consider the following aspects of this management platform.

What is Cloud ERP?

Image via Flickr by dionhinchcliffe

A Cloud ERP is a SaaS (software-as-a-solution) model product that's accessible via the internet. Enterprise Resource Planning, a term common to manufacturers and supply chain managers goes high-tech as top executives are able to control important aspects of inventory management, finance, and more through a web-enabled device.

Cloud ERPs offer a solution for not only interpreting significant data sets, but uploading and storing them as well. To get started, here are three things you need to know:

1. All Cloud ERPs Aren't Created Equally

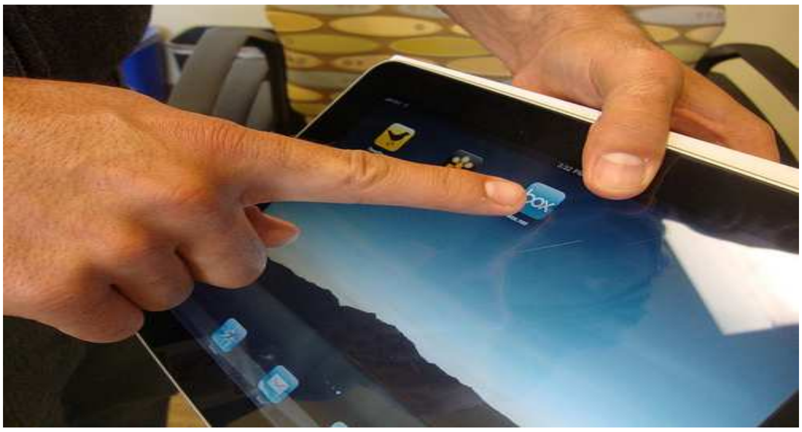

Image via Flickr by ajleon

There's a huge emphasis on Cloud ERP mobility for manufactures. In a Forbes report by contributor Louis Columbus he states, "ERP systems mobile platforms are most often used for material handling, warehouse management, traceability, quality management, logistics and service tracking. From the discussions I've had with CIOs and a few CEOs of manufacturing companies, there's a high level of interest in analytics, alerts and approvals on Android and Apple tablets."

The problem is not all Cloud ERPs offer access via a specific mobile app. Sure, some Cloud ERP providers claim mobility, but all-around access from any web-enabled device via a mobile browser doesn't always equal the best experience. Consider how you'll use your Cloud ERP platform. If you envision access on the ground level, then a company that offers a mobile app is the way to go – all others need not apply.

2. It's Customizable

Image via Flickr by IntelFreePress

Many Cloud ERPs are completely customizable, but know that it comes with a cost. Typically, Cloud ERPs are subscription-based services, so the more your company adds in terms of deployment options, the more the subscription fee.

Cloud ERP service provider Acumatica invests in providing a flexible platform that suits the real complicated needs of the individual manufacturing enterprise and not the industry as a whole. Acumatica allows you to select multiple base suites ranging from customer management to distribution management, and even accounting. However, the price increases with each customization. Companies that offer a baseline service are better for those looking to get their feet wet in Cloud ERP.

3. Big Companies Are Buying In

Image via Flickr by Aurelijus Valeiša

A tech trend isn't a thing until big companies start buying in. In the case of Cloud ERP, Amazon has its back. According to PC World, via Amazon Web Services, the company will offer not only Cloud ERP, but, "series of product suites on the company's IaaS (infrastructure as a service)."

Amazon's investment in Cloud ERP is potentially big news for mobile access, as well as how sustainable the technology remains. As a company that deals heavily in fulfillment and supply chain management, Amazon has a vested interest in the future of this technology. If you're interested in moving your ERP to the Cloud, then considering Amazon's current and future strategy is a must.

Ultimately, supply chain managers should shop around for the best solution. As the technology continues to grow, so do the number of companies offering relevant Cloud ERPs, which presents an opportunity for manufacturers interested in streamlining their current processes.

Are you using a Cloud ERP strategy for your supply chain? If not, what's keeping you from making the switch?

[Case Study] Computer Recycler Doubles Capacity With New System

Image via Flickr by Airwolfhound

RDC prides itself in being an innovator when it comes to analyzing and documenting trends, analysis and breaking down the previous works for companies looking for consultancy.

Aviation's 2013 January growth started off at a snail's pace as seat capacity expanded by approximately 0.4 percent. RDC later brought in Ben Burge of British Airways as a temporary placeholder for another of their consultant team members. Slipping past February with little excitement other than a 1.4 percent dip in the seat capacity and a peak hike of $3.22 for fuel cost per gallon, the industry enters March with a strong Airbus order of 316 A320s; 234 going to Lion Air and 82 going to Turkish Airlines.

April saw an increase of global seat capacity by 1.7 percent and the balancing effect that overtook the European sector. Within the Asian and Middle Eastern sectors, capacity stayed at an incredible increasing pace. May gave way to increases in capacity while the peak fuel price from February continued to decrease. However, the company also saw the decline of four-engine planes as the demand for double-jets increased. This increase in demand did not bode well for the A380. However, they sold 60 A320s to Singapore Airlines.

At the semi-centennial anniversary of the Paris Air Show in June, there was a display of the A380 and A350XWB. July shows Airbus coming out on top with approximately 135 A320s (a classic and NEO combination) being sold to easyJet. RDC also merged with Aviation Economics after a quarter year of deal making and negotiations. Both companies have profound experience and knowledge within the aviation field and will be able to expand their client base based off of their combined experiences.

August saw the relaunch of Aviation Economics "airportchanges.com" software. The software is for analyzing the statistics and specifications coming in that aid companies in assessing the capacity flow, data collection, and trends while the parent companies offer their consultancy services. Since the merger between Aviation Economics and RDC, they capitalized on and released the software in September. The Airline Changes system became more user-friendly and started giving bigger differences between fees for airports to assess (i.e., day fees vs. night fees).

October's capacity jumped to 2.2 percent; Asia's 8.3 percent increase trumped North America as it decreased by 3 percent. November saw Emirates buy 50 A380s before they purchased 150 of Boeings 777x. Etihad took in 36 A320NEO models. In December, RDC and Arup joined forces to tackle transaction advisory products after signing a Memorandum of Understanding, which will allow both Arup and RDC to utilize their talents, RDC's traffic advisory and capacity computation and Arup's technical and commercial guidance and experience, to give the companies a greater advantage within the Aviation sector.

RDC was able to capitalize on Aviation Economics' improved system by merging with the company and utilizing their current knowledge and ability to properly monitor and forecast capacity changes within the airport/aviation industry sector. Aviation Economics had the software necessary to create a better user experience for the consumers of RDC's initial services, thus making the merger a successful venture for both teams. The outcome of Airbus sales as calculated by both companies beat out Boeing 1,603 to 1,531.

RDC has capitalized on their merging strengths by pulling in two very prominent and successful companies to increase capacity statistics.

Unionized Labor: The Pros, The Cons, The Future

Unionized labor and manufacturing seem to go production line and hand, and like all historic pairs, the two haven't always worked well together. As a result of the U.S. Recession unions have taken a huge hit. To understand the pros and cons of unionized labor for both manufacturers and unions, it's time to consider the impact of the U.S. recession on unions and what it means for the future of the industry.

Unionized Labor and The Recession

Image via Flickr by US Department of Labor

While the exact relationship between the recession and the decline of unionized workers in U.S. manufacturing is not quite understood, there's a decline none the less. Proponents of unionized labor cite aggressive new bills out of Washington, while economists claim that a new middle class is emerging and manufacturing workers are simply being left behind.

Whatever the reason, the numbers tell a story of their own. The Washington Post outlines the startling statistics: "U.S. manufacturers have added a half-million new workers since the end of 2009, making the sector one of the few bright spots in an otherwise weak recovery. And yet there were 4 percent fewer union factory workers in 2012 than there were in 2010, according to federal survey data. On balance, all the job gains in manufacturing have been non-union."

Rather than finding the root of the relationship between unionized labor and the recession, other than the downward trend in manufacturing union workers, the more important facts might be found in the pros and cons of these organizations.

Understanding the Pros and Cons of Unionized Labor

Image via Flickr by Workers4America

When it comes to the unionized laborers in the manufacturing industry, the pros and cons of unions are a foil for each other. That is to say, what benefits a union worker may not always be in the best interest of the manufacturer. To understand these contrasts, consider the following three aspects of unionized labor and how they each affect both parties:

- **Better Wages** - While unions ensure better wages for their workers – a benefit to the laborers – manufacturers become slaves to these wages, leaving little budge room for negotiations in a harsh economic climate.
- **Job Security** - Just like better wages, unionized workers benefit from job security, since their non-unionized counterparts are generally hired at will and fired at any time. The flip side? Manufacturers may have a difficult time firing unproductive workers.
- **Strength in Numbers** - Unionized laborers have a louder voice than their non-unionized cohorts, which allows them greater freedom to affect change in the workplace. For manufacturers, this could mean unwanted policy changes and other inconveniences that could impact the company's infrastructure.

Looking to the Future of Unionized Labor

Image via Flickr by 246-You

Critics and proponents of unionized labor will likely vest a lot of interest in current events. As the recession dies down, new trends in hiring will pick up. AFL-CIO, an advocate for unionized workers believes the answer lies in opening up the union opportunities for more workers – not just manufacturing workers – as well as capitalizing on the positive aspects of unionization, such as the pathways to citizenship it provides for many working class individuals.

Ultimately, the fate lies in the hands of union workers more than the industry. Solving the issue with post-recession unionized labor will involve collective action by unions.

What are your views on unionized labor? Does it impact your business, and if so, how?