Bringing Collaborative Transportation Management (CTM) to Healthcare

**What is CTM?**

The process of Collaborative Transportation Management (CTM) brings together all parties—3PL, health care manufacturer, distributor and the end customer—in a supply chain to drive inefficiencies out of transport planning and execution processes. The objective is to improve operating performance of all parties involved in the relationship by eliminating inefficiencies in the transportation component of the supply chain through collaboration.

**What is CTM Program for Healthcare?**

OM HCL has combined industry leading software and strategically located facilities in Louisville, KY and Redlands, CA to create a collaborative transportation management program for the healthcare industry. With our Collaborative Transportation Management program, manufacturers share warehouse space and trailer capacity to optimize product distribution to the same ship to locations or regions.

**Why Collaborate on Transportation?**

If you take a look at the current model for U.S. healthcare product distribution, trucks are running empty 20 to 25 percent of the time, shipping rates are going up 3-5% annually, fuel prices are volatile, and capacity is becoming more and more constrained. These challenges provide a compelling reason to consolidate loads, especially when you consider that transportation accounts for 29 percent of the U.S. carbon output.

**What are the Benefits?**

“CTM in other industries has been proven to cut 20-25 percent off transportation costs by collaborating with other manufacturers who ship to the same destinations. We have the same opportunity to bring this same cost reduction to the healthcare industry”

E.V. Clarke – EVP, Supplier Relations, Owens & Minor
How Does It Work?
To participate in the Collaborative Transportation Management program, you must co-locate inventory at one of the OM HCL Logistics Centers and set up a mechanism to drop orders to OM HCL. OM HCL’s Transportation Planning experts deliver cost effective load plans by consolidating shipments where feasible and identifying mode conversion opportunities across manufacturers to the same destinations or regions. Their role includes shipment planning, carrier management, carrier routing and dispatch and freight payment. OM HCL’s TMS provides an EDI mechanism for carriers to accept tender offers, set pickup and delivery appointments, communicate shipment status information, and submit freight invoices. The information and technology backbone that OM HCL uses to support CTM includes RedPrairie WMS, JDA Freight Matrix TMS, Ross Enterprises ERP and an EDI gateway supported by Dell Services. The TMS used by OM HCL has a route optimization model that aggregates LTL-size shipments and creates larger LTLs and/or multi-stop truckload orders, achieving savings typically over 20%. In the example below, after consolidating two LTL orders into a multi-stop truckload over 26 percent savings were realized.

<table>
<thead>
<tr>
<th></th>
<th>Weight</th>
<th>Cube</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client A</td>
<td>8,431 lbs</td>
<td>789</td>
<td>$767</td>
</tr>
<tr>
<td>Client B</td>
<td>13,952 lbs</td>
<td>1,271</td>
<td>$1,095</td>
</tr>
</tbody>
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How Do I Get Started?
Bring the benefits of CTM to your company by contacting our sales team. OM HCL’s team is ready to model your data, provide an estimate of your savings and kick off your conversion.

Conclusion
As healthcare manufacturers continue to search for savings in their supply chain, OM HCL’s Collaborative Transportation Management program provides the perfect opportunity. Adopting CTM produces large benefits, both tangible and intangible, that have been achieved by other industries that employ CTM in their supply chain. Manufacturers can’t achieve this level of savings alone. As a third party, OM HCL provides the volume and shared routes to maximize efficiency and drive out redundant cost.

What are the Benefits?
“CTM adds value beyond transportation savings by reducing warehousing and inventory costs and improving service levels and visibility while providing a ‘greener’ more sustainable operating model.”

Denise Odenkirk – VP, OM HCL