Anheuser-Busch

AbInBev Brews Up Spot Freight Savings with Transporeon Autonomous Procurement

Introduction

ABInBev, one of the largest and most sophisticated spot freight buyers in the world, had designed a best-in-class process to handle the high volumes of spot freight it procured. But in early 2021, it decided to challenge the status quo.

A new approach, driven by machine learning and AI, claimed to deliver better returns than could be achieved with a freight auction model. With ABInBev's scale, the proposed savings could mean tens of millions of dollars in financial impact.

Amidst a global pandemic and one of the most tumultuous freight markets on record, the company rose to the challenge to test whether current processes could be beat.

ABInBev's gamble paid off. Since its initial test, the company has sustained double-digit savings along with measurable carrier engagement, lead-time-to-capacity, and internal staff effort improvements. The move has solidified ABinBev as one of the best spot buyers in the freight market and a pioneer in the next generation of logistics technology.

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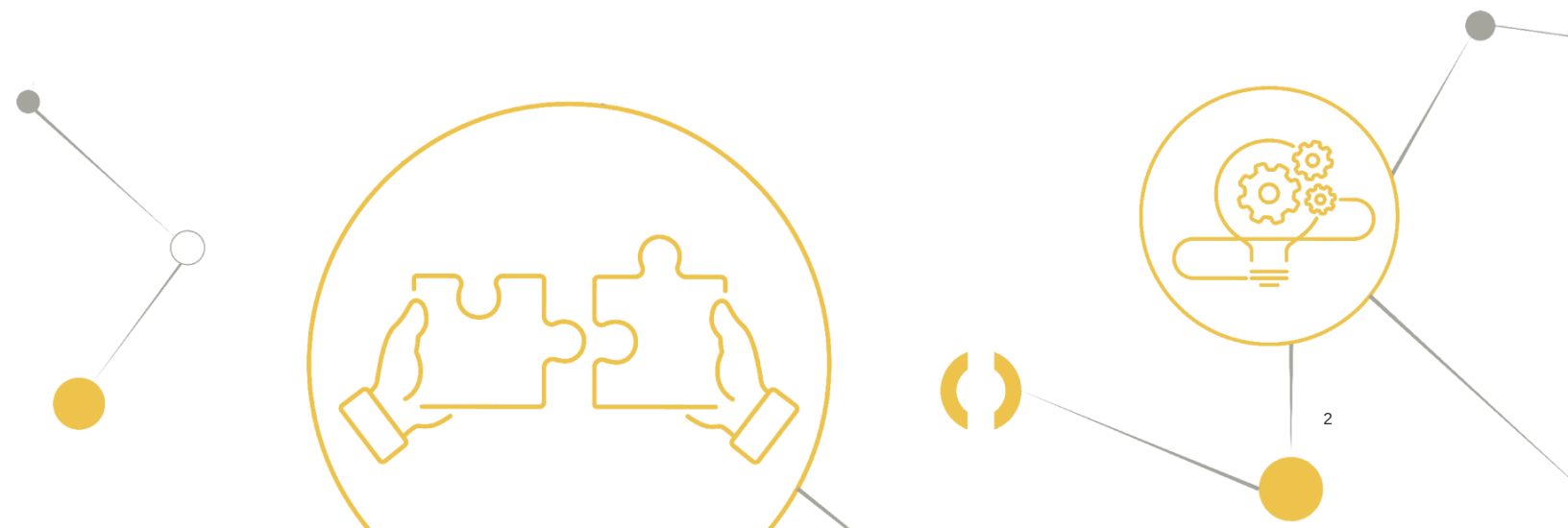

ABInBev By the Numbers

100-200
loads per day

Average number of spot loads processed daily

100%
increase in spot volume from 2020 to 2021

2021 volatility

500-2000
spot bids per day

5-10
spots bids per load

Average number of bids received on a daily basis Pre Autonomous Procurement Implementation

The Results

3-5 FTEs > to one FTE managing exceptions

Team size reductions

10+%

Direct reduction on spot rates

2+ hours a day > to a short daily results review

Time spent per load

The Shortfalls of the Freight Auction

ABInBev formerly used an approach of dynamic sequential tendering combined with e-auction through BlueYonder. At 4pm each day, a dedicated team would review all spot bids, make awards to selected carriers, and move the loads into execution.

This method served ABInBev well for many years, but in early 2021, with truckload spot costs soaring and more volume falling out of contract, the company's process for securing spot freight capacity began to show its limitations.

Carriers were overwhelmed:

ABInBev's partners struggled to manage the volume of shipments and bid requests from the team.

Workflows were capped:

With the company's load awardance process taking place at the end of the day, manually securing high volumes became inefficient. In such a tight market, offers for capacity made early might be unavailable by day's end.

Costs spiraled out of control:

Without a better mechanism for pricing, bid collection left ABInBev in the position of largely taking sky-high market prices.

Testing a New Method:
Validating the Savings

ABInBev was hesitant to commit to change management unless Transporeon could prove the value of its Autonomous Procurement platform.

Both sides agreed to implement a pilot program in January of 2021, during which half of the loads were submitted at random into ABInBev's standard process. The other half would be run through the Transporeon Autonomous Procurement platform. A huge plus, ABInBev said, was watching the two systems run in parallel without needing to add resources or teams to do it.

Over a 45-day period, ABInBev was able to directly contrast Transporeon results against benchmark prices and validate the experience of having their freight flow autonomously, without intervention from its team. ABInBev also closely tracked the reaction of its carrier base; specifically how they would respond to offers in real-time as opposed to allocating capacity at the end of the day.

Evaluating Success

Autonomous Procurement works as an online marketplace for carriers to engage with ABInBev shipments. In contrast with ABInBev's old approach, all spot shipments are immediately accessible to ABInBev's carriers to match instantaneously. As Autonomous Procurement is driven by machine learning, the process of pricing, counterbidding, and offer acceptance would also be fully automated — requiring intervention from ABInBev's team only on rare exceptions.

After 45 days testing this new approach ABInBev saw the following results:

- Spot cost reduction — ABInBev achieved double-digit savings throughout the pilot and has continued to maintain that level for more than 6 months, calculated through a direct comparison between previous spot freight procurement solution and Autonomous Procurement.
- Reduced time to capacity — ABInBev was able to move away from it's 4:00 PM bid review cycle to a model where carriers could match loads on-demand. Once made available, autonomous tendering led ABInBev to gain an average of 24 hours of lead time on most shipments.
- Improved carrier engagement — Carrier feedback has been positive from both brokers and asset-based carrier partners who like the self-service model and ability to instantly book shipments. They appreciate the site's intuitiveness, ease of use, and accessibility through mobile devices.
- Good planner adoption & higher productivity — Autonomous Procurement brought a reduction in tasks for the ABInBev back-office team and changes in the way they manage exception handling and price setting. By centralizing information, the team could make decisions faster and focus on higher order priorities.
- Valuable insights captured for the procurement team — Transporeon's analytical environment has brought tremendous benefit in tracking fundamental spot buying KPIs and carrier engagement. It provides the team with relevant insights for use in the annual RFP process and spot strategy definition.

Smart Tendering “helps us provide more freight to carriers. Some carriers will look at spot boards first thing in the morning, some will look at midday, and some carriers will at night. The Transporeon solution enables them to work within their schedules an provides real-time notifications when freight is available.”

— Director of Truckload & Rail

Transporeon Autonomous Procurement mixes spot market data science with behavioral science into a unique software for your market advantage.

To learn more, visit https://www.transporeon.com/en/platform/freight-sourcing-hub/shipper/autonomous-procurement