

Reflection™

Over a decade of enabling leaner, more profitable supply chains

Since 2000, Compliance Networks has been the leading provider of lean supply chain solutions for merchandising plan execution and PO Life Cycle data mining.

Compliance Networks' suite of vendor compliance and distribution solutions accelerate retail profits with increased sales, decreased costs, and mitigated risk.

Compliance Networks' business partners include Kohl's, Burlington Coat Factory, Pep Boys, The Sports Authority, Bon-Ton Stores, Stein Mart, Tractor Supply, Bobs, Michaels, and Pamida.

Challenges Facing Senior Supply Chain Executives in the Retail Supply Chain

- Rising diesel costs (up \$.32 over LY)
- Uncertain hour of services rules, CSA
- High fuel and assessorial surcharges
- Uncertain regulatory climate for the trucking industry
- Valuable transportation data is buried in freight invoices
- Vendor shipping errors increase transportation costs and lost sales

The Impact: Rising inbound costs combined with vendor shipping errors decrease retailer profits

The Solution: rCMS Reflection – a near real-time Transportation Performance Audit

The Benefits

- A well-executed merchandising plan, reduced transportation costs, reduced shipping errors, improved transportation performance and increased profitability in 30-60 days
- Inbound supply chain visibility
 - Imagine a database with every freight movement for every delivered PO, where and when it was picked up, the number of cartons, weight, etc., including when it was delivered and unloaded. This is powerful information for research, analysis, and business decision support.
 - Freight documents are digitized and associated to trailer records for viewing, emailing, or printing.
- No investment: Our freight data team and data center do all the work
- No risk: We absorb the costs and we are paid based on shipping violation chargebacks
- No software to buy, license or install and limited IT Involvement
- Typical post audits that took 6-18 months are now done in near real time



Compliance Networks Data Center in the decommissioned Federal Reserve Bank Building in Little Rock, Arkansas

Timely, Comprehensive Freight Audit and Freight Data Visibility

Using retailer transportation requirements, freight data, and routing data, rCMS identifies shipments that fail to meet those requirements. It automatically creates chargebacks, and emails the charge information and supporting documentation to the vendor. At the same time, a deduction file is automatically passed to the retailer's accounts payable application to deduct charges from existing invoices. Freight violations previously detected by the customer can automatically be removed from the Reflection-detected violations, as long as the customer can provide the list of already-detected violations to Compliance Networks.

Comprehensive freight performance detection

Detection capabilities are only limited by information available in freight forms or retailer's data records. Examples of retailer freight requirements or "rules" we can detect are listed below:

√	rCMS Rule	Rule Description	√	rCMS Rule	Rule Description
	218	Failure to ship collect per TMS instructions		325	Early Shipment
	220	Truck ordered and not used		330	Late Shipment
	235	More than two shipments in a week		672	More than one shipment for a PO
	241	PRO carton discrepancy against routing		1140	Fuel Surcharge Reversal
	242	PO carton discrepancy against routing		1601	Commercial Zone multi-stop freight reversal
	243	PRO weight discrepancy against routing		1602	Commercial zone consolidation pick-up fee
	244	PO Weight discrepancy against routing		1604	Vendor Pays Freight Charges
	248	Incorrect origin zip for routing		1605	Freight on Invoice
	249	Routed carrier not used		1606	Air Freight
	252	PO shipped not routed		1607	Detention
	253	PO routed not shipped		1610	Authorization not on Freight Bill
	256	LTL Shipments on consecutive days		1618	Accessorial Charge
	270	Failure to consolidate and ship from one origin		1619	Landed loose freight consolidation
	320	Shipped to Wrong Location		1632	Vendor Pays 50% of Freight Charges

Retailer Requirements

Compliance Networks requires the following data for a successful project. For an initial project review, or for a one-time post audit project, the entire data set for the review period is loaded at once. Most customers prefer to move immediately to a continuing near-real-time freight audit program that requires ongoing data loads. Common data files, and a description of each, are itemized in the table below:

√ What	Type	Description
Requirements Guide or Routing Guide	R E	The Vendor Routing Guide is used to set rule requirements and violation amounts for the chargebacks
PO Header data including Terms and Conditions	R EDF	Data file extract for the POs associated to the review period (from backups or data warehouses, etc.) we have data layout document to address data needs
Delivery receipt data	R E	Can be LTL freight bills, truckload vendor BOLs, consolidator manifests, etc. In physical hardcopies or electronic, graphical format (such as a PDF file).
Routing Data	O EDF	If using a TMS, routing data can also be included for comparisons between actual and expected
Vendor master data	R EDF	This is simply an extract of vendor number, vendor name to associate to POs
Vendor email addresses	O EDF	If emailing charges this is required
Chargebacks or deduction data	O EDF	List of chargebacks and associated data, if we are to eliminate previously created charges, needs PO, Rule and amount at minimum
Site Master data	O EDF	List of stores, DCs, consolidators where merchandise might be received or shipped
Department Master	O EDF	List of departments associated to POs for reporting purposes or to include in deduction file for GL activity
Merchant hierarchy	O EDF	List of merchants for reporting purposes only

O: Optional, R: Required, **TYPE:** EDF: Electronic Data File (one-time spreadsheet or on-going data file feed in agreed upon format), P: Physical Paper Files, E: Either EDF or P

Still not convinced? Already doing transportation post audits?

Whether or not a retailer already performs transportation post audits, they should review the checklist below:

√ Does your existing program:
Have no risk?
Cost nothing?
Come with a guarantee?
Automatically send emails and supporting documents to vendors?
Provide access to all the transportation data on-demand?
Offer an on-line portal for vendors to research charges and enter disputes?
Provide access to scanned freight documents?
Automatically send a deduction file to your AP system?
Include an optional approval process prior to creating and sending a chargeback?
Include dispute management tools?
Automatically send approved disputes (chargeback reversals) to AP to close the loop?



If the answer is No to any of these questions give us a call and ask for a FREE Opportunity Assessment

Reflection also offers these Retail Compliance Management Solution Benefits

Vendors can use the retailers' Compliance Networks web portal to research charges and can use the portal to dispute charges, if desired. Retailers can use the rCMS to manage and resolve disputes. Charges to be reversed are also included in the deduction file as credits. The rCMS fully supports vendor or PO-level exemptions and other special types of handling. Charges may be adjusted and a reason code applied to support analysis and SOX requirements.

The solution is PO-centric, and the different types of data that are collected are linked together for essential and valuable insight into the purchase order lifecycle. Data aggregation and views include, but are not limited to: order create-to-start ship, the PO window (start-to-stop), vendor ship-to-DC arrival, and order create-to-DC arrival. Grouping, sorting, filtering, and downloading the data is only limited by the data itself. Examples of data aggregation include: vendor, department, merchant, order type, shipment origins and destinations, volumes by lane, and carrier performance.

Call 877-267-3671 Now to Schedule a free opportunity assessment

Thank you for your consideration. We look forward to a mutually beneficial and profitable relationship. More information is available at ComplianceNetworks.com or via email at info@compliancenetWORKS.com.