



# Improving OTIF Performance


With Real-Time Freight Visibility for Shippers





*Shippers who embrace supply chain visibility solutions can expect up to 10% increase in “The Perfect Order” performance metric. (customer on time and in full delivery)*

- Gartner, 2017 - Is There a Business Case for Supply Chain Visibility?

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## How Shippers Can Enhance On-Time Performance in Compliance with OTIF Standards Through Real-Time Freight Visibility

While OTIF (on-time in full) certainly is not a brand-new topic within the transportation and logistics industry, it seems to be getting far more discussion since large retailers are setting stricter standards. In the past, retailers have had relatively broad OTIF standards, allowing delivery windows to span several days. Today, retailers are tightening their timelines, requiring deliveries to be made within one to two-day windows from the original plan. Shippers, 3PLs, brokers and carriers will be closely monitored and evaluated with respect to their on-time performance and reliability of all shipments. If these logistics service providers (LSPs) are not consistently meeting the OTIF standards, their customers will begin imposing hefty fines that could quickly add up and impact their bottom line.

Though OTIF fines may be steeper than ever, they are not unavoidable. LSPs can be proactive when they know there are going to be disruptions in delivery times, and they should be able to reschedule enough in advance to still meet the OTIF delivery window. Willingness to accommodate in the event of these disruptions varies from one retailer to the next, so proper planning and exception management are crucial. Thus, logistics service providers are under a lot of pressure to monitor the in-transit status of all their shipments.

Real-time global freight visibility platforms, such as MacroPoint, offer LSPs all the tools needed to proactively monitor shipments that are at risk of deviating from their scheduled arrival. Using predictive analytics and exception management technology, LSPs can identify and respond to potential supply chain disruptions before they occur.

## The Challenge

Today, consumers have increasingly higher expectations for retailers to fulfill. In turn, retailers must raise the expectations they have for their suppliers and carriers, which puts a significant amount of pressure on the supply chain. For example, timeliness of deliveries has become a performance metric that leaves little to no margin for error.

The push for perfection is a direct result of rising consumer demand. It is essential for retailers to secure product availability in all their stores all the time. Stock outs have an immense impact on customer satisfaction scores and retention, so retailers are relying heavily on their suppliers to be on time every time to keep up with this demand.


Not having complete visibility of all your shipments as they move in transit hinders your operations in the sense that you are not able to predict potential supply chain disruptions and enable corrective action to



*“The new rules begin in August, and [Walmart] said they will require full-truckload suppliers of fast-turning items — groceries, paper towels — to “deliver what we ordered 100 percent in full, on the must-arrive-by date 75 percent of the time.” Items that are late or missing during a one-month period will incur a fine of 3 percent of their value. Early shipments get dinged, too, because they create overstocks.*

*By February, Wal-Mart wants these deliveries to be on-time and in-full (known as “OTIF”) 95 percent of the time. Its previous target was 90 percent hitting a more lenient four-day window.”*

– Bloomberg Businessweek,  
July 12, 2017

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overcome them. Companies who are still employing milestone-based tracking with EDI are hindering themselves because they lack the real-time quality of data you can ascertain from an API instead.

## Action Required

So, how can LSPs ensure all their shipments to their customers are adhering to their delivery schedules and conforming to OTIF standards? One of the most effective ways is to communicate better across the supply chain, primarily with respect to shipment location information. LSPs need to be able to view the movement of their freight in real time and repurpose that information into actionable processes that can improve on-time performance and delivery reliability.

The first critical piece of communication needs to happen among the LSPs and their customers. As a supplier, you need to understand the OTIF standards enforced by the retailers you work with, as they vary from company to company. Develop and execute a strategy to ensure that you are complying with those standards.

Retailers keep scorecards that will reflect your performance with their OTIF standards. These scorecards will account for the origin of any issues that cause shipments to be off-schedule in an effort to help maintain fault across the supply chain. Proactively communicating with your retailer customers can help boost your ratings on these scorecards, especially if you are able to mitigate a potential disruption before it impacts the timeliness of your deliveries.

Consider implementing a visibility solution, if you have not already, to more closely monitor the movement of your shipments across the supply chain. Find a visibility solution that will track your freight in real time, because having access to a single, real-time view of all your freight is the best way to quickly identify and respond to potential supply chain disruptions. Most retailers will be willing to work with you to reschedule a delivery appointment if you provide them with notice of potential delays. Look for a visibility solution with exception management and predictive analytics capabilities, as these tools will offer you the best data necessary to be able to constructively communicate in advance of any issues with your customers.

## The Solution – MacroPoint


MacroPoint is your single global logistics platform for real-time visibility. With its exception management and predictive analytics capabilities, this technology provides your team with the tools necessary to view the movement of all your freight in real time, at one time. Using this information, LSPs can view, analyze, predict and report supply chain disruptions that could cause shipments to deviate from their tight delivery schedules.

When a problem arises, LSPs can take quick, proactive action to notify shippers and retailers which deliveries are at risk of arriving late.



## ABOUT MACROPOINT

Headquartered in Cleveland, Ohio, and founded in 2011, MacroPoint is the leading provider of a global freight visibility platform for shippers, brokers and 3PLs. MacroPoint's patented, automated shipment monitoring and tracking software provides real-time location visibility by using any in-cab ELD/GPS device, cell phone, or trailer and container tracking system. The cloud-based solution enables location tracking, delivery monitoring, event notifications, exception management and predictive analytics capabilities. Integrated with a growing number of TMS systems, MacroPoint automates the entire process by eliminating the need for drivers to check in with dispatchers, and for shippers and brokers to check in with carriers. To date, over 1,000,000 drivers and millions of connected trucks have tracked over 20 million loads as part of the MacroPoint Carrier Visibility Network. To learn more about MacroPoint, call 866-960-0328 or visit [www.MacroPoint.com](http://www.MacroPoint.com).

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If possible, retailers can try to accommodate by rescheduling the appointment for later that day. Often LSPs will still have to pay a rescheduling fee, but generally these fees are significantly less costly than the fees imposed for suppliers who are not meeting OTIF standards.

To remain compliant with their OTIF standards, you will need to reschedule the appointment within the retailers' required delivery window (i.e. one day). If you are unable to do so, that shipment will then be considered as noncompliant in terms of OTIF standards. However, none of the major retailers are demanding 100 percent OTIF performance, so the occasional delivery running off-schedule does not cause drastic levels of damage in the greater scheme. If you are actively communicating with your retailers, the better off your business-to-business relationship will be.

## Conclusion

The important fact to remember is that OTIF standards are not going away. In fact, the industry is trending toward even stricter standards, so it is best to act now to improve your operations such that on-time performance and delivery reliability will not be a constant worry to you.

By leveraging real-time visibility data and proactively communicating with your customers, it is a near guarantee that your customer satisfaction ratings will improve. Enhanced customer satisfaction translates into more business. You will also see a sizable return on investment, as you will save both time and money by implementing an automated visibility solution that can provide your team with the necessary tools to improve on-time performance in compliance with your customers' OTIF standards.