



We're Reinventing
Freight Management™

Box Score

MD Anderson reinvents incoming freight management with help from VPL



Fifty thousand incoming parcels a year. That's a lot of parcels to manage.

And a lot of questions to be answered: Are the shipping fees on the invoices accurate? Are they being allocated to the appropriate GL account? And isn't there any way some of those 50,000 deliveries can be consolidated?

Such were the questions asked by the MD Anderson Cancer Center in Houston, Texas, the No. 1-ranked cancer care center in the United States, according to *U.S. News & World Report*.

Boxed in

"Our primary problem was trying to charge freight directly to specific accounts," recalls Kyle Barton, contracts manager for the University of Texas System Supply Chain Alliance, which contracts for products and services on behalf of all UT System institutions. That's particularly problematic for research institutions such as MD Anderson, where a single department may have multiple accounts associated with it, depending on the project and the funding source. (In 2017, more than 137,000 patients sought MD Anderson's expertise, and nearly 11,000 patients enrolled in clinical trials, making it home to the largest cancer clinical trials program in the world.)

"When MD Anderson first looked into freight management, service providers lacked the ability to tie freight charges to particular accounts," says Barton. But over time, the industry matured, and in August 2014, he issued an RFP for freight management services.

"We worried about how long it would take to implement a program," he says. "We wondered to what degree it would disrupt our accounts payable process. We wondered if we would gain the ability to charge freight back to individual accounts, and whether we would really save money by outsourcing freight management."

After examining the RFPs, UT selected Vantage Point Logistics (VPL) as its freight management provider. "There were bigger competitors," says Barton. "But we saw VPL as the leader."

Shortly thereafter, VPL launched programs at two UT facilities: University of Texas Medical Branch at

Galveston, and UT Southwestern Medical Center in Dallas. Both facilities saw demonstrable savings, so in September 2016, MD Anderson decided to test the waters on a pilot basis. (With 20,000 employees, the institution tends to move cautiously, notes Barton.)

Seamless

Working with supply chain, VPL completed the technical implementation of the program in just one day. “We were able to test the delivery of data files between our two organizations and test the VPL invoice in a single working day,” says Barton, adding that MD Anderson dedicated fewer than 15 staff hours to the implementation.

Since then, the program has grown. Today, VPL manages approximately 53,000 incoming parcels a year for MD Anderson, from over 1,600 unique suppliers.

“The system runs seamlessly,” says Barton. “VPL offers single, consolidated weekly invoicing, delivered electronically, with 100 percent of the shipping charges pre-allocated to the appropriate GL accounts. Our AP team has no human touch points in receiving, loading, processing or paying the VPL invoice.”

MD Anderson can retrieve specific shipment details (e.g., tracking numbers, cost center information, invoice copies, charge details) on the web as needed. “The self-serve functionality saves our staff time,” he says.

In 2018, MD Anderson saved more than \$800,000 with the VPL freight management program, starting with the elimination of many hours previously spent reconciling and allocating freight charges.

“One of the best things about the VPL program is there’s no disruption for our end users. While it runs in the background, we realize savings.”

The VPL/MD Anderson program:

BY THE NUMBERS

\$1.8 MILLION

Savings delivered to MD Anderson since VPL program inception

104,763

Number of shipments managed by VPL to date

\$830,000

Savings for prior 12-month period

53,065

Number of shipments managed by VPL in prior 12-month period

1,615

Unique suppliers that have used MD Anderson’s FedEx account

0.58

Customer issues/questions per 1,000 VPL shipping charges billed

What’s more, MD Anderson now has insight into how much it is paying for shipping, and to whom. “The program gives us an opportunity to look at data and identify suppliers that may be charging more than they should for ‘handling,’” says Barton. “We also have good data about the packages that are coming in, and an opportunity to talk to departments about opportunities to consolidate some of those shipments.”

“But one of the best things about the VPL program is there’s no disruption for our end users. While it runs in the background, we realize savings. And, as one of our chancellors says, “A dollar saved is a dollar toward our mission.”