Transportation Management at Roseburg Forest Products

Gaining Competitive Advantage and Market Share With Oracle Transportation Management (OTM)
Roseburg Forest Products is one of North America's largest privately held companies. The Company manufactures a diverse line of lumber, plywood (softwood & hardwood), particleboard, thermally-fused melamine (TFM) and engineered wood products. An excellent natural resource base, state-of-the-art manufacturing facilities, experienced associates, quality products and superior customer service are key elements to Roseburg's success.

Hitachi Consulting is the Business and Technology Consulting subsidiary of Hitachi, Ltd. Our Transportation Consultants have worked in many transportation management functions and average over 12 years experience; and collectively have completed multiple OTM implementations. Hitachi Consulting helps clients to transform their transportation organizations to achieve positive impacts on operational and financial performance across the enterprise.

Oracle is the world's largest enterprise software company. Oracle develops, manufactures, markets, distributes and services database and middleware software, applications software and hardware systems, which are designed to help customers manage and grow their business operations. Oracle Transportation Management (OTM), a global transportation and logistics operations system, allows companies to minimize cost, optimize service levels, and create flexible business process automation within their transportation and logistics networks.
Project Goal

“The goal of the OTM project is to create the platform for service improvement, to control transportation activity and costs and to become more disciplined in Transportation Management, with positive ripple effects into Sales, Manufacturing and Accounting”

- Chuck Ulik, COO
  Roseburg Forest Products
Transportation Operations

at

Roseburg Forest Products

<table>
<thead>
<tr>
<th>Transportation Modes Used</th>
<th>TL (Flats, Vans, Quads, Maxis), Rail, Intermodal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Shipments -- Q1 2011</td>
<td>23,000</td>
</tr>
<tr>
<td>Truck / Rail Split by Shipments</td>
<td>65% / 35%</td>
</tr>
<tr>
<td>Total Ton-Miles – Q1 2011</td>
<td>10,175,411</td>
</tr>
<tr>
<td>Truck / Rail Split by Ton-Miles – Q1 2011</td>
<td>40% / 60%</td>
</tr>
<tr>
<td>Number of Truck Lanes as of Q1 2011</td>
<td>1,500</td>
</tr>
<tr>
<td>Number of Truck Rates as of Q1 2011</td>
<td>4,500</td>
</tr>
<tr>
<td>Number of Rail Lanes as of Q1 2011</td>
<td>2,500</td>
</tr>
<tr>
<td>Number of Rail Rates as of Q1 2011</td>
<td>10,000 (most with multiple breaks/commodities)</td>
</tr>
<tr>
<td>Number of FTE’s in Transportation</td>
<td>5</td>
</tr>
</tbody>
</table>
Why the OTM Project is Important

**Differentiation**
- To grow the business, Roseburg must differentiate in service.
- The industry is just beginning to move from:
  
  “Ship the Week of…”
  
  to:
  
  “Must Deliver No Earlier Than ... and No Later Than…”
  
  (i.e. On-Time Delivery)

**Control**
- To execute “On-Time Delivery” profitably, Roseburg needs to control transportation activity very closely.
- Transportation is in the “Top 5” spend categories at Roseburg.

**Technology**
- To control transportation activity, Roseburg needs to use OTM technology to:
  - Enable better business processes
  - Standardize transportation processes across a dispersed company

**Profitability**
- Controlling transportation activity and costs inherently leads to more profits.
The OTM Implementation

• Implement OTM for truck and rail across all locations (three time-zones), with Go-Live on the same day

• Integrate OTM and JD Edwards Enterprise 1; which integration builds on the seeded integration provided by Oracle plus several additional interfaces considered “mission-critical” to Roseburg

• Use the seeded integration between OTM and PC*MILER (both Truck and RAIL) both for rate inquiries, both Buy-Side and Sell-Side, and for optimization.
Results

• Informal processes that had the affect of hiding transportation costs were exposed, enabling better business decisions

• Decisions on costing made before OTM have been revisited since implementation, challenging conventional wisdom

• The discipline of having to meet a customer specified delivery date is beginning to pay off
Lessons Learned

• Do not underestimate the level of change management required

• Be cautious of multiple competing initiatives during an implementation

• Enlist the right champions from the business to drive the process

• Remember that poor business processes in a powerful tool just enable poor decisions quicker