

## PRESS RELEASE

### New AEB White Paper: Putting Freight Costs in Their Place

- Basic principles and real-world examples of effective transport cost reallocation
- Fourth in a series of AEB white papers on reducing costs and increasing efficiency through smart freight cost management



*Leamington Spa, 13<sup>th</sup> November 2012* – Many companies find it difficult to deal with a critical aspect of logistics controlling: the reallocation of transport costs to their original cost drivers. What expenses were incurred for transfers of products between locations? And what were the specific costs per product group or location? Traditional accounting methods are often insufficient for breaking down logistics costs to the product or item level. A new white paper by supply chain management solution provider AEB demonstrates how freight cost reallocation can be managed more accurately and efficiently.

Today, many companies are active on a global level, have comprehensive procurement and fulfilment networks and work with a number of different logistics service providers. Yet few of them have implemented an efficient logistics controlling process that tracks the exact cost allocation of freight expenses.

Titled “Putting Freight Costs in Their Place”, AEB’s white paper demonstrates the advantages of accurate freight cost reallocation and how it can be carried out efficiently. Focusing on real-life examples, it shows how successful businesses manage the freight cost reallocation process, illustrated by case studies from three industry sectors:

- Beverage industry: reallocation by delivery note type
- Textile industry: reallocation by category of goods
- Electronics industry: reallocation including cost type

Many companies still work with large and complicated spreadsheets, which are passed back and forth between controllers and the relevant departments. In many instances, this results in an imprecise allocation of freight costs. For example, when businesses use production and logistics costs to set their product sales prices, imprecise freight cost allocation can lead to distortions – if prices are set too high, demand can dwindle; if prices are set too low, it can squeeze the margin.



Accurate freight cost reallocation is also essential for determining a product's "landed costs". Businesses wanting to identify the most cost-effective supplier have to compare more than just the purchase price. They need to look at the entire landed costs – the overall procurement costs of each product, including taxes, customs duties, and to a large extent transport costs – which must first be allocated precisely to the appropriate product.

Iqbal Pannu, Senior Solutions Consultant of AEB (International) said: "Freight cost reallocation is an important step on the way to a comprehensive logistics controlling concept. Our latest white paper assists businesses to understand the impact of standardised and automated reallocation of freight costs to the relevant cost centres and cost drivers, and how IT-supported freight cost management optimises logistics controlling and maximises efficiency."

#### **About AEB's white paper series**

Reducing costs and increasing efficiency through smart freight management – that's the focus of a series of in-depth white papers published by AEB:

1. "Three Paths to Efficient Freight Invoice Auditing"
2. "Navigating the Price Maze: Smart Freight Cost Calculation"
3. "Successful Freight Purchasing"
4. "Putting Freight Costs in Their Place"

The white papers can be downloaded free of charge from [www.aeb-international.co.uk/freight](http://www.aeb-international.co.uk/freight). Each paper in the series can be read independently of the others, though some cross-referencing is possible.

- Ends -

#### **Contacts**

For further information, photos or interview requests, please contact Andrea Krug, Krug Communications Ltd, tel. +44 (0)7740 245 867, email: [andrea@krugcomms.com](mailto:andrea@krugcomms.com). To find out more about AEB's software solutions please visit [www.aeb-international.co.uk](http://www.aeb-international.co.uk).

#### **Notes to Editors**

#### **About AEB GmbH**

AEB is one of Europe's leading providers of supply chain logistics software and has been delivering solutions to customers for over thirty years. The company has over 5,000 customers worldwide and is headquartered in Stuttgart, Germany, supported by offices in the UK, Switzerland, Singapore and the US.



AEB's core product - ASSIST4 - is the comprehensive solution suite for all logistics processes in global business. ASSIST4 offers a complete set of business services for end-to-end logistics, including international goods movements, making it possible to standardize and automate business processes in supply chain execution. ASSIST4 also creates transparency and provides a reliable basis for making the right decisions about the planning, monitoring, control and continual optimization of supply networks - even beyond the boundaries of the business.

The ASSIST4 suite offers full functionality via a wide range of modules including Visibility & Collaboration Platform, Order Management, Warehouse Management, Transport & Freight Management, Customs Management and Compliance & Risk Management.