

Teradata Profitability Tools for Transportation Decisions

Industry Solutions > Transportation, Logistics, and Distribution

Improve Your Profitability by Understanding Customer Value

For the transportation industry, understanding the profitability of customers, as well as each and every shipment, is critical for success. If yours is like many companies in the transportation industry, you may have plenty of information about revenue, but you can't easily tie detailed cost data to specific customers or shipments. This means you're probably using averages, tonnage, and gut reaction to measure a customer's value. This can be misleading. Teradata Corporation, the leader in Enterprise Data Warehousing technology and analytic solutions provides a single source of detailed information that enables you to understand which customers, lanes, and shipments are profitable. This in turn, helps you make smarter, faster decisions about pricing, promotions, and which customers to service.

Using our data warehousing, industry, and behavior-based profitability measurement expertise, Teradata delivers tools and

services to provide the multi-dimensional views of profitability leveraging data from across the organization. Our profitability tools include Teradata® Value Analyzer, a standardized calculation engine that measures the profitability of any object (account, customer, product, or shipment) and Teradata Transportation Decisions, which provides the analysis and reporting capabilities designed to give you insight about revenue, cost, customer behavior, and service partner information at the most detailed level.

Specifically, Teradata Value Analyzer allows you to precisely measure profitability, down to the most detailed level at which you need to see it. Unlike traditional value measurement methods, Value Analyzer takes a bottom-up approach beginning with the transactions, events, and activities of the business. It provides you with consistent and accurate profit level analysis across a complete set of business functions and views.



Value Analyzer allows you to define the object of measurement (the profit object). Using transactions, events, and activities it compiles detailed Profit and Loss (P&L) statements that can include seven critical components of a complete financial model: operational and interest revenue, direct and indirect expenses, risk, capital provisions, and allocated balances. When the calculation engine runs, Value Analyzer links the appropriate revenues and expenses to every transaction associated with the specified profit object. Once complete, this detailed information can be aggregated to the views required by the business including customer, product, and channel – across your entire company.

Teradata Transportation Decisions consists of configurable report templates, pre-defined metrics, pre-defined report hierarchies, and report glossary designed to:

- > Speed requirements, specification, and design phases of a BI project.
- > Map to the Teradata Transportation Logical Data Model.

Studies show that when organizations analyze the profitability of their customers:

- > **20% of customers provide 300% of profits**
- > **60% of customers break even**
- > **20% of customers destroy 200% of profits***

*Source: TVA User Group 2001, V.G. Narayanan, Harvard Business School

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- > Understand the value of a given customer, specifically looking at detailed data from all angles of the operation and business.
 - > Determine if and how the customer's business has changed from the plan, which drove initial pricing and discounts.
 - > Maximize the investment in an enterprise data warehouse.
- Provides margin views on a fully-allocated and variable basis.
 - Provides insight into value of collateral business.
 - Identifies cost areas that exceed expectations.

Pricing and customer value are difficult areas to manage requiring detailed data driving an advanced profitability engine. Teradata profitability tools take a formatted approach to detailed customer analysis that:

- > Breaks down profitability, revenue, and customer expenses into actionable dimensions.
 - Payer versus non-payer
 - Service product type
 - Time periods
 - Weight brackets
 - Lane segments
 - Origin/destination facility pairs
 - > Offers decision support for pricing.
 - Validates customer compliance to contract commitment for revenue levels, tonnage, and shipments.
- > Provides analytical insights into customer behaviors that drive costs and require management.
 - Direction, weight, pieces, and revenue per bill
 - Pick-up and delivery characteristics
 - Transportation characteristics
 - Product portfolio usage patterns
 - Market versus non-market lanes
 - Accessorial revenue generation
 - Payment history
 - Claims experience
 - Net realized revenue
 - Usage by day of week, day of month
 - Core service metrics

Make the Most of Your Data Warehouse Investments

An enterprise data warehouse from Teradata provides a flexible, scalable infrastructure for managing large amounts of data from various data sources and for putting those data into a single repository for decision support.

The enterprise data warehouse is the foundation for our profitability analytics tools, which include not only Teradata Transportation Decisions, but also the Teradata Transportation Logistics logical data model; leading BI tools from companies, such as Oracle, Business Objects, MicroStrategy®, and Microsoft®; Teradata Value Analyzer; and Teradata Consulting Services.

Profitability tools and services from Teradata provide you with a repeatable and sustainable profitability infrastructure that can be managed by the business, without significant ongoing effort or expense from IT.

For More Information

With more than 25 years of experience building enterprise data warehouses for the transportation industry, Teradata can help you access the information you need to achieve strategic and tactical objectives and provide your business users with the information they need to derive real value from profitability analysis. To learn more about Teradata solutions for the transportation industry, contact your Teradata representative or visit Teradata.com.

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