



A Triple Crown Event

DISTRIBUTION, TECHNOLOGY & SUPPLY CHAIN



The Foodservice Distribution CONFERENCE & EXPO



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CONFERENCE & EXPO
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LOUISVILLE, KY



Maximizing the Return On-Board Computers

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U.S. Foodservice





U.S. Foodservice Story

- Established a business case and selected a vendor in Jan 2004
- Piloted the XATA On Board Computing system at 4 divisions Jan 2005
- Full deployment of the fleet ~5,500 vehicles at 68 divisions from Jun 2005 – Dec 2006
 - For some divisions, we replaced existing on board computing systems, others were new to electronic logs

Vision:

Drive operational excellence by combining an analytical approach with powerful technology to unlock the insights of existing data to make everyday operating decisions with precision.



Key Lessons Learned

- Installing the technology does not generate Return on Investment (ROI)
- Deriving the anticipated value from the On Board Computer (OBC) takes
 - Clear ROI areas and goals
 - Dedicated resources
 - Develop Current Best Approaches
 - Train and retrain
 - Monitor and mentor towards goals
 - Management focus on
 - ROI areas and goals
 - Business & management changes to maximize the system
- Data Quality is the foundation before ROI can begin

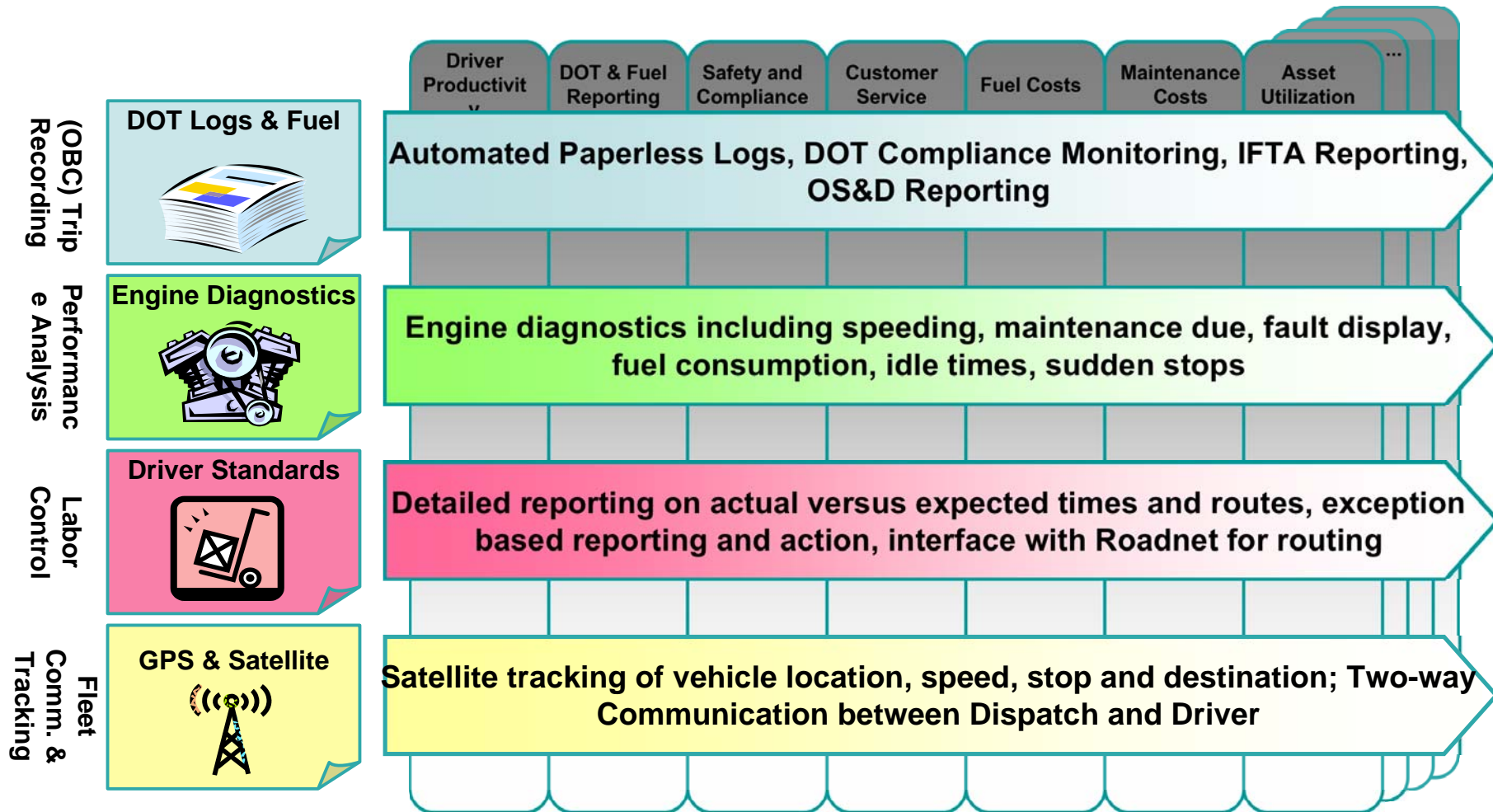


U.S. Foodservice Value Capture Process

- Establish the ROI goals, based on OBC functionality
- Ensure measurement and achievement
 - Value Capture Plan
- Identify level of achievement, goals and timelines
- Monitor and Measure



OBC Functionality



OBC Value Capture Plan

An iterative 5-step continuous improvement process

Step 5

Maintain Management Involvement & Focus

- Focus on metrics and processes
- Regional Resources

Step 4

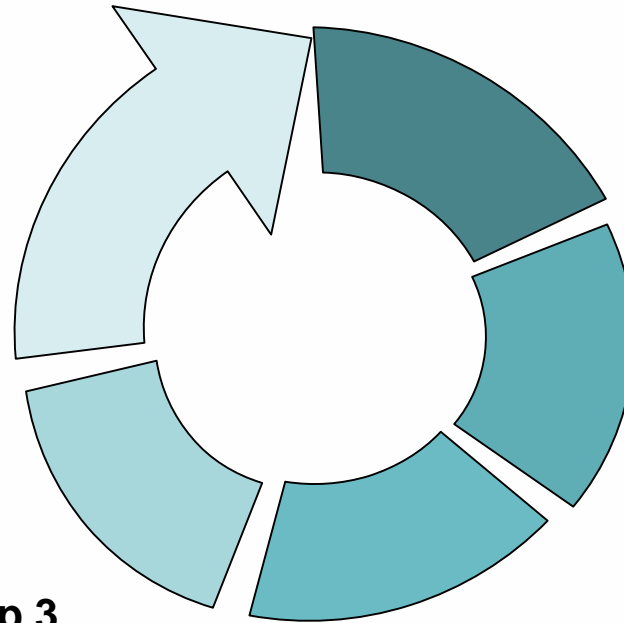
Measure & Monitor performance

- E-logging
- Value Capture Report

Step 3

Identify Current Best Approach (CBA)

- Incorporate Current Best Approach in training materials
- Provide continuing education



Step 1

Define goals and metrics for improvement

- ROI Analysis
- Achievement Levels & Goals

Step 2

Provide tools and training to impact metrics

- Driver & Operations Training
- Management Report Training - focused on driving improvement in key areas



Step 1: Define Goals and Metrics

- Establish the ROI analysis
 - Identify and define key metrics and assumptions based on OBC functionality.
 - ROI spreadsheets used to form the basis setting divisional goals
 - Establishes ownership and accountability
- The baseline for the metrics are determined from the date of installation using:
 - Historical information (YTD) where available
 - From an average of the first two-weeks of post-XATA-installation data



U.S. Foodservice Business Case Savings

- 2004 business case identified three major financial measures that would generate the predominance of the business case's savings
 - Decrease in Labor
 - Decrease in Operating Expense
 - Decrease in Asset Base
- Critical to success would be the strong support of Senior Management and ownership of Operations in the value capture process.
 - User compliance and data cleanliness
 - Effective training and coaching
 - Application and business process change management and enhancement



U.S. Foodservice ROI Factors

To gauge the expected savings per division, the following factors were considered to create an expected ROI for the division.

- Hourly Pay and Percentage Hourly
- Average Hours/Week
- Percentage of 2004 Total Delivery Expense that is Variable
- Fuel dollars/gallon (current)
- 2004 Maintenance/Mile
- Average Drive Speed
- 2004 Idle Time Percentage
- 2004 Idle MPG
- 2004 Drive MPG
- Wages & Fringe of Fuel Tax Personnel
- Hours Spent Per Day on Fuel Tax Tracking
- Monthly Driver Cell/Pager expense



U.S. Foodservice Division Specific ROI Form

Return-on-investment analysis

Topeka						
☺☺☺ Drop Down						
Cash flow and ROI statement						
BENEFIT DRIVERS	YEAR					
	0	1	2	3	4	5
Leverage RoadNet inputs:						
Improve cases per hour		\$0	\$0	\$0	\$0	\$0
Reduce per trip miles		0	0	0	0	0
Develop process to pre-send records to truck						
Router present Log and route to vehicle		0	0	0	0	0
Develop benchmarks and standards for driver						
Clock-in to log-in		0	0	0	0	0
Log-in to Leave Yard		0	0	0	0	0
Driver Logs		0	0	0	0	0
Enter Yard to Log-out		0	0	0	0	0
Log-out to clock-out		0	0	0	0	0
Other yard processes:						
Manage idle time		0	0	0	0	0
Fuel tax reporting		0	0	0	0	0
Reduce / eliminate cellphone use		0	0	0	0	0
Total annual benefits		\$0	\$0	\$0	\$0	\$0
Implementation filter		50%	75%	95%	100%	100%
Total benefits realized		\$0	\$0	\$0	\$0	\$0
Costs						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Total	\$0	\$0	\$0	\$0	\$0	\$0
Benefits						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Annual benefit flow	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative benefit flow	0	0	0	0	0	0
Discounted benefit flow						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Discounted costs	\$0	\$0	\$0	\$0	\$0	\$0
Discounted benefits	0	0	0	0	0	0
Total discounted benefit flow	0	0	0	0	0	0
Total cumulative discounted benefit flow	0	0	0	0	0	0
Initial investment						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Initial investment	\$0	\$0	\$0	\$0	\$0	\$0
Implementation costs	0	0	0	0	0	0
Ongoing support costs	0	0	0	0	0	0
Training costs	0	0	0	0	0	0
Communication costs	0	0	0	0	0	0
Total costs	\$0	\$0	\$0	\$0	\$0	\$0
ROI measures						
Cost of capital	7%					
Net present value	\$0					
Return on investment		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Payback (in years)	After Year 3					



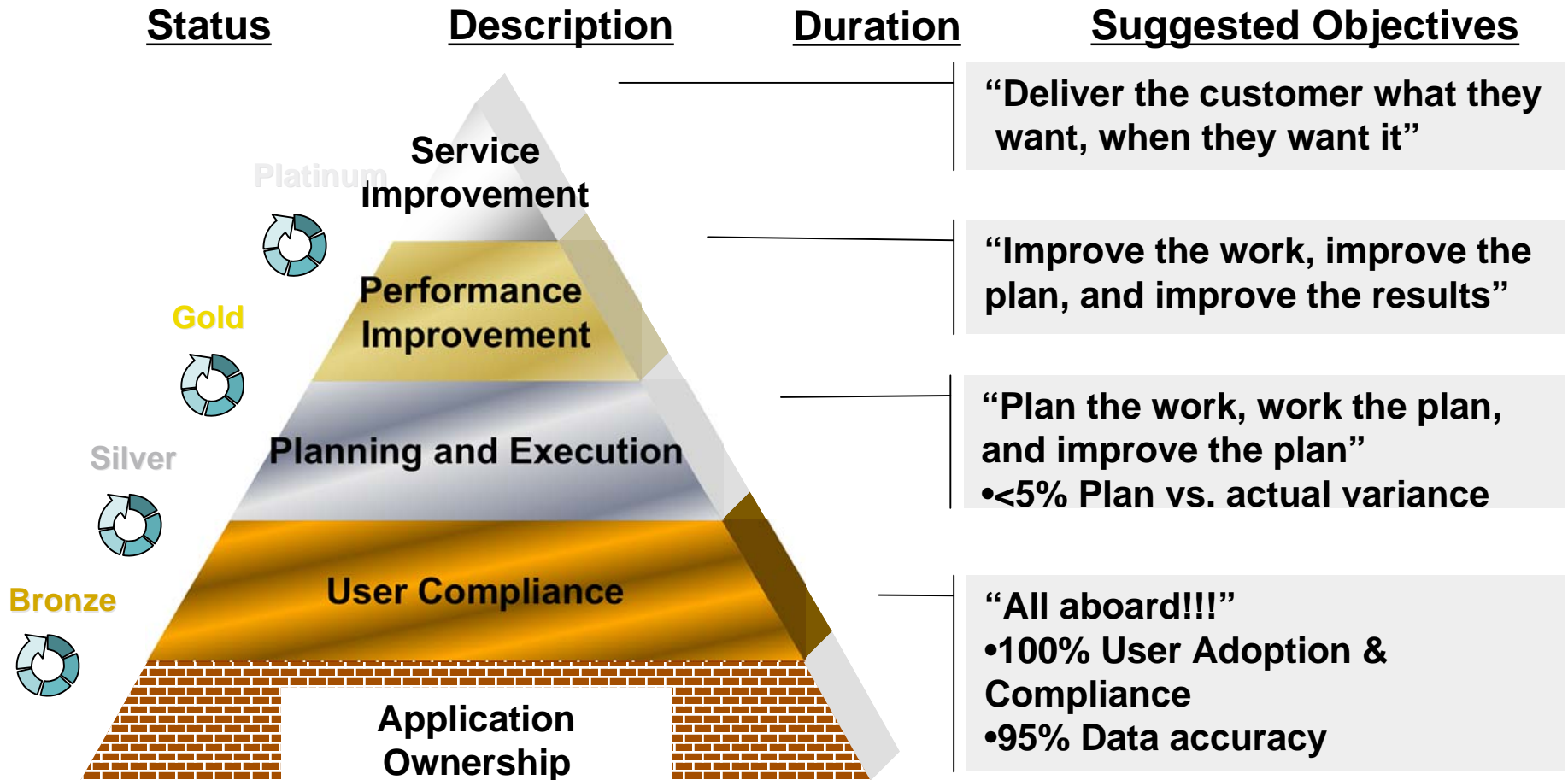
U.S. Foodservice Value Capture Areas

- **Driver Administration - Electronic Logs**
 - 7 days of electronic logs in vehicles
 - Complete data in the system on which to report
- **Driver Productivity**
 - Reducing Idle time
 - Reducing speeding
 - Reducing rapid speed changes (i.e. dangerous driving)
 - Pre Trip Time
 - Reduce the yard time, time between clock in and log in
 - Post Trip Time
 - Reduce the yard time, time between clock out and log out
- **Fuel Tax Administration**
 - Reducing man hours required to prepare reports
- **Cell phone Usage**
 - Displaced by XATANET messaging
- **Leveraging XATA to improve Roadnet routing**
 - Accurate customer's lat/long
 - Updating service delivery time
 - Reducing % Variance of Planned vs. Actual
 - **Delivery Miles**
 - **Delivery Hours**
 - **Unloading Hours**
 - **Total Trip hours**



Value Capture Achievement Levels

A phased structure to address compliance issues and indirectly drive efficiency gains



The *foundation* of Value Capture is built upon regional and division level application ownership and support



U.S. Foodservice Value Capture Achievement

Bronze Status: User Compliance Excellence

- Achieve user adoption, monitor for compliance, and re-train where appropriate
 - Reducing Idle time
 - Reducing speeding
 - Reducing rapid speed changes (i.e. dangerous driving)
 - Driver log compliance
 - Driver log maintenance
 - **Customer lat/long**



Silver Status: Planning and Execution Excellence

- Improving the planning and execution interfaces
 - Measured by the variance of plan vs. actual in terms of percent differential
 - **Delivery Miles**
 - **Delivery Hours**
 - **Total Trip hours**
 - Driver log maintenance
 - **Service Delivery Times**

Must have driver compliance for data accuracy

Must have daily operations use and monitoring of the system for data accuracy



U.S. Foodservice Value Capture Achievement

Gold Status: Performance Improvement Excellence

- Setting service standards
 - Service Delivery Times
 - Planned vs. Actual %
 - Yard time standards (Pre-trip, Post-trip, and Yard time)
 - Fuel Tax Reporting
 - Cell Phone Usage
 - Asset utilization
 - Vehicle usage
 - Improved routing

Platinum Status: Service Improvement Excellence

- Customer service inherently improved through each stage of the value capture process

New standards derived from actual data and best practices help drive improvements

OBC Value Capture Plan

An iterative 5-step continuous improvement process

Step 5

Maintain Management Involvement & Focus

- Focus on metrics and processes
- Regional Resources

Step 4

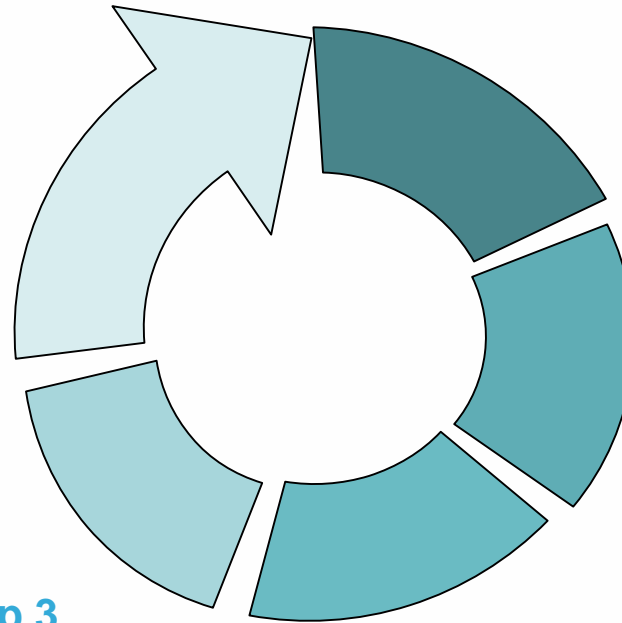
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Steps 2 & 3

Step 2: Provide tools and training

- Driver Training
- Operations Training
- Management Report Training
 - focused on driving improvement in key areas

Step 3: Identify Current Best Approach (CBA)

- Incorporate CBA's in training materials
- Provide continuing education



Focused on how **WE** use the system

Training timeline built to achieve incremental competency





Steps 4 & 5

Step 4: Measure & Monitor performance

- Electronic log usage
- Customer Latitude & longitude Uploads
- Service Delivery Time Uploads
- Value Capture Report
 - Planned to Actual Variance %
 - Delivery Miles
 - Delivery Hours
 - unloading hours
 - Total Trip hours
 - Idle%

Step 5: Maintain Management Involvement & Focus

- Regional Resources
- Focus on metrics and processes



Early Success Stories

- Reduced fleet wide idle time by 10,000 hours per week saving nearly 340,000 gallons on an annual basis
- Safety
 - Dispatch assisted a driver having allergic reaction by finding the exact vehicle location - 911 got there in time
 - Retraining drivers with rapid speed change issues
- Maintenance
 - Used XATA to identify the reason for the breakdown and was able to repair the vehicle off site rather than towing it
- Over 80% of the drivers are fully utilizing electronic logging



US Foodservice Story

1st Phase

- Trained on OBC functionality only
- Few training materials and resources after the 2 week cycle
- Aggressive timeline for implementation of OBC in 1st phase

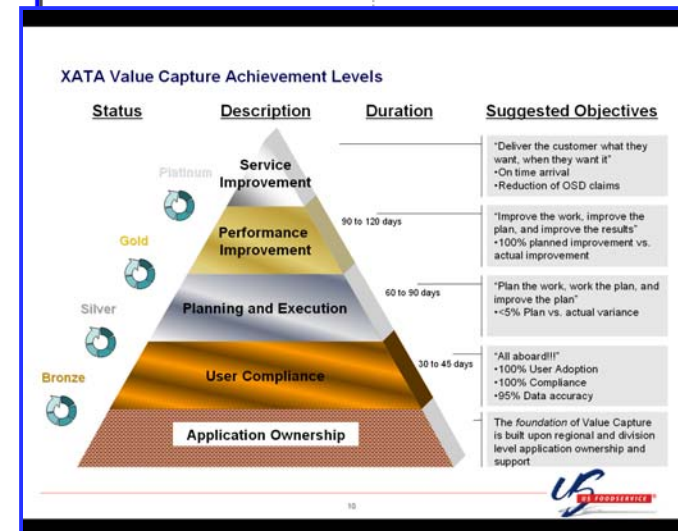
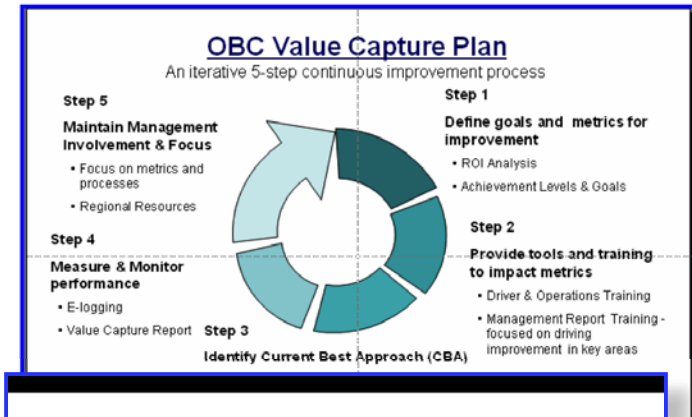
• 2nd Phase - Regrouped

- Applied iterative plan and established achievement levels
- Developed CBA and US Foodservice specific training materials
- Conducted weekly training sessions to reinforce vendor training
- Revised implementation and training program for phase 2



Lessons Learned

- Installing the technology does not generate ROI
- Deriving Value Requires
 - Clear ROI areas and goals
 - Training and retraining to improve and maintain competency
 - Management Commitment
 - Attention to detail
 - Data Accuracy





First Step

ROI Calculator for OBC

XATA FIRST INTELLIGENCE		XATANET ROI Analysis	
J. Doe		Date: 9/19/07	
Best Company			
Fleet Profile			
Number of Drivers:	50	Fuel Cost Per Gallon	2.85
Number of Vehicles:	50	Driver Overtime Hourly Rate:	30
Annual Mileage per Vehicle:	30000	Clerical Hourly Rate	20
Annual Fleet Mileage:	1500000		
Vehicle Fuel Saved			
Current MPG	5.8		
Desired MPG	6.3		
Increase	8.6%		
Driver Productivity Time Saved			
Driver Time Saved Per Day (min.)	5		
Business Days Worked per yr.	250		
Business Days Worked per Month	21		
Vehicle Out of Route Miles Saved	15000		
% Fleet Out of Route Miles	1.0%		
Cost Per Mile	\$2.50		
Communication Savings			
Monthly Cost To Communicate (Cellular telephone) per month	\$ 1,000.00		
Driver Paperwork Time Saved			
DOT Logs (Min. per Day)	10		
Trip Sheet (Min. per Day)	10		
Clerical Time Saved			
DOT Logs (Min. per Day)	10		
Trip Sheets (Min. per Day)	10		
Fuel Tax (Min. per Day)	10		
Outside Service Fees Saved			
DOT Log Compliance Services per Month	\$ 250.00		
Fuel Tax Reporting Services per Month	\$ 250.00		
Maintenance Expense Saved			
Fuel economy increase from idle	1.0%		
2000 Department of Energy Study on cost of idle. 1 gallon of idle fuel creates \$1.20 of additional maintenance expense.			
Total Monthly Savings		Per Truck	Total Fleet
Fuel Economy	\$ 97.50	\$	4,874.79
Driver Productivity	\$ 34.90	\$	1,744.79
Out Of Route Miles	\$ 82.50	\$	3,125.00
Maintenance Expense	\$ 87.50	\$	4,375.00
Communication Charges	\$ 20.00	\$	1,000.00
Driver Trip Sheets	\$ 89.79	\$	3,489.58
Fuel Tax Reporting Services	\$ 1.25	\$	62.50
Clerical Fuel Tax	\$ 0.67	\$	33.33
Driver DOT Log Paperwork	\$ 1.40	\$	69.79
Clerical Logs & Trip Sheet	\$ 1.33	\$	66.67
DOT Compliance Services	\$ 5.00	\$	250.00
TOTAL MONTHLY SAVINGS	\$ 381.83	\$	18,091.46

Ken Yeomans

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Thank you!

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