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—MIKE MILLER, GENERAL MANAGER MODALGISTICS, NORFOLK SOUTHERN

ABOUT THE COMPANY.

One of the nation's premier transportation companies, Norfolk Southern Corporation, through its Norfolk Southern Railway subsidiary, operates 21,000 route miles in 22 states and the District of Columbia. It serves every major container port in the eastern US, and provides efficient connections to other rail carriers. Norfolk Southern operates the most extensive intermodal network in the East and is a major transporter of coal and industrial products.

To learn more about Norfolk Southern and Modalgistics, visit www.nscorp.com or www.modalgistics.com.

NORFOLK SOUTHERN CORPORATION

SETTING THE STRATEGY.

Committed to service and safety, Norfolk Southern Corporation believes these qualities are its market differentiators. Receiving the E.H. Harriman Memorial Award for railroad safety for the past 20 years, Norfolk Southern has earned its reputation. The Modalgistics supply chain group within Norfolk Southern also sets itself apart from most other supply chain companies by integrating rail as part of its supply chain solution.

The company's primary reason for starting Modalgistics, its supply chain organization, was a reaction to market forces. Many of its larger customers began outsourcing logistics services, creating relationships with lead logistics providers or using consultants to help design their supply chains. "Many consulting firms did not have a good understanding of rail," says Mike Miller, general manager, Modalgistics, at Norfolk Southern.

"To protect our relationships with customers and remain competitive, we needed to offer a similar service and ensure that rail was a consideration when we analyzed each customer's overall transportation service portfolio."

SEEING RESULTS.

Norfolk Southern uses Network Design in at least 30 different ways that help drive its business decisions. Applications include modal selection, network analysis, site selection, drayage optimization, inventory analysis, and competitive analysis.

Piper adds, "We even do strategic analysis of industry information and market assessments to determine whether we want to be in them. We do network analysis to determine whether one network is greener than a traditional network, and the resulting impact of converting to rail versus staying in truck mode, including the carbon footprint associated with it."

After using the software for about 10 years, the company continues to employ features from which it derives value in daily operations. “Network Design offers great flexibility,” Piper says. “We use an aggregate product list as well as drill down to the individual SKU level. We model by mode at a very detailed level, which competitors either don’t do very well or don’t model to this level at all. We give our customers a more detailed report, allowing them to implement solutions more easily. We’ve also customized the application using the macro language tool, generating reports that help us quickly respond to customer needs.”

Norfolk Southern has used Network Design in over 100 different customer engagements with aggregate modeling over \$2 billion in transportation spend. Miller adds, “Our average customer can see savings of 5% to 15% of the total transportation spend per year, with some customers achieving even greater savings.”

The company has also participated in several site selection projects in which customers are looking to locate or build new facilities within Norfolk Southern’s service territory. “These types of projects require significant capital investment because a customer may be investing over \$1 billion in a site location. We are confident in our site selection, in part due to the results of the modeling software.”

Using Network Design, Modalgistics focuses on its primary strategy to include rail in each customer’s supply chain decision. “We can quantify tangible benefits to customers in an analytical, objective way,” says Piper, “showing them the benefits of rail versus road, rail versus intermodal, and rail versus truckload. The tool provides credible output.”

Norfolk Southern also discovered an unexpected benefit from using the tool—for internal businesses and strategies. “We’ve leveraged Network Design to determine whether we have the appropriate and most efficient terminal network to support customer needs, or whether we should build a facility in a particular market. Also, with its exposure during customer engagements, many customers can see the tool as useful in their own businesses.”

Facts at a glance


- ▶ *Company* - Norfolk Southern Corporation
- ▶ *Infor solution* - SCM Network Design
- ▶ *Industry* - Transportation and Logistics
- ▶ *Revenue* - US \$8 Billion
- ▶ *Employees* - 28,000
- ▶ *Country* - USA

The company has experienced a transportation mode shift within its customer base. “When we show customers the benefits of using rail and intermodal services,” says Piper, “we find that they switch from standard trucking to rail, which benefits not only our parent company, but the entire rail industry. The environment also benefits because rail is the greener choice.”

Piper also claims that the application’s flexibility results in another benefit. “We actually have two network modeling tools, but we use Network Design more because of its flexibility and ease of use—and we’re so much more productive.”

Norfolk Southern has seen the rail industry grow significantly over the previous 10 years, believing that rail will be a growth industry in the long term for several reasons. “The top three reasons are highway congestion, high fuel costs, and the green movement,” Miller contends.

“Because rail is much more environmentally friendly compared to other modes of transportation, Network Design gives us and our customers a way to analyze that. And with more imports and exports required by the global supply chain, rail-based transportation lends itself better to that.”



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—ANDY PIPER, MANAGER OF SUPPLY CHAIN DEVELOPMENT,
NORFOLK SOUTHERN

In summary, Infor SCM Network Design has helped Norfolk Southern to:

- ▶ Do various modeling tasks, including modal selection, network analysis, and competitive analysis
- ▶ Offer customer savings of 5% to 15% of total transportation spend per year
- ▶ Model by mode at a detailed SKU level
- ▶ Quantify customer benefits by comparing different transportation modes
- ▶ Be more productive because of the tool's flexibility and ease of use

DOING BUSINESS BETTER.

Norfolk Southern values Infor SCM Network Design for its ability to generate revenue and reduce costs. Miller declares, "It has very effectively added revenues and lowered costs—both for us and our customers. We've been a long-time, satisfied user, and we'll continue to be, including partnering with Infor to upgrade the tool over time."

THERE IS A BETTER WAY.

At Infor, we work with a core belief. We believe in the customer. We believe that the customer is seeking a better, more collaborative relationship with its business software provider. And a new breed of business software: created for evolution, not revolution. Software that's simple to buy, easy to deploy, and convenient to manage. Our 70,000 customers in more than 100 countries stand with us. We look forward to your sharing in the results of our belief. There is a better way. For additional information, visit www.infor.com.

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