



Comau Group saves time and money using UPS CrossBorder Connect[®]



Challenge:

Comau seeks more efficient, cost-effective solution for LTL (less-than-truckload) shipments facing complex customs regulations at the U.S./Mexico border.

Solution:

Use UPS CrossBorder Connect ground freight service, which bundles transportation and customs brokerage expertise north and south of the border.

A worldwide leader in sustainable automation and service solutions, Comau Group navigates the intricacies and challenges of cross-border trade on an almost daily basis. Even with four decades of experience developing advanced manufacturing systems, Comau continuously looks at ways to streamline every aspect of its operations, including supply chain and logistics processes. When Gustavo Ramos, Import & Export Coordinator of Comau's robotic assembly facility in Mexico City, was looking for a cost-effective solution that would decrease the transit time of cross-border LTL shipments from Detroit to Mexico City, it became an early user of a new UPS freight forwarding solution called UPS CrossBorder Connect.

Designed to accelerate U.S.-Mexico trade, UPS CrossBorder Connect is a ground freight service that bundles UPS's transportation and customs brokerage expertise north and south of the border to boost speed to market, drive cost efficiencies and reduce supply chain risk. For Comau, the service has now become the go-to solution for expedited service to its Mexico City hub facility.

A borderless business

Abbreviated from the Italian COnsorzio MAcchine Utensili, Comau Group operates as a division of FIAT, bringing a strong history in the automotive industry and extensive global ties. With headquarters in Turin, Italy, Comau has 24 locations in 13 countries and offers a broad array of industrial robotics and service solutions for industrial automation, body welding machining and mechanical assembly systems.

"Our facility in Mexico City has about 250 employees devoted to the assembly and testing of robots used on automotive assembly lines throughout Central, South and North America," says Ramos. "We've worked with UPS for nearly 10 years, so we were very interested when they brought us a new cross-border solution that offered faster ground service."

From Motor City to Mexico City

Since Comau's Mexico City robotics facility receives many of its assembly and automotive spare parts from manufacturers in Detroit, Mich. — approximately 400 LTL shipments a year — it needed a faster service than traditional cross-border LTL, but without the speed and cost of air freight solutions.

"These parts are vital to the assembly and testing of Comau's products," says UPS International Manager Fred Jasso. "The longer it takes for shipments to move between Detroit and Mexico City, the greater the risk for production slow-downs or delays. Comau came to us looking for a solution that fell in between traditional LTL ground service and air freight service, which we had just rolled out in the form of UPS CrossBorder Connect."

Prior to adopting the UPS CrossBorder Connect service, LTL shipments from Detroit to Mexico City could take anywhere from six to seven days, with large lead times often resulting from complex customs regulations and multiple hand-offs at the U.S. and Mexico borders. Typically, once a south-bound LTL shipment arrives at the U.S. border, the shipment is unloaded and released to a Mexican broker. After completing Mexican brokerage protocol, the shipment is then tendered to a third-party drayage provider (often working in tandem with the Mexican broker) to present the freight and documentation at the border gate. After entering Mexico, the freight is then cross-docked and transferred to a Mexican trucking company for transportation to and final delivery in Mexico City. Consequently, multiple hand-offs like these not only slow down cross-border shipments, but also can increase security risks.

Using the UPS CrossBorder Connect service, Comau's LTL shipments from Detroit to Mexico City now take about three days. "Most of the time savings with this service come from UPS's ability to utilize team drivers and eliminate many of the processes and hand-offs that take place at the U.S.-Mexico border," explains Jasso.

In Comau's case, the freight is shipped via the ground network that supports UPS North American Air Freight from Detroit to Laredo. Rather than complete the Mexican brokerage process at the border, the freight moves in-bond directly to Mexico City where customs is cleared at the airport. UPS customers then have the option of working with their own Mexican customs broker, like Comau, or having UPS work on their behalf with a customs broker that falls within the UPS network.

Results prove time is money

"The greatest benefit we've seen with this service is really monetary," says Ramos. "We were able to increase the speed of our cross-border shipments without impacting our bottom

line. We began using UPS CrossBorder Connect in the first quarter of 2012, and now our department prefers to use it anytime we have a need for expedited service."

While cost is understandably top of mind for the shipper, another key benefit is the ability to cut transit times by 50 percent for shipments between the U.S. and Mexico. "When you are involved in manufacturing, whether it's automotive, healthcare, high tech or retail, the timely movement of goods and parts is vital to production," says Jasso.

As cross-border trade continues to grow in popularity with many companies near-sourcing operations to Central America, so will the value of streamlining ground shipments between the U.S. and Mexico. Businesses involved in cross-border trade that understand the value of logistics as a competitive advantage are well-positioned to perform under these conditions.

