

CARDINAL HEALTH

REGIONAL PARCEL CARRIER STRATEGIC ASSESSMENT

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Cardinal Health, a \$130B company with more than 40,000 employees, is a global, integrated healthcare services and products company, providing customized solutions for healthcare businesses worldwide. The company provides clinically proven medical products and pharmaceuticals and cost-effective solutions that enhance supply chain efficiency from hospital to home. Cardinal Health connects patients, providers, payers, pharmacists and manufacturers for integrated care coordination and better patient management.

Cardinal Health's non-asset based freight management business unit, OptiFreight Logistics, provides logistics solutions to hospitals, pharmacies, ambulatory surgery centers, and clinical laboratories to control and reduce their freight costs. Today, the business leverages a single national carrier to manage customers' small parcel shipments. With increased cost pressures in the healthcare space, OptiFreight is exploring new logistics solutions to increase customer and business value by identifying further savings without compromising customer service levels.

To help OptiFreight become a comprehensive logistics solutions provider, the Tauber team carried out a strategic assessment of regional parcel carriers as potential partners to supplement OptiFreight's current service offering. The team conducted market research, explored operational change requirements, and led business discussions with major regional carriers. Extensive pattern analysis, service mapping, and financial modeling of historical shipment data was performed to fully evaluate the market opportunity and identify healthcare customer targets. Customized pricing tools and scenario analyses were built to determine optimal customer savings while realizing higher net margins. Ultimately, the team recommended a market rollout and organizational transformation plan to launch and expand the regional carrier offering. Further, pricing and risk mitigation strategies were developed to ensure success of the regional carrier strategy.

By implementing the new regional carrier strategy, OptiFreight Logistics could realize an additional \$35.2M in annual gross profit with 50.7% volume growth over five years. Moreover, customers can achieve, on average, a 25.8% reduction in transit time on ground shipments. Overall, the regional carrier offering enables OptiFreight to become a comprehensive logistics solutions provider and strengthens their position as the leading freight management provider in healthcare.