



Case Study #2: Blue Star Gas Retail Operations

Customer Success Story

Company:

Blue Star Gas is a family business owned and operated by the Stewart family for 70 years. The company operates retail offices in 9 locations throughout Northern California and Western Oregon. The company also owns and operates (2) rail terminals, a wholesale propane trucking and supply company.

Location:

Santa Rosa, California

Industry:

Propane Distribution

Problem:

Blue Star Gas existing fuel delivery processes were outdated resulting in fuel delivery inefficiencies that negatively impacted retail branch profitability, revenue and growth.

Solution:

Blue Star chose to fully deploy The Fuel Web's *e-Fuel* Delivery Management business platform for routed customers at their (9) retail operations, anticipating 7 key benefits:

- Decrease out of gas calls.
- Decrease non-delivery stops.
- Increase fuel delivered with each stop.
- Reduce the number of annual deliveries made.
- Decrease after hours deliveries.
- Reduction in data validation errors during the delivery transaction process.
- Reduction in data validation errors in shift processing.

Result:

The elimination of inefficient business processes resulted in increased fuel delivered per stop and decreased annual deliveries required to service Blue Star Gas routed customers.



Problem

Blue Star Gas is one of the most technology experienced and progressive propane marketers in the United States, delivering liquid propane gas to residential, recreational, commercial and agricultural customers throughout Northern California and Western Oregon.

After an in-depth process analysis of its business operations, Blue Star Gas uncovered inefficient processes involving their retail locations. One of the most costly of the inefficient processes involved the accurate forecasting of a customer's usage of propane. In particular, their ability to accurately determine a customer's usage during seasonal transitions (Fall to Winter / Winter to Spring) and after new customer tank installations. Using their existing Degree Day process, it was nearly impossible to accurately determine a customer's usage of propane under these scenarios and therefore caused costly inefficiencies in the delivery management of propane at all Blue Star Gas retail operations.

Solution

Blue Star Gas determined that an entirely new business platform was the only way to accomplish their goals (listed to the left). They decided that the services provided by The Fuel Web (TFW), as the best solution. The initial decision was made to fully deploy TFW *e-Fuel* Delivery Management at all of the Blue Star Gas routed customers in their (9) retail locations. The process involved the planning and implementation of:

- 1) **Integration** of TFW *e-Fuel* Delivery Management system with the Blue Star Gas accounting database systems for data exchange. This includes data from the *e-Fuel Mobile* delivery vehicle computer system, the TFW Tank Monitoring system and the *e-Fuel* Web application that includes the automated customer usage forecasting and delivery scheduling engine.
- 2) **Training** of Blue Star Gas branch personnel on:
 - a. The *e-Fuel* tank monitor field installation process.
 - b. The use of the *e-Fuel* Web-based Delivery Management System to manage the tank monitor installation process, manage customer account data, utilize the TFW Customer Service Notes application to manage customer issues and efficiently schedule fuel deliveries.
 - c. The use of *e-Fuel Mobile*: The TFW in-vehicle automation of the Delivery Management process utilizing the delivery vehicle metering, PDA's, GPS and Cellular networks natively integrated with the *e-Fuel* Delivery Management System.
- 3) **Installation** by branch personnel of The Fuel Web tank monitors on 7,000 of the Blue Star Gas routed customers. (**See page 2 for results**)

For more detailed information on this case study, please contact The Fuel Web at 425.888.4001 or www.thefuelweb.com.



Result

After its 1st year of operation with the **e-Fuel** Delivery Management system fully deployed as planned, Blue Star Gas quantified the following performance results for its routed customers:

- Decrease in out-of-gas calls: 95%.
- Decrease in non-delivery stops: 60%
- Decrease in annual deliveries: 30%.
- Increase in fuel drop per stop: 25%.

Additional Benefits realized:

In addition to the benefits quantified above, Blue Star Gas was able to avoid the purchase of (2) new bobtails scheduled for delivery in 2007 and move (2) front line bobtails to seasonal vehicles due to their improvement in business process efficiency. Overtime pay at several operating locations was reduced by as much as 70% during the winter peak period from the year before.

The **e-Fuel Mobile** application used by Blue Star Gas delivery drivers is designed to run on most "Off-the-Shelf" PDA's allowed Blue Star Gas to outfit their entire fleet of (24) bobtail vehicles for a capital investment of approximately \$700 per vehicle utilizing the existing Liquid Controls LCRII electronic meters.

Blue Star Gas markets the tank monitors to customers under the name "**e-ler^t**" **tank monitoring systems**" as part of their overall marketing campaign in their service area. This campaign has included the installation of tank monitors at will call customers to proactively manage delivery planning and convert these customers to keep full. The campaign

has also resulted in over 150 new customers requesting Blue Star Gas as their fuel supplier specifically because of the "**e-ler^t**" **tank monitoring systems**" added value above the competition.



*"We have a 10% conversion rate of our will call customers to keep full due to the proactive marketing campaign of our **e-ler^t** **tank monitoring systems**. We are proactively managing our customers that choose to remain will call by installing **e-ler^t** **tank monitors** and calling them before they call us. This process is drastically minimizing the out of gas situations and having the trucks go off route to service these customers. We are creating better expectations and we are hitting them. Approximately 150-200 new customers are being supplied by Blue Star Gas due to the market differentiation by offering **The Fuel Web** service to our customer's". – Jeff Stewart – Vice President of Blue Star Gas*

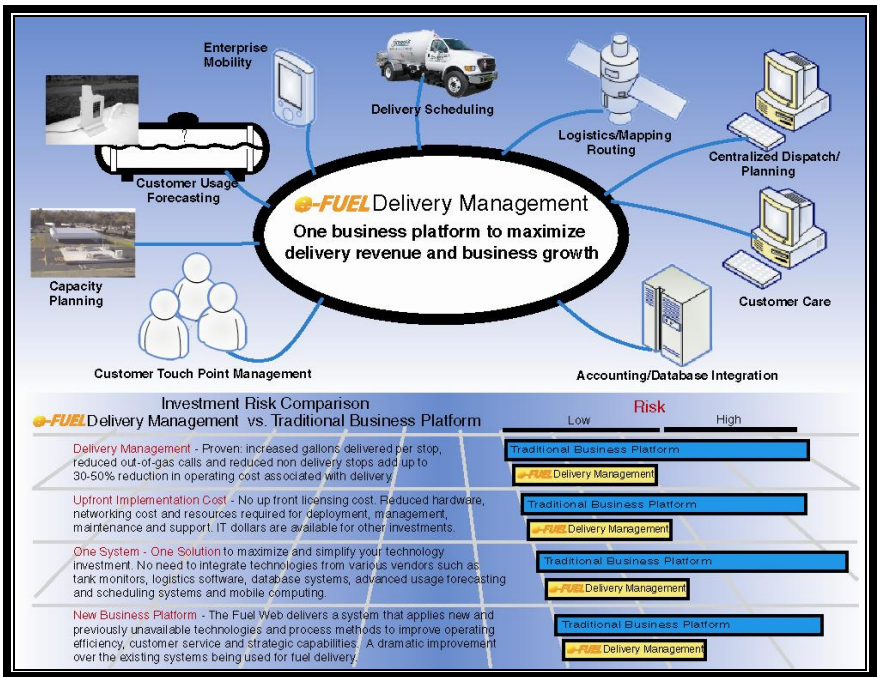


Figure 1 – The e-Fuel Solution for the Delivery Management of Fuel

Highlights

- Decrease in out-of-gas calls for routed customers: 95%
- Decrease in non-delivery stops to routed customers: 60%
- Decrease in deliveries required to service routed customers: 30%
- Increase in fuel delivered with each stop: 25%
- Near elimination of afterhours and weekend deliveries.
- Improved credit management due to better integration with on-board truck computer system.
- Near elimination of data validation issues during the delivery transaction process and shift processing using **e-Fuel Mobile**.

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