One key step to finding answers to any logistics, supply chain, or technology challenge is knowing the right questions to ask.

Inbound Logistics assembled a team of supply chain and logistics technology leaders, and asked for their perspectives on the important logistics challenges and opportunities impacting your business.

More importantly, these logistics thought leaders can give you guidance when considering improvements to your business processes.

THOUGHT LEADERS

THOUGHT LEADERS

The Answer to Logistics Problems is Always in the Data

Q: How can data solve logistics problems for shippers?

A: The right data can create the intelligence required to know where to begin to solve many common problems. These can include freight costs that are too high, transit times that are too long or not charging enough for freight. Many shippers have good rates, but they aren't using them correctly, which causes a problem of spending too much. Having the right data will show how to change this.

Q: What data is best?

A: Data must provide the proper context to answer the question "why?" Why did we use that carrier for this shipment? Why did the shipment have to be expedited? Why did we underestimate the freight cost?

To answer these questions, a shipper needs four datasets to be integrated, cleansed, and standardized: 1) shipment data; 2) freight invoice data; 3) track & trace data; 4) order & item level data. The shipment data shows how the freight was prepared (weight, pieces, dimensions, and accessorials). The freight invoice data verifies what really happened (Were measurements correct? Were other accessorials required?). The track & trace data shows if any exceptions occurred once the freight left your warehouse (weather delays, mechanical problems, etc.). The order and item information shows what was shipped and to whom (Was it a back order? Is this a customer with a specific routing guide? Does this item require special handling? etc.). By having all four datasets, you now have the proper insight into why, and it helps you understand what you can do (if anything) better.

Q: What analytics best reveal the answers to problems? How can analytics drive strategy?

A: Analytics must be real-world. The two most popular ones we see show the shipper how well they are following their current strategies, and how much their constraints are costing them. The first is called "Lost Savings," which shows the shipper how much it costs not to follow their own strategy. The second is called "Lost Savings by Constraint," which shows how much each routing rule is costing the shipper. These two analytics help a shipper successfully implement a strategy by ensuring their Lost Savings is zero, and will show which routing rule should be examined when developing the next strategy.

SHANNON VAILLANCOURT

President & Founder
RateLinx

Q: What's the payback for investing in data analytics for logistics management?

A: The payback for investing in data and analytics can be almost immediate. We see many shippers throttle their own strategies to fit their current systems. Once you have data, it's easy to make the business case internally to make the strategic changes that are found in the data.

RateLinx | 262-264-5554
Shannon.Vaillancourt@RateLinx.com | Ratelinx.com

The Advantages of a Pop Up Supply Chain

Q: How can I keep up with volume surges with minimal disruption?

A: If you find yourself looking at a significant volume surge that is temporary, it is a good time to think about a pop up supply chain. Surges like this can put strain on the current infrastructure you have built and disrupt daily operations. This situation is a common occurrence in the automotive sector, where campaigns to repair or replace vehicle components can cause sudden surges in parts demand. If you follow your established process, you run the risk of stretching your transportation and warehousing beyond their limits, which can put your ability to service the campaign in jeopardy. It can disrupt normal operations to the point that your customers become affected and notice.

Q: Why choose a pop up supply chain?

A: It's helpful to keep in mind that you're not expanding the supply chain for a new normal velocity. Instead, you're temporarily trying to force more through the pipeline, so you want to minimize the amount of damage you do in the process. There's value in bringing in experts in a surge demand environment. Decisions will be made quickly to adjust to changes in demand, and experts accustomed to this type of environment will assist in providing sound advice. A pop up supply chain allows you to handle the surge without impacting current daily operations. And once the surge is over, your customers will never know what was going on behind the curtain.

Another component to consider is that as volume increases so does the opportunity to enhance efficiency and lower your incremental transportation costs. A solid logistics company identifies the savings potential of volume leveraging via advanced optimization technology and creative solutions that come from investing in and focusing on their core competency. The infrastructure most 3PLs have built brings flexibility to your supply chain and the ability to quickly and easily handle changing demand.

Q: What are the advantages of a pop up supply chain?

A: The most important advantage of utilizing a pop up supply chain is the increased visibility and focus. At the most basic level, this is beneficial because of the reporting and visibility a 3PL offers. This brings us back to the investment in technology and TMS platforms, which drive visibility. We understand the importance and need for advanced reporting. This understanding pushes the development of visibility tools like automated reporting engines and customized project dashboards, allowing organizations to have instant visibility, to support quick decisions for your end goals.

While it can be difficult to look outside your organization and your entrenched supply chain structure, there are clear advantages in doing so, due to the experience and resources gained from forming a partnership with a 3PL.

Unyson | 866-409-9759
info@unyson.com | www.unyson.com

STEPHEN WILSON
Senior Director, Logistics Operations
Unyson

THOUGHT LEADERS

Can Exception Management be Automated?

Q: Managing exceptions in freight settlement is, by definition, a manual process even when a shipper has a transportation management system (TMS) and freight payment/audit solution in place. Why can't exception management be automated?

A: The truth is, it can be, and to a surprisingly high degree. Significant exceptions such as large discrepancies in rates will always require manual intervention. But UltraShipTMS has perfected "tolerances & allowances" strategies and features that automate the process of identifying and screening out trivial exceptions, significantly paring back the volume of exceptions requiring manual intervention.

Q: How does this "tolerances & allowances" strategy automate exception management?

A: It allows invoices exceeding the approved cost figure – up to a specified dollar amount or percentage of the overall invoice – to pass through the TMS to settlement without triggering an exception. Customers set the amount of "wiggle room" allowed above the approved cost.

For example, a shipper can opt to allow the automatic approval/payment of invoices up to say, $50 above the approved rate. When there's an unexpected cost of less than $50 encountered during shipment –an entrance fee, stop charge, toll, etc. – these small overages pass through without triggering an exception requiring managers to manually review and approve.

Q: Do the tolerances and allowances have to be applied uniformly to all types of charges and to carriers across all lanes?

A: No. The potential charge types and line items are all captured during system implementation so they can be configured to appear in drop-down menus in the freight payment module of the TMS. Tolerances can be assigned by carrier, by lane and by line item. Allowances can also be applied to any or all carriers across any or all lanes.

It takes a bit of configuration at the outset, but it is worth the effort to boost automation levels with respect to exceptions.

Q: What does success look like when it comes to automating exceptions?

A: Our goal is to attain automation of 90 percent or better when it comes to freight invoice exceptions. In the programs where we've been able to achieve this, managers are freed from spending hours managing trivial exceptions. As a result, they have more bandwidth to focus on strategic activities and planning, and they're able to raise overall efficiency and efficacy of their TMS initiative.

UltraShipTMS | 800-731-7512
info@ultrashiptms.com | www.ultrashiptms.com

RAINER
TAUCHERT
Implementation Manager
UltraShipTMS

The Wave of New Technologies in Logistics Requires Data Management Excellence

Q: Technology seems to be having its moment in the logistics space. What do things like the Internet of Things, Big Data, and Blockchain mean for shippers and logistics providers?

A: These elements are becoming critical parts of modern supply chains because they allow companies to harness data they might already have, or incorporate previously inaccessible external data, to increase revenue. It shines a light on the actionable data that companies have been sitting on but didn't know how to use because they didn't have the right solutions to tap into it.

Q: Shippers are increasingly turning to international logistics service providers (LSPs) for areas other than just buying capacity. Are these LSPs up to the challenge?

A: The truly valuable commodity in supply chains these days is data, but it's hard for freight forwarders and NVOs to find the resources to collect and manage that data internally. In a low-margin industry like international logistics, there is limited bandwidth to throw at technology initiatives like rate management or documentation. Yet, shippers want those services more and more from their logistics providers. Anyone can pick up a phone and find space on a vessel or a truck, but the LSPs that are differentiating themselves are those that can provide true value add and actionable data.

Q: When you say forwarders and NVOs struggle with resources and bandwidth, what do you mean?

A: Not every logistics company is adept at technology development. In fact, most are better served concentrating their resources on what they're exceptional at, which is sales, customer service, and application of industry expertise. In our experience, if you can take things like systems development and maintenance or documentation entry off a forwarder's plate, that frees them up to do more things that drive actual revenue.

For instance, if you outsource the rate management process and documentation entry, then there aren't valuable resources tied to repetitive (though important and complex) tasks. Those people who would have been filing rates or searching through spreadsheets for accurate rates, can actually be in front of customers figuring out how to better serve them. That translates directly to a stronger bottom line.

RISHI PARTI

Director
Info-X Software Technology

Q: How does data management come into play? Are these things linked?

A: Absolutely. If a logistics provider is not burdened with data entry, that helps in multiple ways. First of all, as mentioned above, resources are freed up to think more creatively about serving customers, not entering data. Second, when data entry is automated, it is more accurate and more real time.

Info-X Software Technology | 646-915-0333
Reachus@infoxusa.com | www.infoxusa.com

THOUGHT LEADERS

Global Trade Network: A Strategic, Competitive Asset

Q: Why do companies have such a hard time embracing global trade management?

A: The Amazon effect is wreaking havoc on supply chains globally. Consumers are buying online from everywhere in the world and expecting delivery in one to two days. International shipping presents real challenges for suppliers and shippers attempting to keep up with the velocity expectations of these consumers. Following the traditional supply chain model feels safe and comfortable—like your favorite pair of sneakers. But over time, those sneakers wear down and stop supporting your feet as they once did. Companies are realizing they must change their mindset to remain competitive. Embracing a global trade network model removes some of the constraints that make global trade management a challenge.

In the traditional supply chain model, the supply chain is viewed as a cost center. A global trade network is viewed as a strategic, competitive asset. Gone are the days of only planning and executing the shipment booking through the delivery process. Now the attention is directed to streamlining the entire order life cycle, ranging from purchasing order management to import/export compliance in order to deliver the best customer experience.

DOUG SURRETT

Chief Product Strategist
BluJay Solutions Co.

In the old model, stand-alone supply chains were focused on internal automation for cost-cutting and time-saving measures. The problem is stand-alone supply chains still rely on partners that reside outside their system. When things change with their partners, not only are those changes impossible to see but the effects of the change create chaos. This chaos increases the cost to serve customers and forces partners to add inventory buffers into their supply chains.

The competitive advantage achieved through a global trade network is connecting partners using real-time data and speed to ensure everyone is on the same page. The interconnectivity removes barriers created from static linear processes and allows a supply chain to function as a dynamic living ecosystem where each action gets an immediate reaction to streamline processes. The cost to serve goes lower while customer service improves.

Q: Are there other advantages?

A: Another advantage to the global trade network model is the amount of actionable intelligence the network can provide to help make better business decisions. It eliminates black holes and guesswork by providing real-time data on what is happening in the supply chain. The analytics can be used to enhance optimization opportunities so companies can expand beyond their own network.

Companies interested in adapting the modern global trade network model need to start by self-assessing their current network strength. The technology to support a global trade network is available today. It's just a matter of looking at supply chain design in a new way.

BlueJay Solutions Co. | 866-584-7280
solutions@buejaysolutions.com | www.bluejaysolutions.com

Gaining Visibility Through Data

Q: Data impacts the way many organizations make decisions. Can a freight audit and payment system provide added visibility?

A: If shippers don't have valid insight, they can't make valid decisions. Data analysis and benchmarking can provide this visibility, allowing shippers to identify outliers in performance and cost. Yet most companies don't have the technology and expertise in house to effectively collect, cleanse and analyze data. That's one key reason they turn to outside vendors.

By using business intelligence tools, like those available through U.S. Bank Freight Payment, companies can benefit from a really detailed view of what freight costs they're paying for such as line haul, fuel, demurrage and toll charges. Companies can then take these insights in order to comprehensively evaluate their processes and procedures, and take the action required to prevent any issues from becoming trends. For example, are there operational changes they could make to cut demurrage charges? Is every carrier billing equally for demurrage, or is one carrier in particular ending up with wait times?

Q: Organizations today are acquiring extraordinary volumes of data. How can they be assured the data they are assessing is "good?"

A: While any company that processes payments electronically should have extensive data, if that data hasn't been cleansed it won't lead to trustworthy, actionable results. Simply put, imagine how much a cost-per-mile metric would be skewed if mileage details were missing from a group of shipments. An effective data cleansing process takes care of those anomalies, looking for outliers and duplicates, filling in incomplete data when possible and removing inaccurate data.

RICK ERICKSON
Global Director of Freight Payment Solutions
U.S. Bank

Q: Once data is collected, it's important to have a basis for comparing the information. What can companies do to establish a benchmark?

A: Benchmarking freight costs against similar shippers can be an interesting way to ensure that your costs are in line. The process for doing so doesn't always have to be formal research. It can include conversations with peers, networking and even feedback from carriers. When shippers make benchmarking—both formal and informal—part of their everyday processes, they can identify cost reduction opportunities and also determine if they're leveraging their systems appropriately.

Shippers are increasingly learning that to uncover efficiencies and forecast effectively they need visibility into their supply chains—including their payment process. And getting that visibility requires both the right data and the ability to analyze it. It's not an overnight solution, but once you're analyzing the data correctly, you can become almost systematic about how you approach controlling costs.

U.S. Bank | 866-274-5898
intouchwithus@usbank.com
freight.usbank.com