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Shopping for a Transportation Management System: Factors to Consider

Is your organization seeking to replace its current Transportation Management System (TMS) or obtain a TMS for the first time? Besides the obvious factors, such as overall cost, functionality that meets your requirements, and the ability to integrate with your current system and trading partners, below are five points to consider when shopping for a TMS:

1. Understand how the software works. Do your homework and define your requirements! Does your company need a cloud- or premises-based technology? Similarly, whether you seek an auction-based TMS, a TMS based on your preferred carriers, or a combination of both, each TMS provider you consider should have a website with accompanying marketing materials. Read the website content, including digesting any available case studies and/or whitepapers offered about similar customers' successes with the product.

Above all, be sure to view any marketing or demonstration videos the company has made about their products. If you do not come away from a marketing video without at least a cursory understanding of how the company's TMS product works, move on to stronger options with clearer explanations. If you have questions about the TMS features, be sure to reach out to your contact at the TMS provider. A strong provider will respond with prompt and thorough information.

2. Seek a partnership rather than just a product. A company with a solid website, informative videos, and detailed case studies typically will have a long history of customer partnership. Your organization will cherish this partnership when onboarding the RFP. Rather than simply choosing a "plug-and-play" TMS, consider providers who are able to understand your business' unique rules and needs. If you work in procurement for a small to medium-sized organization without a robust, dedicated IT department to onboard the product, a friendly, professional relationship with your TMS provider is paramount.

For example, should your volume suddenly escalate, you will need open and effective communication lines with a provider that can quickly and accurately respond to your

needs and adjust the product's rules. A good TMS partner will teach you how to adjust the unique rules in the future, adding to the product's utility and convenience.

3. Prioritize scalability. Similarly, the partnership you seek with your TMS provider should allow you to scale up—and down—according to your business needs. If you need to integrate the new TMS with an Enterprise Resource Program (ERP) or an existing Warehouse Management System (WMS), the TMS should be able to deliver integration with little fuss. A customizable solution is best, especially if your organization merges with another, is purchased as part of an acquisition, or simply grows in size. TMS providers with dedicated, in-house developers can respond to these needs quickly, adding features to optimize the product for your organization's needs.

4. Seek value-driven options. Consider TMS companies with cost-per-transaction pricing models. Some customizable TMS programs cost as little as \$1 to process an order. A low per-transaction cost, combined with customizable scalability and a communicative vendor partnership, equals the best value for your buck when it comes to TMS products.

5. Consider the value of quick implementation. A customizable product with low cost—what's the catch? Often, custom products require a steep learning curve. To reiterate point No. 1: "Understand how the software works," and, if possible, try before you buy. A dedicated TMS partner will take the time to demonstrate the product for you, or it will have resources you can use to try the product by yourself before committing to a purchase and contract.

The onboarding process for a new TMS should not be painful; prioritize a simple interface and the software's ability to integrate easily with your existing systems. If anything feels or looks unintuitive to your eye during the set-up process, point it out to your provider. A truly custom solution will change those screens or buttons to appear exactly how your organization wants them to appear.

Best of luck in your comparison shopping for a new TMS! When you do begin researching, be sure to evaluate each TMS equally on these 5 factors.



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Consumer Demand Helping Drive 3PL Industry Growth

In recent years, shippers have encountered new standards of velocity, market choice, and cost for their products. Consumers are demanding better variety and greater availability at the lowest possible cost.

These demands put increasing pressure on retailers, who in turn, pass that burden on to their suppliers—further increasing complexity and intensifying pressure on supply chains.

In order to meet continually changing consumer demands and expectations in an increasingly competitive market, shippers need a fast, efficient supply chain. As a result, many organizations are turning to third-party logistics (3PL) providers and enhanced transportation management technology to deliver the velocity, visibility, predictability, and control they need.

Today's Next-Gen TMS Meets Today's Supply Chain Needs

Today's supply chain requirements demand more advanced tools. Fortunately, as the supply chain has evolved, so too have transportation management systems (TMS)—now providing organizations with greater visibility and control over their supply chain than ever before.

This next-generation TMS technology provides a comprehensive, graphical view of all shipments and dynamic dashboards of key performance indicators, while also incorporating relevant information from the web, including weather and traffic alerts, to give organizations a 360-degree view of their entire transportation network at all times. Some systems can even help “predict the future” and alert shippers of potential disruptions, allowing them to proactively take steps to address those issues in order to maintain smooth operations and high levels of customer service.

Combining Technology and Industry Expertise

The need for this next-gen technology has contributed to the continued growth of the 3PL market. While 10 to 15 years ago shippers would engage with 3PLs as a means to access technology, that technology is more ubiquitous and readily accessible today.

Technology, however, is only part of the solution. I could put a piano in my home, and have noise instead of music,

as I have the tool, but not the expertise to create the music. Today's 3PLs provide a deeper understanding of the key processes that are necessary for supply chain excellence within the specific verticals in which a shipper resides. This specialized knowledge and capability is as critical as advanced technology. Furthermore, their ability to truly leverage the strength and depth of their 3PL's network of shippers is how maximum value is ultimately delivered.

Understanding and executing upon on-time delivery is a given nowadays. 3PLs are being asked to create better metrics to provide both added understanding and a deeper perspective as to what's occurring inside their business yesterday, in real time, and tomorrow. Status updates that are more timely and proactive are becoming essential in the supply chain.

True Partnership to Drive Operational Excellence

While a TMS can have a significant impact on your supply chain operations, it's not automatically going to “fix” your entire network. You need the right strategy and processes behind it. Shippers looking for technology to incorporate into their transportation operations should first take the opportunity to benchmark their network around service, customer experience, and cost. This exercise will provide specific intelligence about opportunities in their network and whether a technology solution, or outsourcing to a 3PL, is best for their business.

For shippers, a 3PL should not just be prescribing a technology for your transportation network, but must truly have the ability to offer the operational expertise and ideas for continual improvement necessary to drive supply chain excellence. Transportation optimization is more than moving freight at the lowest cost/best mode or finding a short-term performance boost; it's about continuous improvement delivered through smart, data-driven planning and efficient execution at both the lane and network level. Shippers should find a partner that has a demonstrable ability to deliver and execute throughout the entire supply chain, creating both enhanced velocity and a high level of service to customers.



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Achieving Greater Visibility and Agility

Pressure for lower FOB prices while dealing with the upward movement of production is the biggest challenge for retailers today. And all of this comes at a time when companies are under intense pressure to meet the fast-evolving demands of every-channel retail, where consumers expect a more convenient shopping experience, as well as a superior quality product.

This trend is reflected in the recent AAEI Benchmark Survey on e-Commerce, in which supply chain operators point to an increased need to accelerate time to market, eliminate waste and errors, and reduce operational and product costs – while still pushing for the lowest price. So it's not surprising that manufacturers are looking to invest in productivity and process improvement. Leaders are exploring supply chain efficiencies with tools that enable stability, cost reduction, supply chain agility, product innovation, speed and visibility. The right mix of these features will help brands, retailers and manufacturers navigate the increasingly complex challenges throughout the supply chain.

Know Your Supply Chain

It is obvious that import enforcement is rising, so companies need to be tuned in to every aspect of their sourcing, production and shipping activities – from start to finish – in order to avoid delays and additional costs. Organizations are most likely to invest in Product Lifecycle Management (PLM) software to streamline the early processes of design and product specifications, supplier management, and factory-side operations. These will certainly help to enhance efficiency during these phases of the lifecycle, but they also impact downstream activities. To achieve true agility – the power to respond to meet short notice demands – companies need to build a “glass pipeline.”

Visibility Via a Glass Pipeline

Organizations must be aware of every facet of their supply chains. From sourcing and manufacturing through transportation and delivery, visibility can prevent problems before they happen and allay the possibilities of delays and

detentions. What does a glass pipeline look like in practice?

- Innovation should be supported, and not hindered, within supply chains via increased visibility during the design and product development stages.
- Direct management of supply and demand for raw materials enables companies to make design changes based on actionable information while reducing the development cycle for new products.
- Monitoring factory production milestones with management-by-exception reporting gives early warning to missed events that impact activities downstream.
- Regulatory blockages in the form of restricted party screening, certificates of origin, and complex entry requirements can be mitigated with visibility into customer, product, and country (ship to/ship from) data. When delays and detentions do happen, agile organizations respond immediately with documentation to speed cargo release and mitigate further problems.
- Today's technology can provide unmatched clarity throughout the supply chain. Every piece of cargo is tracked and monitored electronically, and the best systems integrate all points of the supply chain into one accessible solution.

How to Remain Agile

With the unpredictability in consumer spending and market fluctuation, the best reaction is the one that happens fast, with the instant knowledge to make changes and decisions on the fly. An agile “glass pipeline” provides the highest levels of visibility, mitigates risk, and supports the rapid resolution to issues as they arise, through strong collaboration tools with every partner in the network. The most agile companies are best stationed to weather the volatility in global trade and commerce that is sure to come. Enterprise-class technology solutions that offer flexibility and visibility at every step are a crucial part of every company's playbook for 2017 and beyond.



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TMS Launches New Era: Control Tower Visibility

It wasn't long ago that top executives around the world had to be convinced why they needed accounting software to run their companies. Today it is unthinkable of any company operating without accounting software to manage their company's finances.

The importance of technology in shipping is starting to reach this same critical point for most shippers. The transportation management system (TMS) was born at a time of the perfect storm for any industry. In the United States, deregulation and adoption of computers arrived simultaneously. Shippers were suddenly able to consider multiple carriers for the same lane and use basic technology to assign carriers to shipments. The TMS industry was created with the idea to execute one critical function: Make a label to get the freight off the dock.

Thirty years later, the core functionality of TMS systems has changed very little. The current TMS market leaders operate in much the same way today as during the birth of the TMS industry 30 years ago. Many legacy technology platforms simply route the shipment to the provider according to the "rules" manually entered into a static table. Mission accomplished (get freight off the dock). Little regard is given to dynamic planning prior to the shipment nor visibility after the shipment document is created (parcel label or BOL for freight).

Shippers today are beginning to pinpoint the future functionality needed to modernize and automate their supply chains. Large shippers with complex supply chains are aware that different business units within their company are extremely isolated and operating independently across business segments. Users at one facility process shipments differently than users at another location. Executives overseeing multiple shipping locations need centralized visibility into all locations. Shippers demand centralized control and visibility of their supply chain in real time. Shippers demand a control tower.

A control tower that offers visibility of worldwide shipping across all modes of transportation, all vendors, across all business locations, down to the user level will be the objective of the next generation of TMS systems. The effects of real-time supply chain data have potential for tremendous impact upon a business. Analyzing real-time visibility of carrier performance, routing exceptions, shipping errors, customer

service, vendor compliance and freight accrual can greatly influence every aspect of a company's operations—from which vendors products are purchased from to the policies for how salespeople mark up freight. The possibilities of what can be done with live data are infinite as a business experiences real-time visibility from a centralized control tower.

Perhaps the most important benefit from centralized control tower visibility of the supply chain is the level of flexibility that comes as a result of real-time analytics and alerts. The centralized control tower allows for a robust provider network that enables shippers to become agnostic in the decision of who actually hauls the freight. Many shippers have used a singular 3PL network as their coping mechanism for achieving centralized visibility. Is one of your locations suddenly experiencing service issues to Canada? View the other providers in the market and consider "what-if" results if you had utilized services of companies not part of your currently active providers. Centralized control tower visibility makes the exclusion of under-performing providers as well as inclusion of new providers a real-time function in the next generation of TMS technologies.

The industry is entering an era where the current state of legacy TMS technology as we know it is approaching the end of its lifecycle. To further complicate the topic, most ERP companies now offer their own TMS systems, which equate to little more than simply generating a shipping document, and get freight off the dock. The gap between the needs of shippers and TMS providers' capabilities is rapidly widening by the day. It will be interesting to watch and see if the legacy TMS companies that have defined TMS technology begin to rebuild their fragile infrastructures to accommodate the artificial intelligence demanded in tomorrow's supply chains, or whether they will acquire companies with cutting-edge technology architecture as a means of staying relevant.

While the latter seems more likely, the real-time, centralized control tower demands of shippers and legacy table based label making are about to collide as existing IT infrastructures are pushed to their limits to keep up with real-time visibility of all shipping events across all worldwide shipping locations. Your next TMS will soon serve as your company's control tower with widespread visibility across all departments in your organization.