

One key step to finding answers to any logistics problem is knowing the right questions to ask.

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

More importantly, these logistics IT thought leaders can give you guidance when considering applying technology innovations to your business processes.

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Managing the Logistics Lifecycle

Q: Cloud computing has become an industry buzzword. How will this technology influence the way companies approach logistics management?

HUBERT: Enterprises have long sought solutions that deliver immediate value, are easily accessible and scalable, and require minimal up-front investment. Unfortunately, the traditional delivery models of installed software, or dedicated Web-based systems, fell short of those goals. The net effect on most small and mid-size companies was to render valuable logistics management solutions virtually inaccessible.



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Cloud computing changed all that. A “shared services” approach is the only way to bring value to every player in the market. Companies can access a full-cycle, multi-modal solution covering transportation procurement, rate management, end-to-end visibility and collaboration, and e-invoicing with international invoice validation and payment. Supplemental offerings for compliance, and sales and operations planning, round out the Logistics Management Lifecycle (LML).

Q: What innovative sustainability initiatives also increase efficiencies?

HUBERT: Sustainability and carbon footprint have been on Freightgate’s radar for several years. Shippers can seamlessly include carbon impact in their transportation decision support with multi-leg, dynamic carbon impact calculation at the execution level. Desk-level personnel can access complex carbon impact data, combined with optimized rating and routing, for day-to-day logistics decisions.

Q: How can retailers and 3PLs manage constrained carrier capacity more efficiently?

HUBERT: A capacity management system leverages rate, transit time, and allocation information to optimize carrier utilization across facilities and load ports, leading to better collaboration between carriers and shippers.

Q: How can value chain partners cooperate to create and share efficiencies?

HUBERT: As the most strategic point in the LML—the buy decision—transportation procurement provides the greatest opportunity to create efficiency. Carriers are adopting and promoting more uniform formats for quote requests, providing templates, formats and tools for their customers that accelerate the RFP process. Back-office rate tables populate RFPs in minutes instead of days. Forward-thinking carriers are educating customers on the benefits of standardization.

Freightgate goes the next step by enabling carriers to maintain shipper rate data through secure, controlled access. We give customers straightforward tools to import RFP data and export responses/awards to and from their back-office systems, regardless of the format.

Shared efficiency results from end-to-end supply chain visibility. As simple as it sounds, fewer empty miles mean lower transportation costs and reduced carbon emissions. Our collaborative last-leg management expands the efficiency footprint to include better labor planning, and demurrage/detention avoidance.

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The Perfect Time to Optimize Labor Management

Q: A confluence of issues related to rising fuel costs, compliance challenges, and lost capacity is currently impacting the logistics industry. Why is now the perfect time to optimize labor management?

O'CONNOR: Driver shortages, rising fuel prices, and legislative changes related to Hours-of-Service (HOS) and Comprehensive Safety Analysis (CSA) are increasing operating costs and will potentially further decrease capacity. To maintain a competitive edge, it is important to have an accurate accounting of costs by customer, order, or task, and to gain real-time visibility into labor performance. A comprehensive labor management solution that automates processes such as hiring, time and attendance, and scheduling can help control costs, minimize compliance risk, and improve productivity.

Consider the cost of hiring a replacement driver in terms of lost capacity and direct hiring costs, for example. With advanced hiring solutions, you can automatically and accurately source, select, and on-board so you can significantly reduce the time it takes to hire, as well as improve your workforce quality. Additionally, accuracy in time tracking and scheduling can help control labor costs by controlling unnecessary overtime and shrinking payroll inflation. You can also automate all safety and attendance policies, and use automated

service. Typically, logistics organizations have great visibility into the movement of goods throughout the warehouse or channel. But two key visibility challenges can affect both service levels and profit margins: labor costs and labor performance.

Labor costs exceed 50 percent of a typical operating budget. Unseen and uncontrollable labor costs can have a significant impact on profit margins. Idle or underutilized workers create non-value labor expenses, and for a \$10-million payroll, just five percent in non-productive time wastes \$500,000 annually. If you can't understand how paid time is spent—for which tasks, when, and by whom—then you can't see or control your true labor costs and the causes



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certification tracking to ensure employees have the correct, up-to-date skills and certifications.

Finally, labor management solutions support lean initiatives so you can increase the capacity of your existing workforce and encourage pay-for-performance initiatives.

Q: What are the pitfalls of lacking visibility into supply chain labor?

O'CONNOR: Bureau of Labor statistics state that two-thirds of logistics workers are drivers or material handlers, roles that directly impact quality and

behind margin variances.

Visibility empowers you to respond effectively to unexpected situations affecting labor performance, such as sudden spikes in demand, unanticipated orders, and labor fluctuations. Labor management tools provide real-time dashboards so you can match people against the orders or shipments you are fulfilling, identify which orders are under- or over-staffed, and reallocate labor instantly.

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Technology Provides Visibility into Global Supply Chains

Q: When managing global transportation, how do advanced Software-as-a-Service (SaaS) transportation management systems (TMS) compare to traditional installed-based rivals?

AHEARN: As more companies expand overseas and offshore, managing transportation is quickly becoming a challenging factor of globalization. With a true SaaS TMS, multiple organizations—including vendors, carriers, and shippers—are able to work collaboratively in a single instance of the technology.

In addition to collaboration, true SaaS models

which is why SaaS models are becoming the growing preference among industry experts and transportation professionals.

Q: How can companies improve their global supply chain by leveraging technology?

AHEARN: In a volatile global transportation market, companies must be able to scale infrastructure quickly and efficiently based on changing business needs. With true SaaS models, functionality, users, and applications can be added or deleted to adjust the solution for a more efficient and cohesive supply chain. By centralizing control of the transportation process, companies are able to proactively address shifts in the supply chain.

True SaaS technology not only allows companies to manage the execution side of transportation, but also greatly enhance the planning side and, in turn, all links of the supply chain. In addition, the unique value SaaS-based solutions generate is the ability to leverage a community, such as the LeanLogistics Transportation Network, which empowers companies to improve overall supply chain management in a collaborative environment.



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give organizations an ideal cost structure, allow visibility across the entire supply chain, as well as provide scalable, flexible, and efficient processes. This enables companies to reduce costs, improve services, and gain complete visibility into their entire transportation process while abiding with the processes and regulations of different countries.

Furthermore, the connectivity provided across multiple partners in a SaaS model makes visibility a natural outcome. Traditional installed software is built with single user architecture in mind. Installed TMS solutions don't provide the visibility, centralized control, or collaborative benefits of a true SaaS platform,

Q: What advantage do companies receive from being part of a transportation network?

AHEARN: Gaining visibility to data is the primary benefit to having access to a network. For example, members of the LeanLogistics Transportation Network have unbiased access to transportation data, such as rates, carrier performance, and transit times, to strategically improve performance by providing an industry frame of reference beyond historical company-only data. By accessing network data, companies benchmark with better business intelligence, allowing smarter decisions for continuous improvements.

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Cloud Computing: Think Globally, Leverage Locally

Q: What are the elements of a successful cloud-based logistics IT solution?

HEIMBECK: The “cloud” means different things to many people. I think of it as a highly structured, shared working space with three dimensions that work harmoniously to create a productive alternative to our current bricks-and-mortar-based method of doing business.

The three dimensions are:

1. A Web-based system that uses low-cost, hyper-lightweight global telecommunications to extend the reach of a single computer server to any place in the world that has electricity and telephone connectivity, even cell phone connectivity. This brings everyone within an organization—agents, vendors, and customers—into a single global environment.

2. The system on the cloud needs to be an end-to-end business solution so that everyone in the organization has functions and roles in the solution.

3. A cloud-based solution should tie users to other essential services such as Customs, carrier portals, insurance companies, and financial institutions. Participating in a cloud-based solution means not having to build these connections yourself.

Q: Why do you think international logistics is particularly well-situated to benefit significantly from cloud-based computing?

HEIMBECK: No other industry is as geographically challenged. International logistics requires many more parties than domestic-oriented companies to work together seamlessly to deliver a single deliverable. Imagine if an assembly line had to stretch across continents or oceans. Yet, in many ways, logistics is the assembly of pivotal information and command sets that represent and create the digital picture of a shipment. Each participant has to hand off key information to the next all along the line until the shipment is delivered at destination. This means across time zones, cultures, and languages. In the United States, logistics providers manage business from origin to destination because there are only three time zones, everyone speaks English, and all that is required is to pick up the phone and go to work. International logistics does not work that way.

Q: What are the biggest stumbling blocks when companies elect to go on the cloud?

HEIMBECK: They want to keep working locally and thinking locally. “Cloud” computing means thinking globally, leveraging locally.

Q: Where are the biggest productivity gains?

HEIMBECK: The two biggest gains come from not having to re-key data, and not having to fix problems well after the point when making the fix would have been easy or inexpensive or both. Problem-solving comes a large part from visibility. Spotting a problem early on can be the key to making quick interventions that avoid penalties, costly re-routes, or time-consuming alterations. Traditional systems have built-in time lags that create opaque environments where everyone hopes that the job is being done right on the other side. Simply put, “you can’t really manage what you can’t see.”



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What Makes a Great TMS?

Q: The transportation management system (TMS) market is growing rapidly. What is driving this activity?

COMRIE: Growth is coming from both shippers and logistics service providers. 3PLs are recognizing opportunities where they can affect change within their organizations by adopting TMS solutions that have more robust functionality. They now view transportation management technology as a means to differentiate their value proposition in the market and win new customers. TMS is no longer a back-office function.



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3PLs abandoning existing TMS applications that they sank a lot of capital into demonstrates the value they place on transportation management and the quality of solutions currently on the market.

For shippers, the TMS market is finally coming into its own after 10 years of people saying it was low-hanging fruit. Senior management now sees the importance of transportation and the value of a TMS. With greater visibility, shippers understand how they can leverage this information internally as opposed to just outsourcing everything.

The bottom line for TMS buyers today is that it's no longer a matter of cost. It's about generating top-line revenue.

Q: The Software-as-a-Service (SaaS) deployment model has received a lot of attention because of its fast implementation and relatively low cost. Is the on-premise install out of fashion?

COMRIE: No, we're seeing quite the opposite effect, in fact. Increasingly, shippers want to own and control software rather than have it hosted. As they become more sophisticated in terms of how they manage their supply chains, they can exploit information to extract greater value. With SaaS deployment, users lose that ability to mine and manipulate information that allows them to react to and execute change in a more sophisticated way.

It really boils down to preference. If buyers are looking for a transactional, no-strings-attached TMS, then SaaS is an ideal fit. But if users want the flexibility to configure a solution per their specific needs, strategy dictates an on-premise approach.

Q: What should shippers and intermediaries be wary of when evaluating TMS options?

COMRIE: The two primary concerns are ease of integration and data security. Shrink-wrapped TMS applications are common, so prospective buyers need to conduct proper due diligence when comparing different options. Can you make changes easily? Will the TMS properly integrate with an ERP system? In transportation, and when vetting TMS applications, the devil is in the details.

The second consideration is understanding where data is captured and stored. With SaaS solutions, the user usually can't directly access the database where their data is stored. This prevents the customer from using its own reporting or BI tools directly with its own transportation data. It can also be an issue with data security, as the safest place for your data is behind your own firewall.

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