The Advantages of Implementing a Simplified TMS

An in-depth look at the value of Transportation Management Systems (TMS) and how scaled-down/simplified versions of TMS fulfill the needs of customers that don’t necessarily need a full-blown, full-price version of the software.

Introduction

Operating in an increasingly complex logistics world, today’s companies need every advantage that they can get their hands on to help them work smarter, better, and more efficiently. With customers becoming increasingly more demanding and the need for better supply chain visibility continuing to present challenges for companies, the technology platform known as the Transportation Management System (TMS) plays a key role in helping shippers overcome these challenges and thrive in a competitive environment.

As a comprehensive solution that’s used to plan freight movements, do freight rating and shopping across all modes, and select the appropriate route and carrier, TMS is offered up as a traditional purchased license, a hosted license (cloud-based or Software-as-a-Service), on-premise hosted licensing (a hybrid approach), or pure hosted (no licensing). The TMS identifies the efficient transportation approaches according to user specifications (cost, lead times, etc.), executes transportation plans, manages follow-up on physical shipments, and generates data that’s used to make more efficient transportation decisions.

In this white paper, we’ll explore the true value that TMS provides in today’s competitive transportation environment, review the key challenges that organizations can expect when implementing a TMS solution, and show how a “simplified” TMS can help overcome those challenges and offer a fast, easy, and affordable implementation.
Today’s TMS helps shippers move shipments from origin to destination in the most economical and logical manner possible. Key challenges like empty return trailers and/or half-loaded containers can be avoided thanks to the technology, which appropriately identifies the best possible scenarios and then delivers that information to dispatchers in a dashboard-like format. Traditional tools such as phone calls, pieces of scrap paper and fax machines have become virtually obsolete thanks to TMS, which automates the entire transportation process.

Additional advantages that a TMS provides include:

• Better supply chain reporting and analytics
• Selection of carriers based on transit times, shipping costs and other important parameters
• Improved warehouse efficiencies
• Decreased data entry errors and less time spent fixing mistakes
• TMS can be combined with WMS to gain better, more expansive supply chain visibility
• Reduced inventory and greater confidence in the fact that customers are receiving the right shipments on time
• ERP integration to minimize data input by planner
• The list goes on...

“When a company installs a TMS, the savings expectation is about 8 percent for most industry verticals.” That means that the company that spends $100 million annually on freight can invest, say, $1 million to $2 million in a TMS and can expect to save an average of $8 million in freight costs. “That’s a pretty good return,” said Banker.

BUT TMS is not right for everyone...

Unfortunately, getting to the point where a TMS is delivering on its promises isn’t easy for all shippers. While there have been numerous well documented examples of companies that have achieved significant results by installing a licensed TMS, some firms find that the upfront investment, implementation time, and training involved with such implementations never translate into the return on investment (ROI) that was promised and/or expected at the project’s outset.

“A good first step for companies is to sit down and figure out whether they actually need a full-blown version of a TMS—Or not,” said Odyssey Logistics’ Web Integrated Network (WIN) Vice President Patrick Carr. “Through that exercise a good number of shippers will find that, while certain TMS components and modules will deliver important benefits for their operations, in the end many of the tools found in a complete solution may go unused.”

“TMS is one of those applications that has good payback,” said Steve Banker of ARC Advisory Group, in Supply Chain Technology: 2014 State of TMS—Cost reductions and ROI continue to soar.
According to *Logistics Management*, companies that are considering purchasing a TMS system are looking for fundamental functionality including routing and scheduling (73 percent of respondents identified this as their top goal), routing and rating (68 percent), carrier selection and load tendering (55 percent), and shipment consolidation capabilities (55 percent). Most TMS can do these things, but their price tags include other features that may be of less value to the shipper, some of which they may never utilize. That’s where alternative systems, such as Web Integrated Network (WIN), come into play. WIN offers a single platform for the following TMS functions: an online rating tool, spot quote comparisons, load tending, tracking, and ad-hoc reporting – and all of WIN’s functions are available at no cost to the shipper.

Put simply, shippers get the key features they need without the price tag for features they don’t need.

Consider, for example, the global performance materials manufacturer that wanted to centralize management of its 23 different transportation sites, save money on its annual freight bill, and increase compliance in an environment challenged by autonomous transportation procurement and little or no data visibility. By centralizing procurement and standardizing business processes, data visibility, and reporting with WIN, the manufacturer is now leveraging an automated environment and realizing a 9 percent cost savings that is on track to hit double digits over the next few months.

Working closely with the manufacturer, WIN designed disciplined work processes that generated efficiencies and allowed robust data capture, performance monitoring, and reporting. “Reining in transportation costs and getting a handle on where our spend was going were two of our most pressing needs,” said the firm’s Global Logistics Manager.

“Accomplishing that in such a siloed environment required the pricing leverage and expertise offered by WIN and its vast supplier network.”

Because WIN is a community of shippers and carriers that optimize freight movements, the solution simplifies companies’ daily transportation management activities while providing them with immediate savings. There’s no full-blown, licensed TMS to invest in, no expensive hardware infrastructure to purchase, and no valued internal IT resources to spend, and there are no subscription fees, no transaction fees, and no management fees. Instead, WIN’s cloud-based system allows users to get up and running quickly and only on the components that they actually need to work smarter, better, and faster in today’s transportation environment.
About WIN

WIN helps shippers achieve benefits that they want out of TMS, according to a recent Logistics Management survey …

- Improve visibility
- Win new business
- Real-time control
- In-house integration
- Compatible with existing systems
- Don't want/need full-blown TMS
- Avoid potential disruptions during transition
- Avoid disparate systems
- Avoid integration challenges
- Avoid onerous implementation

…while helping shippers overcome the key TMS implementation challenges that keep them from realizing the full value of such systems, such as:

- Security concerns
- Privacy concerns
- System reliability concerns
- Fear of loss of data integrity
- Distrust of their software provider

WIN's easy-to-use toolset provides all the essential features needed to simplify daily transportation management activities and is integrated with automated network services and offers immediate global network freight savings. The WIN client services team establishes the carrier network within WIN and then actively monitors that network to keep it optimized.

About Odyssey Logistics & Technology

Recognized by Inbound Logistics as a Top 100 3PL Logistics Provider for ten consecutive years, Odyssey Logistics & Technology Corporation (Odyssey) is a global logistics provider with innovative technologies to deliver thorough, high value logistics strategies to customers with diverse and complex transportation needs.

In addition to fully managed logistics services, Odyssey also offers individual 3PL logistics services that include truck brokerage, intermodal transportation, customs brokerage, freight forwarding, facilities management, sample and small order distribution, and more. Odyssey's WIN (Web Integrated Network) offers a scalable technology solution with an accelerated deployment and fast time to value.

To learn how WIN can help your organization optimize its transportation network and save money without having to invest in a full TMS, please visit www.gowithwin.com or call OL&T today at 866.487.7481.

WIN (Web Integrated Network) is a product of Odyssey Logistics & Technology Corporation

39 Old Ridgebury Road, Danbury, CT 06810
(p) 855.412.0199 (f) 203.448.3901
www.odysseylogistics.com

© 2015 Odyssey Logistics & Technology Corporation