

Transportation Management Systems

How to ensure immediate functionality without sacrificing long-term success

The Transportation Management System (TMS) marketplace has changed dramatically in the last few years, opening the benefits of such systems to small and mid-sized companies. The TMS market should see double-digit increases in 2011 with a steady growth rate over the next five years.¹ Companies looking to choose a system tend to think in terms of immediate value and may not look into long-term functionality. But will the TMS still work in five or ten years when your market, product, customers and shipping needs have changed?

Fortunately, this doesn't need to be an either/or proposition. Here are some things to consider that will help guide the selection of a TMS that provides value both now and in the future.

What's Available?

There are two main types of transportation management systems available.

1. **On-premise license.** A company buys the software and license, installs it, then maintains the technology itself or through annual software and support licenses. This option can take more time to implement, will necessitate training for your employees with the new technology and will require updates over time.
2. **Software as a Service (SaaS).** In more recent years, this platform has been referred to as "cloud" computing. With SaaS, a company uses the TMS on the vendor's servers. This option has the advantage of costing less upfront, being easier to implement and not requiring future upgrades. It also gives you the option of going in-house with the TMS later.



44% of businesses looking to optimize their logistics plan to invest money on electronic transportation management solutions.¹

Either way, a shipper shouldn't accept a one-size-fits-all approach. Transportation Management Systems should be scalable and flexible enough to integrate with ERP, MRP or other enterprise systems without becoming an IT nightmare.

Expect Horsepower

A transportation management system adds a great deal of horsepower to shipping operations. First and foremost, it aids in planning and decision making in the transportation and logistics functions. It also provides in-route visibility and allows the shipper to monitor the progress of shipments. A TMS also gives shippers a powerful way to institute continual improvement initiatives by providing measurement capabilities. Metrics can be very granular, leading to better understanding of profits per customer, SKU, distribution center and more. Finally, a TMS ensures capable collaboration between suppliers, carriers and customers, strengthening business relationships.

Immediate Functionality

The TMS should naturally be a day one solution, providing immediate functionality and leading to operational efficiencies. Here are seven things that will help you make sure the TMS meets your requirements out-of-the-box.

1. Decide what problems or areas of inefficiency within the company the TMS can address, whether that means expanding market share, increasing revenue or reducing transit time
2. After deciding what issues the company will tackle, understand all the business areas a TMS can help
3. Find a C-level champion. An executive sponsor that gets behind the solution will inevitably move the project along faster and improve its success



4. Understand key metrics that will be affected by the TMS such as cost per pound, service levels and cost per mode. Benchmark the as-is and the current state of the business so that you will have a baseline to compare to future performance
5. Seek outside help. Talk to vendors who have expertise about what transportation management systems are available. Find partners who take a consultative approach – not just vendors looking to sell their system
6. Set goals. Choose a realistic date for implementation and map out progress markers. Communicate progress internally and regularly in relation to the markers
7. Expect unforeseen problems. Rely on the vendor's expertise and make sure to train employees in how to use the TMS

Not only will these simple guidelines help you choose a TMS that runs smoothly upon implementation, it will go great lengths to pave the way for long-term success.

Long-Term Success

The TMS needs to be a day one solution, but it's critical to be a day 2,001 solution as well. There are two simple keys to consider for long-term success: **Scalability** and **Flexibility**. In other words, the solution should be as big as you need it to be right now, but nimble enough and customizable to fit your company's needs in five to ten years. Those needs should be easily identifiable by asking some key questions.

Ten years from now...

- What will the business look like?
- Where does our revenue streams come from?
- Are we in growth mode, declining or flat?
- Is there a new geographic market for our product?
- Do we manufacture different products?
- Where are our suppliers located? Where are their suppliers located?
- Will our ERP software and warehouse management systems need to be upgraded?

Make sure that the TMS systems and customer support can accommodate your stretch goals. Don't hope the TMS fits with your ten-year vision. Plan for it.

Return on Investment

Now the inevitable question: how much will a transportation management system cost? Software can cost up to six figures for a fully integrated deployment, but depending on your requirements it's possible to choose a TMS with simple rating and routing functionality at no cost. Even a free solution of this kind brings unparalleled value to shipping departments by reducing inefficiencies, automating simple tasks and making it as simple as possible to find the lowest-cost transportation options.

In either case, it's important to clearly communicate all requirements to vendors, and make sure they can offer an ROI analysis to help guide purchase decisions.

Six most commonly requested TMS functions include

Bill of lading printing
Visibility into rate shopping
Tracking and tracing
Rating and routing
Load optimization
Dock planning

Optimize for Mobility

As mobile technology allows for greater flexibility and productivity, it's important to include this into your planning. Start by auditing the front-line functions of your operations to see if there are any activities that require an employee to use their computer, but would take less time if they can do it remotely. This can save valuable time from warehouse and shipping managers traveling to a computer. It will also cut down on the interruptions in their day.



Activities such as transportation procurement, tracing and tracking shipments, and many other things can be accomplished on smart phones, net books, iPads and other mobile-computing devices. Make sure TMS providers can accommodate your operations through robust mobile applications. Remember, flexibility and scalability are keys to long-term success. Giving yourself a mobile option now will make you better prepared for what lies ahead.

Put it Together

Companies looking for a transportation management system should put equal weight on short-term functionality and long-range goals. The ever-changing landscape of global markets and the supply chain systems that link them doesn't make this an easy process. Asking the right questions and do your homework up front by deciding what you want the TMS to do, understanding key metrics, setting realistic goals, seeking outside help and predicting where your business will be in 10 years will lead to a solution that provides a long-term return on your investment.



About HA Advantage

HA Advantage is a leading freight-management and financial-reporting company. Leveraging a new in-source logistics model and proven business processes, HA Advantage combines web-based technologies and a proprietary tariff to create substantial bottom-line improvements for small- to medium-size manufacturers and wholesalers. The AdvantageTMS™ transportation management system provides customers with a scalable, web-based solution that allows for smarter, faster transportation decisions and includes a robust mobile platform available for iPhone, iPad and Android devices.

1 – “Transportation Management Systems: Meeting the Challenges and Obtaining Results.” Published by MercuryGate. January 2011.



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