



Is it time your company looked at an on-demand TMS system?

While Transportation Management Systems (TMS) software has been around since the early 90's, demand among shippers and 3PL's has been on the upswing in recent years.

TMS packages typically provide routing, shipment and appointment scheduling, consolidation, carrier selection, payment settlement, visibility and event management. One of the developments fueling the growth in demand is the advent of "pay as you go" or "on-demand" TMS systems. The growing popularity of this model is evidenced in a recent study from the Aberdeen Group that highlighted that 40% of interested respondents plan to seek an "on-demand" solution.

What are the benefits of the "on-demand" model? Small and medium-sized shippers and 3PL's can avoid the large (\$1 million) up front payments and extended implementation processes associated with the traditional "license and install" model and be up and running on a web based system in a matter of weeks. "On-demand" systems also require fewer "in house" IT resources during and after implementation. The Web-based architecture combined with role-based security allows information within the TMS to be available to a broad range of business partners. For smaller 3PL's, these systems allow them to provide their customers with all of the functionality offered by the industry giants.

How do you go about acquiring an "on-demand" TMS system? Ken Kearney, logistics and inventory manager at Chatsworth Products, New Bern, North Carolina mentioned that their starting point was to assemble a cross-functional team to define the business requirements. His advice is to "make sure that each member of the team is fully familiar with the business

requirements (information plus business process) of their department and that every member of the team is in the same location." Once you have defined your business requirements, you can evaluate how well suppliers support your information and business process needs. Chatsworth Products moved from process design to a hosted TMS implementation (of certain basic functions) in a two-month time frame.

Peter Eadie, director of business development/logistics at the Irving Logistics division of Irving Transportation, Saint John, New Brunswick, suggested that the TMS vendors arrange site visits to customers actually using their software in a similar fashion to your business requirements. This allows you to see the software in action and speak with users to gauge their feedback in important areas such as usability.

Lee Karlinsky, director, business marketing at Descartes Systems Group, Waterloo, Ontario, an "on-demand" TMS provider, suggested that a purchaser should not "start the process by reviewing solutions and issuing RFP's. Spend the time identifying the business issues you are looking to address and quantify and rank the value associated with them. Identify the quantitative success factors by which a TMS project can be measured over the course of use".

Rob Cook, VP Client Services, MercuryGate Systems, Raleigh, North Carolina, another "on-demand" TMS vendor, suggested that "potential TMS buyers should ensure the package has a robust settlement process. Automation of freight bill payment activities can have a significant impact on streamlining the payables side of the business. Since the TMS will house the carrier tariffs and produce an electronic bill of lading, the TMS should have a 'match-

pay' process of matching freight bills to within certain tolerances of the rated bill".

What should prospective buyers look out for? Lee Karlinsky suggested that buyers should avoid "buying based on the longest list of feature check boxes instead of the overall best fit based on the balance of usability, sustainability, reach to the carrier community and the functions that address your pain points". Rob Cook expressed a similar view. "Acquiring a TMS application should be viewed as a strategic purchase. The company must involve not only logistics but also customer service and finance. A blunder some companies make during the acquisition cycle is not involving these two important groups".

What do you do to ensure a successful implementation? In Cook's view "the number one mistake most companies make is not defining a complete set of business requirements. A successful implementation must follow a formal methodology that includes business requirements, system requirements, gap analysis, solution design, testing and training. Another mistake a company can make is trying to modify the TMS to follow existing business practices rather than adhering to the workflow that is part of the application".

In response to this question both Kearney and Cook suggested the requirement for a sound project plan, committed resources and 30, 60, 90 day deliverables. Develop a well thought-out project plan, select a cross functional team to define your business requirements, match your needs to the products available, participate in product demos and site visits, conduct a phased implementation, train your people effectively and you are on your way to a successful "on-demand" TMS implementation.



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