

Which TMS is best for you?

The offerings are many, but they're not all created equal.
A new TMS Vendor Survey helps you make the right selection

By Jim Papineau, Dan Goodwill & Associates

As economic indicators improve, there is growing interest among carriers to restart some of their infrastructural systems improvement projects that had been postponed due to cost cutting. A typical question is simply, "What TMS (Transportation Management System) should I buy?"

In general, carriers and other transportation service providers are having a difficult time finding reliable, objective information about TMS vendors and the nature of their products. Web searches and Web site visits do uncover a wealth of alternatives, but since they are heavily marketing- and sales-oriented, carriers are often not sure they are looking at information relevant to themselves.

Each carrier has unique needs and business plans and until those are fully understood, no informed TMS selection decision is possible. A great TMS solution for one carrier may completely miss the mark for another when it comes to capabilities and cost/benefit.

Recently, Dan Goodwill & Associates conducted a survey as a response to the growing interest among carriers to start the TMS investigation process. The objective was to catalogue a number of carrier-oriented TMS vendors plus an outline of their product offering in an impartial, non-ranking manner. The result is a baseline of vendor and TMS facts which, coupled with a carrier's business needs, will permit a more timely and confident move from the "Where should I



start?" phase to the "Let's call the appropriate vendors" step.

The survey focused on:

- Current TMS vendor contact information
- Size, location, any particular industry focus or specialty, etc.
- Transportation modes supported, core operations and administrative functionality
- Deployment architecture (Web, SaaS, stand-alone, etc.)
- Hosting options
- Specific hardware or software requirements
- Pricing ranges and structures
- Version releases and user groups

The survey methodology started with a search of Web sites, publications and industry contacts to develop a list of TMS vendors to contact. Examining Web sites revealed

that simply pulling information from these sources would not provide a complete and objective picture since all of them contained strong marketing messages designed to promote buying interest. Several vendors acknowledged that their Web sites do not contain comprehensive, objective information about their TMS products.

To address the shortcomings of Web sites as "fact" sources, the survey involved personal or phone interviews with each vendor employing a structured questionnaire of 131 questions spanning 19 categories.

Fifteen vendors representing 18 different TMS products were targeted, however not all were successfully

interviewed. Although six did not respond (none actually refused), they will be included in subsequent annual survey updates. In the meantime, where public data was available, reliable and comprehensive, it was included in the survey.

The following vendors were all included in the survey – although those not directly interviewed were not included in some of the more detailed conclusions:

Accord Software
Carrier Logistics
CSI Road
CXT Software
Degama Systems
Enaptive
Express Technologies
Accellos
McLeod Software



Technology Solutions

Melton Technologies
 ODATA
 Computac
 Tailwind Management Systems
 TMW Systems
 Trinium Technologies

Fresh food	75%
Dry, packaged food	92%
Livestock	17%
Liquid bulk	33%
Dry bulk	50%
Oil field	42%
Flatbed – worksite, etc.	50%
Drayage	67%
Small parcel	8%
Retail/home delivery	25%

Overall, the interviewed vendors (representing 12 TMS products) averaged 20 years of experience in the industry with the longest being 38 years and the shortest five years. The number of client installations ranged from just a few to one vendor with 3,000. The median number of client installations was 78. In terms of geographic scope, 10 out of 18 TMS products were suitable for North American carrier operations – only one was strictly Canadian. Others were just US (four) and three could support global carrier transportation operations.

An interesting finding was that 50% of vendors have been involved in merger and acquisition activities and acknowledged a trend towards consolidation and concentration of skills and expertise.

Vendors generally attempt to develop TMS products that are suitable for carriers involved in a wide range of client industries, products and services. However, they do not all have the same level of experience across the spectrum. Survey responses showed that most have experience in the common industries and services such as CPG (Consumer Packaged Goods), refrigerated products, packaged food, auto parts, etc. Bulk goods and flat-bed transportation, worksite delivery and finished vehicles transport services were less known among the TMS vendors, while small parcel and home delivery were the areas of least experience.

Specifically, industry experience among the TMS products showed the following distribution:

Auto parts – assembly	83%
Auto – finished vehicles	42%
CPG	100%
Refrigerated goods	92%
Pharmaceuticals	50%

Of the 131 questions asked in each interview, 37 focused specifically on TMS application functionality. The objective was to obtain profiles with respect to detailed operational support such as order taking, local and line-haul dispatch, equipment management, fuel tax, driver settlement, etc. as well as the administration tasks such as rating, billing, shipment status visibility, sales tracking, EDI, management reports and financials. These basics, and many others, are covered in different ways by 90-100% of the TMS products. However, functionality such as pallet control, route optimization, fleet maintenance, customer service issue tracking, and cross-border interfaces were less common – some were supported by as few as 50% of the surveyed TMS products. With this in mind, it is most important for a carrier to have an objective understanding of its needs and business plans in order to determine which available functionality is critical, good-to-have or not important before selecting a TMS solution.

Forty-two percent of the TMS products include an integrated financial suite spanning accounts receivable, accounts payable, general ledger, etc., however, 100% (including those with these capabilities) do support integration with external financial applications. This is important since many carriers will have a financial management and reporting solution already in place and do not need or want another one.

Carriers tend to specialize in certain modes of transportation even though some may offer their clients services covering LTL,

TL, intermodal, and small parcel. TMS products are the same: some are oriented towards certain modes more so than others either by design or as a result of their “starting point” when the product was first being developed. LTL and TL are the most widely supported modes across all TMS products – close to 90%. The rest of the modes and services such as intermodal, rail, courier, ocean, air, and drayage are significantly more specialized among the TMS products. While intermodal and reefer services are accommodated by 67% of respondents, all other mode and service categories (besides LTL and TL) were familiar to less than 40% of the vendors – some, such as air and ocean, were at 17% and 11% respectively.

Carrier complexity is an area most TMS products support well. Multi-site, multiple divisions and companies as well as multiple weight metrics (pounds and kilos) were supported by 100% of the products. Multiple currencies are slightly less at 83% while 50% of the products only support English.

Deployment models were interesting – all vendors offered products that could be licensed, installed and operated by the carriers. Sixty-seven percent of the vendors offer hosting on behalf of the carrier, or a carrier could achieve the same result using a different party to host the TMS application – this is commonly known as an ASP service (Application Service Provider).

The current industry buzzword in hosting is “SaaS” (Software-as-a-Service) and 42% of the TMS products surveyed are available in this fashion over the Web. Every one of these vendors confirmed that their use of the term “SaaS” means that the TMS application is the same version for each client. This is an important distinction between licensed or traditionally hosted applications (ASP) which allow for varying degrees of customization for an individual carrier. Therefore, carriers attracted to the SaaS alternative by the prospect of quick implementation and low cost per transaction, should be certain that they do not need unique functional flexibility and



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feature control. The SaaS model is evolving to include powerful set-up tools and carrier-specific workflow configuration, but they are not all there yet. Once again, a carrier's needs must be clear before choosing a deployment model that is right for the business.

TMS pricing models all allow the purchase of application modules rather than the entire TMS package. The actual price structures vary widely, but often include a base component plus a declining "per-user" fee based on the number or type of users on the system. Often the user fee reduces at thresholds such as five, 10, or 20 users. It is difficult to generalize across implementation scenarios, but a ballpark cost per user is about \$2,500. Other factors such as modifications, training, implementation services, and integ-

ration programming will give each TMS deployment a different Total Cost of Ownership.

The average annual maintenance fee for licensed software (carrier, vendor or ASP hosted) is 20% of the license price. SaaS pricing has no extra maintenance fee and is typically based on a per-user rate, but 33% of the vendors also use another pricing metric such as shipments, transactions, and vehicles to align their hosting and communications costs with the value of the SaaS service they provide. In these cases, the SaaS pricing may be very different from one carrier to another.

In summary, the survey confirmed that numerous TMS vendors collectively exhibit solid industry experience spanning diverse modes and functionality capabilities. It also confirmed that there is diversity among the

TMS products in terms of deployment, operations or administration orientation and specialized capabilities such as route optimization, advanced management reporting and dashboards.

The most important differentiator between the available TMS products is the carrier itself, in terms of its specific needs. The TMS choices are certainly not all equally suitable, but starting from a careful inventory of carrier requirements, a suitable TMS selection is possible and likely. The survey confirms that excellent candidates do exist for most carrier requirements.

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