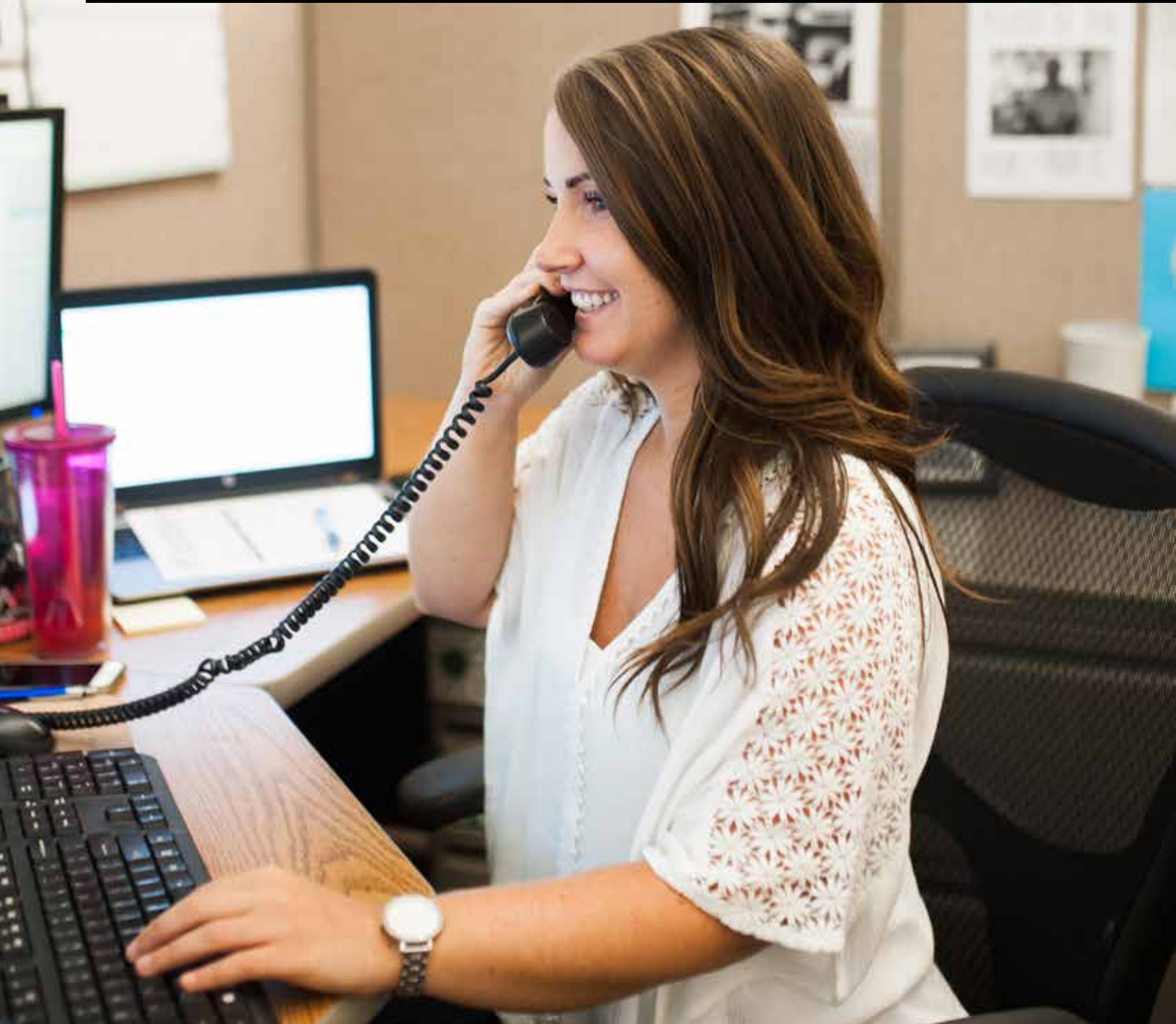# HESITANT TO UPGRADE?

DEBUNKING POPULAR "MYTHS" ABOUT TMS

INTRODUCTION: WHY TMS?

Most companies have turned away from the pencil-and-paper method of operating business, thanks to major technological advancements in the logistics world, but some are hesitant to jump on the "automation bandwagon" with managed transportation solutions.

In the last year, Transportation Management Systems (TMS) have made leaps and bounds in offering visibility to users' supply chains. While there is growth in the small- to mid-sized companies, those with $1 million to $20 million in annual freight spend, that choose to implement a TMS, less than half of all organizations use managed transportation solutions to handle their freight and supply chain activities.

> "Recently, we've seen about 15% growth in TMS usage within the small-to mid-sized businesses market due to the fact that most TMSs are now available in the Cloud and on a subscription based model."
>
> -Bart De Muynck, Research Director for Gartner

There are many reasons why so many companies in this bracket have not transitioned from manual to automated processes, or chosen to outsource their freight, so we wanted to tackle a handful of them. In this whitepaper, we'll outline the power of a people-centric transportation approach and give your business the right tools to determine the best fit.

TOP 5

REASONS COMPANIES HAVEN'T TAKEN THE AUTOMATION PLUNGE

Survey a group of small, medium, and large-sized companies and you'll find a wide array of reasons why they haven't considered a TMS or aren't currently using one. Being displeased with a previous TMS provider, having a fear of technology, and the amount of time required to learn how a TMS functions to get true value are among some of those reasons.

Whatever the cause, we want to debunk any TMS myths with a people-centric approach to managed transportation solutionsaa. The right people will explain and ensure a system is executed and functioning correctly to deliver continuous value to your supply chain.
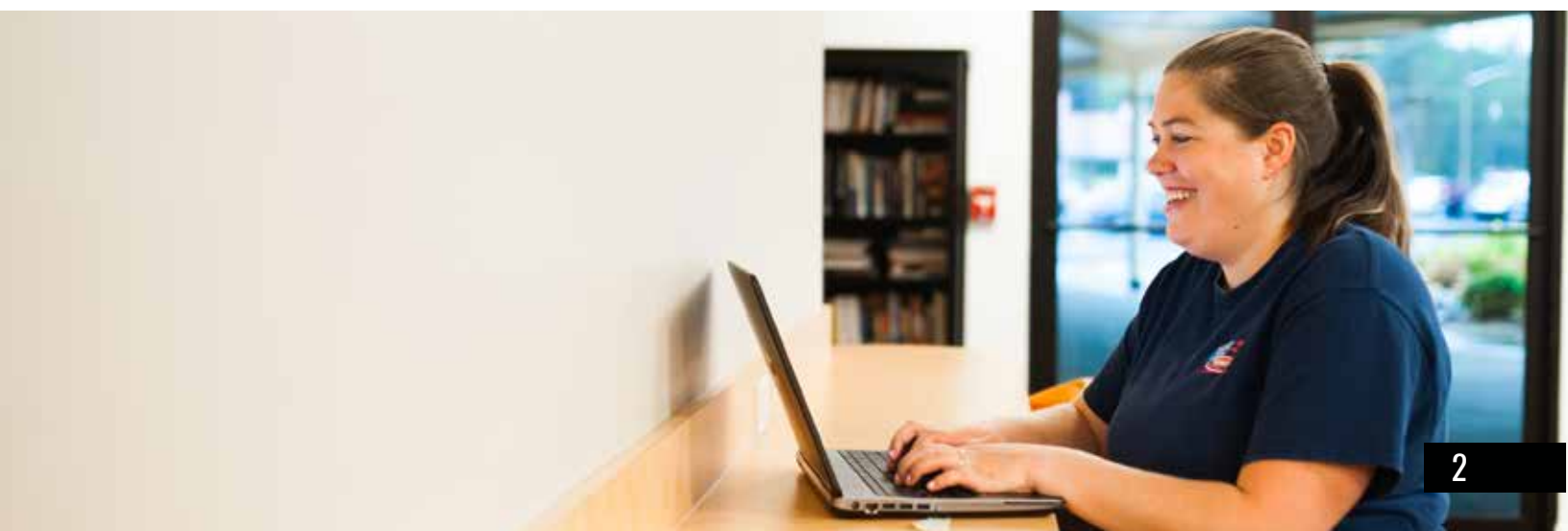
REASON #1:
"Our current manual processes work for us."

If you're working in transportation and feel that your manual processes for managing transportation fit your current needs, there may not be a lot of motivation to change. Whether it's a process you've created yourself, or in collaboration with a group of departmental employees, there can be a sense of attachment to these manual processes. After all, you or your company put the time and effort into creating the process and have come to rely on these processes you know well.

The "this is the way we've always done it, so this is the way we're going to continue to do it" is a dangerous mentality in transportation. Innovative businesses are constantly improving their processes, adopting new technologies, and seeking ways to uncover greater efficiencies. When choosing a TMS provider, you will want to find one who has a robust technology platform that fits your needs, but also has the right people in place to lend industry expertise to help drive efficiencies in your supply chain.

"We spent so much time entering information into spreadsheets, sending emails back and forth, printing pages and entering the information back into the ERP. Trinity Logistics showed us what their TMS can do, on top of having someone take care of all of the operations of the TMS. In addition, we worked together to link our ERP with the TMS, which made everything much easier, " said Simon Bravo, Pompeian Logistics Management.

It is very important to adopt technology and to start incorporating a TMS into your business before you grow too fast, instead of turning to it while you are growing quickly. What you have in place may work fine for now, but when business really starts growing, the cost and the amount of time to manage the workload begins to increase exponentially.

If companies are expecting their revenues to increase and their shipment volumes to multiply as a result, transportation managers can ask themselves the following questions to see if it is time to make the switch:

- If my shipment volumes increase, will my current manual processes support the resulting additional workload?
- If business improves and workload increases, I may be tasked with filling other roles. Can I handle those additional responsibilities?
- Will we be prepared to hire additional personnel to help manage our transportation needs?
- If business volumes increase, will I have time to source new carriers or will I be tied to our current carriers?

If the answer to any of these questions is "no", then a managed transportation solution could significantly reduce the number of steps required to carry out essential transportation functions.

These solutions significantly lower the amount of time spent uncovering problems in the supply chain, allowing staff to focus on fulfilling other roles in the company. Many TMS providers also offer an "outsourced solution," which allows a company to completely outsource their transportation to a third-party logistics company (3PL). This outsourced model works as an extension of a company's team, leveraging the 3PL's industry expertise.

> "Most users experience about 5% to 10% freight cost reductions after implementing TMS, with the higher end of the scale increasing by at least two percentage points."
>
> - Steve Banker, Vice President ARC Advisory Group

It takes time to select a TMS provider, integrate software with existing systems, and train personnel to get maximum value. Don't get caught scrambling to implement a TMS when it's too late, start investigating different TMS solutions that can grow along with your business.

REASON #2:
"Our in-house system suits our needs, do we need to outsource?"

Similarly, to those working with manual processes, some companies are utilizing internal technology to manage their transportation rather than using full-scale transportation technology from a logistics provider. These systems are typically developed by a company's internal IT department, and there doesn't seem to be a need to rely on a TMS provider to meet their transportation technology needs.

While this route seems resourceful, it is rarely the case that these homegrown systems automate transportation processes and can provide visibility to the same extent as those of top Transportation Management Systems. Any gaps in capability could mean a greater margin of error and missed opportunities to consolidate freight, which could mean lost time and money.

Here are some key features of best-in-class Transportation Management Systems:

CONFIGURABLE: Top TMS providers use technology that is flexible enough to mold to the needs and processes of each user. They retain the ability to allow or restrict access to all of its key features and functions. They support customized access for internal employees (C-level executives, transportation coordinators, customer service representatives), as well as external users (carriers, vendors, customers). The design and modification of any reports, documents, and user roles is a simple process.

AUTOMATION: Efficiency! Leading Transportation Management Systems allow for the automatic entry of shipments via system integration. They increase accuracy by minimizing the chance for keystroke errors. With the click of a button, TMS users can enter shipment details and receive rates from the carrier

base, browse those rates, and book loads through the TMS. Users can identify and reconcile invoice discrepancies and automatically approve correct invoices. Various reports (summary, activity, performance, and advanced reports) can be automatically generated and e-mailed right through the system.

REPORTING: Top TMS applications have the ability to generate any type of report as it relates to transportation information. Business Intelligence (BI), summary, exception, performance, activity, and advanced reports all provide insight into supply chain performance, bringing visibility to data. Most of these reports can be easily accessed and quickly modified to fit the needs of the user.

VISIBILITY: Visibility to freight activity is increased for both internal and external stakeholders in a best-in-class TMS. Shippers can see shipment activity to prepare and schedule labor for heavy or light dock volumes, while the end customer receives tracking updates and messages from carriers in a variety of ways. Executives have the ability to view all of the information at once, or at an individual location level.

> "In transportation, visibility plays a role on two fronts. Global visibility for international transportation has become even more important as well as domestic real-time road transportation visibility. Customers have increasing demands around real-time visibility to their orders."
>
> – Bart De Muynck, Magic Quadrant for Transportation Management

OPTIMIZATION: A common function of most TMSs is the ability to analyze a batch of shipments based on a variety of sophisticated parameters in order to determine the most cost-effective route plan. A TMS provides the opportunity to determine the least-cost mode, to analyze and plan routes, and the ability to analyze consolidation opportunities by marrying-up shipments into one.

FREIGHT AUDIT: Leading Transportation Management Systems support audit of freight bills. They facilitate comparison of billed carrier rates versus system contract rates and allow for configurable audit statuses/queues. They highlight monetary discrepancies and support customizable accounting reports.

SYSTEMS INTEGRATION: A best-in-class TMS not only integrates with the shipper and customer, but also integrates with the customers' carriers, vendors, and their customers – providing visibility to all of the key stakeholders in the supply chain. They can easily integrate with ERP's and WMS's, and support two-way data transfers.

Companies utilizing home-grown systems should consider comparing the capabilities of their current system versus a TMS provider. If their in-house system shows downfalls in any of the above areas, they may be overlooking opportunities for significant cost savings and operational improvements. Managed Transportation Solutions also provide access to an expert team who is dedicated to a continuous optimization process.

REASON #3:
"We tried implementing a TMS in the past, but our previous provider couldn't meet our needs."

There are four top reasons why companies will implement a TMS and find that they are less than pleased:

1. **The system is too complicated to use**
2. **The system is not robust enough to support current processes**
3. **Unhappy with or feel that customer service and system support are limited**
4. **Staff was not trained on how to utilize it to its fullest extent**

Too complicated to use. Transportation Management Systems are very helpful tools, but if the interface is too difficult to navigate and there's not a lot of support, users may choose to abandon it and continue to rely on manual processes to "get the job done". A best-in-classTMS should be configurable so that its features and support are scalable according to the needs of each individual user. This simplifies the technology and makes it more user-friendly.

Not robust enough to support current processes. This problem is on the opposite end of the spectrum. Some companies have implemented a TMS and found that particular version was not robust enough to suit their needs. This is frequently due to the fact that many Transportation Management Systems are actually off-shoots of existing company technologies.

As businesses look to automate their transportation processes, one of the first places they look for help is to existing technology providers. These technologies are often in the form of ERP/sales order management systems or warehouse management systems (WMS). In an attempt to service existing customers and capture more revenue, these providers will build upon their current systems with transportation related functions. These upgrades typically are built surrounding the minimal requirements provided by the customers' transportation and IT personnel and aren't scalable to grow with the company. Companies that go this

route may soon discover the systems don't fully support all of the intricacies of their transportation process.

True Transportation Management Systems are robust enough to easily handle all shipper-related functions and operate in a way that is practical to the user. Utilizing a 3PL for managed services pairs top tech software with expert logistics people to make sure there are no gaps.

Limited Customer Service and System Support. There's a major difference between purchasing Transportation Management Software from a software company and handling it all in-house and working with a third-party logistics company that offers TMS as a solution.Many companies purchase software and find that it simply doesn't fit their needs or they don't receive the support that they need to have it function to full capacity. A quality TMS provider should work with you to adopt it to mesh with your other systems and allow you to get both efficiency and monetary savings. Trinity follows the below process to bring continuous improvement to customers' supply chains:

OUR PROCESS

Continuous Improvement — LISTEN · COLLABORATE · DESIGN · SOLVE

REASON #4:
"We want to keep control."

This reason may go hand-in-hand with Reason #1 and Reason #2- some companies are hesitant to hand over control of their logistics operations. It's the fear of "if we don't do it, it won't be done correctly."

Transportation Management Systems help improve processes and visibility to boost supply chain efficiency and also allow companies to decide the amount of control they would like to have.

Companies concerned about data security can rest assured when working with a best-in-class TMS provider. A best-in-class TMS provider should protect client data in secure and reliable hosting facilities, with complete redundancy options to offer no single point of failure. Client data should also be protected with disaster recovery options, meaning in the event of an emergency at the data center, client data would be fully operational in a timely manner.

Transportation personnel who wish to still have ultimate decision-making power over their freight can opt for a TMS that integrates with their current system and uses their carriers and rates. If they want to be more "hands-off," there are outsourced TMS options that provide software, account management from a third-party logistics company with years of industry expertise, and use of the 3PL's carrier contacts and rates. If a company prefers strategic account management, but wants to still have involvement and have some of their carrier base in the mix, there should be an option in the middle of the spectrum.

REASON #5:
"A TMS costs too much."

We saved the most common reason companies take into consideration when it comes to implementing a new technology for last. It is a very common objection and is a major misconception that plagues the TMS providers: A TMS costs too much.

Here are some of the reasons companies believe a TMS is out of their budget range:

- **"We shopped for a TMS years ago, and it was too expensive to maintain or update."**
- **"Pricing options were limited, and we just couldn't take on a major capital investment."**
- **"We were told we had to buy a license to the tune of hundreds of thousands of dollars."**

With the rise of Software as a Service (SaaS) and Cloud-Based (web-based) TMS, these perceptions about costly up-front investments for the technology are becoming a thing of the past.

"It was too expensive to maintain or update." Years ago when TMS technology was just reaching the market, many systems had to be installed on company servers, making them very expensive to maintain or update. TMSs are more affordable today and providers have more deployment options.

"Pricing options were limited, and we just couldn't take on a major capital investment." SaaS and "pay-as-you-go" options now make TMSs economical for virtually every type and size of business. Many best-in-class TMSs are available as subscription-based or a per load fee.

"We were told we had to buy a license to the tune of hundreds of thousands of dollars." Many TMS providers encourage potential clients to buy the license for their software, which could cost the client hundreds of thousands of dollars up front. Even though it may be a better fit for the business to pay-as-you-go, some providers will push the need for the license to capture more revenue. Potential providers shouldn't try to push one type of pricing model upon a customer but should rather help determine which approach will help their client achieve the quickest return on their investment while maintaining required service levels.

"Companies using a TMS reported freight savings of approximately 8 percent with the use of a TMS. Of those, nearly 60 percent of users said less than 10 percent of their savings were absorbed by the TMS."

-ARC Advisory Board

CONCLUSION

As the demand for companies to increase efficiencies and cut costs continues to expand, businesses will increasingly look towards new technologies and services to alleviate this pressure.

In terms of transportation, this relief comes in the form of a Managed Transportation Solution.

Those who refuse to look beyond their current manual processes could find themselves in a reactive mode once business changes. For those who have created a system in-house, it is necessary to conduct a detailed comparison of their solution to leading TMS solutions in the marketplace so they don't find themselves facing gaps.

If a business has implemented a TMS in the past but abandoned it because their provider couldn't meet their particular needs, this shouldn't spell an end to the effort to automate. Rather, it should be an opportunity to use that previous experience to establish higher standards and requirements and select a better provider.

For those companies that don't want to give up control, they can seek TMS options that allow them to push the buttons or to remain involved in the day-to-day operations with the scalable options of TMS available in today's market.

"Over 40% of respondents felt that if they were forced to give up their TMS and go back to more manual processes for planning and execution, their total freight cost would increase by 5-10%...According to Steve Banker, ARC's director of supply chain solutions, TMS achieves these savings based on process enforcement, visibility, analytics, and optimization – with virtually no other supply application offering so many different forms of optimization."

-ARC Advisory Group, TMS Global Research Study

CONCLUSION CONTINUED

For businesses who view cost as a major obstacle, it is important to realize that affordable pricing options do exist. Companies must seek to do business with providers with the flexibility to offer these various pricing options to best suit their needs.

Companies that continue to seek out new ways to cut costs and become more efficient will be better equipped to compete in today's marketplace. Taking advantage of TMS to capture these efficiencies is the most practical approach for many businesses.

If businesses are armed with the right information, they can feel confident embracing a people-centric transportation solution that will make waves in terms of visibility, optimization, and efficiency.

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