



Get the Most Out of Your Transportation Management System



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Transportation spend is a huge cost factor for companies. In fact, transportation is typically the second largest supply chain cost for businesses, behind only direct cost of goods. One of the primary ways to manage this spend has been through transportation management systems (TMS). However, the nature of TMS is changing rapidly, for the better, thanks to advancements in cloud technology. EBN spoke with Ajesh Kapoor vice president of transportation management solutions at GT Nexus to get some insight of the role of the TMS solution in today's highly globalized era and how organizations can get the most out of these systems.



EBN: Let's start with the basics. Briefly explain what TMS is and why it's important.

Kapoor: TMS is a subset of supply chain management concerning transportation operations. A TMS system is used to plan and track freight movements, handle procurement and visibility across all modes of transportation, select the appropriate route and carrier, and manage freight bills and payments. The underlying purpose is to optimize a transportation network.

Companies have used traditional TMS software for many years, and it has delivered efficiency and cost reductions, albeit within specific pockets of the business. Specifically, many companies have traditionally approached TMS in silos both inside and outside of individual organizations and regions, which has created small pockets of efficiency and savings but hasn't realized the full potential of cost reduction and performance optimization across the entire global supply chain.

The next level of value requires a move across silo walls. This holistic view will not only maximize efficiency and savings but will serve to reduce blind spots hidden by silos and ultimately enhance the customer experience. A holistic approach will also serve to keep companies nimble and help them adjust for sudden events that occur almost constantly in today's complex and globalized supply chain.

EBN: What is fueling the need to evolve beyond the traditional TMS?

Kapoor: Two major shifts are changing the face of global transportation management as we know it. First, supply chains are becoming increasingly complex, relying on partners and data beyond the four walls of the enterprise. Second, the very definition of global transportation management is broadening and expanding well beyond traditional TMS capabilities. This is due to the rapid global expansion and increasing complexity of the supply chain, which is causing TMS to evolve to become more globally-minded.

Thinner margins and ever-increasing demand volatility are also big factors. Companies can't rely on potential new sales to maintain growth and profitability, so optimization of major cost centers are at the top of the C-suite's list.

EBN: How is TMS evolving to address some of the challenges associated with today's global supply chain?

Kapoor: The technology is finally in place for TMS to be used to its full potential, which is allowing access to an end-to-end supply chain layer that all existing applications can plug into, delivering a single platform for sharing and viewing all data, regardless of region.

In addition, supply updates and messages from other partners are easily captured and available, as well as anything else that's happening in the supply chain that impacts a shipment. The lines and barriers that once existed around international and domestic transportation are eroding, being replaced by a single global view in which a fully-realized TMS can take shape. This enables visibility over the entire system and increases the agility of the supply chain, which allows companies to make quick adjustments based on fluctuations in supply and demand, and to avoid disruptions and maintain profitability.

Suppliers have typically been separated from the transportation management process. A global cloud based approach to TMS connects suppliers to the plans and data, empowering new programs for execution. Being plugged into the network eliminates data translation issues or disconnects for suppliers, allowing goods to be shipped correctly the first time.

EBN: How can companies adjust to this TMS evolution you're describing to realize a profit?

Kapoor: There are several steps companies can take to adjust and benefit from the evolving TMS model, including:

- **Create a common foundation for the agile supply chain**, with the ability to make quick adjustments to avoid disruptions, maintain profitability, and set a manufacturer or retailer apart from the competition. Having a solid foundation that connects all parts of the supply chain will allow high visibility and control into all areas from procurement to distribution.
- **Use communities to bridge partitions**, where all parties are networked together to share data and communicate to eliminate partitions that exist within and outside of organizations, such as different departments, teams, divisions and trading partners. A community approach can foster stronger partner relationships that allow shippers, carriers, 3PLs, and suppliers to have a standardized way to collaborate with each other as one pooled resource to improve overall buying power and leverage.
- **Focus on customer experience from a global view of the supply chain**, thinking about what fulfillment looks like to deliver on customer experience. From one link in the chain to the next, customer experience can be quite different depending on the company and its role in the process.
- **Manage all domestic and international transport together**, using a single view connecting all domestic and global TMS applications in one place to truly optimize transportation. Today's networks tend to be specialized and largely geographically limited. A company can end up bidding against itself, for example, if two regions operate separately. The line between domestic and international can be eliminated by operating a cloud-based back-bone that plugs into all existing TMS and offers a single global view across all modes and geographies.