Making the case for an enterprise TMS

infios

a Körber company

In an era dominated by globalization and eCommerce, transporting goods has become a complex logistical endeavor with mounting challenges from surging labor costs to economic uncertainties, fluctuating fuel prices and soaring transportation costs.

These reasons are why transportation management system (TMS) tools are emerging not just as beneficial add-ons but as essential assets in such a challenging environment. Beyond providing automation capabilities ensuring streamlined and cost-effective transportation workflows, they improve productivity, build resilience and prepare your operations to withstand anything that comes your way—coupled with enterprise resource planning (ERP) systems that reveal shortcomings in transportation management.

There's a reason why the TMS market could catapult from $13.5 billion in 2023 to $33.3 billion by 2028 at a 19.7% CAGR. Or why a 2022 Peerless Research Group study's findings reveal that 26% of businesses have incorporated a (TMS), and half have witnessed its ROI within a year. This white paper intends to offer a deeper dive into this world, explaining the market conditions, benefits, integration process and more.

Contents

How market conditions might influence your decision

Efficiency in managing transportation costs and optimizing networks is paramount in this era. Prevailing market conditions and their implications for companies considering an enterprise TMS explain why.

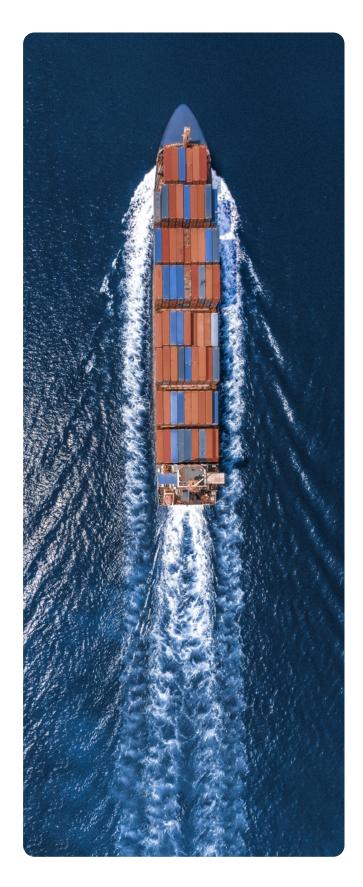## Market disruptions and the case for a robust TMS

Supply chains have witnessed multiple disruptions in recent years that highlight the urgent need for state-of-the-art TMS. Citing KPMG Global, unforeseen challenges—from geopolitical conflicts and environmental concerns to recessions—remain persistent supply chain threats. Look no further than the recent Panama Canal drought as evidence of systemic vulnerabilities that cause time-consuming delays that compel companies to scramble for alternative routes. A TMS offers real-time supply chain visibility in these scenarios, enabling swift adaptations. By mapping alternative routes and carriers, it's possible to mitigate the impact of disruptions like the canal drought.

Technological advancements in TMS

The TMS has evolved significantly since its inception two decades ago. Initially limited to basic functions like data entry, the rise of e-Commerce and subsequent shipping demands paved the way for more advanced and fully integrated TMS solutions. Modern TMS platforms provide visibility, planning and load optimization, detailed shipment tracking, valuable industry data and enhanced collaboration avenues. Furthermore, adopting a TMS can lead to notable savings: companies have reported 3% to 12% reductions in freight expenses and 2% to 5% in overall operational costs.

Dynamic rating: beyond traditional methods

Amidst market disruptions and the rapid evolution of TMS technology, the power of dynamic rating stands out prominently. It's not just about evaluating costs; it's an advanced tool driven by algorithms, enabling businesses to craft comprehensive scenario plans across diverse shipping modes. When integrated into a TMS, these engines effortlessly compare prices, refine auditing and synchronize freight costs with client billing and internal network strategies. The result? An end to tedious manual calculations and a leap into streamlined, precise pricing.

Misconceptions and stakeholder support

As businesses consider enhancing their logistics operations, distinguishing between a TMS and an ERP system becomes necessary. Let's explore their unique capabilities, the undeniable advantages of a dedicated TMS and the importance of stakeholder support.

Addressing misconceptions: TMS vs ERP capabilities

Buyers often misunderstand the capabilities of ERP systems, thinking of them as comprehensive solutions. While ERP vendors promote their systems as versatile, many ERPs have marked gaps in transportation management. A dedicated TMS, however, fills these voids.

- **Rapid TMS implementation:**
  Unlike ERP setups that can drag up to 21 months and often overrun, a TMS setup is swift, taking only 3-6 months. This speed means quicker ROI for businesses.

- **Unparalleled visibility with TMS:**
  While ERPs often offer static freight data, a TMS offers dynamic updates. This integration gives logistics teams a bird's-eye view of shipments, managing any hitches effectively.

- **Cost-effective TMS solutions:**
  The average ERP setup costs $9,000 per user, with ROI taking years to bear fruit. I n contrast, 89% of companies see a break-even with TMS between 6 and 18 months.

- **Tailored TMS functionalities:**
  While ERPs manage broad business data, TMSs focus on the transportation lifecycle. A TMS stands out in its transportation-centric features, from carrier metrics to dynamic shipment planning.

Navigating TMS implementation: recognizing pitfalls and engaging stakeholders

While a TMS holds the potential to revolutionize supply chain efficiency, its implementation inevitably presents challenges. Projects can stall due to unexpected costs, misaligned business goals or unforeseen disruptions. Additionally, communication gaps with stakeholders can further exacerbate these setbacks. That's why it's essential to employ a comprehensive stakeholder engagement strategy. By soliciting their insights, it's possible to refine business objectives, bridge communication gaps, better address risks with stakeholder input, and successfully implement a TMS.

Strategies to secure stakeholder and shareholder support for TMS implementation

Selecting a TMS is pivotal for a company aiming to optimize its supply chain. While initial steps set the foundation, the demo stage, highlighted by Infios's "What You Need to See in TMS Demos," is vital for stakeholder buy-in. Demos should focus on the following:

Web services communication and tracking
A robust TMS should enhance shipping visibility throughout the supply chain, resolving delays and added costs. Dynamic communication tools, from supplier portals to electronic integration, streamline operations.

Parcel capabilities
A TMS should handle daily functionalities like booking and label generation, optimize load building and offer comprehensive data analytics.

Invoicing automation
Manual invoicing can inflate supply chain costs. An ideal TMS should automate the process, highlighting exceptions, ensuring accuracy and using robotic process automation (RPA) for efficiency.

Bill of lading (BOL) management
Centralizing and simplifying BOL access ensures effective shipment monitoring, claims management and financial settlement.

Compliance and governance
Fleet management requires meticulous compliance monitoring, whether done in-house or outsourced. A TMS demo should illustrate its prowess in tracking driver certifications, safety checks and more.

The unique values of a modern TMS

Diving deeper into the logistics realm, the advanced offerings of modern TMS systems stand distinct, especially when pitted against traditional ERP solutions. Below, we explain the unique value they bring.

Advanced capabilities of modern TMS systems

A TMS's rating engine streamlines freight management by allowing quick carrier price and service comparisons. This tool integrates processes from accurate freight quoting to auditing, highlighting network inefficiencies and ensuring competitive pricing and top-tier service. Infios's "Power of Dynamic Rating in a TMS" comes to the fore when we explore advanced capabilities further. Their Dynamic Rate Manager not only automates customer rating calculations but also ensures that pricing remains consistent and accurate.

The TMS advantage: supercharging productivity in supply chains

Labor costs can consume a staggering 70% of business expenses. A TMS directly addresses this financial challenge, optimizing labor resources and streamlining transportation costs. How? It revolves around automating invoicing, minimizing errors and prioritizing strategic tasks. Moreover, comparing carrier rates ensures efficient shipment routing, reveals savings, reduces order errors and curtails costly expedited shipments. For instance, Infios's MercuryMyEZClaim slashed claims processing time by 55%, decreased open claims by 77% and saved over $500k within six months.

Why TMS triumphs over ERP in transportation management

While ERPs present a broad toolset, their limited transportation features fall short of dedicated TMS capabilities. A robust TMS offers precision in logistics optimization, ensuring shipments adhere to efficient routes backed by real-time data. Additionally, TMS platforms bridge inter-departmental communication. Their specialized focus translates to comprehensive transportation management that can adapt swiftly to market changes. In contrast, ERPs can't always provide such nuanced, dynamic planning.

Benefits across the supply chain

Modern supply chains thrive on innovative tools like TMS, which, coupled with scorecards and dynamic rating engines, redefine supply chain efficacy. Below, let's unpack their combined potential for transformative benefits.

The broadening horizon: TMS impact on supply chain efficacy

A TMS revolutionizes supply chains by enhancing efficiency throughout the shipment journey. Its prowess lies in cost savings through optimal routes and carrier choices and in magnifying visibility via real-time tracking. However, grasping the full scope of TMS necessitates an in-depth exploration beyond mere feature lists. Demos are crucial in this context, spotlighting system capabilities against specific transport challenges. By witnessing firsthand applications, from web service nuances to parcel management, businesses can truly discern the expansive benefits of TMS.

The significance of TMS scorecards in supply chain alignment

Searching for the ideal TMS is a meticulous task. Initiating a detailed TMS RFP is paramount in this process, rooted in a deep understanding of your supply chain and clear objectives. Researching trusted TMS vendors refines the selection, guaranteeing a smooth process with qualified candidates. Infios's article on RFP questions to ask highlights the importance of this process and critical considerations to focus on:

- **SaaS environment insights**
  Does the provider offer a genuine SaaS multi-tenant setup? Be sure to also ask about their clientele and the frequency of onboarding over recent years.

- **Multi-modal support**
  Because global supply chains lean heavily on multi-modal transportation, it's vital to probe vendors about their expertise in this area. Ensure they're attuned to your challenges.

- **R&D priorities**
  Understand a vendor's investment in TMS development. Queries about the percentage of R&D dedicated to TMS and anticipated updates offer insights.

- **TMS-specific capabilities**
  Ask about essential features streamlining operations, like automated fuel surcharge updates linked with DOT/EIA systems or zip-to-zip rate calculations.

Dynamic rating engines: powering modern supply chains

Dynamic rating engines, pivotal in today's logistics domain, provide a holistic perspective on transportation costs, offering businesses invaluable insights for supply chain optimization and efficient scenario planning. Here's how:

Comparison power
Dynamic rating engines allow swift price and service comparisons across multiple carriers.

Multifaceted functions
Embedded within a TMS, these engines harmonize processes ranging from freight rate quoting to auditing, fostering a seamlessly interconnected workflow.

Precision in quoting
Ensuring transparent and accurate pricing boosts sales and maintains customer trust by detailing costs.

Optimization
Rating engines present a bird's-eye view of potential network inefficiencies, easing the identification of improvement spots.

Diverse mode handling
Dealing with different carriers across sea, road or rail? Rating engines offer timely insights on pricing and delivery timelines, maximizing multimodal strategies.

Efficient auditing and billing
These engines simplify auditing processes and billing cycles, enhancing transparency, reducing manual verification and streamlining financial transactions.

Data-driven decisions
By leveraging the data within a rating engine, businesses can model future scenarios, guiding strategic moves for better outcomes.

Market trends: the relentless quest to meet shifting demands

The shifting dynamics of supply chain and logistics highlight the need for businesses to have tools that respond to and anticipate market demands. Evidence of this need is in the innovations of TMS systems, the transformations within ERP systems and the growing significance of TMS scorecards.

Data-driven advancements in TMS

As TMS systems continually evolve, they boast a growing range of capabilities—predicting transportation needs, overseeing a variety of carriers and offering real-time shipment tracking. Further enhancing their value, the seamless integration of AI enables TMS platforms to understand and navigate complex parameters like capacity and regulations, ensuring superior predictive and strategic planning.

The evolution and integration of ERP systems

In parallel, the journey of ERP systems has witnessed significant transformations since their beginnings in the 1960s. The digital wave of the 1990s introduced the versatility of cloud ERPs, widening their appeal. While ERP platforms offer vast functionalities, a conspicuous gap in their transportation management prowess is evident. Combining a standalone TMS with an ERP effectively bridges this void. Such integration accelerates processes, broadens visibility, guarantees cost-efficiency and provides unparalleled functionality, positioning businesses for strategic logistics optimization and informed decision making.

The rising significance of TMS scorecards in modern logistics

Structured evaluation tools, notably TMS scorecards, have become indispensable in today's complex logistics environment. With shifting market trends, these scorecards offer businesses a clear roadmap to assess performance, optimize operations and drive efficiency. As the logistics realm becomes more data-centric, TMS scorecards are pivotal in guiding strategic decision making, ensuring companies remain agile, informed and ahead of industry shifts.

Conclusion

Enterprise TMSs are no longer enhancements or fancy tools. They are essential assets in such an evolving and dynamic logistics environment. As they address challenges from rising labor costs to unexpected disruptions head-on, companies leveraging them can experience streamlined workflows, improved productivity and enhanced resilience.

If you're reading this and looking for ways to bolster your TMS strategies, see the potential in action for yourself. Request a demo from Infios and start your process.

Visit our website to learn more about Infios's TMS strategies.

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