

What is Transportation Management Software (TMS) and Does Your Business Need It?

There's a lot of talk in the transportation and logistics industry about transportation management software (TMS). What exactly TMS includes often varies, depending on the solution provider and the shipper. It technically covers a full spectrum of capabilities from a standalone web portal to a full-scale integration with various departments and locations across an organization. This article examines at a high level what TMS can include and the benefits that shippers stand to reap by implementing and integrating TMS with other business tools.



First and foremost, most would agree that applying technology to business can automate efforts and improve information sharing. TMS is no different. A shipper may choose to simply focus on better carrier negotiations to optimize rate structures and service levels. While valuable, that's only one aspect of what TMS can do and with limited benefits. Applying the full capabilities of TMS delivers a powerful return on investment.

"The big question is 'What exactly are you trying to accomplish?'" Mike Broussard, Vice President of Broussard Logistics, said. "Start with company goals and then find the right solution that meets those needs."

Broussard pointed out that there are numerous stand-alone web portals that serve as rate shoppers – one part of a TMS – that is relatively cheap. In contrast, when it comes to integrating the rates into the ERP systems that are core to running a business (such as accounts payable), there are far fewer solutions on the market.

"The critical piece is to focus on your business' needs, not software," Broussard added.

Unfortunately, some organizations try to force fit software into operations that – for numerous reasons – are not the right fit and, thus, are never fully implemented. "That's a costly situation," Broussard said.



Additionally, there are other considerations when it comes to TMS selection. Up north in states such as Ohio, where standardized distribution models are strong, businesses tend to ship in industry-standardized boxes. That model lends itself to using a large TMS such as SAP or Oracle because shipments tend to be within a standard weight range, size and density. However, a lot of businesses don't ship standardized boxes, Broussard said. That opens opportunities for alternative systems that meet specific needs.

One of the biggest challenges facing shippers is knowing which questions to ask to vet the solution providers. "Without knowing specifics about a business' goals, needs and pain points, it's difficult to develop those questions," Broussard explained. "It really requires true collaboration between a consultant like us and the shipper."

A common example of organizations that stand to gain great cost efficiencies with fully integrated TMS include companies that still have employees filling out shipping documents by hand. Another staff member manually keys in the same information into another system.

Any time you're manually entering data, there's a chance for human error and that error can be costly. The right TMS can automate procedures like these to reduce human errors and expedite information sharing.

Enabling systems to talk to each other requires more sophistication, yet improved information flow and reduced errors save both time and money. For instance, not only can the shipping labels be automated, but also a message to the freight vendor can be sent simultaneously to alert the carrier when a shipment is ready for pick up.

"Start asking questions around the processes that lack efficiencies," Broussard emphasized. "Consider taking a second look at your TMS and ask if your current TMS can truly automate your processes and bring real efficiencies. You're likely to gain more savings by expanding your TMS use."

Specifically, Broussard recommends considering the following:

- » Do you have a vendor portal that helps you control your inbound freight?
- » Can your TMS figure dim weight? How does that impact your shipping decisions?
- » Does your TMS print shipping labels and auto-dispatch?
- » How do you get the cost of freight incorporated into your cost of goods? How long do you wait to incorporate that information?

Broussard
LOGISTICS

Real-Time Intelligence. Delivered.

About Broussard Logistics

Broussard Logistics is the leader in the logistics management industry. The organization has revolutionized its services into a proactive outsourcing tool with sophisticated technology instruments to continue its original mission: Assist companies to manage, control and lower freight costs by improving their supply chain strategies. Learn how Broussard Logistics' knowledge, experience and buying leverage can help move your business forward.

For more information on the full capabilities of TMS as well as other savings opportunities in logistics, contact Broussard Logistics at 713.921.2480 and visit www.BroussardLogistics.com.