

ISSUES & INSIGHTS

Supply Chain Management

Choose a system that fits your needs and budget

Manufacturers have used transportation management systems (TMSs) for nearly 15 years. The good news is that these supply-chain-management software systems have evolved and improved. As a result, many manufacturers are leaving their third-party logistics service providers in favor of the more convenient, cost-effective alternative a TMS provides.

Ins and Outs of TMSs

You can use a TMS to automate day-to-day freight management. A typical TMS communicates with carriers via e-mail or fax to book a shipment or schedule a pickup. Most systems can also create a database with the rates of various carriers, simplifying the rate comparison process.

In addition, a TMS can solicit bids from carriers, analyze shipment patterns, combine shipments for more efficient and cost-effective delivery, and build loads in less time. During shipping, a TMS can generate alerts regarding delays and, afterward, handle follow-up, such as invoicing. Some systems record data from past transactions and preserve it for future analysis.

Even though a TMS can reduce transportation costs over the long term, the upfront costs of implementing the system — upwards of hundreds of thousands of dollars — can be a serious drawback. “On-demand” services, however, are growing in popularity. A less expensive alternative to on-



premise, licensed software systems, the on-demand TMS option is hosted offsite and provided to you on an as-needed basis.

Taking the Options to Task

When choosing a system, determine your company’s needs and what you can afford; then examine the TMS options. The first question to consider is whether you’ll insource or outsource your software. If you have a large budget and an IT staff, you’ll likely have sufficient resources to purchase your own technology.

When deciding on a TMS vendor, make sure the provider is prepared to not only support its technology, but develop the software to fit the evolving

needs of the manufacturing industry. Your vendor should also be familiar enough with your specific industry and companies of your size so it can make useful recommendations.

Greater Shipping Efficiency Ahead

As your company grows, a TMS could be a great step forward, helping to streamline your shipping. By evaluating what you need, what you can support and, most important, what you can afford, you’ll be able to choose a system that best works for your company’s shipping needs.

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