



Ten things to know before investing in a TMS

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Introduction

Investing in a transportation management system (TMS) makes sense for a number of businesses/companies. Many, though, do not make the leap and as a result lose out on cost efficiencies that a TMS makes possible.

A TMS is a major investment for any shipper. Although, there are new options available that have lowered the cost of entry while ensuring the business has access to advanced technology and specialized TMS expertise. But making the wrong decision on a TMS can set back a business for years.

Here are the 10 things you should know before investing in a TMS.

Contents

01	Should I use a TMS?
02	What does a TMS do?
03	What is the cost of a TMS?
04	Is there any hardware to buy?
05	Does the TMS integrate with my customers' systems?
06	I also operate warehouses. Can the TMS help with this?
07	Can I configure the TMS to meet my unique needs?
08	What if TMS technology changes?
09	What else does a TMS do?
10	How do I choose a TMS vendor?

1 Should I use a TMS?

This is the most obvious question to ask. A TMS is a powerful tool, but failure to understand why you should use one, and how to use it properly, will lead to a failed investment, tying up needed capital for years to come. Consider these questions before investing in a TMS:

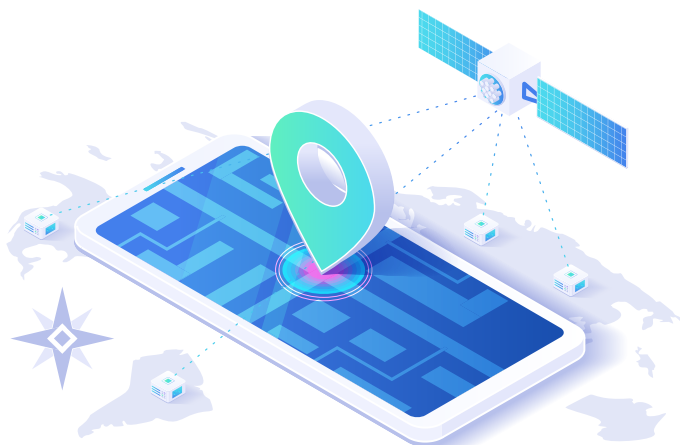
- Is your supply chain too complex to effectively manage?
- Are you trying to lower costs?
- Are you looking to integrate with other supply chain partners, such as carriers?
- Are you trying to secure capacity?
- Are your rates too high?
- Do you need to centralize decision-making?
- Do you need to control your vendor/supplier shipments and insure PO management is executed?

If the answer to any of these questions is yes, then a TMS can help and should be considered.

2 What does a TMS do?

A TMS is a technology tool that assists in the planning, execution and analysis for shipments within the supply chain. Depending on its robustness, it will provide visibility into the supply chain; provide shipment consolidation, mapping and ratings; automate routing guides; provide supply chain costs; and carrier performance of shipments.

A TMS offers so much more, though. nVision Global's Impact TMS, for instance, is able to automate alerts and approvals; control spot quotes; automate rating, routing and booking of shipments; provide real-time track and trace of shipments; and generate flexible and customizable reporting and financial analysis.



3 What is the cost of a TMS?

Like so many things, the cost of a TMS varies depending on the provider. Installing the wrong TMS, though, can cost a business hundreds of thousands of dollars. A cloud-based TMS offers advantages over server-based systems, both in terms of flexibility and cost. The true cost, though, depends on what features and functionality you want in a TMS. Server-based systems often come with preconfigured functionality, but many businesses will not need all of these options, whereas a cloud-based system allows for more flexibility. As a result, the TMS provider can offer the functionality that best fits your needs at a price that fits the budget.

4 Is there any hardware to buy?

It depends. If you choose to invest in a server-based TMS, there is hardware to purchase or lease. Cloud-based systems require no hardware purchases as the entire system is housed on the provider's network in a secure location. Cloud-based systems also allow users to centralize decision-making, a key consideration for a shipper with locations throughout the globe. It brings together orders, logistics and even finance departments and if a shipper is so inclined, it can incorporate the carrier's key data points, providing further efficiencies.

Doing this with a server-based system requires disparate servers that may not integrate smoothly with each other and opens the door for each location to incorporate its own technology solution, leading to additional inefficiencies.

5 Does the TMS integrate with my customers' systems?

In a word, yes. A cloud-based system is able to connect divergent systems from various providers – carriers, shippers, brokers, warehouse operators, etc. – and pull that data together into a single location. In some cases, the information can be presented on a single dashboard. Most TMS systems can integrate with any ERP.

6 I also operate warehouses. Can the TMS help with this?

Yes. Transportation Management Systems can now be integrated with warehouse management systems to assist in final customer execution. As purchase orders are processed from warehouses/distribution centers, shipments are now created for outbound customer execution, providing visibility after status updates from providers. For vendor/supplier shipments moving inbound, this can tie visibility to warehouses on timing of receipt and quantities of shipments in order to schedule labor, etc. Additionally, a TMS provides supplier parcel shipment execution and label printing at the warehouse as shipments are pulled.

7 Can I configure the TMS to meet my unique needs?

Absolutely, if you have the right TMS. As mentioned previously, some systems come with preconfigured functionality. In those cases, customization may not be possible. Many modern systems offer customization, which helps shippers avoid paying for features they won't use. In addition, cloud-based systems are able to scale with your business plan, giving you the ability to add functionality as the business grows without investing in a new TMS.

The Impact TMS allows for configuring of customer and product detail fields and automation of certain functions. A personalized dashboard and adjustable data elements are accessible for each customer through the nSight Analytics tool.

8 What if TMS technology changes?

This is the problem with all technology, right? Technology changes so fast that systems can quickly become outdated. A server-based TMS faces this problem. The issue does not exist with cloud-based systems. In fact, these systems are designed to deal with changing technology, allowing users to quickly update the software as needed through simple downloads. No need for a systems IT professional to sit in front of dozens of computers over multiple days installing the latest software.

In addition, cloud-based solutions allow for new options to be quickly added, even if they weren't part of the initial TMS purchase. This allows shippers to benefit as they identify new avenues of efficiencies through these updates.

9 What else does a TMS do?

Many shippers have one offs, or new customers, for which they must execute shipments. By having a spot quote/bid tool, you now have the opportunity to choose the list of providers and send the lanes/shipments with timed auction period in order to meet the customer's requirements. This drives two things -- both capacity and the lowest rate possible.

Another tool available that nVision Global's Impact TMS has is a freight expedited approval process to ensure high cost shipments are managed and approved in an automated environment.

10 How do I choose a TMS vendor?

Choosing a TMS provider requires more than a Google search. In essence, the decision to invest in a TMS means investing in a partner. Will that partner stand by the product? What kind of after-sales support is available? Is the provider selling a prepackaged system or willing to work with you to configure it to your needs? How scalable is the solution? Will it integrate with customer systems?

These are but a few of the important questions that must be answered before selecting a provider. Finding the right TMS provider is equally as important as deploying the right TMS solution. Research firm Gartner said that top-tier vendors should show a "demonstrated knowledge, proficiency and differentiated vision of the current and future transportation marketplace."

Making the right choice will open up end-to-end visibility of shipment, organizational connectivity, insight into carrier contracts and bidding process management, risk management capabilities and e-commerce capabilities.

Like hiring any employee, references and online reputation should be checked and all due diligence should be followed. Vet claims made by the provider and be sure you are comfortable working with this provider for the foreseeable future because hiring the wrong TMS vendor is an expensive mistake.



Contact us Today to Learn More About nVision Global's Solutions!

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