

Logistics
MANAGEMENT.

MAKING THE CASE



MAKING THE CASE FOR

Transportation Management Systems (TMS)

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How a software as a service (SaaS), multi-tenant transportation management system puts power and efficiency into the hands of any company that wants to cut freight costs, improve visibility, and optimize activity in today's competitive business environment.

THERE WAS A TIME WHEN SHIPPERS

were able to run their transportation networks with a few human resources, a couple of spreadsheets, and a reliable phone line. In a world where supply chains have become increasingly complex and global in nature, managing with spreadsheets and phone conversations with carriers are no longer viable options.

Shippers need a robust, always-available transportation management system (TMS) that not only handles the orchestration of multiple freight modes domestically and internationally, but also optimizes activity in a way that reduces costs and meets delivery targets.

Defined by Gartner as a system used to plan freight movements, do freight rating and shopping across all modes, select the appropriate route and carrier, and manage freight bills and payments, a TMS serves a vital role in supporting the high volume of omni-channel, e-commerce, and traditional freight movements around the globe.

According to TechTarget, a TMS facilitates interactions between an organization's order management system (OMS) and its warehouse management system (WMS) or distribution center (DC). Common TMS software modules include route planning and optimization, load optimization, execution, freight audit and payment,

3% - 10%	1% - 4%	2% - 5%	2% - 5%	1% - 3%	1% - 2%
Optimization	Collaboration	Continuous Move Optimization	Carrier Compliance	Private Marketplace	Execution
Transportation Track & Trace	Settlement	Annual RFP Periodic Bid Events	Appointment Scheduling	Inventory Reduction	
1% - 3%	1% - 4%	3% - 10%	.5% - 1%	1 - 4 Days	

5% - 15% Typical Year One Savings

“LeanTMS utilizes intelligent heuristics and true mathematical optimization engines...Combined, these functionalities result in measurable cost savings, consolidation opportunities, and execution paths that human/manual transportation planners wouldn’t be able to come up with on their own.”

—Chris Johnson, chief technology officer, LeanLogistics

yard management, advanced shipping, order visibility, and carrier management. When deployed, a TMS delivers business value in the form of reduced costs, but also gives shippers improved accountability, better transportation chain visibility, and greater flexibility to make delivery plan changes.

“Today’s TMS is a critical tool for predictable execution and measurement,” says Chris Johnson, LeanLogistics’ chief technology officer. “While there are still many shippers that use what we refer to as ‘crayons and spreadsheets’ to manage the transportation of products in the marketplace, the problem is that most of them have no idea whether they’re doing it in a predictable, on-time, cost-effective, and consistent manner. That’s where a fully-optimized TMS comes into play, and where it can make a significant difference for shippers of all sizes and across all industries.”

The modern TMS, which provides a wide array of functionality and benefits for today’s

warehouse managers, procurement specialists, CFOs, and CIOs, also delivers complete, end-to-end visibility in a very consistent manner. Using the optimization of capabilities of a system like LeanTMS, for example, lets shippers explore various transportation combinations and select the best possible choices in a very intelligent and succinct manner—particularly when it comes to shipment consolidation and routing.

“LeanTMS utilizes intelligent heuristics and true mathematical optimization engines that explore millions of variables and hundreds of thousands of constraints,” says Johnson. “Combined, these functionalities result in measurable cost savings, consolidation opportunities, and execution paths that human/manual transportation planners wouldn’t be able to come up with on their own. It’s only with the power of true optimization that shippers can realize the significant cost-savings opportunities.” ➡

Demystifying TMS: 4 Advantages

In today's single instance, multi-tenant environment, shippers have access to greater data, more information and a database of intelligence they can use to manage their business.

WHETHER YOU'RE SHIPPING DIRECT TO CONSUMERS, to a just-in-time manufacturing plant, or a distributor's warehouse, your company is likely grappling with a major shift in order patterns, sizes, and volumes right now. At the same time, customers want to carry less inventory and receive smaller, more frequent orders.

These issues are driving a growing need to optimize parcel shipping, improve shipment consolidation schedules, and handle frequent pickups and deliveries. Meeting all of these needs, while staying profitable and viable, has become increasingly difficult for shippers, many of which are turning to a full-featured, optimized TMS for help.

"In today's transportation environment, good process management takes more than just automating the tendering process or doing shipment planning—two functionalities historically associated with a TMS," explains LeanLogistics' chief commercial officer Chris Timmer. "However, as more organizations have incorporated cloud into their technology infrastructures, and as SaaS providers like LeanLogistics have developed entire 'ecosystems' versus just software applications, we now have an environment that expands past business process optimization to overall supply chain management optimization via a network."

Multi-tenant solutions are defined as single instances of software that run on a server and handle multiple client organizations (tenants). Multiple customers of that TMS solution rely on the same software code base to manage their transportation. Using the term "community solutions," ARC Advisory Group's Steve Banker points out that solutions from developers like LeanLogistics allow shippers to implement and instantly become connected to a larger network of carriers and shippers.

"A shipper that buys a community-style TMS can be automatically integrated to tens of thousands of other carriers and other trading partners," says Banker, adding that these community solutions also employ a multi-enterprise approach to master data.

"Once an entity [shipper, carrier, or other type of trading partner], location, or entity-owned supply chain asset is defined, that definition resides in the platform," says Banker. "Every participant in the community uses the same master data. In contrast, traditional solutions have their own distinct view of master data."

For example, LeanLogistics' ecosystem encompasses nearly \$13 billion in transportation spend in a single-instance, multi-tenant environment. The ecosystem also includes 18,000 carriers, 20,000 suppliers, and 150 shippers that all use the same, connected network. This, in turn, allows users to access advanced intelligence, solid business process management, and performance enhancements.

"Putting a TMS on a platform and within an ecosystem gives shippers access to much more information and data than they would ever have on their own," says Timmer. "Equipped with this intelligence, they can continually drive costs out of their businesses, which is exactly what transportation professionals, procurement specialists, and CFOs are expected to do."



LeanLogistics Network

88K

Unique Users

120K

Listed Vendors

\$2B+

Managed Procurement
Events

19K

Distinct Carriers

16M

Shipments

11K

Distinct Suppliers

\$13B Transportation Spend

LeanLogistics Network



LeanTMS®
POWERED BY LEANLOGISTICS



LeanSource®
A LeanTMS® MODULE



LeanDex®
A LeanTMS® MODULE

Technology Enabled Services



**Managed Transportation
Services**
POWERED BY LEANLOGISTICS



**Managed Procurement
Services**
POWERED BY LEANLOGISTICS



**Supply Chain
Optimization Services**
POWERED BY LEANLOGISTICS



To support these activities, a single-instance, multi-tenant, SaaS TMS application provides the following four advantages:

1 It provides greater actionable intelligence that an organization can use to manage its overall supply chain and leverage the transportation ecosystem in which it participates. This, in turn, allows the shipper to be smarter at *what they do every day*—an accomplishment made easier using the actionable intelligence and better process management.

This also allows shippers to realize continuous improvements based on the data and information provided by the TMS ecosystem. “The traditional TMS has been limited to the four walls of a single organization,” says Timmer, “but in today’s single instance, multi-tenant environment, you have access to greater data, more information, and a database of intelligence that you can use to manage your business.”

This intelligence includes:

- Data that can be used for benchmarking
- Data for performance evaluations
- Data that allows shippers to benchmark against their peers and industry standards
- Data that allows companies to operate more efficiently in a cyclical market where capacity, fuel, and volume issues can impact day-to-day operations.

“If you’re living in a world where you’re all by yourself, it can be extremely difficult to understand how well you’re doing,” says Timmer. “A TMS ecosystem allows you to get at that data and that information more effectively.”

“As more organizations have incorporated cloud into their technology infrastructures, and as SaaS providers like LeanLogistics have developed entire ‘ecosystems’ versus just software applications, we now have an environment that expands past business process optimization to overall supply chain management optimization via a network.”

—Chris Timmer, chief commercial officer, LeanLogistics

2 It gives shippers access to critical behaviors. How are your carriers acting? How are your physical locations acting? How are your customers acting? What are the behaviors within your ecosystem that tells you whether you’re doing well, or if you need to make business process adjustments?

These are all critical questions that can’t be answered easily or quickly with traditional, on-premise or manual transportation management systems. That’s where a multi-tenant, SaaS TMS comes into the picture and gives shippers greater visibility outside of the day-to-day management of their own, individual transportation networks.

3 It provides unsurpassed connectivity levels. The typical shipper operating in today’s business environment has anywhere from 30 to 100 different core carriers within its network. LeanLogistics’ ecosystem, on the other hand, comprises 18,000 carriers, and that number is growing all the time. But whether they have access to 30 carriers or 18,000, shippers need to know which carrier is operating well, which is falling behind on performance requirements, which is exceeding standards, and so forth.

“Carriers are focused on optimizing their assets around the amount of freight that they move for different shippers,” Timmer explains. “If a shipper understands that mission—and how the carrier needs to behave within its network—making the right choice becomes much easier.”

4 It allows shippers to leverage excess capacity within their own transportation networks. The manufacturer running a 100-truck fleet in and out of certain geographic regions most likely has sub-optimized private fleet capabilities. That’s because it probably lacks a clear way to leverage excess capacity within its own transportation network. Give the same shipper access to a TMS ecosystem where \$14 billion in transportation spend is transacted annually, however, and it won’t take long for the company to begin realizing the benefits of optimization.

“An ecosystem lets you leverage your assets more effectively and run at a higher level,” says Timmer. “That, in turn, allows you to reduce your costs and maintain (or expand) your network’s capabilities.”

“A shipper that buys a community-style TMS can be automatically integrated to tens of thousands of other carriers and other trading partners.”

—Steve Banker, ARC Advisory Group

In conclusion, Timmer says shippers that want to take full advantage of a multi-tenant, SaaS TMS should look at the solution as being more than just basic business process management technology. View it as a tool that can enable *transportation throughout the entire supply chain*, and do it more effectively than a traditional, on-premise, or manual-based TMS.

“Whether you’re managing inbound freight, outbound freight, inter-plant shipments, or direct B2B/B2C deliveries, transportation touches every single one of those activities,” says Timmer. “By looking beyond planning and really exploring and leveraging the transportation ecosystem, you can begin to realize the true value of optimization.” ➔

Benefits for Transportation Managers: Visibility and Optimization

WITHOUT END-TO-END VISIBILITY and optimization, today's transportation networks can't be properly coordinated and synchronized. There are simply too many moving parts to consider, too many partners to work with, and too many options to select from.

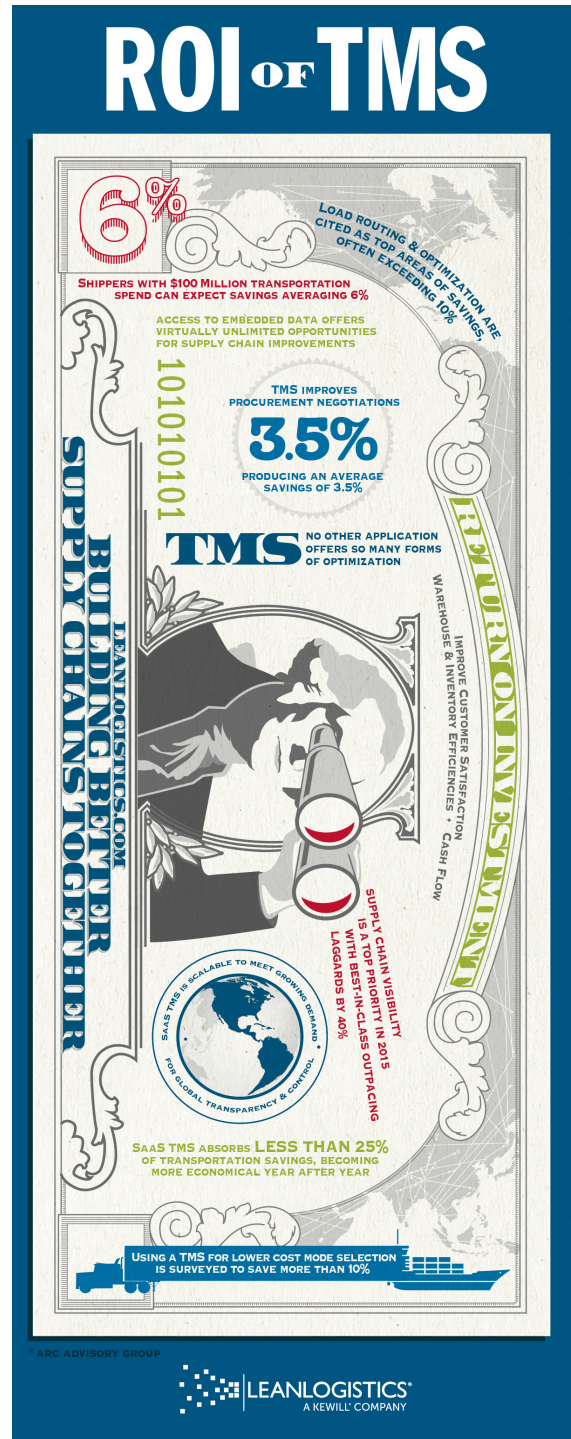
By adding a SaaS, multi-tenant TMS to their technology stables, transportation managers can effectively leverage the power of a wider network of carriers and partners while also optimizing each and every one of their transportation decisions. These moves translate into real cost savings in today's competitive business environment.

In assessing at what point a transportation manager receives *real value* from their investment in a multi-tenant TMS, Jason Nurmi, vice president of technology services for LeanLogistics, says it's when the platform can provide "adaptive agility" in a way the traditional, on-premise TMS (or, manual system) simply can't match.

The adaptive agility is supported by functionalities like standardized work flows, a single data set for business analytics and business intelligence, and the ability to answer the question: What has my company been doing for the last few months and how will that intelligence help me develop a future, successful business strategy?

The analytics transportation managers glean from a TMS also helps them pick up on trends, identify problem areas, and stay agile when addressing issues like how to meet future cost-and service-related goals. Finally, a SaaS, multi-tenant TMS like LeanTMS provides a cost-effective way to connect to thousands of carriers already hooked into the network—something that would be impossible with an on-premise platform or spreadsheet.

"There was a time when a TMS was cost prohibitive for small to mid-sized transportation management professionals, but with a SaaS model you can leave the hosting, IT work, installation, and maintenance to someone else," says Nurmi. "This advantage alone has opened up the opportunity for a TMS to a much broader market, and allowed companies of all sizes to achieve their ROI goals related to their transportation management investments." ➔



Benefits for IT: A Straightforward Decision

RIGHT NOW, MOST COMPANIES' IT departments are stretched pretty thin as shippers look to integrate the technology that will help them work better, smarter, and faster in today's business world.

With a larger number of software systems to select from, and only so many hours in a day, IT teams need solutions that—instead of bogging them down—provide a seamless, maintenance-free experience. These core advantages translate into quick ROI for the team so they can focus on other tasks.

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SHIPPERS AVERAGE



8-10% SAVINGS FIRST YEAR

20% SAVINGS ON PROCUREMENT EVENTS

5% SAVINGS YEAR OVER YEAR

[INFOGRAPHIC] SAVINGS

According to Nurmi: "Two of the biggest complexities for any large software implementation are, 'How do I justify the ROI with the level of engagement?' And, 'How do I prioritize that project within my IT group?'"

Other key considerations include ensuring that IT teams are in sync with overall company strategies. With a TMS implementation, for example, CFOs want to not only see the project-related value, but also the ROI associated with controlling transportation costs, enhancing service levels, and improving inventory management.

"The answers to these and other questions can be found in a sound transportation and carrier management strategy, both of which are enabled by a SaaS, multi-tenant, single-instance TMS," says Nurmi. "Once an IT director begins to see this picture take form, the ROI associated with a TMS comes into view and the decision to support the initiative becomes much easier to make." ↔



TMS IMPROVES PROCUREMENT NEGOTIATIONS

3.5%

PRODUCING AN AVERAGE SAVINGS OF 3.5%



Sabra Gains Visibility, Connectivity with LeanTMS

WELL KNOWN FOR the delicious Middle Eastern-style food products that are packaged in clear containers and then topped with red lids and eye-catching labels, Sabra Dipping Company, LLC, produces and ships a large volume of hummus, eggplant dip, baba ganoush, and Mediterranean salsa to retailers and grocers on a daily basis.

Up until last year, this White Plains, N.Y.-based company relied on its parent company for transportation management. Co-owned by PepsiCo and Strauss Foods, Sabra used the former's TMS to orchestrate the movement of freight from its four manufacturing facilities and three DCs to customers throughout the U.S. and Canada.

"We were basically blind when it came to transportation management and planning because PepsiCo handled that on our behalf," says Matthew Bauer, national transportation manager. "We weren't in control of our own transportation component."

Having grown into a \$500 million entity and wanting to better understand its transportation-related activity and expenses, Sabra implemented LeanTMS in July 2015. Bauer says the move was directly related to the manufacturer's "maturity" as a firm, and the realization that it could be doing a better job of planning, consolidating, and optimizing freight if it had its own tools to do so.

"We thought we could improve our planning and consolidation if we brought transportation management in-house," says Bauer. "Once we implemented the TMS, we went from zero understanding of our transportation activities to a full understanding of the related planning, costs, and analysis."

To find the right platform, Sabra sent out an RFP to various vendors and then reviewed its on-premise, SaaS, and managed service options. "Once we gathered that information, we pieced together criteria that we felt was most important to us," says Bauer, "such as full visibility of the entire shipment life cycle and the ability to view ad hoc reports."

As part of the selection process, Bauer says Sabra quickly realized that a SaaS platform would meet the company's needs very well, mainly because of the low upfront capital investment and the platform's wide range of capabilities. "Had we selected a different option, we would have had to put out hundreds of thousands of dollars to purchase the system outright," says Bauer. "Instead, we're basically 'renting' the platform."

For Sabra, LeanTMS provides automated shipment consolidation and the ability to minimize miles while maximizing payload. It also handles all freight auditing—a capability the company previously lacked. "We can see the carrier invoices and approve/disapprove any costs that are above and beyond contracted rates," says Bauer. "We can keep tabs on that all the way through to the payment process."

In place for just over a year, the TMS also helps Sabra better understand which customers are the most cost-effective and expensive to serve. It can also identify "pain points" within its own network and explore solutions (e.g., deliver to specific customers from different DCs or identify consolidation opportunities).

"Instead of just delivering on a specific day and without asking any questions, we're using the TMS-generated data to make decisions that lead to better service and lower costs," Bauer adds. ➔

Benefits for Logistics & Supply Chain Managers: Helping Them Do Their Jobs

TO DO THEIR JOBS in the most effective and efficient manner possible, logistics and supply chain managers want to have 24/7/365 visibility of the freight moving in and out of their facilities. Then, they want to extend that capability across the end-to-end supply chain in a way that allows them to meet and exceed service commitments, manage inventory appropriately, forecast, and manage a myriad of other critical supply chain tasks.

“One of the biggest ROIs for the warehouse or operations manager that implements LeanTMS is the consistency and adherence to business strategies they get in return,” says Nurmi. “They also gain from the efficiencies that come from being able to automate and execute tasks, and then report back on those activities.”

A SaaS, multi-tenant TMS also helps logistics managers achieve their individual efficiency and productivity goals *without* having to add more manpower. This is a particularly big gain in a business environment where every penny counts. “Being able to take on more business, scale, and grow without having to hire more staff is a big win for companies looking for efficiency gains,” says Nurmi.

Digging deeper into the TMS’ capabilities, Nurmi says LeanTMS enables capabilities like mode shifting, which allows supply chain managers to quickly see which modes would be the most cost-and service-effective for a specific shipment. With that information in hand, analyzing spend across modes, networks, and opportunities becomes much more transparent.

“For a very large less-than-truckload (LTL) shipper, a TMS can automatically identify opportunities to consolidate freight, move to truckload (TL) when warranted, or find other ways to reduce costs,” says Nurmi.

Finally, a TMS provides a level of visibility by carrier and/or region that helps supply chain managers see exactly how accessorials are trending at any given moment. This, in turn, helps determine what percentage of freight spend is being allocated to accessorials and helps users go after possible fee reductions.

Nurmi says: “From better load planning to the incremental deferring of headcount to accessorial assessment, the ROI that a TMS provides is pretty powerful for today’s logistics and supply chain managers.” ➔

LeanLogistics Transportation Network



[INFOGRAPHIC] NETWORK

Kwik Trip Saves Millions on Freight with LeanTMS

BUILT FOR CONVENIENCE AND SPEED, Kwik Trip, Inc., specializes in getting consumers the products and services they want quickly and efficiently. Founded in 1965, this chain of convenient stores based in La Crosse, Wis., is known as Kwik Trip in Wisconsin and Minnesota and as Kwik Star in Iowa.

For all of the efficiency and speed that Kwik Trip provides its customers, up until 2015 the company lacked visibility and control over its own transportation activities. In fact, it relied solely on its suppliers to orchestrate, track, and optimize its inbound freight activities.

“We weren’t handling our own inbound freight at all,” says Eric Kruse, inbound freight manager. “We wanted to change that and we knew we needed a TMS to help us achieve that goal.”

Ready to get more control over its transportation activities, Kwik Trip began looking for a solution that would include dock scheduling, track-and-trace, reporting, and food shipping/safety compliance.

“We handle a lot of food products, so we needed a system that would help us understand the related laws and regulations,” says Kruse, “and that would be able to quickly produce any information that agencies like the FDA or DOT requested.”

Kruse says the company also wanted a user-friendly system that was already interconnected with carriers, and would easily integrate with its own suppliers and customers. “LeanTMS met all of these needs,” says Kruse, whose team explored roughly 40 different TMS options before selecting LeanLogistics.

“We gathered a good, representative group of stakeholders from receiving, logistics, safety, procurement, and IT,” says Kruse, “and went over all of our ‘must haves’ for the system. From there, we selected LeanTMS.”

In place since the fall of 2015, the solution almost immediately began producing results for Kwik Trip, which put time and effort into getting all of its customers and suppliers onboarded with the new system.

“We started seeing savings right away,” says Kruse. “Even with just a handful of freight quotes running through the system, we started seeing lower transportation costs on the first 20 suppliers that were onboarded. That will easily translate into millions of dollars on an annual basis.” ➔

Closing Arguments

LEAN TMS DELIVERS COMPLETE TRANSPORTATION PLANNING, execution, settlement, and procurement,

as well as visibility and business intelligence, to improve transportation processes, increase efficiency, and reduce costs.

It also enables organizations to scale infrastructure and business processes while gaining efficiencies to improve service offerings. Furthermore, the global capabilities of the LeanLogistics platform ensure compliance by providing complete supply chain visibility and access to industry data to meet multi-regional regulations and guidelines.

On average, a TMS can save shippers between 2% to 10% percent on annual transportation costs right out of the gate thanks to better visibility, optimization, and automated decision making.

FOR TRANSPORTATION MANAGERS, an optimized, SaaS TMS provides a cost-effective way to connect with thousands of carriers—all of which are already connected to the network—and realize cost savings without having to invest in an on-premise solution. On average, a TMS can save shippers between 2% to 10% percent on annual transportation costs right out of the gate thanks to better visibility, optimization, and automated decision making.

FOR IT SPECIALISTS, a SaaS TMS provides a seamless, maintenance-free experience that doesn’t eat up valuable time. These core advantages translate into quick ROI for the team that’s left to focus on more important tasks. It also helps to keep IT teams in sync with overall company strategies, including controlling transportation costs, enhancing service levels, and improving inventory management.

FOR LOGISTICS AND SUPPLY CHAIN MANAGERS, an optimized TMS provides unsurpassed levels of efficiency and the ability to scale up, increase shipping volumes, and handle more with the same number of people. It also enables capabilities like mode shifting and helps users determine the most cost-effective modes while tracking accessories and helping supply chain managers take advantages of the lowest possible fees without any manual intervention. ➔