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Successfully Navigate the Search for a New Shipper TMS

An industry guide to maximize RFP results.

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Time is money in the transportation business, and smart shippers are focused on digitizing routine tasks to make optimal, time-saving decisions.

Investing in a transportation management system (TMS) is the best way to unlock human capital for more valuable activities than processing freight transactions. With the right platform, workers at all levels can use their skills to manage exceptions while technology automates routine tasks.

Finding a TMS that best matches your needs and budget will require a thoughtful request for proposal (RFP) process. **This guide outlines a strategic RFP framework to accomplish this task most effectively within the shortest amount of time by:**

- Gathering key system requirements from stakeholders
- Creating a detailed Request for Information (RFI) form
- Narrowing the list of potential partners
- Planning for the future

"The RFP starts with gathering data from stakeholders and formalizing system requirements"

Gather Requirements

Creating a thoughtful, strategic RFP from the get-go sets the tone for working with vendors and establishing a streamlined evaluation process. The RFP starts with gathering data from stakeholders and formalizing system requirements to send vendors a request for information (RFI) form.

Putting together a clear and concise RFI form, such as a spreadsheet, will pay dividends throughout the RFP process. For this reason, savvy shippers will consult internal stakeholders and frontline users to detail current and future system requirements.

The RFI is like a formal job description to fill a vacant executive role. Having a formal job description and work requirements makes it easier to screen resumes of job applicants. Similarly, an RFI helps screen TMS vendors who complete an RFI to select qualified candidates to move forward with.

Creating an itemized list of requirements for an RFI is a company-wide effort. Every department can provide valuable input on what the current system has, or lacks, and identify areas of improvement as well as strategic business needs.

Typically, most requirements for the RFI come from the IT department and users who manage transportation procurement and planning. The most critical features to look for in these two areas are outlined on the following pages.

Technology

Many shippers now require that future technology investments, especially for enterprise software like a TMS, be SaaS-based platforms. This immediately disqualifies TMS products that deploy in on-premise data centers.

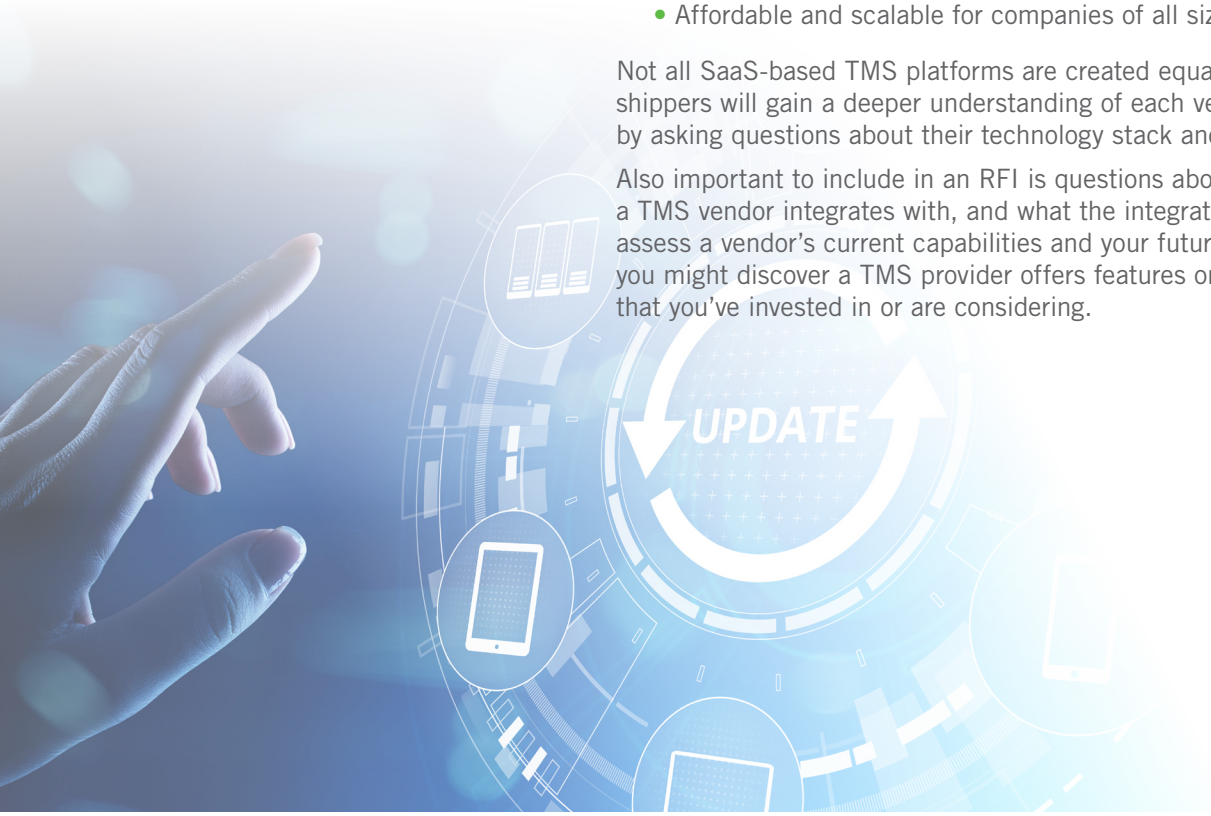
The top advantages of a SaaS-based TMS platform include:

- High availability and fast disaster recovery
- Ongoing software upgrades and better version control
- Elimination of data backups, storage and other IT expenses
- Affordable and scalable for companies of all sizes

"Not all SaaS-based TMS platforms are created equal."

Not all SaaS-based TMS platforms are created equal, however. Tech-savvy shippers will gain a deeper understanding of each vendor's sophistication by asking questions about their technology stack and infrastructure.

Also important to include in an RFI is questions about what third-party systems a TMS vendor integrates with, and what the integrations cost. This will help to assess a vendor's current capabilities and your future needs. In some cases, you might discover a TMS provider offers features or plugins to applications that you've invested in or are considering.



Procurement

The primary users of a TMS are those who manage capacity procurement and shipping operations, from soliciting carrier bids to planning loads and monitoring cost and service metrics.

Most features in a TMS are centered on procurement. When assessing the different options, TMS platforms with a robust set of procurement features have market-leading capabilities in three core areas:

Planning

One of the most important features to evaluate for load planning is how a TMS helps users select the optimal mode of shipment. Does it consider all factors — cost, distance, and schedules? Do users make some decisions manually, or does the system use linear programming to optimize intermodal and multimodal shipment options?

Linear programming helps load planners or dispatchers make decisions that would otherwise be humanly impossible by considering all combinations of loads, drivers and equipment to find the best solutions. Best-in-class TMS solutions also provide visibility and automation to assist with building truckload and less-than-truckload shipments and planning routes.

Execution

"The best laid plans of mice and men" is not a phrase shippers want to hear from users of a TMS. Shipment execution is a key point for evaluation. Specifically, does the system have everything you need to efficiently: a) match loads, b) communicate with trade partners, and c) document and track shipments?

If any of these items are lacking, rest assured, better options are available. Market-leading TMS platforms can provide integrated track and trace services that improve communication and real-time information exchange between trading partners and customers.

Settlement

Robust TMS solutions also provide capabilities to assist with the latter stages of shipments, such as freight billing, settlements, and reporting. Best-in-class TMS solutions also offer business intelligence platforms with configurable options to measure and track performance using intuitive and user-friendly reports, dashboards and analytics.

Managing Bids

After vendors respond to an RFI, it's time to curate a list of qualified candidates. During this stage it helps to place vendors into three tiers to evaluate the benefits and the risks associated with each.

Tier One

The pedigree of vendors in this tier is well established. They have been in business for many years, have a large customer base, and frequently surface in research reports by analyst firms, who the vendors typically spend money with for marketing purposes.

Consider this: The old expression, "nobody ever got fired for buying IBM" resonates in the TMS world, although shippers must consider more than a name to evaluate and find the best TMS to fit their needs.

Tier Two

Pedigrees in this tier are not as deep, but that may ultimately work to your advantage. Vendors in this tier will typically have satisfied customers and are motivated to invest in developing new capabilities to solve industry problems to make their presence better known.

Consider this: Perhaps a vendor developed a niche in a market vertical like food and beverage, or protein and produce, that will fit your needs with a more customized solution for an off-the-shelf price.

Tier Three

Vendors in this tier are often startups with limited pedigrees. Being newer to the space, they often will tout their cutting-edge technology. It could be helpful to invite some smaller, lesser-known vendors to an RFP as "dark horse" candidates.

Consider this: Are vendors trying to position themselves as "disruptors"? If so, they may have a unique application that is worthy of a closer look. They may also offer aggressive pricing. A key question is do they have depth and breadth to support all your needs?

Follow the money

Another important item to consider is the vendor's ownership. Are they privately owned? Funded by private equity or venture capital? More importantly, do they actively invest in product development or are they looking to sell and scale back on R&D?

A study by consulting firm McKinsey found that AI-enabled supply-chain management enables adopters to **improve logistics costs by 15%, inventory levels by 35%, and service levels by 65%.**

Where are they headed?

Looking to the future is critical when evaluating vendors in an RFP. Those with a mature TMS platform may be capable of meeting your needs today, but what is their product roadmap for the next few years? Evaluating this will determine which vendors are moving in your direction.

Many shippers are looking for better connectivity after using monolithic TMS platforms that may not connect with TMS systems that carriers use. On a broader scale, an ongoing problem in supply chains is that every company uses different systems that do not easily communicate with their customers and business partners.

The monolithic model for TMS is changing. Some TMS providers now offer platforms with features and data integrations that bring shippers and carriers together for better coverage, collaboration, and sharing of information.

This type of connectivity is not available from load boards or from TMS vendors that serve one side of the transportation value equation – shippers on one side; carriers or freight brokers on the other. With new and emerging technology, shippers can gain visibility of capacity from vetted carriers in a common Transportation Management Platform (TMP).

Creating a community

Some TMS providers have developed solutions that optimize both sides of the transportation value chain. For example, if a carrier regularly has trucks available in Spokane, WA, a shipper could have visibility to that capacity and offer to fill those empty trucks with loads three days a week.

For such a carrier and shipper to have visibility of each other's assets and loads requires a platform that connects to their TMS databases and gives both parties a common user experience (UX) and interface (UI).

Consider this: During the RFP process, ask vendors if a connected shipper-carrier platform is on their roadmap.

Using the power of AI

Another area to evaluate during an RFP is how a vendor is leveraging the power of artificial intelligence (AI) and machine learning (ML). These functions are essential to optimize load planning to reach higher levels of efficiency and profitability.

TMS solutions that embed AI and ML in the planning and execution phases can help shippers and carriers solve large, complex problems by:

- Giving shippers visibility of assets from carriers to source capacity
- Enabling carriers to acquire shipments at a lower cost through visibility
- Automating shipment tracking and financial settlement
- Creating efficiencies that deliver mutually beneficial outcomes

Another critical area for evaluating a TMS is its planning and execution workflows. Some modern systems have an embedded AI engine that automatically re-optimizes loads at any point during the workday, such as when new orders come in. With this automation shippers can realize significant time savings, which helps them focus on:

- Analyzing solutions rather than solving problems
- Onboarding new customers and carriers to decrease reliance on freight brokers
- Giving people more time to focus on exceptions that arise

Make time to get it right

The RFP process for enterprise technology platforms, like a TMS, can be a transformative experience. Shippers who take the time to create a thoughtful RFI and thoroughly evaluate products and vendors will set themselves up for success for years to come.

Getting an RFP right will lead to deploying a best-fit system that gives transportation managers and other workers more time to use their skills to deal with inevitable exceptions that arise during the workday rather than trying to solve complex load planning and supply chain problems with limited resources.

This industry guide on Navigating the Search for a new TMS is brought to you by PCS Software.