

Managing many clients from a single control tower.

The Control Tower mode of operation is increasingly being adopted by many organisations and CALIDUS TMS supports operations like this extremely well.

Logistics companies and departments have spent years responding to customer demands for quicker response replenishment so that order fulfilment levels are high, stock levels are kept to a minimum and the supply chain supports the commitments that organisations have made to customers.

“Whilst some supply chains achieve 80% fleet utilisation, the market average is 50%. When you get reductions in fleet size and a reduction in overall transport costs, the benefits of Control Towers speak for themselves”

Challenges of bespoke systems

These demands have led to the development of transport operations that are focused totally on a customer's requirement. By deploying customised solutions, transporters have been able to manage large, complex relationships using dedicated teams. By using this approach they can maintain service levels while making investments to support individually defined client requirements. This has led to very bespoke, non-transferrable solutions - both operationally and from a systems perspective - and overall some very low fleet utilisation.

This bespoke approach brings challenges, including how to:

- introduce innovation across an organisation
- lower costs
- effectively deal with demand spikes with rigid capacity
- deliver consistent high levels of service across all customers
- support green initiatives

Let the tower take control

One solution is the introduction of a Multi Customer Control Tower. This concept balances the reduction of road transport miles, operational costs and fleet size with high customer service levels.

Transport Control Towers enable organisations to centralise planning into a single physical or virtual planning office. It does require customers to buy into sharing resources and a standard service that is based on a clear, well-adopted standard operating process and a solid systems backbone.

Control Towers enable greater efficiency, leverage scale and maintain or improve customer service.

Typical objectives for a Control Tower may include:

- improve vehicle utilisation and therefore reduce fleet size
- proactive selling of the unused space (multi customer consolidation, backhauls)
- reduce miles travelled to lower costs and support the company's green policies
- enable the logistics organisation to act as a lead provider for many customers in a consistent manner
- offer the customer the benefit of being part of a wider network to manage unpredictable demand, such as from e-fulfilment channels
- implement a platform for further innovation that can be easily deployed to all customers.

Transport management systems

Multi Customer Control Towers need the support of a transport system - ideally one that is easy to implement and configure. The system must provide a high level of communication with the client and help manage the business through strong financial controls, KPI reporting and proactive alerting.

The system must support Multi Client Operations so that the planning function can manage many clients, supporting each client relationship to a consistently high standard.

The solution map below shows how CALIDUS TMS, which has over 12,000 users, supports Multi Customer Control Towers to manage the movement of a wide variety of products across Europe.

CALIDUS TMS has been implemented alongside leading in-cab, ePOD, route optimisation and document management solutions to provide a single transport solution backbone.

Phased transition

The first step is to implement a strong systems backbone and get the operation to deliver a consistent service. Then introduce further innovations such as smart phone applications, global inventory reporting for a client to pull together the most up to date balances, EPOD (electronic proof of delivery), voice picking, portals, exchanges and so on. Importantly, deploy them once for all customers via the Control Tower.

Will it pay?

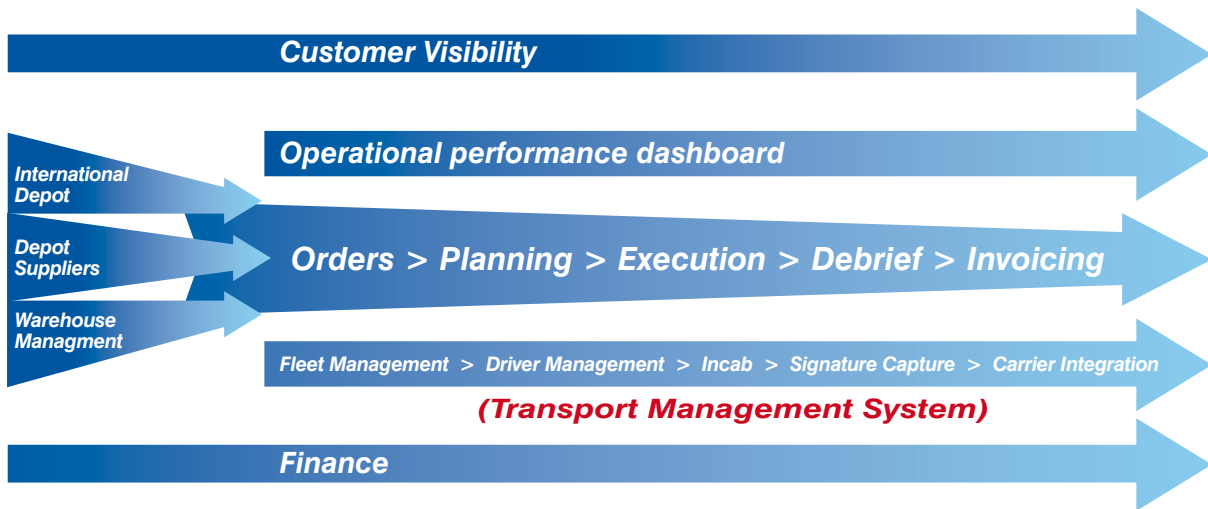
The challenge of organisational change, resource and systems investment, alongside the concern of disrupting a customer relationship, may be enough to halt control tower initiatives in their tracks. However, the financial prizes should swing the decision in their favour.

The transport industry suffers from what is perceived as very low vehicle-volume utilisation rates. This does vary from sector to sector, with some food retail supply chains reaching over 80% utilisation, but the reality across the market is an average of around 50% utilisation. In addition, market surveys have assessed that 22% of all journey legs are empty and that even when laden 25% of the floor space is not filled.¹

If a 32-tonne curtain-side typically costs £267 per day plus 64.2 pence per mile to run, then fleets with 100 vehicles could save in the region of £500,000 per annum with just a 5% improvement in utilisation.² [References: 1. Research by Herriot-Watt University. 2. RHA (Road Haulage Association) statistics.]

This is the prize of the tower taking control!

“The Control Tower mode of operation is increasingly being adopted by many organisations and CALIDUS TMS supports operations like this extremely well. When you get reductions in fleet size and a reduction in overall transport costs, the benefits speak for themselves,” says Dave Renshaw, CEO OBS Logistics.



CALIDUS TMS supporting multi-customer operations

OBS Logistics Ltd is a UK headquartered company dedicated to providing operational business solutions to the supply chain sector. With offices in Europe and Asia, the company employs in excess of 100 professional devoted exclusively to developing and supporting e-commerce based solutions for the warehousing, transportation and related industries. The CALIDUS supply chain and warehouse management systems are implemented in 57 countries.

