



Costing the earth or just your business? *Part 2.*

Do you still want a TMS?

No matter how you view a company's supply chain, its objective is always the same – it has to work! Getting it right every single time is the never-ending challenge. Arguably, the Transport Operation is the heart of any supply chain – if it does not function properly then everything else will ultimately fail. Having the right Transport Management System (TMS) can be the difference between success and failure.

“The pressure on costs will not diminish. The impacts of fuel tax and employment cost increases are only the beginning. The cost and availability of capital will also continue to be a major long-term issue.”

From your customers perspective 'getting it right' is the obvious need. Getting the right products to the right place, at the right time and at the agreed price is the minimum they expect. But, whilst doing all of that, for YOUR business to prosper, the whole process must be executed at the right cost.

The pressure on costs will not diminish. The impacts of fuel tax and employment cost increases are only the beginning. The cost and availability of capital will also continue to be a major long-term issue. The pressure on cost and profit is unlikely to ease - the pain will continue and now, just to add to the challenges, there is real attention being paid to the impact of your business on the environment.



“Experience has shown that it is far better for a business to be addressing these issues rather than simply letting events and customer demands drive change – staying in control is a vital part of staying in business!”

Part 1 of this White Paper identified the three key drivers to achieve the objective of sustained, profitable growth in a difficult and highly competitive market:

1. EFFICIENCY:

Working quicker using the minimum of resource, expense and time.

2. EFFECTIVENESS:

Working smarter by doing the right things, in the right sequence, in the right way.

3. THE ENVIRONMENT:

By implementing the previous two recommendations you will continuously improve your business’s impact on the environment.

The last point should not be treated lightly. Wal-Mart has recently announced its intention to extend its ‘sustainability index’ to its operations and suppliers worldwide, having introduced the scheme in the USA in 2009. The ‘sustainability index’ is designed to measure a supplier’s performance in areas including efficiency of energy usage, carbon and other emissions, raw material usage and material reclamation. A supplier database is being compiled with a ratings system that Wal-Mart believes will enable consumers to shop in a more environmentally friendly way.

Although it is currently only speculation, it is possible that the Wal-Mart ‘sustainability index’ could ultimately be used as part of the process to select their suppliers of products and services.

It is worth remembering that the use of RFID in the retail market only really took-off when Wal-Mart started setting the pace. In the UK one of the major supermarkets, ASDA, is owned by Wal-Mart and there is no reason why their ‘sustainability index’ scheme will not start over here sooner rather than later. Be prepared...

Experience has shown that it is far better for a business to be addressing these issues rather than simply letting events and customer demands drive change – staying in control is a vital part of staying in business!

In Part 1 of this White Paper seven ‘Functional Requirements’ were described

as the minimum requirements for any TMS solution. Detailed below are a further seven features that you should also expect in any good TMS. Combining the two lists should provide a sound basis for assessing the quality of your current business systems and enable you to determine if there is a need to procure a new TMS.

Business Need	Solution	Benefit
Consistent operational processes	Inbuilt decision support, validation, exception reporting and alerts.	Best practice. Automated processes. Less manual intervention. Focus on exceptions.
Margin Management	Revenue and cost capture - margin reporting. Reporting on profitability of routes and tariffs.	Validate that sales contracts are realistic. Verify that Transport Operations are working to contract.
Management of organisational changes	Must be able to support: <ul style="list-style-type: none"> • Network • Single Site • Control Tower • Distributed • Segregated • etc... 	Ease of adoption and rapid implementation of organisational changes.
Maximise own fleet utilisation before subcontracting out	Resources scheduled by availability of own resource – automatic cost and margin comparisons.	Maximise control - minimise external spend.
Financial checks and controls	Comprehensive tariff and rate card - automated pricing and costing engine.	Minimise missed revenue.
Cost invoice validation and authorisation to pay	Cost reconciliation versus carrier invoice.	Manage carrier billing.
TMS must work with other systems in the business	Proven interfaces to: Vehicle tracking and Telematics systems, leading WMS and ERP systems.	Faster, more efficient and cost effective handling of information.

Implementing a TMS will make additional demands on your organisation in terms of time and effort. Rarely do you get something for nothing in business, but it can be the cornerstone of your strategy to improve the use and efficiency of the transport operation whilst providing better and more cost effective end results for your customers.

The challenge to become leaner and greener will continue, with more companies following the Wal-Mart 'sustainability' lead. It is hard to believe that M&S, Tesco, Morrisons and Primark, to name but a few of the major UK retailers, will let Wal-Mart position itself as the most 'environmentally aware' retailer without an appropriate response. One thing is for certain - things will change...

...and it is not just in the retail sector - it is clear that 'lean and green' is starting to appear as a requirement for doing business in many different industries.

CALIDUS TMS

CALIDUS TMS is an industry leading TMS solution from OBS Logistics. It now has over 1,500 users and is deployed throughout the world by logistics operations working with major household names in retail, wholesale and manufacturing involving everything from mobile phones, food and drink, pharmaceuticals to fashion garments.

The CALIDUS TMS solution supports transport operations in many different industries. For example, in the construction business it is used by a major company to manage a large fleet of heavy goods vehicles over both scheduled and unscheduled medium and long haul routes. The company has a well established

reputation for excellent customer service but in an increasingly competitive marketplace the ability to ensure delivery 'on time - every time' is becoming ever more important. The company's business objectives include outstanding customer service, a substantial improvement in profits and equally important, a significant and cost effective improvement in their operation's overall environmental impact.

Having experienced a continuous increase in their operating costs over recent years, management determined the time was right to invest in a TMS system to improve total fleet efficiency. Added to this, with a large fleet of heavy goods vehicles, the company was keen to take tangible steps to reduce its carbon footprint.

As part of a drive to improve business processes a strategic review of the transport operation was carried-out. The business is organised into several operating divisions each with a level of autonomy over their own and contract transport. The review identified opportunities to reduce costs and improve efficiency. This has resulted in the rationalisation of both the fleet and regional transport depots and a move away from local manual planning of transport to a more centralised co-ordinated approach.

OBS Logistics Transport Consultants worked with the management team prior to, and during, the strategic transport review process and made recommendations to help the company change the way their transport operations are planned and managed. The company has made fundamental changes in its business processes to focus on centralised planning in what was previously a devolved and uncoordinated network.

The changes would have proven difficult, if not impossible, without the implementation of CALIDUS TMS as an integral part of the business improvement process. Benefits include:

- Removal of transport overlaps between depots
- Reduction in the total fleet size through higher utilisation rates
- Reduction in total fleet mileage
- Reduced overall fuel consumption
- Improved customer service levels
- More effective use of driver resource
- Significantly reduced use of contract carriers

To achieve an early implementation, with minimal capital investment, resulting in a very rapid Return On Investment (ROI), the CALIDUS TMS is provided as a 'Solution as a Service'. This is a managed service, provided by OBS Logistics from highly secure data centres. The charges cover all of the one-time project and consulting costs as well as the ongoing running costs - one regular bill for all the costs. The use of 'Solution as a Service' ensures high availability of a business critical system with a predictable cost profile.

CALIDUS TMS has everything, and more, you would expect from an industry proven application. Having the market-leading Transport Management Solution available to your company will accelerate profits, reduce costs, be more environmentally friendly and provide a world-class service for your customers.

The CALIDUS TMS solution is implemented as part of a continuous improvement programme designed to optimise business processes in what is a long-term partnership between the client and OBS Logistics.

About OBS Logistics

OBS Logistics is a leading provider of Warehouse Management and Transport Management Software Solutions, having worked with many of the world's largest logistics, supply chain and transportation companies over the last 30 years.

Using the latest technologies, OBS Logistics adds value to its core solutions through the development of unique functionality, providing true visibility across supply chain operations.

The *CALIDUS* Warehouse Management and Transport Management modules are the core of our supply chain solution. With these adaptable and sophisticated systems, organisations are able to gain competitive advantage. A combination of up to the minute management information, reduced stock levels, improved stock availability, effective order tracking and seamless integration through the supply chain, are typical of the benefits.

CALIDUS is a scaleable product that operates successfully in both small, large, complex and international operations and can deal with specifics such as Bonded warehousing, vendor managed inventory and customer/supplier web portals.

We often implement *CALIDUS* logistics solutions integrated with a client's own ERP solution. However, where a Total Enterprise Supply Chain Solution is required, we can supply one of the leading ERP solutions Microsoft Dynamics NAV, together with the required *CALIDUS* modules thereby providing a total solution to meet your needs from a single vendor.

Whilst our solutions can be provided on a conventional licence and services model, we now offer Solution as a Service where we provide our supply chain solutions on a managed service basis where you pay for the solution whilst the system is operational and delivering benefits, with all the cash flow and cost benefits such an approach brings.

OBS Logistics is unique in that it can offer flexible, scalable integrated software solutions across the entire supply chain, including 3pl and 4pl providers, transport companies and organisations with their own in-house logistics operations.

For further information about *CALIDUS* TMS please contact Gemma Webb on 0207 881 2562 or by email to: gemma.webb@obs-logistics.com

London:

140 Buckingham Palace Road
London
SW1W 9SA
Tel: +44 (0)20 7881 2500
Fax: +44 (0)20 7881 2501

Liverpool:

Southern Gateway,
Speke Boulevard,
Liverpool L24 9HZ
Tel: +44 (0)151 448 0331
Fax: +44 (0)151 448 2989

