Smart Transportation Management

Maximizing value out of a TMS towards Smarter and Better Transportation Management
About ControlPay

History
13+ YEARS IN BUSINESS
Founded in 2002
ControlPay is the largest Freight Audit provider in Europe.

Global Coverage
We work on a EMEA and global scale.

Our team
125 Employees
Privately held company, doubled in size in the last 4 years.

Unlocking the value of Transportation Management (Systems)
About ControlPay

We implemented over 2000 carriers in over 40 countries, for more than 500 sites.

Currently we actively maintain over a 1000 carrier contracts and rates.

Among our customers are 11 Fortune 500 companies.

ControlPay has over 10 years experience in managing processes, data, exceptions, contracts and rates.
TMS market characteristics

- Industry adoption around 35%
- Many companies compete in the mid market (25-100 million USD freight spend)
- Typical savings achieved: 6% of the freight spend
- Top 5 that serves the Tier 1 market: Oracle, Descartes, Manhattan Associates, JDA, SAP
- Double digit growth until 2019
- Currently most companies underutilize functionalities
- Cloud solutions become the preferred option
- Increasing number of companies are turning to their service providers for managed services

Sources
*Gartner Gartner Magic Quadrant for TMS 2014
ARC Advisory Group TMS market research study 2014
# 3 Models for working with TMS

<table>
<thead>
<tr>
<th>Full outsourcing</th>
<th>Partial outsourcing</th>
<th>Full in-house</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Control tower concept</td>
<td>• Critical tasks in-house such as load building</td>
<td>• Full use of a TMS</td>
</tr>
<tr>
<td>• 3PL or 4PL completely taking care of logistics</td>
<td>• Planning and routing but other tasks like Freight Audit</td>
<td>• All functionalities are being used internally</td>
</tr>
<tr>
<td>• Integrated with ERP/WMS or with external partner systems</td>
<td>• Rate updates</td>
<td>• Best option for simple set-ups or very large set-ups</td>
</tr>
<tr>
<td></td>
<td>• Claims management</td>
<td>• Full Centralization</td>
</tr>
<tr>
<td></td>
<td>• EDI with carriers</td>
<td>• Top down approach</td>
</tr>
<tr>
<td></td>
<td>• Customs activities managed by third parties</td>
<td>• 1 System</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Full in-house works well with a static network</td>
</tr>
</tbody>
</table>
### 3 Models with outsourcing TMS

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<thead>
<tr>
<th>Full outsourcing</th>
<th>Partial outsourcing</th>
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<tbody>
<tr>
<td><strong>Advantages</strong></td>
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</tr>
<tr>
<td>• 1 supplier for logistics</td>
<td>• Focus on core tasks</td>
<td>• You are in full control</td>
</tr>
<tr>
<td>• No carrier management</td>
<td>• Control of the market</td>
<td></td>
</tr>
<tr>
<td>• Less paperwork</td>
<td>• Flexibility to change functions</td>
<td></td>
</tr>
<tr>
<td>• More standard pricing</td>
<td>• Full visibility</td>
<td></td>
</tr>
<tr>
<td>• Better visibility</td>
<td>• Have maintenance covered</td>
<td></td>
</tr>
<tr>
<td>• Focus on core tasks</td>
<td>• Leaner organization</td>
<td></td>
</tr>
<tr>
<td>• Remain closer to your core business</td>
<td><strong>Disadvantages</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Disadvantages</strong></td>
<td></td>
</tr>
<tr>
<td>• More expensive</td>
<td>• Less control</td>
<td>• Implementation takes long</td>
</tr>
<tr>
<td>• Typically tied in with operational functions losing feeling with the market</td>
<td>• Trust issue</td>
<td>and a lot of management attention</td>
</tr>
<tr>
<td>• Long term contract</td>
<td>• Manage and audit the third party</td>
<td></td>
</tr>
<tr>
<td>• Less flexibility</td>
<td></td>
<td>• A unique organization needs to be built internally</td>
</tr>
<tr>
<td>• Returning to In-house is difficult</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Many learning curves and building know-how that is far from core</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Rigid approach in planning customer service freight audit, data management, reporting, carrier management</td>
</tr>
</tbody>
</table>
The challenges of managing the TMS

<table>
<thead>
<tr>
<th>Key tasks</th>
<th>Non-critical tasks</th>
<th>Maintenance tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Planning</td>
<td>- Issue and claim handling</td>
<td>- Master data management</td>
</tr>
<tr>
<td>- Routing</td>
<td>- Freight audit</td>
<td>- Rate maintenance</td>
</tr>
<tr>
<td>- Booking</td>
<td>- Reporting</td>
<td>- Process management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Routing management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Success factors</th>
<th>Key elements</th>
<th>Users should be</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Discipline</td>
<td>- On-time updates</td>
<td>- Well-trained</td>
</tr>
<tr>
<td>- Ownership</td>
<td>- KPI's and managing KPI's</td>
<td>- Have focus/Enough time</td>
</tr>
<tr>
<td>- Data and process governance</td>
<td>- Standard operating procedures</td>
<td>- Having deep logistics / network knowledge</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Should be tested every once in a while</td>
</tr>
</tbody>
</table>

Increase of logistics staff to manage TMS
Carrier integration will become challenging

- Carriers are not equipped to handle many different interfacing set-ups
- Carriers as well have limited IT resources
- Shipper project manager typically do this for the first time
- Delays of many months are very common
Onboarding carriers

Onboarding of carriers is labor intensive and needs a specific focus

Data analyses
Building interface
Training of the carriers
Contract and rate upload
Contract and rate analysis
Data mapping for the interfaces
Testing the interface and the data
Setting up operating procedures

This always takes more effort than most people think
TMS Managed services

Key elements TMS that need to be managed

- Master data
- Carrier rates
- Contracts
- Fuel surcharges
- New carriers
- Issues
- Exceptions
- Inquiries
- Data transmission issues
- Cost allocation parameters
- Currency conversions

CP services

- Master data management
- Rate maintenance (updates, analysis)
- Process management
- Onboarding carriers
- Exception management
- Freight Audit & Billing

ControlPay maintains data on an ongoing basis and ensures that processes can run smoothly.
Advantages of outsourcing TMS Maintenance

- Strongly controlled by SOX compliancy, KPI’s and SOP’s
- Full dedicated focus
- 1 Centralized team will manage all your data
- Benefit from wide experience in analyzing, maintaining data and rates
- Internally people will not be distracted by non-critical tasks
- Flexibility in which components you outsource
- Lane Management
SWOT TMS

**Strengths**
- TMS is a multifunctional system
- TMS offers a wide range of benefits
- TMS can be integrated with other software systems, e.g. WMS
- TMS is a well-recognized service

**Weaknesses**
- TMS is still expensive and takes long to implement
- TMS loses out to freight audit providers when it comes to freight accounting
- A lot of TMS have a limited depth and geographical scope.
- TMS leaders claimed all the known industry leaders
- TMS is only as good as the Master Data is
- Most TMS are non-user friendly and remain complicated to the end-user

**Opportunities**
- TMS becomes more affordable due to SaaS TMS
- SME is a new growing market for TMS
- Cloud TMS application is becoming a preference
- Customer demands system integration in order to achieve full visibility and real-time information

**Threats**
- In mid-2020 TMS market will reach its saturation
- People who operate TMS do not use or realize its full functionality and benefits
- TMS has to be constantly maintained
- It is resource consuming to maintain TMS in house
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