How Do You Choose the Right Supply Chain Software?

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Supply chains of the past were built for the efficient movement of goods. That is still true today, but a modern supply chain must also be built for the efficient movement of data.

This makes technology central to every global logistics operation. The market demands it from shippers, carriers, and freight forwarders alike.

This is not a new concept as many of the benefits of supply chain technology are self-apparent and wide reaching. Here are four examples of how logistics technology improves the flow of goods and data.

Improved Efficiency – Technology not only enables more efficient shipment execution and flow of data, it can provide benefits throughout the shipment lifecycle. Better planning and budgeting for costs, route optimization that improves transits times and reduces freight expense, fast track and trace on the location of shipments, inventory optimization, and easy invoice audit processes are just a few.

Better Customer Service – Having access to better data and real time information makes responding to supply chain disruption and other in-transit issues easier to spot and resolve. This enables your team to be more effective when managing customer expectations and results in a better customer experience.

Regulations and Compliance – International shipping is complicated for many reasons, not the least of which is dealing with government regulations from the countries shipments are being exported from and imported to. Platforms that facilitate proper compliance and flow of shipment data (such as that related to tariff filling, import/ export documentation, screenings, and classifications) can provide a significant ROI to both shippers and logistics service providers.

Robust Analytics – Technology makes use of the vast new amounts of data possible. Identifying trends that impact cost efficiency and service are two such uses. With the right tools and analytics companies are able to optimize every part of the supply chain, from vendor selection to carrier performance management.

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Any thoughtful consideration about these benefits makes it really a discussion of how, not if, to select and implement the right logistics technology. But it is never a simple decision – the cost of implementing technology is significant so making the right decisions is important.

When it comes to cost, don't be put off by the idea that all logistics technology is unaffordable. Focus on the processes and tools that will have the most impact for your operations.

In the past, it was often a choice of either no technology or a huge bloated application with a big price tag. Fortunately the options have changed. Thankfully, gone are the days of seven figure global TMS implementations. This is still the approach of many single-source technology providers, and it usually results in users getting a lesser solution.

The more complex a process, the more nuanced the technology has to be to effectively manage each part. Modern logistics technology is very often designed to be targeted and function in specific ways with more affordable and scalable pricing.

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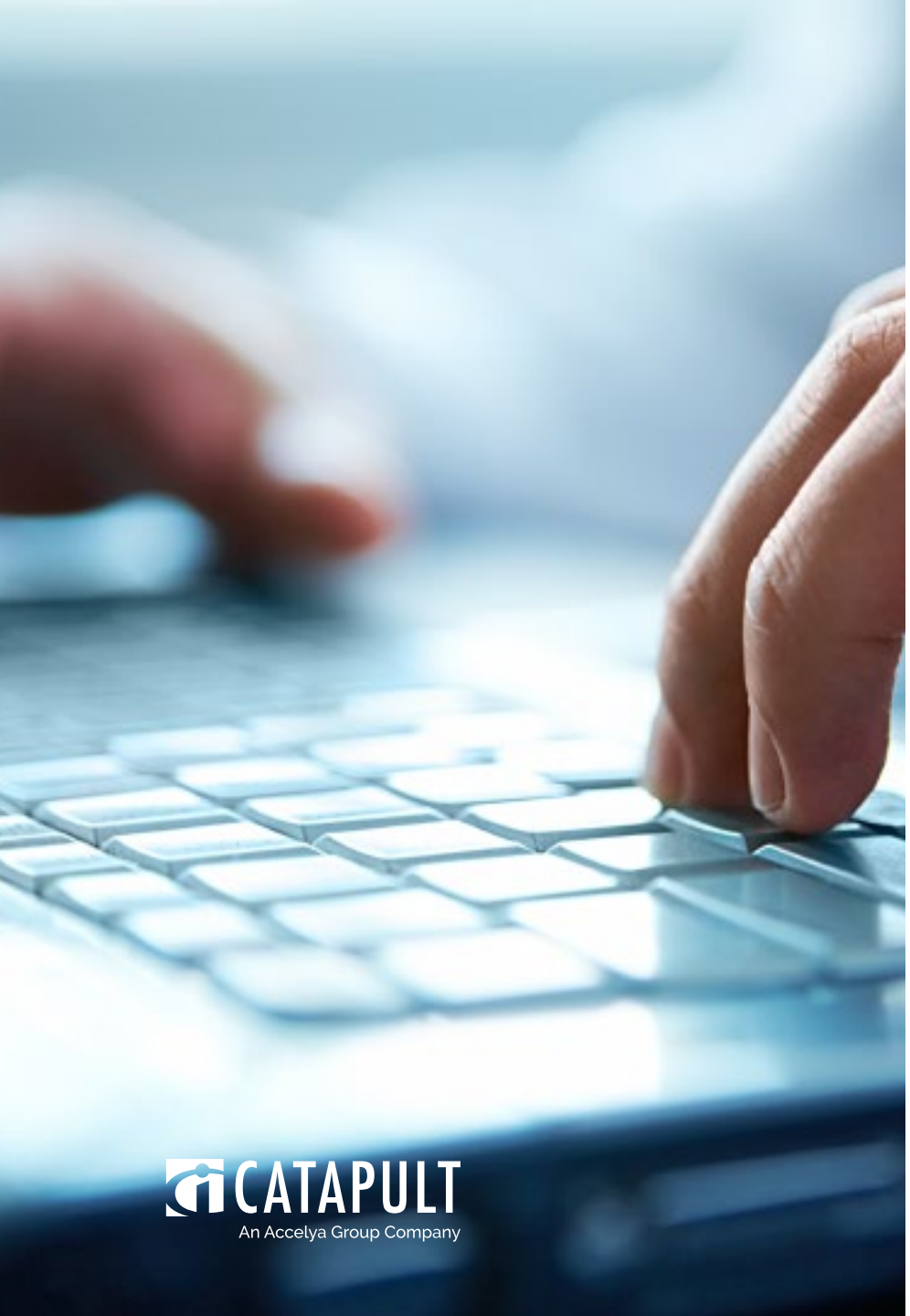


Making this possible is that data today is almost always completely interoperable – meaning systems can talk to each other and exchange information easily. All modern IT technology can provide web-services, or an API that freely makes available the data necessary to integrate systems across platforms. The point is that different systems can exchange data (and we are not talking about old school EDI) making it possible for companies to select the best solution for each part of their business.

So, instead of using a single suite of mediocre solutions to run your business – why not select best in class systems to optimize each part of your logistics process? Done right, the combination can have a synergistic effect that delivers the 4 benefits we identified previously.

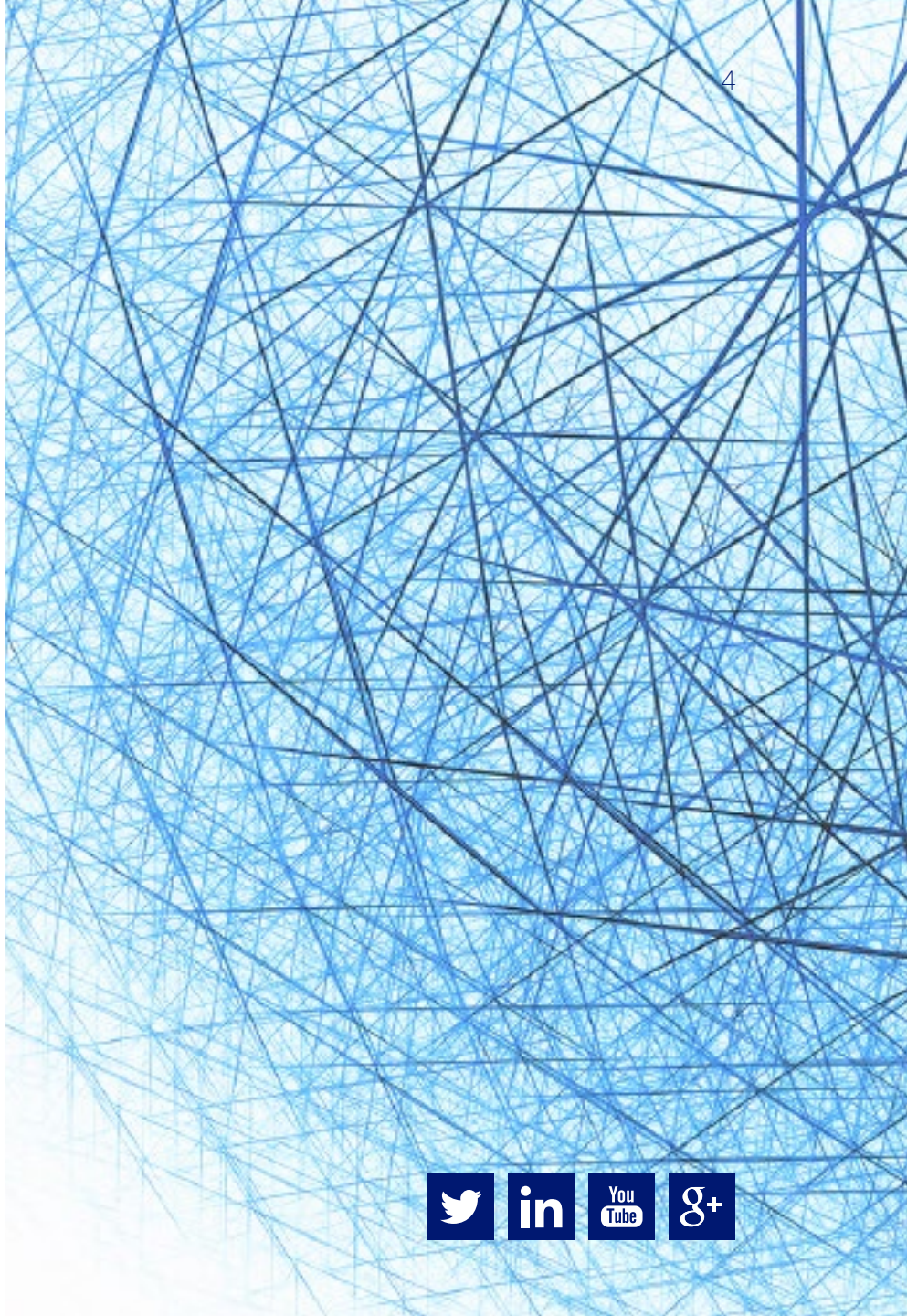
Once companies are bought into the value of technology and how it can help their logistics operation, they have three basic choices. Technology can be developed in-house, built by a 3rd party, or be purchased “off the shelf”.

There are pros and cons to each. For example, building a system in-house should meet most of your business needs – after all who knows your business better than you? A negative however is that this approach will consume a large amount of IT resources for its development and maintenance. Today, with most companies’ IT resources already stretched to the max, building a solution in-house is probably not a realistic option for most companies.

Contracting with a third party developer to build the application is an option to deal with limited internal resources. However, most companies find this option very pricey. Another challenge is outside companies will typically have no experience with your business which will potentially limit the effectiveness of the final solution. In the end, a large percentage of your budget is being spent on simply educating the developers on your business before anything actually gets built.

The good news is there's existing logistics technology on the market built specifically for most parts of the shipment lifecycle. Buying software, as opposed to building, should always satisfy the majority of your business needs. Most companies find the time and money saved with an off the shelf solution is worth avoiding the strain on internal IT resources. In addition, this option ensures any future updates and improvements to the application are made with little or no disruption.

Of course, choosing the wrong off the shelf solution can not only prevent you from seeing these gains - but could even harm your business. Here are a few questions you need to ask yourself to ensure you choose the right supply chain software.



What business needs are we looking to address with new logistics technology?

The answer probably relates to operating better or saving time and money. In other words you want to be able to do things you simply couldn't do before, and more efficiently.

The best thing to do is quantify those effects as accurately as possible. Keep in mind that implementing the software will no doubt have its own costs, as will training your staff to use it.

By quantifying the value of the software to your company, you'll be better able to identify the parts of your operation that will be best helped with technology – and the total ROI it will bring.

It's also critical to see if the software is compatible with your current technology infrastructure and workflows. Data interoperability should be a basic expectation, but if users are having to operate within too many systems with different log-ins and strange user interfaces then complete adoption will be slow.

Does the potential software provider have experience dealing with companies like yours?

It's a given that no two companies are the same. The size of companies and the markets they operate in are important considerations. The business challenges of similar companies are often not very different. The more clients and experience the software provider has with companies in your niche, the more likely they'll be "tuned in" to your needs.

Chances are they're more likely to have pre-made solutions for your specific problems – as well as experience that will help with implementation and issue resolution down the road. After all, if you're getting errors or having problems, so is another client.

How is the overall usability of the software?

So you are sure the software can provide incredible benefits to your company, does the company offer a solid implementation and training plan for your user base?

Is it accessible? This is very important if your operation includes multiple offices having location around the world. Working via a tablet or mobile is something we take for granted these days, but that capability isn't common to all business software.

The use of logistics technology by shippers and service providers (such as freight forwarders) is steadily growing. As supply chains become more complex and potential disruptions increase, companies are looking to implement these systems for risk mitigation and as a way to create more dynamic operations – all while controlling costs.

With the demands of a complicated, global supply chain growing, companies will rely on systems to help streamline their logistics operations and give them a competitive advantage over those who struggle with manual or inefficient processes. The benefits of logistics technology are real and achievable – while the company's supply chain as a whole becomes more stable, more compliant, and cost optimized.

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