

Rethinking Routing

Using a TMS for Real-Time Savings and Gross Margin Calculations during the Routing Process



Introduction

At its core, a TMS is a routing tool



A transportation management system (TMS) has one of the strongest ROIs for a 3PL or shipper: an average of about 7.5 percent in freight savings according to recent research by ARC Advisory Group. It's an especially valuable tool throughout the route planning process, when it can help guide you on how to deliver freight at the lowest cost while still meeting the order's requirements.

The complexity of routing has increased in recent years, especially due to the addition of more and more dynamic factors. And yet many companies still think about route cost purely from a decision-making perspective: For every transportation option, there is a savings of one versus another. This type of approach won't achieve truly optimized and cost-effective transportation choices. What's more, most TMS systems – because they were developed 15-20 years ago – cannot factor in constraints in real time that will help you determine for certain what the fastest and most efficient mode will be. Your TMS must know and be able to use actual rates and service offerings to make the best modal decisions – and this cannot be done manually or with most of the TMS systems currently on the market.

In this eBook, we'll look at a more modern and accurate way of approaching routing cost. Specifically, we'll examine how a modern TMS can deliver real-time savings and gross margin calculations that give you a more flexible and cost-effective routing process than ever before.

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Partner with us!

Chapter 1

Routing is an Art Form

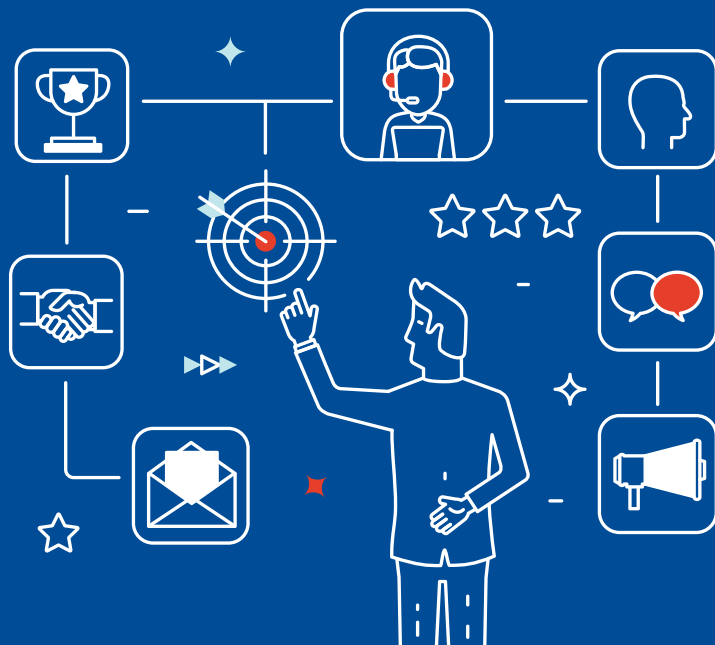
The human element is still key

A TMS can do many routings - without the need for a user - by directly integrating with legacy systems. However, for multi-stop planning and complex routings, a planner is still needed: There are extraneous factors that only a route planner can bring to the table, such as forecasting future order changes or knowledge of the nuances with carrier capacities.

Think about routing in terms of a TMS delivering the most accurate, real-time data to the route planner so that they can make the best decision. And making the best decisions comes down to knowing the savings and margin.

Traditionally, these calculations have been done in hindsight in post-analysis or historical reporting. Looking backward at data used to be good enough for the transportation industry, but not anymore.

While routing will remain an art form, only a modernly designed, Tier 1 TMS can automate many functions and do the complex calculations that allow planners to make the best decisions.

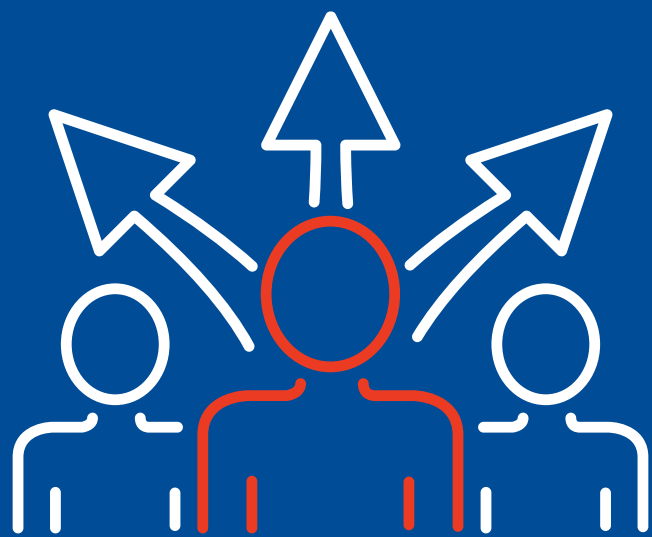


Chapter 2

A New Approach

Optimize your decisions with real-time...

- Rates
- Carrier capacities
- Service and drive times
- Appointment hours
- Equipment requirements
- And more



Power your routes with a revolutionary TMS design

With a modern TMS, you now have the power to calculate and leverage real-time savings and gross margin calculations during the planning process, as well as leverage shipments and routes to make the best decisions.

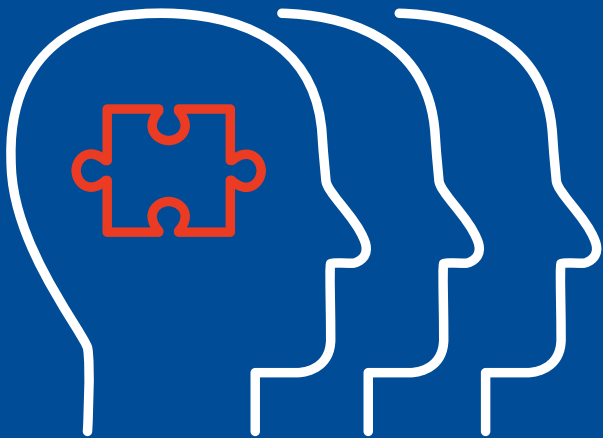
Why is this important? A route's savings is the difference between moving the freight direct versus the currently selected route. But this difference changes dynamically as you adjust the mode, carrier, stop-off and other factors. As an example, let's say you have a multi-stop TL that has a \$200 savings over shipping all via least-cost LTL carrier(s). However, the first choice TL carrier can't take the load and the next carrier is \$300 more expensive. So now you have a negative \$100 savings, which means it makes more sense to break up the load and ship the freight using the direct method.



Only a TMS with an architecture distinct from the systems of 15-20 years ago has the power to calculate these dynamic factors and make the calculations in real time. This opens up new possibilities for the route planner, including exploring different options and seeing the impact of those options – before making a decision.

Chapter 3

How to Rethink Routing



Understanding the difference

Most TMS systems on the market today don't dynamically calculate savings and gross margins during the routing process. In fact, no other TMS manages the routing process quite like the TMS technology of 3Gtms.

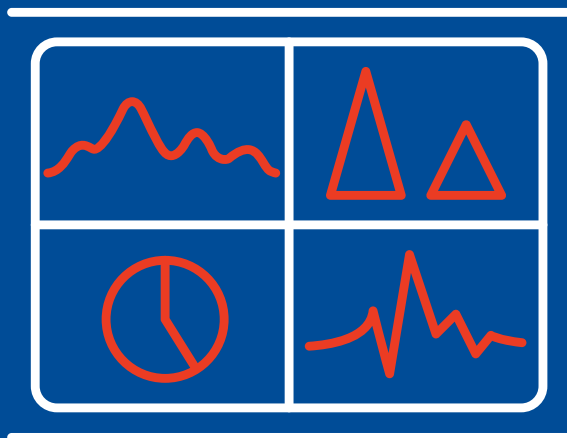
3Gtms data model	Other/traditional data models
Route and shipment calculations	Shipment-level calculations only
Savings and gross margins calculated during the routing process	Savings and gross margins calculated after route completed
Adjusts savings based on dynamic factors	Cannot automatically adjust savings calculations
Savings calculated in marginal costs	Savings calculated in allocated costs

At 3Gtms, we have created concepts around base costs and savings of suggested routing versus the base cost. We have also created a concept of routes (groups of orders travelling together) and our TMS technology looks at savings over the entire route.

These two differentiators are significant, complex and nuanced innovations that enable greater savings than ever before.

Chapter 3

How to Rethink Routing



Savings and gross margins

With the ability to calculate savings and gross margins during the routing process in real time, you'll know whether the initial load still makes sense financially or whether you're increasing your freight costs and leaving money on the table.

The long-standing practice is calculating the shipment cost by totaling the attributes on the order. But there are many critical data elements on a shipment level and most TMS systems don't have a place for those in the calculations. For instance, on a shipment level, you have questions such as:

What would the direct cost be?

Who is the carrier?

What's the service?

If you have 46,000 pounds on a truck and you have to remove something because of an order change, you need to know whether you can send that order direct, the cost, the price differentiation and the arrival time. You also need to know the tactical savings; the direct distance and direct ETA are important at that level.

3Gtms is the only TMS company that thinks about costs in these terms.

Chapter 3

How to Rethink Routing

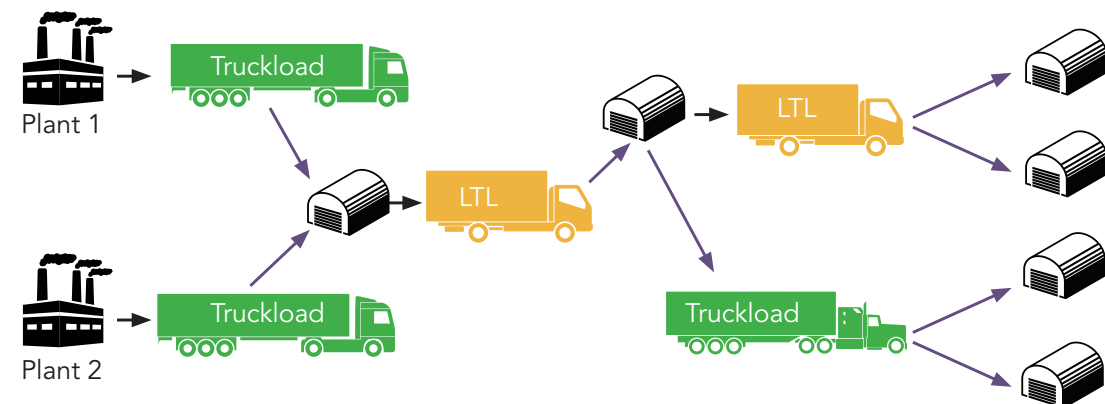


A more flexible routing concept

For us, a route is when all of an order travels together but not necessarily on one truck all the time. Perhaps there are three picks and three drops for six shipments, and there's only a brief period when they all travel together. We specifically created order-shipment independence within our TMS that allows the route planner to split the shipments and build an unlimited combination of orders and shipments.

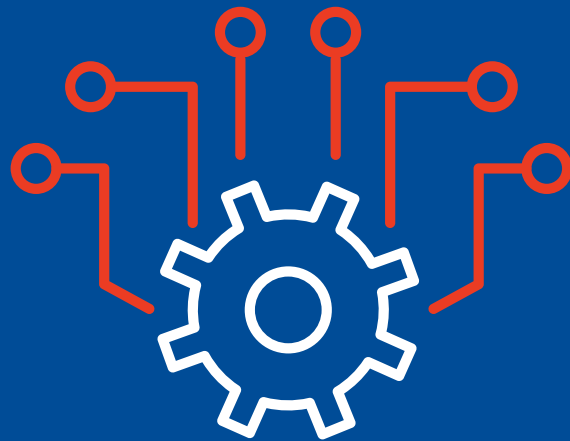
With this approach, routes are more accurately depicted as the spider webs they are – not disconnected, linear options that you've been forced to work with because of technology's limitations.

Optimize Your Shipments with 3GTMS



Chapter 4

Taking another Look at Pool Distribution

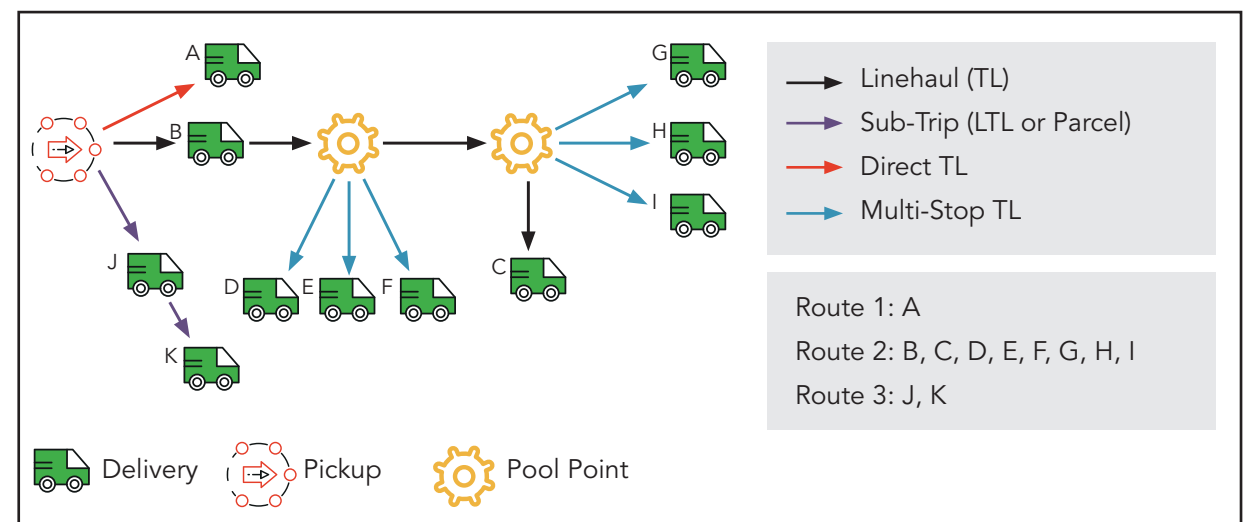


Leveraging its full potential

For the concept of a truckload, most TMS systems struggle allocating costs for multi-stop/pool distribution movements back to the individual order. So while many shippers and 3PLs understand the savings and efficiency of pool distribution, the limits of their TMS systems have prevented them from using it (or using it to its full potential).

The design of our 3G-TM system and our fresh approach to routing enables you to maximize the efficiency of pool distribution for your shipping or 3PL business. Our technology is designed to handle multi-leg moves and the associated cost/invoice allocation, which allows you to choose the best pool point and determine which shipments should be picked up or delivered.

We translate our advanced route concepts into an intuitive experience for the user, allowing planners to easily manage complex executions. This is what gives you the all-important tactical savings; it lets you get creative about how you distribute freight and show your customers their savings.



Chapter 5

Why 3Gtms is the Fastest Growing TMS provider



Partner with us!

Our innovative approach to savings and routing are just a few reasons that we are the fastest growing Tier 1 TMS provider. Our customer satisfaction rate – unmatched in the industry – is our top focus. We are dedicated to helping 3PLs, brokers and shippers gain a competitive advantage through technology.

Whether you move \$5 million or \$5 billion in freight, our TMS solution seamlessly manages the full transportation lifecycle, including transportation planning and optimization, execution and settlement, empowering you to make better shipping decisions while meeting your service goals.

To learn more, connect with us!

