

Logistics Collaboration

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What should you be looking for when sourcing your e-platform dedicated to logistics?

High costs and still an information black-hole

Companies are spending large amounts to have their products shipped across Europe and elsewhere. Too often transport companies have as many different manual processes as they have customers. Cumbersome processes translate into costs and therefore into higher transport rates. There is also insufficient real time information available for transport buyers and for their end-customers. Have the goods been delivered? Was the driver on time? What exactly has been signed off by the end customer?

This information back-hole prohibits pro-activeness vis-à-vis end customers and causes costs as logistics professionals spend considerable amount of time chasing information manually.

In this paper, Transwide, as the leading collaboration platform, shares its experience developing, implementing and running a pan-European transport execution Hub.

Having worked with tens of thousands of users in hundreds of companies, where the application has enabled a very substantial number of transactions, four key success factors emerged:

- HAVING THE RIGHT HUB PHILOSOPHY,
- BEING ABLE TO MANAGE DIVERSITY,
- CLEARLY ARTICULATE VALUE CREATION OPPORTUNITIES AND
- LEARNING FROM WHAT IS HAPPENING ON THE FIELD

Key success factor number 1: the right philosophy

A Transport buyer driven initiative...

The European transport industry is low margin, competitive and fragmented industry. Transport buyers have a one-to-many relationship with a pool of contractual carriers with whom they communicate on a daily basis. As opposed to EDI which is costly and which can only be implemented one-on-one with the larger transport companies, the collaboration platforms are designed to be able to put any type of carrier on the platform. With a collaboration platform, transport buyers have two-way electronic communication with 100% of their contractual carriers. Therefore transport buyers should both be the driving and also the paying party. In any event, if charged, transporters will recharge the additional cost to the transport buyers.

... supported by carriers.

Hiding costs is not among the objectives of a collaborative platform and by being free for transporters the system is all the more acceptable to them. It simplifies and guarantees goodwill when undergoing the change of management process.

Furthermore, the more transport buyers that use a collaboration platform, the more carriers will be able to standardize and automate processes when receiving orders and when providing status information. Carriers who have developed processes to assemble accurate and real time information from trucks and drivers, have gained competitive advantage and will continue to do so. Collaboration platforms will underline and strengthen this trend since carriers and shippers will have a standard way of sharing quality & visibility data to their customers.

Importantly, a collaboration platform should solely operate solutions between existing contractual business partners who are linked to each other with a medium/long term contract. This is an important element for the carrier community who insist on separation of the execution hub from the contractual and pricing discussions.

Its not about software, its about services to improve operational processes

A collaboration platform is about continuously facilitating operational processes, not about installing a one-time fancy new software. Interested companies should start by understanding the operational processes in detail; A collaboration platform software vendor should help by bringing in its supply chain specialists to identify the most efficient improvement.

Services form a key component in the collaboration platforms as they help companies to implement, manage and monitor the process changes. Users need to be trained on the different solutions, drivers need to be registered on the system, IT systems need to be integrated, and implementation projects need to be managed. When implementing, a collaboration platform software vendor should ensures the right tools are in place to support all factors in the change process. For example, a multi-lingual helpdesk, addressing operational issues and with the oversight of user training, is compulsory. A

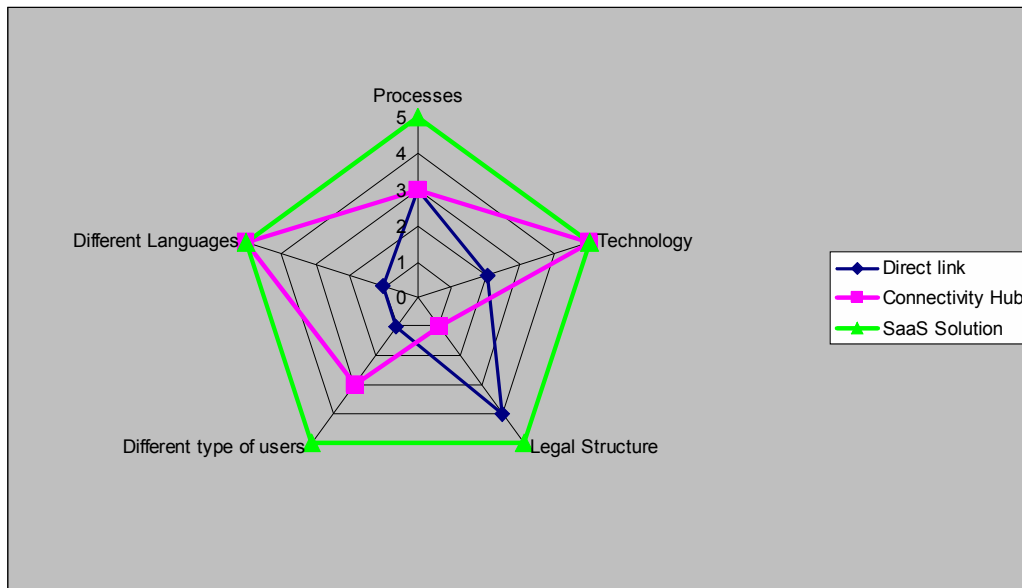
technical team should also be offered to monitor electronic messages and to conduct IT integration projects.

New technologies make the collaboration platform possible, but one needs to keep in mind that technology is an enabler no an objective by itself. Technology should run in the background supporting and accelerating your processes. To be able to follow customers, a collaboration platform is not a one-time technology investment, but rather a provider of a 'pay as you go' scheme where the services and the technology fees are balanced with the value they create. This also allows for very low upfront investment, rapid deployment, and an extremely short delivery on ROI.

Key success factor number 2: how to manage diversity

When operating a collaboration platform, one of the key success factors is to be able to manage diversity. The solutions need to take into account the fact that each vertical industry has its own habits and processes, that the solution is used by individuals going from truck drivers all the way to supply chain directors, that across Europe legal, cultural and language issues need to be addressed, that the level of IT sophistication will vary between one company and the next.

As such, an e-Logistics collaboration platform operates in more diverse environments than ASP solutions or system-to-system connectivity links. Being able to manage this diversity in one standard electronic process offers large value creation opportunities.



Diversity in processes

The transport industry, being a horizontal industry, caters to a variety of industries each with different processes: there are different owners and companies involved in a transport cycle, different products need different equipment, a variety of rules apply depending on the shipment, modes of transport can be interchanged before a product reaches its destination.

A collaboration platform needs to develop a long and flexible list of data fields which covers all the potential information exchanges needed throughout transport order cycles. For electronic documents and integrated track and trace solutions, one needs to manage diversity by relying on the European wide legal process around the transport documents (road, maritime, rail, barge...). For time slot allocations, collaboration platforms need to offer flexible solutions to be able to manage diversity. This can, for example, be done by offering users the opportunity of building specific templates which reflect their daily operational (un)-loading constraints.

A collaboration platform has designed its processes in close cooperation with customers and has ensured that the needs of a specific customer would also address the requirement of other customers. The result is that, on one hand, the collaboration platform solutions are flexible and generic enough to be able to meet different operational processes. And on the other hand, they are specific and deep enough to offer a standard operating procedure and to gather rich real time data.

Diversity in users

Transport information reaches a large variety of individuals going from customer service representatives, billing & accounting experts, dispatchers, truck drivers, transport operations in plants, supply chain directors, etc. Users have different skills, expectations, fears and have different perspectives on the value created. Consequently, a collaboration platform needs to adapt their solutions to the specific skills-set of each user type. It should design specific application views for drivers, for plant workers, dispatchers, etc.

To cope with this type of diversity, the collaboration platform solutions should ensure that each user has full understanding of the value brought by the application (both for his tasks and for the whole company) but also know the limits as to what he/she is allowed to do on the platform. Each user on the application is also attached to a specific corporate entity and is linked to a pre-define set of 'rights'. For example a customer service agent will not have the ability to do the same as a logistics operations manager. Also when needed, companies should be able to choose to integrate their own IT systems to the collaboration platform. This can also dramatically reduce the administrative task of double entries.

Diversity in operating environment

When operating a pan-European collaboration platform, the first obvious cultural obstacle is the language. In corporate departments most individuals speak English, but at plant level, truck drivers and local customers, speak their own language. It is therefore imperative that the application is available in many languages.

Even if transport and electronic communication businesses are governed by European laws, there is still quite a bit of legal interpretation at country level. For example in Germany, transport documents can be produced by any party. Whereas in Belgium, transport documents have to be printed on paper provided by one of the 3 authorized transport federations. Another example is Italy, where transport documents need to mention the regulated transport rates. A collaboration platform should have great knowledge of the legal landscape and close contacts with the legal departments of transport federations to ensure that the electronic process and produced documents follow all the country specific legal requirements.

Diversity is also felt in terms of centralisation vs. decentralisation. This has an impact on collaboration platform solutions since centralisation is impacting decision making and therefore processes. For example, some transport companies will want the driver to be autonomous whilst other will have dispatchers playing a more active role. The solutions therefore need to include this type of diversity and enable companies to use the solutions in function of their decision making processes.

SaaS: how to address diversity in technology landscape

Clearly, there is a large diversity in IT sophistication. The technology landscape goes from IT infrastructures of large companies with one or several ERP systems, to smaller transport companies with just a PC with an internet connection. Trucks can either have sophisticated on-board computers with GPS positioning and a direct wireless link to the dispatcher. Or they can just have a mobile telephone.

Technology diversity is strongly felt with transport buyers and carriers who have been growing by acquisition. Or within companies who have decentralised decision making process and where IT decisions are taken at Business Unit level, as opposed to head office level. Within the carrier community, where little capital is available for IT expenses, IT diversity is due to the fact that some companies have, and other companies have not, invested in IT resources. There are long lists of hardware and software manufacturers offering specific, and often local, solutions to carriers.

A collaboration platform has to be designed to allow information gathering directly from any IT systems. The solutions need to be hardware and software independent, meaning that any existing hardware or software configuration should be able to share data - whether a simple web browser, a telephone or a sophisticated ERP generated XML message.

A good platform should therefore not imply any dedicated hardware or resident software purchase.

Key success factor number 3: clear drivers of value creation

A collaboration platform creates value for a variety of individuals and departments, each with different perspective on the application, each with a different view on the value created. A value creation exercise therefore needs to include a variety of constituencies. Both major and smaller companies all over Europe have experienced that the value created is originated from cost reduction and improved performance and visibility.

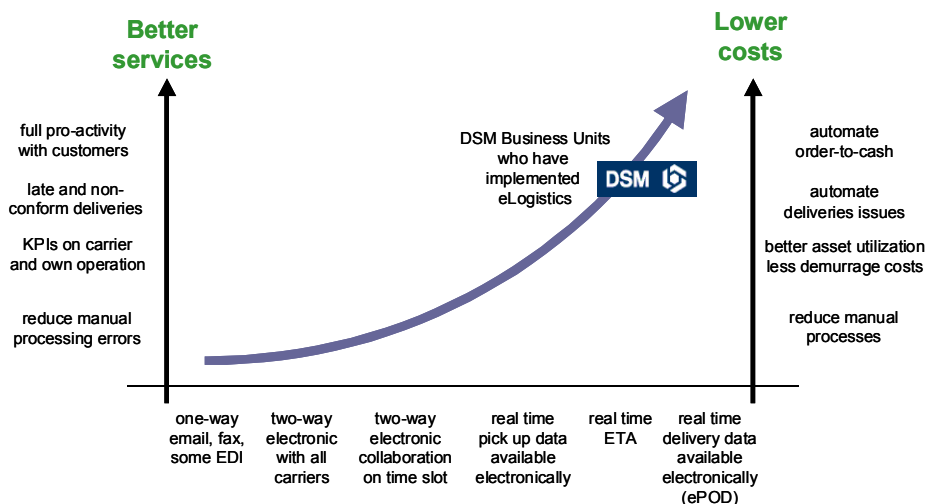
Reduce operational costs (hard savings)

A collaboration platform enables companies to move from a work intensive and often manual process of sending and receiving transport execution information, to standard and automated two-way electronic information exchange. The transition enables companies to reduce the costs of manual processes, improves accuracy of the information exchanged and therefore reduces errors. The solution also enables an organization to monitor contract compliance, assemble consistent KPIs, identify operational issues, reduce fraud and increase legal compliance (VAT for example). It also speeds up the order-to-cash cycles.

Improve efficiency and visibility (soft savings)

Too often companies have little real time and quality historical data. But once companies have the data, they don't understand how they could have managed the operation without it. Companies only realise what they can do with data once they have it. Typically companies over estimate their on-time-deliveries (OTDs) as they rely on information received from end-customers. Being able to know if a delivery will be late and provide the customer with advance information will improve the quality of service and guarantee client satisfaction. The key is to be pro-active.

DSM business units who have implemented a collaboration platform solution have been moving along on the collaboration platform value curve. They are now not only reducing internal costs but also are providing better fulfilment information to internal and external business partners.



Key success factor number 4: start with a focussed scope and learn from experience

One of the big advantages with the collaboration platform application is that one can start in one specific area and scale up when ready. Large scale projects can be defined based on vision, length and scope but small projects can be very visible within organisations and can show where and how value can be created and how the solution can be implemented in the rest of the organisation.

Creating champions, who have witnessed the solution and have demonstrated how tangible value is generated, will ease the internal change management effort.

Transwide is an “On Demand” (SaaS) global & multi-modal solution provider offering a suite of technology solutions to enable work flow optimization, Visibility, data sharing and KPI measurement between manufacturers and their Logistic Service Providers.

Transwide’s huge network, including more than 5,000 companies, such as Mars, Evonik, P&G, Solvin, Total, Kimberly Clark, Ineos Polyolefins, Yara, DSM, Invista & many others are using A collaboration platform as their daily single communication and collaboration hub.

Transwide aims to serve carriers and shippers equally.

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