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## Does Your Supply Chain Technology Provider Have What It Takes?

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Most companies like to believe they are receiving the best possible shipping rates even when they haven't done things like performed extensive benchmarking in order to determine what rates companies similar to theirs are currently receiving, or delved deeply enough in their own shipping histories to truly know whether they have an accurate record of their total shipping spend worldwide. They try to take comfort in the fact that they have divided their shipments between the carriers that offered the lowest rates and best service levels, and that their negotiated rates are at least better than their carriers' published rates, and yet, they almost always have the sneaking suspicion that they could be doing better—perhaps, a lot better.

Companies that are shipping millions of shipments each year often need the help of outside consultants to achieve the best shipping rates, as these consultants have the technology required for analyzing vast amounts of shipping data. When you're dealing with millions of shipments and a large, decentralized global logistics network, you need to be able to not only receive and house all of your electronic shipping data in one place, but the ability to create accurate reports and summaries that effectively show how you stack up against your competitors, where you are losing money rather than saving it, and that can help you determine what actions you might be able to take in order to resolve ongoing issues. Off-the-shelf software programs, however well designed, simply aren't capable of providing you with the high-level information you need in order to achieve big wins at the rate negotiation table.

So, who do you hire? You need to hire a third-party supply chain solutions and technology provider that can receive electronic package level detail for each of your company's shipments for the past year, house it, and then develop an accurate shipping profile for your company that can tell you things like where your packages are going by zone, how many packages are going to repeat customers, and all of those other details that you could potentially use to come up with solid incentives for both your company and your carrier prior to entering or reentering rate negotiations.

A third-party provider should also be able to provide you with ongoing solutions that will allow for overall supply chain cost management by increasing your visibility, allowing you to monitor and ensure routing guide compliance, managing your consolidation issues, and clearing up billing discrepancies.



Something to keep in mind is that carriers tend to use cost models to determine fees. This means that they lump a lot of shippers with similar characteristics into one bucket, and then determine what types of rates to give based on averages. In the majority of cases, they are not going to be aware of a company's unique shipping characteristics unless the company actually points them out. Once you and your third-party partner have developed a comprehensive and accurate shipping profile for your company, you will be able to show them exactly where you deserve various incentives.

Below is a list of questions that, in addition to questions more specific to your company, should be asked of your supply chain technology providers the next time you issue requests for pricing. Your candidates' answers will hopefully make it easy for you to determine which parties are truly equipped with the technology you need to achieve better rates and incentives.

### **Supply Chain Technology Provider Quiz**

- 1.** Will your solution allow me to view each and every shipment within my supply chain from anywhere in the world at any time, regardless of mode or location?
- 2.** Will I be able to control and reduce shipping costs in real-time through electronic alerts?
- 3.** How will you cleanse all of my company's less-than-truckload, full truckload, ocean freight and air freight data for the past year?
- 4.** Will I be able to access trending reports that will allow me to view and analyze my shipping spend over time?
- 5.** How will your solution help me to gain a fuller understanding of the inefficiencies and/or excess costs within my supply chain?
- 6.** Will I be able to determine my total logistics expense at any time?
- 7.** Does your solution allow for forecasting?
- 8.** How will I be able to perform high-level benchmarking tasks and determine best practices?
- 9.** Do you have a database that is able to receive and house the shipping characteristics of thousands of companies similar to my own?
- 10.** Will I be able to create a global shipping profile based on my company's unique shipping characteristics?
- 11.** Does your solution make it easy for me to create summaries and reports that will show exactly where my company deserves incentives?
- 12.** Can your solution help me monitor and enforce routing guide compliance electronically?
- 13.** Can your system accept client orders and then consolidate shipments when appropriate in order to eliminate unnecessary expense?



**14.** Will I be able to take my detailed carrier invoices and convert them into readable reports that can be downloadable by category (and used for auditing purposes)?

**15.** Do you have a quick and easy invoice management system?

When you receive your responses to your requests for pricing, consider that while it would be ideal to work with a third party that has everything in place you could possibly ever need or want, you're probably going to consider things like 24-hour global visibility, high-level benchmarking capabilities, and data housing/cleansing capabilities more important to you than lesser services, so don't be too quick to dismiss a provider that isn't able to answer all of your technology-oriented questions in the affirmative. It may be more beneficial to you to go with a provider that is highly specialized in one or two key areas than in one that tries to appear equally strong in too many things.

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