

MAKING THE CASE FOR AN Optimized Omni-Channel Strategy



How shippers and logistics service providers that fully leverage TMS for parcel can save money on transportation and optimize their omni-channel strategies in a business world that demands both.



Using Technology to Manage Supply Chain Pressures

FIRST CAME THE TRADE WARS, with a slew of new global tariffs following closely on their heels. Then, just as shippers were adjusting to these supply chain disruptors, a global pandemic took over, threatening to disrupt the logistics and transportation networks of manufacturers, distributors, and retailers around the world. Once again, companies found themselves having to reimagine their omni-channel fulfillment, distribution, and transportation approaches.

With the next disruption lurking around the corner, more organizations are retooling their omni-channel strategies to meet the needs of B2C and B2B buyers, both of which expect frictionless buying, delivery, and returns processes. Customers are demanding it.

According to Google, 83% of U.S. shoppers who visit a store go online to do their research first, with 45% of global shoppers now buying online and then picking up in store. This means companies now must not only be able to deliver the goods within a 2-day window (or less), but they also need systems that support the seamless receiving and processing of the 30% of products that e-commerce buyers wind up returning (versus just 8.89% for brick-and-mortar purchases).

An integrated commerce approach that gives customers a predictable, unified experience across all channels, omni-

channel accommodates myriad customer buying preferences: buy online and pick up in store (BOPIS); ship from local store to customer; ship from store-to-store; and returns.

“Real-time access to information based on an omni-channel strategy translates into high visibility into everywhere you have inventory, including orders that are in-transit,” says Ken Fleming, Logistyx Technologies’ president. “That way, when you have to make a decision about where to fulfill from, you can leverage that data to make the most cost-effective choices possible.”

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Parcel shipping plays an integral part in the omni-channel environment, yet for many companies this aspect of the logistics process is often just an afterthought to be handled by one or more parcel carriers. “UPS and FedEx can no longer meet demanding

consumer delivery objectives; those days are long gone,” says Jim LeRose, director of enterprise sales at Logistyx Technologies. “Shippers need a parcel strategy that supports faster delivery times.”

THE NEED FOR SPEED

The speed of e-commerce and digital commerce has impacted parcel shipping in all logistics operations across the board, and the pandemic has only escalated the need to apply cloud technology to efficiency and keep up with the speed of “now.”

Where the company that has a warehouse in 52 states may be able to readily deliver within an hour or two

ship-from-store as the optimal way to make that happen. “If you can’t get products to your customers quickly, someone else can.”

To keep those competitors at bay, companies should focus on developing flexible, “ship from anywhere” logistics processes that fully support omni-channel. That means being able to ship from a warehouse, a DC, a store, or any other physical location that’s in close proximity of the customer. “This is where companies are gaining real competitive advantage,” says Jeff Lomax, VP of product management at Logistyx Technologies.

The same companies are also

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shipping the order from that store makes the most sense.

IN FORWARD AND REVERSE

Challenged by unprecedented volumes of returned merchandise, retailers and distributors need solutions that help them manage the returns process seamlessly from the customers’ perspective. “The market is pushing on returns processing big-time right now,” says Lomax, noting that customers want the option to return to store or to get a return label and ship it back via parcel service.

Put simply, customers want the same level of flexibility from both the forward and reverse logistics processes. These demands are difficult to meet using traditional parcel shipping platforms, but a transportation management system (TMS) for parcel can help break down those barriers.

In this Making the Case, we explore the key challenges that shippers and logistics providers are dealing with on the parcel front and show how TMS for parcel helps them effectively overcome these challenges while supporting a robust, optimized omni-channel strategy.

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INFORMATION SOURCES:
 * <https://www.thinkwithgoogle.com/data-collections/customer-journey-research/>
 ** <https://www.invespro.com/blog/ecommerce-product-return-rate-statistics/>

throughout most major cities, most organizations can’t meet those demands using their traditional logistics and transportation setups.

“Pretty much any company but Amazon, Walmart, or Target is in this boat, and needs to be able to get its products to customers faster,” says LeRose, who sees

improving their inventory management strategies, utilizing more advanced technologies, and deploying platforms that help them react and respond faster at both a global and a localized level. For example, if a customer is located within five miles of a retail store—and if that store has the items in stock—then



Connecting the World's Largest Manufacturers, Retailers, and Logistics Providers

CONSUMERS ARE SHOPPING ACROSS MULTIPLE CHANNELS, on multiple devices, and in multiple different brick-and-mortar retail stores. Regardless of the ordering mechanism, how they want the product delivered (or picked up), and how they want to return it (if necessary), these customers expect a streamlined, cohesive experience every time.

The struggles that retailers, distributors, and logistics providers have encountered in their quests to meet these goals has been well-documented, with the entire experience being grouped under the “omni-channel” umbrella. For example, the customer that finds a sweater online, heads into the store to buy it, and then—deciding that she doesn’t like it after all—wants to return it to her local UPS store, expects a seamless, connected experience.

Meeting these needs requires an omni-channel approach that includes ship-from-store, a process that dramatically reduces delivery times while also supporting a smooth returns process. Logistyx’s TMS for parcel shipping enables the fastest possible consumer delivery while also

reducing online shopping cart abandonment.

That’s because it helps companies meet consumer delivery demands at the lowest possible cost. Working much like Expedia or Kayak does in the online travel world, the parcel TMS quickly compiles all of an organization’s contracted parcel carriers and services that meet a specific shopper’s delivery objective, then selects the one that best fits the company’s business rules.

From there, the parcel TMS creates shipping labels to be affixed to the cartons with the tracking numbers; tenders that freight information to the carriers; tracks those shipments and alerts the shipper if there is a chance a shipment won’t get to the right

place and at the right time; and then reconciles carrier invoices against the quoted prices.

“The platform handles the parcel distribution process from purchase to payment,” says Jim LeRose, director of enterprise sales at Logistyx Technologies, “and all steps in between.”

STREAMLINING THE OMNI-CHANNEL ENVIRONMENT

The Logistyx TMS for parcel shipping can connect the world’s largest manufacturers, retailers, and logistics providers to more than 8,500 global carrier services to improve customer service and increase profits per shipment.

The platform’s components can be implemented independently or in combination with each other to streamline and optimize carrier procurement, fulfillment operations, customer service, and finance.

Combined with the best enterprise supply chain planning solutions from the world’s leading providers and Logistyx Technologies’ services team of consultants and support engineers, the company offers the cloud and on-premise solutions that streamline shipping and reduce work for a wide variety of companies.

THE SOLUTION INCORPORATES:

PROCUREMENT: With access to a global carrier network of more than

8,500 carrier service integrations, shippers can leverage state-of-the-art rate shopping and simulation tools to determine the ideal combination of parcel shipping carriers in real time, based on factors such as business rules, price, capacity, service requirements, and performance.

FULFILLMENT: Companies can meet increasing parcel shipping demands while controlling costs by quickly automating and optimizing carrier selection, accounting for best value rates, business rules, and customer delivery preferences with each order. Via a fluid integration with WMS, OMS, ERP, and larger planning systems, Logistyx helps shippers create a “one-touch” shipping ecosystem and generates all necessary paperwork—carrier labels,

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End of Day manifests, and CMRs—at the point an order is picked.

CUSTOMER SERVICE: Control tower visibility and user-friendly dashboard reporting enable proactive exception management and carrier performance monitoring. From fulfillment managers to customer service representatives, teams monitor and manage all carriers in one solution. Customers receive

proactive notifications about their shipment status, and they track shipment movements on the shipper’s site (not the carrier’s site).

FINANCE: Advanced freight audit capabilities help companies ferret out potential savings by automatically verifying invoice accuracy before issuing payment – eliminating time and labor-intensive reviews. In addition, automatic cost allocation down to the SKU level reduces the workload in finance departments and improves cost accounting accuracy.

By delivering all of these capabilities in the cloud, Logistyx’s TMS for parcel puts the power of omni-channel management into the hands of global users.

Through seamless, API-driven integrations with existing order management systems (OMS) or warehouse management systems (WMS), this “black box” platform can leverage business rules, examine shipment profiles, and ultimately answer the question, “What is the absolute best way to ship this package?”

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Here's How TMS for Parcel Optimizes Shipping

ALL EFFECTIVE PARCEL PLANNING OR SHIPPING SYSTEMS WORK FROM A SET OF FUNDAMENTAL REQUIREMENTS, WHICH INCLUDE:

- **The origin:** Is the order being delivered from the store, warehouse, DC, or the manufacturer?
- **The destination:** Where is the product being delivered to?
- **The lead time:** How fast does it have to get there? Is this a same-day delivery or can the recipient wait two or three days for it?
- **The quality of service:** Does the order contain any hazardous goods (e.g., a phone with a lithium ion battery in it)? Is it perishable (five pounds of lobster being shipped from Maine for a big party)?
- **The price:** How much is it going to cost to accommodate all four of the variables highlighted above?

With these fundamentals in place, Logistyx's TMS for parcel gets to work figuring out the best possible shipping choices for that order. It then produces a list of options within the shipper's contracted carrier network, ranging from UPS and FedEx, to DHL and TNT, to the U.S. or Canadian postal service, to local last-mile couriers.

"You have a choice as a shipper, and that choice should be based on these five elements," says Ken Fleming, president of Logistyx Technologies, "all of which are analyzed in real-time to come up with the best possible options."

For example, carriers like UPS and FedEx are known for being able to service certain areas better than others. A shipper looking to get a package from Memphis to Nashville same-day, for instance, will probably choose FedEx, which is headquartered in Memphis and has a big presence there.

Knowing that the e-commerce company that's processing 80,000 shipments an hour doesn't have the

time to make this assessment on every single order, the Logistyx TMS for parcel enables these decisions at a lightning-fast rate. Not only does it support the fast orchestration of same-day shipments, but it also factors in those shipments that can be delivered at a more leisurely pace.

"We see a lot of companies that just send everything out Priority because they can't figure out the right thing to do," says Fleming. For instance, the

DC that utilizes UPS's 2-day air to ship from New York to Ohio—a route that typically takes 24 hours max via ground—is wasting money.

"The parcel carriers are counting on the fact that shippers don't know that," Fleming points out, "but a TMS for parcel will pick up on it and help you make the most economical choice while still meeting customer delivery expectations." The platform does that by factoring in the five elements outlined at the beginning of this article on every shipment, and by using that data to help optimize shipping across the supply chain.

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When companies use TMS for parcel to optimize their omni-channel networks, everyone wins.

FOR THE LOGISTICS MANAGERS: Tasked with overseeing the movement, distribution, and storage of goods, logistics managers are a shipper’s or logistics provider’s first line of defense in the fast-paced fulfillment environment. By arming these individuals with all of the right data, analytics, and reporting capabilities, a TMS for parcel ensures that these professionals and their teams reliably meet the key performance indicators (KPIs) laid out by their organizations.

“With the right data to support their decision-making logistics managers can quickly modify plans based on what’s happening right now,” says Jim LeRose, director of enterprise sales at Logistyx Technologies. For example, the logistics manager that selects Carrier A, but uses the TMS’s dashboards to learn that the provider hasn’t met previous commitments as promised, can make a quick switch to Carrier B without losing precious time in the process.

This helps shippers think beyond just “lowest cost” and select parcel shippers that meet all of their criteria. Going a step further, a TMS for parcel can also discern among regional carrier options, and help shippers determine which providers are stronger in specific areas of the country—versus just treating North

America as one large, homogenous marketplace.

According to Jeff Lomax, VP of product management at Logistyx Technologies, this intelligence helps shippers go beyond the “we’re a FedEx shop” or “we’re a UPS shop” mindset, and factor in options that they may not have otherwise considered. “There are still a lot of companies that are operating with this old-school mentality,” says Lomax, who sees a TMS for parcel as the ultimate tool for arranging the most immediate, relevant, and economic choice for each individual shipment.

“Logistyx’s toolset allows logistics managers to tackle this from an analytical viewpoint,” says Lomax, “and to factor in all of the costs associated with a specific shipment before making that ultimate decision.”

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FOR THE SENIOR VP OF SUPPLY CHAIN, COO, AND CEO: Taking omni-channel orchestration from a global viewpoint, the senior VP of supply chain or chief operating officer not only needs good data about specific shipments, but he or she also has to be able to scale a company’s operation globally. These professionals are also under pressure to increase efficiencies and speed while cutting costs—a tough balance that’s not always easy to achieve in today’s competitive, disruptive business environment.

“Operationally speaking, if you’re processing 5,000 parcels a day and you need to get up to 15,000 parcels a day, how do you do it?” LeRose asks. “That’s where Logistyx’s TMS for parcel steps in and offers a level of automation that will help speed the flow, make sure the orders are fulfilled correctly with the right parcel carrier, and for the least amount of labor costs.”

Ultimately, a TMS for parcel that can successfully navigate the complexities of the omni-channel helps the VP of supply chain or COO set out on what he

or she intended to do: keep transportation costs as low as possible, make sure customers are happy, and create the fewest number of customer service issues downstream.

“This level of control, visibility, accrual, general ledger (GL) coding and reconciliation capabilities in place,” says Lomax, “puts CEOs in a position where they can worry less about non-compliance, while helping their businesses grow both their top- and bottom-line revenues.”

FOR THE CFO: Faced with the near-impossible task of ensuring that they’re paying parcel carriers only for what they agreed to pay, today’s CFOs and finance teams are dealing with extremely high volumes of small orders, the likes of which most have never seen before. The 30% e-commerce return rates are another burden that most have to contend with as their companies continue to grab their fair share of the total e-commerce pie.

“Reconciliation is a nightmare for CFOs right now who need reliable GL coding and accrual capabilities,” says LeRose, noting that both are needed in the world of Sarbanes-Oxley and GAAP accounting. “When a company puts a TMS for parcel in place, the CFO benefits not only from the platform’s ability to keep transportation costs as low as possible,” he continues, “but they also know that their companies are being invoiced correctly and they’re paying their carriers the correct amounts—and no more than they have to.”

Lomax says a TMS for parcel also helps companies lower their total transportation costs—an ROI point that’s enabled when companies start to programmatically, from a business rules point of view, make good parcel decisions on an ongoing basis. The savings begin to add up quickly once the decision is made to diversify parcel carriers, for instance, versus just stick with one large parcel carrier for every shipment. “That’s where the real payoff starts to show up,” says Lomax.



A Cohesive Customer Experience at Every Touchpoint

IF THERE'S ONE THING THAT COVID-19 did for the business world, it's that it woke it up and issued a painful reminder that disruption can happen at any time, in any place, and for any reason. Not the first, and certainly not the last, widespread event to impact companies, the pandemic also pushed companies to reimagine how they orchestrate their omni-channel networks.

Knowing how much it cost to make a product and deliver it from Point A to Point B allows companies to set the right retail prices and, effectively, pay the lowest possible price for transportation. "More companies are looking at their total landed cost of goods (basically, the cost of manufacturing plus the cost of distribution)," Ken Fleming, president at Logistyx Technologies, explains.

With more companies using parcel for both their forward and reverse logistics, the need for better visibility over total landed cost of goods becomes even more vital, but can also be difficult to gauge in the absence of the right technology tools. Having just endured one of the most disruptive events in the world's history, companies should be honing their supply chains and looking for technology to help them weather the next event.

"The time to deploy a TMS for parcel is now, while a lot of other companies sit out on the sidelines, putting off the decision and waiting for things to improve," says Jim LeRose, director of enterprise sales at Logistyx. "Once the economy is back on track and rolling in the right direction

again, it'll be too late; you'll miss the opportunity."

Jeff Lomax, VP of product management at Logistyx, concurs, and says competitive pressures are forcing shippers and logistics providers to rethink their omni-channel strategies. Ignore this at your own peril, he says, because the company that falls behind the curve now risks losing market share, customer eyeballs, and return visits to their online or offline stores.

"It's a complex world right now for companies that have multiple retail locations, warehouses, and DCs, many of which are working with disparate technology solutions that don't 'talk' to one another," says Lomax, who sees a TMS for parcel as the glue that binds the omni-channel experience together.

"By bringing warehouse, order management, and transportation processes onto one platform that's focused on omni-channel optimization," he continues, "a TMS for parcel gives companies a single, integrated solution that supports a cohesive, predictable customer experience at every touchpoint."



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