Parcel Freight's Role in Enterprise Transportation Management



MercuryGate
TMS that delivers.

An in-depth examination of how three highly successful logistics operations incorporate parcel shipments into their multimodal, multi-leg plans to minimize freight spend both domestically and worldwide

Introduction

The world of distribution is evolving at a rapid pace and it's pulling logistics organizations along with it. Some of these firms are taking the challenge head-on by adopting new mindsets, switching their strategies, and incorporating innovative software platforms. Others are going into it kicking and screaming, knowing that change is inevitable yet still holding onto their old ways of doing things.

Credit Amazon's uber-fast delivery service with driving changes on the parcel front, where the explosion in omni-channel distribution finds shippers and logistics providers scrambling to incorporate parcel freight optimization and execution into their enterprise transportation management operations. Put simply, if your enterprise transportation management system, does not already include multi-carrier parcel capability, then your organization may already be behind the curve.



"There's a reason why Amazon holds so much clout; it has mastered the e-commerce model and figured out how to get individual packages and orders to their consumers quickly and efficiently," says Doug Surrett, VP of International Solutions at MercuryGate. "It has even forced carriers to offer services that they've never offered in the past, such as the U.S. Postal Service making home deliveries on a Sunday."

The world is shopping and buying much differently than it did in the past. The good news is that companies can emulate Amazon's success with a best of breed omni-modal TMS platform. Such platforms natively support parcel along with all other modes, thus allowing companies to incorporate this capability and achieve significant cost savings. Companies can save five percent or more on annual freight spend while also consolidating their

previously silo'ed, disparate systems onto a single, cloud-based platform that allows them to more effectively manage their transportation components in a 24/7, real-time environment.

> "Using the MercuryGate platform, we can provide our clients with the best cost options and ensure that they have parcel shipment opportunities at their fingertips"
>
> *- Director, Logistics Services Celestica*

But why listen to us talk about the benefits of including parcel freight management as a part of enterprise transportation management? Instead, let's hear from those who are successfully using a single platform omni-modal transportation management system to manage shipments across all modes including parcel. Here are three highly successful logistics operations that have taken this step and are realizing the benefits each and every day.

Ensuring the Best Possible Cost and Shipping Scenarios for its Clients

As both a global manufacturer of electronics and a logistics services provider, Celestica has watched its parcel freight shipment volume grow over the last few years. With plants in the U.S., Asia, Mexico, and Europe, the company – which manages both inbound and outbound freight – needed better oversight and control over its parcel freight movements and also wanted to reduce its overall transportation costs and improve visibility across its end-to-end supply chain.

"We integrate extensively with FedEx," explains Ryan Bloor, Director, Logistics Services for the Toronto-based manufacturer, "and we needed a solution that allows us to connect to FedEx's world services, which specifically includes parcel."

Celestica's manufacturing clients as well as their logistics clients tender shipments via the company's MercuryGate TMS, which serves as a centralized, omni-modal platform for all parcel and LTL as well as all other modes. "Using the MercuryGate platform, we can provide our clients with the best cost options and ensure that they have parcel shipment

opportunities at their fingertips," says Bloor.

Without that capability, Celestica's customers would have to go directly to the FedEx system to make their selections, and then go back to the manufacturer's TMS to optimize their parcel shipments and select the best possible transportation mode. Bloor says MercuryGate's Mojo transportation optimizer and MercuryEdge BI software both serve as valuable tools for running real-time reports, analyzing critical data points, and creating run-cost scenarios across the firm's omni-model transportation platform.



"Because all of our small-pack contracts are on our TMS, we use the software's analytical function to ensure the best possible cost and shipping scenarios for our client," says Bloor, "and even just for a single, small parcel shipment. In addition, having a TMS that validates and/or negates tariffs is indispensable from a client cost savings perspective."

Selecting the Low-Cost Option is Made Easier with an Omni-Modal TMS

A leading industrial supplier of products used in the transportation of water, food, energy, and information to its end users, Chicago-based Shale-Inland specializes in the surface quality of stainless steel, aluminum, and carbon steel. On a mission to provide its 6,800 customers from locations throughout North America, Shale-Inland delivers a broad spectrum of metal, pipe, valves, or finished parts on a just-in-time schedule.

Andrew Yarem, Corporate Director of Fleet and Logistics, says that up until a few year ago, Shale-Inland's parcel shipping philosophy revolved around getting the best possible discount. Over the last two decades, the manufacturer has switched back and forth between FedEx and UPS, forever aware of its dependency on those two large providers to deliver its small package goods to

customer locations.

Currently in the midst of a conversion to FedEx, Shale-Inland is now transferring all of its address data, historical records, and other reporting information into its MercuryGate TMS. “We want to be able to handle the routing more efficiently,” says Yarem. “If we wind up with two carrier options, so be it. We really are focused on always picking the lowest cost option.” Along with lower costs, a TMS platform with omni-modal capabilities also allows Shale-Inland to do zone-skipping and package consolidation. “We can do a lot of things that we weren’t able to do previously,” says Yarem, “including monitoring and selection of insurance coverage and the factoring in of certain package and freight attributes.”

> “We want to be able to handle the routing more efficiently. If we wind up with two carrier options, so be it. We really are focused on always picking the lowest cost option.”
> *- Corporate Director of Fleet and Logistics Shale-Inland’s*

In some cases, for example, Shale-Inland may be shipping a fitting or a flange that’s the size of a mobile phone, but that’s worth $6,000 due to the product’s metal content. In such situations, Yarem says being able to factor in package attributes, freight attributes, insurance coverage, and other integral factors not only saves money, but also wards off issues like the probability of damaged goods (due to the use of a box that’s too large, for example). “We’re able to look at the whole picture,” he adds.



This year, Shale-Inland is planning to add multi-modal capabilities to its transportation platform in an effort to fold both LTL and package shipments under the same umbrella.

"We're quickly approaching the point where we package a pallet or two of products that can then be broken up at the terminal, with the final mile delivery handled by a small-package courier," says Yarem. "That's a new area where we expect to see a significant benefit."

Using an Omni-Modal Transportation Platform for Critical Shipments

When it comes to shipping temperature-controlled, security-sensitive, or time-sensitive shipments, being able to meet all of those demands within the small parcel environment can be a big challenge. So when a same-day and overnight expedited freight delivery company found itself increasingly working with smaller, lighter packages, it implemented an omni-modal transportation management platform to support the new trend.

"Moving into the small package arena added complexity within the specialty niche area that we serve," says a spokesperson for the shipping firm. "For example, we regularly deal with high-end shipments that have specific packaging requirements that are unique to just one shipper or company."

This scenario is vastly different than one found in operations where high volume is the name of the game.



MercuryGate TMS that delivers.

Put simply, nothing is standard about what this expedited freight provider does for its customers. “When you get into more critical type shipments for the healthcare or pharmaceutical industries, for example, it’s about more than just shipping speed,” he points out. “We may have to intervene halfway through the delivery and re-ice the shipment, or perhaps the packaging itself is unique. All of these elements add more complexity to the situation.”

> “Workflow is a big component for us, as is having a system that allows us to modify parameters like shipment temperature requirements, specialty containers, or specialty trucks”
>
> *- Spokesperson for the Expedited Freight Carrier*

Currently in the middle of implementing and customizing the MercuryGate TMS to meet its unique needs, the freight provider will use the platform to expedite workflow processes, set up templates, determine operational team behaviors, and drive a smoother workflow overall on the small parcel side. “Workflow is a big component for us, as is having a system that allows us to modify parameters like shipment temperature requirements, specialty containers, or specialty trucks,” he explains. “MercuryGate’s omni-modal TMS was able to adjust to and address some of these global issues that we were dealing with.”

Optimizing Transportation with a Single, Omni-Modal Platform

Once its new omni-modal TMS is in place, the expedited freight provider expects to gain efficiencies and grow its business with its current number of human resources. “We’re expecting efficiencies not only from a workflow perspective,” he says, “but also on the agent side, and in terms of being able to streamline and make our actual operating staff slightly more efficient than it is now.”

With the omni-channel distribution approach picking up steam, and with both B2C and B2B consumers expecting same-day and next-day delivery on their critical, small parcel items, now is the time for companies to implement more robust transportation management systems able to optimize,

execute and settle across all modes including parcel. “There’s a big difference between handling six large shipments to managing 6,000 small package shipments going to thousands of different end points,” Surrett states. “Putting all of the pieces together and ensuring the lowest possible cost requires another mindset and technology tools.”

Where in the past shippers were relegated to purchasing different systems to manage parcel and all other modes another to handle “everything else,” MercuryGate’s omni-modal platform allows companies to consolidate both shipping operations under a single umbrella. “In today’s business world, it’s all about gaining efficiencies and saving money,” says Surrett. “This is just one more way companies can achieve both of those goals with a single platform.”



MercuryGate International, Inc.
200 Regency Forest Drive,
Suite 400
Cary, NC 27518

www.mercurygate.com
P: 919.469.8057
sales@mercurygate.com