trax

TRANSPORTATION SPEND MANAGEMENT

The journey from freight audit to transportation spend management maturity

A maturity model for global shippers moving from reactive freight audit to predictive spend control.

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SECTION 01

DEFINING A MATURITY JOURNEY

The transportation, shipping and logistics industry is undergoing massive changes. Labor availability and supply chain volatility have disrupted the market on a global scale. International conflicts and evolving customer demands have placed immense pressure on all players to adapt.

Old solutions to restore predictability are proving less effective against these challenges. For these reasons, transportation and logistics leaders must take proactive steps to build resilience.

93%

of senior supply chain executives planned to focus on improving the stability of their supply chains.

87%

of supply chain professionals intend to invest in self-stabilizing strategies within two years.

Industry leaders build resilience by investing in transportation spend management

As a global leader in transportation spend management (TSM) solutions, Trax Technologies delivers improved transportation cost control and visibility to organizations with sophisticated, global supply chains. The effect is enterprise-wide efficiency in analyzing, optimizing and managing your logistics operations.

The Trax transportation spend management maturity model represents the ideal path for any enterprise-level organization in this space. We designed a robust framework for global companies seeking process optimization and maximized visibility.

THE ROADMAP

It supports organizations across all modes and geographies in moving into an optimized system that is completely accurate and data-based.

What the TSM maturity model sets out to achieve

- ✓ Simplify freight audit and payment processes
- ✓ Cleanse and normalize data
- ✓ Manage transportation rates and contracts
- ✓ Improve insight into current transportation spending and performance drivers
- ✓ Automate carrier payment processes

This eBook outlines the journey of a typical enterprise advancing through the key stages, starting with the freight audit process and evolving toward transportation spend management maturity.

The process requires integrated technology to obtain data that can inform decisions for structural reform and improvement.

THREE STAGES

How far along is your company?

01

PROACTIVE

Companies become proactive when leadership can anticipate potential needs and complications in the supply chain. During this stage the focus is freight audit and data management. Leaders tap into a vast network of reliable data that acts as the foundation for better performance management and system optimization.

02

OPTIMIZED

Once a company has a solid framework for acquiring and analyzing relevant data, it can use that data to inform decisions. A comprehensive view of the structural viability of the current system allows the organization to develop new ways of optimizing operations, anticipating risk and achieving maximum efficiency.

03

LEADING

In the final stage, companies gain insight that empowers total optimization. Leaders are better equipped to overcome obstacles and to embrace them, gaining a competitive edge and turning supply chain resilience into a powerful value driver.

Companies that have moved through these stages are considered industry leaders. They have the capacity to strategize and innovate because their spend management systems are fully optimized and efficiently automated.

MAPPING THE NETWORK AND OPERATIONS

For transportation and logistics companies, verifiably accurate supply chain mapping became possible with the development of new technology. Digital tools accurately track every company and supplier involved in every stage of production and transport.

Tools can document the source and cost of all materials, the transportation process, and the manpower and cost involved in delivering products to customers. The mapping process has a wide range of benefits for organizations that implement proper strategies.

ADVANCED NETWORKING

Teams and professionals from various industries and stages of production collaborate to improve efficiency and minimize risk.

ACCURATE VERIFICATION

Satellite imagery makes it possible to verify the physical movement of goods with precise location and timing information.

REAL-TIME DATA

Supply chain mapping with APIs allows users to sync and combine data from all necessary sources, providing better disruption and delay prediction and supporting precise decision-making.

THE PATH TOWARD TSM

To become a leader in supply chain excellence, companies need to establish digital competence and complete adoption.

TSM maturity empowers your organization to capture, understand and leverage network data to promote total spend management visibility and control.

IN THE FACE OF PERSISTING DISRUPTION

Our customers are regarded as top-ranking companies in the world for their excellence in supply chain management. Using Trax Technologies, they have developed some of the most self-stabilizing supply chain systems in the market.

FREIGHT AUDIT, FREIGHT DATA MANAGEMENT

The only way to keep up with the trends and challenges posed by rapid globalization and digitization of the transportation and logistics industry is to have a data plan. Supply chain management executives and professionals are finding innovative ways to capture, cleanse and analyze data from their networks.

↑ 36%

Increase in the share of senior supply chain executives using big data in their infrastructure. The number continues to grow because freight data helps organizations turn the supply chain into a value driver that saves time and money.

The right freight audit process uncovers meaningful insights

The first phase involves supporting and empowering your company to better obtain and understand this data. The first round of data to get a handle on is freight audit and payment records. Freight audit refers to the process of collecting all data around the freight process, from billing to deliverables, then reviewing and verifying it.

Companies must develop a robust framework of relevant, accurate information they can later use to implement informed strategies and make calculated decisions that optimize systems in their organization.

Ideally, freight audit and payment (FAP) software is part of a larger system through which users access centralized, integrated supply chain data. That includes visibility into freight audits, rate management, carrier management, match management, data compliance management, claims management, accrual management, RFP and RFQ management, and freight invoice payment automation.

WHY IT MATTERS

These systems can be designed not only to streamline operations but also to align a company's processes with necessary regulations and requirements.

FAP PROCESS

We will use our own process as an illustration. The Trax freight audit and payment tools provide our customers with superior capabilities.

DATA INTEGRATION

A state-of-the-art data integration hub compatible with every file type.

DATA MANAGEMENT

Audit, normalization, cleansing and compliance to ensure your data is accurate and ready for use.

RATE MANAGEMENT

Rate and contract management, visibility and control for all modes and geographies.

AUDIT MANAGEMENT

Rules-based, invoice validation and tax audits, plus audit exception management and guaranteed service delivery claims.

COST ALLOCATION

Rules-based and split coding, coding allocation exception identification and automated accrual management.

PAYMENT MANAGEMENT

Invoice aging to terms, close and settlement support, invoice review and TraxPays.

REPORTING AND ANALYTICS

A sophisticated, intuitive operational dashboard with KPI reporting, invoice search and exception reporting. Superior transparency through visibility reports and data warehouse feeds, plus exclusive use of over 30 Trax applications and modules including insights, variance analysis, advisor and accrual management.

FAP RETURNS

Building a framework for FAP data practices makes every optimization strategy easier to execute. In many cases, dysfunctional systems create cost and time inefficiencies that quietly impact the cash flow of a company for years.

A solid FAP process creates streamlined workflows and maximizes cost efficiency, leaving more time for teams to focus on strategy and innovation.

TRANSPORTATION SPEND OPTIMIZATION

Teams gain visibility over all inventory, accurate cost predictions, premium freight insights, route optimization and dimensions management.

IMPROVED ACCRUALS

Complete visibility over inbound inventory, accurate budget comparisons and improved efficiency across all areas.

TRANSPORTATION BUDGET PLANNING

Historical data from actual costs to plan and budget transportation systems and track variances.

CONTINUOUS IMPROVEMENT

A recurring system for data review, including ongoing KPI analysis aimed at obtaining actionable data.

By using the Trax advanced FAP process and technology as outlined in the TSM maturity model, companies obtain accurate, relevant and valuable data to assess the viability of their current supply chain structure.

This information equips global transportation and logistics teams with insight into every aspect of their network, allowing them to plan the optimization of systems that are not working, or to reform and innovate.

Looking for a freight audit approach that will help you achieve TSM maturity?

Contact us to learn more →

SYSTEMIZATION, AUTOMATION AND SCALE

Once a foundation of accurate, relevant data is established, companies move toward optimizing systems and scaling operations. To begin, they must use data to assess the status of operations in each area of the supply chain.

STEP 01

ADDRESS REACTIVE SYSTEMS

Companies use data to analyze the reactivity of individual sections of their supply chain. The goal is to automate and address concerns so each system moves from a state of reactivity to a state of proactivity.

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STEP 02

ADDRESS LOW PRODUCTIVITY

Once all systems are stabilized, teams increase performance by automating all possible processes. Standardized systems ensure people-power is maximized to anticipate demand and alleviate bottlenecks. Organizations begin to notice significant change in indicators like fulfillment percentage and returns.

↓

STEP 03

SYSTEM-WIDE INTEGRATION

Best practices adopted in various spots in the supply chain are adjusted and applied to all remaining areas. Operations leaders consider the implications of every change on factors like customer satisfaction and industry relationships. After consulting partners, companies achieve maximum cost reductions and enhanced productivity.

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STEP 04

COLLABORATING WITH THE NETWORK

All areas of the supply chain have been addressed and improved. Leaders shift to an external focus, collaborating with suppliers and manufacturers and negotiating increased visibility into their partners' processes and systems. All parties can then strategize and shape the supply chain network.

Optimized companies become network orchestrators

They develop a reputation as a leader in transportation and logistics and, as a result, hold a broad network of reliable and valuable industry partners.

These connections provide access to total-system visibility and real-time updates on operations across the entire network, enabling the company to treat conflicts and obstacles as opportunities to widen the gap on the competitive field.

At this stage of the TSM maturity journey, companies have elevated access to information that supports calculated directorial decisions about the business. That means unlocking the ability to improve market value and find firm footing as an industry leader.

PERFORMANCE MANAGEMENT

Performance demands on supply chains continue to increase as new technologies change customer expectations. Performance must be continuously improved for a company to remain competitive and profitable.

When addressing performance management in the supply chain, it is important to consider the following elements, outlined by analysts at Deloitte.

Together, these bridge the gap between a company's executives and its performance measuring IT systems:

SUPPLY CHAIN STRATEGY	ORGANIZATION	PLANNING	MANAGEMENT	CONTROL ACTIVITIES

For a strategy to be well executed, a performance management plan must consider all of these elements. When all factors are in play, professionals gain access to view and share supply chain reports that balance the needs of customers, demand, supply and finances.

TRANSPORTATION OPTIMIZATION

Aside from performance management, transportation optimization is perhaps the most important area of focus when systemizing, automating and scaling a business.

Companies optimizing their transportation systems concentrate on these key areas.

01

AUTOMATION

Automation is the first step to transportation efficiency. By automating all possible systems, teams alleviate pressure and every department's effort can be directed toward improving workflow. Standardized practices also limit error and simplify training and compliance.

02

PICKING AND PACKING

Using data and insight from the management team at the physical location of each step of the supply chain, companies optimize the location of inventory and workflows to achieve maximum efficiency during picking and packing.

03

ROUTING

GPS data and real-time analytics help companies understand traffic trends, fuel costs and disruptions from weather or emergencies. That allows timely planning for optimal route selection, which ties directly into speed to destination and customer satisfaction.

04

FLEET MAINTENANCE

Access to data about fleet vehicles has transformed maintenance planning. On-vehicle sensors, cameras and IoT devices help companies avoid costly damage and downtime.

05

BALANCE HISTORICAL AND REAL-TIME DATA

Bad data is siloed data. Good systems, like the Trax data integration hub, provide access to information from a wide range of sources at once, so leaders can trust the view and move quickly on important decisions. Our tools let teams set KPIs and compare transportation costs, delivery performance and more in a single platform.

THE TAKEAWAY

Optimization is not a project with an end date. It is an operating standard supported by data you can trust.

TRANSPORTATION SPEND MANAGEMENT MATURITY

Companies that move through the automation and optimization stages described here achieve transportation spend management maturity.

Leaders stand in a control tower, benefitting from complete transparency and control over transportation spend and processes. This enables efficiency efforts such as automating spot quotes, optimizing payments and contracts, and improving productivity in every area of the supply chain.

These changes improve the consumer experience: optimized shipping routes lead to better delivery times and lower transportation costs allow for lower shipping charges. Improved customer experience has a positive impact on revenue, which opens new possibilities for expansion and investment.

Q1

What are the success metrics to evaluate transportation spend management maturity?

Q2

What are the provable returns on these efforts?

TSM METRICS

Internally, measuring transportation spend management success involves analyzing cash flow and cost to serve.

When an organization is fully optimized and backed with comprehensive data for making informed decisions, its cash flow becomes predictable. Its financial processes also reduce perceived and real risk for shippers and carriers.

Capital optimization systems such as TraxPays offer full-system support by streamlining back-office processes and automating payments. These strengthen business relationships and the network as a whole benefits.

COST TO SERVE

Organizations that have reached TSM maturity have the total supply chain visibility required to calculate precise cost-to-serve figures. The same process that makes these figures visible also improves control. That empowers leaders to make competitive, strategic decisions that sharpen focus on leadership and innovation instead of reacting to disruption.

TSM RETURNS

Transportation spend management maturity means moving your company from reactive to proactive to predictive. It is the foremost way leaders can develop resiliency to prepare for, and even embrace, the persistent and growing list of challenges in the industry.

At a time when global trade has crested, the range of obstacles the industry faces has never posed a greater threat to companies.

Visibility and control are critical for all organizations operating today. The Trax TSM maturity model is designed to help your company incorporate end-to-end visibility to achieve resilience and limit risk.

Pricing, business sustainability and environmental sustainability challenges are all overcome with TSM maturity. By acting proactively while cutting costs, Trax partners put cost-effective, environmentally sustainable strategies to work and find measurable results.

60%

PRICING

Using unique, reliable insight, companies that partner with Trax access data that helps them implement pricing strategies to increase operating profit by as much as 60 percent.

BUSINESS SUSTAINABILITY

Sustainability is a tangential positive outcome of TSM maturity. Companies that implement best in class technology increase the sustainability of their operations.

23%

ENVIRONMENTAL SUSTAINABILITY

A survey of employees in the transportation industry found that 23 percent of respondents felt an increase in pressure to implement environmentally sustainable strategies.

The Trax transportation spend management system is a key to reaching TSM maturity. Read more about how we can help your organization go from reactive to proactive to predictive →

SOLUTIONS FOR STRATEGIC MARKET LEADERSHIP

After years of chaos in the supply chain, new technologies are releasing the pressure valve, and full adoption is key.

At Trax, we know that transportation spend management maturity starts with freight audit. Once you have visibility into freight invoicing and payments, you can advance into more sophisticated levels of tech-supported growth.

Companies with the right processes and visibility into the basics can then begin to automate and optimize. This builds competence and confidence while mitigating risk.

87%

The key to building supply chain resilience in the face of perpetual disruption is mastering transportation spend management. This is the reason 87 percent of supply chain professionals intend to make it a priority in their strategies moving forward.

Teams that reach the finish line have the ability to lead this industry, finding the power to control, to innovate and to solve the most challenging problems facing the market.

An interoperable, high-functioning, data-driven supply chain network is the future.

Will your company adopt the tools it needs to lead the way?

Contact Trax today to learn more →

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