

# How can LSPs maximize ROI from their OTM Application – A radical perspective

**June 5, 2012**



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# Introduction



## Objectives of a OTM program are many...



1. **Leverage OTM as growth driver** with new / integrated services & help create differentiators in the market
2. **Reduce logistics cost** while meeting the service levels
3. **Automate manual logistics processes** and define exception management processes
4. **Provide visibility** to all stakeholders and downstream processes
5. **Analytics** to measure, monitor and make improvements
6. **Rationalize the number of logistics applications** impacting the cost of maintenance
7. **Prevent spend leakages** – carrier selection & freight audit
8. **Manage inbound logistics** – Supplier collaboration, PO management
9. **Ability to support complex programs** like cross-dock, pools etc
10. **Manage own, dedicated fleet** as well as common carriers in one application and others...

## Some LSPs are able to use OTM only in a limited way..

**ORACLE**

Transportation Management

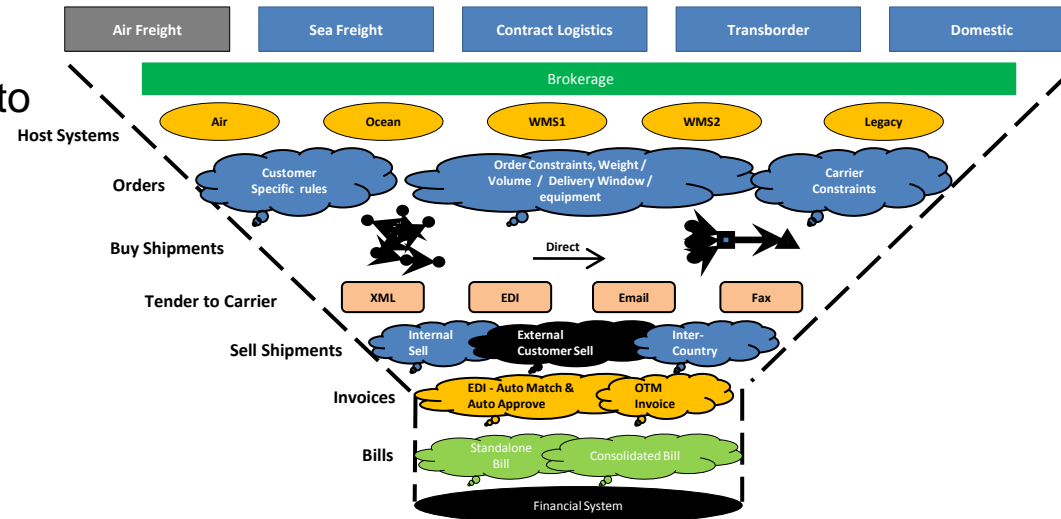
1. LSP whose configuration / use has not changed much since v4.0
2. LSP who uses 3 TMS systems for different lines of businesses. Same activities like tendering to same carrier, event management, carrier payment and different visibility applications

**While the limited functionality be meeting their original objective, OTM could provide more benefits!**

# Then there are few others who get the best OTM has to offer...

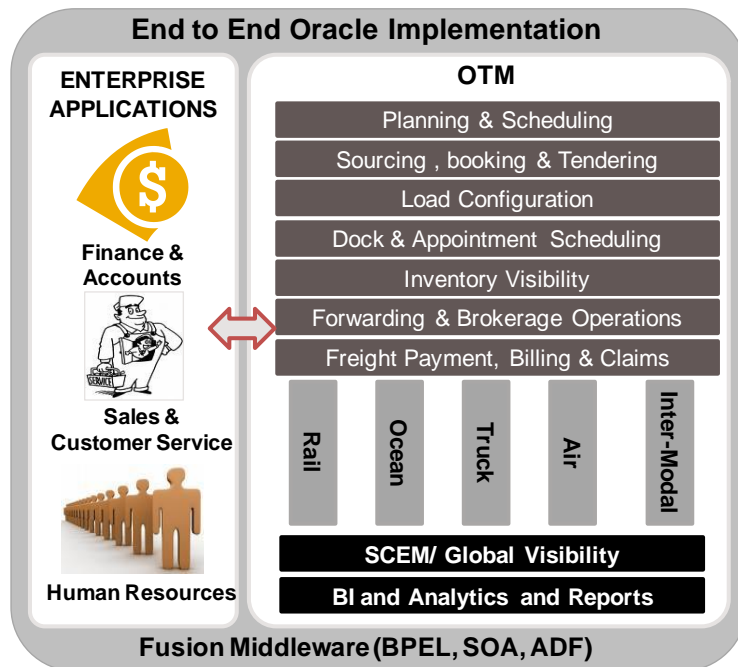
## A LSP who leverages OTM

- Soup to nuts from order management to printing customer bills from OTM
- For multiple LoBs
- In multiple countries
- In a single instance
- Without any customization / extension



## A LSP is leveraging OTM as part of Quote to Cash cycle

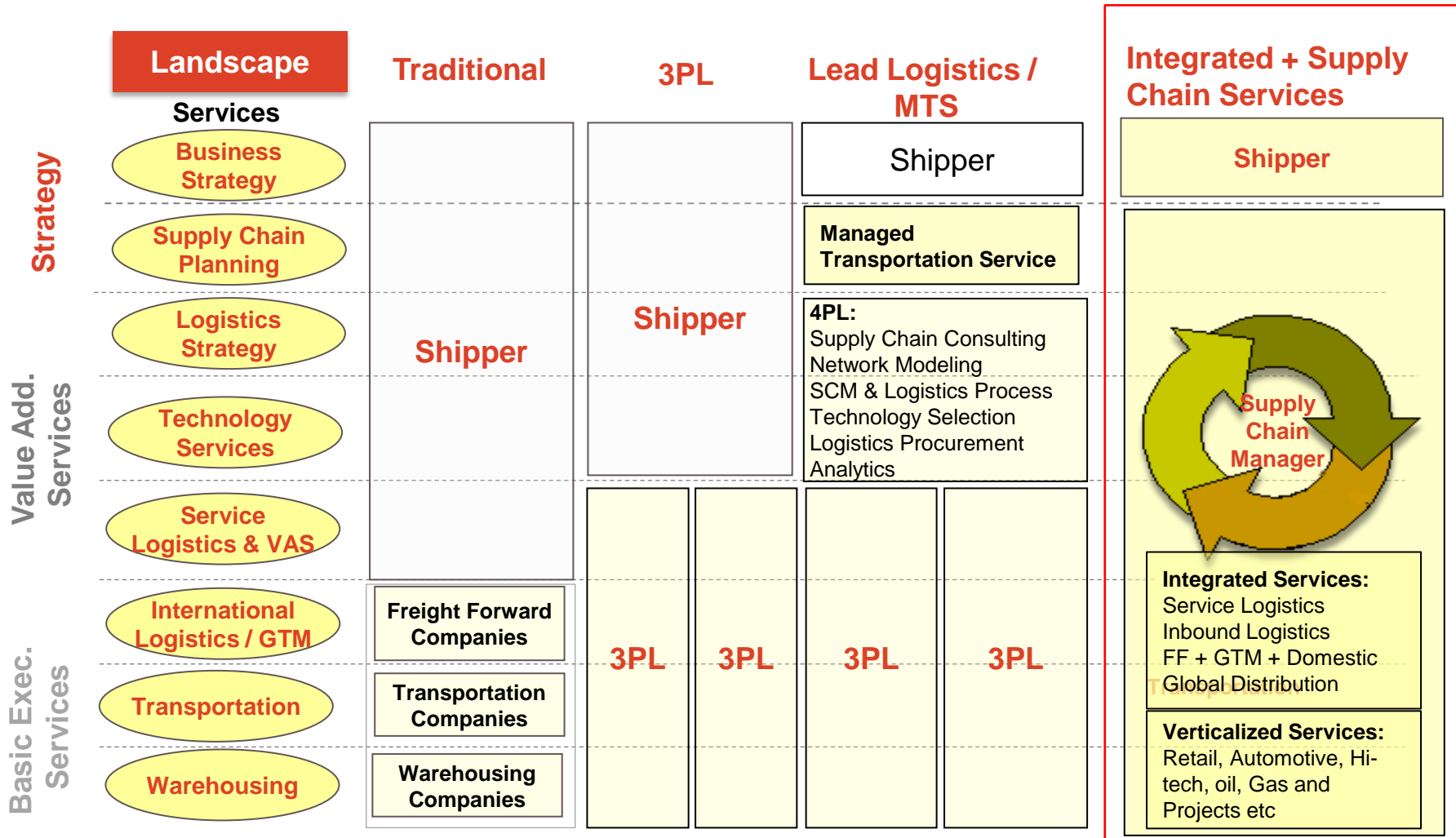
- For multiple LoBs – Asset and non-asset
  - Non-asset leverages planning
  - Asset leverages more in execution
  - Common services – order management, visibility & freight audit
- Integrated to CRM, ERP
- Working with mobile device in truck
- In multiple countries
- In a single instance



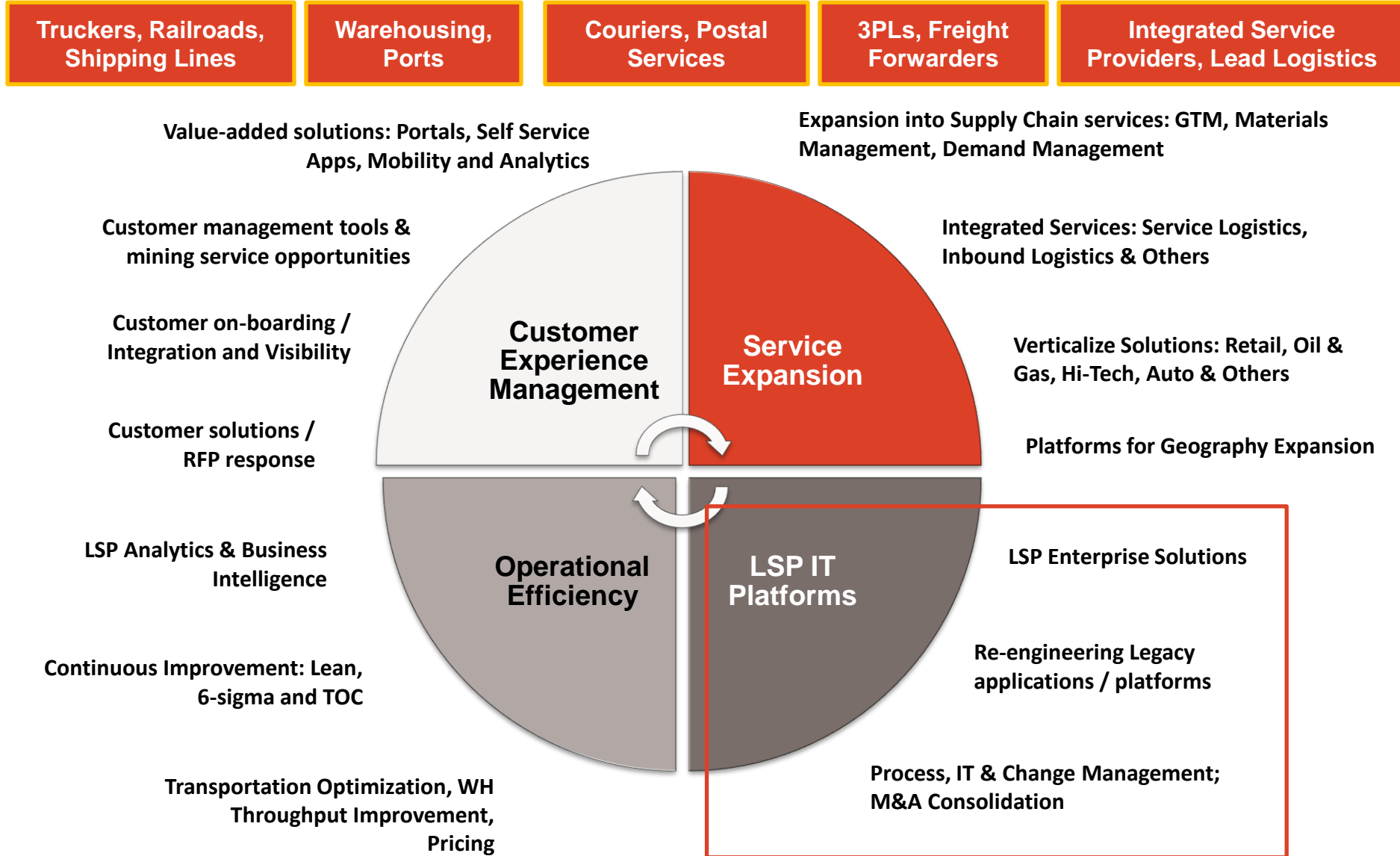
# Leveraging OTM for LSP business growth



# Opportunity for LSP growth from expanding Services portfolio..

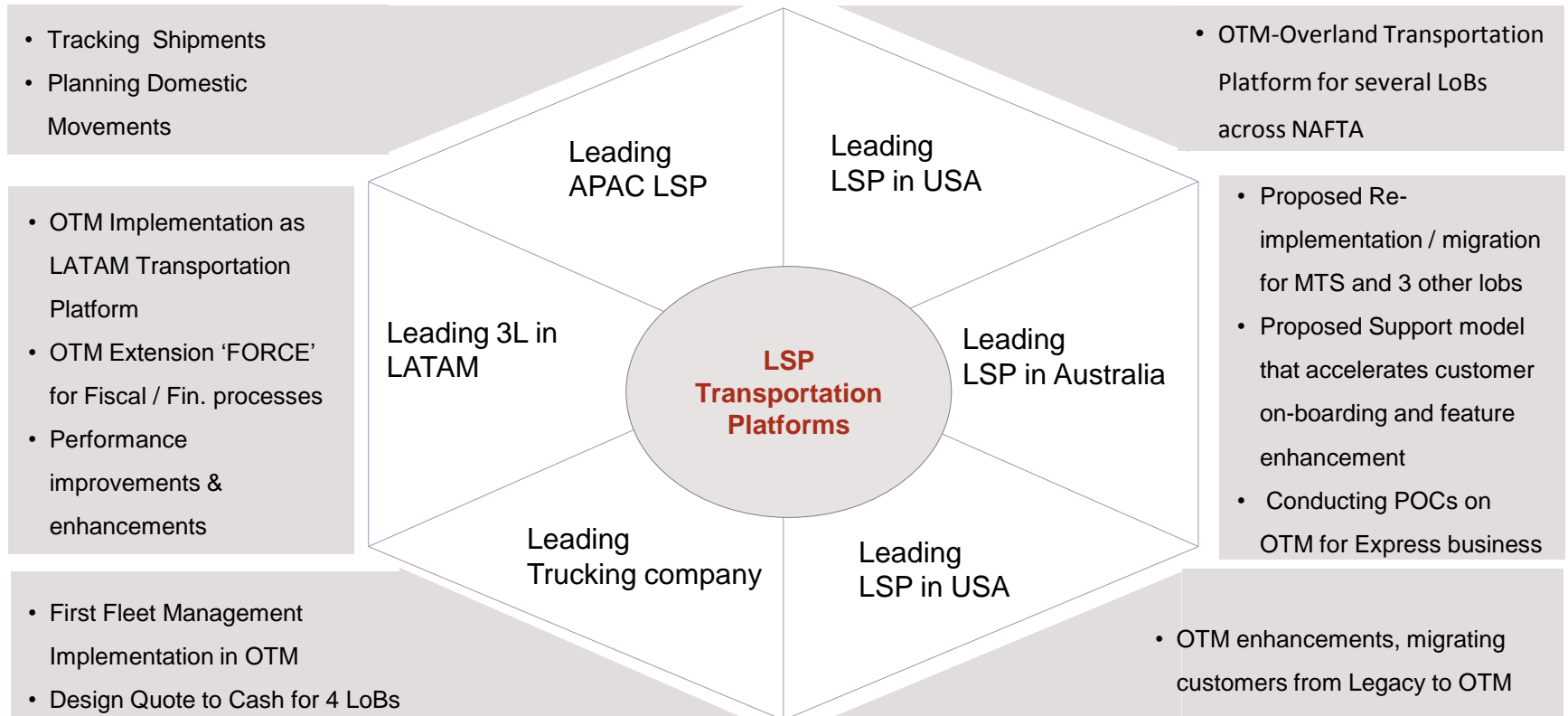


# Transportation Platform as enabler for growth





# Leveraging OTM for LSP – Customer Examples



## Leverage OTM as a LSP Growth Enabler

- Growth from new / Integrated services
- Growth from expansion to new geographies
- Global Process with personalization for customer / Geo.

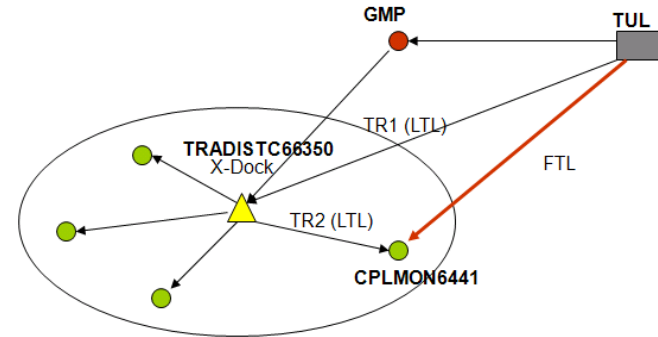
- Faster customer on-boarding
- Incremental process Automation: zero click freight audit
- Operational Efficiency: Optimization, Analytics

# Case Study: LSP Overland Transportation Platform for Leading LSP

# Case Study: Overland Transportation Platform

## Contract Logistics Solution across warehouses & customers

- Customer Orders – WMS, Manual
- Order Assignments & Validations
- Create Customer specific -Traffic File number
- Carrier Buy Shipment Planning
  - Multi-stop
  - Special Services
  - Customer negotiated carrier rates
- Shipment Execution
- Customer Sell Shipment Rating
  - Tariffs based on weight, mileage, SMC
  - Cost Plus shipment rating



## Contract Logistics in non-US Geography despite challenges

- Collect and Standardize; Base data not accurate / available (zips, lat-longs, regions, non-standard equipment, carriers codes)
- No defined tariff's for carriers
- Wide variety of rating logic (based on weight / dim wt / distance / pallets / combination)
- Mexican VAT (IVA) / Retention

# Case Study: Overland Transportation Platform Contd..

## Intermodal business – consolidation across modes



- Order details**
- Steam ship line
  - Import / Export
  - Cut-off date
  - Pick-up / drop off location
  - Last Free Date

Shipment Planning

Buy Shipment

**Rate Manager** 1 of 1 new finished

| Rate Header                         | Attributes                 | Accessorials                      | Special Services | Involved Parties | Comments |
|-------------------------------------|----------------------------|-----------------------------------|------------------|------------------|----------|
| Offering ID ANZD_PER_DIEM           | Service Provider ID ANZD   | Rate Service ID ANZD_LAST_FREE_DA |                  |                  |          |
| *Offering ID: ANZD_PER_DIEM         | *Offering Type: VESSEL     | Service Provider ID: ANZD         |                  |                  |          |
| *Rate Service ID: ANZD_LAST_FREE_DA | Rate Group ID              | *Transport Mode: VESSEL-CO        |                  |                  |          |
| *Version: 2003_2010                 | Equipment Group Profile ID | Corporation Profile ID            |                  |                  |          |

SHIPMENT.EQUIPMENT.EQUIPMENT\_GROUP\_GID = 20FT GENERAL CONTAINER edit delete  
 AND SHIPMENT.DEST.WAIT\_TIME >= 950400 \$  
 CHARGE 50.0000 USD PER Buy Shipment

SHIPMENT.EQUIPMENT.EQUIPMENT\_GROUP\_GID = 20FT GENERAL CONTAINER edit delete  
 AND SHIPMENT.DEST.WAIT\_TIME >= 518400 \$  
 AND SHIPMENT.DEST.WAIT\_TIME <= 864000 \$

add a cost

Time of Last Refresh: 2006-01-12 08:24 EST Time of Next Refresh: 2006-01-12 08:04 EST

refresh Replace Current Window

| Saved Query Name              | Query Type | Number of Matching | Number of Previous Matching | Create List |
|-------------------------------|------------|--------------------|-----------------------------|-------------|
| LAST FREE DATE CHECK - IMPORT | SHIPMENT   | 2                  |                             | create      |
| LAST FREE DATE CHECK - EXPORT | SHIPMENT   | 1                  |                             | create      |
| CUTOFF DATE CHECK - EXPORT    | SHIPMENT   | 4                  |                             | create      |
| DEMURRAGE ENDANGERED          | SHIPMENT   | 6                  |                             | create      |

|  |                      |                      |             |
|--|----------------------|----------------------|-------------|
| CROP 2005 200 PACKS/1,916 KGS TURKISH DRIED TOMATOES- DICED IN 4/5 LBS VACUUM PACKS EACH B | GOODSDISC            | GOODS DESCRIPTION    | edit delete |
| 05-JAN-06  | LAST FREE DATE       | LAST FREE DATE       | edit delete |
| -6 LFD   | NO OF FREE DAYS LEFT | NO OF FREE DAYS LEFT | edit delete |
| N  | OD-OW-HAZ            | OD-OW-HAZ            | edit delete |
| 1 TO 5 DAYS:125 6 DAYS AND ONWARDS:50 TOTAL CHARGE:175                                     | PER DIEM CHARGES     | PER DIEM CHARGES     | edit delete |

# Case Study: Overland Transportation Platform Contd..

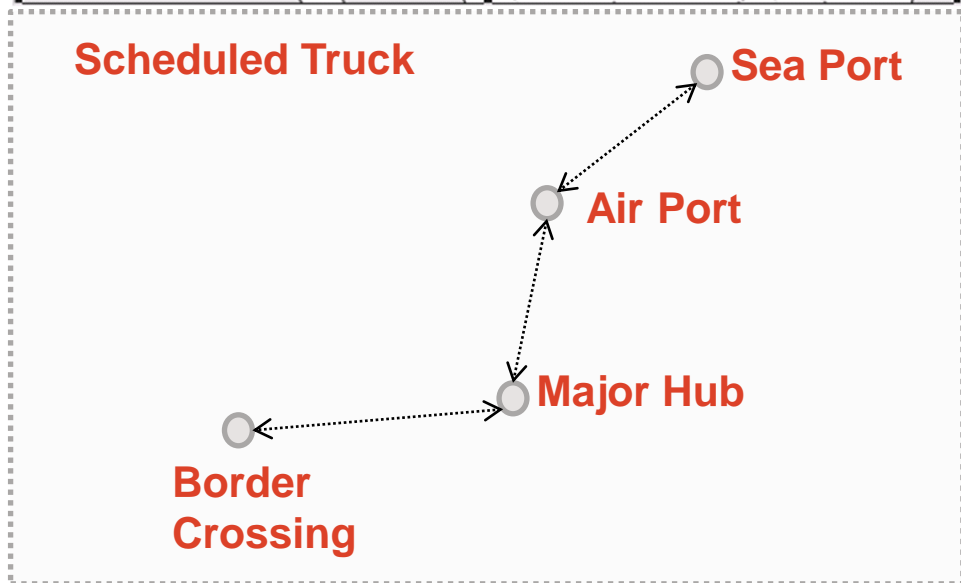
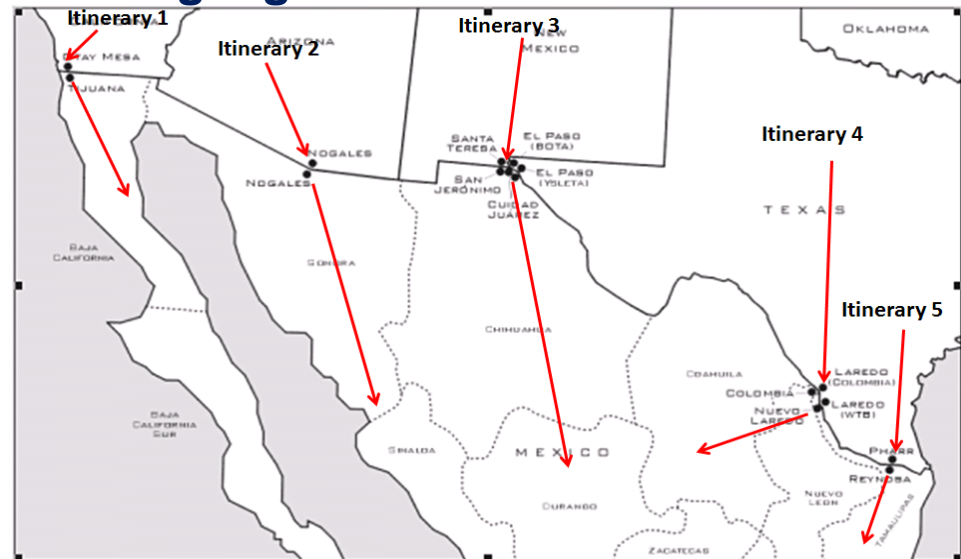
## Trans-Border processes that include multi-language & currencies

### Inter-country Processes

- Which country owns the customer
- Managing Carriers
  - Choice of currency
  - Country paying the Carrier
- Through Shipment / Multi-leg Shipment
- Handover between planners
- Customs
- Settlement
  - Billing currency for the customer
  - Credit Notes
  - Print from TMS to pre-printed govt. issued stationery (MX)

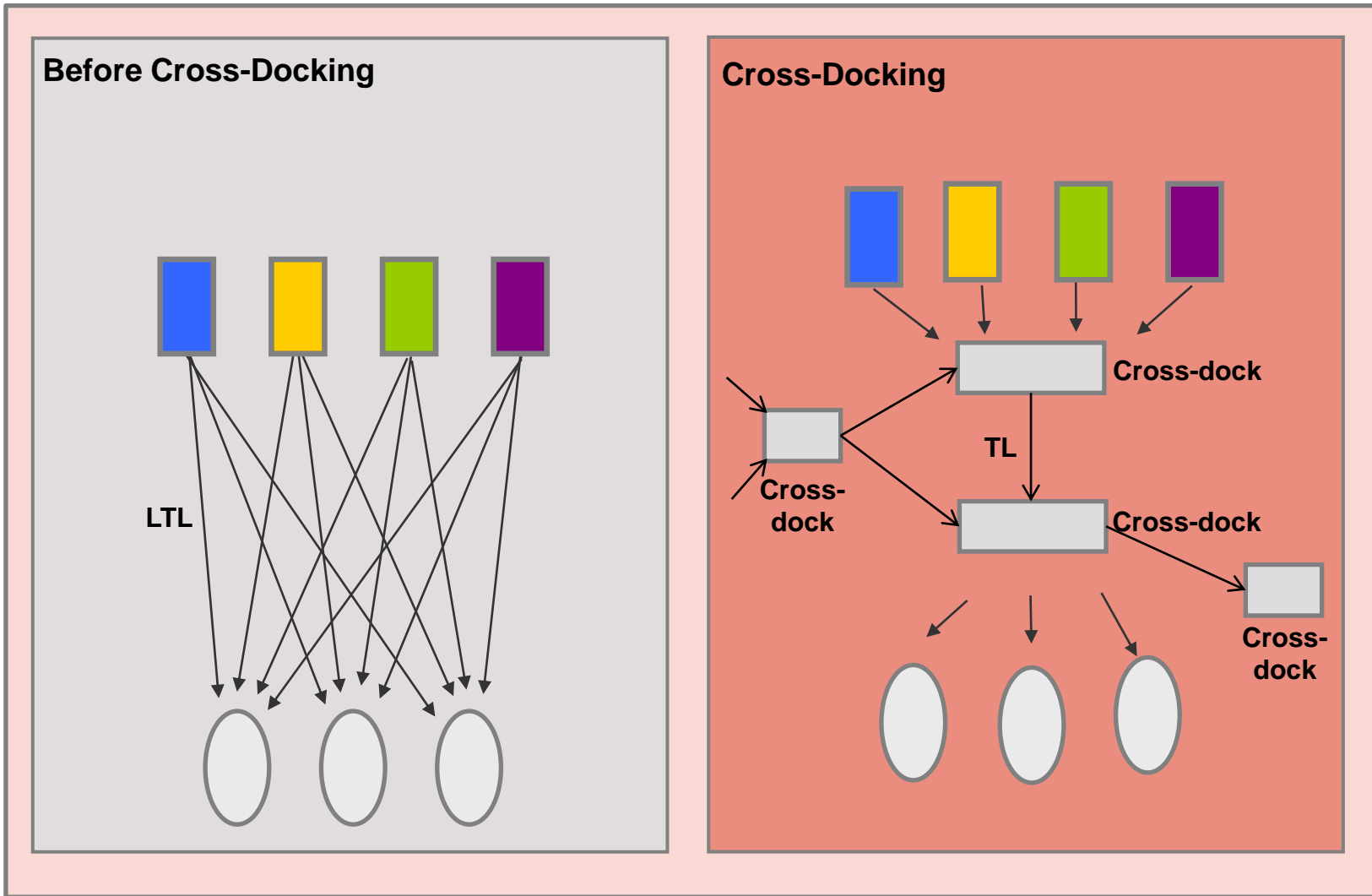
#### Key Business Enabler:

- Plan and Execute Trans-border shipments
- Leveraging joint purchase power
- Visibility across the system



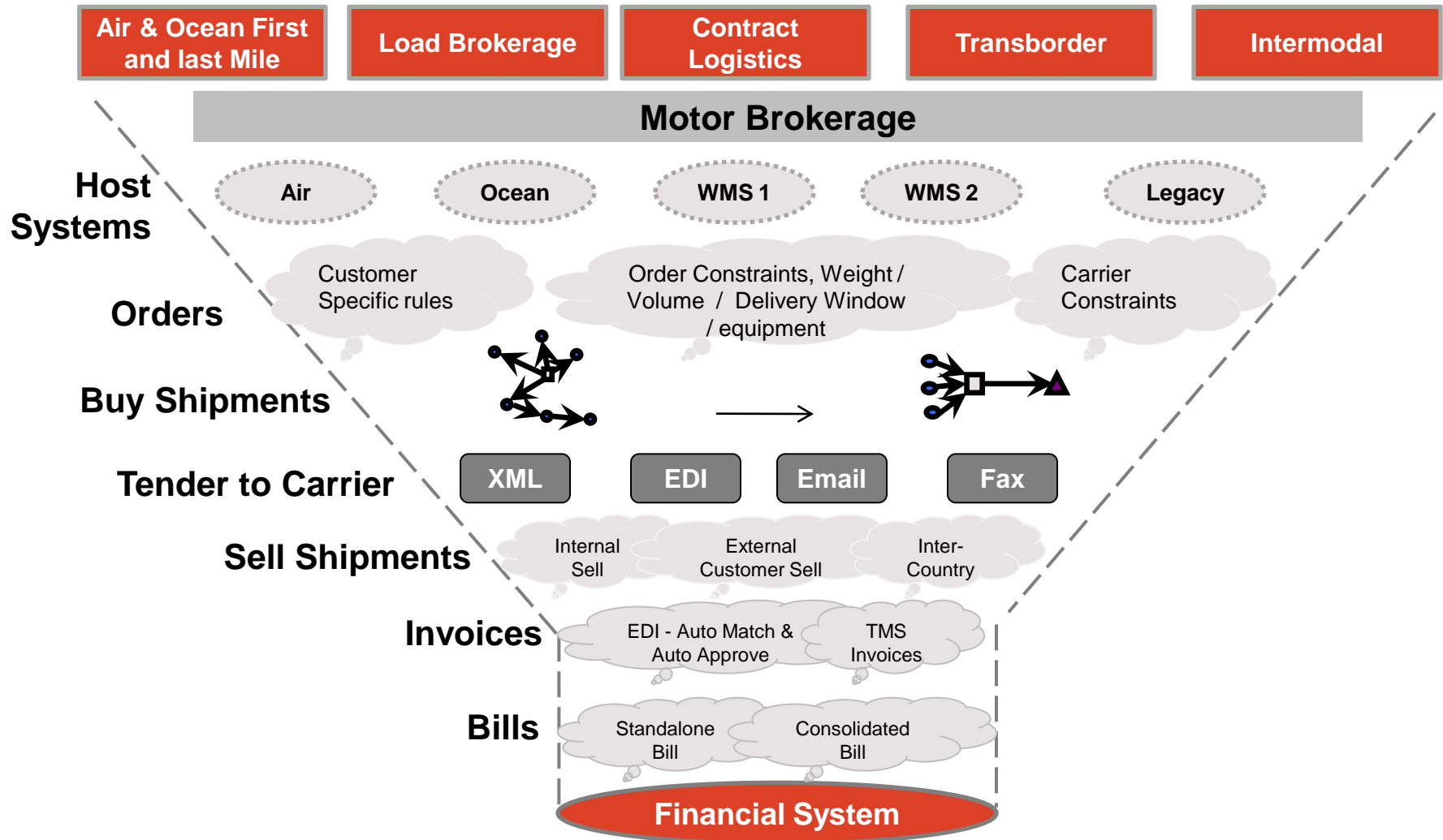
# Case Study: Overland Transportation Platform Contd..

## Run consolidation programs like Cross docks and Pools



# Case Study: Overland Transportation Platform Contd..

## Multiple Businesses in NAFTA on One TMS Instance



# Case Study: Overland Transportation Platform Contd..

## Benefits



- **Time to market on New Services. Ex: Transborder product**
- **Flexibility and Scalability.**
  - Contract logistics line of business to process multiple customers through the standard model while catering to individual customer needs
  - Accommodate Growth in volumes
- **Operational Excellence, Standard Process & Automation**
  - Standardize common processes across different lines of business in one funnel
  - Automate the standardized processes. Ex: 'No click freight audit and payment'
- **Cost Optimization by**
  - Leveraging planning capabilities
  - Rate to most appropriate carrier reducing transportation cost
- **Localization on a global instance**
  - Spanish Implementation – language and taxes
  - Canadian Implementation



# What can LSPs do more with OTM?



# Many opportunities to leverage more from OTM...

- **Business Growth**
  - Scope: Inbound, Outbound, Return, Spares, Cross-docks & others
  - Other business units / LoBs
  - New geographies
  - New / integrated services (LSP)
- **Process Automation:** No-touch processes + exception management
- **Integrate process & application to**
  - WMS / Cross –dock
  - Order management, ERPs, SCM Planning
  - Mobile devices / Telematics
  - Partners: carriers, suppliers, customers
- **Cost Reduction:** Planning scenarios, infrastructure, maintenance
- **Additional modules**
  - FTI
  - Fleet / Driver / Asset Inventory
  - Global Trade Management
  - Inventory visibility
  - Cooperative routing
  - Transportation sourcing

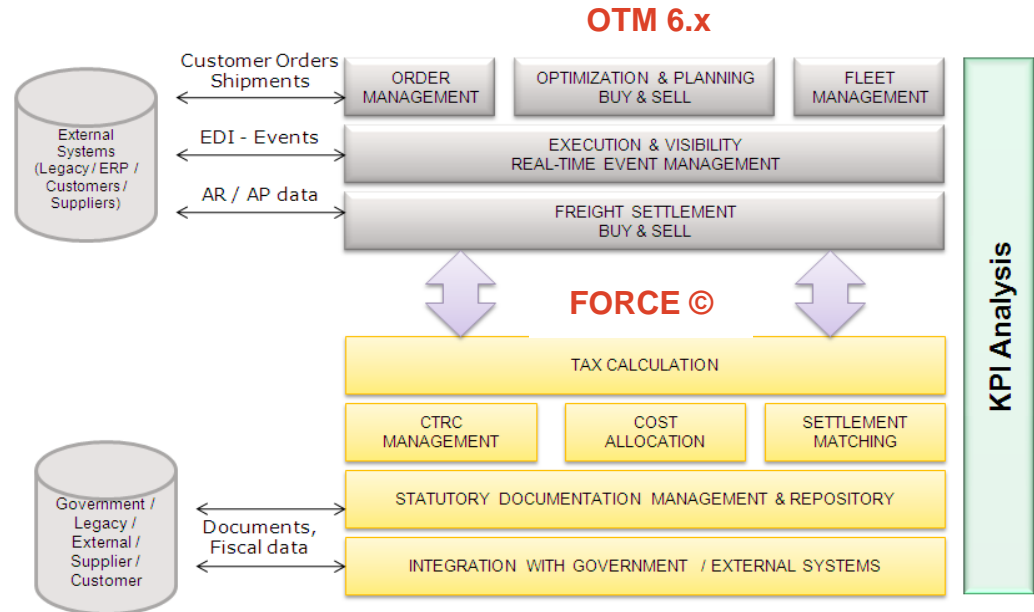
## Benefits

- **Drive Growth**
- **Cost Optimization**
- **Time to market**
- **Flexibility and Scalability**
- **Standard Process & Automation**
- **Operational Excellence**

# OTM Extensions that bridge the gap... if any

## Extensions

- Addresses IP / Unique process that adds to overall competitive advantage
- Allows benefit from OTM's out-of-the-box functionality while leveraging own IP/unique process capabilities
- OTM extensions are created with '*OTM Philosophy*' so that extension can scale with the core OTM application

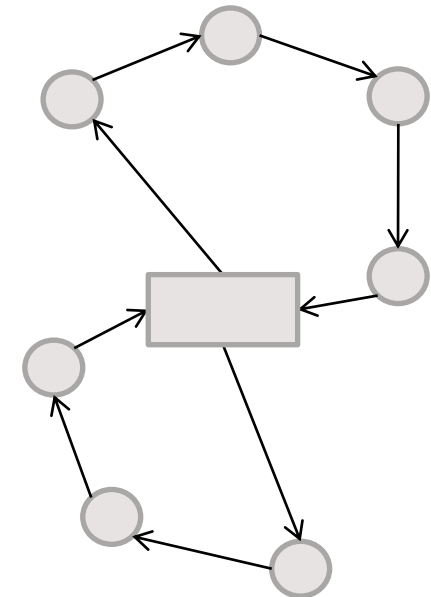
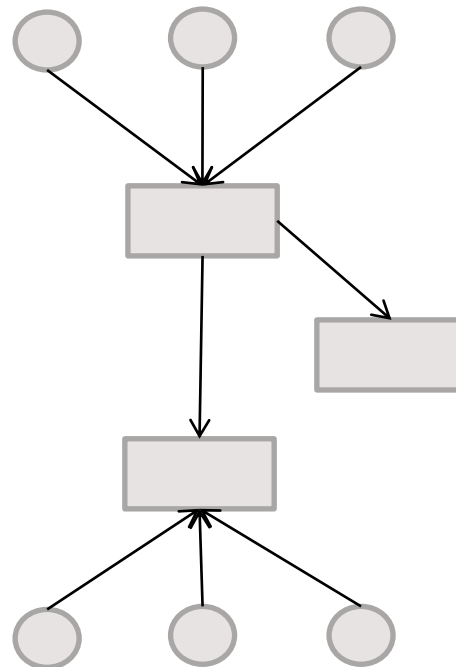
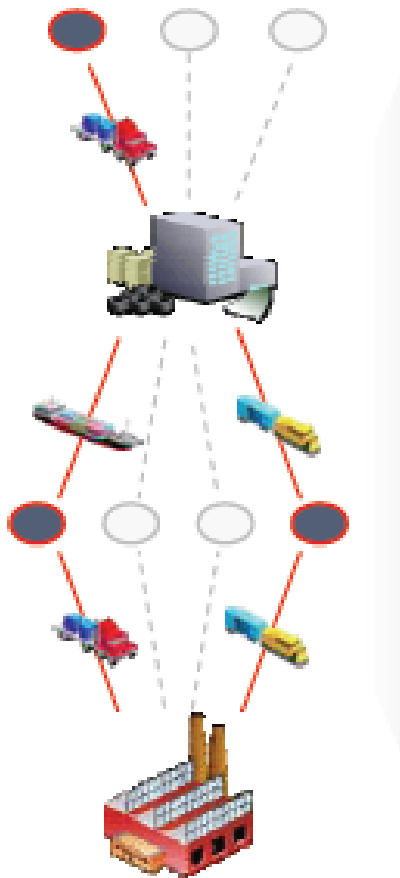


## Minor Customizations for productivity improvement.

- Custom screens with small changes / tweaks to OTM screens
- Custom process

## Continued Journey with OTM Optimization

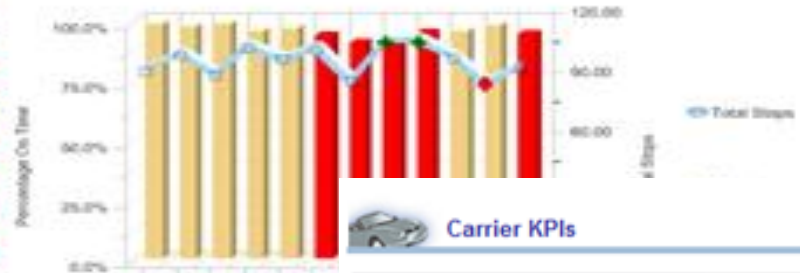
**Enhance/Implement OTM planning scenarios:** Example. Look for continuous move opportunities, Leverage Cross Dock or Pools etc.



# Analytics to Drive Improvements

## On Time Pick Up

| Month         | Total Stops | Total On Time Count | Percentage On Time |
|---------------|-------------|---------------------|--------------------|
| 01. JANUARY   | 97.00       | 95.00               | 97.9%              |
| 02. FEBRUARY  | 105.00      | 102.00              | 97.1%              |
| 03. MARCH     | 95.00       | 93.00               | 97.9%              |
| 04. APRIL     | 109.00      | 104.00              | 95.4%              |
| 05. MAY       | 103.00      | 99.00               | 96.1%              |
| 06. JUNE      | 106.00      | 101.00              | 93.5%              |
| 07. JULY      | 92.00       | 83.00               | 90.2%              |
| 08. AUGUST    | 112.00      | 104.00              | 92.9%              |
| 09. SEPTEMBER | 112.00      | 106.00              | 94.6%              |

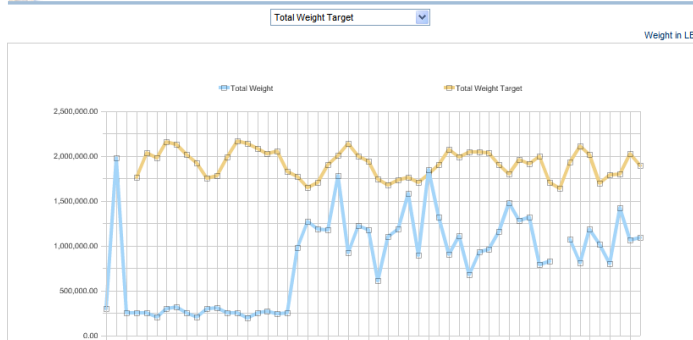


## Carrier KPIs

|                        | Current Week |
|------------------------|--------------|
| % OnTime Pickup        | 🟢            |
| % Ontime Delivery      | 🟢            |
| % Tender Acceptance    | 🔴            |
| Average Pickup Hours   | 🟢            |
| Average Delivery Hours | 🟢            |
| Percent Claims         | 🟢            |

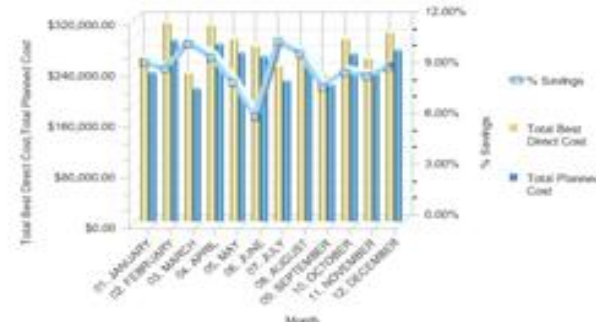
FTI

## Total Weight



## Direct vs. Multi-stop cost savings

| Month              | Total Best Direct Cost | Total Planned Cost    | Cost Savings        | % Savings    |
|--------------------|------------------------|-----------------------|---------------------|--------------|
| 01. JANUARY        | \$256,785.22           | \$231,908.70          | \$24,886.52         | 9.68%        |
| 02. FEBRUARY       | \$311,464.61           | \$282,575.43          | \$28,889.18         | 9.20%        |
| 03. MARCH          | \$231,857.08           | \$206,768.60          | \$24,888.48         | 10.74%       |
| 04. APRIL          | \$308,607.73           | \$277,939.60          | \$30,668.13         | 9.94%        |
| 05. MAY            | \$287,419.84           | \$262,937.10          | \$24,482.74         | 8.52%        |
| 06. JUNE           | \$274,439.42           | \$256,670.45          | \$17,768.96         | 6.47%        |
| 07. JULY           | \$244,454.50           | \$217,785.37          | \$26,669.13         | 10.92%       |
| 08. AUGUST         | \$266,392.76           | \$239,374.82          | \$27,017.94         | 10.14%       |
| 09. SEPTEMBER      | \$200,721.14           | \$211,746.05          | \$10,974.49         | 5.22%        |
| 10. OCTOBER        | \$287,633.86           | \$261,451.25          | \$26,182.61         | 9.10%        |
| 11. NOVEMBER       | \$254,705.11           | \$232,185.15          | \$22,519.96         | 8.64%        |
| 12. DECEMBER       | \$295,875.11           | \$267,994.10          | \$27,881.01         | 9.36%        |
| <b>Grand Total</b> | <b>\$3,249,956.38</b>  | <b>\$2,949,335.22</b> | <b>\$300,621.16</b> | <b>9.25%</b> |



# Thank You!

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