



ONLINE DELIVERY MANAGEMENT

GERRY HATTON

Online delivery management systems provides data capture, improved productivity and visibility through complex supply chains.

Supply chains invariably involve many, widely separated operations and organisations, often each with their own processes and software. Yet each needs reliable and timely feedback to be able to properly manage and control this vital part of their business.

The rapid acceptance of cloud computing technology and the development of proven and stable online delivery management systems (ODMS) now provide a common, real-time link that can fulfil the automation, information and data requirements of all authorised parties to each freight delivery transaction.

Cloud computing applied to the supply chain

Real-time data and access to a shared system enables senders, carriers, receivers and even 3PL's and freight brokers to each manage their part of all aspects of the delivery process. All authorised users need is an internet connection and a web browser.

The sender has separate modules to manage despatch, customer service, accounts and logistics management from any of potentially hundreds of locations. An ODMS also allows senders to make a giant leap in their ability to automate in-house processes and better optimise their delivery quality versus cost equation.

Authorised service providers have access 24/7 from multiple location to manage any elements of the delivery process that are contracted to them. Customer have 24/7 visibility of all of their orders.



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Ideally, the 'brains' of a cloud computing ODMS should be located in a professionally hosted, Australian-based computing centre. This enables central maintenance, the highest possible availability and real-time back up of all data. It also facilitates regular central hardware and software system upgrades as new functionality is developed.

These days, hundreds of Australian companies use an ODMS for tens of thousands of transactions per day. Users pay only for what they use and they typically reduce direct freight costs by many times the cost of the monthly cost of the service.

Managing deliveries in complex supply chains

While most ODMS users have fairly straightforward structures, no distribution network is too complex for cloud computing systems. On a single ODMS:

- A manufacturer at two separate locations in Tasmania manages local freight and also works through multiple 3PLs using multiple carriers in various states on the mainland.
- An internet marketing company manages direct nationwide deliveries from over 180 suppliers using multiple carriers.
- A multinational company with three divisions and several hundred branches manages despatch from its main DC to several hundred branches. They also manage despatch between branches and from all branches to thousands of customers using hundreds of different carriers.
- A freight broker using up to 40 different carriers and servicing hundred of clients in thousands of locations is able to service them all from a single central location.

Poste Haste is a major Australian freight broker. Poste Haste principal Marshall Hughes described the complexity of the company's freight management challenge.

"We wanted a system to handle thousands of customer shipments simultaneously from hundreds of customers, ranging in complexity from owner operators to large multinational corporations, all using multiple configurations of carriers, couriers and warehouses across the country.

"It had to handle tens of thousands of freight processes a day allowing instant, secure interaction with us, our customers, and each of their freight consignments with multiple carriers," said Mr Hughes.

Poste Haste began looking at a range of existing freight management solutions to see if any could augment their existing buying/billing software to create an integrated system that would meet their 'one-stop shop' agenda. After a detailed search they settled on the Moveit system.

'A major benefit to us was that Moveitnet, is a stable and well proven system, could be rapidly deployed because it was already designed to

interface with our existing customers systems without the need for new hardware or software,' said Mr Hughes.

Customer service

Importantly, organisations are also able to offer new levels of customer service at far lower costs than ever before.

Online delivery management systems can now close the information loop, measuring faulty delivery issues and delivery-to-promise performance even when carriers have no real-time proof of delivery systems.

Track and trace systems, available from certain carriers, have for some time allowed customers to track individual consignments if they know the carrier and the consignment number. Now, with ODMS, authorised customers can view the status of all of their outstanding orders and deliveries via multiple carriers on a single log-in screen.

Owner-drivers, fleets and contracted carriers can use ODMS to drive their own sign-on-glass systems, while carriers with no sign-on-glass systems of their own can use telephone or scanned PODs that can be automatically fed back into the system.

With an ODMS, telephone enquiries chasing deliveries are almost a thing of the past.

"We had a reduction of 95% in customer enquiries as soon as we installed our ODMS," said John Hore of Clipsal.

John Fraser, logistics and operations manager at Kyocera Mita Australia, summed it up this way: "I needed a freight management system that was flexible, could grow and change with our needs. Most importantly, it had to give me visibility of all activities across a complex distribution chain that used many different solutions to move freight to and from many locations. That can only be done with an ODMS."

Data capture leading to freight cost and delivery performance optimisation

Few things can be improved unless they are measured. How else can one measure the effects of any changes that might be introduced? And measuring averages is usually the easiest but least helpful measurement.

There is an old saying that "it is easy to drown in a creek that is only an average of half a metre deep". Nowhere is that more true than in the freight delivery business.

So getting a better price per kilogram across a range of freight that varies in service level, consignment profile or delivery location is not necessarily a good deal. Additionally, any price needs to be carefully weighed up and measured against delivery performance in regard to delivery-to-promise and damaged or lost items.

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“In the past, doing meaningful freight analysis was like pulling teeth. Feedback from carriers could take weeks and direct comparisons are more difficult than comparing mobile phone plans.”

Having several carriers across the nation, each doing what they do best, usually works out to be more cost-effective than a single carrier. And with an ODMS many carriers are no harder to manage than one.

In fact the secret, to high service levels and cost-effectiveness is not so much about choosing the right carrier, but more about choosing the right carrier for each type of consignment and service level. But how can a despatch person know that unless there is a system to tell them?

Because an ODMS captures all the data in great detail, it is now a simple matter to use inbuilt analysis and management tools to provide users with the answer to this and other complex questions.

Peter Puts, an experienced distribution manager of a major Victorian operation, summed it up this way.

“In the past, doing meaningful freight analysis was like pulling teeth. Feedback from carriers could take weeks and direct comparisons are more difficult than comparing mobile phone plans.

“But now our new ODMS analysis and reporting tools give us instant information in our own format that allows us to work at optimising overall cost and delivery performance,” he said.

To ODMS users despatch profiles, consignment costs, divisional allocation, end of the month freight accruals and scan to truck despatch reports are just the beginning.

Darren Reemeyer, national operation manager of Johnson Diversey, put it another way: “Our ODMS is able to calculate the cost of each individual order within a consolidated shipment. That means that I can pull out the costs for each division and each state for each order, and calculate the cost as a percentage of sales to that customer,” he said.

Cost reductions from efficiency gains

An ODMS offers total automation of all freight documentation, including the consolidation of orders, the printing of carrier specific labels and other documents. They also

choose the most appropriate carrier for each consignment. A carrier-independent ODMS can also automate the allocation of freight costs and the reconciliation of freight invoices.

A recent independent survey of 136 businesses by the respected Aberdeen Group found that companies using an ODMS that measured and compared results reduced external freight bills by an average of 8.8%.

Some Australian users claim they have achieved internal hard cost savings comparable to the freight cost reduction, and that soft savings like improved customer service are equally valuable to them and others in their supply chain.

No installation issues

Unlike conventional software, online delivery management systems are already up and running on the web. Getting connected is a breeze in comparison with the installation of ordinary computing systems.

The whole team at one major distribution centre was delighted with the simplicity of using its new ODMS. “It was like ‘Windows for Dummies’. Training staff in the basic features took only ten minutes and we saw the benefits from day one,” said distribution manager Peter Puts.

“Our team used the automatic consolidation feature for all orders going to the same address. This alone reduced our freight bills by more than the monthly cost of the system. But we also saved money and improved customer service throughout the business by having a single, improved, carrier-independent process,” he added.

The future

Some forward-looking users are now arranging for their ODMS to control inbound freight from major suppliers, and one of Australia's leading suppliers of ODMS is working to add a comprehensive pallet- and container-tracking module.

Many companies report that lost pallets and containers cost them tens of thousands of dollars each year and that despite their best efforts, they are almost impossible to track without an ODMS solution.

Online delivery management systems open so many new doors. Many believe that there are as yet un-thought-of efficiencies to be gained by this exciting new technology.

Gerry Hatton AM earned his Member of the Order of Australia awards for his work in the logistics industry and is the chairman of Moveit. For more information call 1300 884 294 or visit www.moveitnet.com.au. mhd