

# SupplyChainDigest™

## Understanding “On-Demand” Logistics Applications

Companies considering a hosted or “on-demand” model for logistics (or other supply chain) applications, such as transportation management, should carefully evaluate their real needs and business drivers for using this approach.

There are three major dimensions to the evaluation/decision, as illustrated in the graphic later on the next page:

**Deployment Model:** Will the software be installed at your site (the traditional approach), or hosted at the software provider or other third-party?

**Pricing Model:** Will the software license be purchased upfront (the traditional model), or will it be paid for as it is used on a subscription/transaction basis?

**Operating Model:** Will the business department or function using the software be managed internally, or through use of a third party/outsourcer? For example: use of a 3PL to manage the transportation function.

All combinations (eight in total) within the cube shown below are possible. SupplyChainDigest has found that companies looking for a “hosted” solution may often have varying business drivers that can make any of the alternatives on the cube possible or appropriate.

Key drivers for the non-traditional models:

### Hosted deployment:

- ❑ Reduce IT personnel costs/management issues to support the application
- ❑ Lower upfront hardware costs
- ❑ Ability to “get around” existing IT department standards or difficulty installing new applications into the enterprise portfolio.

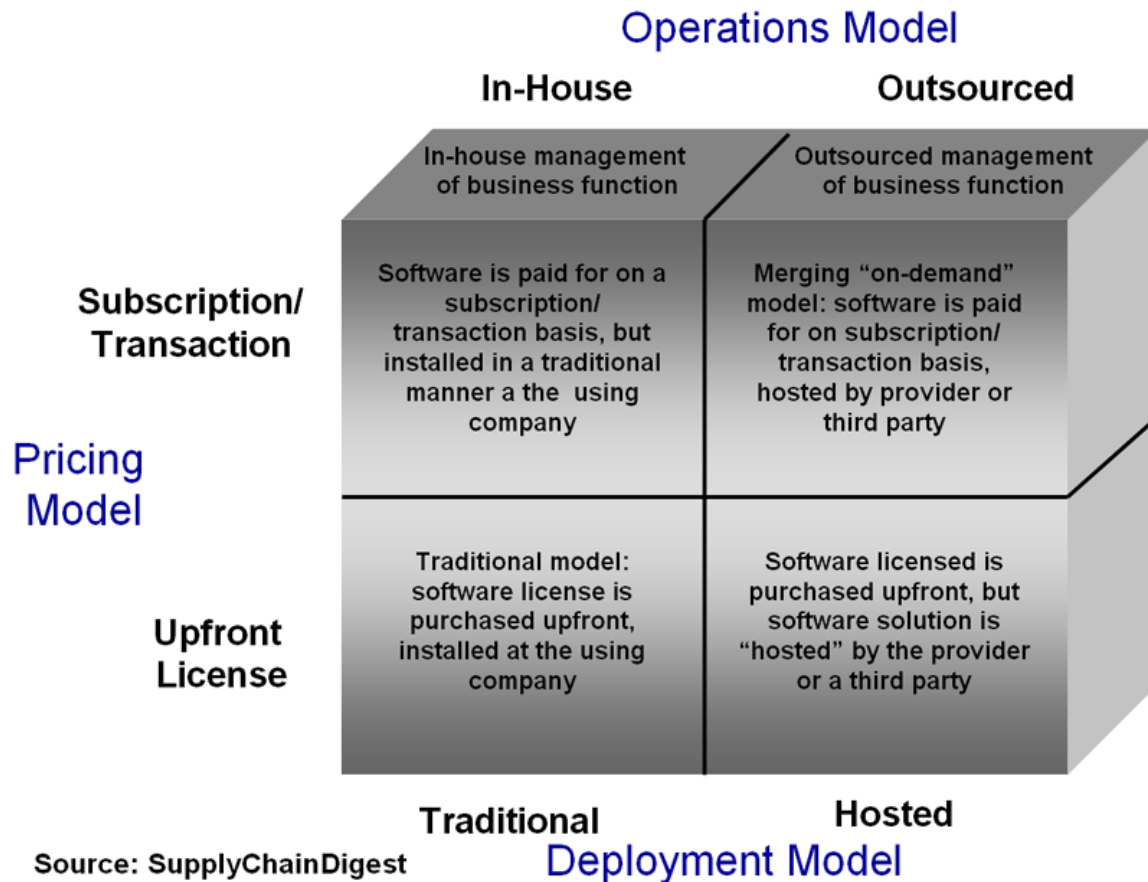
## Subscription/Transaction Pricing:

- ❑ Reduced upfront capital investment
- ❑ Tighter alignment of positive cash flow improvements/costs with benefits
- ❑ Perceived easier ability to “pull the plug” and change software later

## Outsourced Management:

- ❑ Reduced operating costs
- ❑ Focus on core competencies
- ❑ Reduce capital outlays for technology

## SupplyChainDigest’s On-Demand Logistics Framework



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## About SupplyChainDigest

SupplyChainDigest™ is the industry's premier interactive knowledge source, providing timely, relevant, in-context information. Reaching tens of thousands of supply chain and logistics decision-makers each week, our flagship publications - *SupplyChainDigest* and *SupplyChainDigest – Logistics Edition*, and web site ([www.scdigest.com](http://www.scdigest.com)) deliver news, opinions and information to help end users improve supply chain processes and find technology solutions.

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