



The Case for Electronic Messaging in Transportation

*By Stephen Craig
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SCDigest recently wrote a provocative article wondering why years after their introduction and despite proven benefits, the use of Advanced Ship Notices remain very spotty across industries. I think poor ASN usage is just a specific example of the broader poor usage of electronic messaging in transportation. Yes, I know electronic messaging can be and has been done well by many companies. However, a recent survey of VICS members (some of the biggest and most advanced retailers on the planet) still found that only about 30% of their shipments are tendered electronically. I think this is changing but the question is valid: If transportation messaging has a good ROI, why has usage been so low? And, if usage is increasing now, what's changed?

Historic problems with electronic messaging include:

- **Capturing the achievable ROI can be hard**
 - It requires process work and usually some systems work on either side of the electronic message to get value out of it
 - The processes must be stable enough that the message content and format do not have to change frequently
- **The value of messaging is often realized in one budget while another budget bears the cost**
 - With inbound ASNs, for example, the cost of the effort is often a transportation expense while the benefit is realized in DC efficiency savings
 - The same is true for outbound ASNs driving efficiency savings in customer service
- **It requires technical support from an external integration / EDI group**
 - With ERP efforts in the 90's and then the dot.com frenzy, in many systems groups the EDI folks were not seen as very important (i.e. may not exist anymore)
 - When technical support is available there are often disagreements about data meaning, mapping, and quality that can not be addressed in a point solution
- **While the returns from electronic messaging have always been good (at least in the high wage, "First World") they may not have been better than other integration / EDI projects**
 - ERP then dot.com efforts sucked up the "oxygen," sometimes even defensibly
 - Transportation leaders often have not had the ability to frame and present the benefits or the organizational power to achieve them

What's changing?

- **Economics** – Supply chain cost curves are shifting, particularly transportation and inventory holding costs. As costs increase more attention is paid to underlying causes and more solutions become economical
- **Strategic impact** – With less "slack" in the supply chain, disruptions are more strategic and visibility becomes a more of a necessity than a "nice to have"
- **Better TMS** – The tools have gotten much better over the years with vastly more process / execution support (i.e. ability to generate and use messaging) and better planning capability too

- **Improved integration technologies** – EAI tools and emerging SOA architectures have reduced and are reducing integration costs and, of course, the Internet has driven transmission costs down/out

Here's what I would recommend: First, if you're making poor usage of ASNs and other transportation messaging, take a hard look at making changes now; the drivers of that poor usage have likely changed or are changing

Second, if you can take a thorough process improvement and system enablement approach, you can make use of ASNs and other transportation messaging, improve your transportation management capabilities, and drive a nice ROI too!

About the Author

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