

On-Demand, Hosted, SaaS Transportation Management Systems – Is There a Difference?

Whatever You Call It, Non-Traditional TMS Models Starting to Gain Traction

SCDigest Editorial Staff

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When it comes to non-traditional supply chain software deployments, there are a lot of terms to wade through.

The basic idea is that rather than being installed on a server within the boundaries of the enterprise's IT domain, the software resides outside the company's enterprise walls, delivered over web technology of some kind.

Originally, this approach was usually referred to as "hosted" software. Later, many companies and pundits began to refer to it as being "on-demand" software.

More recently, the term "Software as a Service," abbreviated as SaaS, has started to gain currency among vendors, analysts and others.

Whatever you call it, the non-traditional deployment approach has probably gained more traction in the area of Transportation Management Systems (TMS) than any other in the supply chain. A high percentage of companies considering TMS in the past couple of years at least evaluate the on-demand option. The recent Trends and Issues in Logistics and Transportation Survey, now in its 17th year, found in this year's report that on-demand TMS represents 5.7% of current TMS implementations (see [Annual Trends in Logistics and Transportation Study Finds Visibility Key to SCM Performance](#).)

Since that number would not have even been on the radar screen a few years ago, it suggests the growth

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in hosted TMS has been growing sharply.

But hosted, on-demand, SaaS – which term to use, and does it really matter?

According to **Adrian Gonzalez**, a respected analyst who follows transportation management for ARC Advisory Group, the terms are often used interchangeably by users and vendors, but the "Software as a Service" concept does imply an important change.

"In the initial days of on-demand or hosted software, usually the customer had their own version of the software, running on a single computer dedicated to them," Gonzalez told SCDigest. "With Software as a Service, it generally implies that many companies are running on the same instance of the software."

Why does this matter? First, it can lead to lower costs for the technology firm managing the software, which could lead to lower hosting fees for clients.

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More importantly, by putting all of the end user companies in a single TMS environment, it opens the possibility for a range of new value-added services, such as looking for collaborative transportation opportunities across the network, or comparative transportation scorecards.

All these topics and more will be discussed on next week's excellent Supply Chain Videocast on "Rightsizing Transportation Management," featuring ARC's Gonzalez.

To register, please go to: [Rightsizing Transportation Management Systems Videocast](#).



Adrian Gonzalez
ARC Advisory Group