

Transportation Management System Adoption Up Strongly, but Market Remains Fragmented

AMR Research Study Finds 68% Implemented in Last 3 years; Understand TMS Vendor Niches, Greg Aimi Says

SCDigest Editorial Staff

With rising fuel costs and other pressures over the past few years, the adoption of Transportation Management System (TMS) software has been robust. However, the market remains very fragmented, with the term "TMS" meaning different things to different companies.

So says AMR Research's **Greg Aimi**, who is involved in several studies related to the TMS market.

Aimi told SCDigest his research found that 38% of companies have a major commercial TMS package, a figure he says is somewhat lower than he would have expected.

But, the number is up from 28% just two years ago. In fact, 68% of the 38% of companies that said they have a commercial TMS have implemented the software in just the past three years, AMR's research found.

"At one level, TMS is still a relatively new application, and a lot of companies haven't implemented it yet," though in general, at least until this year, sales have been good for TMS providers.

Aimi says the increased importance of logistics and logistics costs have given new influence to logistics executives.

"In the past, the logistics executive just often hasn't had the strength in the boardroom to get these kinds of investments approved, even though we know the ROI is usually dramatic," Aimi told SCDigest, noting TMS can generally reduce freight spend from 5 to as much as 30% - big dollars for most companies. More recently, however, as logistics costs increasingly ate into the company's bottom

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line, "the CFO is going to the logistics executive and saying, 'How can you save me some money?'" Aimi added.

But one challenge for buyers is that perhaps more than any other supply chain software category, the TMS market and definition is fragmented, Aimi noted.

"If you talk to any one individual company, a "TMS" is what they do and need," Aimi said. "But in reality, there are many different types and flavors of TMS," noting that the TMS needs of a dot com retailer versus a grocer with a large private fleet versus a consumer goods company all have very different needs.

"That's before you think about crossing borders, and all the need for global trade management in those processes," Aimi added.

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What's important, he says, is that when you are considering TMS, perform a lot of homework up-

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front, so that you really get the right mix of candidates early, rather than wasting a lot of time vetting TMS vendors in detail that are from a different niche than the one a company really needs.

"If you aren't following the TMS market all the time, it can be easy to not well understand what problems different TMS vendors really solve," Aimi said.

