



INTEGRATION

bluegrace | whitepaper

how to optimize your business
through ERP & TMS integration

How To Optimize & Grow Your Business By Integrating Your ERP Tool With A TMS

Introduction

How to save money, increase efficiency, and grow your business by integrating your Enterprise Resource Planning (ERP) tool with a Transportation Management System (TMS)

Do we need to integrate TMS with our ERP system?

Given the complicated logistics frameworks that businesses operate in, this is becoming a point of debate in most organizations.

However, it is not an easy decision to take, as integrating two systems comes with its own risks. Usually, the two common worry points that prevent organizations from taking the plunge are:

1. **Cost and time** involved in the integration and management of the systems
2. **Fear of loss** of data during the process

But, if the right TMS partner is chosen, the result will be the best possible technology infrastructure which can increase and improve the efficiency of the supply chain immensely.

So, to answer the question: **Yes, your business needs a TMS even if your ERP system has a transportation management module.**



01

Why
ERP
Is Not
Enough



Why Is ERP Not Enough?

An **ERP** is designed to manage business transactions. **Its focus is on facilitating data flow between the different business units.**

While the ERP provides certain benefits like automating processes, reducing data entry errors, duplication of tasks, offering a centralized data center, it may not provide the analytics, visibility, and operational functionalities that are now required to monitor and manage complex logistics, transportation, and supply chain structures.

However, by integrating the right TMS, the organization also gains full control and visibility of its supply chain.



02

The Value Additions Of A TMS Integration

What Are The Value Additions of a TMS Integration?

A **transportation management system (TMS)** is specifically designed to manage and monitor complex freight movement across widespread supply chains. It goes a step further than simply automating processes.

In an [article](#) titled *2019 Transportation Management Systems (TMS) Market Update: Keeping Pace With The Times* published in **Logistics Management**, **Amit Sethi, Senior Manager Supply Chain, Capgemini**, shares why TMS is of interest to shippers:



“In essence, a TMS paints a KPI/metric-based picture of the entire end-to-end supply chain, all while sitting outside of the four walls of the enterprise and warehouse. It also interacts with trading partners in the value chain—vendors, customers, freight providers and carriers—thus creating a complete loop that logistics professionals can turn to as a reliable source of data and intelligence.

We’re definitely seeing more shippers harness this TMS capability and then use it as a good data source for how the entire supply chain is performing. This trend is helping to drive TMS functionality as a whole right now, and is prompting vendors to weave such capabilities into their solutions.”

The same article has **Janelle Ballerstedt, Sensata’s Global Logistics and TMS Project Lead** sharing why they felt the need for a TMS:

“We were working in silos. If we were shipping direct to a customer, we didn’t know what our options were with onsite carriers, who could provide next-day delivery, or what the costs looked like. We just didn’t have the visibility that we needed.”

A TMS (TRANSPORTATION MANAGEMENT SYSTEM) GOES A STEP FURTHER THAN SIMPLY AUTOMATING PROCESSES

In 2017, we at BlueGrace helped a customer from the consumer electronics industry **integrate** our TMS, BlueShip with SAP. Within 10 months of integrating BlueShip with SAP, we were able to identify a multitude of cost-saving opportunities and improve efficiency for the customer. **Our team projected an 11% annual cost savings** for the customer and we are on track to knock this projection out of the park.

The examples above aptly highlight the benefits of deploying a TMS to manage transportation. **Here are some more value additions that give you a reason to integrate TMS with your ERP:**

- 1. Faster processing of shipments:** When your ERP is integrated with a TMS, the data from a sales order can be easily transferred in the TMS to book freight. This reduces manual data entry and the scope for errors in freight booking.
- 2. Multiple Carrier Comparison:** An ERP may allow you to choose a carrier from a list of options, a TMS, on the other hand, enables you to compare costs, transit time, routes, and past performance for multiple carriers, thus ensuring that you can select the most optimum carrier for any given shipment.
- 3. Enhanced Visibility:** ERP and TMS integration gives a complete overview of the order. For example, you can have access to the customer's information and the transportation details at the same time. An integrated system allows you to track the order from the time it was entered into the system as a sales order till the time it is delivered to the customer.
- 4. Analytics:** This is one of the main reasons why the need for a TMS is felt by organizations that have an ERP. A TMS provides a suite of data analytics tools and reports that can help you monitor transportation trends and identify outliers. These tools can help you find opportunities to reduce cost and improve efficiency. For example, you can get reports by lanes, transit time, costs, state-wise shipping data, and carrier-wise shipping data.





Within 10 months of integrating BlueShip with SAP, BlueGrace identified a multitude of cost-saving opportunities, improved efficiency and projected an 11% annual savings in costs.

- 5. A Common Platform:** Another important benefit of a TMS integration is that it brings all the stakeholders like your logistics team, transporters, suppliers and vendors, customers, and the TMS providers team on a single platform. This reduces time in transferring data or information from one party to the other. It also reduces the scope for errors and incorrect information from creeping into the system.
- 6. A complete logistics suite:** Since TMS is designed to manage complete end-to-end transportation, it comes equipped with facilities to book shipments requiring multi-modal transportation. For example, you can book a shipment requiring road transportation and sea transportation in the same booking. You don't need to create separate freight booking for it.





Conclusion

In short, while ERP gives you control of the other functions of your organization, TMS eases your day-to-day transport planning, operation, and offers a real-time view of your logistics function. The integration also enables you to get a better comparison of your transportation expenses vis-a-vis your sales performance.

Since the manual intervention is greatly reduced when the systems are combined, it increases data hygiene ensuring that you have access to accurate and real-time data.

The ERP and TMS together offer complete visibility of your business, enabling faster and informed decision making.

To know more about our [BlueShip TMS](#), **connect with our team at BlueGrace today.**

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ABOUT BLUEGRACE

Founded in 2009, BlueGrace Logistics is one of the largest third-party logistics (3PL) providers in the United States. With over 500 employees and working with over 10,000 customers to provide successful shipping solutions, the company has achieved explosive growth in its 10-year operating history. Backed by a \$255 million investment by private equity firm Warburg Pincus, the company operates 12 locations nationwide, and its headquarters are in the sunny Tampa Bay area of Florida.

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