Transportation Sourcing

Transportation professionals know from experience that executing a bid with service providers can be tedious and time consuming. When the bid is managed incorrectly, the process can produce negative results that affect both cost and service. The Transportation Sourcing capability of Oracle Transportation Operational Planning Cloud allows you to optimize your rate management processes by providing a single application that integrates bid-to-plan-to-payment needs and provides rate maintenance capabilities.

THE TRANSPORTATION PROCUREMENT LIFECYCLE

Transportation Sourcing offers a streamlined and flexible solution for soliciting, loading, and analyzing logistics service provider rates and capacity. It streamlines the steps required to complete a bid: generating lanes and related demand, collection and analysis of quotes, awarding, and creation of operational rates. This capability provides a simple and efficient workflow to load and edit rates when updates are required.

Key Features

- Manages negotiations with logistics service providers on rates, accessorials, and equipment requirements
- Utilizes Oracle Transportation Management’s historic shipment and lane data to create a bid project
- Intelligently aggregates shipment data into lane, volume, and benchmark cost
- Multiple rounds, on-line and off-line bidding, bid packages, and other parameters
- Flexible lane and bid attribute configurations to ensure logistics service providers have the information needed to bid effectively
- “What If” scenario analysis functions that determine spend projections and optimal resource allocation
- Simplified and streamlined activation of awarded bids
A sourcing project begins with collecting and analyzing the lanes required to support a bid. This process can be tedious, but can be streamlined with Transportation Sourcing by utilizing historic shipment data directly from Oracle Transportation Management Cloud. Shipment data is automatically extracted, previewed and aggregated to support optimal lane and demand definition, saving you the painstaking task of data collection and data cleansing.

Next, when defining the content, it is important to have the flexibility to create the bid according to your requirements. Transportation Sourcing allows users to determine what attributes service providers see and bid on for each lane. Users can also define how bids are collected, by including attributes such as capacity, accessorials or lane bundles.

Once bids are collected, the analysis begins. Being able to determine optimal service provider allocation is vital to your future transportation spend. Transportation Sourcing provides the ability to execute ‘what if’ scenarios based on business rules such as capacity, service history, scorecard values, volume and spend rules, etc. Executing scenarios offers the accuracy needed to carry out unbiased service provider negotiations, and visibility into cost savings opportunities.

When the awards are determined, turning the selected bids into executable rates is greatly simplified thanks to Oracle Transportation Operational Planning Cloud and Oracle Transportation Management Cloud being part of the same platform. This unique approach expedites the rate creation process so new rates can be made effective much earlier than in a manual or “black box” sourcing environment.

Key Business Benefits

- Decrease the procurement life cycle
- Reduce transportation costs by optimizing bid execution and service provider negotiation
- Strategically assess the financial impact of proposed rate changes before they are committed
- Provide greater spend visibility
- Improve logistics service provider relationships
- React quickly to link and node changes in supply chain
- Centralize and simplify rate data
- Increase supply chain reliability
- Increase customer service levels

Figure 2. Users define lane and bid attributes on the Carrier Response Template, used by service providers to submit bids.

Figure 3. The Transportation Sourcing capability of Oracle Transportation Operational Planning Cloud seamlessly turns awarded bids into operational rates, reducing the rate procurement life cycle.
RATE MAINTENANCE SIMPLIFIED

Even after efficient bid processes are put into place, transportation professionals know that new rates, as well as rate updates, are often required outside of defined contract periods. As rate and accessorial updates are a necessary part of managing dynamic supply chains, the Transportation Sourcing capability of Oracle Transportation Operational Planning Cloud has the ability to manage these changes. Rate maintenance helps ensure operations are utilizing the right carrier, and the right rate, at the right time, for the right shipment.

Figure 4. Rate maintenance incorporates a review and approval workflow process prior to new rates becoming active

THE KEY ROLE OF SOURCING IN TRANSPORTATION MANAGEMENT

Transportation rate procurement is an integral part of your logistics operation as negotiations impact service provider relationships and capacity availability. Rates set the baseline for operational carrier and route selection decisions. Spend visibility is required to ensure cost containment.

Links and nodes in your supply chain are constantly changing and carrier, mode and routing changes are often required due to environmental factors. Establishing a standardized, repeatable, and automated approach to sourcing and rate management, that appeals to both transportation buyer and seller, is vital to efficiently managing logistics operations.