Keys to Achieving Data-Driven Visibility

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Experts weigh in on how companies can make better data-driven decisions in their supply chains, in response to increasing customer demands driven by e-commerce and the omnichannel.

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Q: How do we make better data-driven decisions for the supply chain? And how do we use data to achieve better visibility?

Adam Burke, Senior Vice President, U.S. Bank: We call it the Amazon Effect – people wanting everything immediately. But data in and of itself isn't particularly useful, unless you have an actionable choice or decision on what to do with that data. When our customers ask us for ideas on end-to-end visibility, they want to know the macro trend of where rates are going: What are the modes? What are the expectations? What's the next trend in just-in-time inventory for their supply chains?

But they also want to know the micro trends: Is there a regional route-specific factor we should take into consideration when we're bidding new business, deciding where to put plants and where to source raw materials? Customers want an actionable dashboard or index that's pushed to them, that tells them about outliers in their business compared with others in the industry, by region and mode. They want the full spectrum.

Krenar Komoni, Founder and Chief Executive Officer, Tive: One exciting thing that's been happening in the last couple of years is that end-to-end visibility is finally real. It's something that customers are seeing as possible. If you look at the Gartner Hype Cycle, visibility is at the "Slope of Enlightenment," where we're seeing some major adoptions by customers.

Burke: The biggest impact we see across transportation in the supply chain is an increase in small-parcel packages and shipments. To the consumer that's great – it gets you to the last mile, and from door to door. But from a business-to-business perspective it's challenging, because the cost of bulk freight is so much less than small parcel. With the increase in small parcel volumes, our clients tell us they have a lot of surprises in their financial performance that are difficult to manage through.

Q: What trends are you seeing in the industry today with respect to acquiring the right data?

Wade Clarin, Senior Product Manager, U.S. Bank: The trends we're seeing in the small-parcel shipping industry include the last mile. It's the most complex portion of the delivery system, often the most error-prone, and the most costly. There are changes in dimensional pricing factors, which add accessorials and other oversized-package charges. We're seeing the emergence of regional carriers, impacting first- and second-day delivery, with later pickup times. We have a bit of a shift from traditional large national carriers to some regionals. Finally, there's added complexity in the contracting process, with many more creative pricing strategies.

Q: What are some major pain points in achieving visibility?

Burke: The biggest pain point in getting to actionable data is the amount of data. Most business in-

telligence tools are very complicated. They're not terribly intuitive to someone for whom it's only a portion of their job. So we've invested in industry innovation to give them very specific dashboards, with key metrics for the supply chains of particular industries, including retail and health care. It just depends on which key metrics they're trying to measure.

Adam Compain, Founder and Chief Executive Officer, ClearMetal: The underlying data in the industry is just flawed. How can you answer questions regarding visibility and transit if data about the freight's location is incorrect, inaccurate, latent and incomplete?

Clarin: One of the pain points in achieving visibility in small parcel is shipment tracking – knowing where your shipment is, whether it was delivered on time, and what are the carrier's commitments for on-time delivery. Did it ship by air when it could have gone by ground for a much cheaper price? Did delivery really happen? If it didn't, is the shipper receiving compensation or credits? You need visibility of the entire supply chain to know what your end costs are.

Compain: The challenge comes both from accessing the data and making sense of it in a way that creates visibility, whether it's a missing piece of information, or something that's arriving late or out of order.

Q: What changes are you seeing in the management of information for achieving visibility?

Komoni: Data is becoming finally available, especially when it comes to trucks and telematics. Customers are telling carriers, "We need to know where the trucks, vessels and containers are, and what

flights our shipments are taking." The data is available through new technology, including application programming interfaces.

Burke: With changes in cost, our customers are tapping into freight audit and payment capabilities. They're trying to capture working-capital benefits, either by improving processes operationally or on a strict cash-flow basis.

Clarin: From a financial controls perspective, breaking cost down to the lowest business unit is very important for many organizations. Especially since many run their budgets from the lower level and work their way up.

Perhaps independent distribution centers are responsible for their own budgets. It's very important to those business centers that the financials are tied back to them, using automated systems for general ledger coding. There are some advanced processes for determining GL codes based on the shipment characteristics of packages, that can break it down to the lowest business level.

Komoni: We can finally predict when a particular truck is going to arrive at a destination. We can predict for arrivals and pickups, and that helps with customer satisfaction. It also makes the supply chain a little bit more efficient than it is today.

Burke: The new tools run the full spectrum, to huge and complex back-end systems that sort through the noise of all of the data and filter it. But for the end user, things are getting much simpler and more powerful. User interfaces, whether in the form of a dashboard, index or benchmarking report, are being pushed to them by vendors and partners.

They don't need to learn a new business intelligence tool or product to be able to effectively use the system. And they can modify it easily, customizing it with fields and key metrics that they care about for their business. That could be days sales outstanding, specific routes and rates, or the percentage of their business that's going on contracted and prearranged logistic partners versus one-off spot rates.

Q: What does the future hold for data-driven visibility?

Komoni: Let's say we can predict everything, and we now know where it's all going. What's the next thing? I believe it will be more on the prescriptive side. Before you even start a shipment, before you get product from your supplier, you'll know when it's actually going to arrive with, let's say, 95-percent accuracy. You can look at weather, the carrier you're using and other patterns, including what's happening around the globe. The system will predict where the shipment is going to be, but will also prescribe you something better. If you want it seven days earlier, why don't you change the carrier or route, because shifts are happening at these ports? That's the next thing on the horizon.

Burke: It's all about taking action with the data. And to do that, you need user-friendly interfaces.

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