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5 Key Aspects of OTM Platform Reviewed

*TMS Product Roadmap Review*

by Mike Mulqueen

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The 2022 Oracle Transportation and Global Trade Management Special Interest Group (OTM-SIG) meeting took place this year in Philadelphia. Unlike user conferences put on by competing supply chain suite providers, this 3-day event was solely focused on transportation management and global trade.

The event was very well attended, and many of the breakout sessions were standing room only. The attendees were all users of OTM/GTM, or Oracle partners and most seemed extremely well versed in the application set.

Given my primary role at JBF Consulting is to evaluate and recommend TMS solutions for our customers, the main stage presentation given by Oracle Sr. Director of Strategy, Dr. Srini Rajagopal was most relevant to me.
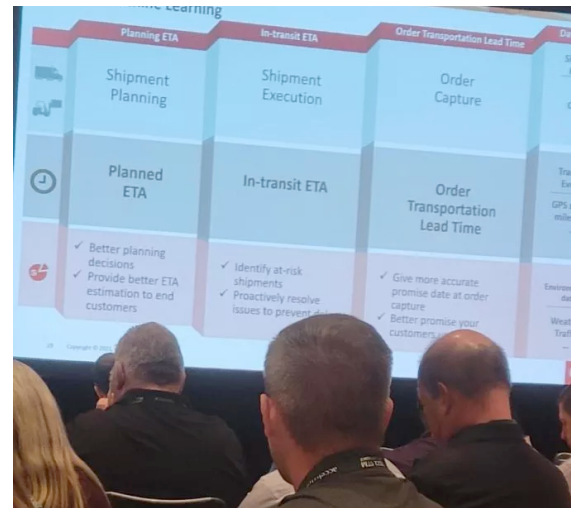
In this session, Dr. Rajagopal laid out Oracle's short to mid-term strategic investment areas.

Here are the 5 most interesting roadmap items as well as my perspective on their usefulness for a transportation operation based on our JBF Sentiment Rating™ with 5 being best.

Area 1
TRANSPORTATION FORECASTING

JBF SENTIMENT RATING™
Strategic Value | 5 out of 5

Oracle is building out the ability to generate and disseminate short-term (2-4 week), lane-level forecasts to their carriers.

The forecast will leverage both historic information (e.g. seasonality), as well as supply chain planning forecasts, to generate the lane level forecasts for a shipper's TL carriers.

This enhanced visibility will allow carriers more time to plan in the event of volume surges or lulls in lane volumes.

We have seen other providers offer the ability to disseminate transportation forecasts through their applications, and even create transportation forecasts (i.e. **E2open's** Terra solution) but we have not seen any TMS provider embed the lane-level transport forecast within their tool.

> " *This enhanced visibility will allow carriers more time to plan in the event of volume surges or lulls in lane volumes.* "

Area 2
DYNAMIC CAPACITY/SPOT

JBF SENTIMENT RATING™

Strategic Value | 5 out of 5

One of the hottest topics of the conference was the integration of OTM to load boards for both planning and execution.

This is no wonder, given the excessive contract freight rejection rates we saw in both 2017-18 as well as 2020-2021. In both periods, shippers were forced to use the spot market to find capacity, often at rates 30-50% higher than their contract rates.

However, as TL capacity loosens, we are beginning to see shippers use the spot market in a different and more "offensive" manner. Contract rates are now significantly higher than spot rates on many lanes, which is providing an opportunity for shippers to strategically divert contract freight to the spot market.

The integration with these providers enables OTM shippers, which due to their size are biased towards using large, national contract freight haulers, to gain access to smaller carriers and owner operators at favorable costs.

The vendor demonstration room had an array of top-notch spot-rate providers to whom Oracle has integrated, including **Surge Transportation**, **Convoy**, **Uber Freight** and **Loadsmart**.

Area 3
MACHINE LEARNING

JBF SENTIMENT RATING™
Strategic Value | 3 out of 5

Given the incessant buzz around Machine Learning (ML), it is no surprise that Oracle discussed this topic.

The use case discussed focused on Predictive ETAs, which seems to be garnering the lion-share of attention by TMS and pure-play visibility vendors seeking to show off their ML chops.

Oracle does seem to be a bit farther along than some of the other vendors, as they discussed how they intend to train the solution as well as ultimately, use the more accurate transit times in planning.

Additionally, their use of speech recognition is more advanced than any TMS provider we have seen.

Their "chatbot" framework, which converts speech into a standard OTM API that fetches data from the TMS, is more than a gimmick. It is the initial foray into making TMS applications, which are often times exceedingly dense and difficult to use, more accessible to casual users who may want to know the status of an order or shipment.

A few areas that I wish I heard more about were:

> Given Oracle's immense install base in transportation, global trade and distribution, I'd like to see macro-level ML initiatives where data are extracted and analyzed across multiple shippers.

> Root cause analysis into service failures and recommended mitigation strategies.

> Predictive private / dedicated fleet planning driven by internal or 3rd party backhaul probabilities.

"The one area that I would like to see more investment from Oracle with regard to LNM would be the inclusion of purpose-built optimizers to solve specific transportation policy problems."

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Area 4
SUSTAINABILITY

JBF SENTIMENT RATING™
Strategic Value | 4 out of 5

Sustainability in freight transport is becoming more important, and we may have finally hit a tipping point.

While in the past, corporations often time "green-washed" initiatives, touting emissions savings while the true project objective was to increase the efficiency of a high-energy process. It just so happens that good supply chain practices are naturally green and highly correlated to reduced energy consumption.

Hence, if we do a better job of optimizing transportation, we will reduce our CO2 emissions.

However, we may now be seeing sustainability and CO2 emissions start to become a primary consideration for organizations, as financial penalties, such as carbon taxes become more prevalent.

ESG scores also will be impacted positively or negatively by sustainability metrics, and a poor ESG score can have a significant impact on a corporation's access to capital.

Oracle announced that they are embedding OTM with a carbon emissions calculator that has the ability, at least from a transportation perspective, to calculate **Scope 1, 2 and 3 emissions.**
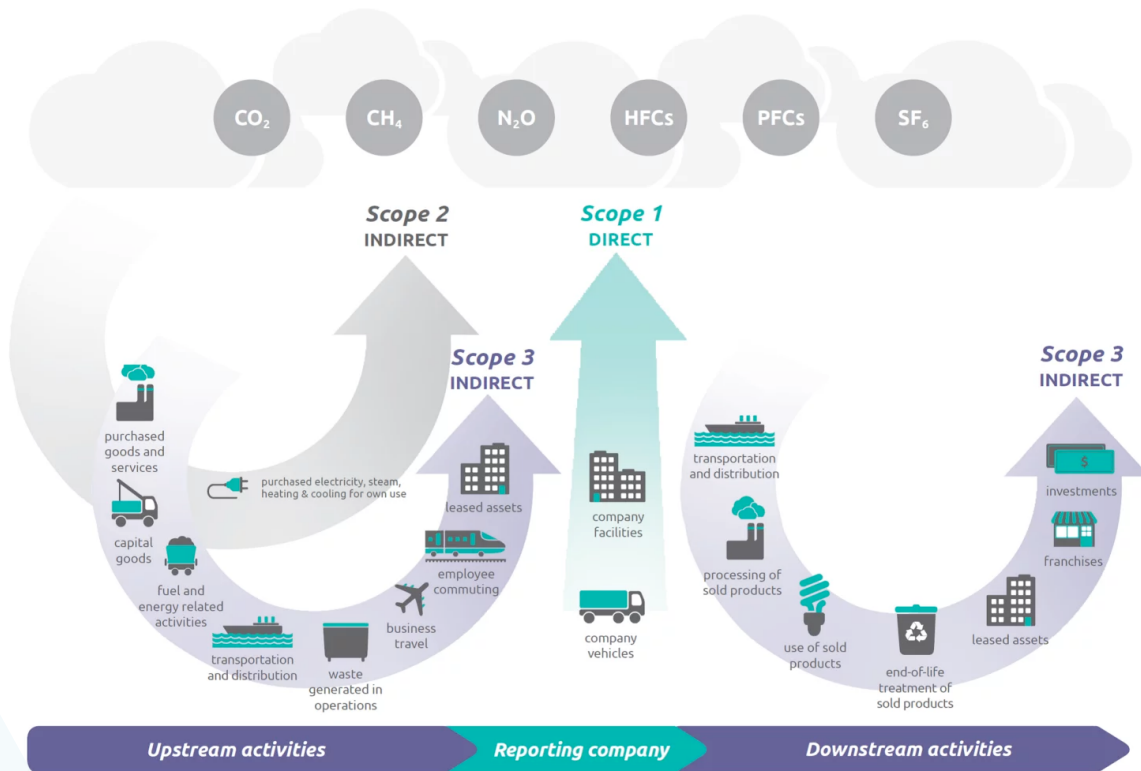
Source: WRI/WBCSD Corporate Value Chain (Scope 3) Accounting and Reporting Standard (PDF)EXITEXIT EPA WEBSITE, page 5.

A model for the calculator will be provided within the TMS, but Oracle will also enable shippers to create their own models. This will enable shippers to more easily evaluate and report on the progress they are making toward their sustainability goals.

"OTM's use of speech recognition is more advanced than any TMS provider we have seen."

Area 5

LOGISTICS NETWORK MODELING AND SOURCING

JBF SENTIMENT RATING™
Strategic Value | 4 out of 5

Embedded within OTM is a tool called Logistics Network Modeling (LNM). It enables shippers to simulate changes to a network by running historical or pseudo-orders through the system while capturing and comparing the impact on service, cost or other metrics deemed important by the business with the current state.

By being part of OTM, LNM has direct access to rates, locations, through-points, orders, and business rules. This minimizes the amount of time and effort it takes to build and prepare a model, which is often the hardest part of a modeling project.

Oracle also has a rates procurement solution and the work that is being done on this tool is designed to focus on "nimbleness," as Oracle is being asked to support more frequent "mini-bids."

An area that I found intriguing was how Oracle intends to link their sourcing and modeling solutions.

In this flow, the rates received by carriers through a procurement event, but prior to awarding, can be loaded into the Logistics Network Modeling tool which will use them in planning runs against actual orders.

Today's procurement tools will perform traditional combinatorial optimization, which will minimize costs against estimated volumes given a set of constraints.

However, being able to run lane bids and capacity against actual orders is an interesting tactic that we have not seen before and promises to provide a more nuanced look into how the rates and allocations will play out once put into production.

The one area that I would like to see more investment from Oracle with regard to LNM would be the inclusion of purpose-built optimizers to solve specific transportation policy problems. This is especially important for those shippers that use private and/or dedicated fleets.

Some examples of purpose-built optimizers would be:

❯ Strategic assignment of customers to optimal delivery days. This is typically done in high-density, secondary networks.

❯ Fleet tour generation to determine where a fleet should be used versus one-way common carriers.

❯ Identification of cross-shipper synergies that would identify multi-shipper tour opportunities.

❯ Fleet sizing and domicile determination.

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SUMMARY

Two things stood out to me about this conference.

1. THE FIRST WAS THE OVERALL VIBE.

I found the attendees I spoke with to be highly engaged and optimistic. They have gotten what they expected out of OTM and are now looking to see what else they can do to drive value to their businesses.

While no software vendor is perfect, I heard very little grumbling or negativity, which is unfortunately all too common at enterprise software / supply chain conferences.

2. SECONDLY, THE ORACLE TRANSPORTATION R&D TEAM IS TOP-NOTCH.

In today's world of M&A and serial entrepreneurs, Oracle has somehow found a way to retain some of the best transportation software talent in the world. Many of the leadership has worked together since the 1990s. They were the brains behind the Manugistics TMS, and then G-Log before the company was acquired by Oracle in 2005.

Twenty-five years later, they remain passionate about logistics technology and how it can be used to solve some of the most complex problems in supply chain.

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About Mike Mulqueen
Partner, Blueprint Practice Lead

Mike Mulqueen is a leading expert in logistics solutions with over 30 years managing, designing and implementing freight transport technology. His functional expertise is in Multi-modal Transportation Management, Supply Chain Visibility, and Transportation Modeling. Mike earned his master's degree in engineering and logistics from MIT and BS in business and marketing from University of Maryland.

About JBF Consulting

Since 2003, we've been helping shippers of all sizes and across many industries select, implement and squeeze as much value as possible out of their logistics systems. We speak your language — not consultant-speak – and we get to know you. Our leadership team has over 100+ years of logistics and TMS implementation experience. Because we operate in a niche — we're not all things to all people — our team members have a very specialized skill set: logistics operations experience + transportation technology + communication and problem-solving skills + a bunch of other cool stuff.

JBF Investor Advisory Services

JBF Investor Advisory Services provides due diligence guidance to private equity and VC firms. We bring in decades of log-tech software expertise that has been honed by working closely with our shipper clients evaluating and implementing log-tech solutions.

JBF investment guidance Log-Tech focus areas:

❯ Transportation Management
❯ Fleet Management
❯ Yard Management
❯ Parcel Management
❯ Routing and Scheduling

❯ Logistics Modeling
❯ Digital Freight Brokerages
❯ Visibility / Analytics
❯ Transportation / 3PL Managed Services

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