Satisfaction With TMS Software

Survey Report

CONDUCTED BY INDAGO

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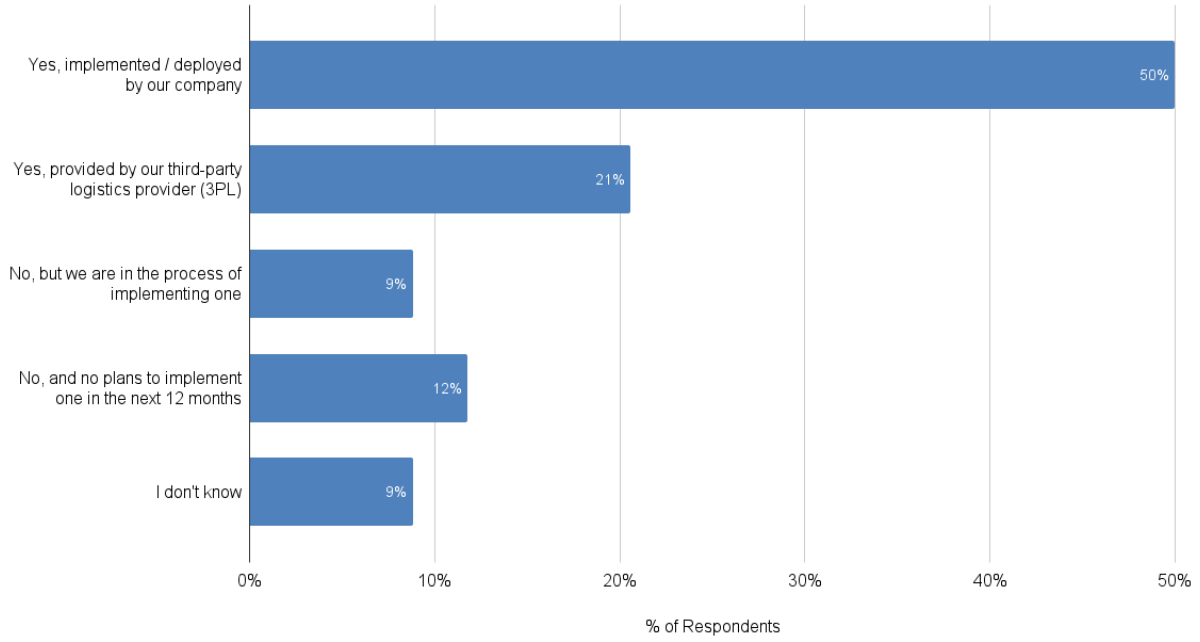
RESEARCH BRIEF

Satisfaction With TMS Software

March 20, 2024

Do you currently use a Transportation Management System in your logistics operations?



RESPONDENT PROFILE

Respondent Profile (n=34)			
Seniority Level		**Industries**	
Manager	54%	Food & Beverage	35%
Director	19%	Retail	15%
VP	15%	Consumer Goods	8%
SVP	4%	Distributor	4%
CxO	0%	Automotive	4%
Other	8%	Manufacturing - Other	35%
		Medical Equipment	0%
		Building Materials	0%
Geography		**Company Size**	
North America	81%	> $1 Billion	62%
Europe	11%	$501M - $1B	4%
Asia	4%	$100M-$500M	27%
Latin America	4%	< $100M	8%
Middle East	0%		
Other	0%		

SURVEY INTRODUCTION

How satisfied are companies with their investments in Transportation Management Systems (TMS) and/or other logistics software? How do they measure/quantify satisfaction? As logistics software providers promote their Generative AI and Machine Learning capabilities, how satisfied are companies with the progress they are making in these areas?

SUMMARY OF RESULTS

Almost three quarters of the survey respondents (71%) are using a TMS, either deployed internally (50%) or provided by their 3PL (21%). Half the respondents (50%) are either “Satisfied” (42%) or “Very Satisfied” (8%) with their TMS.

Of the 29% who said they were either “Dissatisfied” (25%) or “Very Dissatisfied” (4%) with their TMS, the top three reasons were “TMS didn’t provide promised cost and service benefits” (86%), “TMS does not integrate well with our other systems” (43%), and “TMS didn’t meet our functional requirements” (43%).

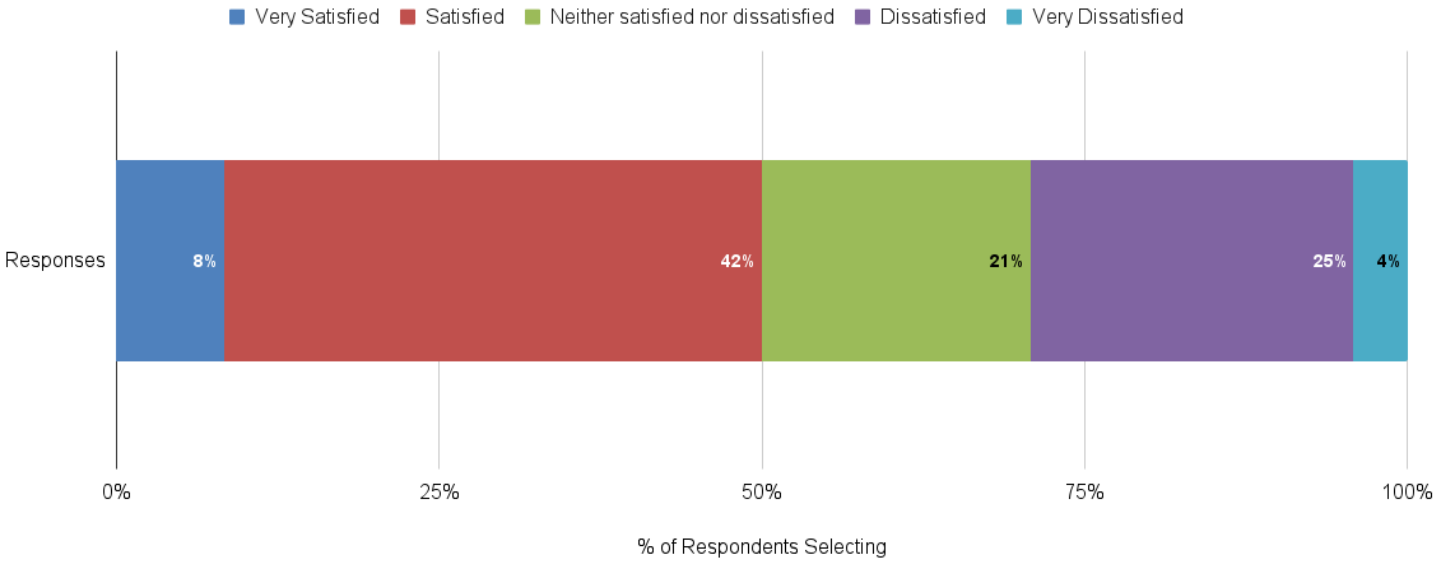
“Improvements in transportation costs” topped the list of measurements used to quantify TMS satisfaction level, with 71% of the respondents selecting it. It was followed by “Improvements in service” (63%), “Provides required functionality” (58%), and “System uptime and reliability” (54%).

72% of the respondents are “Neither satisfied nor dissatisfied” with the progress TMS and other logistics software vendors are making with their Generative AI and Machine Learning capabilities.

QUESTIONS ABOUT THIS REPORT? Contact research@joinindago.com

Satisfaction With TMS Software

How satisfied are you with the TMS you are using?



n = 24 for this question

ANALYSIS & COMMENTARY

So, what do these results tell us?

First, the results suggest that many companies are either not satisfied with their transportation management system or are neutral about it. Put differently, relatively few companies would say that they are "Very Satisfied" with their TMS.

What defines satisfaction? While none of the respondents have a "satisfaction" metric in place, when it comes to TMS, satisfaction is primarily driven by a solution's ability to deliver cost and service benefits. "We measure TMS 'satisfaction' via traditional cost and service metrics," said one logistics executive. Others shared similar comments:

> "We have had very good success with our TMS. Cost control, service improvements, and productivity have been enhanced, which drive our satisfaction with the TMS."
>
> "Satisfaction from our end is really focused on its capabilities to improve workflow, reduce costs, and improve speed of delivery to customers."
>
> "We do not track a satisfaction metric. We do participate in periodic surveys and QBRs with our 3PL TMS provider. Biggest contributing factor towards satisfaction is cost-savings from shipment consolidation and on-time delivery tracking with carrier scorecards."
>
> "Our objectives are to reduce cost, increase utilization of shipped products, and give employees an automated process and access to more information in one place to help with decision making."

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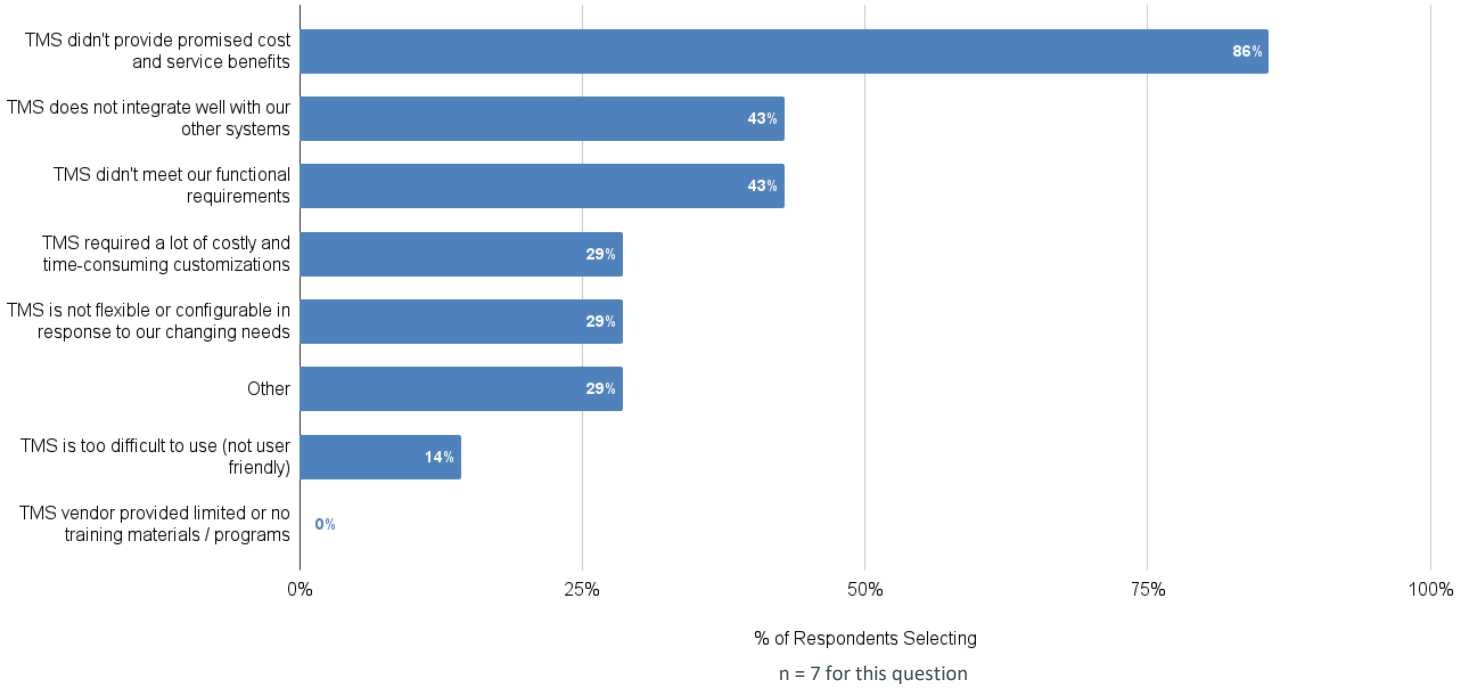
What are the main reasons why you are dissatisfied with your TMS? Select 1-3 responses.



n = 7 for this question

NOTES

"Other" responses:

Carriers don't like to engage with the system.

Poor implementation of system and limited use of capabilities. Customizations made it difficult to leverage key functionality. Very limited reporting.

ANALYSIS & COMMENTARY (CONT'D)

"TMS is to improve efficiency and reduce costs for all [participants] in the supply chain."

On the flip side, when it comes to dissatisfaction, it's not surprising that "TMS didn't provide promised cost and service benefits" topped the list of reasons by a large margin. "We do not track satisfaction," said one executive, "but we manage annual upkeep costs and savings. Neither have been delivering on their promise despite using a Top 3 brokerage TMS system in the United States."

Another executive shared this experience: "We implemented [a TMS solution] last year and the results promised were 95% DIFOT [Delivered In Full, On Time] but we finished last year at 82%. It's shit, a complete sham."

The survey results also highlighted the importance of integration (i.e., the ability for a TMS to integrate well with other systems) in driving satisfaction or dissatisfaction. This correlates with the findings of an Indago survey we conducted in May 2019 focused on "TMS Implementation Success Factors." In that survey, our Indago members ranked "Understand integration requirements with other apps" as the most important implementation success factor (tied for first with "Having a cross-functional team").

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RESEARCH BRIEF

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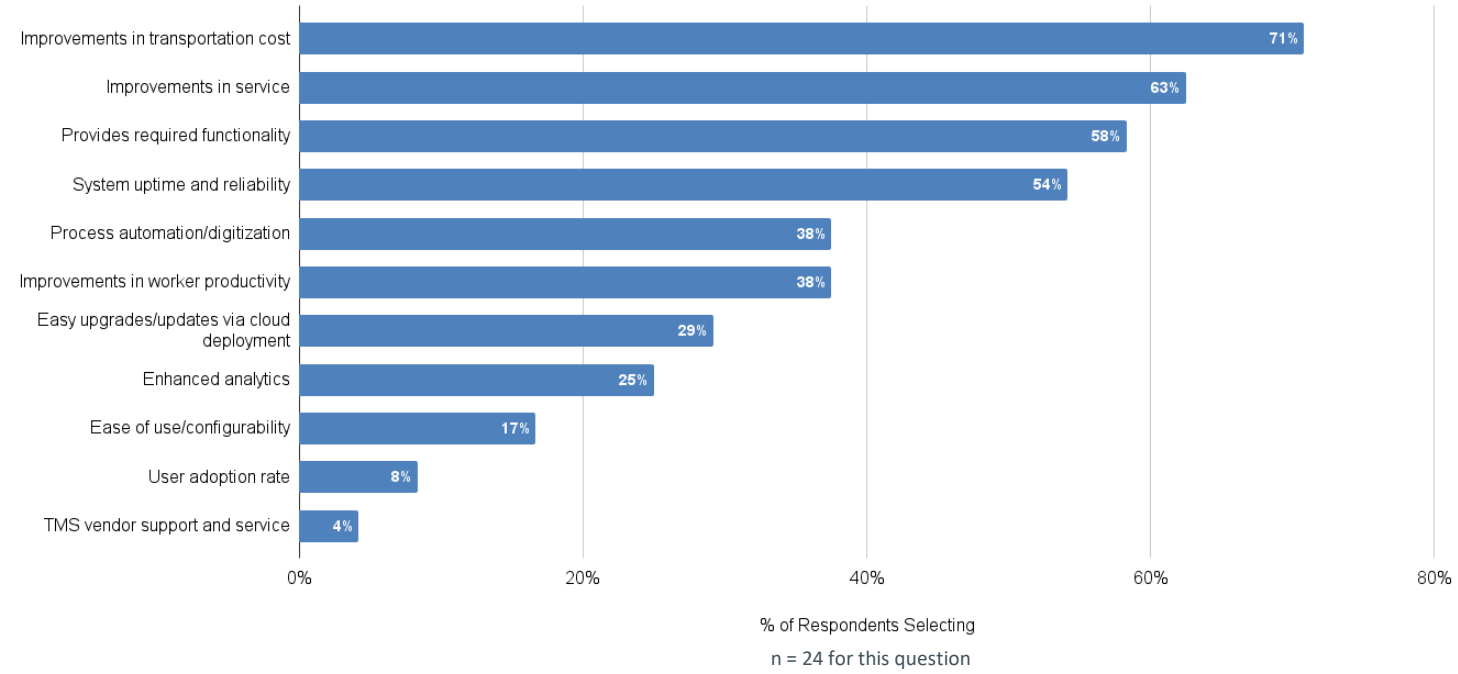
What are the most important measurements you use to quantify your TMS satisfaction level? Select 1-5 responses.



n = 24 for this question

ANALYSIS & COMMENTARY (CONT'D)

Simply put, a transportation management system doesn't exist in a vacuum. It has to exchange data and information with a variety of internal systems, such as warehouse management and order management systems, and it has to communicate electronically with many external trading partners, including carriers, suppliers, and logistics service providers.

A big reason why some implementation projects get delayed or go over budget is because companies fail to identify upfront all the touchpoints and data transfer requirements between the TMS and other applications. In many cases, especially if legacy applications are involved, custom interfaces need to be developed, which takes time and money. It's one thing if you know this upfront and build it into the project plan and budget, it's another if you discover it at the 11th hour.

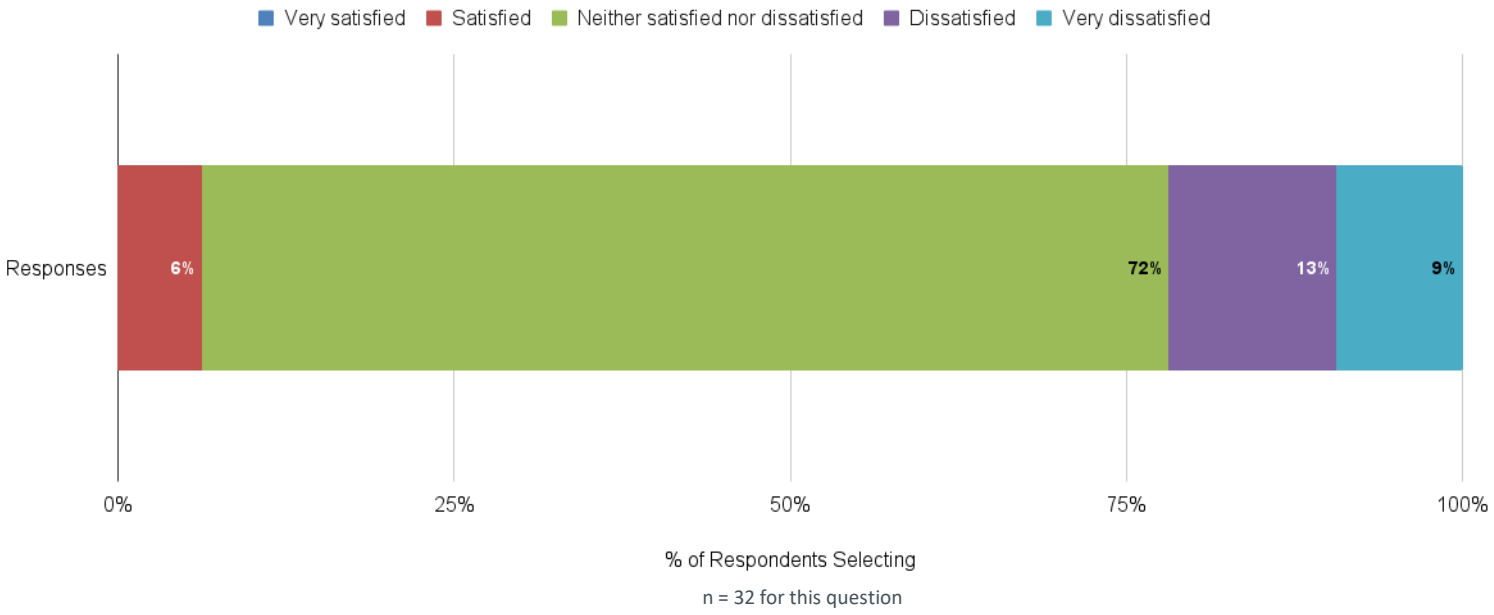
Considering that most TMS deployments today are via the cloud, it's not surprising that system uptime and reliability also ranked high in contributing to satisfaction, as these comments highlight:

> "Biggest factor towards dissatisfaction would be [lack of] system reliability/availability; our expectation is that the system will always be available except for planned downtime."

> "Aside from [cost and service improvements], other factors that are most important for satisfaction are uptime of the service/technology and how easy it is to implement rules and configure the solution to meet our needs."

Satisfaction With TMS Software

As TMS/logistics software providers promote their Generative AI and Machine Learning capabilities, how satisfied are you with the progress they are making in these areas?



n = 32 for this question

ANALYSIS & COMMENTARY (CONT'D)

> "We have been using our solution for almost 20 years...We are still satisfied today with the enhancements that have been deployed in the TMS. Satisfaction would encompass uptime, ease of access, ease of use, as well as automating tasks."

And here are some other notable comments submitted related to TMS satisfaction:

> "We do not track our satisfaction, but we do track our tickets, internally and with our implementor, and hours spent on external support. We also track the number of continuous improvement opportunities and how successful they are."

> "We do not actively track satisfaction. We look at the cost of the subscription relative to the value add of using the software. We also look at the vendor's ability to deliver against commitments -- i.e., does the new functionality work as expected?"

> "Our TMS is considered 'legacy' and has been in place for approximately 10 years. These days we just want it to work flawlessly to automate our tendering, acceptance, and accrual processes."

Finally, despite all the hype surrounding Artificial Intelligence, the survey results indicate that most supply chain and logistics executives are "neither satisfied nor dissatisfied" with the progress TMS and other logistics software vendors are making with their AI capabilities.

ANALYSIS & COMMENTARY (CONT'D)

Further research is required to understand why, but maybe users are not fully aware of how AI is embedded in their solutions or how those capabilities deliver value. Or maybe vendor hype around AI and machine learning still far exceeds true capabilities for users to be impressed at the moment.

What is clear, as the following executive comment suggests, is that users care more about the end results -- that is, achieving cost and service benefits -- than in the technical details of how those results are achieved.

> "Software vendors are talking about AI and machine learning, but it's still about the basics of a system doing what you want it to do. Sometimes I feel that software people do not really understand their customers."

THE BOTTOM LINE

The survey results suggest that relatively few companies are "Very Satisfied" with their TMS. What drives dissatisfaction the most is when a solution fails to deliver the cost and service benefits promised. Other important factors impacting satisfaction include a solution's ability to meet functional requirements; integrate well with other systems; and system uptime/reliability. At the moment, supply chain and logistics executives are neutral when it comes to the AI capabilities of TMS and other logistics software vendors, suggesting that it's not really making a difference right now with regards to TMS satisfaction.

Overall, the survey results underscore the importance of conducting a thorough due diligence process upfront, including identifying all integration points and requirements. In fact, in a December 2022 Indago survey we conducted, "We didn't conduct enough due diligence" was the second most cited internal reason for experiencing buyer's remorse with a technology purchase ("We didn't assign enough resources to the implementation" topped the list).

Therefore, determining which TMS solution is right for you begins by thoroughly understanding your current processes and defining your desired future state.

> *Where are the capability gaps? Which metrics do you need to improve? Do you plan to redesign your distribution network? How are your customer delivery requirements changing? Do you foresee using more parcel or dedicated/private fleets in the future? Which systems does the TMS need to integrate with, and what type of data needs to be shared? What would your power users like to see in a TMS solution?*

The more questions you ask and analysis you conduct upfront, the greater the odds for implementation success and ongoing satisfaction with the solution. Defining and tracking a "system satisfaction" metric will help in this effort too.

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