Today, many freight brokers have concerns about emerging technologies and where the industry is heading next. Freight and logistics brokers have always depended on the human touch, but technology is getting smarter and many brokers wonder if their efforts will get replaced by new technologies. Lately, there has been an influx of automation, consolidations, acquisitions, and quickly evolving management systems that have contributed to an atmosphere of anxiety and high competition within the industry. Despite these overwhelming trends, finding the right transportation management software (TMS), may be the single most important place for brokers to focus their attention.
Benefits of TMS

A TMS is the part of supply chain management that concerns the transportation operations and usually sits between an ERP or legacy order processing, and the warehouse/distribution module. TMS is usually a windows server or mainframe based program that provides a platform for visibility throughout the process of moving loads. Some TM systems are SaaS (Software as a Service), or custom programed systems that are tailored to specific needs of a brokerage. More cutting-edge systems are developing within the cloud to provide flexibility across the network and on a variety of devices.

Finding the right TMS has the potential to provide some of the following benefits for brokers:

Expand Revenues
TMS Software enables third-party logistics providers and brokers the ability to procure, plan, optimize, execute, and settle freight movements with full visibility. Ultimately, these actions help the company thrive by expanding revenues.

Increase Margins
TMS helps freight brokerage companies respond quickly when capacity is needed for customers, while also selecting carriers that are both at the right price point and in full compliance with applicable regulations. Brokerages don’t need to increase staff when they can determining the best mode, lane, and fees with the right TMS.

Supply chain executives report at least one manual step in their process, and 71% say more than a quarter of their processes require manual steps.* Manual methods limit visibility and magnify costs.

Increase Productivity
Brokers can be more efficient when they can respond to disruptions in real-time because TMS data supports the response. Advanced communication can help automate the process of calculating fees such as tolls, accessorial charges and more. Brokers will save time when a platform can monitor KPIs and combine billing and invoicing into one simple interface.

Win New Customers
A quality TMS will bring multiple freight boards into a single interface, allowing access to available freight options. Many TM platforms help manage customer relationships and provide tools to succeed in growing a customer base. When all customer data is at a broker's fingertips, it's easier to identify what a given customer is looking for.

Prove Better Customer Service
A TMS can provide on-time performance monitoring which improves the quality of customer service. Knowing the locations and distances from the destinations also improves communication. A TMS can provide an online portal for customers to see exactly where shipments are, keeping them better informed.

A good TMS often brings a brokers most commonly used functions onto a single screen, improving visibility and streamlining daily tasks.

Are brokers using TMS?

Transportation management systems have evolved significantly since the 1980s, and are now available as standalone software packages that simplify the movement of freight. These systems finally have a proven track record and brokers who overlook the technology are missing out on huge potential increases in efficiency and cost savings.

Communicating via phone, fax, and e-mail has become a burden for brokerages of all sizes. TMS can eradicate time spent communicating with carriers, which is a task that can take all day in many cases. These tasks are easily automated and made less complex with the right TMS.

While TMS has been the gold standard for big brokerages, cloud-based subscription models have helped increase adoption rates among smaller firms.

Historically, TMS adoption rates for smaller shippers have hovered around 10%, while about 25% of medium-sized firms and 50% of large brokerages use these applications to manage freight activities. Brokers are finding that a TMS is the most efficient way to combine all of the important brokerage business tasks into one centralized location.

In a survey by ARC Advisory Group, it was discovered that TMS solutions reduced overall freight spend by about 5% to 8%. Those same companies told ARC that freight spend would increase from 5% to 10% or more if they were forced to give up their TMS and go back to more manual processes for planning and execution. TMS adoption appears to be leveling out the playing field between larger firms and smaller brokerages.

Because of new cloud and subscription based software options, TMS adoption rates went up by 15-20% among small to mid-sized freight brokerage firms in 2017. It's no longer necessary to drop a ton of up front sunken cost into starting with a SaaS-based TMS and the technology has become more attractive to smaller brokers entering the market. The smaller guys have turned to technology as a way to handle the expected capacity crunch that's coming down the pike.

Lower startup costs have made SaaS-based TM systems more attractive to small brokers who are entering the market.

TMS is the Core Technology that Enables Growth

Competition is fierce with constant pressure on brokers to add value and show improvement in spend and operations; all while capturing and retaining new customers. The right TMS platform can help a freight agent solve logistics challenges and get to the next level through efficiency and time savings.

Transportation software can harness the power of big data and synthesize it into metrics that help brokers find new insights and forecast their entire year. A proper management system streamlines operations and increases net profits by providing more control and transparency with shipments. Advanced artificial intelligence capabilities will optimize carrier selection, rating, routing and help brokers choose the most efficient and cost-effective routes for customers. Brokerages can stop wasting their time manually inputting data and shipment status, as the TMS automates these processes. The net effect is reducing overhead and increasing net profits.

Some freight agents outsource their financial management functions to third parties, but the right TMS can help manage financial functions such as invoicing, payments and insurance claims. Also, when brokers have tools to provide outstanding or consistent service, customer retention increases sharply. When customers are getting real-time capacity, quality rate information, and constant tracking, the result is the right carriers being paired with customers’ loads every time. A TMS will help a business see the big picture, make the right forecasts, and keep customers around for the long haul.

Acquisitions Can Be Deceiving - Pundits keep saying that the smaller brokers won’t be able to keep up with technology or compete with the lower margins. Meanwhile, there are more new brokers than ever, and with today’s cloud-based technology, the smaller brokers are just as efficient as the giants.

By knowing about a company’s number of employees, and dollars in sales, it’s possible to evaluate efficiencies and make general, but interesting comparisons among leaders.

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**SAMPLE OF HOW TMS LEVELS THE FIELD**

<table>
<thead>
<tr>
<th>Brokerage Size</th>
<th>Revenue Per Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>$3M</td>
</tr>
<tr>
<td>Medium</td>
<td>$1M</td>
</tr>
<tr>
<td>Large</td>
<td>$700K</td>
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</tbody>
</table>

One large industry broker, for example, has 13,500 employees and does $13.5 billion a year in sales. That’s $1 million per person in sales. Yet, there’s another market leader that does $1.7 billion with 2,400 employees. That’s only at $700,000 per person. Lots of small brokers are doing more than $1 million per person, and the most efficient in the field are at $3 million (or more).

If a 3PL is doing $2 million to $3 million a person, it can afford to undercut bigger companies, or make larger margins from the increased productivity. Interestingly, all of those consolidations and acquisitions aren’t making the larger companies any more efficient than the smaller guys.

One could expect a big player to come along and streamline the whole dispatch process, with drivers accepting loads in a click, and interacting with an app. But, some TMS’ already have these features, which may help level the playing field.
Benefits of TMS

Identifying Your Brokerage’s TMS Needs

Most brokers need streamlined track and trace solutions with improved visibility across multiple modes of transportation.
What to Look for in a TMS Solution

Freight broker software is way better today than it was a decade ago and there are plenty of options that can streamline operations. Most software for brokers is designed to allow users to easily enter loads, qualify carriers, dispatch drivers, invoice customers and pay carriers. Like any software, some TMS companies do this better than others, and some charge more than others. Consider these questions when selecting a TMS provider:

**How stable is the software platform and provider?**

One of the first things brokers should look for in a TMS is how stable the provider is. It’s important to get recommendations, check references and verify the financial stability of a provider being considered. The intent should be to stay with one system for a decade or more, which means it needs to be a healthy marriage with a quality partnership that’s capable of evolving with the brokerage. It may require research time up front, but it should pay off in the end.

**How scalable and flexible is the system?**

The TMS that’s chosen needs to be compatible with the needs of the freight brokerage operation. Depending on the size of the firm hosting the system, there may be a range of different requirements, so comparing products makes sense. It would be wise to ask the provider if new modules can be added in future releases, or whether there’s a willingness to make customizations.

**How does the TMS provider support and service?**

It’s imperative to find a TMS company with a proven service and support record after the sale. Customers should ask as many questions as possible during the selection process, such as whether they offer training and convenient support hours. A company should be chosen that has a solid history, and online blogs/reviews should confirm the reputation of customer service. Companies that are resilient and change with the landscape are destined to persist in the evolution of freight brokerage.

**Does the provider have a network of carrier relationships?**

A quality software system will allow brokerages to manage carrier contracts as well as keep track of important contract details. It can even help brokers identify which carrier is best for each load and calculate cost so they can hone in on an amount to charge.

**Who was the TMS software originally created for?**

Was the software created by software engineers or professionals who have been steeped in the freight brokerage industry? Many packages on the market today were created for carriers and fleets, while others were created for shippers, general logistics operations and warehouse personnel.
Choosing the Right TMS

The next generation of transportation management software is being shaped by configuration over customization, and cloud based platforms over legacy on-premise systems. When a TMS is on the cloud, data is accessible from anywhere and users have more flexibility to remain secure, accessing data from multiple locations. Rather than depending on one development resource for tedious customizations, the industry is moving toward out-of-box solutions that are better supported with continuous upgrades, improved interface design, and configurable options built into the platform.

The best transportation management solutions provide world-class insight with up-to-date metrics that can be used for every business decision.
Descartes Aljex Solution

While there are a variety of options available on the market today, Descartes Aljex™ stands out as a platform with well-rounded features and functionality for brokers. Descartes The platform was built by brokers, and has existed as the premier broker TMS for over twenty years. The Descartes Aljex TMS provides a dashboard of tools that helps automate daily tasks and provides full visibility throughout the entire supply chain. It’s a scalable, cloud-based TMS that hosts a sizable network of brokers, 3PLs, shippers and intermodal users who do billions of dollars in transactional revenue annually, across the North American logistics supply chain. The system eliminates manual track and trace operations, increases on-time delivery performance, and improves customer satisfaction with a technology platform that simplifies cumbersome manual processes.

Descartes Aljex improves planning and decision making by defining the most efficient transport options, given the importance of a user’s own parameters such as cost, lead-time, number of stops and more. The TMS automates carrier rate acceptance, dispatching and EDI. Follow-up tasks like accounting, invoicing and reporting have never been easier when everything is performed from inside one cohesive system. TMS users can reduce supply chain disruptions by automating communications and having real-time shipment visibility across multiple parties and modes of transportation. Users make better lane pricing choices by accessing and comparing historical prices, while managing documents through an organized system of document imaging and storage.

Most successful brokers realize the value of having an easy-to-use system to manage paying carriers, customer freight and invoicing. Brokers who use Descartes Aljex can prevent getting out-automated and establish electronic relationships that lock them into their customers and carriers. The more automation that occurs, the easier it will be to ensure a better future.

Descartes Aljex helps brokers thrive amid complex and changing shipment needs.
Descartes MacroPoint™ is another great tool for freight brokers. It's AI-based capacity matching system provides freight brokers with the best ranked carriers to call, and only includes carriers who have assets available. With a ranked list of carrier matches, freight brokers can cover loads in a fraction of the time.

The Descartes MacroPoint platform resides inside the Descartes Global Logistics Network™ (Descartes GLN™), which is one of the industry's largest visibility networks, connecting over one hundred thousand road carriers and more than four million trucking assets and drivers. The reach and scale of the Descartes GLN enables freight brokers using the Descartes MacroPoint Capacity Matching solution to more effectively and efficiently match customer loads with available carrier capacity.

Descartes (Nasdaq:DSGX) (TSX:DSG) is the global leader in providing on-demand, software-as-a-service solutions focused on improving the productivity, performance and security of logistics-intensive businesses.

Customers use our modular, software-as-a-service solutions to route, schedule, track and measure delivery resources; plan, allocate and execute shipments; rate, audit and pay transportation invoices; access global trade data; file customs and security documents for imports and exports; and complete numerous other logistics processes by participating in the world's largest, collaborative multimodal logistics community.

Discover how the Descartes Aljex solution can help your brokerage succeed. Click here to get started.