NUCLEUS
RESEARCH

ASSESSING THE VALUE KINAXIS TMS BRINGS TO CUSTOMERS

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THE BOTTOM LINE

Nucleus interviewed customers using Kinaxis' Transportation Management System (TMS) solution and found that one organization doubled its labor efficiency with automated planning capabilities and allowed another to grow its revenue through better customer service. Customers often select Kinaxis TMS for its ability to go beyond just picking cost-effective carriers to helping customers manage and apply rules to orders. Analysts found that this helps organizations enhance order management by improving how they manage orders from inventory to end delivery. This improvement allows organizations to optimize orders across different shipment types, geographies, and product lines.

OVERVIEW

The necessity for a transportation management solution that can adapt to the organization's size, provide real-time visibility and control across the full order lifecycle, and maintain data security within industry regulations has never been more critical. A modern TMS supports organizations in streamlining orders across multiple manufacturing sites, distribution centers, and sales channels, covering all modes of transport. When looking to transition to a modern solution, organizations should select a vendor that can connect to global carrier networks and integrate with other enterprise systems such as ERP, WMS, order management, shipping management, and eCommerce platforms. This integration is necessary for organizations looking to improve supply chain visibility and facilitate last-minute orders and

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route modifications, ensuring service levels are met and optimizing transportation costs. The ability to manage and adapt to disruptions in real-time, coupled with features like event management, freight auditing, and multi-modal rating, positions a TMS as a necessary tool for supply chain orchestration. Through end user conversations, Nucleus found that, on average, organizations reduce transportation costs by 11 percent when deploying a TMS.

KINAXIS

Kinaxis TMS caters to medium and enterprise-level organizations across logistics, manufacturing, retail, wholesale distribution, high-tech, and healthcare sectors. The system supports transport modes including truck, rail, ocean, air, last mile, and parcel. It facilitates connections to global carrier and forwarder networks and integrates multi-enterprise networks, including ERP, WMS, eCommerce, and 3PLs. Key features include event management, freight auditing, multi-leg planning, multi-modal rating, on-demand reporting, service rate agreements, and invoicing matching. Real-time alerts and in-app exception management ensure timely, complete deliveries and support last-minute order and route modifications and last-mile delivery optimization. Kinaxis provides real-time cost optimization, invoice matching, and a cost-to-serve tool covering transport and logistics expenses. Additional capabilities encompass order management, inventory performance, reverse logistics, spare parts management, anomaly detection, and supplier order performance.

TYPICAL BENEFITS

Nucleus found that organizations utilizing Kinaxis TMS typically improve customer service, enhance order management, and increase employee productivity.

IMPROVED CUSTOMER SERVICE

By providing real-time visibility into orders and shipments, Kinaxis TMS enables organizations to be more responsive to customer needs and proactively address any disruptions. This transparency allows organizations to closely monitor shipments at every stage and respond proactively to disruptions, delays, or changes in customer requirements. An electronics manufacturer used this capability to provide customers access to real-time shipment data through a dedicated portal, eliminating the need for customers to visit multiple carrier websites. Additionally, Kinaxis also allowed the manufacturer to optimize fulfillment by consolidating orders into multi-leg shipments based on real-time insights. Consolidation reduced shipments needed while decreasing delivery times. Through visibility, responsiveness to customer needs, and optimized multi-leg fulfillment, the manufacturer experienced improvements in customer retention and service levels. The ability to provide a higher level of service contributed to increased revenue.

ENHANCED ORDER MANAGEMENT

Kinaxis TMS allows organizations to model and apply business rules across various shipping dimensions, such as spending, routes, product lines, or geographies. This adaptability is useful for businesses operating in complex logistics environments or 3PLs that have customers who are constantly undergoing growth through acquisitions. One logistics service provider used Kinaxis to set up and configure rules that would automatically handle diverse use cases based on their customers' unique requirements. The organization applied these rules at the order level rather than just by shipment mode. This order-centric approach provided a more efficient way to manage the entire order lifecycle, from inventory to end delivery. By aligning order management processes with their customers' business rules through configurable settings, the logistics provider optimized order orchestration across different shipment types, product lines, and geographies.

INCREASED EMPLOYEE PRODUCTIVTY

Kinaxis TMS automates processes like order management, shipment planning, and exception handling through configurable integrations and rule setups. This automation reduces the need for manual intervention across logistics workflows. A logistics service provider effectively doubled employee productivity after deploying Kinaxis TMS to

automate transportation planning processes. Automated planning capabilities minimized false positives in exception management, enabling real-time issue resolution and reducing manual workloads. Additionally, the ability to define automated rules handled various use cases without manual oversight, further increasing processing efficiency.

CUSTOMER EXPERIENCES

Nucleus interviewed users of Kinaxis' transportation management solution to investigate the value organization realizes when deploying the software. These users spanned across the manufacturing and logistics industries.

ELECTRONICS MANUFACTURER

This US-based electronics manufacturer, generating $30B in revenue and employing approximately 180,000 individuals, faced challenges in managing its global transportation needs prior to deploying a modern TMS. The company was retiring outdated technology and struggling with end-of-life tools for transportation management. It experienced growth with new customers, necessitating a modern transportation system to satisfy new customer requirements and optimize logistics flow. The need for an order management engine to optimize the logistics flow and provide visibility into inventory across multiple locations was critical. The company also required a TMS solution to manage complex integrations with modern and legacy systems, including a finance module for freight bill matching and a database for analytics to monitor the performance of

> **One logistics company doubled the efficiency of its workforce with Kinaxis.**

different supply chains. The organization considered TMS vendors like Kinaxis, Oracle, Blue Yonder, Manhattan Associates, and Descartes. It ultimately chose Kinaxis due to its configurability in order management, strong support and service, and commitment to understanding their customers' urgent transport needs.

The implementation of Kinaxis TMS for the electronics manufacturer began seven years ago and was completed in September 2017. The automation of various processes through integrations and configurations significantly streamlined operations. This automation not only reduced manual intervention but also ensured a disciplined approach to managing these integrations. With Kinaxis, customers could now access real-time data through a customer portal, eliminating the need for multiple carrier website visits. Kinaxis's ability to

handle complex B2C and B2B distribution networks meant that orders could be optimized into shipments, including multi-leg shipments, saving valuable time for employees, reducing the number of shipments needed, and improving customer service. Additionally, the adaptability of the system allowed the manufacturers customers to configure it according to their specific needs, further enhancing efficiency. The responsiveness to customer needs provided resulted in improved customer satisfaction and retention, contributing to increased revenue.

LOGISTICS SERVICE PROVIDER

This US-based third-party logistics organization currently employs 350 individuals and generates $150M in revenue, faced challenges adapting to market spaces of higher complexity and faster pace than its legacy markets. The primary issue was dealing with large organizations that had multiple product lines and operated across various geographies, often growing through acquisitions. To meet these requirements, they needed a TMS that could provide complex rules for shipments and differentiate these rules across various dimensions, such as spending or changing routes. The existing TMS solutions were inadequate for these needs. When searching for a new TMS solution, the logistics service provider needed a solution that could manage not just the selection of carriers for LTL shipments but also optimize the entire order movement process from inventory to the end user. After considering multiple vendors, the logistics service provider chose Kinaxis for its order management capabilities, ability to handle LTL and truckload shipments, and overall cost of ownerships.

The implementation process was completed in under four months, concluding in late 2023. With Kinaxis, the organization achieved significant labor efficiencies, effectively doubling their labor productivity. Automated planning minimized false positives and streamlined exception management, allowing real-time acceptance and reducing manual workload. By quickly identifying where attention is needed through workflow monitoring and defining automated rules, the organization reduced the need for manual oversight and increased processing efficiency. The ability to quickly set up and configure rules within Kinaxis TMS was a strong advantage for the organization. The service provider can now apply rules to orders rather than modes, which streamlined their operations and provided a more efficient way to manage shipments. Furthermore, Kinaxis TMS provided a unified operational view, eliminating the need for separate systems to handle different types of shipments. This holistic approach allowed the organization to scale effectively.

BEST PRACTICES

When deploying Kinaxis TMS, organizations should consider the following best practices to maximize their returns:

- **Strategic organizational assessment.** Before implementation, assess industry-specific needs and organizational size to determine the TMS features required. Not all functionalities will be necessary for every organization, and focusing on critical features can lead to more efficient use of resources.

- **Integration and scalability**: Ensure the TMS can integrate seamlessly with existing systems such as ERP, WMS, and eCommerce platforms. Scalability is crucial to accommodate future growth without the need for significant system overhauls.

- **Data security and compliance:** To protect sensitive information, maintain stringent data security measures, and adhere to industry regulations. This is vital for successful TMS implementation and operation.

- **Global governance:** Implement a single instance of the platform and govern it globally to harvest the most benefits. This approach ensures consistency and efficiency across the organization.

- **Customization and internal team development**. Customize the TMS to meet specific organizational needs rather than relying on a one-size-fits-all solution. Develop an internal team capable of managing and optimizing the TMS to ensure the organization remains nimble and self-sufficient.

- **Documentation and development**. Allocate sufficient time for documentation and development to ensure the system is well-understood and can be effectively used and maintained.

By following these best practices, organizations can optimize their investment in Kinaxis TMS, ensuring efficient and effective transportation management and supply chain orchestration.