

A photograph of a red truck with a white box trailer driving on a two-lane asphalt highway that curves through a green landscape with yellow-tinged trees in the background. The image is framed by blue geometric patterns in the corners.

Building Robust LOGISTICS

Addressing challenges faced by a 3PL to build efficiencies into its delivery network and improve customer satisfaction.

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Abstract

3PL businesses must deal with all the vagaries of logistics, whether on the demand side or the supply side. Hence, they must be resilient and act nimbly to be at the top of their game. It is imperative for 3PL players to build a robust transportation planning and execution network to ensure efficient deliveries and improve their profitability.

Another important factor is real-time visibility to improve asset utilization. The article provides an overview of the challenges faced by a large 3PL company, operating in APAC region, and how it has leveraged an end-to-end transportation management platform and technology to enable visibility for higher efficiency and performance.

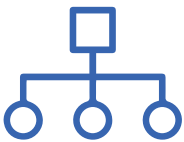
Challenges

The 3PL company was facing several challenges further compounded due to inefficiencies across the board. Some of these challenges include:



Complex Logistics Landscape

Multi-modal deliveries, a combination of line hauls, milk runs, last mile, cross-dock/ hubs, multiple types of customers, etc.



Complex Tariff Structure

Tariff structure for both payables and receivables with a lack of accurate margin calculation and allocation to trips/ lanes leading to sub-optimal pricing and camouflaging of inefficiencies.



Varying Delivery

SLA expectations in terms of reliability and delivery times, putting pressure on the freight capacities.



Vehicle and Driver Management

Lack of real-time visibility into trip execution - a necessity for both the company (to improve asset utilization) and their customers (to view order status).



Manual Activities

A lot of manual activities from order planning to the allocation of trucks/ drivers and subsequently tracking trips. No single source of truth.



Opportunity


The client leveraged a single transportation platform for both planning and execution as a solution to address these challenges. The platform provides visibility for all orders coming from different customers to a single place. It enables the planner to plan the trips efficiently. The platform also captures all execution events, thus making it easy to assign the right vehicle/driver based upon real-time availability to mitigate fire fighting during execution.

The platform provides the opportunity to manage various tariffs to calculate receivables at the order level and payables at the load level.

It helps determine the profit margin made by the client on each delivery. It also tracks the deviations between planned goals v/s actual performance. Faster and accurate calculation of receivables helps close sales invoices with customers and improves DSO figures considerably.

We modeled the multi-modal movements for the client including the road, and rail movements within a single load (trip) so that optimized scheduling is achieved for the end-to-end movement rather than optimization of individual legs. We modeled the line haul and the last mile network for the client which enabled the client to meet the business requirements of its various customers.

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The client realized substantial benefits in automating many activities using the platform including the planning, efficient allocation of trucks, drivers, and getting the real-time feeds of various events such as trip pick up, in transit, delivered, and proof of deliveries. All this has reduced paperwork and chances of errors considerably.

Having an end-to-end platform for planning and execution helped the client realize:

- Improvement in asset turnover by 7 to 15% based upon various customer accounts
- Reduction in invoice reconciliation discrepancies by 25 to 30%
- Improvement in on-time deliveries by 5 to 8%



Conclusion

Improving customer satisfaction is becoming critical for 3PL companies. These companies must leverage the right mix of technologies and change management to achieve perfect deliveries and reduce wastage in operations. Having a good system for planning and execution helps to achieve significant gains in the overall business metrics and builds the tactical flexibility required to offer innovative solutions to customers.



About us

Incorporated in May of 2017, we at Smartlinks are constantly working in making logistics reliable through innovation and technology. With our strong consulting expertise in the transportation area across the globe, clubbed with our passion to explore and bring the latest technologies to the enterprise customers your logistics problems will surely have a solution with us, be a Partner today. www.smartlinkstech.com

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