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IT tools

Software as a Service applications are offering fleets a cost effective and efficient management solution

The information management technologies that enable efficient and productive freight transportation require a unique form of expertise. Included are an understanding of trucking operations as well as both hardware systems and software applications.

For many trucking operations, making effective investments in hardware, software and a highly trained staff are traditionally the best path to a streamlined IT solution. For a growing number as well, the right approach is being found in offerings known collectively as “Software as a Service” or SaaS alternatives.

The SaaS model provides application functionality through a subscription over the Internet. A customer does not own the software but instead uses a solution that is delivered remotely. With an SaaS-based offering, the customer eliminates the cost of developing, buying and maintaining in-house technology, and no longer needs to support multiple platforms or versions.

A case in point can be found at Nationwide Express, a Shelbyville, Tenn.-based provider of irregular route truckload, dedicated contract, warehousing and distribution, and logistics services. The carrier provides regular service to locations throughout the Mid-Atlantic, Midwest, Southeast, and selected markets in Texas and California using 200 tractors and 400 trailers.

“We’re not an IT company,” says Robert Kaferle, vice president of operations at Nationwide. “With SaaS, we don’t have to worry about hardware or software. These solutions make my life a lot easier because I’m not concerned with the mechanics of IT.”

Finding an alternative

Nationwide Express viewed its IT operations as becoming too complex and expensive to handle internally, Kaferle notes. Previously, the company

operated Innovative Computing Corp. (www.innovativecomputingcorp.com) IES enterprise software on an in-house IBM AS/400.

Requiring a more advanced IT operation to meet its growing business needs, Nationwide compared alternatives—including a PC-based system—and chose Innovative Access Plus enterprise software powered remotely on IBM System i5 550s running IBM DB2 Universal Database in an SaaS model.

For Nationwide, Kaferle reports, the advantages of the Innovative SaaS model extend beyond hardware and software cost savings. “One of the benefits,” he says, “has been a 20% to 25% reduction in Nationwide’s IT budget. This solution has also measurably improved customer service. For example, in January 2009, our on-time service record was 99.1%.”

Generating savings

The value of SaaS applications is also evident at Melton Truck Lines where savings and additional freight revenue are being generated by using two SaaS offerings from Intelek Technologies (www.intelektechnologies.com). The solutions in use are handling electronic data interchange (EDI) transactions cost effectively and productively, and enabling the carrier to more competitively bid on and accept freight.

One of the nation’s top five flatbed trucking companies, Tulsa, Okla.-based Melton Truck Lines Inc., services over 5,000 shippers of general commodities, building materials and steel. Melton operates in the U.S., Canada and Mexico with a growing fleet of equipment that now includes 1,000 tractors and approximately 1,700 trailers.

“The variety of EDI transaction sets in use by shippers and a range of extensive and sophisticated customer requirements made EDI expensive for us,” relates Randy Rhines, senior vice president of IT at Melton. “In part, it required ongoing training and significant staff time to handle the work in house.

“At the same time,” Rhines adds, “the ability to competitively bid on and accept freight required a staff to continually access and monitor shippers’ websites and manually update

load status. Even with a full-time group of people dedicated to monitoring for available loads, we were missing freight-hauling opportunities with strategic customers.”

Integration

To alleviate those challenges, Melton is using Intelek’s DiamondMine EDI translation software (www.diamondmineedi.com). The solution integrates with Melton’s enterprise management system from Innovative Computing Corp. using over 6,100 available EDI maps to provide a seamless exchange of data between the carrier and its shippers. In addition, Intelek’s StripMiner solution (www.stripminer.net) automates the carrier’s load gathering from shipper and logistic companies’ websites using predefined processing rules to automatically accept loads or generate shipment status transactions.

“We estimate we’re saving \$130,000 per year using the two EDI SaaS solutions from Intelek,” Rhines reports. “We already have about 35 customers set up to exchange data through DiamondMine. By handling and speeding up the process of mapping, it allows us to devote at least half of a programmer’s time to other duties, saving the company approximately \$40,000 per year in salary and benefits.”

With StripMiner, Rhines also relates, Melton can monitor shipper websites for available loads and respond efficiently and rapidly, eliminating the need to double the staff required for this ongoing task and saving \$90,000 annually. While the resulting gain in freight volume is hard to quantify, he adds, benefits include enabling the existing staff to focus on finding other loads, and more effectively managing existing business.

SaaS solutions can be delivered to all sizes and types of trucking companies, from operations with as few as 10 trucks to those with over 1,000 vehicles. With this model, fleets log on and all of their information and the software’s functionality are readily available. A growing trend, SaaS applications offer the security of a managed system, lower upfront costs and an easily attainable return on investment. **13**