

## View Point



### Oracle Transportation Management for The Retail Industry

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#### Abstract

*Retailers are facing stiff challenges due to globalization, increasing input costs and higher customer service expectations. In addition to this, growing service options from carriers, combined with demand for more frequent and time-definite deliveries are forcing retailers to revisit their transportation planning systems to optimize movement of goods across the distribution channel.*

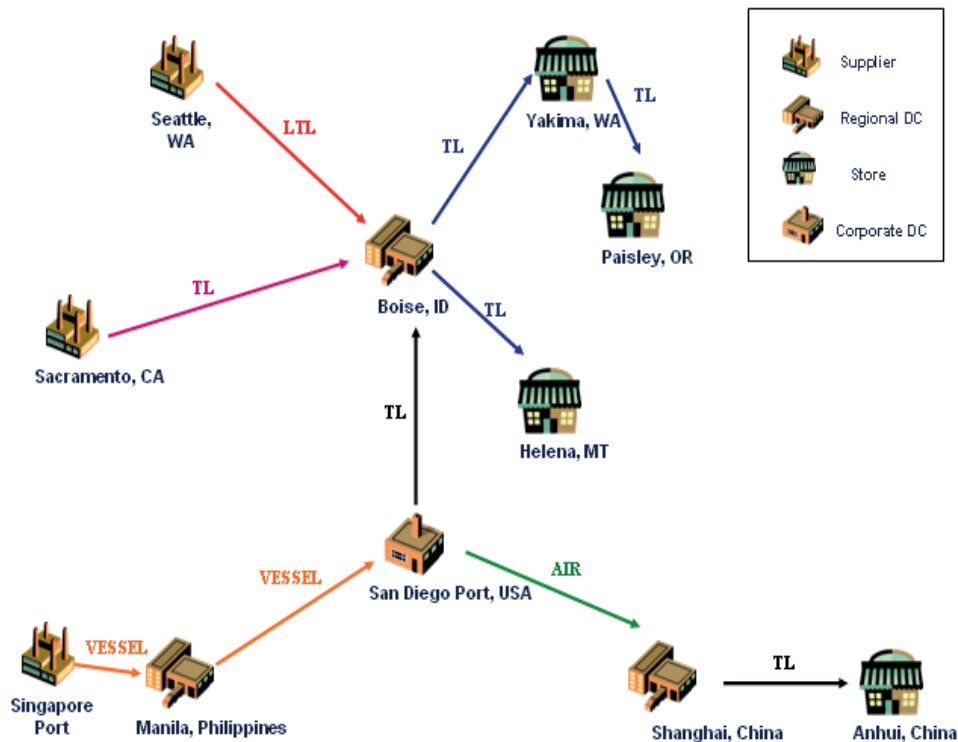
*This paper looks closely at Oracle Transportation Management (OTM) as a holistic solution to transportation requirements of the retail industry.*

## Retailers' Transportation Challenges

- Management of inbound transportation
- Transportation Management
  - Shipment planning and Route optimization
  - Shipment tracking and Supply chain visibility
  - Financial settlement
- Service Provider Management
  - Management of Rate contracts with several independent Service providers
  - Performance Measurement - Periodic reviews of all Service providers to allocate more business based on the past performance

## Retailers' Supply Chain Network

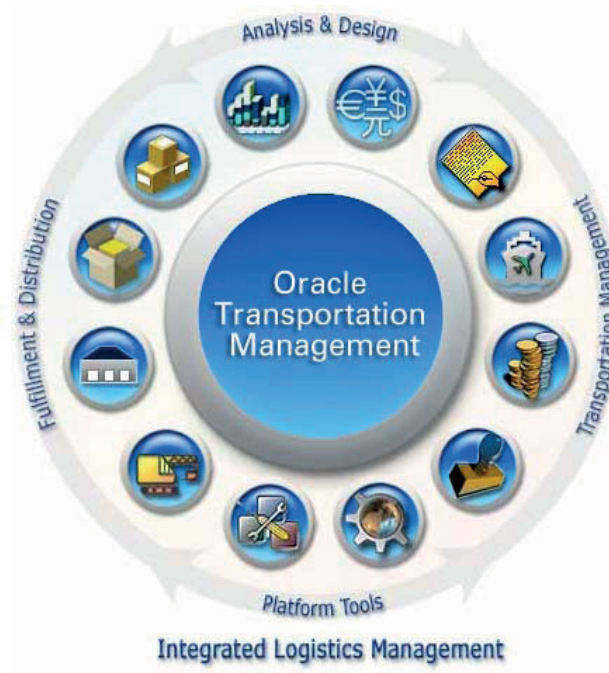
To ensure administrative efficiency and transportation cost optimization, retailers have their distribution centers spread across the country. They act as consolidation points, which consolidate orders from various suppliers and then satisfy requirements of all stores linked to them. The stores in turn service the end customers.



Sample Retail supply chain

Products are transported to the nearest distribution center via truckload (TL) or less than truckload (LTL) shipments. These shipments are consolidated with other compatible product categories at the distribution center and sent to individual stores via truckload shipments

## OTM Value Proposition

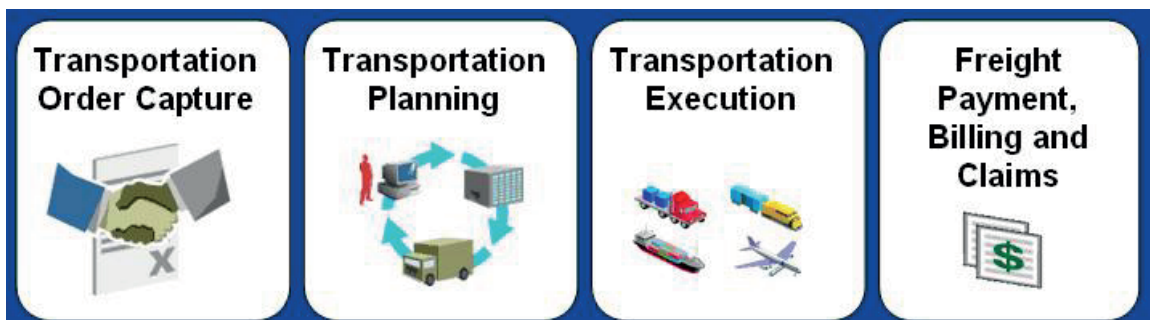


- Strong transportation planning, optimization and shipment execution services will help retailers to
  - Significantly reduce product landed costs, due to lower transportation cost
  - Reduce stock-outs with end-to-end visibility across the supply chain
  - Improve service levels to stores, distribution centers and the end-consumer

Thus OTM acts as a powerful competitive differentiator – helping planners to deliver goods at a lower cost than competition, thereby allowing retailers to reduce prices on key products

- Significant reduction in Operational costs through improved asset and resource utilization
- The supply chain event management capabilities help in managing by exception in order to avoid, circumvent and mitigate any transportation related problems
- End to end order, execution and settlement capabilities improve data accuracy & visibility across multiple sales channels
- Robust integration and portal capabilities to connect all business partners and legacy systems

## OTM Solution Footprint



## Shipment Planning

- Optimization Strategies
  - Truckload routing
  - Less than truckload shipments
  - Multi-modal international shipments
  - Inbound/ Outbound consolidation pooling
  - Managing Continuous Move Shipments
  - Merge in transit
  - Dim weight and Cube planning
- [Global support](#) for addresses, currencies, time zones, number formats and date formats

## Shipment Constraints

- [Commodity-Equipment Constraints](#)- Some product categories have to be transported using refrigerated trucks only
- [Commodity-Commodity Constraints](#)- Some product categories like Frozen sea foods cannot be transported with Fruits and vegetables
- [Carrier Capacity Constraints](#)- During lean seasons, some carriers can offer only certain number of trucks in a specific route
- [Facility Hours of Operation Constraints](#)- All DC and stores operate on specific days of a week with pre-defined shipping and delivery time windows
- [Facility Compatibility Constraint](#)- Some locations have constraints with respect to mode of transport and vehicle. They also have certain preferences for specific service providers only

## Rate Management

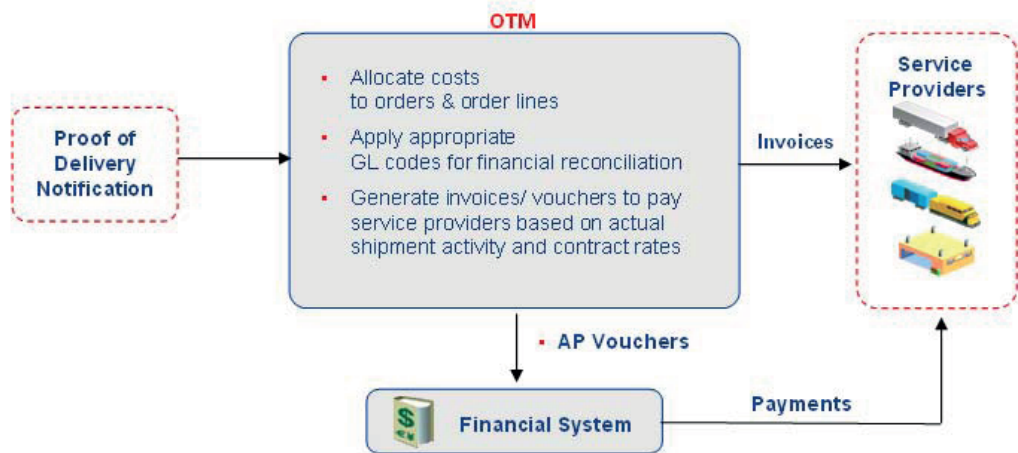
Retailers generally have contractual agreements with many independent service providers to execute planned shipments. These rate contracts can be based on

- Transport mode
- Distance travelled
- Dimensional weight and volume
- Weight break profiles and Deficit rating
- Standard Product Classes(NMFC)

Apart from basic rates, certain [additional surcharges](#) are also levied by Service Providers such as

- Loading and Unloading
- Handling & Palletizing charges
- Fuel Surcharge
- Insurance & Documentation charges

## Financial Settlement



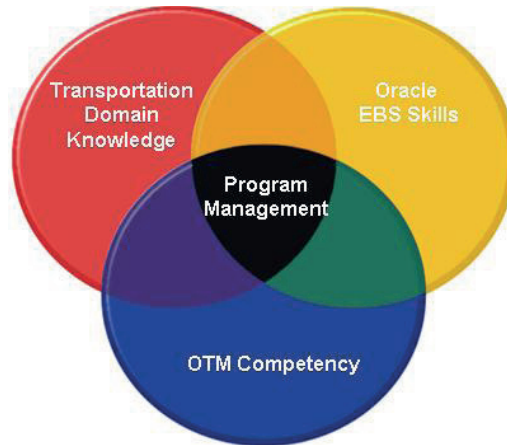
As shipment is delivered at its destination and Proof of Delivery (POD) is received by transportation executioners; electronic invoices to service providers are auto-generated and redirected to an external Accounts Payable (AP) module for financial reconciliation

## Supply Chain Visibility & Event Management

- **Proactive monitoring** of all shipment related activities like custom clearances, loading and unloading, delivery at final destination etc.
- **Complete visibility and traceability** of international shipments from supplier to distribution centers through various qualifiers like order reference numbers, line item details etc.
- **Standard alerts and notifications** on potential issues to concerned parties like shipment planners, shipments executioners, service providers and stores managers

## Infosys OTM Center of Excellence (CoE)

Infosys brings in multiple skill sets to deliver value to the clients OTM Initiative:



### Service Offerings

- Standalone implementation of OTM Release 5.5
- Implementation of OTM integrated with Oracle EBS/ clients' existing ERP system
- Upgrade of prior releases of G-Log to OTM 5.5

- Oracle Certified Advantage Partner Worldwide with established Oracle Center of Excellence
- 300 + large Oracle Apps engagements spanning across 40+ countries/geographies over the last 4 years
- Pool of Oracle trained and certified OTM consultants
- OTM CoE is a dedicated applications environment set-up to showcase ready-to-use solutions catering to domain specific requirements specially in Manufacturing, Distribution, LSP and Retail
- Building tools around OTM Applications for accelerated solution deployment in integrating OTM with any other ERP system



For more information, contact [askus@infosys.com](mailto:askus@infosys.com)

### About Infosys

Many of the world's most successful organizations rely on Infosys to deliver measurable business value. Infosys provides business consulting, technology, engineering and outsourcing services to help clients in over 30 countries build tomorrow's enterprise.

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