



Carrier Management

A QAD Leadership White Paper for
Global Trade and Transportation Execution

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WHICH METHOD OF ONBOARDING A CARRIER IS RIGHT FOR YOUR ORGANIZATION?

INTRODUCTION

When enterprises and high volume shippers select a transportation execution solution provider, there are several critical issues that must be considered. What is the look and feel of the solution? Is it easy to use? What is the provider's reputation in the marketplace? How flexible is the solution? What kind of support is available? Chief amongst these considerations is whether the vendor provides access to the carriers that an organization uses, and the options they offer to expand the organization's network by adding additional carriers, services and countries of origin.

You explore the carriers your solution provider has available, which services are offered and in which origin countries. If you are lucky, the provider

already offers the carriers and services you need. However, there are times that the provider does not have specific carriers onboarded and ready to leverage.

In this white paper we look at the process of carrier onboarding. We will discuss the available options for adding new carriers, new services and new origin locations.

WHAT IS CARRIER ONBOARDING?

The term carrier onboarding refers to the process by which a new carrier, service or geography is added for customers to leverage. The following information is typically required when a carrier is onboarded:



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1. Carrier record (establishes unique carriers in the solution)
 - Carrier full name and/or SCAC code
 - Shipper's carrier account number
2. Certified/accredited carrier labels: meet the carrier-defined and acceptable layout/structure for routing through the carrier network
3. Manifesting and transmission of shipment data and reports to carrier
4. Carrier services (e.g. next day, 2nd day or ground shipping)
5. Tracking number requirements, such as structure/format and check-digits
6. Carrier rates
 - Negotiated rates – your specific rates per your carrier contract
 - Customer rates – rates that reflect what you charge customers (optional)
7. Accessorial usage and associated charges (such as Saturday Delivery or Signature Required)
8. Routing data - country/postal driven data to determine sort code information to route packages through the carrier network
9. Transit times - estimated transit days for origin/destination combinations

OPTIONS FOR CARRIER ONBOARDING

There are several methods used to onboard a new carrier. Below, the three most typical methods and their pros and cons are highlighted.

WEB SERVICE API – APPLICATION PROGRAMMING INTERFACE

With this method, the solution provider builds a connection to your carrier. This allows the solution to pass shipment transaction data to the carrier and retrieve freight estimates for the proposed shipment. The carrier maintains rates, accessorial charges, routing/sort data, transit times, tracking numbers and shipping label formats on your behalf. The manifesting of shipment data to the carrier will be handled through the API call. For some carriers, this is the only method by which they can be integrated into a solution.



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PROS

Web service API integrated carriers can be quickly onboarded if the carrier provides support for a web service API interface and your transportation execution solution provider can implement a change within their application that can use the web service API.

Rates, services, routing/sort data, transit times, tracking numbers and accessorial charges, as well as shipping labels, are always kept up-to-date and are maintained by your carrier.

Your solution provider maintains the API integration calls from the shipping application, and the carrier maintains any changes in terms of service level offerings and manifesting/labeling requirements.

CONS

Your solution provider may be constrained by the carrier API requirements for offering process flow flexibility, particularly relating to the ability to consolidate packages throughout the day or to customize labels.

Speed of processing – web service API calls for carriers, while convenient, may not satisfy your response time requirements and give you the speed you need in a busy shipping environment.

Reliability of processing – carrier systems can go down or become unresponsive. A network problem, outage or maintenance could severely impact your ability to ship.

SYSTEM INTEGRATED

With this method, your provider builds and maintains the rates, accessorial charges, services, routing/sort data, transit times, tracking numbers and shipping labels and you license or subscribe to this data for usage in your system.

Your solution provider may create or modify system programs and end of day/carrier close

out manifest process. This approach to carrier onboarding typically requires more effort from your provider, however most transportation execution solution providers offer some form of easy onboarding processes or procedures that formalize onboarding with definitive and accurate time frames and cost values.

PROS

Process flow flexibility - the solution provider has more control of the communication of data to the carrier, allowing the ability to take advantage of consolidation opportunities to drive down shipping costs. Additionally, having control over the label generation makes it easier to customize the carrier label layout to fit the process flow requirements of the shipper's warehouse.

Speed of processing – leveraging internal system logic to read and process data from within the database is fast and efficient.

Reliability of processing – if your solution is running on appropriately sized and functioning hardware, you should be able to process your shipments for carriers that are not configured to use web service API calls. If you are running an on-premise environment on your own hardware, you could even process without an Internet connection.

CONS

It takes time for your solution provider to work with you and your carrier to acquire the data, build the logic in the solution, load the data, test the programming, get shipping label certification and deploy the carrier to your environment.

Cost could be a downside of this approach as well. Some solution providers either charge (or cost share with) their customer for onboarding a new carrier using this method. This means that adding multiple carriers can become expensive.

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MANUAL ENTRY OR FILE CREATE AND LOAD

Your transportation execution solution is likely to have a utility that allows you to enter carrier rates, accessorial charges, services, routing/sort data and transit times into the system by hand. Most solutions offer configurable file structures, such as delimited files, that can be agreed with carriers for the manifesting of shipping data. Similarly, configurable label layouts can be arranged with carriers.

PROS

This process can be the least expensive of the options available to a customer. If onboarding a small carrier with basic data to capture for rates, accessorial charges, services, routing/sort data and transit times, it can take just a few minutes or hours to accomplish via manual entry.

The data, once entered into your system, processes with the same speed and reliability as stated above for the system-integrated method.

CONS

This is often the most time consuming option available. If you are onboarding a large carrier with a complex rate structure, multiple complex accessorial charges, numerous services, with routing/sort data and transit times it could take days, weeks, even months, to enter all of the data into your system. Updates to the data for a complex carrier could be as much of a nightmare as entering the data. Even with loading data from CSV files or spreadsheets, there could be much effort expended in testing the data for accuracy.

THE “RIGHT” APPROACH

Some carriers provide options to communicate data either via web service API or system integrated. Weighing the pros and cons above, should help you to choose the right option.

The choice of integration option is driven by factors such as: shipping volumes, process flow flexibility requirements, ability to customize labels. A high-volume of packages shipping with a carrier may not suit an API integration if the performance or uptime or process-flow requirements cannot be met. Conversely, a low-volume of packages would be unlikely to be impacted by the choice of an API integration.

Ideally, you want a transportation execution solution provider that supports all three types of carrier onboarding we discussed because:

- Some carriers only provide web service API access.
- Some carriers do not provide web service API access.
- Some carriers provide either web service API access or system integrated data; in this case, your decision should be based on warehouse process requirements, processing speed and reliability factors.
- Some carriers are small and are not complex and don't require the use of either web service API or system integrated approaches.

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RECOMMENDATION

QAD provides access to an industry-leading global parcel carrier network. As customers bring us into new geographies and industries and as carriers introduce new services and origins, this network continues to expand through our Carrier Onboarding Program. The vast majority of parcel carriers have specific requirements that must be met for the integration of their technology to QAD and each carrier has an accreditation process that must be completed before a customer can start shipping.

The key to our approach is to ensure that there is agreement between all parties: the carrier, the customer and the solution. This may seem straightforward, but with the myriad of carrier services that are offered across origin countries, this is not always the case. Our framework ensures that this information is clearly defined and agreed upon up front.

Our dedicated team has extensive experience to examine your current processes, leverage industry best practices and provide a roadmap to help you achieve your objectives in a cost-efficient and comprehensive manner. Contact us today!

ABOUT QAD - TRUSTED GLOBAL TRADE AND TRANSPORTATION EXECUTION (GTTE)

QAD GTTE provides industry-leading global trade compliance, and multi carrier transportation execution solutions from a single, integrated platform. An ISO-certified company, QAD assists companies to streamline their import, export and transportation operations, optimize deliveries, and increase logistics ROI. QAD GTTE is a scalable and extensible solution that integrates with existing ERP and WMS solutions. Industry leaders in every region of the world rely on QAD to leverage thousands of carrier services and manage millions of global trade and shipping transactions every day.

For more information about QAD, visit our website: www.qad.com



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