

BREAKING DOWN TMS JARGON



What Does it All Mean?

There is a lot of jargon associated with transportation management systems (TMS) that many people find hard to navigate. You may never have come across some terms if you don't have a history of working with other TMSs or other forms of tech. The saying "it's all Greek to me!" might spring to mind.

If you find yourself lost in the TMS jargon, take a look at this list of some of the most common phrases and terms used when talking about transportation management systems.

Transportation Management System (TMS)

This one might seem obvious, but actually understanding what a TMS does is crucial before you can understand how the other terms relate. A TMS is a collection of tools housed under a single umbrella technology that help supply chain professionals manage transportation operations. These systems usually sit in between ordering systems (ERPs) and warehouse management systems (WMS) and help streamline rating, booking, and visibility to orders, among other things.

Integration

The term Integration in regards to a TMS means to digitally connect the TMS with another system. Intuitively, an integration is a pairing or merging of two entities, ie. two pieces of software. Common integrations to a TMS include ERP integrations, API integrations, and e-Commerce integrations. Information flows between the TMS and the system that is integrated. Doing so speeds up operations and greatly reduces the risk of costly manual error.

Software as a Service

Software as a service, more commonly known as SaaS, is a method of delivering software to users. The software is accessed via a subscription model as opposed to being paid for and owned by the end-customer. This makes implementation, managing issues and getting updates much easier.

Cloud-Based

This term is used to refer to a piece of software that was built to be accessed from the internet or "cloud". Cloud-based applications or services are available on demand via a provider's cloud computing services. Cloud-based TMSs are becoming more common as supply chain professionals increasingly need to access their systems remotely.





On-premise

On-premise is the opposite of cloud-based software. Instead of the software being housed online, the software is installed and runs on local computers. This was the first method of selling software and has become an outdated model as the benefits of cloud-based software become even more apparent. On-premise TMSs are becoming obsolete as cloud-based ones are implemented quicker, return faster ROI, and are generally easier to manage.

Managed Services

Transportation-related managed services are programs provided to companies wishing to partially or fully outsource management of their logistics operations. Some companies choose to outsource certain processes to experts to gain efficiencies and dedicate more time to other areas of their business. These programs are often run in tandem with transportation management systems.



Logistics Community

A logistics community is a collaborative group of shippers, suppliers, customers, brokers, freight forwarders and carriers around the world. Members of the community benefit from opportunities to collaborate and community-specific functions like access to truckload spot rates. Communities can be built around a TMS and foster an environment where freight savings and efficiencies can be gained.

Optimization

When someone talks about optimization and TMS together, they are usually talking about load and route optimization capabilities. Advanced TMSs offer optimization tools to their users to build perfect loads based on a variety of parameters. Instead of manually pouring over spreadsheets, TMS users with Optimization functionality can automatically build consolidated loads and route them efficiently. This reduces empty miles driven and speeds up the entire process of booking and routing.