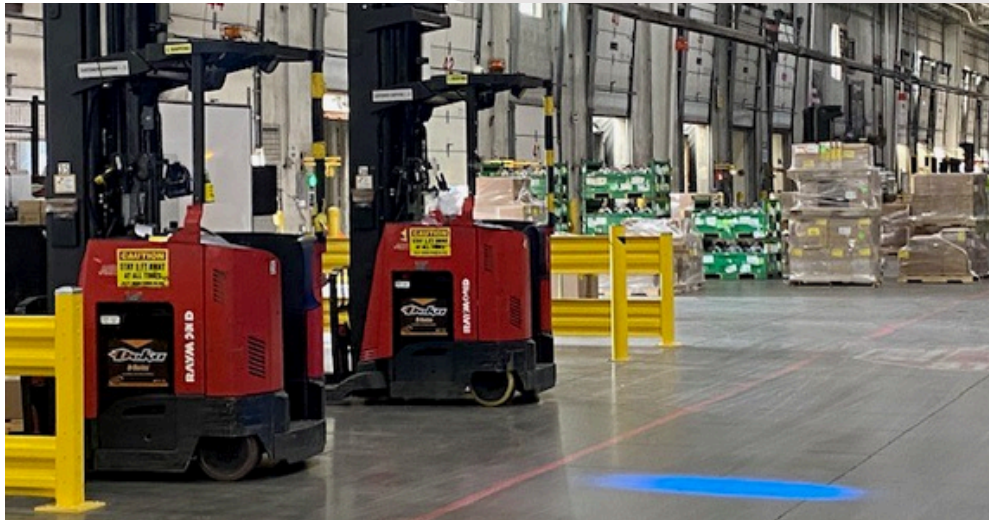## Bridging the Gap in Supply Chain Software Communications

How a 3PL identified and eliminated hidden factories in their customer's supply chain by creating a communication bridge between ERP/WMS systems while decreasing customer costs and increasing inventory accuracy and visibility.

Background:

Many companies turn to third-party logistics (3PL) providers to manage different nodes of their supply chain. But partnering with different entities often brings multiple software systems into the supply chain operations. In many cases, it is more cost effective to continue utilizing multiple systems instead of implementing a single software across different nodes, which requires a significant upfront investment.

If left unnoticed, these multiple software systems could lead to inefficiencies within the supply chain. This case study explains how TA Services, a premier full-services 3PL provider, and its customer eliminated a hidden factory in their supply chain—saving them time and money—by implementing communication bridges across two systems.

Problem:

The customer in this scenario has partnered with TA Services for their warehousing and fulfillment needs and is using an Enterprise Resource Planning (ERP) system to keep track of both the physical and financial transactions of their multi-billion-dollar business. While ERP serves this purpose very well, it does not have all the functionalities and flexibility available within traditional warehouse management software (WMS).

Because of this, the two parties decided that TA Services would utilize a separate WMS system to manage inventory within the warehouse. But to reap the benefits of both systems, the TA Services warehouse employees had to perform transactions both in the WMS system as well as in the customer's ERP system. As the customer's business grew, so did their inventory levels, number of SKUs, transactions, and complexity of the warehouse processes.

> **1. The warehouse performs 4,500 transactions each day in two different systems. This requires an extensive number of resources to complete these transactions.**
>
> **2. These transactions are required to be completed simultaneously in both systems to avoid any discrepancies or delays in shipments.**

These two problems slowly, yet steadily, created a hidden factory to keep the systems aligned. During peak sales seasons, almost 600 hours per week were required to correctly enter the transactions in the two systems. The cost of maintaining the dual transactions totaled up to $500,000 a year.

Solution:

Many solutions were brainstormed, analyzed, and finally decided to have a middleware which can convert the language of one system into the other and transmit the data between the systems in real time. This solution required an upfront cost to customize and setup middleware software. Once the middleware was established, dual transactions were eliminated. This freed up both the workforce and assets worth of $850,000 per year with a ROI of 2 years.

Take Away:

The key takeaway here is that the 3PL and their customer foster a continuous improvement culture at their core that is always looking for ways to improve performance, reduce costs and eliminate waste using a Plan Do Check Act methodology. _If continuous improvement methodology is applied rigorously and consistently while combined with the RIGHT TECHNOLOGY, it will result in improvements that will yield big savings over time._

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info@taservices.com | **800.626.2185** | **www.taservices.com**