

An interview with MercuryGate's President, Steve Blough is an indicator of where the future of computer applications supporting 3PLs is going. Steve's answers to questions from LQ show how more and more 3PLs are taking advantage of unique software applications to grow their businesses.



**LQ: How is the MercuryGate TMS solution architected to support a 3PL business?**

**Steve Blough:** MercuryGate is architected for the many-to-many world the 3PL participates in.

MercuryGate's inherent hierarchy allows the 3PL to setup carriers, contracts, and configurations and leverage them as needed across their many customers. At the same time, customers may have unique requirements that demand either simple tweaks from the base setup or perhaps even completely unique configurations. MercuryGate also allows the 3PL to setup template models that can be used as a seed for setting up a new client. Thus 3PL's can develop best-of-breed solutions and be prepared whenever a customer requests that type of model. All of these things together allow the 3PL to rapidly board new customers with little to no change within the application leveraging existing setups throughout the solution.

**LQ: Will the solution support different size 3PLs from small up to the large tier one?**

**Steve Blough:** MercuryGate's TMS supports all 3PL sizes. The solution is designed so that a small company starting out can get value from having a technology solution for their new customers while an established tier one 3PL can bring all their customers into the solution. The beauty of MercuryGate is that it not only support 3PLs with this model but allows 3PLs to board clients of any size as well. We have customers that board large corporations within the TMS as well as small tier three size shippers. For example, we have a large 3PL that started out doing less than three hundred shipments a month with less than 100 customers. They now have over 30,000 customers and are moving more than 100,000 shipments a month. The architecture works.

**LQ: That's interesting from a setup perspective but how does the solution support the many different business models that the 3PL may need to use to compete in today's marketplace?**

**Steve Blough:** The architecture described above allows the 3PL to utilize different business models between and even within a given customer. The 3PL can utilize a gainshare model to win business with a customer and migrate to a buy/sell model either uplifting rates or having a completely different rate for the client. For example, we have a client that charges

their customer based on the quantity of a given SKU but of course they pay a per mile charge, container charge, etc. We not only enable 3PL's to do freight management functions but also provide the ability to perform brokerage operations as well.

**LQ: So what's involved in maintaining these rating deals?**

**Steve Blough:** The deals are managed through what MercuryGate calls contracts. Contracts are easily setup and maintained by the end user. Rates can be uploaded as an Excel spreadsheet for truckload, ocean, rail, air freight, and really any mode. However LTL carriers typically involve tariffs (SMC3, MARS, etc.) that are already loaded into the system so the contract simply points to that tariff. Users also have access to all the LTL service information for direct and indirect service areas as well as all the carrier terminal information. Other contracts utilize web service calls directly to the carriers with an account code that returns the negotiated rates. The parcel carriers were the first to start this process but now we see this growing into the LTL space as well. MercuryGate takes its reuse capability into the business model as well by allowing users to copy contracts and reuse setup information. We also offer the ability to setup profiles for uplifts, gainshare, etc. as well as profiles for groups of accessorial charges such as fuel and lift gate that may be shared and reused by many contracts. Customer contracts may also be setup that span multiple clients or may be customer unique. Customer and carrier rates may be linked together or behave separately as needed. The result of all this flexibility is a system that is easy to maintain and grow.

**LQ: So if everybody uses your solution, how do they distinguish themselves in the marketplace?**

**Steve Blough:** Here is where the MercuryGate TMS really shines. The system may be customized to meet each company's unique processes. Customizable workflow and screen design allows 3PL's to brand the solution to meet their unique value proposition. We have many large and small 3PL's in our system and each have very unique aspects to how they view transportation and thus what solutions they provide their customers.

**LQ: Many shippers are looking to the 3PL to coordinate their supply chain across all modes of transportation. How does MercuryGate facilitate this coordination?**

**Steve Blough:** MercuryGate's TMS supports all modes of transportation such as parcel, LTL, truckload, air/air freight, rail, intermodal, and ocean. As the 3PL looks for ways to move the freight, the system optimizes the selection across all the available modes based on the level of service required and routing guides if desired. The solution looks for cost cutting alternatives across all shipping points. However, MercuryGate can even go one step further in that it not only looks across a given shipper but between the different 3PL customers as well. This functionality allows the 3PL to look for backhaul capacity as well as to combine shipments from multiple clients on a single load.

**LQ: Does that ability to view shipments from all of the different clients extend to the transportation optimizer as well?**

**Steve Blough:** Mojo, MercuryGate's transportation optimizer, allows the 3PL to optimize shipments from all clients continually. One of the shortfalls of many of the existing transportation optimizers on the market is that they were architected for a single shipper. Very few 3PLs want to look at their shipping portfolio one shipper at a time. Add in the complexity of cross-docking and the problem gets magnified. Mojo is extremely powerful for the non-asset based 3PL that is shipping from many different customer origins to many different customer destinations. Mojo leverages existing contracts, location information, etc. to determine the most cost effective way to move the freight for all or part of the 3PL customers.

**LQ: What about visibility for the 3PL customer. How can they see their information as needed?**

**Steve Blough:** The architecture described above not only provides for rapid boarding of new clients but it also allows for segmentation of the data as appropriate for 3PL customers and even the customers of customers. That information may then be disseminated in several methods. The first method allows the 3PL to communicate to the shipper electronically. Whether using XML messages or standard EDI transactions, the information can be sent automatically to the customer. For example, many of our 3PL clients act as the truckload carrier for the freight. The customer wants a standard shipping process setup so MercuryGate receives a 204 tender and responds with a 990 message indicating whether or not the tender was accepted. As the freight moves, the TMS sends tracking messages (EDI 214 messages) to the customer with status messages as they are received from the actual carrier. Finally, for invoicing the customer a 210 EDI message may be sent at the appropriate time. Of course, not all customers desire or can even use EDI or XML so for those clients, we have a really slick portal access that provides a

dashboard focus for exception management as well as reporting. The beauty is that each user may access their information by what they know. Thus the customer can enter an order number and see all shipments fulfilling that order. Suppliers may enter a purchase order number and see how the shipper wants the goods delivered enforcing carrier compliance for inbound moves.

**LQ: One of the issues many collaborative software packages face is the education necessary to infrequent users the ability to use the solution. How does MercuryGate address this usability issue?**

**Steve Blough:** MercuryGate has several ways to access the system. For power users, there is the standard interface. While still very user friendly, that robust interface does require some education to effectively use the system. For less frequent users MercuryGate has utilized a dashboard concept with different portlets. Portlets are assigned to roles and then any user with that role can access the authorized portlets. For example, we have an "Add Shipment Wizard" portlet that steps the infrequent user through the process to create a shipment. With context help and user defaults the add shipment process is a very simple one. Of course dashboards/portlets are not just used for customers. Vendors/suppliers, carriers, management team, and really any role you may think of can be setup with a dashboard focusing those users on what they need to see based on what they are allowed to see.

**LQ: Software as a service is getting a lot of press these days as many of the larger companies are striving to get into that market. How does MercuryGate sell the TMS solution?**

**Steve Blough:** First of all, MercuryGate is a software company. We offer our software in a SAAS model as well as a license purchase where the customer hosts the solution. With that said, almost all of our clients have chosen to utilize our on-demand model where they can quickly get up and running within days. This model allows them to not only test drive but more importantly use the application before they must lay out large capital expenditures. In fact our deals usually stipulate that no payments are required until the 3PL is up and running in a production environment proving the ROI measurements are based on sound practices. Customers may start out in the on-demand world or not. Of course the on-demand world offers a network of carriers, customers, etc. that are already hooked in and doing work. We have found that many clients prefer to build their own network so our model does not require sharing of data between all parties. However, even users that do not participate in the network as a whole get great value from messages that are already mapped between parties and the other functionality

listed above. For example there are many large package retail corporations that are in customers of many of our 3PLs. Once the original map was created to these large corporations, other participants in our solution have been able to leverage those formats and still be on a "private network."

**LQ: One of the common issues with technology solutions is getting the data in and out of the system. This integration issue is complicated in a 3PL world because they deal with so many different companies. How does the MercuryGate TMS facilitate integration?**

**Steve Blough:** MercuryGate's TMS was built with a very open architecture allowing the import of any data structure into the application. The standard import format and the most flexible is the XML message structure. Of course many users do not get data in the XML format so MercuryGate offers the ability to map into the XML format for many of their clients. However, users often opt for starting out with a simple import of an Excel spreadsheet of shipping requests. Column data may be in any order and by simply changing the name of the column, the spreadsheet may easily be imported into the TMS. Of course we also communicate with many of our involved parties using EDI or EDIFACT messages as appropriate.

**LQ: 3PLs are often required to respond to client's RFP's that more than likely involve a large amount of manual effort. What if anything can MercuryGate offer a 3PL to assist in responding to RFP's?**

**Steve Blough:** A TMS should do more than just manage the transportation movements from an execution perspective. In order to grow, 3PLs need to be able to respond quickly and effectively to requests from potential customers. Using MercuryGate's open architecture, 3PLs can easily import tens of thousands of shipments, rate them against their contracts for both buy and sell, and use the robust reporting capabilities to produce a quick response. Rates can easily be modeled and what-if scenarios run to ensure that all participants understand the implications of the response. This process allows the 3PL to automate what is typically a very manual process today. Combine this with MercuryGate's transportation optimizer MOJO the 3PL is armed with a very effective automated tool for responding to RFP's. What we have found is that when you combine the ease of importing the data with the ease of setup, many of our 3PL clients quickly setup customized demos of their solution for potential customers. This has proven to be a very powerful sales tool for the 3PL.

**LQ: What if a 3PL or one of their customers has a need that is not currently being met by your software?**

**Steve Blough:** We work closely with all of our 3PLs to improve our software in a way that allows them to better manage their own processes as well as those of their customers. Our solution has been built with close collaboration of many of the leading 3PLs both large and small to ensure that the end product has built-in ease of use.



Steven Blough, President and Co-founder

Steven Blough was a Custom Application Development Competency Leader for IBM Global Services. He led domestic and international consulting engagements for clients with supply chain management initiatives. Combining industry knowledge with his technology background, Mr. Blough re-engineers logistics business processes and transforms complex business requirements into innovative designs for information systems. As chief architect, Mr. Blough designed a communications and data platform to enable supply chain participants to collaborate on a real-time basis to manage transportation needs. Mr. Blough has 25 years of experience in the design, development, and integration of supply chain information systems that have resulted in dramatically lower logistics costs for his client companies.

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