Electronic Logistics Marketplaces

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Why bother?

What is an ELM?

**Diagram:**

![Diagram showing the relationship between Shipper and Carrier with an ELM.]
Simplified ELM model

Customers

Reliable delivery

Technology providers

Shippers

Carriers

Wholesalers
Types of ELM

**Open System**
- No barriers to entry
- Focus on cost reduction
- Prices agreed for each transaction
- Examples include

**Closed System**
- Only available to members
- Focus on relationships
- Prices agreed through contracts
- Examples include
Advanced functionalities:

- business simulation,
- cross company synergies like complementary flows,
- backhaul opportunity,
- multi-lane links,
- joint deliveries
ELM Operations - Execution

Shipper

Customer

Carrier

ELM

Purchase order

Load tracking

Deliveries

Load tracking

Settlement and reports

Load tracking

Settlement and reports

Load tracking
Every company is trying to optimise its own transport network, but ignores the potential opportunities across companies.
Benefits

Improved customer service

More proactive management

Benefits

Reduced capital investment if using hosted solution

Cost savings

Improved process efficiency

Reliable and efficient delivery

Better visibility

Improved visibility

Improved decision-making

Better inventory control

More accurate cost information and better budget control

Improved visibility

Improved decision-making

Better inventory control

More accurate cost information and better budget control

Increased capability to deploy e-business enabled business model

Better communication

Better on-time delivery performance

Reduced delivery time and variability

Less disputes about delivery performance

Improved competence

Better response to changes

Simpler management of all carriers

Better warehouse scheduling

Improved economy of scale

Reduced paper work and data errors

Reduced delivery errors & disputes

Better information sharing & transaction efficiency

Elimination of under or overcharged & disputed bills

Shorter order processing time

Productivity improvement across functions

For shippers

For carriers

Optimal routes

Better resources utilisation

Better management of labour, insurance & admin work

Reduced capital investment if using hosted solution

Improved economy of scale

Better scheduling

Better management of labour, insurance & admin work

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Improved economy of scale
Barriers

- Relational barrier
- Lack of synergies
- Sharing information
- Technological capabilities
- Training costs
- “Big Brother”
The future of ELM

• ELMs are a new method for connecting shippers and carriers.

• One sizes does not fit all. You need to think which is the best for your organisation.

• Future transport management need to be
  o highly flexible for the provision of customised logistics
  o information rich and technologically robust
  o extensively connected with business partners
  o with appropriate relationship configurations
  o incorporating environmental and societal aspects.

ELM has the potential to help organisations to address above issues.
Thank you for your attention!
Additional slides
Closed ELM Structures

Private

Shared

Collaborative
Closed ELM Structures

Private

Shared

Collaborative

All ELMs hosted by same company and share single platform
Closed ELM Structures

Private

Shared

Collaborative

Shipper  Shipper  Shipper

Carrier  Carrier  Carrier  Carrier  Carrier  Carrier

ELM
Cost

The cost for shippers depends upon the type of system

In house

Hosted

The cost for carriers depends upon data transmission methods

Method

Fax

Email

Webform

EDI

Telematics

SMS

GPRS

The challenge is to make the benefits outweigh the costs. This is harder for carriers than shippers.
Collaborative opportunities

*Joint deliveries (Spatial pooling)*
Collaborative opportunities

Multiple pick-ups and deliveries

Dynamic routes

Separate Shipments

Continuous movement routes

Integrate pick-ups and deliveries

Empty vehicle

Empty vehicle
Motivations for an ELM

Relational
- ‘Lock in’ companies
- Reduce uncertainty
- Visibility of pipeline information
- Reliability and responsiveness

Economic
- Productivity gains
- Competitive position
- Cost savings
- Reduce impact

Environment
- Promote industry standards
- Impact industry sector as a whole

Service
- Exchanging information
- Pressure on delivery performance

Community
- Not motivations for carriers
- Most common motivation
- Least common motivation
- Particularly important for global logistics

Promote industry standards
Now, that’s what we call ‘collaboration’!