

WHITE PAPER

What Businesses Need to Know Before Choosing a Free or Low-Cost TMS Solution

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What businesses need to know before choosing a free or low-cost TMS solution



The allure of free or low-cost Transportation Management System (TMS) applications has grown, offering various features and functionalities at minimal cost, with upgrade options for a premium. However, it's important for businesses to be aware of the potential risks associated with such choices.

CONSIDERATION SNAPSHOT



Scalability & Customization Limitations



Inadequate Support, Maintenance, & Updates



Support Infrastructure & Knowledge Base Access



Dependence on Vendor & Lock-in



Data Ownership & Privacy



Quality & Reliability



Implementation & Transition Risks



Technology Selection & Implementation Excellence

Scalability and Customization Limitations

The ability to scale and customize a TMS solution to suit evolving business needs is a critical consideration. Basic, out-of-the-box solutions may suffice for companies with simpler logistics requirements, but as businesses grow and their operational complexity increases, the need for advanced functionality and customization becomes paramount. Initially, low-cost TMS providers may seem appealing due to their affordability, but these providers often lack the resources or capabilities to support extensive customization or handle the increased load as your business scales.

Subsequently, businesses might find themselves incurring additional costs for personalized configurations or upgrades to accommodate their growing needs. Moreover, the TMS solution should be flexible enough to adapt to changing operational requirements, which may include new shipping routes, additional modes of transportation, or increased order volumes.

If the low-cost TMS provider cannot facilitate these changes, businesses might be forced to seek additional customization services, potentially negating any initial cost savings. In some cases, if the provider is unable to support the company's growth, businesses

might need to migrate to a more robust and versatile solution. This process could entail significant monetary investment and operational disruptions, as data migration and system reconfiguration can be complex and time-consuming.

Therefore, it's essential for businesses to consider not only the immediate cost savings of a low-cost TMS solution but also the potential long-term implications concerning scalability and customization. A comprehensive evaluation of the TMS provider's capabilities in these areas can prevent future operational bottlenecks and unexpected costs, ensuring a smooth and efficient logistics operation as the business grows.

Inadequate Support, Maintenance, and Updates

One of the significant drawbacks of using freemium TMS solutions is the lack of dedicated customer support. When system issues arise, a prompt and effective response is critical to avoid disrupting your business operations. However, freemium providers, due to their revenue model, often lack the resources to provide quick and efficient support. Furthermore, regular system maintenance, updates, and security patches are crucial for maintaining system reliability and security. If these are not provided timely, it can lead to

system failures, security vulnerabilities, and potential data breaches. It's critical to assess the provider's support and maintenance commitments to ensure they meet your business's requirements.

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Support Infrastructure and Knowledge Base Access

Freemium TMS providers typically have limited resources to invest in comprehensive support infrastructure, which includes dedicated customer support, extensive training materials, self-service resources, and detailed documentation. These resources are vital for resolving common issues, maintaining updated configurations, and facilitating user understanding of the system. The lack of such resources can lead to extended system downtime, user frustration, and increased reliance on external consultants or the provider's limited support services. Businesses should assess the quality and breadth of the provider's support infrastructure before committing to their solution.

Dependence on Vendor and Lock-in

With free or low-cost TMS solutions, businesses can easily find themselves locked into the provider's ecosystem. This lock-in can limit your ability to switch to a more robust or cost-effective solution, particularly if data migration is complex or costly. Moreover, dependence on a single TMS vendor can be risky. If the vendor discontinues the product, significantly changes its terms of service, or goes out of business, it can severely disrupt your operations. Ensuring data portability and avoiding vendor lock-in should be a key consideration when choosing a TMS solution.

Data Ownership and Privacy

Some TMS providers may require access to your data as part of their service agreement. This can potentially lead to serious security risks and privacy concerns. With freemium services, there's often a lack of transparency about how your data is used, stored, and secured. The TMS provider could potentially use the data to benefit their own freight services or sell it to third parties. Furthermore, if the provider's security measures are not robust, it could leave your sensitive data vulnerable to cyberattacks. As a business, maintaining control and ownership of your data is paramount. It's important to thoroughly review the provider's data policies and ensure they align with your business's privacy standards and regulatory requirements.

Quality and Reliability

Freemium TMS applications, typically developed and maintained by smaller teams, may not offer the same level of quality and reliability as more expensive alternatives. Issues such as bugs, crashes, and slow performance can disrupt your operations and negatively impact your business. Moreover, these applications may not be as thoroughly tested or regularly updated, leading to potential security vulnerabilities and compatibility issues.

Implementation and Transition Risks

Implementing a new TMS solution involves substantial time and resources. With freemium TMS providers, the implementation process may be more complex due to limited provider support and resources. Inadequate planning, lack of stakeholder buy-in, and underestimating the complexity of integration with existing systems are common pitfalls that can lead to delays, increased costs, and even failed implementations.

● Lack of Stakeholder Buy-In

The success of a TMS implementation largely depends on the support and commitment of key stakeholders. These can include executives, managers, end-users, and IT staff. If these stakeholders are not engaged or supportive of the implementation, it can lead to resistance, poor adoption, and ultimately, a failed implementation. A lack of stakeholder buy-in can be caused by several factors, including poor communication, lack of involvement in the decision-making process, or a misunderstanding of the benefits of the TMS. To gain stakeholder buy-in, businesses should involve them early in the decision-making process, clearly communicate the benefits of the TMS, and address any concerns or objections promptly.

● Inadequate Planning

The implementation of a new TMS solution is a complex project that requires a structured approach and meticulous planning. Without a comprehensive and detailed plan,

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businesses may face numerous challenges such as misaligned objectives, unexpected costs, or project delays. A poorly planned implementation can result in the TMS not meeting the company's needs or not being used to its full potential. In addition, inadequate planning can lead to resistance from employees, as they may not understand the need for the new system or how to use it effectively. Businesses should develop a clear project plan outlining the objectives, timeline, budget, and roles and responsibilities. They should also plan for training and support to ensure users can effectively use the technology.

○ Underestimating the Complexity of Integrations

A TMS does not operate in a vacuum; it needs to be integrated with other existing systems such as ERP, WMS, or CRM for seamless data flow and operational efficiency. Integration can be a complex task, particularly if the TMS provider does not offer sufficient support or if the existing systems are outdated or incompatible with the new TMS. Failure to integrate the TMS effectively can result in data silos, process inefficiencies, and increased manual work. Additionally, it can cause errors in data transfer, which can have serious implications for decision-making and operational efficiency. Businesses should carefully assess their integration needs and capabilities, engage experienced IT professionals for the integration process, and allocate sufficient resources for testing and troubleshooting.

Low or no-cost TMS solutions might be the right choice for some businesses, especially those with simpler logistics requirements or limited budgets. However, it is essential to carefully vet these options and be prepared to address common challenges and hidden costs associated with freemium solutions.

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No matter the solution, enlisting a consulting partner, or 3rd party integrator, is often helpful in determining the best course of action. Corvita Group is an example of such a partner, assisting in achieving the optimal alignment of your business's operations and technology. It is imperative that a partner understands the success of your supply chain depends on the seamless integration of robust technology solutions with your unique operational needs. Corvita Group specializes in providing end-to-end services, from technology

selection and implementation to ongoing support, ensuring that your operations and technology work hand in hand to drive efficiency, effectiveness, and growth.

Technology Selection and Implementation Excellence

Corvita Group's technology selection offering guides you through the complex landscape of supply chain technologies, leveraging a deep understanding of the industry. With an extensive network of vendor relationships and a keen eye for customer requirements, Corvita Group can help you identify the ideal solutions that align with business goals and operational workflow, ensuring a smooth transition, minimizing disruptions and maximizing the value of your chosen technology. In addition, Corvita Group goes beyond selecting the right technology, ensuring its seamless integration into existing systems and processes. This includes the design and execution of a tailored implementation plan. From data migration to process optimization, Corvita Group is committed to aligning customer operations and technology, empowering your business to operate at its full potential.

Bonus Consideration

One of the most overlooked considerations of using a free or low-cost TMS provider is that they may lure businesses in with a no-cost software solution, only to upsell them on freight services later. This is especially true for TMS providers that operate as brokers, as they have a financial incentive to upsell their own freight services to customers.

As businesses become reliant on the software, the TMS provider may start to push their own freight services, promising lower rates or better service than competitors. In some cases, they may even offer to waive the cost of their software in exchange for using their freight services exclusively, locking businesses into their freight services even if they're not the most cost-effective or efficient option.

Businesses should carefully evaluate the TMS provider's offerings and business model before committing to their software or freight services and be prepared to switch providers if necessary. By selecting a TMS provider that prioritizes high-quality software solutions and flexibility when it comes to transportation options, businesses can maximize their value and streamline their transportation operations.

For example, Shipwell is a TMS provider that offers a range of software solutions designed to help businesses manage their transportation operations more effectively. While they do offer their own freight services, Shipwell's primary focus is on providing high-quality software solutions to their customers, regardless of whose freight services are being used.

Shipwell's software offerings include features such as automated shipping, real-time tracking, and carrier management, all designed to help businesses streamline their transportation operations and save time and money. Additionally, Shipwell's platform integrates

with a wide range of carriers and logistics providers, giving businesses greater flexibility and choice when it comes to selecting transportation options.

By leading with their software offerings, rather than their freight services, Shipwell can provide value to businesses regardless of whether or not they use Shipwell's freight services. This contrasts with some TMS providers that operate as brokers, which may prioritize their own freight services over other options, potentially leading to higher transportation costs or lower service quality.

In conclusion, businesses must be aware of the risks, including unrealistic expectations, lock-in, hidden costs, security risks, lack of support, quality issues, and broker upselling. To minimize risks, businesses should carefully evaluate a TMS provider's offerings and business model, check application quality, and consider the viability of the provider's business model.

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