

On Demand Software Provides Scalability; Supply Chain Excellence

- New Era of Austerity Requires Innovative Look at Flexible Cost of Ownership Models -

Chicago, IL, USA, June 15, 2010 — Gene Gander, Vice President, Business Development for CargoWise®, a globally recognized technology supplier for logistics service providers, says that while the worldwide recession has caused many software enterprise markets to shrink considerably, there are viable software solutions that enable companies to utilize On Demand technology to improve supply chain management services as needed, while reducing the total cost of ownership in this new era of austerity.

“Coming out of the global recession many logistics service providers are reassessing their enterprise software models as they seek to improve supply chain transparency while adjusting their revenue models to better control the total cost of ownership,” says Gander. “Increasingly, to deal with new cash flow realities, many companies are turning to more agile and flexible On Demand Software applications that provide the full implementation of business practice management services, while reducing the upfront capitalization of purchasing software.”

Gander points out that many industries have increasingly been using Software as a Service (SaaS) to provide cost efficiencies; this hosted vendor service is accessed over the Internet on a subscription model. This has been an excellent alternative to capital intensive software purchases for many businesses, and the logistics sector is now also embracing similar commercial and licensing software technology options.

“A true SaaS model does have some limitations in the flexibility many companies desire, however,” says Gander. “Foremost among them is that while a growing number of companies embrace a hosted solution, many require a locally installed application. Even as a hosted application, they want the option to dictate where it is hosted or the frequency of updates. In some cases, the business environment may require a dynamic product delivery of feature updates; and others simply want to manage the applications on a less frequent basis after substantial internal testing.

“An alternative to conventional SaaS is On Demand Software, a product that offers a similar enterprise solution that *can* be hosted or installed locally (or externally) – but without a capital intensive purchase up front. This enterprise solution provides the same degree of service, but the application fees are based solely on the actual number of users and the amount of service access, which can vary from month-to-month,” says Gander. “In addition, the client does not have to have an impossible cognitive vision of what future business requirements will be over a given period of time. Traditional capitalized purchases place an immense burden on a company trying to avoid overbuying or underbuying.

“This type of actual On Demand Software offers the benefits of traditional SaaS, but with greater flexibility,” he continues. “During difficult financial times, companies are very concerned about their total cost of ownership for all business functions. This includes IT investments and software applications, which are extremely necessary in today’s global market, but can be excessive if not correctly evaluated and deployed.”

Gander says the benefits of flexible On Demand Software products include:

- **Prudent Capital Investments.** By implementing an On Demand Software business model, a user will not overbuy or underbuy software systems to meet client requirements. By moving to a flexible on demand enterprise model, companies can avoid upfront capital investments and pay for the software on a ‘pay-as-you-go’ basis as functionality is required. If an enterprise system is

overbought, it results in an investment that is never realized; if underbought, it may omit users and/or modules that could benefit the company, but are not covered in the upfront capitalized investment. This is a key factor in selecting On Demand Software products today.

- **Strategic Flexibility and Adaptability.** With changing business requirements, using an On Demand Software model can be implemented and deployed faster, creating a greater 'time-to-value' cash flow process. With this model, modules can be added and utilized at any time as business needs evolve along with licensing and usage demands. On Demand Software products also permit a cost effective manner in which to service interim or temporary projects, whereas upfront capitalization does not. It also permits software applications to be used on a 'try before you buy' basis, as it is easier to 'plug-in' new modules as needed than it is to 'unplug' fully capitalized systems.
- **Reduced Internal IT Resource Burdens.** Because On Demand Software can be hosted from and maintained by any database server, there is no requirement to purchase, install, manage or maintain on-site hardware, limiting hardware costs and freeing up IT personnel for other tasks.
- **Permits Business Cycle Scalability.** Software licensing must either be budgeted for peak business cycles or suffer from not having enough licensing and/or modules during peak cycles. On Demand Software enables the user to ramp up functionality sensibly for the business peaks, and save money on the downside of seasonality. This relates to a direct correlation between software costs and business revenues – lowering the total cost of ownership.

"The upshot is that On Demand Software products provide the most flexible and efficient means to drive supply chain excellence while controlling the true cost of ownership in today's variable business environment," says Gander. "The On Demand Software model can add efficiency and cost savings for both the vendor and customer through strong partnerships that enables customers to concentrate on their core business and growing the business. And, as the true value of a software 'sale' can only be realized over a period of time, the vendor incentive for providing successful and more nimble software applications with increased customer ROI is increased."

ABOUT CARGOWISE®

CargoWise is a globally renowned technology provider that delivers an innovative, single platform solution to improve customers' visibility, efficiency, quality of service and profitability. It provides dynamic and efficient solutions for logistics service providers focused on effortless supply chain execution capability in an integrated globally capable enterprise system.

Every day, 2,000 logistics service providers, consisting of 50,000 users in 50 countries, move goods through the global supply chain using CargoWise's ediEnterprise system, a powerful and feature rich software solution developed to meet the ever-changing needs of the logistics industry. CargoWise offers the only single platform supply chain logistics management system that provides integration across all departments and functionality for domestic, regional and global customers. Headquartered in the U.S., Australia and in the UK, the Company operates worldwide from offices across the U.S., Europe and Asia. More information on CargoWise can be found at www.cargowise.com

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