

LSPs need to reimagine
the supply chain network.

Enter Blue Yonder.

Multi-party, multi-enterprise
collaboration is key to success as LSPs
add services, partners and capabilities.



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For decades, logistics services providers (LSPs) have navigated chaos, disruptions and delays—and those challenges have only increased in today’s volatile landscape. From tariffs and geopolitical conflicts to extreme weather and product shortages, modern supply chains are more disrupted than ever. And, as LSPs grow their managed services business, they must master these challenges across networks that include customers, suppliers and other partners.

While smart digital solutions, data optimization and process automation have helped LSPs achieve greater order, structure and predictability, now it’s become imperative to apply advanced technology and related best practices across the broader network. But today digitalization and connectivity often end at the four walls of the LSP enterprise.

Imagine a world where all partners—customers, carriers and suppliers—are connected in real time, collaborate on a common platform, and share the same data, for a single version of truth when making critical decisions. Imagine if the entire network could respond to disruptions and other changes quickly, in a synchronized, orchestrated manner. If this vision of a true supply chain network sounds too good to be true, keep reading.





For most LSPs, the current network approach falls short

How exactly does an “inside the four walls” mindset limit LSPs? Too often, point solutions and disconnected datasets create a myopic focus on certain functional metrics. LSPs might have volumes of data about their on-time, in-full (OTIF) delivery performance—but that doesn’t tell the whole story. What about related data and metrics? For example, how much excess inventory is in the warehouse? How many loads are partial, instead of consolidated? How much is being spent on carrier expediting?

At the next stage of digital maturity, LSPs have connected their internal, point-based solutions on a shared platform—such as Blue Yonder Platform—to centralize data, make informed tradeoffs

and act in concert. This platform-based approach enables LSPs to balance OTIF performance with cost controls and asset utilization metrics. It also enables LSPs to better anticipate, identify and manage disruptions. This is certainly an enormous improvement that increases agility, resilience and profitability, at least internally.

But true supply chain optimization means looking beyond functional metrics, or even enterprise metrics. As logistics outsourcing grows, successful LSPs will be those who focus on digitalization and connectivity at the network level, enabling them to work in harmony with customers, carriers and other partners toward shared metrics and goals.



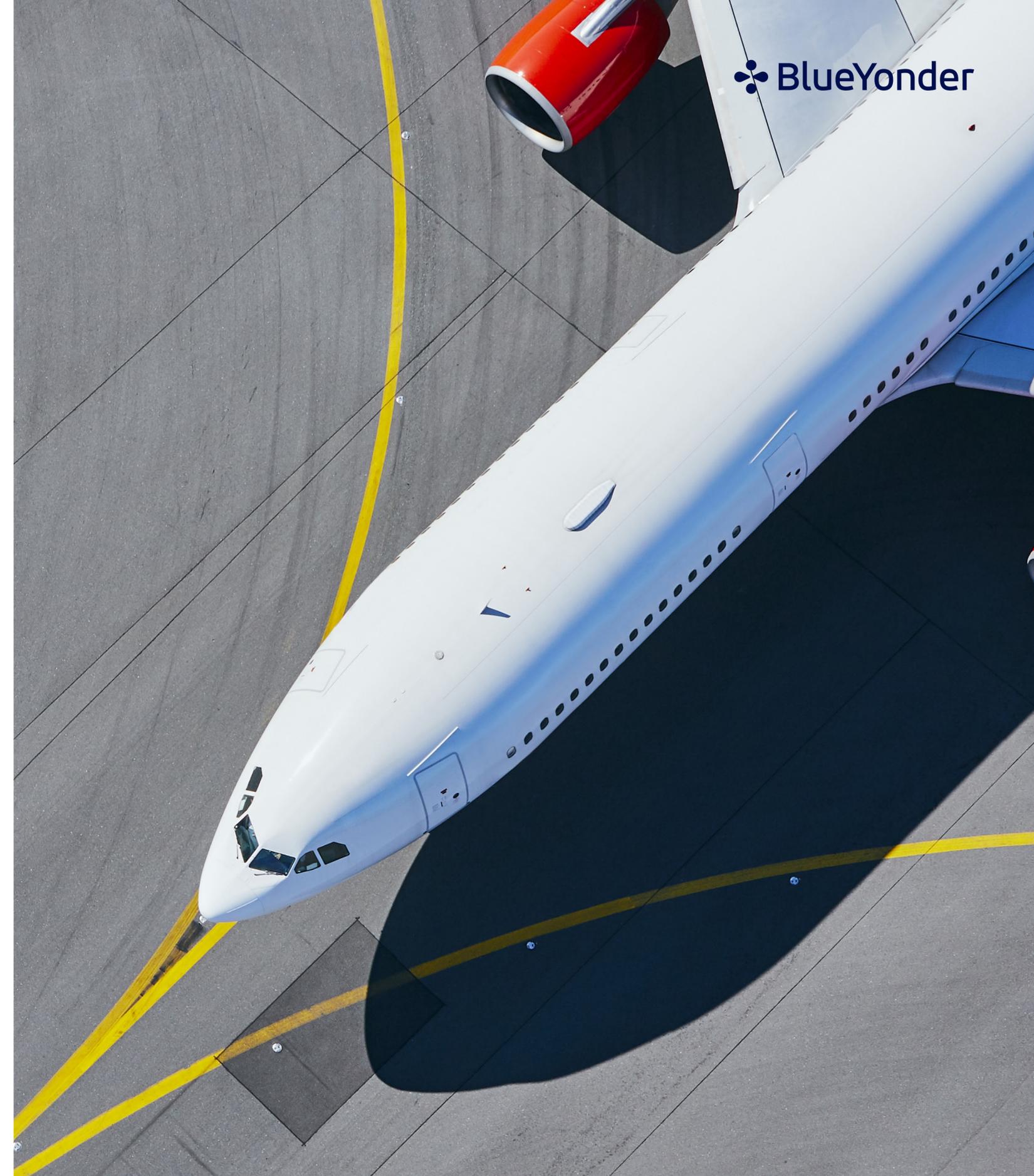
It's time to reimagine the supply chain network

As LSPs know all too well, the modern supply chain network is incredibly vulnerable to disruptions. And a disruption at one node impacts every other node, placing pressure on the entire network to respond quickly and intelligently.

Outcomes are impacted by many factors across the supply chain network—so it only makes sense to connect the network digitally in real time, so every participant can see and focus on those outcomes. By uniting multiple enterprises and multiple tiers of suppliers—even across complex networks such as those in automotive or pharmaceuticals—LSPs can maximize efficiencies, service, sustainability, and other outcomes, while controlling costs. By making optimal decisions and driving more predictable results based on shared data and visibility, the entire network can more easily and transparently make progress toward common goals.

Today's reimagined network is layered, dynamic, real time, and collaborative. The modern world demands not a hub-and-spoke model, but a hub-to-hub network model where every party operates with equal levels of agency, communication and decision-making.

What's the benefit for LSPs? It's simple. To grow their managed services business, LSPs need to successfully orchestrate the supply chain through disruptions, both major and minor. They need to provide their customers with consistent, predictable results, even when faced with supply chain network volatility. A connected network is the only way to achieve that amid today's chaos and uncertainty.



Picture this: A network that's connected in real time

● The table below illustrates the disconnections, inefficiencies and redundancies LSPs experience if they're relying on outdated solutions and processes— instead of using a digital approach that connects and synchronizes the entire network of customers, carriers, suppliers and other partners.

Supply Chain Stage	Redundancies	Disconnections	Anachronistic Tools
Order	<ul style="list-style-type: none"> Manually processed Recurring missing information Reallocations done manually 	<ul style="list-style-type: none"> Order delays treated in siloes Promised on-time delivery missed Order tracking on multiple applications 	<ul style="list-style-type: none"> Order delays treated in siloes Promised on-time delivery missed Order tracking on multiple applications
Inventory	<ul style="list-style-type: none"> Costly inventory buffers Inventory status from multiple locations needs to be requested individually 	<ul style="list-style-type: none"> Too much of the wrong product at the wrong site Unnecessary spoilage, waste, markdowns, and outdated products 	<ul style="list-style-type: none"> Insights at item level or container level are limited. Manually updated Excel spreadsheets
Transportation	<ul style="list-style-type: none"> Manual spot buy-price evaluation Reactive responses to shipping delays or custom clearance requests Limited freight rate optimizations and options 	<ul style="list-style-type: none"> Disruptions communicated manually and individually with partners (if at all) Lack of real-time shipment visibility after carrier pickup Limited visibility into shipment or load consolidation opportunities 	<ul style="list-style-type: none"> Manual reconciliation and optimization of carrier rates, lanes and modes Shipping requests sent via email Limited real-time visibility across all shipments, for both LSPs and customers
Warehousing	<ul style="list-style-type: none"> Manual DC and warehouse booking requests Lack of real-time visibility into incoming shipments Limited insight into future customer demand 	<ul style="list-style-type: none"> Hub and spoke model that hasn't been rationalized High shipping and storage costs Inability to map products to demand 	<ul style="list-style-type: none"> Excessive paperwork and manual checks Failure to capture all DC touchpoints Lack of forward-looking resource scheduling
Vendor/Supplier	<ul style="list-style-type: none"> Repetitive annual RFP processes Vendor CSR and ESG compliance checks 	<ul style="list-style-type: none"> Production and shipping term discrepancies Undercharges and overcharge 	<ul style="list-style-type: none"> Every relationship is managed with a point-to-point integration

What does a mature network look like?

Modern supply chain networks are communities of trading partners that collaborate in real time to execute decisions, processes and workflows across multiple enterprises. A mature network is enabled by a connected, digital ecosystem. The result? LSPs can optimize their speed, costs, service levels, and other results, together with partners, live, in real time. A collaborative, modern supply chain network has the following distinguishing characteristics.

A single version of truth (SVOT)

In a mature network, all parties operate, analyze and collaborate using the same dataset. Instead of multiple applications trying to talk to each other via archaic field mapping and fragile API integrations, a healthy digital supply chain network works from a single, semantic dataset—and communicates natively. AI agents spot issues early, alert all parties and propose multiple solutions—with a clear picture of how each would impact the whole network, as well as the LSP business specifically. All parties reduce the risk of taking ill-informed action—and breaking something upstream or downstream.

A hub-to-hub model

A multiparty hub-to-hub model enables end-to-end visibility, actionability and intelligent orchestration. It's also scalable. All parties are equal within the network, which may require a paradigm shift for LSPs serving complex, multi-tier supply networks such as the auto industry. In the hub-to-hub model, LSPs can manage their own operations, while leveraging powerful AI and analytics to consider all the complexities of thousands of trading partners and millions of daily transactions. Replacing the traditional hub-to-spoke model with a modern hub-to-hub model is the natural next step of network maturity. It's built to accommodate the complex and vulnerable nature of the modern supply chain.

Rapid vendor sourcing, procurement and onboarding

LSPs can optimize their managed services business for cost and service, while mitigating unknown risks, by working within an established business network of customers, partners, carriers, and other supply chain participants. Industries such as automotive, pharmaceutical and retail have supply chain parties and stakeholders in the thousands. LSPs can successfully serve these segments by being able to procure or terminate services quickly, as well as onboard new vendors just as quickly.



LSPs need to capitalize on the “network effect”

▶ Your organization

Imagine if LSPs could confidently make data-driven decisions and predict the outcomes with confidence, improving margins, service levels, sustainability, and other critical metrics. Participating in a collaborative, digital network naturally leads to cost reductions and other benefits across transportation, warehousing, inventory optimization, and order management.

▶ Your people

The labor shortages in warehousing and transportation are well known—so it’s critical for LSPs to satisfy and retain employees. Via a modern network approach, day-to-day work involves less reactive crisis management and more strategic, focused achievement. Employees make faster, easier decisions with less fire-fighting. Blue Yonder makes it easy to digitize logistics operations and connect them to a larger network via user interfaces that are powerful, intuitive, and infused with AI agents—while still being accessible, mobile and generally employee-friendly.

▶ Customers

For LSPs, their direct customers include manufacturers, retailers, wholesalers, and others who choose to outsource their transportation and distribution activities. By sharing a single source of data and truth with these customers in real time, LSPs allow them to track and manage deliveries, see and anticipate disruptions and delays, and understand their practical impacts. LSPs can problem-solve transparently, in real time, with customers, guided and informed by AI. Having the right data at the right time positions all parties to take fast, collaborative action when demand conditions change, shipments are delayed, or disruptions loom.

▶ End customers

The end customer receives more value and a higher level of service from companies that are networked together. End customers enjoy greater real-time visibility, more fulfillment and delivery options, and more personalized services like product returns. Satisfying the end customer means LSPs have the chance to win increased revenue and repeat business from their retail, manufacturing and wholesale customers.

▶ Carriers and other suppliers

LSPs and their suppliers who operate within a cohesive digital network can modernize outdated, labor-intensive, slow processes like RFPs and procurement, as well as route and rate optimizations. Real-time data, visibility and communication provide LSPs with more options—while prescriptive analytics protect their freight costs from volatile carrier spot rates. LSPs can enjoy closer, more integrated supplier relationships that result in fewer delays, shipping term discrepancies, overcharges, miscommunications and tracking limitations.



The benefits of a connected network approach help LSPs drive better performance at a lower cost in today’s volatile supply chain landscape. But the impact doesn’t stop there. The “network effect” creates positive results for every participant in the larger supply chain.

 “The real value proposition of a 4PL is to create a solution by drawing best-in-class capabilities from many different service providers in the industry”

David Gonzalez

Vice President Analyst, Logistics
and Fulfillment at Gartner®





Visibility and orchestration are key to network optimization

One of the most important benefits of a network-based approach is the opportunity to add a next-gen control tower capability like Blue Yonder Supply Chain Command Center. Enabled by AI, this solution scans the network 24-7-365, identifying exceptions and unexpected events—then running what-if scenarios to estimate and minimize their impact. LSPs can manage disruptions quickly and proactively, before they impact costs, customer service and other key metrics.

Blue Yonder Supply Chain Command Center facilitates:

- The dynamic exchange of real-time, live information, signals and resources among network members with permissions, via a shared data platform
- A SVOT via a master data management (MDM) system
- AI-infused agents to increase efficiency across the network
- Autonomous processes that sustain the network's health
- Rapid, early identification of disruptions or exceptions across the network
- Access to resources, such as tools, end-to-end capabilities, predictive analytics, and prescriptive solutions that fuel activity within the network



The real value of the network: Driving greater certainty for LSPs

In a thriving, connected digital supply chain ecosystem facilitated by Blue Yonder Network, LSPs are enabled by real-time visibility, collaboration and actionability, with clear real-time views across all layers of the supply chain. Increasingly, an LSP's robust network—and how they strategically use it to serve customers—determines their ultimate success or failure in today's world.

If you're ready to transform from a traditional, disconnected and reactive supply chain approach to a fluid, fast and connected network model, contact Blue Yonder.

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