# DESCARTES™

## THE ULTIMATE GUIDE:
# Freight Forwarders & Digitization

PART 1 OF 3 | Providing World-class
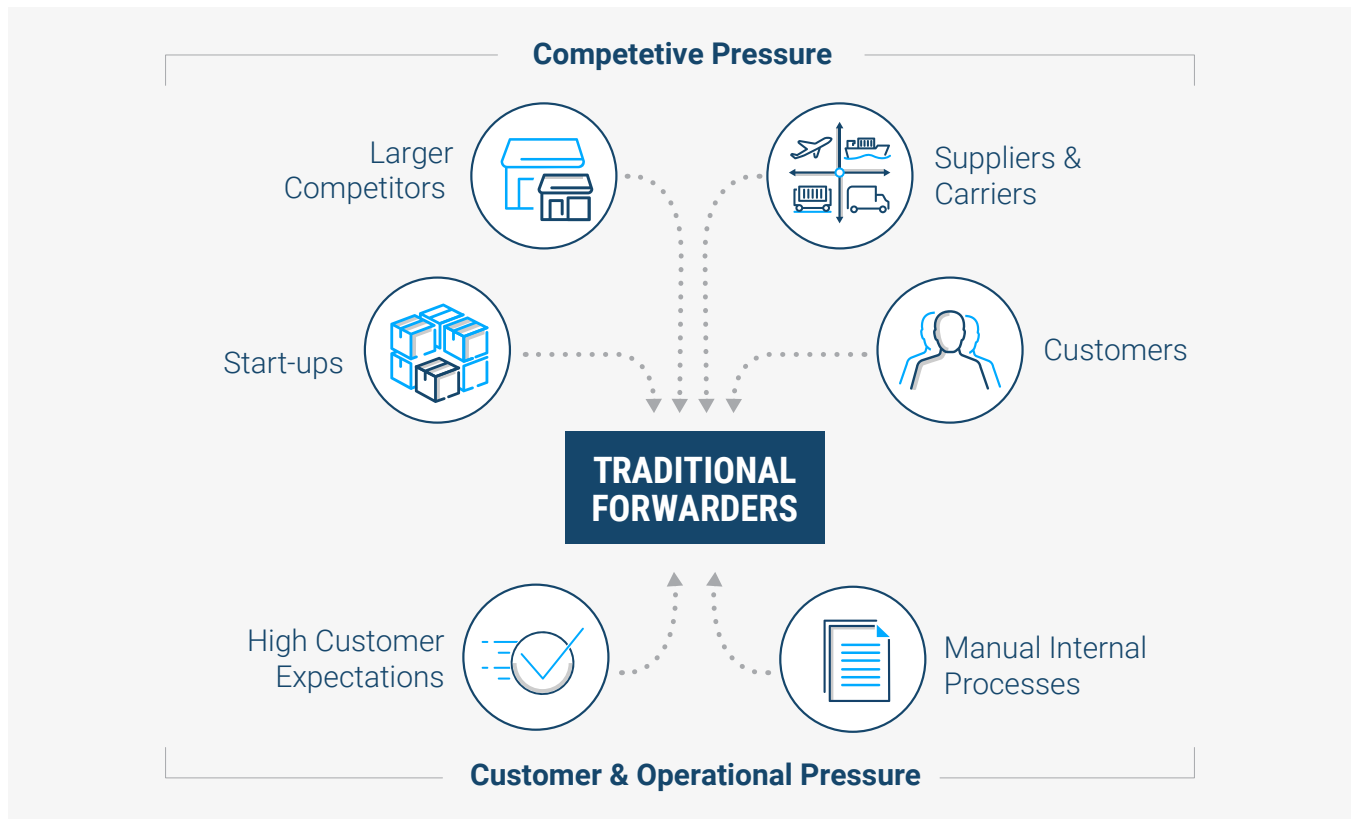Customer-facing Enablement

# Introduction

The freight forwarding industry is changing. With stiff competition and high-customer expectations, forwarders know they need to digitize to thrive. This guide is the first in a three-part series that explores how freight forwarders are digitizing to maintain market share using:

1. **Customer-Facing Enablement** – Today's customers anticipate online visibility, continuous communication, and self-service access.

2. **Integration, Connectivity, and Analytics** – Seamlessly passing data between trading partners is fundamental to effective digitization.

3. **Intuitive Process Automation** – Automating as much manual work as possible can free resources and help forwarders untangle from legacy analog-driven, labor-intensive processes.

This initial installment on customer-facing enablement covers:

- How the freight forwarder landscape is changing: The pressure to digitize.

- How to provide optimal customer-facing enablement: What customers want.

- A technology self-assessment.

# How the freight forwarder landscape is changing: The pressure to digitize



**Competetive Pressure**

Larger Competitors

Suppliers & Carriers

Start-ups

Customers

**TRADITIONAL FORWARDERS**

High Customer Expectations

Manual Internal Processes

**Customer & Operational Pressure**

Innovative competitors are shaking-up the industry and pulling revenue away from traditional forwarders. At the same time, customers with high expectations are calling for digital services. In this environment, forwarders know they must adapt operations.

**Competitive Pressure**

Today's competitors are innovative, reactive to customer needs, and include:

- **Recent Market Entrants** – Well-funded and with a "clean" technology sheet, recent market entrants are focused on the digital customer experience.

- **Larger Players** – Established and with a high volume of capital on-hand, larger competitors have a substantial customer base that expects the same services from other forwarders like you.

- **Suppliers & Carriers** – It is becoming more common for carriers to sell directly to shippers. Likewise, suppliers are also interfacing with the end customer and challenging the role of the traditional forwarder.

- **Customers** – Select customers, especially those with access to a broad range of technological resources, are developing platforms to move their own goods.

There is also fierce competition between the traditional forwarders themselves. Descartes' own research has shown that 47% of forwarders view "other forwarders like me" as a primary competitive challenge.

**Customer and Operational Pressure**

There are two additional pressure points that are pushing forwarders to digitize:

1. **A Tedious Customer Experience**

   From quoting, booking, to confirmation, there are often multiple points of contact between customers and traditional forwarders. While forwarders might perceive multiple interactions as excellent customer service, modern clients who are accustomed to information on-demand may perceive the process as tedious. Without real-time tracking, customers who that cannot check arrival times or obtain a rate immediately may explore competitive options. Forwarders that can offer a premiere customer experience may be better equipped to meet high expectations.

2. **Manual Processes**

   Many forwarders' internal operations remain enmeshed in manual, labor-intensive processes. For example, the traditional offline quotation and booking process is lengthy and cumbersome. Still, many companies rely on email, personal handoffs, and calls to convey shipping information—all time-consuming and error-prone methods.

   Forwarders are also under pressure to keep operational costs down but know they cannot "cost save" their way to prosperity.  Digitization helps forwarders automate previously manual activities such as shipment planning, booking, document management, regulatory compliance, and accounting.

Market leading forwarders also know that the above challenges are not mutually exclusive. Forwarders should look for a solution that can simultaneously meet external customer expectations, automate processes, enable digitization, and lower costs.
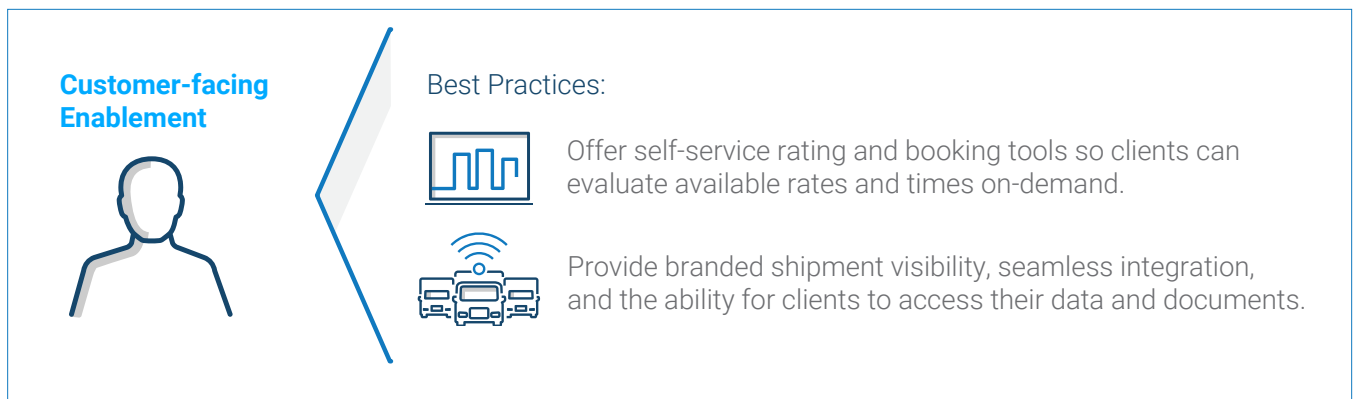
*Descartes' own research has shown that using automation to drive-up agility was **the top overall tactic (61%)** that forwarders viewed as a priority to improve margins.*

## How to provide optimal customer-facing enablement: What customers want

Building upon their personal experience while online shopping, customers now expect information on-demand from their forwarder. They want to access information and book shipments online. Customers also want value. They want to compare cost vs. transit time estimates at-a-glance to get the best price. They want to book a shipment easily or use business rules that automatically select the best option. In addition, today's customers are not bound to their desktop and want to book shipments or check rates from mobile-enabled devices.

Customers also want visibility. They expect real-time tracking throughout the shipment lifecycle through to the point-of-delivery. Visibility also includes access to their data and documents such as bills of lading.  Customers also want to know when their shipments have cleared customs or if an exception has occurred. They want to know that forwarders are performing the necessary steps needed for compliance. Also, if a shipment delay occurs, customers want to know the shipment status so they can adjust labor resources and notify their own clients of the estimated time of arrival.

Forwarders who can make it easy for customers to find the best rates and book shipments need to be smart about how they deploy these services. The right technology should present the forwarder's brand as the face behind the technology. As a result, the forwarder maintains control of the interaction while providing customers with a premiere experience.

**Customer-facing Enablement**

Best Practices:

Offer self-service rating and booking tools so clients can evaluate available rates and times on-demand.

Provide branded shipment visibility, seamless integration, and the ability for clients to access their data and documents.

*By providing a premiere customer experience and self-enabled booking and tracking, forwarders are better able to stand out in a competitive marketplace.*

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# A technology self-assessment

The below questions are geared to gauge how your existing technology is servicing your client base. Use these questions to help home-in on any points where improvements or changes could be made.

**Online rating tools:** Can customers evaluate rates and service times and book online?

**Access to information:** Does your web-based portal or visibility tool allow customers to easily search shipments, manage documents, and view cargo statuses?

**Real-time visibility:** Does your technology allow customers to see real-time shipment status online or do you require them to contact you?

**Branding:** Does your online portal show your customers your brand and logo?

**Integration:** Does your technology easily integrate or bolt-on to your current platforms?

## Conclusion

The freight forwarding world is changing, and digitization of the customer experience is critical to thrive in the future. Customers are demanding self-service solutions, better control over their shipments and documents, and real-time visibility. Digitization provides an excellent opportunity for forwarders to streamline the booking and tracking processes to reduce costs, provide a better customer experience, and focus resources on higher value customer activities. Today's digital customer experience portals can be added to existing back office solutions to jump start the process to becoming a fully digital forwarding operation. It is those forwarders that can rapidly deliver a premiere customer-facing self-service solution that are better positioned to excel in a competitive environment.

## We're Here to Help

No matter the size of your freight forwarding operations, Descartes can help you better compete. It is our domain expertise and understanding of the complex freight forwarder and customs brokers market that sets us apart. Our solutions enable large and small organizations to take advantage of robust capabilities for bookings, security filings, customs entries, multimodal shipment management, rating, quoting, and financial management. Descartes' web-based, white-labelled online customer visibility portal can help you keep your client base well-informed to make critical supply chain decisions and can easily bolt-on to existing platforms.

Contact us to learn how Descartes can help you digitize and offer world-class customer-facing enablement.

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Please look for the next installment in our series on Digitization, **"Integration, Connectivity, and Analytics."**

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## About Descartes Systems Group

Descartes (Nasdaq: DSGX) (TSX: DSG) is the global leader in providing on-demand, software-as-a-service solutions focused on improving the productivity, performance, and security of logistics-intensive businesses. Customers use our modular solutions to route, schedule, track and measure delivery resources; plan, allocate and execute shipments; rate, audit and pay transportation invoices; access global trade data; file customs and security documents for imports and exports; and complete numerous other logistics processes by participating in the world's largest, collaborative multimodal logistics community. Our headquarters are in Waterloo, Ontario, Canada and we have offices and partners around the world.

Learn more at www.descartes.com and connect with us on LinkedIn and Twitter.

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