

THE ULTIMATE GUIDE:

Freight Forwarders & Digitization

PART 4 OF 4

Global Price Management (GPM)



Introduction

Customer expectations are rising—They want instant access to quotes online and to book with confidence knowing that space has been allocated for their shipment. They also want competitive rates, to be able to get accurate landed costs, as well as be presented with alternate shipping options to the point-of-delivery.

Forwarders are also facing unprecedented challenges. They need to:

- Respond to customer quote requests without delay
- Generate rates that reflect the current shipping market conditions
- Help ensure that they are priced correctly to maximize margins

It is not feasible to meet all these customer demands through a do-it-yourself build-it approach. Managing rates globally is an incredibly complex process to capture, organize and present them in a real-time way to customers and the sales team. It can be a significant investment to start from scratch and cannot take years to come to fruition. With competing priorities and IT constraints, forwarders need to find best-in-class solutions that have a proven track record that quickly deliver results.

A new class of digital solution for forwarders has emerged called Global Price Management (GPM) that takes routing, rating, margins, capacity and schedule information into account to provide customers and the sales team with comprehensive pricing and service recommendations.

This 4th installment in our series focused on digitization covers how successful forwarders are deploying GPM to differentiate their service offering and improve the bottom line.

It explores how innovative forwarders are combining a digital customer booking experience with automated price management to capture market share and improve profitability.

Global Price Management (GPM)

Global Price Management is a new class of digital solution for forwarders which takes routing, price, capacity and schedule information into account to provide customers and the sales team with comprehensive pricing and service recommendations.

Part 4 of Descartes' series on freight forwarders and digitization explores how forwarders are using Global Price Management to maintain acceptable margins, keep labor costs down through automation, exceed customer expectations, and differentiate their services.

The Pressure is On!

Forwarders are investing in technology in response to the additional services their customers expect and to offer value-added services that differentiate them against their competition. Innovative technologies allow them to streamline labor intensive activities including rates and carrier contracts.



RATE MANAGEMENT

Control and manage transport rates for ocean, air, and land in one global database



CARRIER DATA EXCHANGE

Connect directly to transportation providers to automatically receive contracts and updates



ALLOCATION MANAGEMENT

Manage ocean carrier allocations and ensure that bookings get onboard the right vessels



EFFECTIVE PRICING

Easily coordinate go-to-market pricing strategies with extensive mark-up logic



DIGITAL FORWARDING

Use digital tools to enable customer quoting and booking



SPOT RATE MANAGEMENT

Receive instant quotes to compare contracted rates with available market levels



REPORTING

Analyze data and interface information with existing BI tools to grasp trends



DETENTION & DEMURRAGE (D&D)

Manage D & D agreements and connect shipment information to prevent unwanted costs



DATA MANAGEMENT

Better use and repurpose information and improve internal data structures



API CONNECTIVITY

Use APIs to interface GPM data with TMS, CRM, or other systems



VGM INTEGRATIONS

Ensure seamless compliance with SOLAS VGM regulatory requirements



CUSTOMER QUOTING

Create customer quotes directly from GPM according to existing formats and business practices

Global Price Management

Use GPM to optimize and protect prices globally throughout the entire life cycle of the product.

Customer Pressure

Forwarders are investing in technology in response to the additional services their customers expect and to offer value-added services that differentiate them against their competition. Innovative technologies allow them to streamline labor intensive activities including rates and carrier contracts.

Operational Pressure

Forwarders are challenged to be reactive to customers' requests, while at the same time ensuring the accuracy of the quote (price and service) and maintaining their margins. So not only are non-digital forwarders struggling to be responsive, but quoting is also the number one time drain for them.

Non-digital forwarders also struggle to keep pace with the speed of rate changes in today's market. Here are some examples where manual, static systems simply can't keep up with market fluctuations:

- Adjust prices for different commodities, trade lanes, or peaks
- Gauge if their rates are competitive by comparing their price points with worldwide freight rate benchmarks
- Grow their business by empowering their sales teams with attractive rates

At the same time, forwarders struggle with the pressure of administrative overhead as they:

- Maintain contracts and negotiated rates
- Jump between carrier portals and cumbersome schedule portals

Digital forwarders have reduced operational stress by automating the most labor-intensive aspects of their business such as rate management, quoting, capacity management as well as detention and demurrage.



Multiple pressure points are causing forwarders to evaluate their operational and IT systems. It is clear that manual, legacy or bespoke solutions are not agile enough to keep pace with volatile market conditions.

A solution is needed to automate processes, deliver the digital experience that customers expect, and boost the bottom line.

Global Price Management

Digital forwarders are adopting Global Price Management to enhance the customer experience, increase the accuracy of their quotes, and better reflect the changing conditions—all while reducing the effort to produce them and maximizing shipment margins. A **Global Price Management** solution can adjust to changes based upon multiple internal and external variables—**not just carrier rates!**

A best-in-class GPM is also good at collecting data from multiple parties, analyzing it, and serving it up to customers. A modern GPM can aggregate data from carrier, customer, and internal systems using low-tech protocols as well as via modern standards such as APIs.

GPM doesn't expect forwarders to swap out deeply embedded internal platforms. It can use the data from multiple systems and parties intelligently to provide a true gauge of margins and past performance.

GPM is truly a win-win for customers and forwarders. Forwarders can thrill clients by offering competitive and accurate quotes, shipment choice, and digital customer experience! The forwarder also benefits from automated processes, better decision making, and the confidence that their business remains profitable.



Opportunities for GPM

The following chart highlights some of the prime opportunities for GPM, common legacy practices, and the best practices of digital forwarders.

Automation Opportunity	Legacy Practice	Best Practices of Digital Forwarders
Delivering quotes to customers	Quote customers via email or phone for every shipment	Automated self-service quoting
Carrier connectivity	Connect to only select carriers for ocean and air	Complete multimodal connectivity across ocean, air, and LTL to the point-of-delivery
Landed cost estimates	Provide estimated quotes that may not incorporate all surcharges	Accurate quoting complete with on-target demurrage fees and "assessorials"
Rate benchmarking	Manual or incomplete knowledge of how rates compare to the market	Dynamic knowledge of current market freight rates and even competitive insight
Systems connectivity	Data entry into current systems or connectivity using legacy protocols	Publish and give access to rates to multiple systems via real-time via all protocols including APIs
Pricing	Calculate mark up and review rates from different carriers manually	Automatically blend buying rates from different suppliers and mark it up appropriately to maintain profitability
Invoicing and auditing	Use labor-intensive processes to generate invoices and retrace performance for auditing	Seamlessly create invoices and dynamically create acceptable minimum margins, and use comprehensive reporting for auditing
Regulatory compliance	Use multiple systems or government or port platforms to enable regulatory compliance	Repurpose information and stream it to government or ports efficiently and automatically
Allocation management	Use spreadsheets or multiple carrier portals to estimate bookings	Use previous booking patterns, cross referenced with available space, to strategically manage allocations during peaks and troughs
Carrier schedule management	Manually check for ocean sailing schedules or air flight passenger versus freighter availability	Use fully-integrated multimodal vessel and flight scheduling and match this with customer demand
Sales enablement	Sales personnel are unsure if they're offering potential customers the best value	With more accurate and competitive rates on hand, sales teams are better equipped for business development



GPM Success Story: Everok Group **Achieving Better Price Decision Making with GPM**

Global forwarder, Everok Group International Forwarding Co., Ltd., needed to better manage price decision making to ensure better margins. They used Descartes GPM™ to compare transportation choices and deliver better rates to their customer base with visibility to margins.

“Working from a GPM unified platform enables sales processes, business management, and decision making for the next iteration of freight forwarding, providing Everok Group greater control and improved visibility over margins. It allows users to easily compare transportation options, choose the right partners, and ensure correct invoicing and auditing, all with minimal manual work. This not only delivers benefits for Everok Group, but also for the worldwide customer base that relies on our high-quality service.”

Cassie Hu, Assistant President, Everok Group
Assistant President, Everok Group

Conclusion

Customers expect competitive rates and want them delivered into an easy-to-use web-based portal. At the same time, forwarders know that they must deliver what customers expect while being profitable. Digital Forwarders are using technology that combines a customer-facing platform and populating it with complete, accurate, and competitive rates. They are ensuring that they maintain acceptable margins, keeping labor costs down through automation, thrilling their customers, and differentiating their service offering.

We're Here to Help

No matter the size of your freight forwarding operations, Descartes can help you digitize to better compete. It is our domain expertise and understanding of the complex freight forwarder and customs broker market that sets us apart. Our solutions enable large and small organizations to take advantage of robust automated 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. Our solution is powered by the most complete and up-to-date multimodal rates and schedules to provide customer choice and help forwarders maintain margins.

About Descartes Systems Group

Descartes 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, software-as-a-service 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](#).

Uniting the People & Technology That Move the World.