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THE ULTIMATE GUIDE:
Freight Forwarders & Digitization

| PART 2 OF 4 | Collecting Data & Effective Integration |

Introduction

To compete, freight forwarders must accelerate their operations and automate slow, non-value added activities. Customers also expect that their forwarders are tightly connected to their logistics ecosystem. In addition, customers expect to access information on-demand via a full range of digital options. Many forwarders do not have strategies in place to digitize and struggle to see the value of digitization for themselves, their logistics partners, carriers, and even customers.

The good news is that there is a four-part formula to become a successful digital forwarder.

This is the second installment in our series, "The Ultimate Guide: Freight Forwarders and Digitization". The series covers the value of embracing the digital trend, common challenges, and the four steps needed to digitize including:

1. **Providing customer-facing enablement:** The first part to becoming a digital forwarder is to provide customers with the self-service experience they now expect. Those forwarders that can enable online bookings, rate comparisons, and real-time visibility are better equipped to make and keep customers. Read Part 1 of the Series Here

2. **Collecting data and effective integration:** The second part to digitization is to effectively connect with logistics partners and customers via a flexible range of methods. Digital forwarders are also using networks to extend the utility of internal systems which allows them to do more.

3. **Automating processes:** The third part is to automate as much manual work as possible. Successful digital forwarders are freeing resources to perform core business activities and untangling from legacy analog-driven processes. Read Part 3 of the Series Here

4. **Utilizing Global Price Management (GPM):** Finally, digital forwarders are using Global Price Management to maintain acceptable margins, keep labor costs down through automation, exceed customer expectations, and differentiate their services. Read Part 4 of the Series Here

In part two of "The Ultimate Guide: Freight Forwarders and Digitization," we explore the best practices to collecting data and effective integration.

Effectively connecting to logistics partners and linking backend systems

What's Holding Forwarders Back?

Digitally-enabled forwarders better leverage the information of their trading partners and carriers to serve their customers. To do this, they treat integration as a core competency and deploy a wide array of methods to connect their ecosystem. This approach flies in the face of traditional forwarders that still rely on email, phone, and fax. Even when more sophisticated integration practices, such as Electronic Data Interchange (EDI) or Application Programming Interfaces (APIs) are used, the 80/20 rule still applies. Connecting to third parties and internal systems manually hinders an organization's ability to serve customers in real-time and wastes valuable resources.

The challenge for forwarders is to understand the value of streamlining all of their operations via internal and external integration. There must be a flexible approach to cost effectively connect the ecosystem and address a diverse range of technical capabilities.

The wrong conclusion to draw is that forwarders should take this task on by themselves. Instead, they need a balanced approach that:

- Uses network-based services that provide them with the greatest connectivity to their ecosystem

- Includes integration-savvy applications to help to converge communications across backend systems to provide a single face to customers

- Limits direct connections to high-value integrations

A balanced approach addresses the two most important parts of an integration strategy:

1. It's about getting the network integrated as quickly as possible

2. Management is ongoing since customers, carriers, and logistics partners constantly change

Why traditional data collection practices will not work

Slow-speed do-it-yourself integration and manual practices limit forwarder competitiveness since they:

- **Are not scalable and not sustainable**

- **Take too long to connect the ecosystem**

- **Tie-up critical resources and money that could be applied to what forwarders do best— building relationships with customers and moving freight**

Creating the Digitally-enabled Forwarding Enterprise

Logistics is a multi-enterprise process and forwarders sit right in the middle of it. Forwarders must view digitization as streamlining not only their own processes, but that of the entire value chain. This is why carrier and logistics partner integration is so important. Forwarders need to view connectivity as increasing the speed of their business, making it more agile, and enabling a superior customer experience. Specifically, the integration focus should be on reducing the cost to collect critical shipment information and serving it to customers on-demand.

Forwarders need to consider that other than relationship building and problem solving, any other manual process does not add value to the business and ties up critical resources. Accelerating the digital transformation is critical to a forwarder's success and getting the widest range of carriers and logistics partners integrated the fastest, regardless of integration method, is the best approach. For example, a number of carriers may start using a portal to interact since more sophisticated methods, such as EDI or APIs, will take too long. The same goes for leveraging networks of carriers and logistics partners that exist today– the breadth of connections matters the most.

The use of networks can also help accelerate the data transformation and routing process, including the reuse of critical data. For example, shipping request data should be repurposed as a booking, transformed into a security filing, and archived for regulatory compliance.
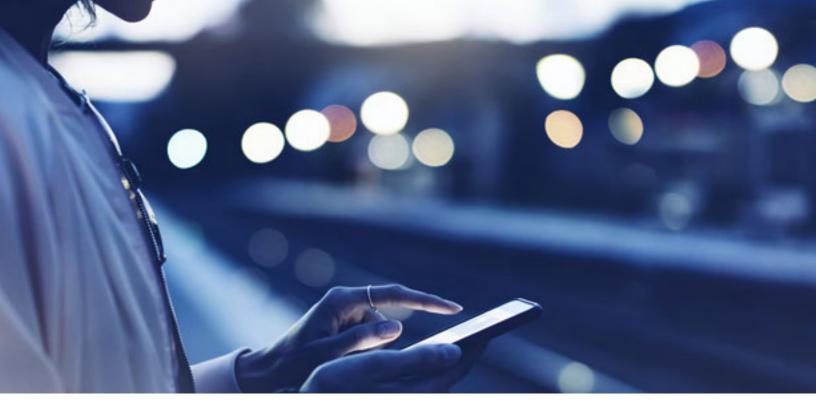
Networks Add Value to Backend Systems

Digital forwarders know that using a network does not necessarily mean giving up the systems they already have in place. Best-in-class networks extend the utility of internal systems and allow forwarders to do more. The right network should also link multiple internal systems and easily connect with logistics partners via a range of protocols.

CUSTOMER SUCCESS STORY

Encore Forwarding, Inc. (EFI) was using a "do-it-yourself" approach to connect to carriers and internal systems. The twenty carriers they connected were submitting information via a wide range of formats. As a result, Encore's IT team had to clean-up the data. For non-connected carriers, employees had to check carrier websites, search by bill of lading, and rekey data into their in-house system. Encore selected Descartes to link to a broad network of connected multimodal carriers, forwarders, and regulatory agencies. With the Descartes system in place, Encore now receives electronic real-time status updates to and from carriers and provides automatic customer visibility.

Read the full success story here

DESCARTES

Effectively connecting with customers

Customers expect to be able to communicate with their forwarders using multiple methods. Low-volume customers will use self-service portals while high-value customers will want more sophisticated connectivity options such as EDI or APIs. All customers will want a digital experience beyond the basic transactions to analyze their shipments and evaluate the forwarder's services.

Forwarders need to digitize their communications to meet the stringent demands of customers. Through digital connectivity, forwarders can react faster to customer needs and provide them with greater visibility. At the same time, forwarders can benefit from reduced costs. They are also freed to focus on value-added customer relationship building as opposed to order taking and chasing down shipment statuses.

Finally, forwarders need to take the same approach to customer integration as they do with carrier and logistics partners— a portfolio strategy. The right solution should offer a broad range of connectivity options to suit both low-tech and high-tech customers.

Conclusion

The forwarding market is changing rapidly. Customers expect forwarders to more agile, offer greater visibility, and provide information on-demand. The only way forwarders can do that is by digitization of their ecosystem. Forwarders should use digitization as their opportunity to rethink their processes, change their processes, and profit.

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 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.

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.