

THE ULTIMATE GUIDE:

# Freight Forwarders & Digitization

PART 3 OF 4

Effective Automation





## Introduction

To accelerate operations and become a digital forwarder, freight forwarders must automate time-consuming, non value-added activities and refocus resources on what they do best—moving freight, etc. However since many forwarders are tied to manual processes that consume bandwidth, they struggle to offer the higher value services that can drive profit.

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

This is the third 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:

- **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](#)
- **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. [Read Part 2 of the Series here](#)
- **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.
- **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](#)

## Do What You Do Best and Automate the Rest

Over 20 years ago, sectors like the travel industry moved away from manual procedures and paper-based ticketing to digital processes. With margins tightening, airlines also realized that they could eliminate costs and streamline the booking process by enabling customers to book flights directly.

Today, no one thinks twice about using the airlines' websites to evaluate schedules, compare rates, and book flights. This is a clear lesson for the cargo industry, but it also represents an opportunity to enhance business performance. Since customers are quite willing to do their own work, domain experts are relieved of mundane processes. With resources freed, business can focus on activities that increase revenue and customer stickiness.

In a highly competitive industry, freight forwarders are also looking for ways to be more efficient and support rapidly evolving customer requirements. Market leaders are thinking strategically about how they conduct business and are:

- Determining which tasks could be standardized, streamlined, and automated
- Refocusing customer- and carrier-facing resources on relationship building and problem solving to improve customer service
- Introducing higher-value services to drive revenue and boost profitability

## COVID-19 Has Underscored the Imperative to Automate Processes

The pandemic has shown freight forwarders that they must be nimble and more operationally efficient. COVID-19 has prompted many forwarders to examine manual processes that could be automated. They were asking questions such as:

- **Am I still calling multimodal carriers to get rates?**
- **Do I offer a portal for customer booking but then manually re-enter that data in other systems?**
- **Do I have difficulty processing a high volume of entries?**
- **Do I still rely on manual Harmonized System (HS) classification?**
- **Am I switching between multiple systems to manage my business?**

Those forwarders who answer 'Yes' to any of the above questions may face challenges while those who have digitized can more readily scale operations without adding resources.



## A Customs Brokerage: Automating Shipment Management to Grow Business

A Customs Brokerage was reaching a stage where additional automation was needed to maintain the highest caliber of customer service. Through automating shipment management and other compliance related tasks, they were able to take on more business, add new services, and improve productivity. As a result, they increased shipment volume by 25% and improved productivity by 15%.

“We have seen a 25% increase in volume since implementing Descartes’ technology. The technology and automation offered by Descartes helped us not just increase the number of customers but gave us an opportunity to grow our range of service offerings. This has helped drive our business to a higher level of operational efficiency.”

**Gabriel Rodriguez**  
President, A Customs Brokerage



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## Automation Opportunities

Digital forwarders view automation as an opportunity to improve productivity and accelerate business growth. The following chart highlights some prime opportunities for automation, common legacy practices, and the best practices of digital forwarders:

Automation Opportunity	Legacy Practice	Best Practices of Digital Forwarders
Quoting Customers	Quote customers via email or phone for every shipment	Provide a self-service portal that can quote customers automatically for basic as well as complex multi-leg shipments
Carrier Connectivity	Connect to each carrier or use carrier portals to book, track, and monitor shipments	Use network-based services that can quickly connect to a broad range of multimodal carriers
Linking Internal Systems	Use IT resources to connect and maintain links between internal platforms	Use integration-savvy applications to converge communications across backend systems
Agent and Partner Communication	Rely on email or spreadsheets to communicate with agents and partners	Provide a platform to enable both low-tech and high-tech agents and partners to easily enter and receive information
Customs Clearance	Enter one-off declaration and security filing details or use government portals to connect to government agencies	Use systems that can automate routine or high-volume clearance work, transmit data to government agencies, and enable automated recordkeeping
Documentation	Prepare documents by populating desktop templates or require customers to provide their own documentation	Collect data from customers via a web-based platform or offer methods for higher volume customers to transmit information automatically
Shipment Management	Coordinate shipments by continuously updating internal systems with shipment status details	Use a system that can view and manage all shipments at-a-glance via an integrated, exception-driven dashboard
Accounting Processes	Use separate platforms for shipment management and accounting	Use a solution that can automatically repurpose shipment data for billing and financial reconciliation
Customer Visibility	Provide customers with access to a web-based portal that lists their shipment status	Offer a customizable dashboard so customers can view and sort their shipments, connect with the forwarder, and share information
Reporting and Analysis	Use spreadsheet-based reporting to monitor customer patterns and internal performance trends	Use solutions that can offer a deeper level of insight into customer booking, quoting, and rating trends as well as internal performance

The legacy practices and best practices share some commonalities. Each legacy practice pulls resources away from accelerating business growth while the best practices free resources through automation. With the time freed by automating routine tasks, forwarders can reallocate resources to revenue generating opportunities. Market leading forwarders have more time to nurture customer relationships and take on more business using existing labor.

Digital forwarders are better equipped to explore customer requirements and discover other services that would benefit their client base, reduce costs, and speed processes. The key is to use technology that provides a high degree of automation, is engineered with a solid understanding of a forwarder's complex requirements, and provides customers with digital tools.



## **aircitypost:** A Success Story from a Business that Digitized and Enabled Streamline Compliance

Freight forwarder aircitypost was gaining business using Section 321 Type 86 U.S. customs entries to clear low value ecommerce shipments. The challenge was that the labor needed to sustain the volume of entries was not sustainable. They needed a solution that could automate as much of the filing as possible. They looked to Descartes to process a large number of filings electronically. As a result, aircitypost was not only able to scale their business and drive down costs, but focus on specialized ecommerce shipment management.

“Descartes helped us scale our business and completely automate filing lower-value ecommerce shipments. Using the Descartes solution, we’re helping an average of one to two million ecommerce shipments per month get to their destination faster without increasing costs.”

**Frank Casano**  
CEO, aircitypost

**aircity**post

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## Conclusion

Market leaders are taking a hard look at manual tasks then redistributing labor and resources where they can derive maximum revenue. They are automating processes that do not add value with technology and focusing on more tasks that will move the top and bottom line. Best in class forwarders are using 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 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.



## 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](http://www.descartes.com) and connect with us on [LinkedIn](#) and [Twitter](#).

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