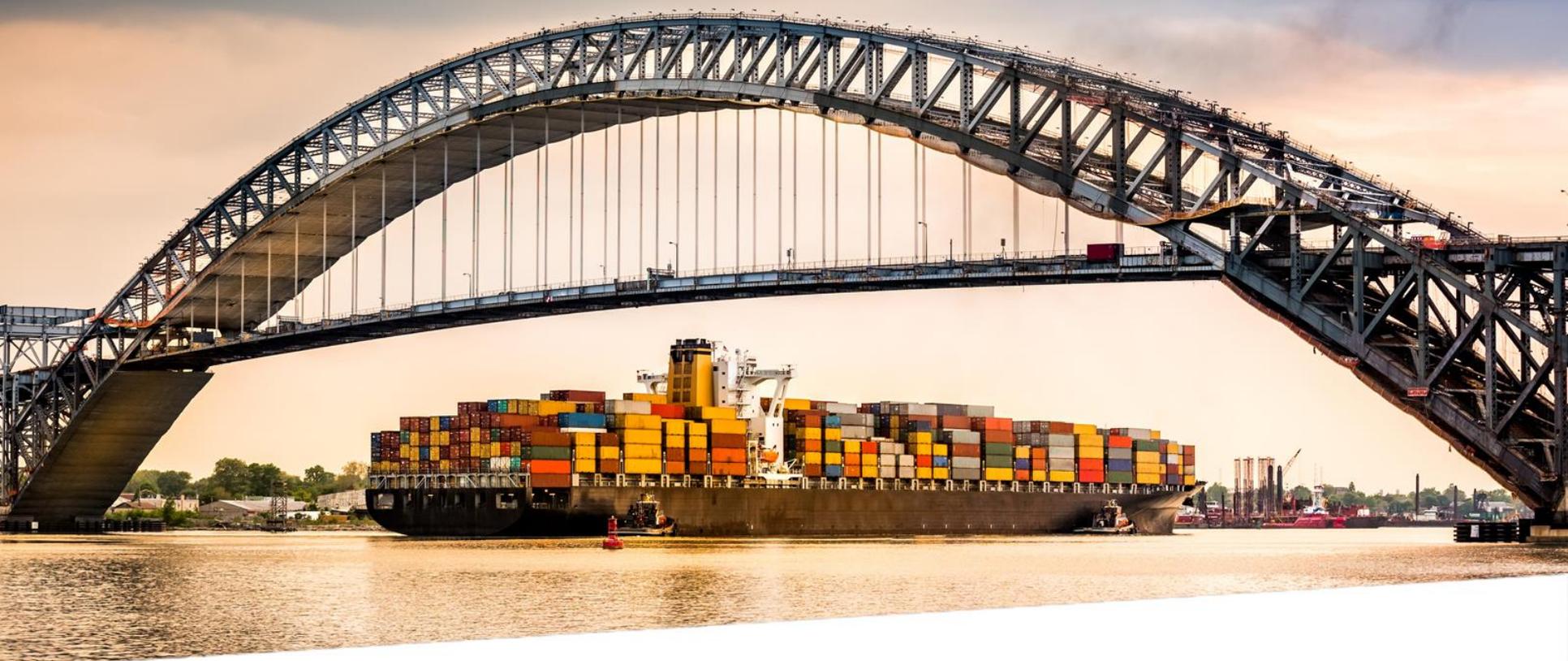




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GLOBAL PRICE MANAGEMENT

## Agenda

1. Rate- and Capacity Management – a short history
2. What does the future look like?
3. Learnings from other Freight Forwarders
4. Q&A



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# Rate- & Capacity Management History

## The 2000's

- Contracts managed typically in Excel, emails, Word, PDF, faxes etc.
- Rates were stable and number of surcharges low (Conferences helped))
- Forwarders slowly consolidated to gain more power towards the carriers
- Capacity was typically only a problem during Peak season and not much in terms of capacity management existed
- The first ocean rate management systems started to see the light of day, such as Metaship, Catapult, CargoSphere, GT Nexus
- Rate systems were being used very much as siloed products for storage of data

## The early 2010's

- Contracts now changed more frequently, and Carriers started to implement more and more surcharges – still manual formats received
- Forwarder consolidation continued and the tug-of-war with the carriers were often difficult to manage
- Capacity became a bigger and bigger topic to manage the larger volumes being shipped and carriers demanded support throughout the whole year
- Forwarders started to manage capacity more closely with Excel/reports
- Focus on rate systems shifted from silo approach to integration into especially the TMS (increase productivity and margin management)
- Additional usage of the rate management became of interest (quoting)

## The late 2010's

- Rates and surcharges began changing multiple times a week/month
- Carrier consolidation was now happening, and the number of available carriers started to reduce greatly
- Capacity issues started to become more frequent, and forwarders started to implement the first systematic solutions to manage this area
- Rise of the „Digital Forwarder“ and the introduction of more and more online rate tools for customers
- Rate tools started to integrate more closely with carriers for receiving information (contracts, surcharges) directly into their tools
- Benchmarking tools/indexes starting to take hold

## The early 2020's

- SPOT Rates from the carriers becoming the norm, rates changing daily
- Capacity has become the biggest issue as carriers have found a way to limit capacity and equipment to boost rates
- Digital integration has become vital for all players to stay in business – going beyond TMS to digital platforms, CRM, BI, Financial ERP etc.
- Most forwarders now have – or are working on – a digital concept
- Carrier consolidation almost maxed out and very difficult to avoid working with any of the Top 10 if you are a larger forwarder
- Forwarders looking for any additional revenue streams to keep margins, such as pre- and on-carriage, D&D, VAS etc.



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# What does the future look like?

Just my personal thoughts...

## What does the future look like (1/2)?

- With regards to the carriers, we are moving towards the airline model
  - Prices based on a per vessel basis
  - SPOT becoming the key rate in the market - some discounts and NAC deals changing the underlying market
- Capacity and equipment will continue to be an issue
  - The carriers found gold at the end of the rainbow and want to keep it
  - Less carriers – and potentially a bit more consolidation coming – making this much easier to manage
  - Carriers will launch more products linked directly to their equipment/allocation availability
- Carriers will continue to integrate more logistics services – the Maersk model - and look to provide an end-to-end service for customers
  - They now have more money and don't necessarily want to invest in vessels to keep capacity in check

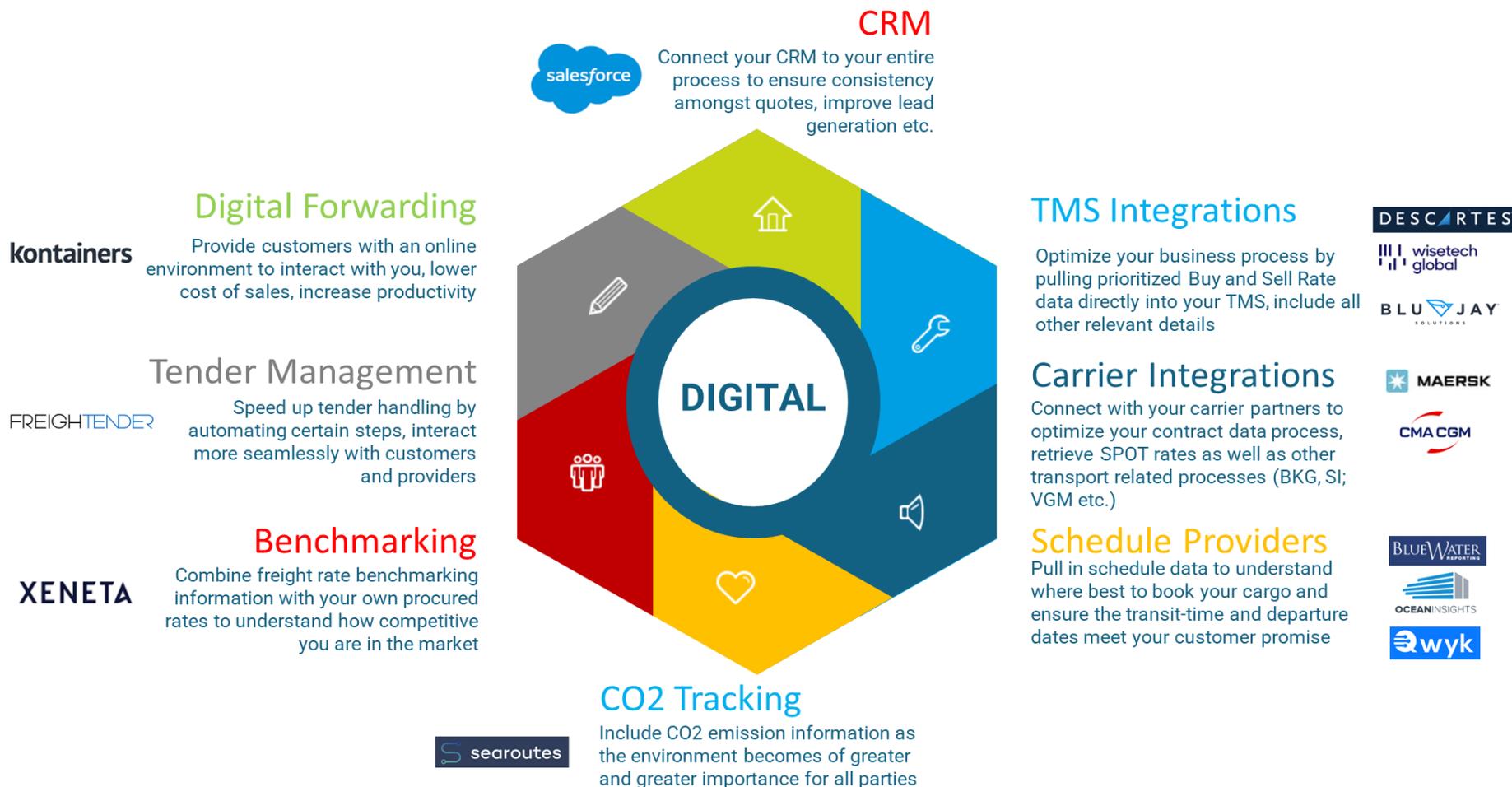
## What does the future look like (1/2)?

- Digital will be key, as productivity will make or break the middle-man
  - Be aware of getting caught in the „start-up bingo“
  - COVID will have changed business travel and the mantra „that forwarding is a peoples business“ to some extent
  - Generation X and Z will continue to take up key positions
- AI and Machine Learning will take on a bigger role
  - Automate more business processes and especially price-setting
- Forwarders will – again – have to become a bit more tech-savvy
  - Ensure that you excel in whatever niche you play in
  - Be able to quickly adapt to the changing market dynamics



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## An example of a Digital Eco-System





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# Learning's



## Key Learning's from working with rate- and capacity management for years

### Learning

Speed is key – does not matter what you do, but do something to learn

Don't think in silo's – you need to think big and across functions to get it right

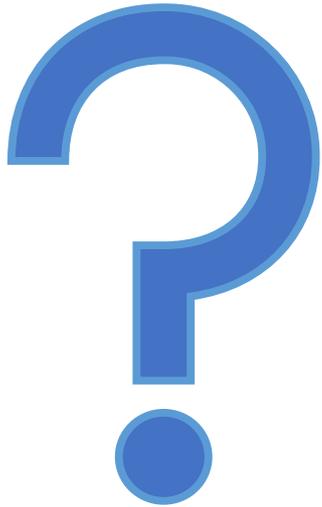
How do you want to differentiate – how do you position yourself in the new world

You need to become a bit more of a tech company – lack of tech resources can stall any good idea you may have

Control what you can control – capacity is in uncharted territory, but you must be on top of what you have

Test new products with care – don't test 50 new solutions at once, but be selective

Build vs. Buy – you can build yourself, but you need to be very agile so maybe not in-house



Any Questions?



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**THANK YOU  
FOR YOUR  
ATTENTION**