

eBook

From Chaos to Control:

Optimizing Global Trade
with Data

flexport.



Introduction

An Industry in Transition

The Digitization of Supply and Demand

From cloud computing in supply chain management to smartphones ever-present in shoppers' hands, the supply and demand equation is under constant pressure. Businesses now need to be able to make things

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happen at a far more accelerated rate. Those trying to get ahead can't afford to be mired in the complexity of global shipping — especially when consumers expect faster fulfillment times. Case in point: A PwC survey recently showed that 88 percent of consumers are willing to pay for same-day or faster delivery.¹

Enterprises have had to restructure supply chains in response, making more choices available; shipping product more frequently, and in smaller batches, to more customer

touch points; and holding stock in warehouses nearer to markets, among other adjustments. Supply chain management has grown more strategic out of necessity, introducing even more complexity.

Meanwhile, new political tensions in international trade have complicated sourcing decisions and customs compliance. Trade agreements are being dismantled and protectionism is growing in the forms of new tariffs and trade restrictions. All of this amounts to the potential for higher costs and more difficulty – sending up a flare for things to change.

Yet, due to its scale, complexity, and the difficulty of replacing legacy systems, the freight forwarding industry continues to be a “black box” for businesses. Not to mention a drag on the supply chain. Traditional processes have left businesses with limited visibility and insight into the status of their critical and time-sensitive shipments as they travel from origin to destination. Additionally, freight transit times are typically unpredictable, and costs can easily spiral out of control. It's a frustrating and sometimes costly process.

With Data Comes Change

The McKinsey Global Institute estimates that new logistics technologies could cut shipping and customs processing times by 16 to 28 percent.² Businesses seeking to optimize their operations are using these technologies — along with logistics infrastructure and supply chain expertise — and seeing transformative results.

This paper will explore the emergence of digital transformation in freight forwarding. In support of that, we'll outline how businesses successfully leverage technologies such as Flexport's digital platform, which creates an Operating System for Global Trade, to deliver greater visibility for everyone in the process. And, we'll cover how organizations can enable greater agility and growth by using data and analytics to revolutionize their supply chain management.

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The Legacy of International Trade: Complexity and Uncertainty

The hard reality is that legacy freight forwarding remains opaque to businesses trying to get their goods from Point A to Point B. As forwarders coordinate across as many as 15 different organizations, shipments are documented and tracked using disconnected systems, primitive data interfaces, email, spreadsheets, and even paper.

Adding to the chaotic picture, there are literally countless nonstandard documents in circulation worldwide. For instance, nearly every factory in the world uses a different format for its commercial invoice.

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And, when it comes to trade finance, the story can be even uglier. The end-to-end journey of a single letter of credit can involve 20-plus individuals and more than 100 pages, across 10 to 20 documents!

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Not only that, much of the information is duplicated and transmitted multiple times, according to the Boston Consulting Group (BCG).³ It's also not uncommon for there to be related but separate streams of emails filled with unstructured data that can't be readily shared, stored, or analyzed.

Other layers of complexity: Customs requirements vary from country to country and product to product. And, that's happening both before shipping and at the border – sometimes involving multiple government agencies.



All of this creates opportunities for error at each leg of a shipment. The simplest details about a booking, price quote, or product in transit risk going awry, introducing mistakes and delays. Once that happens, the entire supply chain can become compromised, leaving business plans suspended, inventory stranded, working capital idle, and customer expectations dashed.

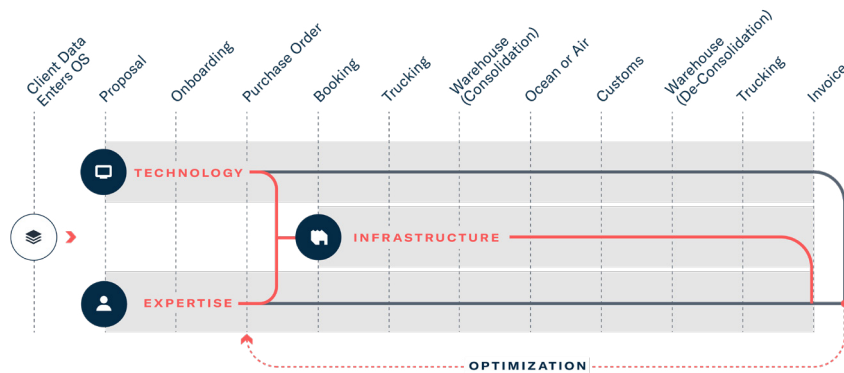
A Sea Change in Freight Forwarding: Transparency and Efficiency

Addressing today's freight forwarding challenges relies on making use of the myriad data that already exist as part of the shipping process. Essentially, walls need to come down. The greater the transparency, the better the data – which leads to faster and more informed decision making.

But for that to happen, freight forwarding needs to embrace technology. By creating transparency in the process, unforeseen events, such as customs delays or other issues, can become collaborative opportunities. Not only that, the structured data that is captured within the platform can allow for richer analysis and better business planning.

Being able to tap into the disparate pools of critical information across the shipping ecosystem can offer many advantages. For instance, if that intelligence were available to businesses, alongside invoices, packing lists, bills of lading, and other relevant documents essential to a smooth shipping process, the entire import and export business could be completely transformed.

Flexport and The Operating System for Global Trade



Recognizing this need – and the opportunity for greater efficiencies – Flexport has created a cloud-based Operating System for Global Trade that utilizes an online platform and dashboards to pull in data from each party involved in the process. All documentation and key management tools are housed in one platform along with graphical presentations of the real-time location of inventory in motion, at each step of its journey. Within the platform, importers, exporters, trucking companies, ocean carriers, airlines, customs agencies, and port terminals are all connected. As a result, they’re able to access up-to-the-minute updates and alerts allowing for just-in-time adjustments to keep logistics, commercial, and customer expectations on track.

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For instance, through Flexport’s platform, products can be identified within multi-ton containers (down to the stock number or SKU). They can be

efficiently consolidated, reprioritized for shipment based on market demand or inclement weather, switched from ocean to air, rerouted through fewer ports, or sent to different warehouses. Shippers can better manage operations and plan across all business units, with integration into enterprise resource planning and supply chain management systems.

By bringing importers and exporters together onto a single digital platform with the logistics companies that serve them, huge efficiencies in time and cost open up. As a result, the entire shipping and logistics process becomes, faster, less costly, and safer for all concerned.

Augmenting its technology, Flexport has built extensive infrastructure through a vast network of carriers, and transport and distribution facilities. The freight forwarding firm has also hired in-house logistics, operations, and customs experts who are assigned to teams called “Squads.” Unique to Flexport, as each new customer is onboarded that business is assigned a dedicated Squad that works with it to ensure every shipping experience goes smoothly, from quoting to delivery.

How Data Transparency Translates to Success

The upshot: Importers and exporters can gain better control over some of the most critical aspects of their business – from procurement, inventory, cash flow and customer relations, to customs compliance and tax planning.

That control is something that can be critical in the midst of trying to coordinate dozens of suppliers and other supply chain partners. For instance, Santa Cruz Bicycles, a manufacturer of high-performance mountain bikes, was facing challenges managing its procurement and manufacturing timelines. With more than 100 suppliers worldwide, launch schedules and other critical interlock points were sometimes tricky to address.

“**Having invoice data available on the Flexport platform allows us to accurately calculate the product cost across shipments.**”

“We used to have to email our forwarder for an update on a shipment, and then wait for their response,” explains Angela Jensen, Buyer for Santa Cruz Bicycles. “It wasn’t in real time and it didn’t fit the speed in which we were moving.” One of the greatest benefits of centralized

collaboration has been less confusion between teams. “If a shipment is delayed, instead of waiting for an update for us, our warehouse team receives an alert in real time so they update their schedules. Those time-critical notifications make a huge difference.”

In addition, the bicycle maker has been able to dive deeper into its supply chain. “We’ve started using Flexport’s reporting and analytics feature to pull historical data such as landed cost per SKU and container utilization to make more strategic decisions,” says Jensen.⁴

Reporting and analytics are not just nice-to-haves. In a competitive environment, they can have a notable impact on the balance sheet. For American Metalcraft, a 100-year-old leading wholesale producer of kitchen and restaurant ware, legacy systems created obstacles in managing in-transit inventory and measuring total product cost. By digitally transforming its processes, it was able to introduce greater visibility and real-time notifications that helped it assess the financial health of its supply chain. As a result, it reduced stock-outs by 10 percent.

“Having invoice data available on the Flexport platform allows us to accurately calculate the product cost across shipments. I can also efficiently reconcile what’s in-transit with what’s on my balance sheet,” notes Patrick Lindemann, Chief Financial Officer.⁵

For companies sourcing and manufacturing globally, predictability and reliability are also important factors — especially when trying to manage the supply chain of a company dedicated to environmental concerns and sustainable business practices. As a leading producer of BPA-free reusable bottles, cups, and canisters, Klean Kanteen wanted a way to monitor and manage environmental impacts of its supply chain. With headquarters in Chico, California, and manufacturing in Shenzhen, the company needed greater visibility and access to reliable data.

Working with Flexport, Klean Kanteen was able to manage the entire supply chain from one centralized place while creating better linkages with teams across its organization. And, Flexport data — along with the expertise of the Flexport Squad assigned to Klean Kanteen — meant easier and smarter decision making. “Flexport helps us to plan better, and strategize to avoid air shipments whenever possible. That control makes all the difference in the world,” notes Senior Supply Chain Manager Brett Renlund.

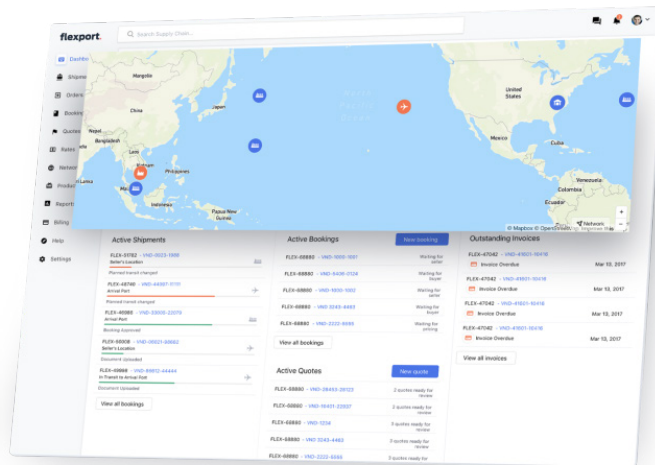
⁴ [How Santa Cruz Jumps Over Freight Hurdles with Flexport. Flexport](#)

⁵ [How American Metalcraft Serves Up Digital Transformation with Flexport](#)

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By adopting the Flexport platform, Klean Kanteen not only shaved off 8 hours per week of back and forth communications with freight forwarders, it also reduced annual air shipments by 66 percent — delivering greater cost efficiency and reduced environmental impact. In the process, Klean Kanteen estimates that it saved 207 tons of CO2 emissions. Says Renlund, “Our bottom line is about more than just profit. Flexport gives us the ability to make hard trade-offs, and hold ourselves accountable. It helps us walk the walk in terms of sustainability.”⁶

Conclusion The New Way Forward



Much of the world has gone from an old economy to a digital economy; but the supply chain hasn't kept up. Consumers were once fine with a three-week delivery window, but now they're in control and want their goods in days (or even hours). Businesses can't manage a new economy supply chain by email and spreadsheets, yet that's still the standard in freight forwarding.

Flexport's unique combination of technology, infrastructure, and in-person expertise has ushered in a new way of working in the freight forwarding industry. The Operating System for Global Trade gives businesses more visibility and control over their inventory in motion and historical shipping data than ever before – allowing them to better match supply and demand, reducing working capital, enabling greater business agility, and helping drive growth.

About Flexport

Through its Operating System for Global Trade, Flexport delivers a strategic model for global businesses that combines advanced technology and analytics, logistics infrastructure, and hands-on supply chain expertise. Delivered to customers and suppliers via a highly available and secure cloud software platform, Flexport's Operating System for Global Trade enables fast and reliable transit times, greater visibility and control, and low and predictable supply chain costs.

First to market with its cloud software and data analytics platform, Flexport today serves almost 10,000 clients and suppliers across 109 countries. Its offerings span ocean, air, truck and rail freight, drayage and cartage, warehousing, customs advisory, financing, and insurance.

Learn more at flexport.com

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