

BUILD VS. BUY:

What Makes
Customizable Tech
the Smart Choice for
Last Mile Carriers



1. INTRODUCTION

The last two years have brought major changes to how supply chains function across the globe. In this time frame, demand for last or final mile delivery has greatly accelerated, particularly in specialized industries such as home improvement and home exercise equipment. The rapid growth and popularity of consumer e-commerce purchases have made last mile trucking an even more crucial segment of the transportation industry. According to a January 2022 report from MarketWatch [1], the size of the global final mile delivery market is projected to grow by nearly 14 percent by 2025, representing \$146 billion.

Unfortunately, the inherent inefficiencies of last mile trucking have increased as the strength of e-commerce retail has grown. As a final mile leader, you know that last mile delivery is usually the most expensive and time-consuming segment of the shipment process for shippers [2]. The last mile of a product's delivery accounts for more than 53 percent of the total shipping costs [3]. It often includes the highest monetary cost and the experiences customers have at delivery impact their overall perception of the purchase, putting greater pressure on last mile trucking companies.

In this white paper, you will learn how technology developed specifically for final mile carriers can streamline driver communications, increase revenue, simplify dispatch and accounting tasks, and elevate customer service levels. You will discover the options your business faces in embracing technology—from developing your own custom solutions to solving common problems through the flexibility of a customized technology platform—and how the right choice can better equip your business to evolve in tandem with market changes.



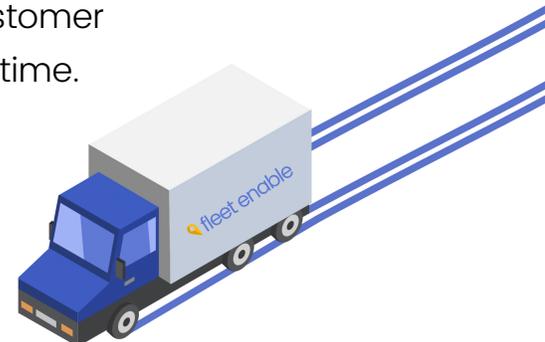
2. THE FLEXIBILITY OF CUSTOMIZABLE FINAL MILE TECHNOLOGY



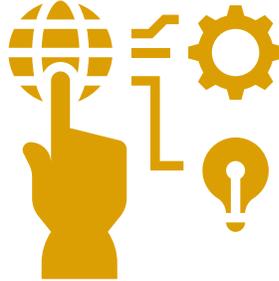
Shippers' expectations around final mile delivery are being driven by consumer demand for end-to-end order visibility. According to Freightos, final mile shippers expect same day service as an option and 23 percent of consumers say they are willing to pay extra for same day delivery [4]. Demand for last mile shipping is not going to relent any time soon. As a last mile carrier, you no doubt want to take advantage of the current high demand for last mile delivery without re-inventing or restructuring your company. One of the best ways to do this is with real-time, customizable final mile technology.

Last mile carrier technology that can be customized to fit your specific needs should be easy to use and allow you to set custom shipper configurations for rates. It also should allow you to manage exceptions and delivery notifications, invoicing, proof of delivery requirements, levels of service and fuel surcharges. The most effective last mile carrier technology provides a single source of customer and order information, while automating appointment scheduling. Automated route optimizers increase fleet utilization and save your dispatchers time. Machine-learning automates scheduling according to driver skills, product dimensions, order delivery windows, truck weights and other factors.

You also can utilize customizable final mile software platforms to automate your payment process to get paid faster. Once you set your customized billing preferences, invoices can be generated automatically and sent immediately. Automated driver settlements help you pay your drivers faster, a valuable feature considering how difficult it is to hire and retain drivers. An easy to use companion driver mobile app allows your drivers to update status of the delivery, view delivery and customer details, and share updates and photos with shippers in real-time. A mobile app component also makes it easy to capture proof of delivery or signatures as needed.



While building your own final mile technology may seem like the only way to get exactly what your operations need, that is not necessarily the case. Most technology providers allow you to customize what services and features you purchase and implement. The cost of a customizable last mile software also is based on how many loads you want to run through the system, which means the cost is scaled according to how big your business is. Until fairly recently, customizable final mile software was marketed and priced for the largest last mile carriers. Today's tech vendors scale the cost according to the size of your company.



Only Buy What You Need, Access to Enterprise-Level Tech

Technology designed specifically for final mile carriers like you gives you the ability to offer enterprise-level service to shippers, reduces the tech burden on your employees, helps you get paid faster and provides a better driver experience. Instead of using a different technology with each shipper with whom you contract, use one platform that integrates with all of your shippers' software systems. Customizable final mile tech ultimately makes your operations more efficient, which raises profit margins, reduces your operating costs and can allow you to offer shippers more competitive rates. With final mile carrier tech, you also can identify bottlenecks within your operations and continue to use the same technology as your volumes and business grows.

Smaller Investment of Resources and Money

The initial investment in building your own technology is only part of the cost. Once implemented, the application will require maintenance, upgrades, security patches and more. You also must consider the cost of technical support and training for your team.

As Bo Hagler of Forbes Technology Council notes, "The burden of product development, quality assurance, maintenance, platform migration and patch fixes are owned by the solution provider, while in-house development will usually require years of continued development beyond the initial project scope. In most cases, the vendor gains efficiencies because of its large customer base, so it can often charge less for implementing and maintaining an established product than it would cost to support a one-off, homegrown application."

Technology Providers Constantly Improving Product

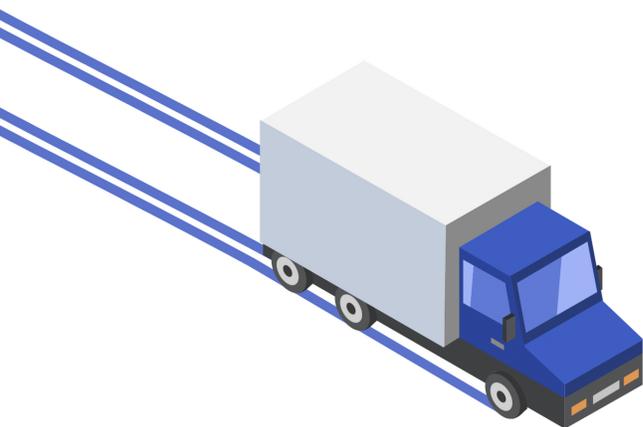
Choosing the right technology vendor is crucial. You want to partner with a final mile technology vendor that is continually improving the technology that you have purchased. These enhancements and updates usually are included as part of your purchase of the product. Partnering with a tech vendor that is dedicated to continually innovating its product gives you the tools needed to address what is happening currently in final mile trucking, instead of addressing the needs that you had two years ago when you set out to build an in-house technology.

Shorter Timeline

Most technology vendors that offer last mile carrier technology have a very short timeline for implementation. That is because the technology is typically cloud-based (Internet-based) and does not require major changes to your internal IT infrastructure. The tech vendor's solution also is fully developed. A technology system that you develop in-house may take months or even years to develop. The transportation industry is evolving quickly. The faster that you can implement efficiency-boosting and revenue-increasing technology, the better off your business will be.

Flexibility and Scalability

Most final mile technology companies are software as a service companies (SaaS) that operate on a monthly subscription model. This gives you the flexibility to add or subtract functionalities as needed as the market and your customers' needs evolve. Ultimately, if you do not like the technology, you can walk away and try another technology vendor. The same cannot be said for a technology in which you have invested considerable time, money and resources. Customizable final mile tech also offers scalability, which means the technology is made for businesses of all sizes. If your business grows, you can continue to use the same technology. With a build your own tech, you may have to go back to your developers to completely rebuild the solution to meet your needs as a higher volume business.



No Technical Expertise Required

You are an expert in last mile trucking, not business-to-business software technology. Technology vendors already have spent considerable time and resources studying the problems you want to address and have already solved these problems many times over with their customers. With a customizable final mile technology purchased from a vendor, you will have access to that vendor's best practices to ensure you get the best results possible. If you are building your last mile technology from scratch, you must quickly build a knowledge base about software development, IT infrastructure and more, even if you hire an outside IT firm to develop your custom solution.

3. CUSTOM AT A COST: BUILDING YOUR OWN TECHNOLOGY

The total cost of ownership of a build-your-own technology is one of the most compelling reasons to opt for a customizable off-the-shelf solution. Estimating total costs often proves difficult when building custom technology solutions. With a build-your-own technology, integration with other digital systems that you use in your operations creates additional challenges for your in-house technology team to master.

You Pay for Upgrades, Improvements, Training and Regulatory Updates

Every time you need to add a new tool or feature to a technology that you have had designed for your trucking business, it will cost you money. Unless you are a mega carrier, you likely do not have an in-house team of software developers and engineers who can build, test, document, and train employees on new features and tools. All of the above requires a significant amount of capital and human resources. Keep in mind that if you build your own technology, you will always be responsible for paying for improvements and changes to the technology. When you are using a technology vendor's already existing product, all updates, upgrades and training are included with your purchase of the software.



ABOUT FLEET ENABLE

Fleet Enable is a carrier-centered, end-to-end Final Mile Solution and the first truly all-in-one software product to serve the last mile carrier from order to cash.

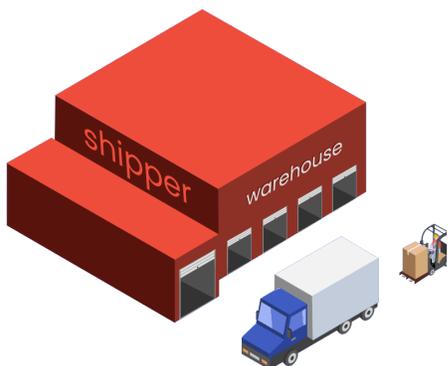
Learn more or request a demo at
www.FleetEnable.com

Requires Some IT/Technical Knowledge

Even though you personally will not be developing the technology, you will have to be able to communicate your ideas well enough to the engineers that you hire to get the end result that you need. You will need major buy-in from your internal IT team (if you have one) and at minimum a basic understanding of how the technology will function, how to get the most out of it and what sort of IT infrastructure you will need for the solution in the long-term. Without this basic understanding of software, it will be hard to communicate your needs to an external group of developers and engineers.

Lack of Platform Integrations

Most final mile technology vendors maintain integration partnerships with other technology vendors. These partnerships allow your team to access the information that they need in a single user interface. Without platform integrations, your team members have to open each program individually to access the information they need. This is time-consuming and negatively impacts productivity. It also siloes data and makes it difficult to share data across these platforms and with shippers. Software integrations allow data to be shared across multiple platforms and can provide you with a big picture view of your operations, as well.



Poor Execution a Possibility

Hiring a technology firm to build your custom-built software involves a high level of trust. When you hire on developers and engineers to build your technology, you are making an enormous financial investment with the assumption that those you have hired will be able to deliver the end product that you need. Unfortunately, that does not always happen. You may end up with an ineffective final product for a variety of reasons, including the developer not asking the right questions throughout the process, particularly if your technology vendor does not have a deep understanding of the transportation and logistics industry. Regardless of the reason, if a custom-built technology fails, it can devastate your business financially. Purchasing a customizable, off-the-shelf final mile technology is much less of a risk. If the product does not work for you, you can easily cancel your agreement with the tech vendor and try something else.

Harder To Adjust to Evolving Markets, Customer Needs

By the time that you choose a company to develop your technology, the application is developed and tested, training is provided to your team and the software is launched, your customer needs and the market may have changed. In today's business environment, you need technology-based solutions that are continually improved with new features and functionalities added to address new challenges. If you take a build-your-own approach to last mile technology, you may not be able to add new features and tools as customer needs and markets change. The cost may be prohibitive and the timeline to add these new functionalities may be too long.

4. CONCLUSION: PARTNERING WITH FINAL MILE TECH VENDOR PROVIDES HIGHEST ROI

Partnering with an existing technology vendor to customize that vendor's final mile software to meet your needs often provides a higher return on investment than building your own technology does. A recent Gallup poll found that for one in six companies, an initial technology build, bug fixes, upgrades and enhancements have an average cost overrun of 200 percent and a schedule overrun of 70 percent [5]. A study by PricewaterhouseCoopers examining more than 10,000 projects from 20 companies in 30 countries found that only two and a half percent of the companies successfully completed 100 percent of their projects, with technology projects having a particularly poor record.

The benefits of partnering with a final mile technology vendor include lower cost of ownership, faster deployment, and access to technology that can be updated and upgraded as needed. Most last mile technology platforms also are scalable, meaning you will not have to buy or build a new technology platform if your load volume increases and your business grows. Instead, customizable final mile technology can be counted upon to increase efficiency, streamline your team's workflows and help you provide a higher level of service to your customers with accurate ETAs and real-time visibility. Perhaps most importantly, embracing a partnership with an existing last mile technology vendor to customize the vendor's solution to suit your needs allows you to keep pace or even out-perform your competition.

To discover how the Fleet Enable final mile management system can help you boost revenue, increase service levels and make your business more efficient, email finalmile@fleetenable.com or call 1-216-293-7917.



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