

CUSTOMER ON-BOARDING

AS A SOURCE OF COMPETITIVE ADVANTAGE IN LOGISTICS



After on-boarding a customer, many operational leaders at major logistics companies are often left dissatisfied with the process and its results. Despite extensive investments in process engineering and software infrastructure, the on-boarding process is often chaotic and spontaneous, with too many factors left to chance. Many of their reservations can be attributed to one central concept: a lack of effective data sharing that originates from

(i) the solution design and commercial teams responsible for responding to the RFP and winning the award and (ii) the inability of internal systems to support a complex, variable process such as customer on-boarding, resulting in delays and incomplete records.

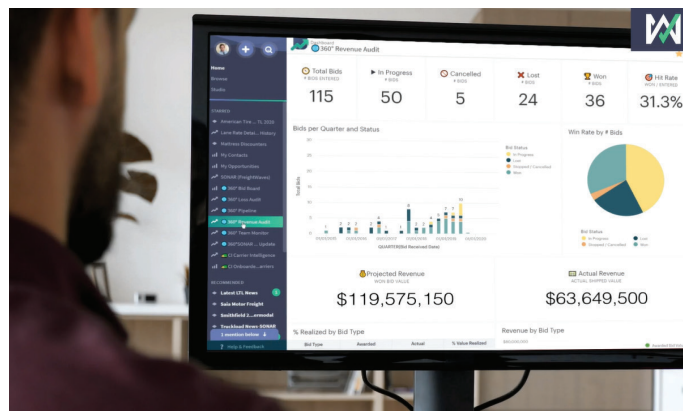
In their collective effort to design a customer solution and generate an RFP response, team members end up with different versions of important spreadsheets and documents. This decentralization of information only serves to muddy the waters--generating numerous systems of record for each bid. Winmore provides a Customer Success Platform that solves these logistical conundrums.



The Customer Success Platform for Logistics

By using Winmore's software, Logistic Service Providers (LSPs) stand to benefit from increased profits and improved customer success. Winmore accelerates the on-boarding timeline by compiling one system of record that is used across all company operations, facilitating internal data sharing and mitigating the dangerous effects of scope creep. This intervention not only provides financial benefits to the LSP but also, somewhat surprisingly, to the customer as well.

A Request for Proposal (RFP) qualification and its response process both traditionally suffer from poor internal data sharing practices, leading to negative experiences for all parties involved and declines in customer relationships. As the commercial team transfers an award to operations specialists, crucial data and documentation can be lost in the transition as new team members are assigned to the project at the LSP and the customer. Furthermore, as the LSP's operations specialists interface with the customer's suppliers, factories, and resources, they often unearth previously unknown project requirements.



Both of these events, resulting principally from poor data sharing practices, can cause unintentional scope creep. Scope creep, the tendency for a project to run behind schedule and/or over budget, increases costs-causing the LSP's margins to become thinner and the manufacturer to incur additional operational expenses. To better understand this dynamic, let's analyze a hypothetical RFP award to see how changes to the project's scope affect the bottom line.

A Case Study in Customer On-Boarding

Consider an LSP that has just been awarded a fixed-price, 120-day contract valued at \$100M. The on-boarding implementation schedule for this contract is shown below:



In this example, the customer is expected to 'go live' four months after the RFP award. In exchange, the LSP will generate \$100M in revenue from the fixed-price contract. If it incurs a staffing cost of \$45M, and an additional \$40M of fixed expenses, the LSP can reasonably forecast its margin at \$15M.



"With the importance of sales and customer success - and the highly competitive nature of the logistics market - LSPs are going to continue to focus their technology investments in flexible platforms that help them acquire and retain customers."

-Eric Johnson,
Senior Editor, Technology,
JOC Maritime & Trade, IHS Markit

For its part, the manufacturer realizes gains as well. In the remaining 8 months of the calendar year, it can eliminate operational expenses. If these costs are valued at \$500K/month, then the manufacturer's cumulative savings will be \$4M for the year.

LSP Revenue: $\$100M - (\$45M + \$40M) = \$15M$

Manufacturer Cost: 8 months * \$500K per month = \$4M

In summary, for this theoretical RFP award, the LSP expects to earn a 10% margin. Furthermore, the manufacturer saves \$500K/month from recovered labor costs. However, in reality, the LSP's actual margin is very sensitive to schedule constraints—a fact we will explore in detail below.

Considering the Impact of 'Scope Creep'

Now, imagine that operations specialists at this LSP have learned about new project requirements that will delay implementation efforts by one month; this can easily result from the failure to forward important solution design material with the award packet from the RFP team.



Within this new timeline, we can re-calculate the contract's financials. Due to the extended timeline, staffing costs for the LSP have increased to \$55M. The LSP can now expect a margin of just \$5M, a 50% decrease from original forecasts. The added downtime also translates to a 25% increase in operational expenses for the manufacturer, resulting in an additional loss of \$500K.

LSP Revenue: $\$100M - (\$55M + \$40M) = \$5M$

Manufacturer Cost: 9 months * \$500K per month = \$4.5M



ALLPORT CARGO SERVICES

"New customer implementations involve on-boarding potentially hundreds of suppliers and integrating multiple internal systems and dozens of transportation partners. Delaying "Go Live" by just a day means losing operating margin for everyone involved in the implementation. Winmore has the perfect solution to manage the end-to-end process and accelerate the time to value."

-Bill Aldridge,

President of Allport Cargo Services and a 30-year veteran of International logistics.

This delay demonstrates the catastrophic effects of scope creep. The bottom line of the LSP's profit is eroded, and its working relationships are strained by the manufacturer's unanticipated loss. To prevent losses like these, Winmore's Customer Success Platform centralizes data sharing, reducing delays and mitigating risks. However, the benefits of an effective Customer Success Platform go far beyond reducing project delays. Next, we will explore how a Customer Success approach can accelerate the time-to-value process and multiply profits.



The Positive (and Profitable) Impact of Schedule Acceleration

Now, suppose that the LSP instead uses Winmore's Customer Success Platform for Logistics. In this framework, information sharing between the commercial and on-boarding teams is significantly improved. Customer implementation proceeds faster than anticipated, and the LSP's schedule is accelerated by one month.



Winmore generates productivity gains for the LSP, which allows it to beat the award's conservative scope estimate. Due to this compressed timeframe, the LSP's labor costs drop precipitously--from \$40M to just \$33M. Accounting for this decreased expense, the award's forecasted return jumps to \$26M. Considering that the LSP originally expected a margin of \$15M, Winmore's Customer Success intervention produced a 73% increase in returns.

Notably, the benefits of the accelerated time-to-value are shared by both the LSP and its customer. With its on-boarding process completed a month ahead of schedule, the manufacturer can reduce labor costs earlier, and its expected savings for the calendar year increase by \$500K. The shorter on-boarding timeline thus benefits both stakeholders.



**Imperial
logistics**

"You can use Winmore on Day One, out-of-the-box, and get value immediately."

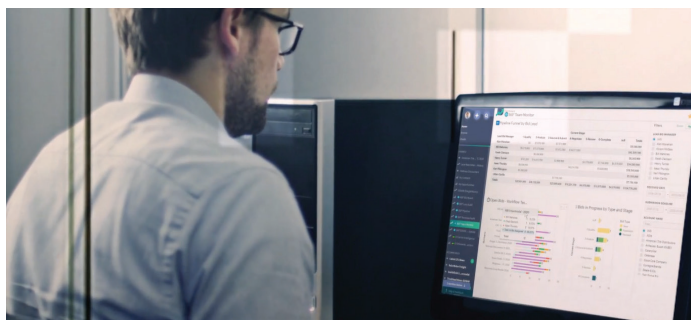
-Michael Lutjann,
CIO, Imperial Logistics

Comparing Scenarios

Here is a side by side comparison of the two scenarios outlined above: one in which the LSP takes advantage of Winmore's Customer Success Platform, and one in which the LSP allows scope creep to occur.



The calculations above demonstrate that the highest margins are achieved by accelerating the time-to-value for the customer. By bridging the gap between its commercial and operational teams, the LSP can experience this highly desirable acceleration on many more projects. Clearly, great value is created when Customer Success technology is leveraged!





The Wrong Solution to the Problem

When LSPs look to solve persistent scope creep issues, they often look in the wrong place. They turn to investments in new software such as Transport Management Systems (TMS), or to changes in management personnel. Unfortunately, these interventions do not address the obstacles that teams face when transitioning an RFP award from commercial to operational ownership. Failing to close this gap of data between commercial and operational specialists can cost the LSP millions.

By facilitating data sharing through Winmore's Customer Success Platform, your organization will experience less scope creep and see a decreased time-to-value for its customers. This timeline acceleration will significantly boost your organization's margins and has the added benefit of bringing increased customer savings. Accordingly, Winmore's Customer Success Platform delivers a critical competitive edge in a space where such a benefit is highly valuable.



ABOUT WINMORE

Customer Success Platform for Logistics Companies

Winmore's Customer Success Platform helps commercial teams win more RFPs, accelerate time-to-value and build customer relationships at scale.

- **Bid and Tender Collaboration** for commercial, pricing, contracts and product teams to qualify and respond to RFPs and tenders, boosting win rates.
- **Customer Solution On-Boarding** for managing complex on-boarding customer implementations, accelerating time-to-value, reducing the risk of scope creep and improving operating margin.
- **Business Process Design Studio**, a drag-and-drop business process modeling tool for developing multi-stage, collaborative workflows to bring your custom processes to life.

Winmore powers the customer success initiatives at some of the world's most respected logistics service providers, including carriers such as Averitt Express, brokers like CH Robinson, forwarders including Kuehne + Nagel and contract logistics providers such as LF Logistics.

Winmore was recently recognized by FreightWaves as a *FreightTech 100*, an award reserved for the most innovative software companies in the world.

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