

A stylized globe icon with a grid of latitude and longitude lines, rendered in a dark blue-grey color. It is positioned behind the word 'MODERN' in the main title.

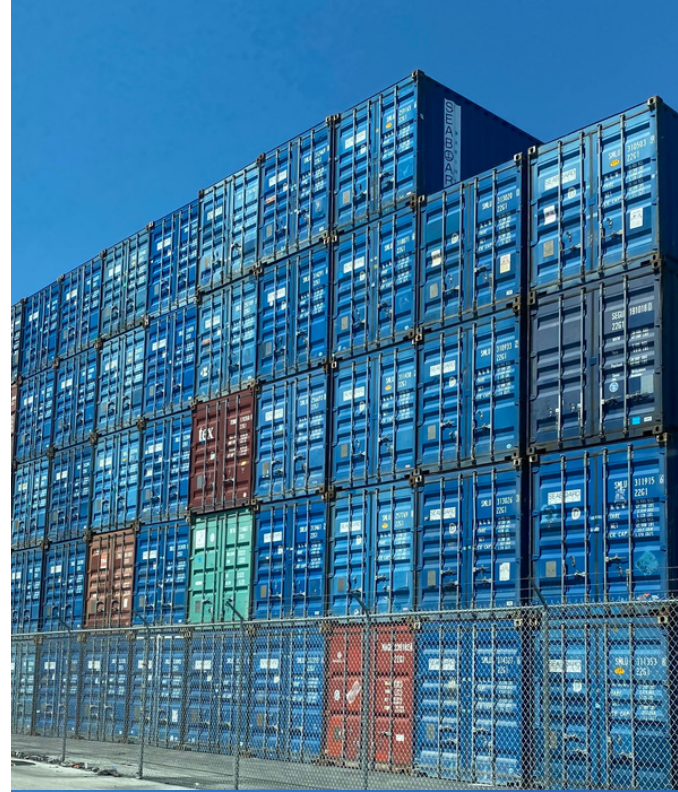
MODERN **FREIGHT** **FORWARDING**

What you Need to Know
About the Digital Revolution
in Freight Forwarding

It's a fact: the freight forwarding industry has changed more since early 2020 than in the previous twenty years. Fueled largely by pandemic pressures, the industry is evolving at a remarkable pace. Freight forwarders have been wrought with challenge after challenge, and we've all learned a lot about what it takes to weather the storm.

One thing is certain: with all the changes impacting the industry today, the time is ripe for freight forwarding to become more digitized, data-driven, and automated. Businesses that embrace these changes are better-positioned to overcome future hurdles, delight their customers, and enjoy far more growth opportunities than those that lag behind.

As one of the most complex and competitive industries out there, it takes enormous resources to move goods from factories to distribution points. Shipping requires careful planning, coordination, and information-sharing among carriers, freight forwarders, and other contracting parties to deliver services more effectively. As research firm [Deloitte](#) points out, even as freight forwarders and shippers look toward recovery, "the COVID-19 pandemic has laid bare many of the long-standing vulnerabilities and risks lurking in organizations' supply chains." But, on the flip side, this provides an exciting opportunity for digitization to deliver many benefits, improving everything from communication to accuracy, productivity, speed, and even customer service.



HOW THE INDUSTRY IS SHIFTING

So many industries, including retail and e-commerce, that are commonly served by freight forwarding companies, are far ahead in their adoption of digital solutions. That leaves freight forwarders playing catch up. Many freight forwarders still rely on legacy systems that lack integration, automation, and intelligence, resulting in low visibility, wasted time, poor customer experience, and significant data blind spots. It's high time for a shift. Here are a few key drivers pushing the tides in that direction:

EXPECTING THE UNEXPECTED

From sudden pandemic shutdowns to wild surges in demand, none of us could have ever predicted recent events. It seems like every week, there's a new record being broken, or something "unforeseen" or "unprecedented" in the news. Nearly one hundred vessels piled up outside the Port of Long Beach. The Ever Given brought trade across the Suez Canal to a total halt.

As the old adage goes, the only constant... is change. Freight forwarders have had to pivot, then pivot again and again, never knowing what's coming next. In the face of unpredictability, adaptability and resilience have become more critical than ever.

CUSTOMERS DEMANDING MORE

As PwC puts it, "Like individual consumers, B2B customers now expect to get shipments faster, more flexibly, and with more transparency at a lower price." The Amazon Effect, "the impact created by the online, e-commerce, or digital marketplace model on the traditional brick and mortar business model," (Investopedia) is tied to increasing customer expectations, even in the B2B world. From low prices to free shipping to speedy delivery and real-time tracking, customers want a "Prime" experience — no matter the source. These expectations have become ubiquitous as consumers now regard best-of-breed delivery and shipping as a fundamental function of e-commerce, rather than an Amazon-specific benefit.

And it's not just Amazon. We live in an on-demand world, with thousands of viewing options at our fingertips on popular streaming services like Netflix and Hulu, and widely accessible food delivery to meet any craving on apps like Uber Eats and DoorDash. Consumers these days like being in total control, from anywhere, at any time in their personal lives and have the same expectations in their professional lives as well.

THE COMPETITION IS GOING DIGITAL

Logistics startups have been the darlings of the investment world as of late, offering innovative solutions to age-old supply chain problems. Digital-first forwarders and marketplaces have been making waves in the logistics industry in recent years. Disrupting a space that has long been slow to innovate, these new players are technology companies first, looking to modernize the experience and workflows related to shipping and freight forwarding.

Moreover, as established forwarders make investments in digital transformation, recognizing its clear benefits, companies that fail to innovate and automate processes are falling behind. Not only is paper-based, manual work is time-consuming and error-prone, but it also impedes forwarders' ability to quickly adapt to changes and keep up with the demands of their clients.

THE PITFALLS OF USING LEGACY LOGISTICS SYSTEMS

Modern supply chains have evolved from purely shipment-driven to consumer-driven, where customer experience now plays a significant role. In the digital age, customer experience also needs to be a priority for freight forwarders more than ever before.

While implementing a customer-centric approach requires changes in organizational structures and business processes, enabling foundational technology is also essential. Legacy freight forwarding software simply wasn't designed for today's connected, digital world.

Therefore, a logistics company's digital transformation should begin with a focus on customers' needs and the adoption of a modern technology foundation to address those needs.

Organizations that fail to act risk being left behind with challenges in the following areas:

- Visibility
- Agility
- Modernization
- Security
- Customer Experience

VISIBILITY

To succeed in today's challenging logistics landscape, freight forwarders require accurate, up-to-the-minute data with complete visibility across the enterprise. Whether it's warehousing, accounting, shipping, or sales, accurate data plays a critical role in meeting customers' demands.

Using multiple standalone apps for various business functions that are not designed to work with each other can be challenging to maintain as a company evolves. An organization that utilizes one system for accounting, a different platform for freight operations, and another for warehousing can easily run into issues as its business scales.

This piecemeal approach is simply not sustainable. Companies with disconnected systems invest valuable time and resources figuring out which data to analyze and which to exclude to make an informed business decision. When data is scattered across multiple systems without a way to unify it, teams can't make informed decisions or reach consensus quickly. What's worse, sometimes data is conflicting, leaving it impossible to get an accurate assessment across teams and causing an inconsistent customer experience.

AGILITY

Preparing contingency plans to pivot when needed is challenging without reliable data to draw insight from or extract meaningful information.

For instance, when the pandemic first forced companies to go remote, organizations that relied on old, on-premises software were left scrambling to adapt. Those with modern, connected, cloud-based systems were able to pivot more quickly.

When you operate disconnected, aging systems, you not only lack the agility to make critical business continuity changes, but you also don't have the complete visibility you need to address critical business problems or tap into new market opportunities quickly.



MODERNIZATION

New technologies such as cryptocurrency, the Internet of Things (IoT), and Artificial Intelligence (AI) are not typically compatible with legacy supply chain systems. Thus, companies that are still running older systems are not only missing out on innovative tools and technologies but also risk losing their competitive advantage to companies with more advanced capabilities.

Plus, disparate systems can't work effectively with data-intensive technologies such as IoT and AI --they need to be fed with clean data to produce useful insights. To be competitive in today's marketplace, it's critical for freight forwarding firms to incorporate data and analytics into business decision-making.

It's important to note that while adopting new technologies is vital, it won't make much of a difference if they operate in silos. Piecemeal systems won't provide the actionable enterprise-wide visibility necessary to make sense of data or drive business growth.



SECURITY

Making big headlines as of late with some freight forwarders experiencing crippling cyber-attacks, security is one of the biggest challenges facing organizations that deal with volumes of sensitive data. These organizations spend valuable time and resources monitoring and fixing security issues that arise as a result of different platforms and databases.

IBM reports that data breach costs rose to USD 4.24 million in 2021, the highest average total cost ever recorded. In the same IBM report, organizations further along in their cloud modernization strategy were found to contain the breach on average 77 days faster than those in the early stage of their modernization journey - an important difference. The cost of a data breach cuts even deeper when factors such as consumer perception, brand loyalty, and customer retention are taken into account. A data breach is one of the fastest ways to lose brand value.

To succeed in today's digital economy, companies must take the issue of cybersecurity seriously or risk catastrophic reputational damage. Choosing the right technology partner, asking the right questions about certifications like SOC, and putting privacy first can help ameliorate the problem of security and foster trust among businesses, consumers, and stakeholders.

CUSTOMER EXPERIENCE

Freight forwarding customer communication has been ruled by email and phone for quite some time now. As customers become accustomed to self-service ordering and tracking in other domains, it's only normal that they expect the same hands-on convenience when they're working with a freight forwarder. However, legacy systems weren't designed to operate with modern digital portals.

Plus, the customer experience can suffer when different teams are working with different operating procedures, data, and systems. If sales has access to some information and operations sees something else, the customer experience will be inconsistent and inefficient.

THE FUTURE IS BRIGHT FOR THE DIGITAL SUPPLY CHAIN

As the shipping industry moves towards digitizing more manual processes and implementing innovative solutions, modern technology is enabling more efficient, data-driven, and customer-centric supply chain management.

Here are some exciting applications of technology making waves in the industry:

BETTER RATES AND ROUTES

Many logistics companies still manage day-to-day routine tasks manually, which is eating into profits and productivity. In the age of automation and artificial intelligence, some tasks are better left to automated tools such as smart assistants and chatbots.

For instance, selecting a carrier for a particular shipment means researching hundreds of candidates, schedules, and routes. A logistics team can spend anywhere from 30 minutes to one hour conducting this research. In comparison, with AI and other cutting-edge technologies, companies can automate these tasks and get insightful information within seconds. Using this information, logistics teams can narrow down candidates to a handful of highly qualified carriers and provide their customers with faster shipping times.

MINIMIZING MANUAL WORK

Shipping - especially across international borders - requires a lot of data to be shared with various parties, across various Using the powers of automation, OCR (optical character recognition), and NLP (natural language processing), it is now possible to scan physical documents or read ordinary emails and automatically extract important information to fill out forms. This is not only a huge time-saver, it also prevents the errors that can infiltrate when humans are responsible for data entry.

KEEPING COSTS IN CONTROL

Detention and demurrage charges are on the rise. As noted by JOC, a coalition of truckers, shippers, and customs brokers recently petitioned the US Federal Maritime Commission (FMC) to consider suspending detention and demurrage at busy ports in California, New York, and New Jersey. The coalition argued that in 2020 alone they "have paid well over \$150 million in unreasonable detention and demurrage charges in the twin Southern California ports and the Port of New York and New Jersey due to the massive congestion created by record-setting volumes, coupled with a shortage of both skilled labor and available chassis."

Put simply, massive supply and transportation demands coupled with labor shortages thanks to COVID-19 have permanently changed the freight industry landscape, resulting in significantly longer stays for freight both inside and outside port terminals, in turn driving much higher D&D charges.

And while it's impossible to completely eliminate the impact of this new detention and demurrage landscape, freight forwarding software that includes rate management can help reduce total costs by providing total visibility into tariff charges, web-based rate data, and free storage time for specific ports to help forwarders make informed shipping decisions - before they're on the hook for big detention and demurrage costs.

IMPROVING THE CUSTOMER EXPERIENCE

The way we shop online, placing orders with ease from anywhere and tracking them in real-time, is rapidly reshaping the expectations your customers have in business-to-business interactions. Logistics services like freight forwarding and customs brokering have long relied on human interaction to operate: phone calls, emails, spreadsheets, even fax and paper. And while the people side of logistics isn't going anywhere soon, evolving customer expectations are making it increasingly important to digitize processes for the sake of faster, more efficient, and more transparent data sharing.

By moving operations online to a digital freight portal and putting data inputs and outputs directly in the hands of customers, everyone wins. Everything can happen at an accelerated pace, and customers get the control and visibility they have come to expect.

INCREASING VISIBILITY

Manually tracking and updating carrier information is both time- and resource-intensive. Keeping up with container progress worldwide introduces the potential for both duplicate data entry and data entry errors, in turn making it harder to provide accurate and on-time information to customers. Software can now track containers with hyper-accurate visibility — know where containers are, anytime, and anywhere in the world. It's also possible to link container information in shipments to your container tracking sources worldwide to streamline the process of finding and tracking key product and delivery data. Plus, the data can be shared with customers online or via app, saving everyone time and preventing all those “where's my shipment?” calls and emails.

KEEPING COMPLIANT

Customs rules are always evolving, so it's particularly important for ABI software to keep up with the changes. Digitization can be particularly effective in expediting Entry submissions with automation to convert shipping documents to entry data, using AI, OCR, natural language processing, and machine learning to complete the required entries accurately, with minimal human intervention. This is an important area where customs compliance software has the potential to help businesses avoid costly errors and keep cargo moving.

STREAMLINING THE SALES PROCESS

A well-implemented CRM system designed for the logistics industry provides an effective framework for sales teams to pursue prospects and collect the data they need to generate revenue-driving opportunities. Plus, by putting all customer data in one place, sales management and operations can quickly spring to action in support of sales representatives, instead of wasting time collecting and digesting information from all over the place. Comprehensive, relevant reports and data available to all key stakeholders enables a highly-effective sales process and allows users to increase the time spent with customer interaction (and spend less time on bureaucratic tasks).

IN-HOUSE SOFTWARE vs. OFF-THE-SHELF SOLUTIONS

Your business is unique. You don't want to change your way of working just to implement new software. So, should you build proprietary in-house software or purchase an off-the-shelf software solution?

Determining which option is best suited for an organization's unique needs can be challenging. While there's no one-size-fits-all approach that truly works for every business - company priorities, system flexibility, and budgets are some of the factors that should be taken into consideration when making a decision. Here are a few things to consider when building in-house software or opting for an off-the-shelf solution:

GOALS AND PRIORITIES

When deciding whether or not to devote time and resources to building an in-house IT infrastructure, it's important to take a look at the long-term priorities of the company. If the in-house option is chosen, hiring candidates with the right expertise and experience to build and manage the software is critical to success. If the software is simply to increase productivity or manage day-to-day tasks, buying an off-the-shelf solution may be the best way to go as this eliminates the need to hire and maintain an in-house IT team.

Here are a few questions to ask before making a final decision: Is the time to market critical for our organization? Are there solutions on the market that already fit our current needs and goals? Can the solution integrate with our existing IT infrastructure? What investment is required to build an in-house solution? Answering these questions will help ensure that decisions are based on the needs of the company.

UNIQUE REQUIREMENTS

In today's rapidly changing market landscape, timing is crucial for the successful implementation and deployment of software systems. If time to market can be accelerated by using an out-of-the-box solution, it's worth considering for companies looking to move fast. If an organization has a unique need that cannot be met with commercially available solutions, it might still be worthwhile investigating whether a software provider can extend or adapt the system to your unique needs - as opposed to starting from scratch on your own. Modern logistics software is often highly-configurable and extensible, so you can adapt and extend the solution to meet your evolving needs over time.

EIGHT QUESTIONS TO ASK WHEN CONSIDERING LOGISTICS SOFTWARE

Only you know the features and functionality that are important for your business. But, when choosing the right technology partner, you need to consider other questions. Here are 8 questions to ask when you're considering new logistics software:

1

IS INTEGRATION EASY?

Even great features and functionality won't be enough if new solutions don't integrate well with existing systems and infrastructure. In some cases, integration issues stem from legacy tools that may not be compatible with new, cloud-based offerings. Others rely on proprietary or complex application programming interfaces (APIs) that can impact the speed and simplicity of adoption.

Your best bet? Look for solutions that can easily integrate with systems you're already using — such as AMS and electronic air waybills (eAWB) — that provide additional value via partner solutions accessed using built-in APIs. For example, does the vendor provide an open API that makes it possible for your company to easily integrate logistics software with current accounting or record-keeping platforms? Are there built-in integrations that don't require custom development?

2

WHAT COMES NEXT?

With change now being the only constant in logistics, your company needs a solution that scales as expectations and standards evolve. Look for a provider that both articulates a vision that incorporates forward-thinking, scalable, and customizable solutions — and actually delivers on this promise with ongoing improvements to existing products and services. Put simply, when it comes to what's next, look at the big picture.

Are modern platforms continuously being developed to support flexible, interoperable, modular solutions while existing features and functionality are continuously improved and updated to meet evolving industry standards?

3

WHAT DO USERS REALLY THINK?

Comparison is critical in the search for your best-fit solution. From customer comments on sites like G2 and Capterra to customer loyalty and attrition rates along with go-live timelines, the more information you have about a prospective provider, the better. Worth noting - make sure you're comparing apples to apples and keep an eye out for hyperbolic language or claims that lack substantive evidence. If companies say they're the best, they should be able to articulate why and how.

4

WHAT OPTIONS ARE REALLY NEEDED FOR YOUR BUSINESS?

The sheer number of options now available can lead companies to purchase “shiny” features or functions that sound great on paper but aren’t particularly useful in practice. As a result, it’s critical to define a set of functional needs up-front, ensure all stakeholders are in agreement, and make purchases based on current business requirements and objectives.

5

CAN YOU TRY BEFORE YOU BUY?

Even with great documentation and glowing reviews, it’s hard to know how logistics software solutions will perform until they’re installed on your network. As a result, it’s worth asking providers if there’s a “try before you buy” option to help ensure the software is a good fit — before you make a purchase.

6

WHAT DOES CUSTOMER SUPPORT LOOK LIKE?

What happens when you need help? Can you quickly get software support personnel on the phone or connect with them via chat or email? What level of support comes standard, and what costs extra? While many companies now offer basic support for their products, it’s worth asking exactly what’s included, what that looks like in practice, and what you’ll pay if you need more in-depth assistance.

7

HOW LONG WILL IT TAKE TO GO LIVE?

It’s one thing to purchase a new logistics software system — it’s another to get it up and running. And, the longer it takes to fully implement and integrate your solution, the longer until you’ll see any return on investment (ROI). Make sure to ask any potential provider how long it typically takes to go live with their software, and what happens if issues arise.

8

WHAT’S THE EXPERIENCE FOR USERS?

While customer service and platform support are key considerations for logistics software, the user experience also matters. Ultimately, the success of your software investment hinges on user adoption: if the users don’t enjoy working with it, you’re at a significant disadvantage. So, look for solutions that make it easier for staff across all departments to do their jobs, incorporate automated data collection tools to reduce user errors, and implement continuous updates to ensure employees always have the latest information available.

MODERNIZE YOUR FREIGHT FORWARDING OPERATIONS WITH MAGAYA

The future of freight is digital! To keep pace with the demands of modern freight forwarding and stand out from the competition, you need to work smarter, not harder. The Magaya Digital Freight Platform is a modern, data-driven logistics software platform that digitizes, automates, and optimizes every step of your operations from origin to destination.

MAGAYA DIGITAL FREIGHT PORTAL

Go digital with a branded and customized web portal for online schedules, quotes, bookings, tracking, and reporting. Your customers will appreciate the transparency, control, and ease of use of interacting with you online, and you'll enjoy the dramatic time savings you get by eliminating countless email and phone calls.

MAGAYA RATE MANAGEMENT

Eliminate the inefficient process of using spreadsheets to manage complex rates, quotes, and contracts and take total control of your rates with Magaya Rate Management. No matter where or what format your rate data lives in, Magaya can digitize and centralize it for you to easily access and share with customers and across teams.

MAGAYA SUPPLY CHAIN

Exchange information across all teams and stakeholders in real-time, eliminating the silos that cause delays and errors and manage all your multimodal logistics operations in a single system. From freight quotes and customs documents, to warehouse receipts, shipments, invoices, and more, Magaya Supply Chain has you covered.

MAGAYA CRM

Put your customer data in the spotlight with Magaya CRM. When used with Magaya Supply Chain, this time-saving solution eliminates redundancies and fosters customer-centric collaboration across teams with greater visibility, streamlined processes, and built-in business intelligence.

MAGAYA CUSTOMS COMPLIANCE

Keep compliant in a fraction of the time with the connected features, intelligent automation, and intuitive interface of Magaya Customs Compliance. With real-time visibility into all your transactions, duties, fees, and CBP response messages in a single window, you won't miss a beat when it comes to compliance.



ABOUT MAGAYA

Magaya delivers a Digital Freight Platform that accelerates growth with flexible, interoperable, and modular cloud-based solutions designed to optimize and digitize end-to-end logistics operations and customer experience. Whether used together as an integrated digital freight platform or independently, Magaya solutions enable businesses of all sizes to streamline complex and redundant processes, enhance the customer experience, optimize productivity, reduce costs, and grow revenue. At Magaya, we are passionately devoted to ensuring our customers' success through our innovative technology and comprehensive array of related professional services. We take great pride in our people, experts in the field of logistics automation, who are always willing to go the extra mile for our customers. There are no limits to your growth with Magaya. Visit magaya.com to learn more.