



JULY 2020

# STATE OF FREIGHT DIGITALIZATION

Market Analysis

**CONDUCTED BY:**

SHIPPING AND FREIGHT RESOURCE

**PREPARED BY:**

HAVEN Inc.

# ABOUT THE ANALYSIS

## Interest in digital solutions in the wake of COVID-19 is surging

This market analysis, that was sponsored by Haven Inc. and conducted by Shipping and Freight Resource, gauges the freight industry's readiness to invest in digital technologies.

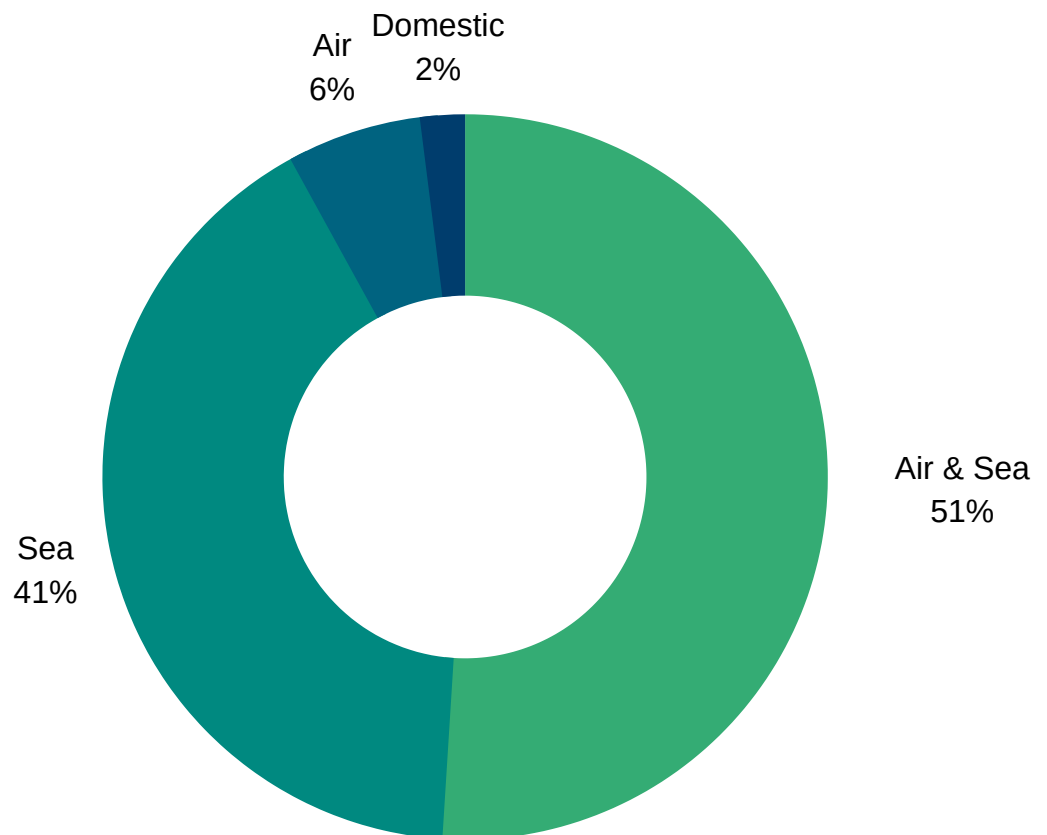
It was meant to match whether the industry narrative and expectations correspond to the actions of those in the sector or remain as mere ideas.



# DEMOGRAPHICS

A majority of respondents (67 %) were decision-makers belonging to Director/VP and C-Level positions while others held middle-management and supervisory positions (28.9%). Other survey takers worked in operations and administrations including, documentation, analytics, and corporate counsels.

51% of participants used both air and sea as modes for international shipments. 41% used only sea, 6% used only air, and 2% participated in domestic operations only.



# WHAT ARE THE MAJOR CHALLENGES?

Over 160 decision-makers came together and opined on the industry readiness for freight technologies. The survey questions explored the level of automation in global supply chains, the kind of systems in use and whether the present systems were satisfactory.

## 35%

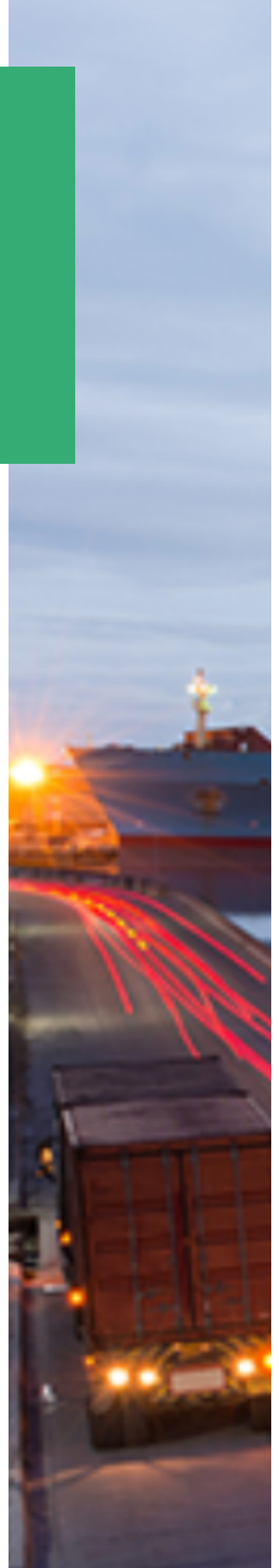
revealed that the use of manual processes lead to delays.

## 30%

stated quotations took too long.

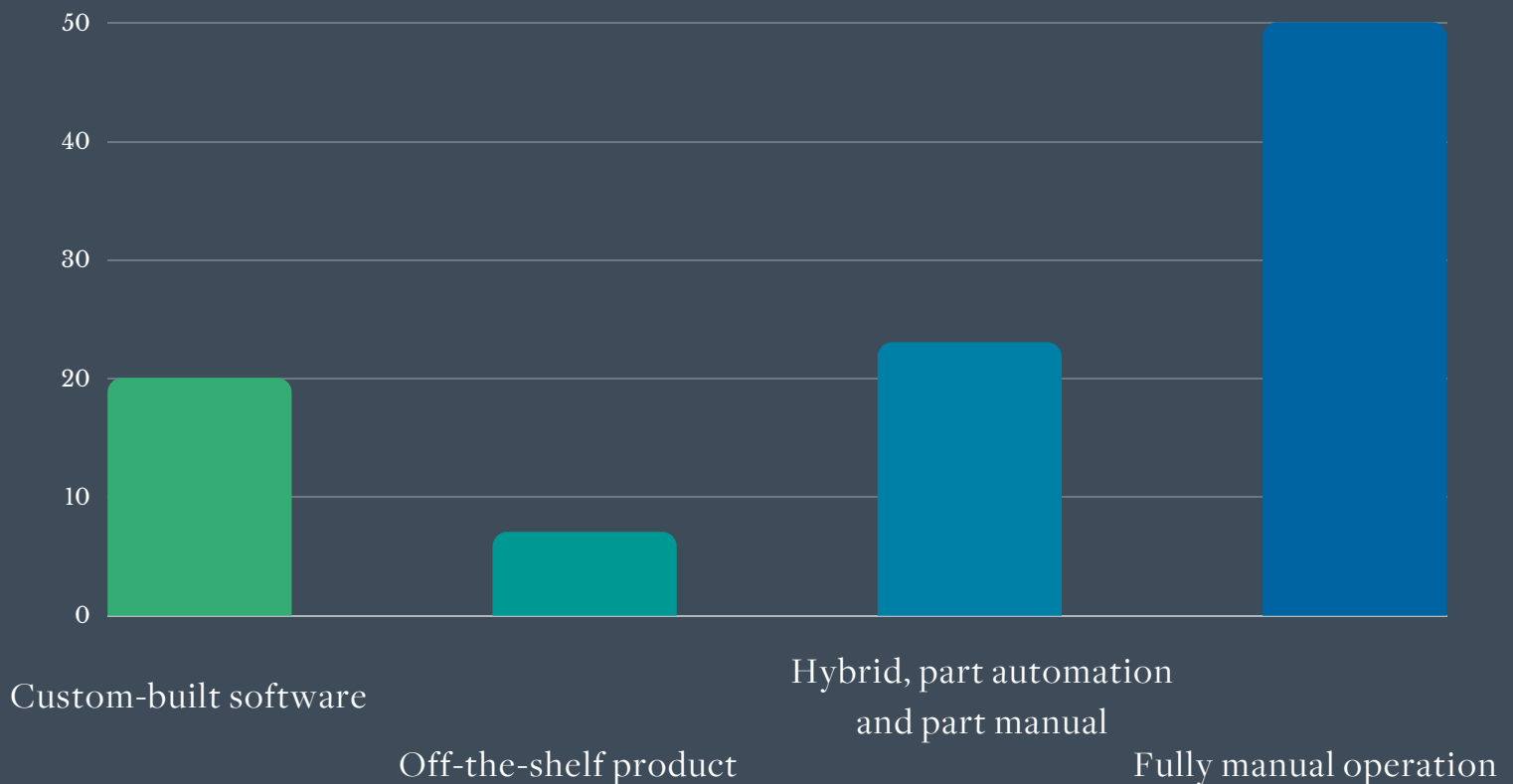
## 20%

complained of cumbersome booking processes, long drawn rate management processes, and 9% had issues with after sales.





# FREIGHT MANAGEMENT SYSTEMS USED



## Do you use the right solution?

A whopping **50%** of participants admitted that they did not use any software for freight management. **23%** use part automation and part manual, **20%** use a custom-built solution, and **7%** use an off-the-shelf product.

*"In addition to indefinite quotations, information is always received late in case of delay or damage occurred."*

# LEVEL OF AUTOMATION

## Are you there yet?

With respect to the level of automation being used in operations, respondents were asked to rank their level of automation on a scale of 1-5. This is how they responded:

**Quotation Management** - 40% had fully manual processes, and only 7% admitted to having fully automated processes. The rest had a mix of both.

**Booking Management** - 34% had fully manual processes, and 6% had an automated process. 60% had a combination of manual and automated with a higher inclination towards manual than automated.

**Document Management** - 54% had a mix of manual and automated processes, with 27% having a fully manual process and 8% having a fully automated process.

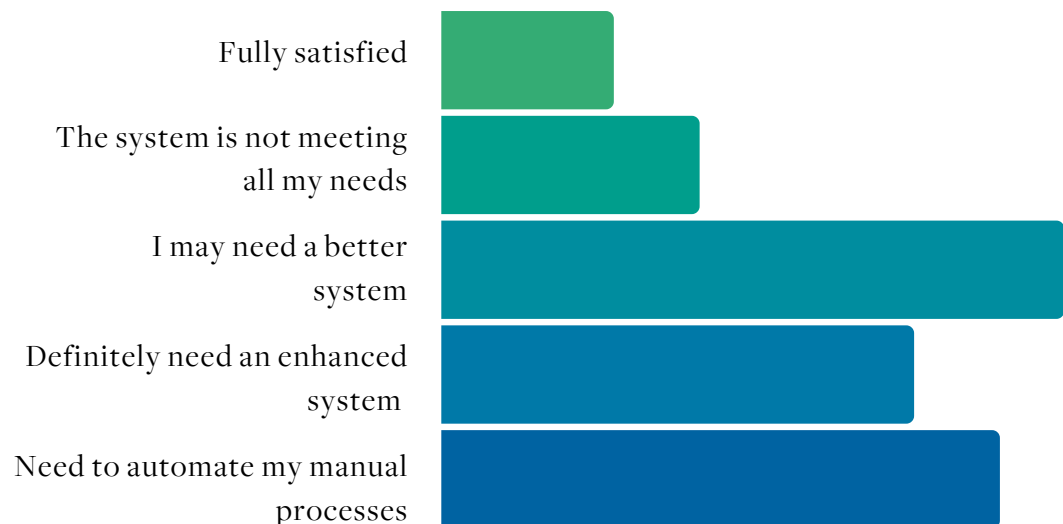
**Track & Trace Visibility** - 30% followed a manual process with 12% using an automated one; the others had a mix of manual and automated.

**Freight audits** - A whopping 42% used manual processes and only 5% used an automated system.



# LEVEL OF SATISFACTION

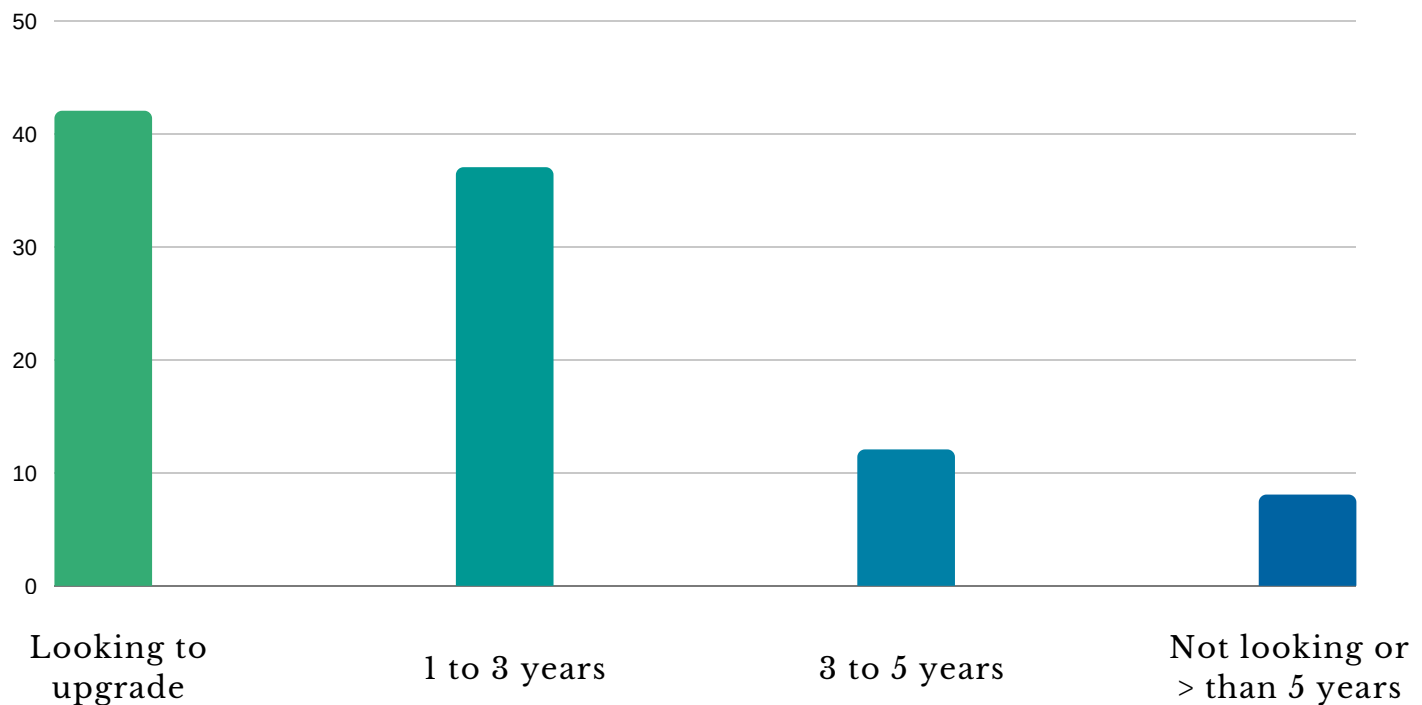
Only 8% of participants were happy with their present systems, with 26% stating that they needed to automate processes, 22% saying that they definitely needed an enhanced system with more capabilities, 12% admitted that their systems were not meeting their needs and 29% stating they “may need a better system.”



# INVESTMENT IN DIGITALIZATION

## Is the industry ready?

- 42% of survey takers agreed that they were looking to upgrade their systems by investing in the further digitalization of their international processes.
- 37% were looking to upgrade in 1-3 years,
- 12% wanted to upgrade in 3-5 years, and,
- 8% were either not looking at all to upgrade or to do so later than 5 years from now.

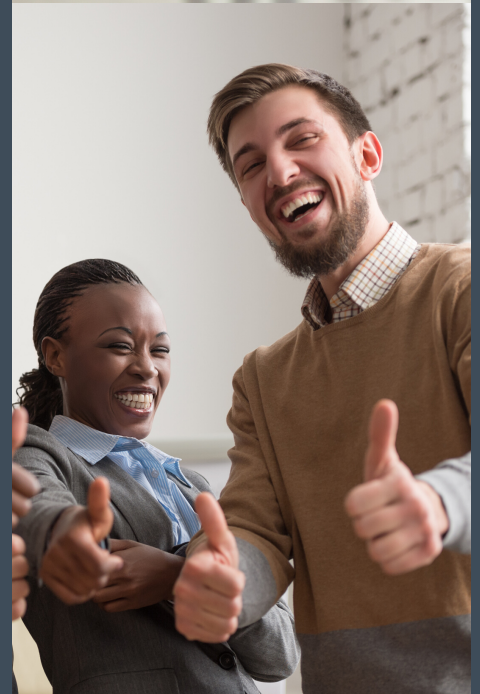




# AREAS OF IMPROVEMENT

- 61% wanted to improve their **quotation management** and track and trace visibility.
- 60% were looking to better their **document management**.

*"We want freight invoice control and cost calculation for a shipment with the easy understanding of the margin."*



## Improved Efficiency

- 56% wanted to increase the **efficiency of their booking management**.
- 40% were on the lookout for a **better freight audit solution**.



# BARRIERS

## Major barriers in automation

Lean and automated processes are the way forward in the logistics and supply chain industry. However, there are “perceived” obstacles to this as revealed by the respondents. Here is what they said:

**35%** of participants agreed that the budget was a major barrier to the automation of

freight operations while **21%** said there was a lack of adequate technology.

**19%** felt the struggle was a lack of internal expertise, **13%** said it was due to lack of internal resources, and **10%** stated it was due to a lack of support from the leadership.







# ROI

If you would have to choose one, which would be the most important measure of the ROI of new technology?

For 33% of these professionals, the most important measure of the ROI of new technology was operational savings.

For 32%, there were profits/revenues, for 17%, it was down to the customer scorecard, and for 16%, it boiled down to order accuracy.

The most significant takeaway was that 82% said they would like to receive customized solutions for their pain points! This not only points to the readiness, but also, industry's felt need for freight technologies.



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