

Delivery Management: Business Value Creation Through nShift

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About Simon-Kucher & Partners

Simon-Kucher & Partners is a global strategy consulting firm with more than 1,500 professionals in 41 offices worldwide focusing on TopLine Power[®]. Founded in 1985, the company has 36 years of experience providing strategy, marketing, and sales consulting and is regarded as the world's leading pricing advisor. For more information, visit <https://www.simon-kucher.com>

Contents

03	Executive summary
05	Key findings
06	Industry overview
06	Multi-carrier delivery management value chain
09	Trends
11	The customer journey
12	Key challenges
13	Solution requirements
15	Key results
16	Business value creation
16	Examples of value creation listed by customers
17	Quantifiable value
17	Non-quantifiable value
19	Appendix: Methodology
19	Interviewee selection
19	Interview setup

Executive summary

nShift is a leading provider of cloud delivery management solutions that operates primarily in the Nordic countries, the UK, and Benelux and plans to further grow its business internationally. Delivery management solutions allow companies that ship products to customers (shippers) to connect and place orders with carriers that ship the packages to end customers.

As eCommerce is booming and the number of parcels being shipped is growing rapidly, the need for hassle-free integration with multiple carriers catering to various needs has become increasingly important. Multi-carrier delivery management solutions provide great value for shippers, their end customers, and connected carriers. Further it also adds significant value to companies that implement such multi-carrier solutions based on the competitive advantage.

nShift's delivery management solution enables delivery logistics optimization and easy carrier management. It offers access to over 700 carriers, making nShift's multi-carrier delivery management solution the largest carrier library in the world. The solution's core functionalities include facilitating its customers with shipment booking, label printing, and track and trace. In addition, nShift offers its customers checkout solutions as well as data tracking and visualization.

nShift commissioned Simon-Kucher & Partners, a global strategy consultancy firm, to estimate and articulate the value the company delivers to its customers by interviewing 46 of nShift's customers (B2B and B2C firms of various sizes and across industries).

Disclaimer

This study was commissioned by nShift and delivered by Simon-Kucher & Partners. It is not meant to be used as a competitive analysis. nShift provided the customer names for the interviews. The material contains original concepts and findings which are the property of Simon-Kucher & Partners. nShift reviewed and provided their expert feedback on the report, but Simon-Kucher maintained editorial control over the study and its findings.









Key findings

nShift's customers expressed the high value gained from being able to manage multiple carriers with ease and speed. This includes the ability to quickly add or switch between carriers based on needs, or adding new and upcoming carriers. For the customer, these features translate into time savings and reduced development costs. A downward trend of in-house developed delivery management solutions has been observed. The trend is driven by the large maintenance costs but also the inability to develop all functionalities that a third-party vendor is able to offer.

Furthermore, customers communicated the high value they get from having an overview of all logistics flows and corresponding analytics in one single system. This reduces the time spent on administrative tasks while also creating a transparency in the value chain. Customers added that increased transparency becomes critical as they grow in size and the complexity of deliveries increases.

In addition to the non-quantified value, nShift's customers mentioned the following high-level quantified value benefits of using nShift's delivery management solution:

	<p>Automated order booking: Time and cost savings from having an automated system that handles the delivery data instead of having to manually submit it.</p> <p>Customer example: up to 50% in time savings</p>	
	<p>Reduced administrative work: The track and trace functionality enabled both time and cost savings, since customer support did not have to help end customers track their deliveries.</p> <p>Customer example: reduced customer support by half</p>	
	<p>Avoidance of surcharges: Time and cost savings by collecting all relevant documentation in one place, which avoids any potential penalty fees or extra surcharges from incorrect, delayed, or forgotten deliveries.</p> <p>Customer example: ~13% ROI from cost savings on surcharges</p>	

93%

of interviewed customers believe that nShift's delivery management solution offers very good value in relation to the investment

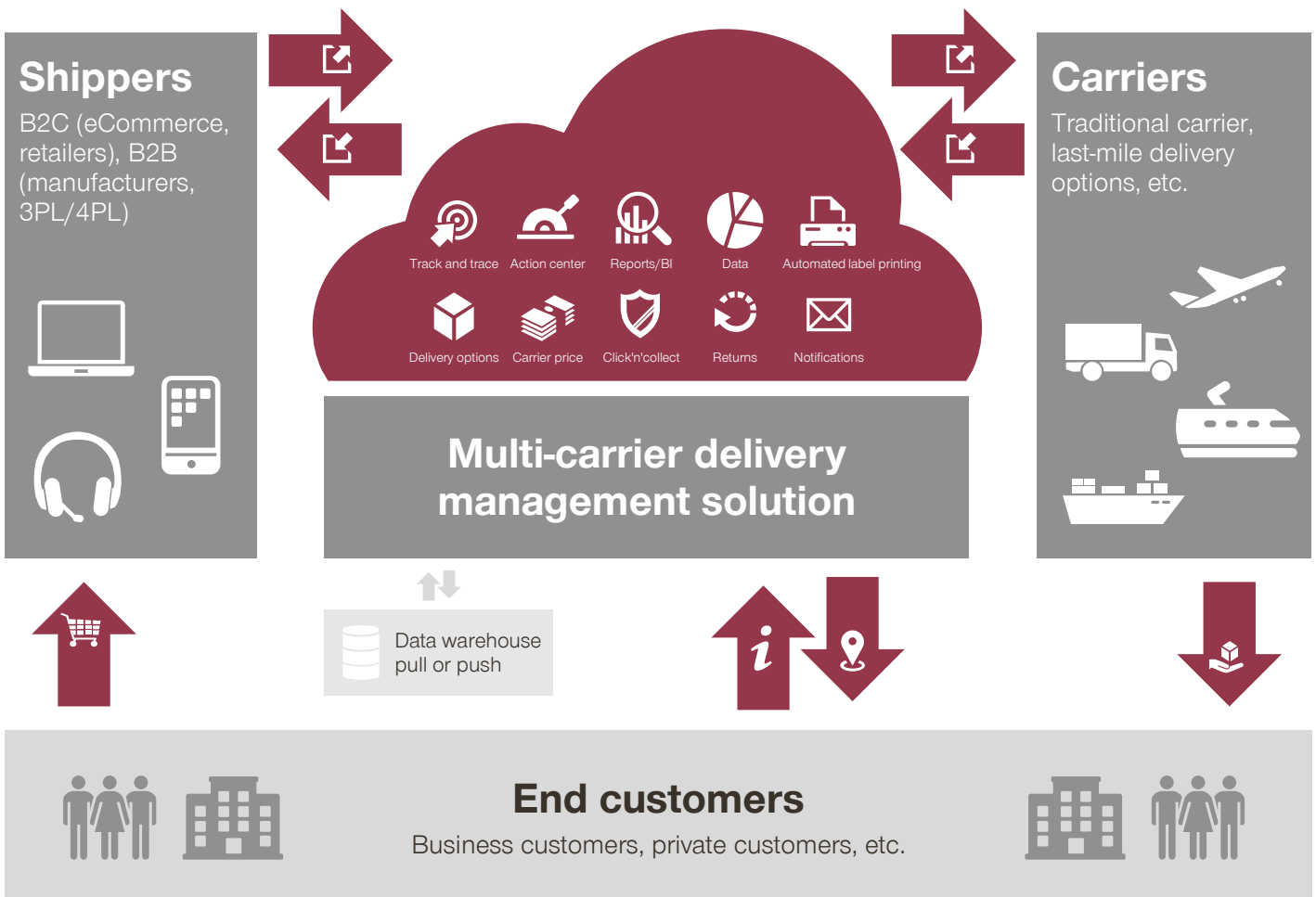
Industry overview

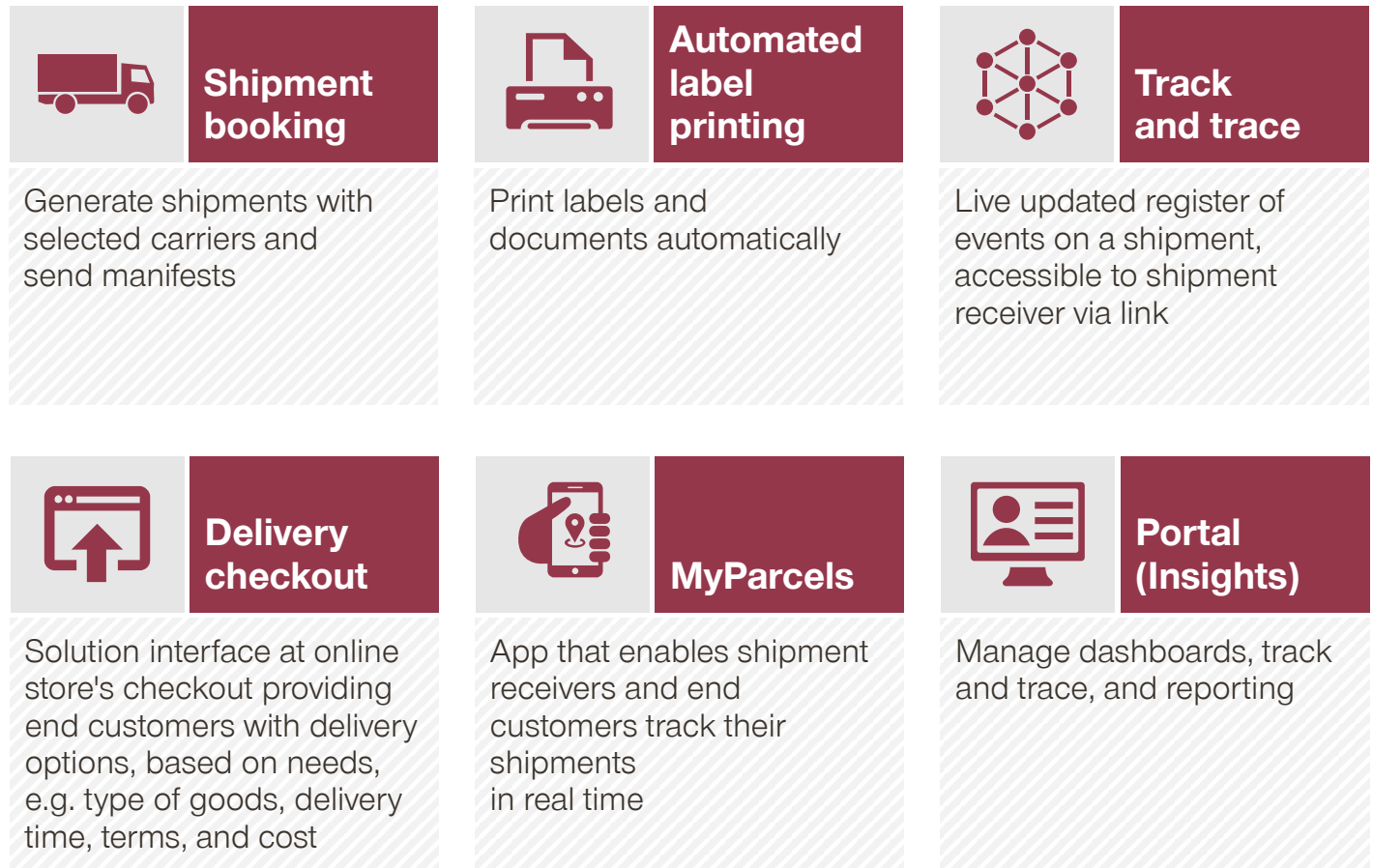
The market landscape and value chain of delivery management solutions involves end customers who create an order or a return booking, shippers who receive the order, information to and from warehouse/distribution centers, carriers who cater to the different needs of shippers (e.g., geographical coverage, track and trace, last-mile delivery), and multi-carrier delivery management solutions, such as nShift, which acts as an intermediary and manages the multiple connections and orders.

Delivery management solutions cater to three different sales scenarios; direct sales (through a salesperson from e.g., nShift), indirect sales (through salesperson of third-party vendor or partner), and self-service (through online webpage of e.g., nShift).

nShift's delivery management solution consists of several core and advanced functionalities. **See following page for a selection:**

Multi-carrier delivery management value chain





nShift is primarily active in the Nordic countries, the UK, and Benelux and has a highly diversified customer base across B2B and B2C firms. The company's presence is especially strong in the Nordic countries, where nShift has established long-term relationships with its customers by ensuring a strong and differentiated offering with high stability. nShift's core addressable market (the Nordic countries and the UK) for multi-carrier delivery management is estimated at EUR 335 million, whereas the served addressable market estimate was EUR 122 million in 2019.¹ The served addressable market has a forecasted CAGR of 15% between 2019 and 2023, meaning it is expected to grow to roughly EUR 213 million.^{1,2}

nShift's main competitors include direct competitors (local and international competitors) and in-house developed delivery management solutions. However, the latter are decreasing in popularity due to high development and maintenance costs and often limited functionalities. Another challenge with in-house solutions is having to continuously upgrade and maintain connections with all connected carriers when performing system updates. In contrast to nShift's direct competitors, which focus on one segment (e.g., enterprise B2C), nShift serves both B2B and B2C customers. This unique combination of differentiated customer segments and large breadth of product offerings has enabled nShift to secure a strong competitive positioning in terms of catering to its customers' needs.

1) European central bank's average exchange rate of NOK to EUR in 2019: 0,1015
 2) National statistics, Management information, Simon-Kucher research



Trends

As the world becomes more digital and better informed, the habits of customers are changing. Customers are becoming increasingly impatient, and their expectations of products, services, and brands are higher than ever before.



Advancing eCommerce

The advancing eCommerce presence has created significant white space opportunities in delivery management's addressable markets. Demand for excellent delivery services and the need for shorter delivery times are increasing. Shippers not only want new functionalities but also more options when selecting a carrier. As a result, it has become necessary for delivery services to be able to scale their solutions in order to handle the growing demand.



Increase in shipments

Delivery management solutions are seeing an increase in shipment volumes and shippers are requesting more types of deliveries, which has led to the emergence of new and often smaller niche carriers. In order to accommodate these needs, the solutions have a unified system that connects all the carriers required and enables new carriers to be easily added to their library. In addition to the large set of shipments, shippers more often tend to demand greater access to data and the opportunity to analyze their deliveries to see how carriers perform.



More user-friendliness

End customers want a more user-friendly experience and expect the ability to choose the type of delivery that best suits their needs, including speed of delivery and drop-off location (e.g., front door, at a pickup center, storage box). Through delivery checkout solutions, end customers can choose which delivery method suits them the best, which has proven to be a competitive advantage over companies that do not offer this option. Offering this flexibility could increase the conversion rate. Furthermore, end customers expect to be able to easily track and trace their deliveries and have a fast and flexible solution for returns.



Eco-friendly deliveries

The demand for eco-friendly deliveries is increasing. End customers' selection of product, service, or brand was traditionally driven by reliability, speed of delivery, or price. Today, the environmental impact of delivery services is a more important deciding factor. End customers are often willing to pay more for options with a more sustainable supply chain.

Overview of interviewed customers

46

Interviews
conducted

8

Geographies

3

Main industries

10k-12m

Shipments p.a.



The customer journey



A variety of customers from nShift's customer base were selected and requested to participate in the interviews. In total, 46 interviews were conducted with customers in retail/ eCommerce, manufacturing, and 3PL/4PL. While the majority of customers were based in the Nordic countries, participants were also located in Germany, the Netherlands, the United Kingdom, Ireland, and the US.

The number of annual shipments per participating customer ranged from 10 thousand to 12 million, and the delivery types included parcels, pallets, and containers depending on the industry.

"We wanted to be able to consolidate all deliveries and statistics in one place and be independent of carriers"

Logistics developer, Retail

”

"Technical issues drive costs quickly. For example, we experience production stops, missed orders, and information being incorrectly added. All of that means we have a few hundreds of employees waiting to start working again"

Project manager, Retail

”

Key challenges

Organizations that have decided to invest in the nShift delivery management solution are generally looking to solve some key pain points in their daily work:



Too many systems managing logistics flows

Before they started using the nShift delivery management solution, customers found themselves switching between individual systems when planning and analyzing orders, deliveries, and their related flows



Inflexibility in switching and adding carriers

Without a dedicated delivery management solution, customers would have to spend considerable amounts of time and resources maintaining their own carrier connections, and adding a new carrier to their library would require a unique project each time



Lack of internal standards

Customers used inadequate and irregular methods of managing costs, rules, and documentation and needed a single factual source of truth to create internal standards and procedures

"Before using the delivery management solution, we had to switch between 15 different systems to organize our deliveries"

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European Head of Logistics & Operations, E-commerce

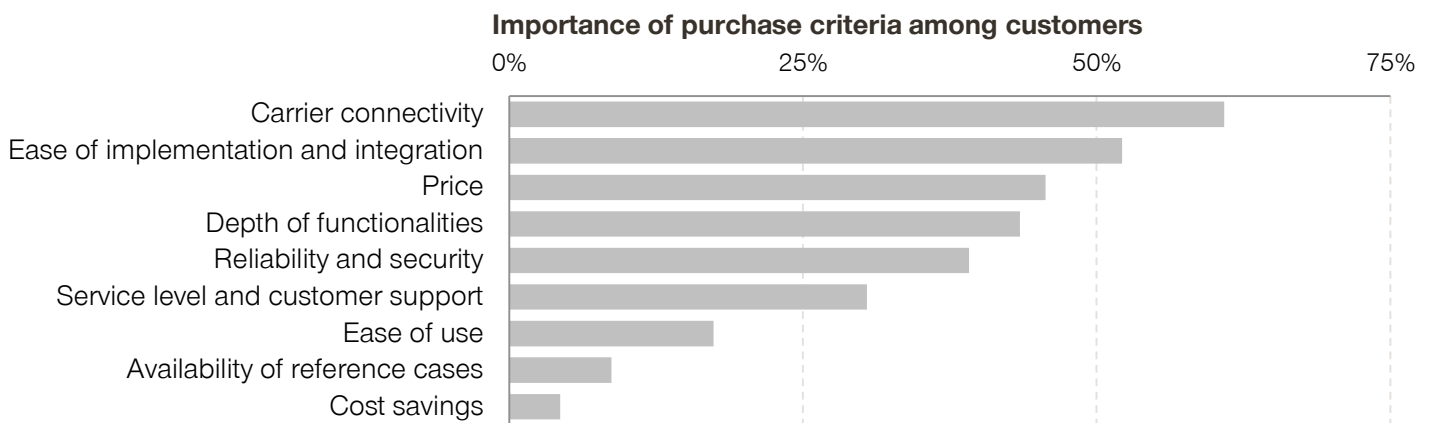
"The alternative is for us to build all carrier connections ourselves, and that is not possible. As we have continued to outsource the delivery management solution, the volume has grown, and the relative price has gone down"

”

Logistics responsible, 3PL

Solution requirements

The organizations interviewed would normally evaluate several different delivery management suppliers to find their best fit. The results would be based on a number of purchase criteria with varying occurrence.



Among customers that chose the nShift solution, their three most important purchase criteria were carrier connectivity, ease of implementation and integration, and price. The top purchase criteria for selecting nShift are:

<p>Carrier connectivity</p>	<p>Ease of implementation and integration</p>	<p>Price</p>	<p>Depth of functionalities</p>	<p>Reliability and security</p>
<p>61% expressed that the available carrier library and the possibility to connect new carriers are an important purchase criterion, and nShift is thought to offer the broadest and most competitive carrier selection on the market</p>	<p>Furthermore, 52% considered the ease of implementing new features and integrating them into external systems as important, and customers would choose nShift for the scalability of its solution's functionality</p>	<p>The third most important purchase criterion is the pricing of the solution, which 46% of customers communicated was critical when evaluating delivery management solutions</p>	<p>43% of customers thought the available functionalities should also be well developed and of high quality, adding that non-advanced features were of little use</p>	<p>39% of customers considered it crucial to have a reliable delivery management solution, since downtime of the solution and inability to book and print orders incur immense costs and can potentially cause the loss of customers in the long term</p>



Key results

After using the nShift solution for some time, the interviewed customers saw some key results and experienced benefits, convincing them to further collaborate with nShift. Benefits included:



Ease of switching carriers

Time savings and reduced development costs from being able to quickly add or switch between carriers and integrate new carriers



Better overview of data

Having an overview of all transportations, logistics flows, and their analytics in one single system saves time and ensures control



Less administration

Having to learn about and manage one single system saves time and resources, which can be spent on value-adding tasks

"It is very valuable for me as a group director to be able to see the full delivery flow and monitor potential abundancies, while knowing that the logistics director in e.g. Norway can focus only on their local flows"

Group Director Logistics, Manufacturing



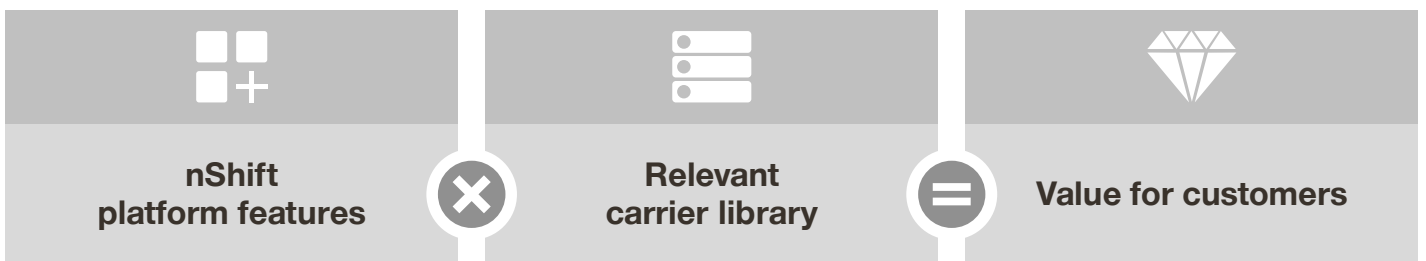
"When we went from one to five carriers, we noticed the need for smooth label printing, and the ability to create documentation for billing. The delivery management solution made it clearer for us and for the carriers"

Transport manager, Retail



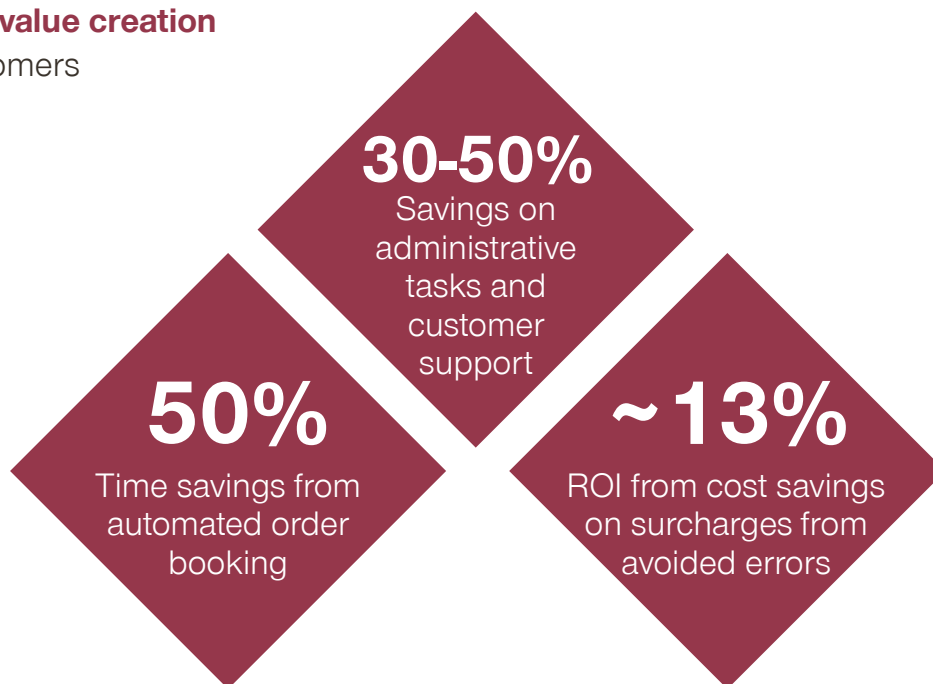
Business value creation

nShift aims to create real value for their customers by providing features and solutions that cater to their needs and grants access to a relevant carrier library that meets their delivery needs for their end customers. In summary, to create value both features and carrier access needs are combined.



Examples of value creation

listed by customers



Interviewed customers saw clear improvements in their operational work related to the management of delivery bookings, tracking, and carrier connections. Although none of the organizations performed exact quantitative measurements of the benefits that the nShift solution provided once it was implemented, the majority of the interviewees clearly expressed that they could not see themselves going back to managing the tasks that the delivery

management solution now handles. For example, a multinational fashion retailer with 20 carrier connections and up to 10 million annual shipments achieved its three-year ROI business case within less than a year of implementing the nShift solution. Another customer witnessed a 12% increased conversion rate of end customers in their web shop after implementing the nShift delivery checkout solution.³

3) Customer interview conducted by nShift 2021

Quantifiable value

Generally, quantifiable value is recognized as three different categories of time and cost savings:

Automated order booking:

By managing orders through the nShift solution, customers would spend less time on manually submitting the information in their order booking system. Several customers said they **save up to 50% of time** through automated processes and correct transport orders. Another customer with an annual order volume of one million parcels saved an estimated **25 seconds per order**, which **corresponds to two FTEs**.



Reduced administrative work:

Before customers invested in the nShift solution, they would spend a significant amount of time on administrative tasks related to end-to-end tracking and supporting end customers in tracing their deliveries. For example, a customer in the eCommerce and retail space that sends one million shipments annually would need only **half the number of FTEs in customer support** thanks to not having to track parcels for their customers.



Avoidance of surcharges:

After implementing the delivery management solution, one of nShift's manufacturing customers that manages 35,000 deliveries per year **reduced its costs**, mainly caused by forgotten and resent deliveries, **by 30%**. Another customer estimated **13% ROI from cost savings on surcharges** from not preannouncing shipments correctly.



Non-quantifiable value

Although some customers could estimate the quantified value of their delivery management solution in certain areas, most had not performed any specific measurements. However, they highly praised the value the solution had brought their organization.

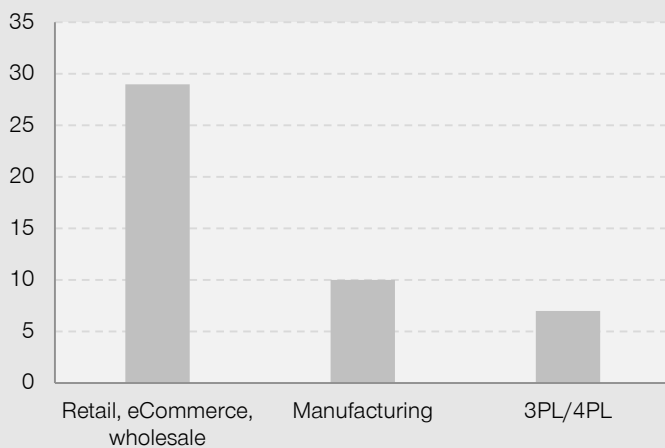
Very few customers had gone from managing a large number of carrier connections themselves to using nShift's solution. Instead, most customers started using nShift before increasing their number of carriers, meaning the solution enabled them to grow their business. Therefore, the value nShift's carrier library provides is difficult to measure, and the alternative cost of growing their business themselves is something the companies had not even considered.

Similarly, a large share of the customers had been using the nShift solution for many years and consider it invaluable, which is why quantifying the benefits the solution offers is difficult.

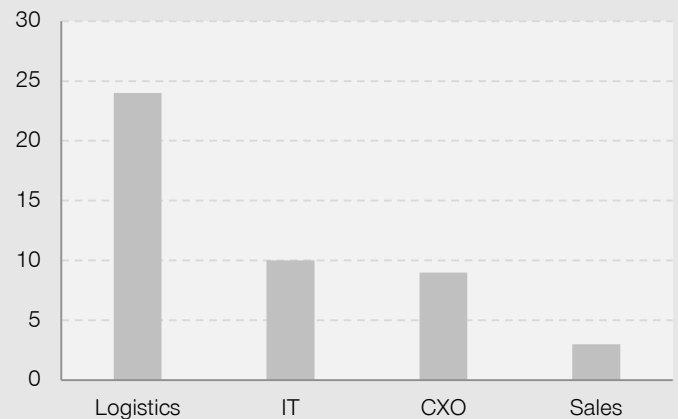
Appendix: Methodology



Interviewee industries



Interviewee roles



Interviewee selection

Customer interviews were conducted in April and May 2021 with existing nShift customers. The participating customers were active in three different markets. Retail, eCommerce, and wholesale were the dominant industries with 29 interviewees, while 10 worked in manufacturing and seven in 3PL/4PL.

Apart from customer interviews, additional interviews were held with external delivery management experts, internal nShift experts, and experts from Simon-Kucher & Partners. These interviews were conducted to gather further insights and validate findings from customer interviews.

Interview setup

Due to the current COVID-19 restrictions, the geographic range of interviewees and the interviewees' availability, all interviews were conducted primarily as video calls and secondarily as phone calls. The interview questions were mainly open-ended questions related to the topics discussed in this report.



SIMON • KUCHER & PARTNERS
Strategy & Marketing Consultants

Authors

Dr. Andreas Jonason, Thomas Daun, Emily Tran, Johanna Ögren

Dr. Andreas Jonason, Partner
andreas.jonason@simon-kucher.com

Thomas Daun, Director
thomas.daun@simon-kucher.com

Stockholm office
Kungsgatan 42, 5th floor
111 35 Stockholm, Sweden