Deployment scenario

ARL e-Yield Suite

ARL e-Yield for cargo Low Cost Carrier, cLCC

Overview

The deployment scenario describes how a cLCC applies the e-Yield platform to their business. The cLCC may be a shipping line, air-cargo, feeder, barge, rail-cargo or truck fleet operator, or an NVOCC, who operates according to the cLCC business model, entailing that web customer self-service is the single sales and service channel; that the price is unbundled and individual value-adds reflecting variable costs are offered and priced individually towards the customer; and that the price of the core transport service reflecting fixed asset financial and operating costs, is adjusted dynamically according to market supply and demand mechanisms.

Web Self-Service as Single Sales & Service Channel

The cLCC is welcoming any customer, be it a direct shipper or an intermediary, on equal commercial terms. All customers interact with the cLCC using a web self-service facility, allowing the cLCC to maintain a cost effective customer service organisation.

The e-Yield self-service platform is public and available for all customers. Intermediaries may choose to use it like direct customers on same commercial terms. As no other sales channels exist, all customer requests are captured and expedited in the e-Yield platform.

First-Come-First-Serve & Up-front Payments

The cLCC grants space guarantee in direct return for cargo guarantee manifested by upfront, non-refundable, payment in order to secure high utilization. No-show is no-go.

e-Book Allocate add-on manages the capacity of a fixed repetitive transport service, and e-Book Fleet add-on manages deviations from the standard capacity reflecting transport asset replacements or non-repetitive slot capacities of the regular service. The customer is presented with options between transport offerings with free space for the required transport product(s). Bookings are confirmed based on a first-come-first-serve principle and remaining free space is immediately reduced on concrete departure upon booking confirmation. The e-Settle solution process the payment as an integral part of the booking process and booking confirmation is provided only after the payment process has been successfully completed.

> **e-Yield Deployment Scenarios:**
>
> - FCL Consolidators
> - Deep Sea Shipping Line
> - NVO/ NVOCC
> - Short Sea & Ro/Ro Operator
> - Feeder Operator
> - Air-Cargo Operator
> - Rail Operator
> - Independent Liner Agent
> - Barge Operator
> - LCL Consolidators
> - Truck Fleet Operator
> - Perishables Logistics Provider
> - *-cargo- Low Cost Carrier, cLCC*
>
> *Note: a transport provider may seek hints from multiple scenarios.*

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Pricing Towards High Utilization

cLCC customers book according to a concrete evaluation of price per individual departure with free space.

The e-Book Yield add-on allow the transport provider to describe the market and to indicate the degree of pricing flexibility, driving the self-service pricing engine to dynamically price the transport options offered to the customer according to the known market situation – f.ex. popular weekday departures priced higher, and less popular weekend departures priced lower – and the actual utilization compared with projections relative to the amount of time until booking closure. As the customer always gets a choice of multiple, available transport offerings, the customer is stimulated to balance popular and less-popular departures' utilization by differentiated price, thereby striving towards uniform utilization across all departures.
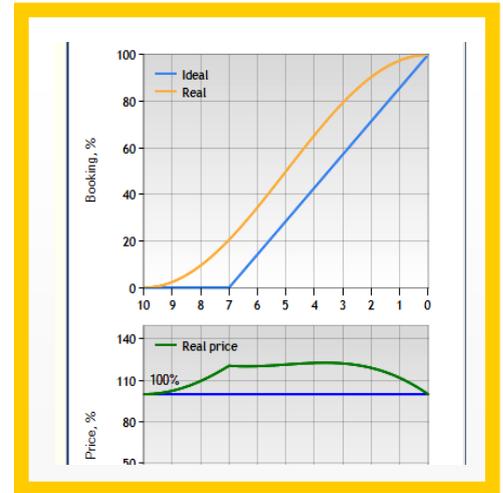
Yield Based Products Acceptance

Whilst the transport assets might have the operational capability to carry multiple replaceable product variants (two x 20' or one x40'in the same space), the derived yield is highly dependant on the concrete product mix. Additionally the transport assets utilization may be restricted by multiple parameters like space and weight, whilst the concrete product mix has a major impact on the yield created for any departure.

e-Book's Yield add-on allows for flexible definition of products and replaceable alternative products giving the transport provider the tool to optimize the yield in a market with product-specific supply & demand drivers. The Yield add-on supports a full self-service model dynamically making product pricing and product specific allocation conclusions based on the yield parameters provided by the transport provider; f.ex. gradually releasing allocation for 40's if – high yield – 20' bookings fall behind market expectations; and managing dependencies – and possibly price differentiation – on light versus heavy cargo bookings.

Unbundled Price and Value-Add Offerings

cLCC unbundle optional services which are available as part of the core transport offering, f.ex. the service of being able to change a booking (flexible cargo guarantee), to pick-up cargo early, or to offer pick-up of equipment in an equipment surplus location rather than an equipment deficit location. Value add services are offered individually to the customer, and the customer pay for –or get rebate for– the specifically requested services. The perception of cLCC being lower priced than conventional transport providers is partly established by offering and pricing optional service components seperately towards the customer, thereby maintaining the core transport price low.

e-Yield Value-Add add-on allows the cLCC to define optional services offered to the customer as an integral part of the quote and booking process. The value-adds are priced according to the value added to the customer, the variable cost born by the cLCC, or the variable saving earned by the cLCC. The value-adds are offered as optional selectables, or optional de-selectables; f.ex. the service of allowing re-booking (flexible cargo guarantee) may be selected by default, and if de-selected by the customer, a discount on the transport price is deducted, or the service of picking up empty equipment at a surplus location rather than the default deficit location, and a discount is applied.

e-Yield support the cLCC business model by allowing the customers to interact by self-service during the schedule-quote-booking-settlement process, secures the highest possible yield from individual departures whilst balancing the utilization across popular and less popular departures allowing minimum sized assets to accommodate the market.

ARL e-Yield Suite consists of the following individual solutions:

- e-Schedule, see more on arl-shipping.com/es
- e-Quote, see more on arl-shipping.com/eq
- e-Book, see more on arl-shipping.com/eb
- e-Settle, see more on arl-shipping.com/ep (p=pay)

arl-shipping.com

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