



PART 2: DRIVING MARGIN & OPERATIONAL BENEFITS FOR SHIPPING PROVIDERS

Enabling intelligent
automated negotiation

WHITEPAPER



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Enabling Intelligent Automated Negotiation

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I. INTRO

In this two-part whitepaper series, we're sharing why you should rethink what digital negotiating looks like in the shipping industry.

The shipping industry is ripe for disruption, and Intelligent Automated Negotiation for self-service customer portals is shaping up to be the next frontier of innovation. In part one of this whitepaper, we examined why the operational complexities of rate and agreement dynamics as well as deal desk and customer dynamics have become so unmanageable and unwieldy.

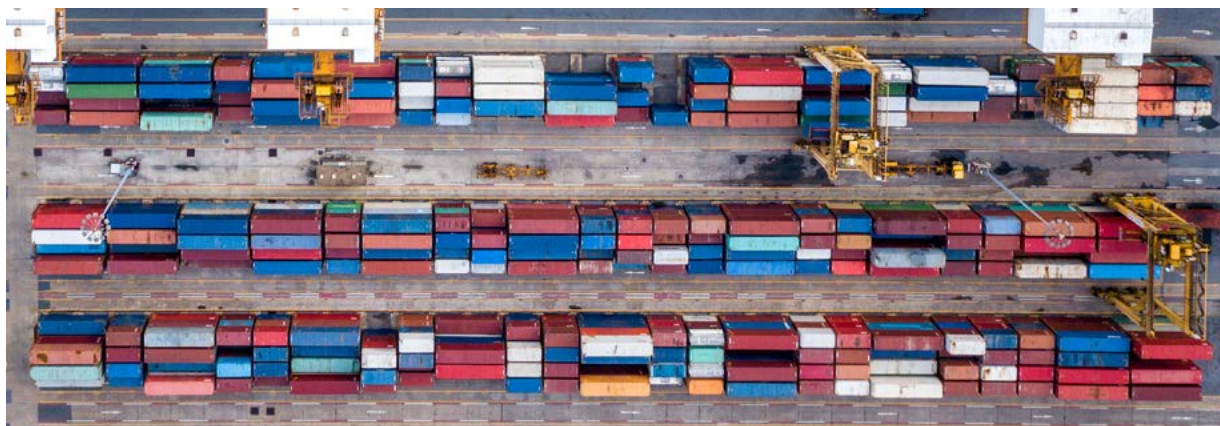
In part two of this series, we'll explore how this smarter approach to negotiating rate agreements saves time, preserves profit, satisfies customers, and becomes a force multiplier for B2B sales teams. Learn how transportation, logistics, freight and shipping companies can "get it right."

II. INTELLIGENT AUTOMATED NEGOTIATION

There are three components that work in concert to enable self-service with machine negotiation: segment and profile awareness, rate envelopes and a cloud-native platform. To illustrate how these mechanisms interact, let's look at them one by one.

Segment and Profile Awareness

An organization's internal data is its most important asset when it comes to building out shipping profiles for existing customers. The right data mining engine can cluster customers together into distinct segments to reflect what they buy and how frequently they buy, and can use advanced data science to measure price elasticity



(II. Intelligent automated negotiation Continued)

Price elasticity, which we will refer to as rate sensitivity in this context, is the hidden treasure within these science-based customer profiles. Each of the myriad services a company offers can be measured to understand the rate-volume relationship. This becomes priceless context for the resulting self-service negotiation system.

The question then becomes, “What about new, first-time customers?” How does the system determine fair negotiation points with an account it has no data on? The answer is simple: Allow new customers to self-select their shipping profile by identifying themselves through basic drop-down menu options, such as: Industry, Estimated Annual Spend, Shipping Frequency, and so forth. The machine negotiation service quickly maps them to similar existing customer profiles or segments to build targeted offers. The offers are easily configurable in the back-end via price management tools. The machine’s first offer conforms to the appropriate customer-specific rate envelope.

Rate Envelope

Now that the system can derive rate sensitivity by extracting signals from these profiles, it can also drive a rate guidance envelope. This envelope is comprised of Start/Target/Floor rates that allow for real-time negotiation with the customer. Rate envelopes are a key component of the overall deal-scoring algorithm, which directs the system’s decision-making throughout the process.

Let’s take a look at an example of how this can work in practice: The Start rate is offered first, of course, at which point the customer can accept the offer or counter it. We’re then off and running with application-to-human interaction that includes built-in rate targets and margin protections. Each successive round of negotiation presents customers with a tailored offer that is within a competitive range of similarly profiled customers.

The parameters made possible by profile-specific rate envelopes lift a majority of deals into an acceptable margin range while dramatically reducing the amount of below-floor exceptions. Offer decisions are guided by the health of each line item on a quote and each service line in an agreement. This will lead to more profitable transactions, occurring more often in both customer-specific agreements and one-off scenarios.

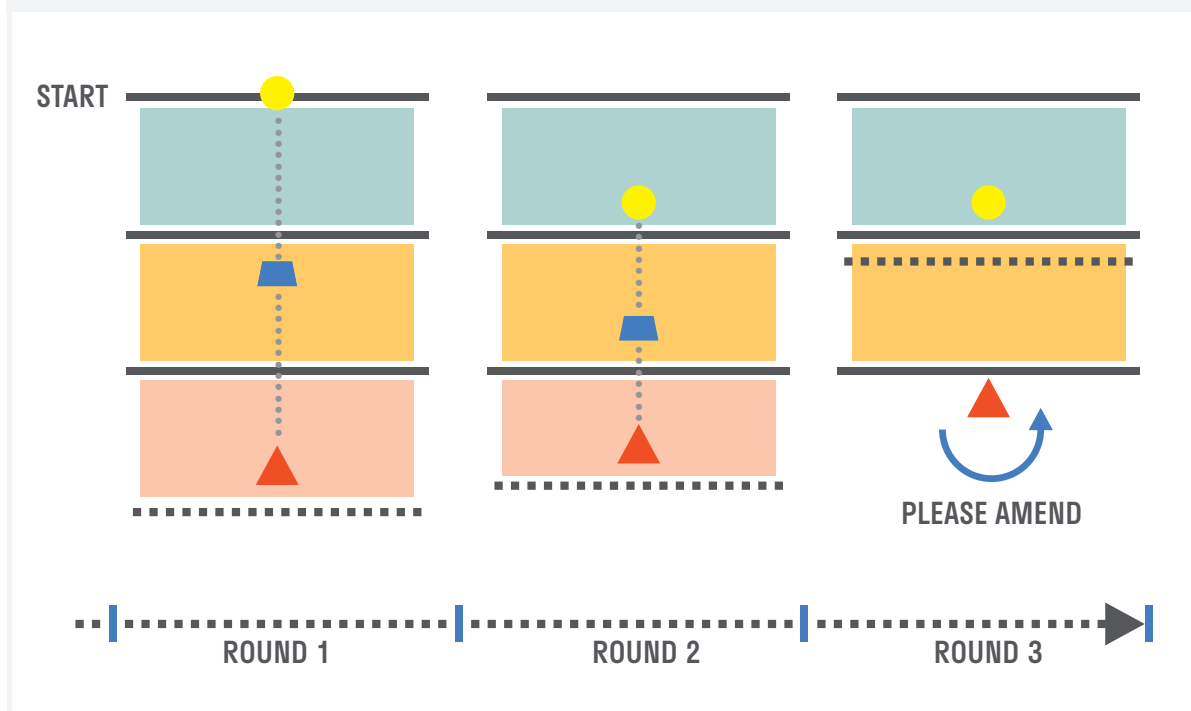
Cloud-Native Platform

It’s important that both the front-end user interface and the back-end logic are built with configurable cloud-native integration technology. Time is money, so real-time rate negotiation depends on highly available systems that communicate at lightning speeds via API.

Remember, self-service is now an important part of any modern shipper’s optionality portfolio. Customers often prefer it, but companies risk defection when they rely on clunky, legacy technology. We’re talking about a mission-critical system here, so make sure it’s seamless and scalable (aka cloud-native).

FLEXIBILITY WITH A STRATEGY

A set of pre-planned offers and walk-away thresholds designed to funnel you and the customer to convergence on an acceptable price in an acceptable number of rounds.
Read part 1, [Dynamics of the Digital Bargaining Table](#).



Self-service with machine negotiation is thus a true force multiplier. The deal desk can confidently offload a bulk of negotiation work on deals that fall neatly into the rate envelope. When human interaction is necessary, a deal desk rep or sales rep gets on the phone armed with valuable information about that customer and its recent interaction with the self-service portal. Team members now have more time to spend on big deals and proactive prospecting activities.

Finally, self-service negotiation has a positive psychological component, wherein a quick, fair negotiation leaves the customer satisfied with the timeliness and parameters of the deal they were able to secure for their company. Meanwhile, the selling company leaves the transaction happy as well, knowing that the negotiated rate or agreement falls within its margin targets.

IV. CONCLUSION

In conclusion, Intelligent Automated Negotiation in the context of shipping customer self-service portals, is poised to drive significant margin and operational benefit for shipping providers while satisfying customers and becoming a force multiplier for B2B sales teams.

Contact Zilliant for a free consultation on Intelligent Automated Negotiation at www.zilliant.com