



**Transportation & Logistics Revenue Management:**



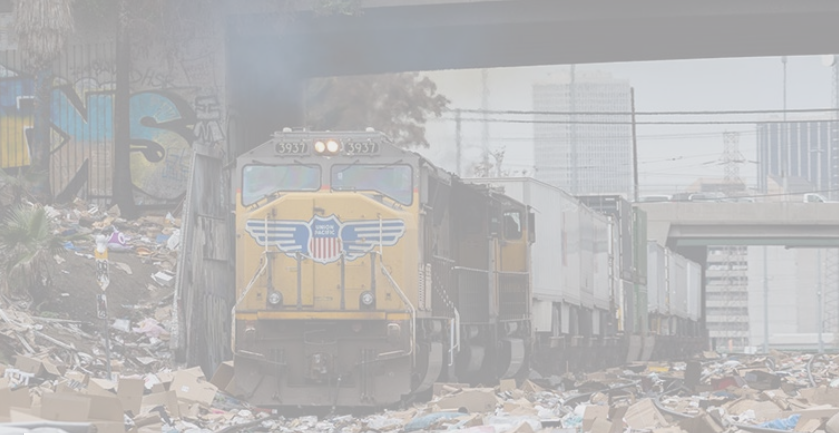
**Never a Dull Moment.**

**Literally Never.**



***Zeke Ziliak  
Northwestern University Transportation Center  
Industry Technical Workshop  
4 May 2022***





# INSIDER

Newsletters

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US MARKETS OPEN IN:  
6H 2M 51S  
In the news

▼ Dow Jones +0.2%

▼ Nasdaq +0.22%

▼ S&P 500 +0.48%

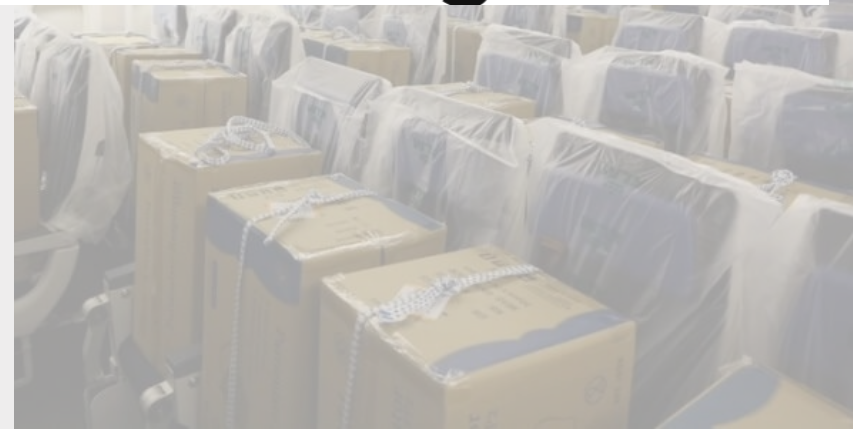
▼ TSLA +0.7%

▼ FB +0.43%

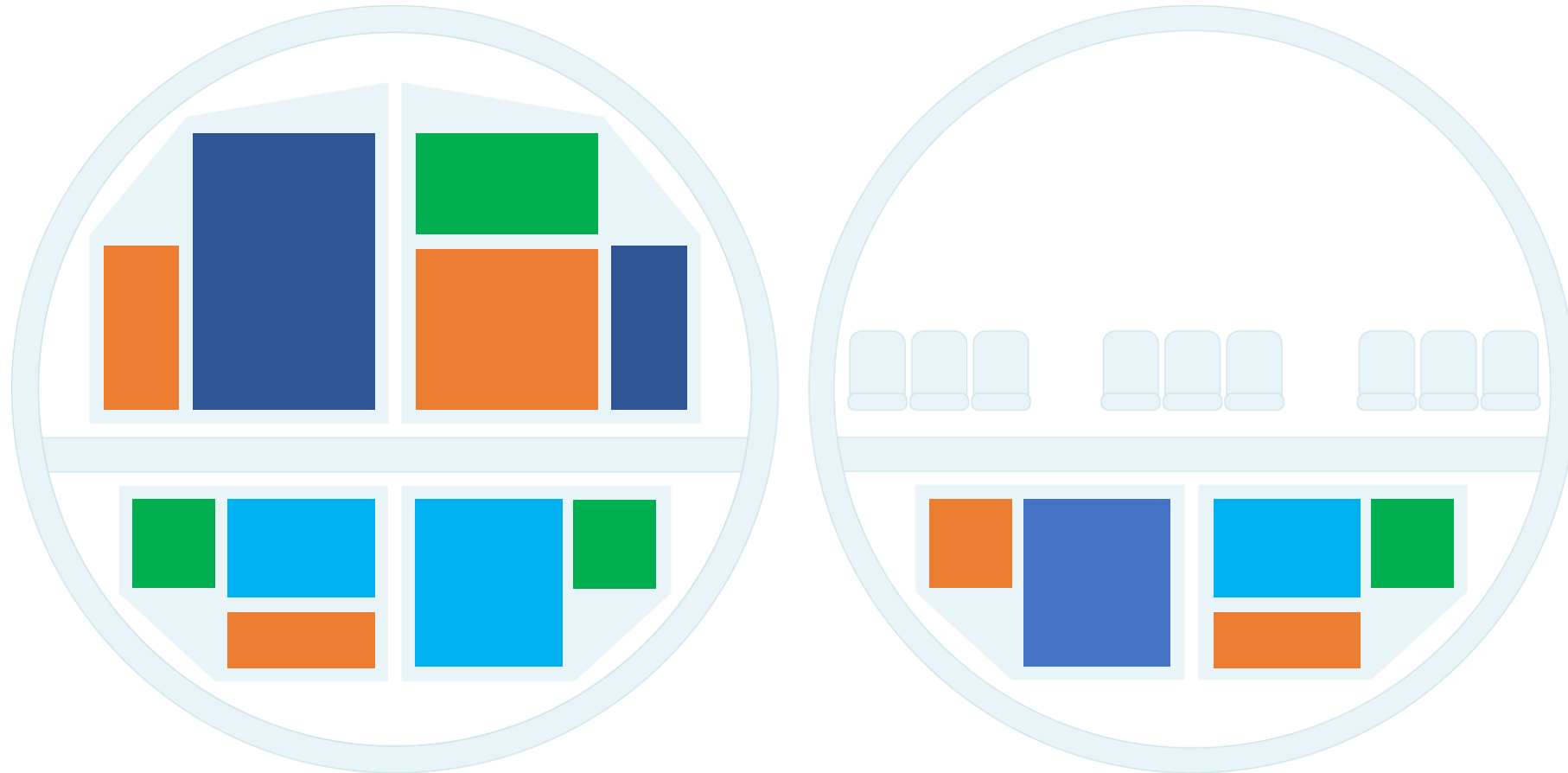
▲ BABA -1.27%





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## Logistics startups are enjoying a historic funding boom.



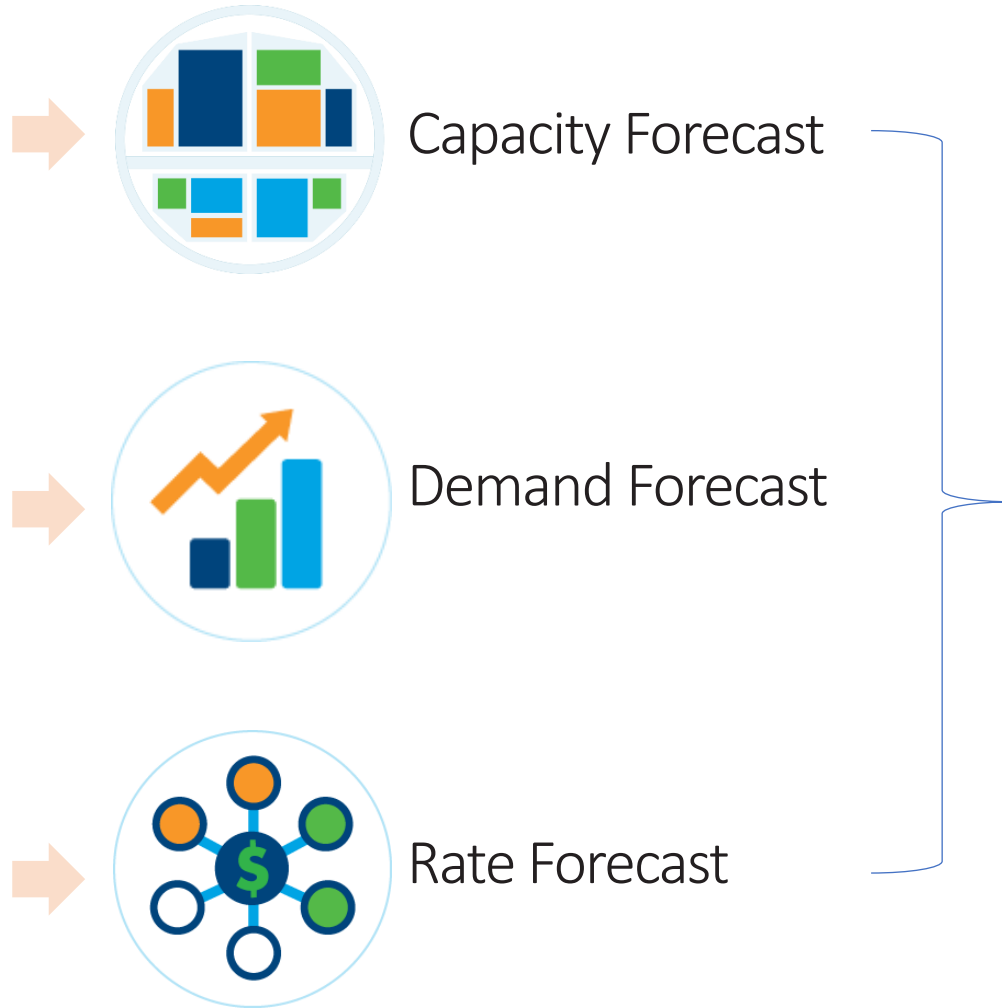
# Optimal assignment of capacity



 Panalpina    Mercury Shipping    Hub Station    Free Sell



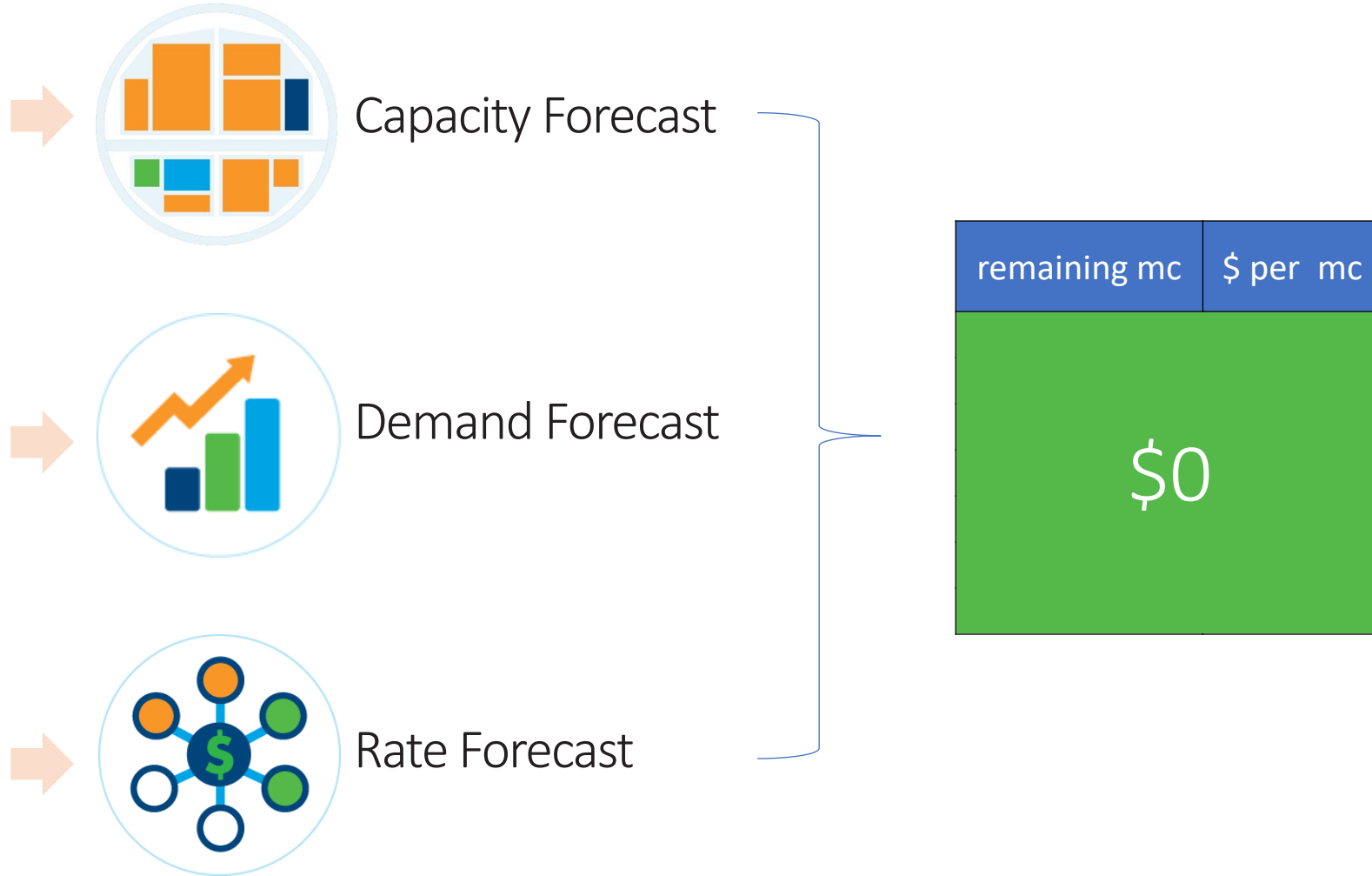
# Accept the best freesell demand



remaining mc	\$ per mc
0-2	362
3-5	340
6-8	315
9-11	291
12-14	274
15-17	248
18-20	222

REJECT

# Accept the best freesell demand







**Some results of the adopters...**



# Lufthansa Cargo Digital Transformation

Double-digit  
percentage growth in  
online sales

*“our customers know we are adamant on making this industry more digital. On the booking side we’ll be able to **offer spot prices in real-time in our online booking system** this year. So our customers really have an instantaneous view on which capacities are available on which route at which price”*

**Dorothea von Boxberg - Chief Commercial Officer, Lufthansa Cargo**



# Cargolux Digital Sales

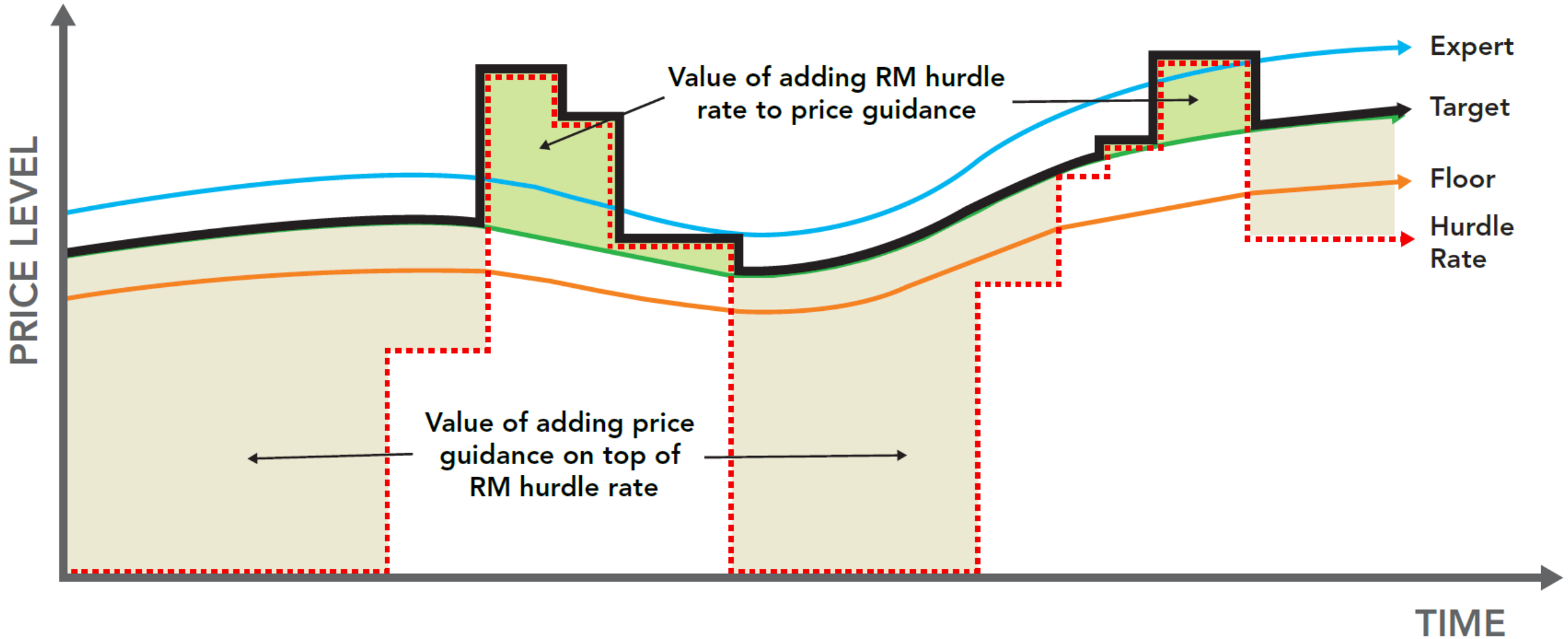
Omnichannel, real time price distribution and rate optimization

75% reduction in emails for manual price/quote approvals

*“LEAP is a digitized market management tool...that will enable Revenue Management, Sales & Customer Service departments to offer more transparency for pricing in an online platform. The system integrates the **quoting, booking, and customer service aspects, creating a seamless, frictionless business transaction.**”*

**“Digitalization by Cargolux – Press Release, Cargolux”**

# RM + Pricing = no mistakes



# Some Challenges in T&L RM

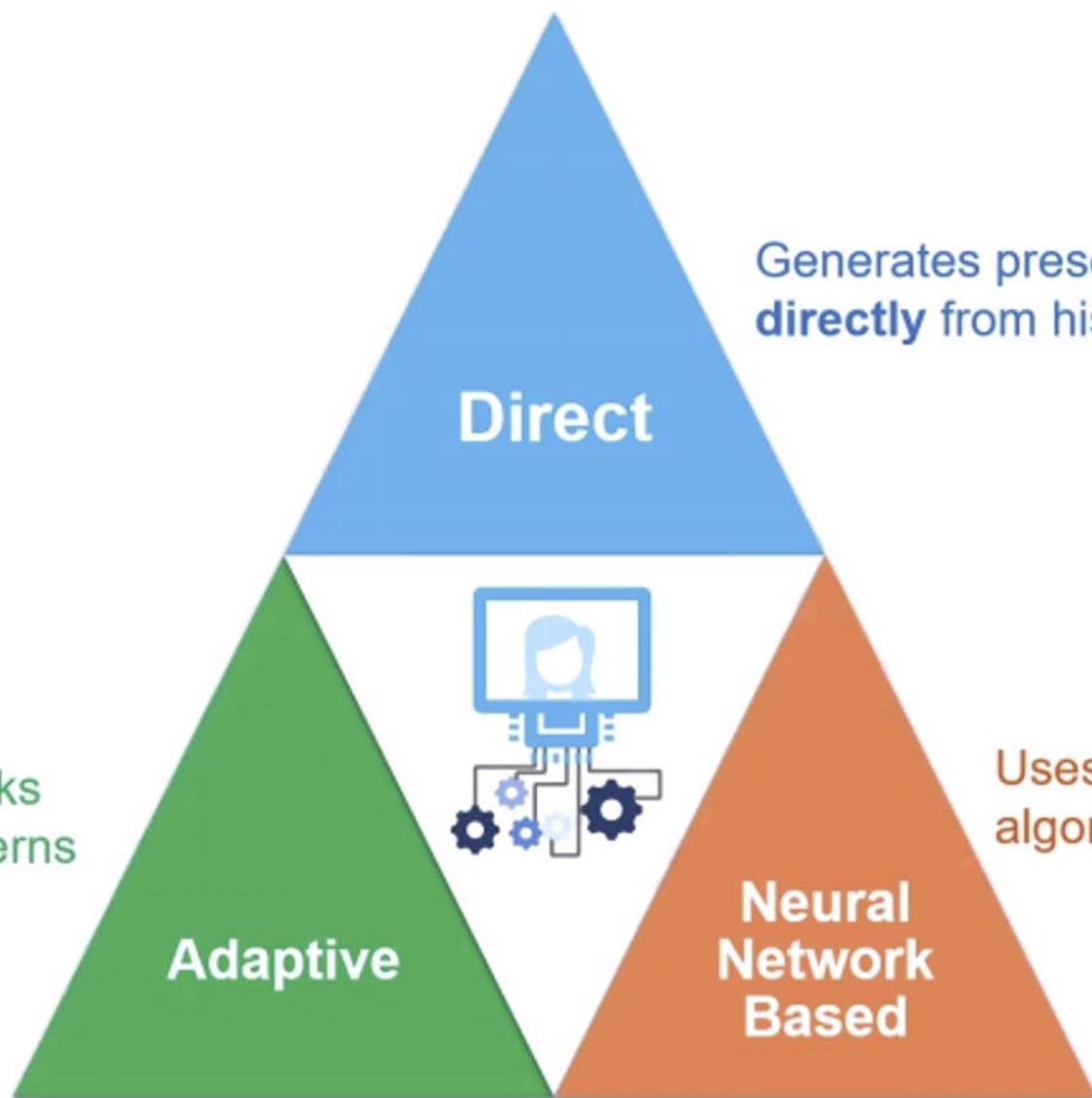
- Short booking window
- Steep booking curve near departure
- Booking vs. actual tendered discrepancy
- Volatility in demand
- Uncertain capacity
- Directional imbalance leads to repositioning
- Boom or bust

COTS and Custom

# DiANNe:



Inherently **adapts** to shocks and shifts in demand patterns

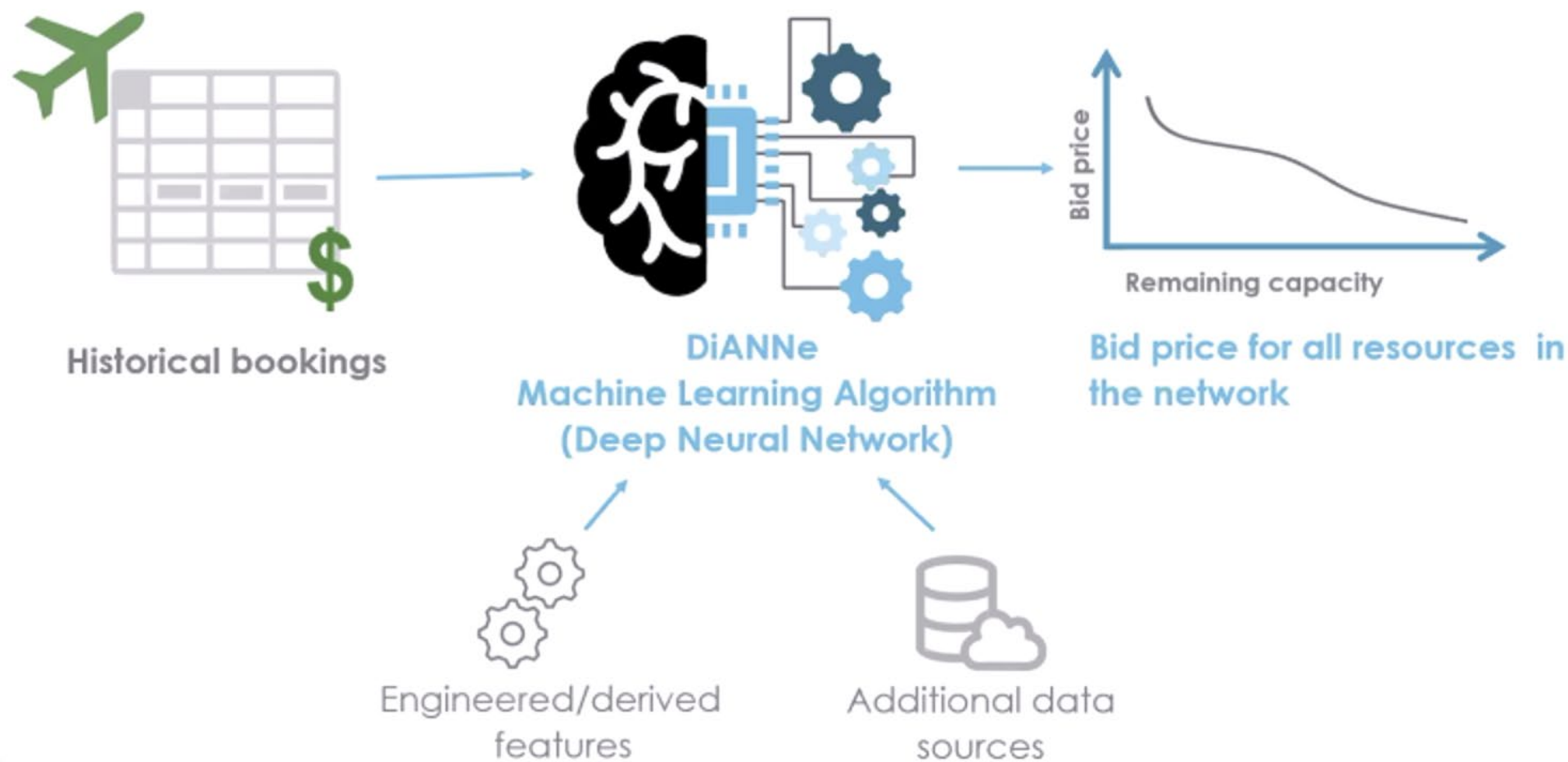


Generates prescriptions **directly** from historical data

Uses a deep **neural network** algorithm for estimation



# DiANNe Process: Prescribe from Data Directly





# RM isn't a single solution

Demand Segmentation

Fixed Capacity

Continuous Pricing

Elasticity Forecasts

Competitive Pricing/ Availability

Multi-dimensional Pricing

**Price Optimization**

Demand Segmentation

Fixed Capacity

Unconstrained Demand Forecasts

Rule-based Fixed Price Points

Demand Forecasts incl. Canx, No-show, Under tender

**Yield Management**

Network / Round-Trip RM

Partnerships / Interlining

Ancillary Charge Optimization

Product Alternate Evaluation

**Total Revenue Management**

Understanding of Fixed vs. Semi-fixed vs. Variable Costs

Dynamic Capacity Management

New Channels for T&L

RM Solution TCO

**Margin Management**

Segment Volume Growth Forecasts

Cost of Capital

Free-sale/ Block Mix Optimization

Other Customer Value Metrics

**Discounted Lifetime Margin Management**



# Industry players at different points of adoption journey

*Industry Adoption*

High

**Rule-based Fixed Price Points**  
**Multi-dimensional Pricing**  
**Variable Cost Inclusion**  
**Competitive Pricing**  
**Dynamic Capacity Management**  
**Free Sale/ Block Mix Optimization**

Medium

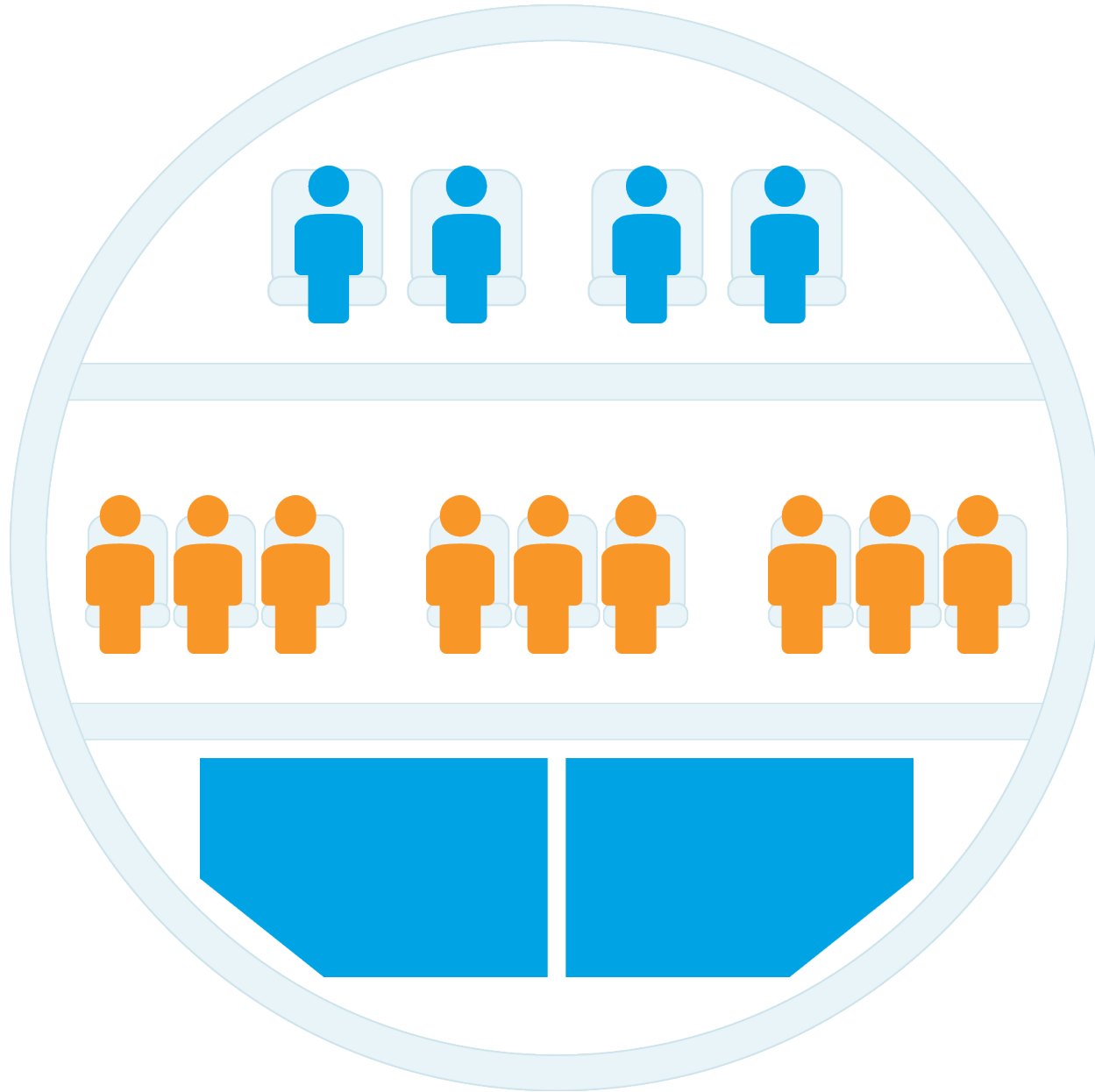
**Network/Round-trip RM**  
**Demand Segmentation**  
**Continuous Pricing**

Low

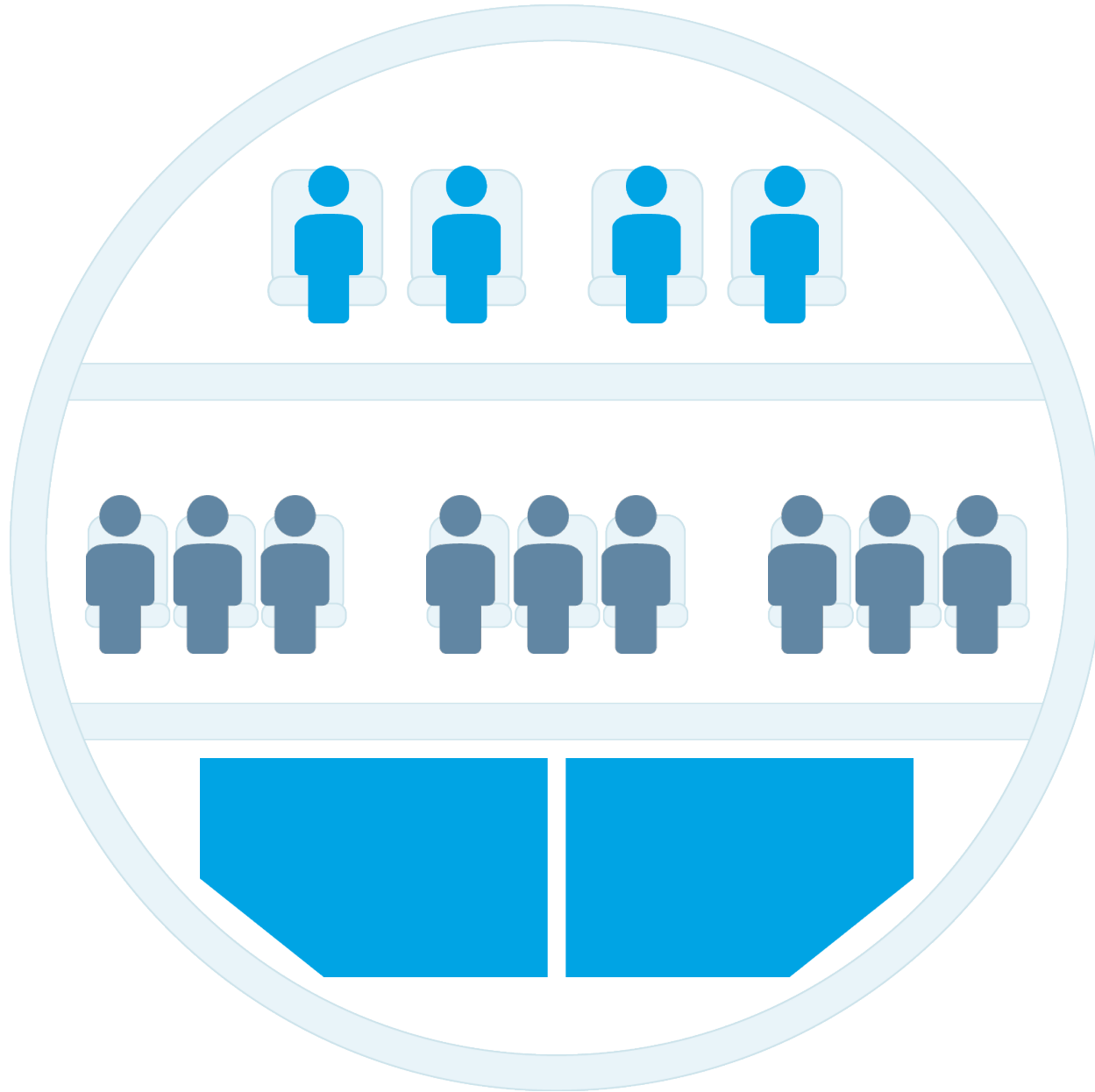
**RM Solution TCO**  
**Demand Forecasts incl. Canx, No-show, Under tender**  
**Elasticity Forecasts**  
**Demand Unconstraining**  
**Ancillary Charge Optimization**  
**Distribution Capabilities Standardization**

Future of RM

**Product Alternate Evaluation**  
**Long Term Forecasting / Cost of Capital**  
**Semi-fixed/ Fixed Cost Inclusion**  
**Other Customer Value Metrics**  
**Segment Growth Forecasts**







# Opportunity for Further Research

Executive

What are the results?

Finance

Revenue was flat, GM is up by 1.5%

Sales

We signed 13 new customers and exceeded our target by 2%

Product Marketing

Our spring promotion helped us gain 6% market share

Cargo RM

Uhhm...

Gartner®

Help Your Buyers Realize the Value They Can't — or Won't — Measure to Drive Account Growth

Published 1 February 2022 - ID G00758761 - 21 min read

By Analyst(s): David Yockelson, Paul Proctor

Initiatives: [Go-to-Market Strategy](#); [Marketing Impact](#)

Value realization postsale should be a key customer health metric



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