

[Done]The Customer Experience Supply Chain: Meeting Expectations in the Age of Same-Day Delivery with OneRail

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Richard: I'm Richard Howells, and this is The Future of Supply Chain, a podcast where we discuss hot topics, best practices, and the latest innovations in today's global business. In this week's episode, we'll be discussing the customer experience supply chain and how companies can meet and exceed expectations in the age of same day, if not same hour delivery. And to do so, I'm excited to be joined by Bill Catania from OneRail. Bill, it's great to have you on the podcast and welcome.

Bill: It is great to be here, Richard. I appreciate it.

Richard: [00:01:00] Maybe you could introduce yourself and your company OneRail.

Bill: Yeah, Bill Catania, founder and CEO started the company about eight years ago. My wife and I started it and it all started with kind of a bad customer experience trying to get something delivered, and so I hadn't spent a day in supply chain. The company is focused on solving that problem by connecting really three things.

We connect the inventory, where it is, what it is. The transportation and the consumer all in real time. Because that's where the limitations are in last mile. There's some connectivity that's either not there or not accurate or not deep enough, such as having enough transportation options and without those kind of real time connectivities it's very difficult to optimize fulfillment.

Richard: I'm sure that we've all experienced a poor customer experience example, especially with e-commerce on the rise over the last few years. And as I said, we've seen an increase in e-commerce. And that Amazon [00:02:00] effect of everyone expecting shorter and more responsive deliveries and better visibility. So how has the definition of customer experience evolved as supply chain operations have shifted towards this same day delivery and even next hour delivery expectations?

Bill: Well, I think it's important to sort of bring it back to where are we and where we are is that the crossroads of supply chain and shopper marketing? Shopper marketing there was a lot of advancements. As new media emerged.com emerged, became commercialized, mobile phones, these are all things that have shaped the tech landscape.

Shoppers have wanted the benefits of omnichannel for a long time, and the problem is supply chains weren't ready for it. So we're sitting right at that intersection right now of, again, shopper marketing is now being enabled in such a way that the Amazon effect is a real thing that other companies that are not Amazon can [00:03:00] create for themselves, whether they're a retailer, a product distributor, product manufacturer, we're seeing that just as much in the B2B channel as the consumer channels.

Richard: So what are the biggest challenges that companies are facing as they're looking to meet these high customer expectations and quicker delivery cycles?

Bill: The first thing is inventory and being able to unlock the inventory so that it can be fulfilled. And again, it's not even always about speed. It's about accuracy, dependability, and letting the customer have optionality. And what we've seen work really well, is having high fidelity around inventory and order management.

That's almost a G factor for a first in class last mile fulfillment strategy, you have to have accurate visibility to your inventory. You have to have inventory in the right place. So if you're a retailer with many locations, being able to unlock that inventory and essentially unlock your stores as little micro warehouses, that's the key to success.

That's the first thing. And then the [00:04:00] second thing is having carrier optionality, having the ability to reach multiple modes across all of your nodes and let a platform decide what is the optimal node and mode so that the customer needs can be met. And here's the kicker at the right price. I think what

COVID did is it enabled a whole lot of inefficiency because of the urgency and the speed that people had to work that retailers and distributors had to work to enable fulfillment and delivery, almost overnight. And then what happened was it was deliver at all costs. So what we see now, a little bit of a backing up, how do I take all these learnings and do it right so I can do it at the right cost?

Richard: You mentioned a little earlier omnichannel sales and I think the first thing that most companies realize the mistakes they made, that having Omnichannel sales needs, omnichannel logistics as well. And I love the example that you gave of every [00:05:00] inventory location becoming a fulfillment center of thoughts.

Whether it's the retail store, whether it's a physical warehouse, whether it's a distribution center, everything, where's the closest place where the inventory is to satisfy that order. So in this age of instant delivery, how do you balance speed, cost sustainability without compromising fulfillment, performance, and still make a profit?

Bill: Well, I can tell you, you can't do it with Excel. You know what? It's what we see, when we engage with customers, they're typically in some stage of a transformation journey. And if they're not. We actually struggle a little bit because what it really takes Richard, is it's a full commitment to changing how you operate.

You have to change how you operate in the store in terms of the ability to pick, pack and stage. You have to have the technology aligned to that, and then you have to have the [00:06:00] ability you have to have the ability to make all that work in one seamless transaction. It's not a transaction, a transaction, no visibility to what's happening here. It's one seamless linear transaction, like a credit card. That's actually the word rail. I get a lot of questions like, how does the Rail road, work with last mile? And the answer is, the word rail is in one rail's name because. It's the same context as the credit card infrastructure.

They refer as, credit card rails. It's what takes the data payload in and out of a retail location so you can process a credit card. And there's on average eight transactions that happen. In subsecond timing and as a consumer, you don't think about it. You don't wanna think about it.

You just wanna stop your credit card and leave. I couldn't figure out why last mile couldn't be that way, and the reason why it's that disjointed, complete lack of connectivity between inventory. Transportation options, the ability to

automatically [00:07:00] dispatch and then the ability to track that so a customer can have that Domino's Pizza experience.

Amazon obviously pioneered the delivery non pizza tracking experience, but now. That's something we're really helping customers refine and back to where kinda where you started in the conversation. It's a shopper marketing journey as much as anything. So it's just think of it this way, if you wanna normalize, you ask, what does it take?

It takes a platform. It takes a multi-carrier, multi-mode network. So you can decide on every single order parcel, LTL, local courier, parcel, LTL, local courier, internal fleet, external fleet. Those are decisions that should be made with every single transaction, not hardwired, which is how you become very inefficient. So it's really real time interoperability of data and the ability to execute upon it, not just have visibility but actually execute upon.

Richard: That's a great point because there's nothing more frustration [00:08:00] frustrating than if you are in a business and you can see you've got a problem and you see you've gotta do something, but you can't do anything about it if you can't execute. But that visibility is key to start with. You can't manage what you can't measure, and you can't track what you can't see, but you have to be able to execute.

Bill: We've seen that in the visibility space and there's a lot of really good visibility companies. We're partnered with some of them. The challenge is they don't, a lot of them have execution built into their suite. So I have visibility and that's great. Now what do I do with it? And that's where last mile moves too fast. It moves at the speed of light, and you have to, first of all, have full, kind of full automation around it. To really reap the rewards, but then having the ability at certain points to manually interject, but in a really expeditious way. Because you could be dealing with a 30 minute delivery, an hour delivery. We do 80,000, 30 minute deliveries a day. Like those are really fast. If you think about it, that's from the moment the order comes in until a [00:09:00] customer has it, that's 30 minutes. So it's hard and there's a lot of dots to connect to make it all work.

Richard: And it's not just visibility within your ecosystem or your as a customer, as a company. It's having visibility of all of those different modes of transport, all of the different network of carriers and different modes of delivery. So how are you seeing customers manage that? Your customers manage that?

Bill: Yeah, that's what OneRail does. So what we're doing is we took a different approach. First of all, there, there's companies out there that offer the tech and then there's carriers. What we did is we offer the tech we're a tech company first, but we decided, hey, let's aggregate all these carriers into one massive network.

So imagine like Kayak, a travel application for delivery where you democratize. All the supply. So, and then let's connect this aggregated network of 12 million drivers to this system of record, delivery, operating system, so that in real time, [00:10:00] based on our AI led approach and an algorithm who is the very best courier at a very specific moment in time.

For a certain product, for a certain delivery speed, that's gonna give the highest fidelity on time rate at the lowest cost. And that's what our solution does. It balances cost and quality through our AI led approach. Interesting example, we have a support team. And when we started, we didn't have ai, this was back 2021, it was digital dispatch.

So an order would come in and then we had a digital dispatcher. They'd click on the Courier network, it would dispatch it to them and they might reject it, and then they'd have to do it again. One person could manage 80 deliveries a day. That's it. And today, one head, one person at one rail on our delivery support team manages 4,000 deliveries a day, and we think we'll be closer to 10,000 deliveries a day with some of the new enhancements to the platform by next year at this time.

So.

Richard: is that because a lot of the work is now automated and they only have to focus on the problems [00:11:00] that

Bill: It is. That's half of it. That's half. So half is automation, but it's really the AI in the platform that's learning. Every single network and how they perform at certain times a day. And we, if we know, DoorDash may be busy, they're indexing really heavy on demand between 11:00 AM and 2:00 PM which is the lunch hour our platform see, can see when we dis, when we dispatch an order to DoorDash, how long does it take for them to accept it?

What's their propensity to cancel it? What's their propensity to be late? That's AI and it's self learn. It's learning with every delivery we do. So that's really where we're finding a lot of scale, is how we very successfully have built a true

delivery operating system that's an AI driven platform. Where, so think of it as pre as preemptive or proactive rather than reactive.

We, if we can make exceptions not happen. Because we're really smart about how we dispatch we can [00:12:00] vastly limit the number of exceptions. So by compressing the number of exceptions, we can handle more deliveries per person on our support team.

Richard: That leads brings me back to that customer experience that we started the conversation of how does the delivery experience directly impact brand loyalty for your customers, and what evidence do you see that? customers or reward are rewarding or even punishing brands based on their fulfillment performance.

Bill: One of the greatest single motivators of purchase has become delivery, low cost or free, and high fidelity in terms of on time, accurate and optionality. So are you giving me the options I want from two hours to in three days scheduled? Are you making it free or close? And are you making it, are you giving me the ability [00:13:00] to get it really fast?

And that's another element. Speed is an element, but accuracy and optionality are even more important. So, what we're seeing, we have one customer that. Has taken a shopper loyalty approach where if you are in a certain segment of customers in their loyalty program, you get free delivery. And so we're seeing delivery as a benefit. Which is something that, you can't do unless you really get it all right with the tech, the capacity, all the rules around it. The other thing we've seen, vendor dollars, dollars that brands give to retailers has traditionally gone to flyers.

It's gone to price discounts at the shelf. We're now seeing shopper mar, shopper vendor dollars. Being used to fund free delivery. And that's a good indicator that delivery is a better benefit than a reduced price. So think about what that does. In terms of retaining brand value and brand equity, you can retain your price point, your brand equity, [00:14:00] and you're simply just making it easier to get, and we're seeing this, with Sherwin Williams.

You can get free paint delivery at Lowe's Home Improvement, Sherwin Williams Paint. So that's a, I think that's really a groundbreaker there. Prior to, loyalty programs, there, there wasn't a lot of shopper data to use for targeted marketing. But this just takes the whole conversation off of price which I think is brilliant.

Richard: Absolutely.

Bill: It,

Richard: You're not then having to squeeze margins by reducing that price to keep the customer, you are providing other services, other value to get that loyalty.

Bill: Yeah, exactly. And what we've found, through other product categories, I come from a shopper marketing background. So one thing that I've noticed, through my years is when you train a customer. On discounts, they wait for the next discount. And you have ratcheting down effect where you have a price point, you lower it, demand goes up, but then it doesn't stay [00:15:00] right unless you lower the price again. And there's a lot of brands that have lost their, significant market share because they've trained their customer for the discount.

Richard: Sounds like the software industry too.

Bill: In the tobacco industry in college, I did an internship for one of the major tobacco companies, and that was the first lesson they taught me was why they don't discount as much as the competitors? And they did a side-by-side, brand A had a 35% market share. 20 years ago, brand B had a 5% and now it's flip flop. Well, brand A went on sale every two weeks

Richard: I wanted to go back to, we talked a little bit earlier about the importance of visibility, but the value of the visibility is being able to do something about it. And one of the things I wanted to cover is the importance of proactive communication. Having the data to both respond to it, but also proactively communicate when you are talking to customers.

And what is the expectation of the customers? You, me, as [00:16:00] a end consumers visibility in that last mile delivery. I know dealing with companies like Amazon, I can tell that my delivery is seven trips away, and I'm sitting waiting at the door, like a little dog waiting for the delivery to arrive.

Bill: Yes. It's become Pavlovian, right? You hear that ding and

Richard: ringing. Yes, I'm there.

Bill: For me, it was the squeal of the brakes of the Amazon, 10 times a day to my house. Thank you Lisa and kids. Yeah. So, so proactive communications is everything, the technology can solve so much. There's always, and I will say

there will always be some component. To last mile fulfillment. That's gonna depend on humans because, I think I gave the example, we've gone from 80 heads to four or 80 deliveries per head to 4,000 per head. We're going to 10,000. It may be a hundred thousand per head, but the reality is there's always gonna be some number. So what we found is, hey, let's not only give visibility to the store associate, right? [00:17:00] So the store associate can see where's the driver inbound, are they coming, do they even have the order ready yet?

There's that realtime visibility of inbound of the driver coming there's realtime visibility of the driver hitting the geofence. So, oh, we know, driver is here. Now we really have to be ready so we can start bringing the package and all of those minutes and seconds add up. Then, most importantly, for the consumer to have that visibility to know drivers' en route, drivers en route to the store, drivers picked up and they're on their way to your house.

Visibility coupled with notifications, is very critical. And then having workflow associated with that. If you're a shipper, if you're a retailer, so the workflow could be from front to back store, it could, it's from courier. It could be from courier to One Rail. So one Rail. With our exceptions team, they, we support the couriers who have questions.

That's part of what our delivery support team does. We also are proactive with the customers. So we'll call on [00:18:00] behalf of our customers like Lowe's, home Improvement, and we'll say, Hey, I'm calling on behalf of your Lowe's delivery that you're receiving today. Unfortunately, your driver's held up but we just wanna let you know he's gonna be there in a half hour.

Customers, it has been proven. They will, they actually have a higher net promoter score. Even with a late delivery, if they're getting a kind of a preemptive

call, even if

Richard: news, it's better than no news.

Bill: Yes. I, my last company pioneered the digital coupon space and I worked at a company called Inmar after I sold my company to them.

And the CEO of Inmar was formerly at Domino's Pizza, and he was there. During the creation of the tracker, and he shared a story about how they did a lot of psychological analysis in the early days of.com ordering, where at 20

minutes a customer would start to like mentally go sideways and wonder where the pizza is.

And then they start calling. We call that a WisMo call. Where is my order? WiMo call and. What we've done is we've made those [00:19:00] phone calls go away. That's part of the value we offer is those calls are not going to the store. First of all, there's very few of those calls because of the tracking, but they come to One Rail and we manage them because we can triangulate messaging in real time to the courier.

So hopefully that makes sense. It's a real time workflow. So visibility coupled with messaging, coupled with workflow is what makes this all work.

Richard: I have three grownup sons now, and 20 minutes would not have been acceptable at all as they were teenage boys waiting for the pizza to arrive.

Bill: Yes.

Richard: I want to talk a little bit more about the platform as well. You mentioned one of the important things to is a platform, so in what way can advanced delivery orchestration platforms help companies? From just being a cost center into a strategic customer retention.

Bill: If you think about the value levers of a delivery operating or orchestration system it's almost unbelievable. So the first thing is why do we [00:20:00] exist? Why didn't this just happen inside of ATM S? Right. So for me, that was part of the founding of the company, was trying to really understand why don't TMSs do this?

And the reason TMSs don't do this, ATM S. Takes an order, deliver an order, and they force it into an asset class. What one Rail does is take an order and wrap it around the right asset. We optimize the asset for the order, not just the size of the asset, because think of the cost implication of delivering a box of nails on a box truck that has nothing else in it.

Richard: And when you say that, you mean the delivery vehicle?

Bill: Delivery vehicle. Yeah. Sorry, I should've specified that. That's exactly right. So we're optimized, so TMS systems don't have a notion of this granular localized courier network. TMS is our great at LTL, at FTL, ocean, air, et cetera, parcel even. But when it comes to connecting to a box truck courier in rural Idaho to [00:21:00] do. An appliance delivery that it's not contemplated.

So not only do they not connect to them, they don't have the logic system and parameters to understand how to decide should an order. And that's not really inherently how TMSs work. They're more of a hard wire of this order will always go to this carrier.

Or because geographically this is where they are, or because they fit this order type goes to this carrier, type. That's a static way of thinking, right? A equals B, every single time. What OneRail has done and what delivery orchestrations do in general is it's a dynamic decision. It's dynamic.

Every single time is a different decision and it does contemplate the granularity of these localized networks. So it comes back to mature systems of record, like TMS they just don't know how. They can't think that way. They don't have the network built into 'em. And then the other challenge is the physical [00:22:00] work that goes into fulfilling.

If you have. A store associate entering delivery into a user interface because you don't have a delivery orchestration platform, or you have delivery feeding into, let's say, Oracle but Oracle doesn't know how to feed it into a delivery system 'cause they're not connected. You have very valuable employees that are spending extremely precious time doing the same exact thing over and over again.

So there's a manual element you'll have around order entry. There's a lack of automation means you're not selling. It means you're not being strategic or you have too many heads. So there's a significant cost savings there around head count. One customer had 150 routers they went down to five after implementing OneRail.

So we take a substantial amount of cost out of the equation. Hard cost. Specifically around transportation, also a lot of soft costs around headcount and how you allocate your labor. But those are just a couple things. That could go on and on about this, but those are some of the [00:23:00] levers, right?

Richard: So with last mile delivery in mind, and as that becomes a differentiator and the visibility of that realtime data becomes a differentiator, how should companies rethink their collaboration across their logistics processes and systems, the technology that they choose, the customer experience team. So, and put that all together to meet the right expectations. And how can the partnership between SAP and OneRail help?

Bill: Well, the first, to answer your first question, it is exceptionally cross-functional. This, selecting a delivery orchestration platform and moving to call it kind of high scale, high fidelity cost containment around a platform. It requires store ops. It requires the CIO and engineering team. A lot of e-commerce and chief digital officers initiating these types of transitions. You have [00:24:00] transportation involved. It, the old days head of transportation can procure a rate card and you have delivery rates. You just can't do that with this, like it literally it impacts the whole enterprise, very horizontally.

So you have to have somebody within the organization that's willing to pull all these teams together. And what we see is strategy typically is the sourcing engine. For a delivery orchestration platform because they work very cross-functionally, horizontally, but they work very vertically with leadership.

And leadership is saying, we need to go faster. We need same day delivery. We need to meet our customers where they are. And oh, by the way, we have to do that at, on this budget, right? So the marching orders are coming from up here, and then what's happening is strategy is bridging that gap across the operators and pulling together, in some cases it's procurement to find a solution. In other cases, they find a solution and [00:25:00] validate it with the business. Maybe they do a pilot, maybe they just jump in with both feet. But no matter how they do it, it has to be cross-functional. So that's the first answer, to the question. The second part of the question, if you could remind me

Richard: Well, the follow on question is how can the partnership between SAP and OneRail help and where does the I'll follow on from that. Where does the, say the transportation management system responsibility end and OneRail take over? And from a business network perspective, where does the Business Network versus the OneRail platform?

Bill: Yeah, so SAP in OneRail have enjoyed a great partnership for several years now, and the reason we enjoy the partnership, the origin of the data that we need to execute starts in many of the solutions that SAP owns. It could be Commerce Cloud, it could be TMS, it could be S4 HANA. So the data, the origin of data [00:26:00] is being fed to us by some system of record.

So we need that. And by having interoperability and removing friction from the ability to transact that data, and again, in milliseconds, in real time is very important then feed data back into it. So imagine the order comes in through S4 HANA, it gets fed to OneRail. OneRail does what it has to do to figure out what's the right mode, what's the right courier, the delivery actually happens and we feed the data back to S4 HANA, or in some cases we'll even feed tracking

back through S4 HANA as it's happening, right? So it's a real time exchange of data with a system of record and with SAP being such a leader that, that's why we prioritize that partnership early on in our life cycle.

Richard: I'm glad to hear it hear. I have one final question that I ask all of our guests as we're well towards the end of the half an hour. So in a sentence or two from a realtime customer [00:27:00] experience perspective. What's the future of supply chain?

Bill: I am gonna give you the most unique answer you've ever had. I actually guarantee it.

Richard: Okay.

Bill: You ready? It's two words, 3D printing.

Richard: Okay.

Bill: 3D printing just makes you know it makes a lot of logistics obsolete and that's, it's a funny answer, but I really do believe when 3D printers, you and I lived through the personal computer revolution and, it wasn't affordable, it wasn't practical, it was green screen.

You could play games on it, and then came an operating system, right? And then it changed everything. And then the technology, cheap technology, everything became cheaper. Every home has, I don't even know how many computers now we have computer in our hand every day. So the reason I think this is transformational is when 3D printing can get affordable in the home multisubstrate, I think you'll see brokerage of data to the home printer [00:28:00] replace a measurable percentage of things that have to be shipped. I really believe that, and I think that's probably a seven year journey from where we are right now. Yeah, we're not close.

We're not where we need to be. We're like in the seventies still with 3D printing technology now to answer more practically. What do we do until then? We have to make data real time and actionable if data is real time. And there's again, this partnership with SAP. I've had three startups in my career in 25 years all three of them had the same thing data interoperability, real time, data interoperability, and an obsession with connecting an ecosystem. And the more that you can do that and then have the controls around it to operate.

Richard: So I am gonna go and invest in 3D printing after this podcast.

Bill: I think you'll be better off than me. I tried to invest a whole bunch in it back in like 2012, and I was way too early. Way too early. I way on overestimated how fast that would move. But [00:29:00] I think it is a very viable, long-term play. But it's all about realtime data. It's having data that's actionable, right? And having the tools to be able to change the outcome. And that's really what we, that's what we do between our capacity, our support team we change outcomes. If the algorithm doesn't get it right, we can still get it right.

Richard: So it's balancing that technology, automation, and people.

in in harmony. Hey Bill, this has been a great conversation and you are welcome back on the podcast anytime. I look forward to speaking to you again.

Bill: I appreciate it. Great questions, great conversation. Thank you.

Richard: Please mark us as a favorite. You can get regular updates and information about future episodes. We'll also include links to learn more about OneRail in our show notes. But until next time, from Bill and I, thanks for discussing the future of supply chain.