![BlueYonder logo]

Blue Yonder Cargo Revenue Optimizer

Realizing the Cargo Capacity Revenue Potential

Challenge: Determining optimal spot rates

In the air cargo industry, business is dominated by relationships where transactions must be evaluated in context. For each transaction, cargo carriers must often consider the customer's total business, the multidimensional capacity, and the frequently erratic customer tendering behavior. To decide, for example, if a customer's request for a spot booking should be fulfilled given the expected traffic on the desired route, carriers must determine the spot rate that covers opportunity and variable costs while reflecting market conditions. Making the optimal decision requires the ability to:

- Have visibility into booking and flight status of all shipments to quickly determine whether or not to accept the booking

- Determine the optimal selling price for every potential customer transaction – identify the price that will enhance profit, advance the customer relationship, maintain market share or achieve other strategic goals

- Regularly set optimal booking limits in response to rapidly changing booking and market conditions in order to optimize capacity availability

- Continuously update and optimize routing options for each accepted booking

- Automatically balance the trade offs across market and operational goals

In a environment where market conditions are dynamic and the issues complex, successsful carriers are relying on mission-critical solutions to enhance revenues and profits.

Key Cargo Revenue Optimizer Capabilities:

- Determines total capacity to offer in each market based on forecasts of market demand and available capacity

- Allocates capacity to various customer segments in a way that will maximize network profitability

- Determines in real time which customer spot-market requests should be accepted and at what rate

- Identifies alternative solutions to meet customer needs

- Enables fast reaction to changes in the marketplace

- Spurs strategic and operational goals and objectives

- Stimulates and analyzes alternative approaches

Solution: Proactively managing cargo revenue

Blue Yonder Cargo Revenue Optimizer (CRO) provides a solution addressing the challenge of maximizing contribution to system profit from available cargo capacity. The solution's Capacity Planning System uses what-if scenarios to evaluate various capacity assignment alternatives, given estimated future demand for services, and produces a network plan that helps maximize expected contribution to profit. The solution's Transaction Manager helps determine the optimal pricing and routing alternatives for each ad hoc capacity request, considering variables such as expected late bookings, evolving capacity and demand, competitor actions, customer value, tendering rates, variable and opportunity costs, market share objectives, and more.

Using advanced statistical methods, CRO forecasts customer demand and available capacity to determine the minimal price to accept on each flight based on opportunity cost, helping ensure the best margin on every transaction, every time.

To achieve the right balance in a world of highly perishable inventory, fierce competition for business and uncertain and volatile demand, Blue Yonder Cargo Revenue Optimizer is designed to:

- Forecast unconstrained demand and available capacity

- Identify various alternative itineraries to satisfy origin and destination (O&D) demand across the carrier network, incorporating interline legs and multiple modes of transportation

- Determine the minimum rate that should be accepted for any booking request based on the size of the shipment and the routing selected

- Consider O&D no-show, tendering and cancellation rates as well as historical forecast error and user overrides to increase load factors and manage the risk of offloads

- Input capacity requests and then accept or reject the shipment based on routing and the value of available capacity

- Recommend optimal rerouting options on previously accepted bookings to free up space to accommodate bookings

Each aircraft itinerary is analyzed and each capacity request is evaluated for their contribution to system profit based on a full network optimization, incorporating both expected revenues and direct operating costs. Based on historical performance from booking histories and applied user influences, the system forecasts future demand by weight, volume, and commodity type, taking into account cargo weight, volume and positions.

Based on the demand forecasts and fleet constraints, total cargo capacity can be optimally assigned to flights, routes and customers.

CRO generated key performance data can be used to evaluate and compare the value of blocked space agreements and must-rides to the value of ad hoc and general freight.

Delivering benefits

Blue Yonder CRO is designed and implemented with the benefit of more than twenty-five years of experience helping cargo carriers around the world optimize revenue and enhance profits.

Offering industry-leading capabilities, Blue Yonder CRO can be tailored to fit the specific needs of your business. The Capacity Planning System, the Transaction Manager, and the Real Time Booking Evaluator can be implemented separately or together to address the full decision spectrum. The result: a state-of-the-art cargo revenue management capability that helps ensure carriers get the most from their cargo network by precisely and profitably aligning resources with customer needs.

About Blue Yonder

Blue Yonder is focused on helping companies realize real revenue management and supply-chain results – fast. Blue Yonder delivers advanced revenue management optimization, integrated merchandising and sophisticated supply chain execution and optimization solutions for the consumer-driven supply chain. Through its industry leading solutions, transportation companies, manufacturers, distributors, retailers and services companies around the world are growing their businesses with greater predictability and more profitably.