

MAXIMISING MARGINS

LBC Tank Terminals' Alexander Dorhout Mees explains the sales power of a digitised supply chain and how chemical companies can reap the benefits

IN THE HIGHLY demanding chemical industry, companies are continuously seeking to improve their margins in order to remain competitive. Given the complexity of their global supply chains, it is crucial for these companies to partner with service providers who can play a pivotal role in enhancing their margins. Whether through digitising information exchange to boost operational efficiency, or by ensuring that accurate data is available at the right time to mitigate losses, the digital readiness of service providers is becoming increasingly critical to the success of chemical companies.

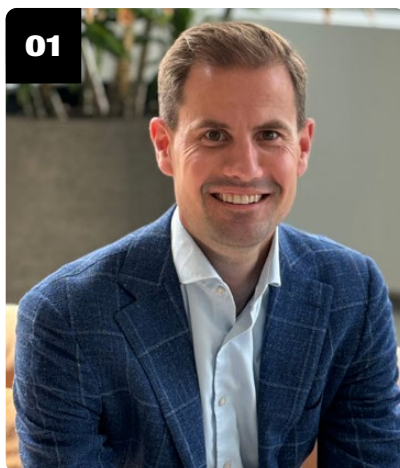
LBC Tank Terminals recognises this growing reliance and understands that there is still significant untapped potential when it comes to maximising margins through a digitised supply chain. By focusing on improving digital capabilities, LBC aims to be a trusted partner that chemical companies can rely on to navigate the complexities of their supply chains and achieve better financial outcomes.

HOW DO STORAGE TERMINALS FIT IN HERE?

Storage terminals like LBC are an integral component in global supply chains. They serve as central hubs where large quantities of chemical products are stored, managed, and prepared for further distribution. LBC Tank Terminals' primary role of providing storage services and enabling make and breakbulk operations is only possible through collaboration with other port service providers. This collaboration ensures that the transition of goods through various stages of the supply chain is seamless, minimising delays and maximising efficiency.

This port ecosystem is responsible for the safe and efficient distribution of chemical products on behalf of its owners. By working together within this ecosystem, we maintain the integrity and security of these sensitive materials, ensuring that they reach their destinations safely and on time. Storage terminals are dynamic partners in the global logistics network, enabling the smooth and reliable movement of products that are essential for everyday life.

As with any service provider, the efficiency of internal processes



determines how well a company's primary service is perceived by its customers. Streamlined and well-coordinated internal operations are essential for delivering the high-quality, reliable service that storage customers expect and rely on.

External processes that rely on information exchange with customers and other port service providers are more complex. These external processes demand careful coordination and clear communication, as they involve multiple stakeholders, each with their unique systems and requirements.

Nowadays, a storage terminal needs to focus on improving both to help increase margins for its customers. By optimising both internal efficiencies and external collaborations, a terminal not only enhances the overall customer experience but also contributes to the financial success of its clients. In a competitive market, this dual focus is key to driving value, ensuring smooth operations, and strengthening the storage terminal's position as a trusted partner in the global supply chain.

The chemical industry, with its long-standing history in which digitalisation played a minimal role, is gradually recognising the need to adapt.

WHAT IS LBC DOING TO HELP MANAGE THESE CHALLENGES?

LBC Tank Terminals is dedicated to helping its customers effectively manage their supply chains by addressing key challenges throughout the journey. The company understands that its role as a terminal is crucial in the broader context of its customers' operations. For instance, during the process of loading products into tank trucks, continuous information exchange between the customer and the terminal is essential. While LBC's direct involvement ends once the product is loaded and the transport mode departs, the customer's journey continues. Their responsibilities may extend until the product reaches their customer's warehouse, and the process concludes only after they have sent an invoice and received payment.

To support its customers in this journey, LBC ensures that the necessary information is provided at the right time. Recognising that traditional communication methods, such as email and phone calls, can be cumbersome and impact efficiency, LBC is developing various tools that will improve the flow of information between customers and its terminals. The team recognises the diversity in the size and needs of its customer portfolio, and is leveraging a range of technologies in its digital toolkit to be able to service all those customers.

For example, LBC has developed a data exchange platform allowing customers to integrate their ERP systems via EDI (electronic data interchange) and/or API (application programming interface). Although EDI has been an industry standard for more than 30 years and remains popular due to its familiarity, the terminal industry is seeing a shift toward APIs. APIs offer a more cost-effective and flexible solution, and LBC is committed to facilitating this transition for its customers. By implementing these advanced technologies, LBC aims to streamline communication, enhance process efficiency, and ultimately support its customers in achieving better margins and smoother operations.

HOW DOES THIS HELP CUSTOMERS MAXIMISE THEIR MARGINS?

In the example of loading, managing product movement requests via email

involves considerable manual labour, ranging from \$20 to \$40 (€18 to €36) per order. This expense includes various administrative tasks such as data entry, error checking, and follow-up communications for both parties involved. Additionally, the manual entry of Bill of Lading (BoL) quantities into customer ERP systems after loading further exacerbates these costs.

The manual process increases labour expenses and contributes to delays in updating critical information. These delays can have significant financial repercussions. Specifically, the postponement in updating BoL quantities and processing invoices prevents sellers from issuing final invoices promptly. Consequently, this delay extends the time before sellers receive payments, leading to increased opportunity and carrying costs. The longer capital remains tied up, the higher the costs and reduced financial flexibility for businesses.

Digitising the information exchange process offers a compelling solution to these issues. By removing manual tasks and enabling real-time updates of BoL quantities in ERP systems as soon as the truck departs, automation streamlines operations and enhances accuracy. This transition could result in a margin increase of approximately \$50

to \$80 (€45 to €72) per order, thanks to reduced manual work and accelerated invoicing. Automation therefore not only cuts administrative costs but also speeds up payment cycles, improving overall financial efficiency.

The setup costs for an EDI connection vary between \$20,000 and \$50,000 (€18,000 to €45,000) depending on complexity and message volume. The complexity of the connection depends on the mode of transport; for instance, truck load nominations are less complex compared to vessel load nominations. Due to the higher frequency of truck movements, establishing an EDI connection for trucks presents a more favourable business case. LBC believes that customers nominating 500 or more truck movements annually will see a notable enhancement in profit from implementing an EDI connection.

This example highlights how digital connections can significantly improve operational efficiency. The potential for margin enhancement extends even further with the adoption of APIs. APIs provide greater integration and data accessibility, offering extensive opportunities for increased efficiency and cost savings as the industry continues to evolve.

SPEARHEADING THE DIGITAL TRANSITION

Having worked extensively in customer service and commercial roles across both the US and the ARA region, product manager Alexander Dorhout Mees has gained a comprehensive understanding of the various external processes that tank storage companies manage. 'This experience not only deepens my insight into the operational challenges our customers face but also empowers me to identify significant opportunities where digitisation can add substantial value – not just for LBC, but for all parties involved in the supply chain,' he says.

Mees joined LBC a year ago, driven by the company's clear and ambitious strategy to enhance customer service through digitisation. 'What attracted me to LBC was its management's commitment to translating this strategy into action,' Mees says. The executive team has invested considerable time and resources into various digital initiatives, firmly positioning LBC on the path to becoming a digital leader in our industry.

The chemical industry, with its long-standing history in which digitalisation played a minimal role, is gradually recognising the need to adapt. As globalisation increases competition, industry players must explore new avenues to maximise margins – making digitisation not just an option, but a necessity. Mees explains: 'We at LBC have accomplished a great deal over the past years and are ready to help our customers benefit from our efforts. Regarding digital connectivity, we are actively assisting our customers in developing their EDI business cases, helping them realise the tangible benefits of digital integration.'

'Understanding that this transition requires time, we are also developing alternative solutions, expanding the digital tools available for all our customers. These solutions are designed to enhance the ease and efficiency with which our customers can communicate with our terminals, ensuring that all our clients, regardless of their digital readiness, can benefit from improved interactions with LBC.'

For more information:

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