



In the first Market Intelligence of 2024, we evaluate some of the key challenges and opportunities across various sectors in the UK.

Our experts explore pressing issues including the rising UK postage costs, strategic packaging management, and the evolving travel industry. Discover insights on harnessing cloud adoption, implementing smart BPO strategies, and managing the intricacies of payment processing. Each article provides invaluable guidance for businesses grappling with evolving operational landscapes.

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The ever-increasing cost of UK postage

By Zoe Willis

Royal Mail consistently raises the cost of sending items through the UK postal system year on year. The latest price hike in October saw the price of a First-Class Stamp (0-100 gms) rise to £1.25 (+14%), with other tariffs increasing by between 22% and 35%.

These increases are attributed to growing cost pressures, the challenging economic environment, and the lack of reform in the Universal Service Obligation (USO). The USO mandates the delivery of letters Monday through Saturday and parcels Monday through Friday, as well as offering two delivery speeds for its main universal service products: First

Class (next day) and Second Class (within three days).

The business also announced an adjusted operating loss of £319 million in the six months to September 2023, largely due to a reduction in revenues: the profit (EBIT) margin for the Reported Business decreased to -6.3% (compared to 3.6% in 2021-22), significantly



below the indicative 5% to 10% range for a reasonable commercial rate of return.

However, it is believed that Royal Mail's long-term future will be significantly shaped by the postal and communications regulator, Ofcom. In September, it began examining options to alter the USO.

Royal Mail has blamed the USO for rising stamp prices, and last summer, the government denied its request to stop delivering post on Saturdays - a move which would have needed approval by Parliament. Ofcom previously confirmed that such a move could save £125 million to £225 million a year.

The most significant indicator of the long-term strategy may come from Royal Mail's recent moves with its bulk mail customers.

These companies, which include UKMail, Whistl, and Citipost, specialise in sorting and processing mail for big businesses - typically marketing letters or household bills to consumers.

These bulk letters, which are taken on the "final mile" by Royal Mail, make up the majority of all letters sent, though volumes here are also in decline as companies favour email or social media to reach customers and clients.

So, what does the future landscape look like for Royal Mail?

The falling demand for sending letters, which has halved from 14 billion in 2011 to seven billion in 2022-23, and will probably result in continuing price rises, a reduction in the workforce, and cutting the frequency of deliveries of mail from six days to four or three.



This would undoubtedly lead to a raft of changes in how First and Second Class and business products are delivered. If such a proposal were legislated, most letters would be delivered through a service taking up to three days or longer, with a more expensive next-day service still available for any urgent letters.

Although Royal Mail and the Unions have frequently been in disagreement about pay and working practices, it would seem that the stark reality of the condition of the business is being realized. Dave Ward, General Secretary of The Communication Workers Union, said: “We need to think about new products and services and an expanding role for workers. Royal Mail has the biggest fleet in the country and the greatest presence in every community, which should be seen as an advantage, but withdrawal of the USO resulted in the loss of tens of thousands of jobs.”

However, from an economic standpoint, despite its size and market presence viewpoint, it would appear that Royal Mail, which has roots going back to 1516 when Henry VIII appointed a Master of the Posts, is a business in decline.

Homes and businesses will always want an efficient delivery service, but other providers such as Document Exchange (DX), Amazon, and Hermes (particularly with their ‘locker system’) are providing stiff competition.

There will always be a need for the postal system, but the numbers just don’t add up in a declining business. Royal Mail will need to adapt significantly to the market, but prices, reductions in employee numbers, and less frequent deliveries seem inevitable.



Navigating market trends and supplier dynamics in packaging

By **Iain Clements**

For years, I've been vigilantly tracking market trends, enabling us to apply strategic price reductions to our ongoing projects.

This proactive approach has allowed us to engage in more effective negotiations with suppliers, securing more favourable rates. This has been particularly noticeable in the post-pandemic market dynamics which have been characterised by considerable fluctuations. By keeping a close eye on these shifts, we've identified significant

opportunities for cost savings. This was especially pronounced at the onset of 2023, when we noticed a marked decrease in market prices, allowing us to further challenge our suppliers and enhance our cost-efficiency measures.

In recent ventures initiated in the latter half of 2023, I observed there had been a



reluctance among suppliers to lower their prices within the first six months, despite the opportunity to do so. This highlighted a gap in market responsiveness when buyers weren't as in touch with the market trends.

We've also embraced innovative solutions, such as adopting performance film for pallet wrapping. This thinner yet equally strong film reduces plastic usage, aligning with sustainability goals, as well as reducing the cost per pallet wrapped. In some cases, investing in new machinery to accommodate this film proved financially beneficial.

Machine financing options have also been a focus. We've observed clients paying premium prices for products from machine manufacturers or committing to exclusive

purchase agreements that proved costly in the long run. By reevaluating these agreements, we've identified significant savings, such as reducing pallet wrapping costs from £1 per operation to a mere 25p, resulting in annual savings of approximately £50k for one client. Owning a machine would abolish the per-cycle charges and open up avenues to negotiate over wrapping film costs with different suppliers. Making this choice is not always black and white. As experts, we possess the skills to evaluate these intricate details.

Selecting the appropriate supplier has been crucial. Some clients faced challenges with manufacturers unwilling to hold inventory, forcing them to purchase in bulk without the necessary storage space. Conversely, others



incurred unnecessary costs by opting for merchant services that offered stock storage, which they didn't need due to ample space and rapid usage rates. Streamlining suppliers from seventeen to a select few for a client's £100k spend not only saved them money but also valuable time, showcasing the importance of strategic supplier selection.

In terms of pallet usage, we've advised clients on optimising their choices based on their actual requirements, shifting from heavy-duty pallets to medium-weight ones for the majority of their needs, thus achieving cost savings without compromising on functionality.

Our approach extends beyond seeking better prices to reevaluating product specifications, such as box design and size, to ensure they

meet client needs efficiently, potentially reducing the variety and quantity of boxes required, leading to further savings and reduced storage needs.

In conclusion, market dynamics, especially post-pandemic, have seen significant fluctuations. By closely monitoring these changes, we've been able to identify opportunities for cost savings, particularly noticeable at the start of 2023 when market prices dropped.

However, rather than just negotiating better deals with current suppliers on a "like for like" basis, we also consider options from multiple sources to determine the most suitable solution, from the most suitable supplier to best meet our clients needs.



Insights into the resilience and evolution of the travel industry

By Barry Donovan

The return from the dead

The travel industry has endured unparalleled devastation due to COVID-19, perhaps more than any other sector. To illustrate, data from the Business Travel Network, a significant industry consortium, reveals a staggering 94% decline in the industry's activity during the pandemic. This means we were left in 2022 with merely 6% of our previous capacity. Consequently, airlines were forced to ground planes, a process that isn't easily reversible.

Traditionally, Travel Management Companies (TMCs) have operated supporting business

travellers and or bookers, handling various tasks such as bookings, payments, and ticket arrangements. In the years preceding COVID-19, the trend had been for Clients to use the Internet or online booking tools to replicate the actions of TMCs. Many TMCs have shifted towards fully automated systems, platforms like Booking.com or Expedia, offering limited human support. Post-COVID, it was very apparent that this self-service-driven travel booking was not what travellers or bookers wanted or needed. TMCs have had to strike a balance between technology and manual assistance has been key to providing the best of both worlds.



From the embers

Since COVID-19, there has been a noticeable trend towards TMCs focusing more on providing comprehensive support to customers navigating uncertainties in travel. While some large TMCs prioritise automation over customer support, smaller to medium-sized ones emphasise personalised assistance.

This level of support remains crucial, especially amid ongoing global challenges like conflicts, natural disasters, and public health concerns.

Travel providers (airlines, hotels and car hire companies) have gradually increased capacity and recommissioned planes and hotels. This has led to big fluctuations in costs, particularly compared with pre-Covid. In 2024, Flights are now settling down, but Hotel prices remain high and increasing beyond inflation.

Many have considered their approach to booking travel. The presumption that online, self-service platforms are the right choice has been challenged. The perception had been that it is always cheaper to book directly with the Provider. However, this is invariably not the case, particularly if there is some choice in provider and consideration is given to the whole procure-to-pay process for travel. This highlights the importance of choosing the right TMC tailored to the specific needs of the business. Although TMC services may incur additional fees, the expertise they offer often leads to significant savings in the long run by securing the best fares and providing invaluable support.

The importance of good data in cost management

Most clients will have a Travel Policy. This is basis of a bible for travellers and bookers, and a key point of control when reviewing actual



spend versus expected expenditure. Many however, are revisiting their travel policies that fall out of date over time, impacting travel activities and compliance monitoring. For instance, outdated allowances for hotel rates can lead to discrepancies when booking accommodations. Advising clients on updating their policies is crucial, not just for cost-effectiveness but also for sustainability considerations.

Many companies are now reevaluating their travel policies, encouraging environmentally friendly travel options such as train travel over short-haul flights. It's essential to align policies with both business needs and sustainability goals. However, implementing and enforcing these policies effectively remains a challenge for many organisations.

Cost Management in the world of Travel has always been perceived as somewhat complicated due to the constantly fluctuating prices. When you visit booking sites like Skyscanner, you'll notice how prices change by the minute. This complexity stems from the sophisticated algorithms used by hotels, airlines, and car rental companies to adjust prices across various channels.

To effectively manage these costs and calculate savings, a different approach is required, one that involves navigating through benchmarks and complex calculations. Despite this complexity, the savings we achieve for our clients typically exceed 20%.

Understanding and tracking travel costs is something that cannot be easily achieved by clients as the level of 'rich' data that can be gleaned from travel invoices or Expense Claims is sub-optimal.



There has been a concerted change in the industry for Providers to bypass traditional booking methods and force users to book directly. PremierInn.com, RyanAir.com and even BA.com are examples of this.

However, the reality is that corporate travellers, especially those from larger companies, prefer centralised booking processes to ensure consistency and streamlined support. While direct bookings are making strides, their impact on pricing and industry dynamics remains uncertain.

There are emerging solutions, but the key lies in establishing strong foundational support for travellers, implementing appropriate policies and practices, and understanding that the cheapest ticket doesn't necessarily equate to the lowest overall cost. It's about taking a holistic approach.

Interestingly, in my previous corporate experience spanning over two decades at Reuters, we had dedicated travel management specialists within procurement responsible for overseeing supplier relationships. However, this practice seems increasingly rare today.

This is where ERA can play a pivotal role, acting as a mediator, enforcing controls, and driving continuous improvement. The leading companies are challenging the status quo, not only with us but with similar entities, in their quest for excellence.

In essence, it's about staying informed and proactive in an industry that has been severely disrupted. Some of the largest players, once thought infallible, have faced significant challenges and setbacks due to their complacency and arrogance, believing their size alone would safeguard them.



Leveraging cloud adoption: driving transformation in technology

By Pritesh Patel, John Addis and Neil Pinner

In the ever-evolving landscape of technology, one trend stands out as a driving force for innovation and transformation across various sectors: cloud adoption.

As Technology Leaders strive to harness the potential of Cloud Technology, they are presented with a unique opportunity to propel their organisation towards enhanced agility, innovation, and cost-effectiveness. In this article, we start to explore the multifaceted benefits of cloud adoption across telecom, information technology (IT), and managed print, emphasising the importance of selecting the right solution provider, achieving strategic alignment, and maximising value for your organisation.

Revolutionising Connectivity, Infrastructure, and Workflows with Cloud-Enabled Solutions

Cloud adoption transcends traditional sector boundaries, revolutionising the way organisations operate and deliver value to their stakeholders. It is worth noting that not every business is able to operate in a Cloud only manner currently but the direction of travel from technology has Cloud adoption at its heart.



In telecom, cloud adoption and AI integration are revolutionising connectivity and customer experiences. Cloud-native architectures enable scalable and reliable networks, while AI optimises performance and personalises services in real-time. AI-driven automation streamlines operations, reducing costs and accelerating innovation. Together, cloud and AI unlock new revenue streams, offering advanced analytics and innovative services like virtual assistants. By strategically investing in cloud and AI, organisations can position themselves for success in an ever-evolving market.

Similarly, in the IT sector, cloud adoption is reshaping the way organisations architect and manage their infrastructures. By embracing cloud computing, IT departments can break free from the limitations of traditional data centres and gain access to scalable, on-demand resources. Whether it's leveraging Infrastructure as a Service (IaaS) for flexible computing power or Software as a Service (SaaS) for streamlined application delivery, the cloud offers unparalleled opportunities for agility and innovation.

Furthermore, in the Managed Print market, cloud-enabled solutions are transforming document management and printing workflows. Multifunctional copiers equipped with cloud connectivity empower organisations to digitise and streamline document processes, enhance collaboration, and boost productivity. Despite these benefits, concerns over the security of documents and a lack of clear cost savings mean that organisations have been more hesitant to adopt cloud-based print management than with other areas of technology.

Selecting the Right Solution Provider: Ensuring Optimal Fit and Cost-Effectiveness

In the pursuit of cloud adoption, selecting the right solution provider is paramount to success. The wrong provider could result in an expensive and substandard implementation with a costly technology tail for the business to manage. CXOs must carefully evaluate potential suppliers based on factors such as reliability, security, scalability, and expertise. Partnering with a trusted vendor that understands the unique challenges and



opportunities within the technology landscape can significantly enhance the likelihood of a successful cloud implementation. Further to this, using a trusted partner to professionally manage the selection process is often welcomed by the supply chain.

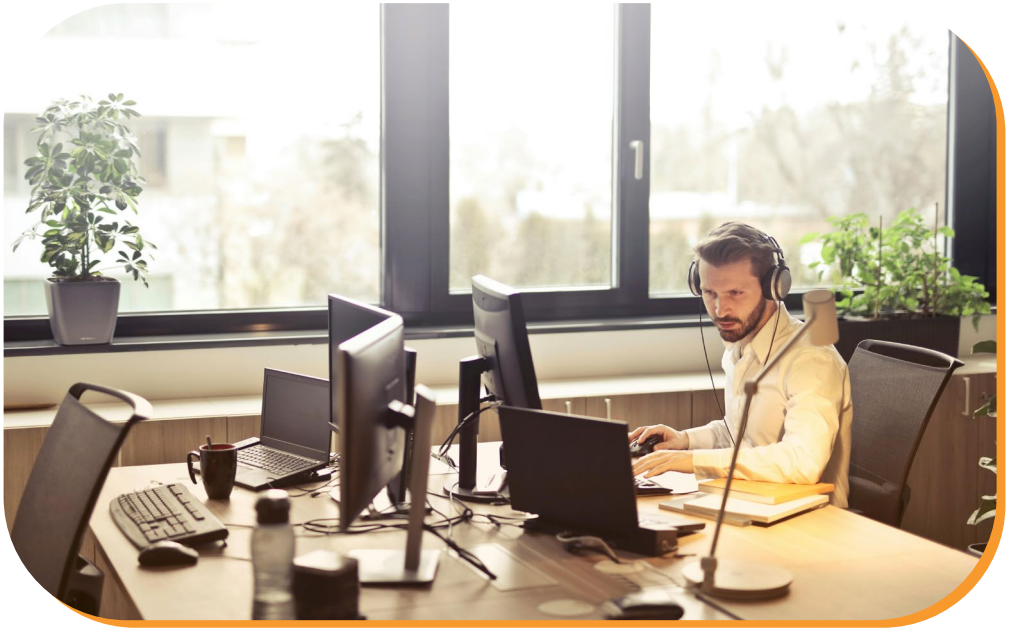
Cost-effectiveness is a critical consideration in the cloud adoption journey. While cloud technology offers scalability and flexibility, it is essential to carefully assess pricing models, total cost of ownership, and potential cost-saving opportunities. CXOs should leverage financial analysis tools and engage in proactive negotiations with cloud providers to ensure optimal value for their investment.

Achieving Strategic Alignment: Driving Business Objectives with Cloud Initiatives

Achieving the best supplier fit goes hand in hand with aligning cloud initiatives with organisational objectives. CXOs must clearly define their business goals, performance metrics, and desired outcomes upfront. Establishing a

strategic roadmap for cloud adoption that aligns with broader business strategies, organisations can maximise the impact of cloud technology on operational efficiency, innovation, and competitive differentiation.

In conclusion, leveraging cloud adoption is essential for driving transformation and maintaining competitiveness in today's technology-driven landscape. By embracing cloud-enabled solutions across telecom, IT, and managed print, CXOs can unlock new opportunities for growth, enhance agility, and deliver value to their organisations and stakeholders. Failing to do so could leave those businesses trailing behind their competition with inefficient and ineffective technology solutions. Through strategic partnership selection, cost-effective implementation, and alignment with business objectives, organisations can harness the full potential of cloud technology and position themselves for success in the digital era.



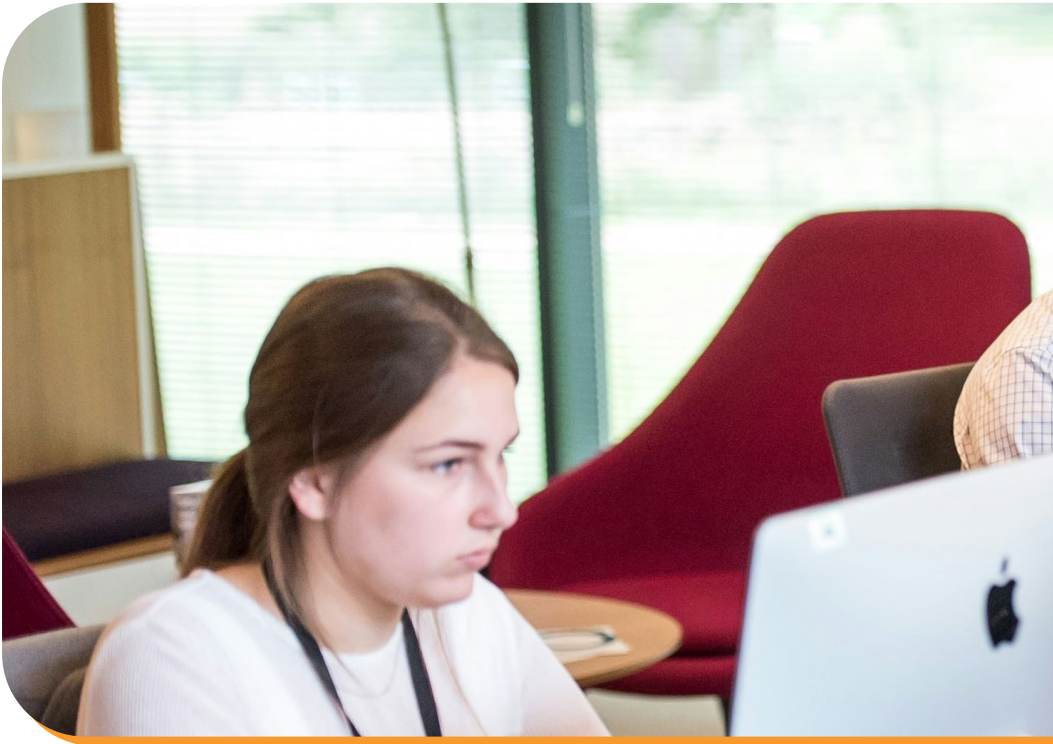
Revolutionise your business with smart BPO strategies

By Harvinder Rattan

The business landscape is witnessing a transformative era where Business Process Outsourcing (BPO) has evolved into a strategic, mature business model that fuels growth and innovation.

Traditionally, large corporations have benefitted from outsourcing, moving operations offshore to capitalise on lower labour costs. This industry, generating an estimated \$350 billion in revenue in 2023 is on the brink of expanding to a staggering \$450 billion by 2027, and has predominantly served larger entities, often overlooking the unique needs of smaller and medium size businesses.

In parallel, labour shortages exacerbated by skill gaps and the rising cost of living in major cities present a daunting challenge for businesses. Consider the plight of a London-based firm struggling to find a bookkeeper due to the city's high living expenses. This scenario underscores the critical need for flexible, cost-effective staffing solutions.



Why is our BPO solution the game-changer for your business?

- **Scalability & Flexibility:** Adapt your business services to your evolving needs without the worry of long-term commitments.
- **Wide Range of Services:** A one-stop shop for all your back-office needs, delivered with excellence.
- **Talented Workforce:** Access to a world of multilingual, skilled professionals with an exceptional work ethic.
- **Maximised Return on Investment (ROI):** Witness the tangible benefits of your investment as our BPO solutions drive efficiency and cost savings, paving the way for long-term prosperity.

Addressing these challenges, we have created a BPO service is designed specifically for these businesses. We do not utilise long-term contracts, instead offering a no-strings-attached approach with the option to terminate the service with just three months' notice. We provide suite of services that encompass a wide array of back-office functions - from accounts receivable, billing, customer service, accounts payable, procurement operations, travel and expense, master data management,



payroll, treasury operations to robotic process automation. Our operations, based in Poland, tap into a rich pool of highly-skilled, multi-lingual talent, ensuring that businesses can access the same benefits of outsourcing as larger corporations, without compromising on quality and drawbacks.

Empowering Business with Strategic BPO Solutions

We are on a mission to empower businesses with strategic BPO solutions. Businesses now have the opportunity to leverage BPO for cost savings and access to better talent. By partnering with us, you'll navigate the complexities of modern business with ease, and enjoy the benefits of BPO without the disadvantages of onerous outsourcing or employment contracts. Your business is poised to not only survive but thrive, securing a competitive edge that is both resilient and dynamic.

Take Action Now

Discover how our BPO solutions can transform your business. Contact us today to explore a partnership that empowers growth and operational excellence. Let's redefine the future of your business together.



Navigating the waters of payment processing

By Paul Lucraft, Paul Seddon and Jon Barras

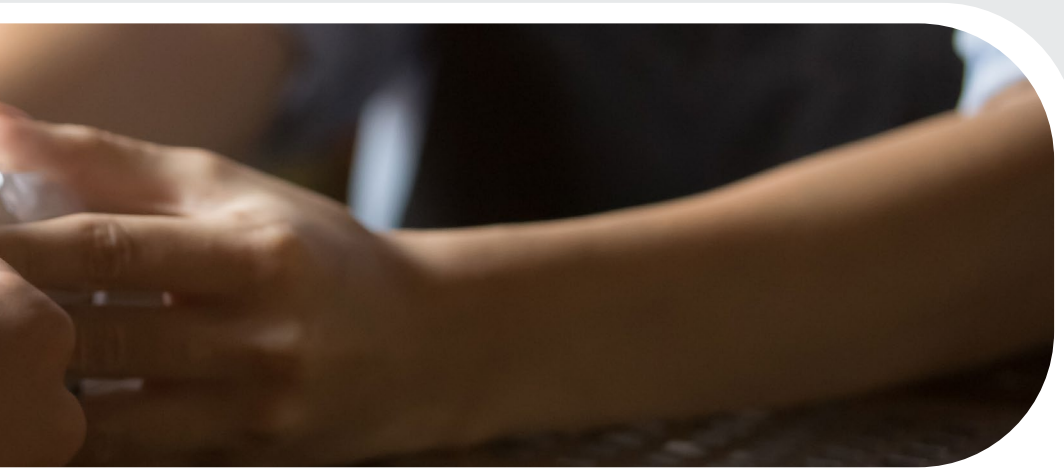
We are deeply invested in understanding and addressing the myriad challenges our clients face in the realm of payment processing.

Throughout the year, we aim to shed light on topics that, while crucial, might not always be at the forefront of our clients' minds. The first quarter, for example, is dedicated to unravelling the complexities of fraud and risk associated with payment transactions.

Fraud and risk in payment processing are more than just buzzwords; they represent real challenges that can significantly impact a business's bottom line and operational efficiency. When things go awry, as they sometimes do, the repercussions are felt not just in terms of financial loss but also in the considerable time and resources spent in back-office administration to rectify these issues. It's a topic that finance directors and account teams find invaluable.

As we navigate through the year, we delve into other critical areas such as omnichannel strategies, the advent of new technologies like point-to-point encryption, and the evolving landscape of PCI compliance. By the fourth quarter, our focus shifts to the opportunities presented by open banking and direct bank account payments, a significant shift from traditional card payments.

My goal here is not just to inform but to spark meaningful conversations between our account relationship managers and clients. It's about providing a backdrop that enriches our clients' understanding and prompts them to ask the right questions of their suppliers. This approach is designed to keep them abreast of the challenges and opportunities within the payment processing domain.



Checking remote card transactions are properly processed

Now, let us delve a bit deeper into the subject of fraud and risk management. The intricacies of chargebacks and disputes, for instance, are areas that demand attention. The established rules around these processes offer a certain guarantee of funds, provided the process is followed correctly. However, the risk of fraud loss becomes a reality when, say, remote payments are involved without thorough verification of the customer's authenticity.

This risk is magnified in scenarios where payments are taken over the phone, as there's no physical interaction between the card and the payment device to guarantee and it's not possible to check that the cardholder is genuine. It's a precarious position, as the reliance solely on card details without airtight verification processes opens up avenues for fraud.

Moreover, the scenario where goods are ordered remotely but then collected in-store presents its own set of challenges. It bypasses the security measures put in place for remote transactions, leaving businesses vulnerable. It is important to note the need for merchants to be adept at managing chargebacks and disputes. It's not uncommon to see businesses acquiesce to claims

without realizing they have the means to contest them, provided they have the necessary evidence to support their case.

There are stronger controls for managing remote transactions that protect businesses. Moving all such transactions to secure ecommerce, using emails and apps, whereby the cardholder has to enter their details via the business's website protects against the scams.

Managing returned goods to stop abuse

Another huge issue businesses are grappling with these days is the whole returns process, especially with online shopping booming like never before. Picture this: someone shops online, grabs four pieces of clothing, and then decides to return three, claiming a refund for the whole lot. Or even trickier, they return four items, but they're not the same ones they bought. This sort of thing is becoming more and more common, and it's a real headache for businesses.

A lot of folks are snapping up deals online, some scoring great bargains on clothes. But here's the catch: if a business hasn't set up a solid system for managing returns, things can get messy fast. They might not even check if the items returned match up with what was originally sold, leading to incorrect refunds.

2024.1

MarketINTEL

Insight and market analysis to achieve better value from suppliers



We are very pleased with the work that ERA has done for us. Julian and his team of specialists have found significant savings, provided valuable insights and streamlined our procurement in ways that we didn't have time to consider. They did so unobtrusively, equipping us with the information necessary to make decisions autonomously. We now see them as a trusted advisor for our cost needs and look forward to entrusting them with further projects in the future. ””

MALCOLM GRAY,
CHIEF FINANCIAL OFFICER,
THE PRIMARY FIRST TRUST



I recognised the level of expertise that the consultants brought to the table and it became evident that this was not just a benchmarking exercise; ERA has a much broader remit. The logistics specialist spent half a day to ensure he really understood our capabilities and what we could provide for his client. It was this thorough and responsible approach that lead us to appoint ERA to review additional eras of expenditure within our organisation. ””

DAVID SANDERSON,
JOINT OWNER,
S&S DISTRIBUTION



Given the results we have achieved and the good spirit of cooperation we have experienced, I can't recommend ERA highly enough. I think many companies can get much more than just great savings out of an ongoing partnership with ERA. It is about having control over external costs and by consulting experts like ERA, within a wide range of supplier industries, we can ensure that best practices, industry specific developments, regulatory aspects and other matters that may adversely affect one's performance are handled in a timely manner. ””

THOMAS HØPNER,
CFO,
ANTICIMEX DENMARK



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