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Interview with Milkman Technologies CEO: Organisations need scalable and flexible solutions to respond to e-commerce boom



Ti spoke with Milkman Technologies' CEO Antonio Perini about the company's use of technology to offer demand-shaping options and the change in type of services requested by customers following the beginning of the COVID-19 pandemic.

Ti: Milkman Technologies was founded in 2015 by experts of GPS tracker and localisation services Antonio and Tommaso. Could you tell me a bit more about your company?

When I first met my friend and Milkman Technologies co-founder Tommaso Baù, I told him that there was a gap in the market for a new home delivery service provider. The idea was to use technology to offer demand-shaping options. The concept relied on the fact that retailers would want to guarantee better delivery services that occurred more frequently. This element differentiated us from other companies, allowing us to be competitive whilst also gaining customer loyalty and satisfaction. We gathered €1.1m Venture Capital and went to market with our own fleet, the services of which were built upon proprietary software.

The success was immediate as we signed up some important brands, such as Nespresso. Milkman Technologies then went through a second €6m round in 2018.

By 2019, Poste Italiane started showing interest in our services, and we were working with many internationally renowned companies, such as EasyCoop, one of the biggest e-grocers in Italy, and Zara. This led to the third €25m round and the creation of a subsidiary with the aim of providing Milkman Technology's carrier services exclusively to Poste Italiane.

From then on, we decided to only focus on technology, and launched Milkman Home Delivery Platform, an end-to-end orchestration platform for last-mile delivery.

Over the years and by sharing our views with research companies such as Gartner and IDC, we have come to realise that we don't directly compete with multiple players. This is because our technological capabilities are extremely innovative and differentiating. Our competitive advantage is taking a bespoke approach to our customer's needs.

Ti: What gap in the market did you spot and how has your technological offering to customers changed over the year? Could you tell me a bit more about your future plans too?

e-commerce was booming and is still growing but home delivery remained tied to what couriers could offer through their B2B models. Delivery options were very limited with the only available options being "fast" and "slow", with no customer experience and a perennial uncertainty about when the parcel/goods

would actually be delivered. Tracking was also very primitive with no relevant information for the end customer. We understood that this new e-commerce world needed a last-mile approach built from scratch around the customers, which considered their more pressing needs of choice, control and convenience. Our novelty is the introduction of flexible timeslots, with the possibility to choose the day and the hour of delivery and to match them with algorithmically dynamic prices: a powerful tool to drive customer satisfaction and influence customer behaviour.

Technology keeps evolving and our idea is to extend the last mile ecosystem in order to include additional sets of pre- and post-purchase opportunities that can drive customer acquisition and conversion.

Ti: I can see that you have worked with customers like Amazon and currently also have a partnership with Poste Italiane since 2019. Would be great to understand a bit more about your customers in general (size, number of employees, whether they are mostly carriers or retailers, countries of operations etc).

Our clients are large European retailers, manufacturers operating in Big & Bulky, grocery industries, National Posts and courier companies. The platform fits perfectly with their needs of implementing a business strategy that focuses on “experience first”, allowing customers to test a superior purchase experience that generates loyalty.

Our solution is also ideal for those couriers or posts post offices that want to bring their offering up to speed with modern requirements, like same-day and appointed deliveries. Right now, we have clients across all of Europe, including Colvin and Public MediaMarkt amongst others.

Ti: Generally, do you see most demand for your services from retailer or 3PL/carriers?

Carriers/3PLs immediately recognise the benefits of our technology but they still need to deal with old set-ups and very structured and complex organisations that require a long sales cycle. We see much more potential regarding retailers that by nature are required to revamp and upgrade their customer services to beat the competition and win market share.

Ti: What challenges do you experience when onboarding your customers (if any)?

Our platform is 100% native SaaS and can be implemented in a few weeks. We still deal with organisations which are not as technologically savvy as you would expect. There’s also still a lot of paperwork involved in logistics so it can take longer from the client’s side than what would be expected.

Then there’s the cultural roadblock: you cannot offer demand-shaping options while preserving old thinking habits, so it is a matter of embracing a change management approach and trusting in technology support.

We have a team that can successfully onboard new clients. If we look at the MediaMarkt case for example, they needed to quickly equip taxis to transform them into an actual delivery fleet. We did it in less than two weeks, thanks to the Milkman Driver App that provides step by step instructions per each execution wave.

Ti: Talking to logistics providers, it has been made clear that achieving real-time visibility is not an easy process. Could you tell me why Milkman Technologies has the upper hand when compared to logistics providers? Could you tell me a bit more of how your technology works today?

Real-time visibility of shipments is possible only if the parcel/goods are managed by the same platform throughout its journey. For example, once the shipment gets to the final depot, our Milkman Home Delivery Platform provides customers with visibility by allowing them to monitor the process step by step. The platform includes features such as an Uber-like map to check if the van has left the warehouse and if it has started its route.

Ti: Are you having to adapt service offerings to suit the needs of specific client groups?

We always consider customer needs and requirements by offering a discovery phase to define the right setup. This phase is beneficial for both parties. As an example, grocery retailers that need to organise the deliveries of refrigerated and perishable goods have very strict logistics requirements. In this case, it is a strategic edge for us to understand their operational setup from the very beginning and ensure a strong alignment with last-mile delivery.

Ti: Could you tell me how request for your services has changed over the COVID-19 pandemic? Has it increased in line with the global e-commerce exceptional growth? Have your customers been requesting different types of services?

As e-commerce sales skyrocketed due to the various lockdowns, the first question asked by our clients was regarding the implementation of contactless deliveries, which our interactive tracking page was already able to host and display. Organisations needed scalable and flexible solutions as opposed to new services, because their fleets soon became oversaturated, causing long delays.

Retailers, and in particular grocers, who used fixed time slots would experience the worst blowback. Their two-hour windows would fill and close, and delivery would be unavailable for days on end. This caused much anger and frustration for the end customer. Our demand-shaping options were a much better fit for the situation. As people were stuck at home and were therefore available for delivery almost all day long, being able to choose a wider time window alleviated the pressure on fleets and allowed clients, especially grocers, to serve many orders more per day, at a better cost.

Thanks to the Driver App, we help with the fast input of new resources into systems by distributing volumes in a way which avoids peaks and window closures. For example, the average online grocer offers two-hour windows, but many customers have larger stocks that can be moved around at cheaper delivery costs. Milkman Technologies flexible time slots allows you to choose an ideal delivery window and match it with a dynamic pricing.

Ti: I can see you were founded in Italy, where online sales and e-commerce have been more difficult to take hold when compared to countries like the UK. Based on services you have offered to Italian customers over the beginning of the COVID-19 pandemic, do you believe this has changed?

It's too early to tell for sure but I think a good portion of those who discovered e-commerce during the last two years will continue to buy online. As they discover the convenience of online shopping, they will start demanding more and more options from retailers.

Ti: As labour shortage is rising, especially in terms of warehouse workers and driver's shortage, what do you believe is the biggest challenge to e-commerce and last mile moving forward?

Ultimately, the challenge remains unchanged: to provide advanced services without losing money in the process. The solution is technology. Artificial intelligence and hyper-automation can and will create an economically sustainable last mile. This will reduce the pressure around working conditions for warehouse operators and drivers. Offering a better working environment will attract back manpower. Manpower that is guided (not replaced) by technology will be able to serve much better services and so the circle will be closed in the most virtuous way.

Source: [Transport Intelligence](#), November 9, 2021

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