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BEST PRACTICES

AWARDS

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2020 BEST PRACTICES AWARD

KLEARNOW

2020 NORTH AMERICAN AI-BASED CUSTOMS CLEARANCE NEW PRODUCT INNOVATION AWARD

Contents

Background and Company Performance

Industry Challenges

Ocean freight and air freight shipping companies face significant challenges in terms of customs clearance. It involves a lot of documentation that must be processed systematically so that cargo can be cleared promptly. Moreover, brokers can be lethargic, the opaque methods used are error prone as they are heavily dependent on manual data entry, and the lack of visibility hampers stakeholders from making the process simple and straightforward.

Multiple market participants are involved in the freight ecosystem, ranging from factories and port authorities to ocean liners and last-mile delivery companies, and the numerous systems that come into play complicate the customs clearance process and make it ambiguous. A centralized platform for data transmission does not exist, and the absence of an automated system allows brokers to handle only a limited number of entries per day, regardless of the increasing volumes.

With COVID-19, working from home and remote access has become the new normal, which applies for global commerce companies as well. The lack of a consolidated platform, however, forces brokers to travel to offices and manage paperwork, leading to significant delays in the supply chain and increased overall costs. Frost & Sullivan analysis shows that the digitalization of the customs clearance process will be a potential game changer for importers and brokers and will help them conduct business in real time from remote locations.

New Product Attributes and Customer Impact

Founded in 2018, Silicon Valley-based KlearNow has developed a digital customs clearance platform by combining AI and the cloud, thereby making it a technology disruptor in the global logistics industry. The platform allows for seamless integration across importers, customs brokers, ocean liners, last-mile operators, and local port and customs authorities. Processing time is reduced from hours to minutes, and more business can be conducted transparently and at a lower cost. None of the other participants make such an offering, and KlearNow holds a first-mover advantage in the industry.

Unmet Needs Lead to the Transformation of the Customs Clearance Process
Customs clearance is an integral part of the global logistics industry, and KlearNow has transformed it from a traditional process to a smart one. Through the use of AI for data collection and management, its platform eliminates errors and reduces the time taken to clear customs. Shipments are centralized through a single portal, with end-to-end visibility across the entire process. In addition, KlearNow provides flexibility and sustainable growth opportunities by directly channeling new clients to brokers for global customs clearance.

The platform allows operators to use their own brokers, and importers can choose from a wide range of brokers based on their industry. From customer on-boarding to last-mile visibility, KlearNow's single-window operations ensures that every aspect of freight movement is monitored effortlessly. A one-time fee is charged, bringing in a savings of 30 to 50% per importer per transaction. As information is processed digitally, costly data

entry errors are eliminated, and efficiency is increased, thereby shifting from reactive data collection to proactive decision making. According to Ashok Krishnamurthi, Managing Partner, GreatPoint Ventures, "KlearNow has established itself as a promising disrupter in the industry with a compelling, clear, and differentiated value proposition that doesn't exist today.[1]

Growth Potential and Performance Value

In May 2020, KlearNow secured a $16 million Series A funding led by GreatPoint Ventures, along with Autotech Ventures, Monta Vista Capital, and Argean Capital. The company plans to use this funding to extend its platform's reach across increasingly complex and broad import-export verticals and time-bound shipments. Certified by U.S. Customs and Border Protection as an automated broker interface (ABI) software vendor, KlearNow can handle any import into the United States, irrespective of commodity. The platform also got certified in Canada in August 2020. Furthermore, it is close to being certified in the United Kingdom, and working on multiple other countries, including the Netherlands, Belgium, Spain, and Germany.

The user-friendly platform helps companies drive labor efficiency in the supply chain and offers significant cost savings on customs clearance and intra-port activity by eliminating demurrage and other charges. The company generates revenue through a per transaction end to end customs clearance fees, a significant discount to current broker service fees which includes ISF Filing, Customs Clearance, Visibility, Document Management & Compliance. Till date, the company has more than 20 partners. According to Anantshree Chaturvedi, Vice Chairman and CEO, UFlex, "When UFlex decided to repurpose one of its facilities to be able to manufacture urgent PPE supplies for the medical community, KlearNow helped us import the necessary raw materials quickly and efficiently."[2]

The Digitalization of Customs Clearance

Through the KlearNow platform, brokers can communicate with both customs officials and customers in real time, thereby addressing any challenges easily and quickly. Smart devices can be used to clear transactions rapidly, accept new customers, and work on existing entry summaries. Cloud-based data processing ensures that transporters are always connected with importers and are automatically informed of any dock or location changes. Digital signoffs allow transporters to spend more time on the road rather than having to chase down approvals from port authorities. According to Sandeep Vij, Managing Partner, Argean Capital, "As the original investor that incubated this idea from conception to product launch, we are thrilled that KlearNow is gaining rapid customer acceptance and will be globally scaling its operations. KlearNow also offers brokers the new and much-needed personal protection technology as it not only helps to increase their yield but, more importantly, they can now conduct business safely and remotely, needing only to

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[1]Source: Pulse 2.0 (accessed from https://pulse2.com/customs-clearance-company-klearnow-raises-16-million/)
[2]Source: Pulse 2.0 (accessed from https://pulse2.com/customs-clearance-company-klearnow-raises-16-million/)

access their personal devices to clear customs for their clients."[3]

The customs clearance industry has been facing a dearth of innovation. KlearNow recognized this opportunity and disrupted the space with its new product. While its peers still follow traditional and obsolete methods that are complex and slow, KlearNow's document management platform simplifies and accelerates the customs clearance process by allowing shipment to be tracked in real time from any smart device. Its quest for excellence is reflected in the creation of a high-quality customer-centric product that offers benefits such as transparency, efficiency, and precision. This customer focused approach is emphasized by Sam Tyagi,"KlearNow delivers significant value to their customers by providing substantial cost savings on customs clearance, an intra-port activity dashboard to eliminate demurrage and other charges, and a user-friendly web-based platform to drive labour efficiencies in their supply chain". As other participants adapt to the digital transformation, KlearNow's innovative offering has helped it secure first-mover status and gain a competitive edge in the industry. It can build on the strong brand recognition it has attained and focus on retaining its loyal customer base, which will place it in a commanding position to serve the industry. Its shared economy platform, a first of its kind in this industry, caters to the complete freight ecosystem, including brokers, importers, and transporters, and has helped it realize its vision to transform global commerce.

Conclusion

Almost every aspect of the logistics industry involves an enormous amount of paperwork from multiple stakeholders across the supply chain. KlearNow's intelligent data management platform converts of all this into digital assets, thereby making the entire process more sustainable and future ready. KlearNow is the world's first customs clearance and data management platform built for brokers, freight forwarders, and importers. By providing end-to-end visibility in the freight ecosystem, the platform helps companies manage the complex areas of the supply chain by reducing the human component, eliminating errors, and automating the process. The entire freight management process is brought onto a single unified dashboard, thereby making logistics simple and cost effective and transforming the way global commerce is conducted.

For its strong overall performance, KlearNow has earned Frost & Sullivan's 2020 New Product Innovation Award.

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[3]Source: Pulse 2.0 (accessed from https://pulse2.com/customs-clearance-company-klearnow-raises-16-million/)

Significance of New Product Innovation

Ultimately, growth in any organization depends on continually introducing new products to the market and successfully commercializing those products. For these dual goals to occur, a company must be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.

- Acquire competitors' customers
- Increase renewal rates
- Increase upsell rates
- Build a reputation for value
- Increase market penetration

- Earn customer loyalty
- Foster strong corporate identity
- Improve brand recall
- Inspire customers
- Build a reputation for creativity

DEMAND

BRAND

New Product Innovation Leadership

COMPETITIVE POSITIONING

- Stake out a unique market position
- Promise superior value to customers
- Implement strategy successfully
- Deliver on the promised value proposition
- Balance price and value

Understanding New Product Innovation

Innovation is about finding a productive outlet for creativity—for consistently translating ideas into high-quality products that have a profound impact on the customer.

Key Benchmarking Criteria

For the New Product Innovation Award, Frost & Sullivan analystsindependentlyevaluated2 key factors—New Product Attributes and Customer Impact—according to the criteria identified below.

New Product Attributes
 Criterion 1: Match to Needs
 Criterion 2: Reliability
 Criterion 3: Quality
 Criterion 4: Positioning
 Criterion 5: Design

Customer Impact
 Criterion 1: Price/Performance Value
 Criterion 2: Customer Purchase Experience
 Criterion 3: Customer Ownership Experience
 Criterion 4: Customer Service Experience
 Criterion 5: Brand Equity

Best Practices Award Analysis for KlearNow

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows research and consulting teams to objectively analyze performance according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation. Ratings guidelines are illustrated below.

RATINGS GUIDELINES

9–10 Excellent
7–8 Good
4–6 Fair
1–3 Poor
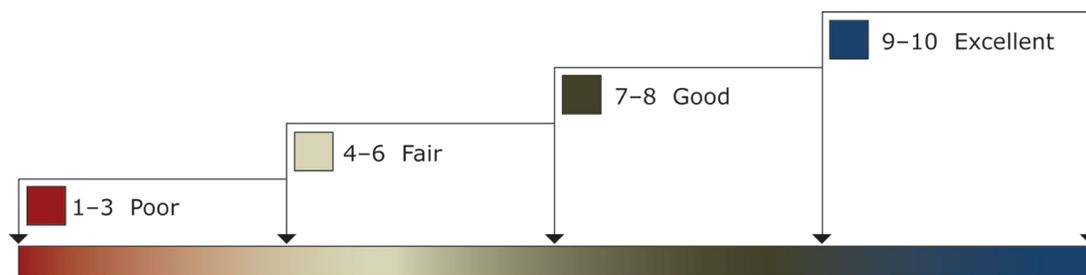
The Decision Support Scorecard considers New Product Attributes and Customer Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criterion are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, Frost & Sullivan has chosen to refer to the other key participants as Competitor1 and Competitor2.

Measurement of 1–10 (1 = poor; 10 = excellent)			
New Product Innovation	New Product Attributes	Customer Impact	**Average Rating**
KlearNow	9	9	9
Competitor1 (Not Available)*	-	-	-
Competitor1 (Not Available)*	-	-	-

New Product Attributes

* Note: No direct competitors; hence, their scores are marked as '-'

Criterion 1: Match to Needs

Requirement: Customer needs directly influence and inspire the product's design and positioning.

Criterion 2: Reliability

Requirement: The product consistently meets or exceeds customer expectations for consistent performance during its entire life cycle.

Criterion 3: Quality

Requirement: Product offers best-in-class quality, with a full complement of features and functionalities.

Criterion 4: Positioning

Requirement: The product serves a unique, unmet need that competitors cannot easily replicate.

Criterion 5: Design

Requirement: The product features an innovative design, enhancing both visual appeal and ease of use.

Customer Impact

Criterion 1: Price/Performance Value

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

Criterion 2: Customer Purchase Experience

Requirement: Customers feel they are buying the optimal solution that addresses both their unique needs and their unique constraints.

Criterion 3: Customer Ownership Experience

Requirement: Customers are proud to own the company's product or service and have a positive experience throughout the life of the product or service.

**Criterion 4: Customer Service Experience**
Requirement: Customer service is accessible, fast, stress-free, and of high quality.

Criterion 5: Brand Equity
Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.
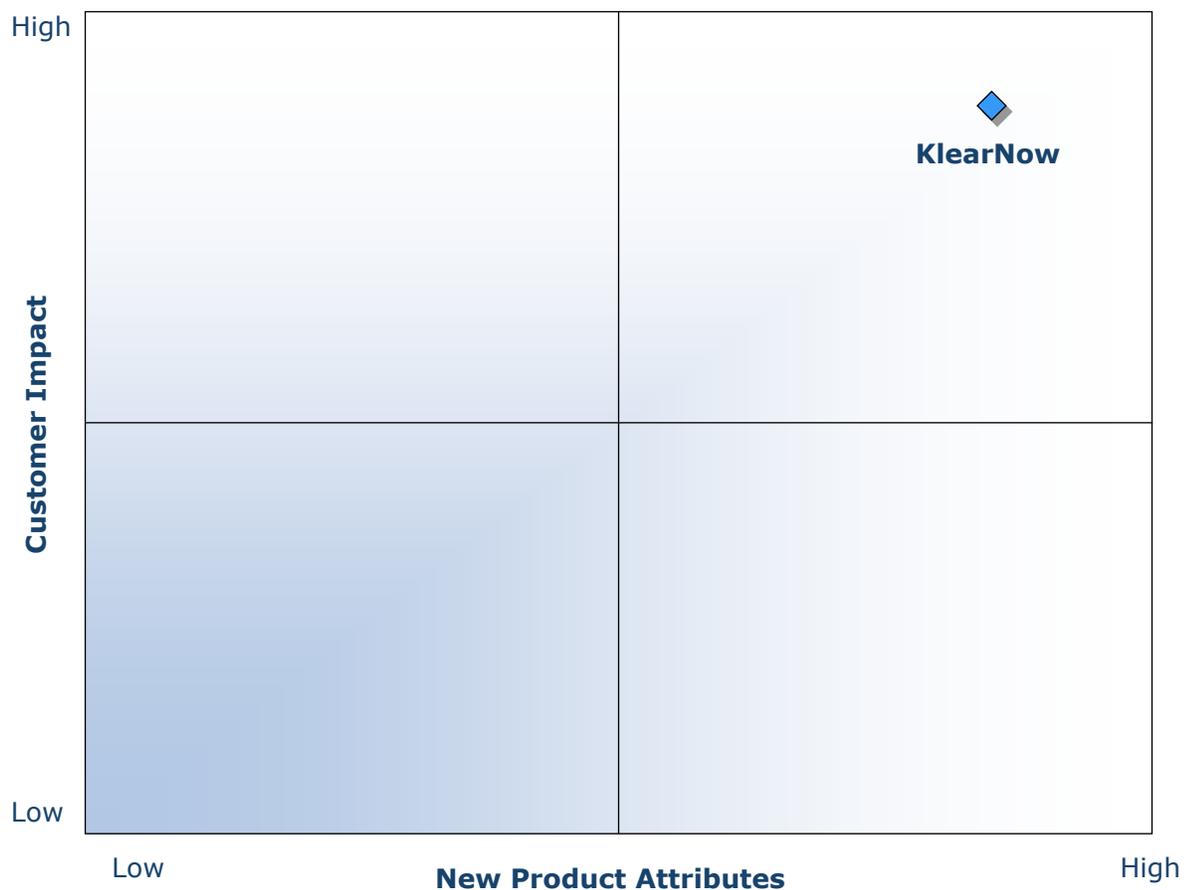
Note: No direct competitors; hence, they have not been plotted on the graph

Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate award candidates and assess their fit with select best practices criteria. The reputation and integrity of the awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 **Monitor, target, and screen**	Identify award recipient candidates from around the world	• Conduct in-depth industry research • Identify emerging industries • Scan multiple regions	Pipeline of candidates that potentially meet all best practices criteria
2 **Perform 360-degree research**	Perform comprehensive, 360-degree research on all candidates in the pipeline	• Interview thought leaders and industry practitioners • Assess candidates' fit with best practices criteria • Rank all candidates	Matrix positioning of all candidates' performance relative to one another
3 **Invite thought leadership in best practices**	Perform in-depth examination of all candidates	• Confirm best practices criteria • Examine eligibility of all candidates • Identify any information gaps	Detailed profiles of all ranked candidates
4 **Initiate research director review**	Conduct an unbiased evaluation of all candidate profiles	• Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles	Final prioritization of all eligible candidates and companion best practices positioning paper
5 **Assemble panel of industry experts**	Present findings to an expert panel of industry thought leaders	• Share findings • Strengthen cases for candidate eligibility • Prioritize candidates	Refined list of prioritized award candidates
6 **Conduct global industry review**	Build consensus on award candidates' eligibility	• Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates	Final list of eligible award candidates, representing success stories worldwide
7 **Perform quality check**	Develop official award consideration materials	• Perform final performance benchmarking activities • Write nominations • Perform quality review	High-quality, accurate, and creative presentation of nominees' successes
8 **Reconnect with panel of industry experts**	Finalize the selection of the best practices award recipient	• Review analysis with panel • Build consensus • Select recipient	Decision on which company performs best against all best practices criteria
9 **Communicate recognition**	Inform award recipient of recognition	• Present award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance	Announcement of award and plan for how recipient can use the award to enhance the brand
10 **Take strategic action**	Upon licensing, company is able to share award news with stakeholders and customers	• Coordinate media outreach • Design a marketing plan • Assess award's role in strategic planning	Widespread awareness of recipient's award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of the research process. It offers a 360-degreeview of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, resulting in errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degreeresearch methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, helps clients accelerate growth and achieve best-in-class positions in growth, innovation, and leadership. The company's Growth Partnership Service provides the CEO and the CEO's growth team with disciplined research and best practices models to drive the generation, evaluation, and implementation of powerful growth strategies. Frost & Sullivan leverages nearly 60years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on 6continents. To join Frost &Sullivan's Growth Partnership, visit http://www.frost.com.