

Case Study: MCP

Market Expansion Evaluation

Maritime Cargo Processing plc (MCP) is the market leading Port Community System provider in the UK. Having grown successfully in its domestic territory, MCP wanted to explore and evaluate international expansion options.

MCP asked Milner to conduct a comprehensive study to explore the size of the international market opportunity for MCP's Destin8 product. This was done by forecasting the size of the market (from first principles) over a five year period. To complement the market forecast model a detailed competitor analysis was undertaken comparing the pricing and feature sets of 15 individual companies.

Finally four key market drivers were identified and discussed, with actionable strategic expansion options presented back to MCP's Leadership Team.



About MCP

Maritime Cargo Processing plc is the UK's leading port community systems specialist. It works in close partnership with port and terminal operators, shipping lines, shipping and forwarding agents and hauliers, as well as Customs and other Government agencies, to improve operational efficiency and reduce the costs involved in the trading and transportation of cargo through ports.

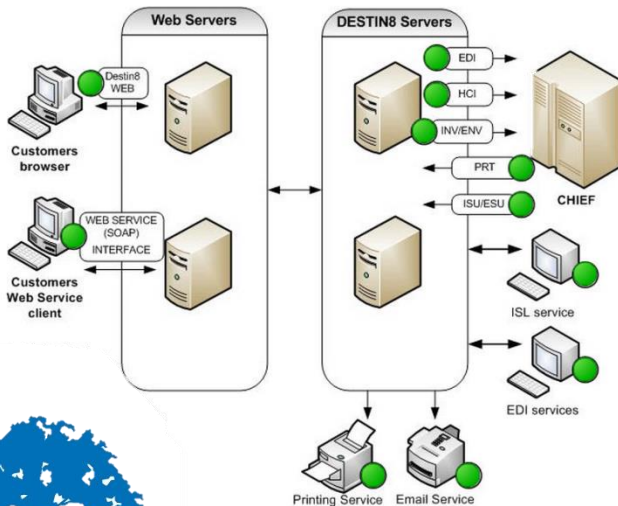
Since 1985, MCP has revolutionised the flow of imports and exports at ports, inland clearance depots and airports in the UK. MCP developed the expertise, experience and the resources to deliver fast, efficient and cost effective port community systems with the advanced and superior functionality you need.

MCP's Requirement

Having successfully rolled out Destin8 (its Port Community System) to 16 ports in the UK, MCP believed that the UK market was saturated, with little opportunity for it to grow within its domestic geography.

MCP wanted to investigate the opportunities that existed to sell Destin8 to ports internationally with a detailed market evaluation. The evaluation needed to consist of three parts:

1. A market forecast model to help MCP understand the revenue opportunities for the international expansion over a five year period.
2. Primary research using structured interviews with senior stakeholders within the port community to document the benefits to existing users of and to test assumptions built into the forecast model.
3. A detailed competitor analysis was needed to better understand Destin8's positioning in the international Port Community System marketplace.



Milner's Solution

Identifying the target markets

Rigorous selection criteria were developed to help identify ports which might be suitable for the Destin8 Port Community System software. This exercise identified an addressable market of 76 ports out of a global total of 617. Target markets were highlighted by scoring each port on its likelihood of procuring a solution in the next five years.

Modelling the target markets

Transactional volumes for each of the 16 target markets were forecast using Excel over a five year time horizon. This allowed high-value and high-growth ports to be identified. The model was designed to allow sensitivity analysis to be conducted. For example the impact of changing market prices or an alteration in the ratio of TEU to total number of containers could be explored.

Understanding the competitive landscape

Primary research was carried out in the form of structured interviews with key senior stakeholders in the port community. The interviews provided information for the forecast model and deepened the understanding about user priorities and how Port Community Systems benefited users. This was fed into the competitor analysis, where 15 competing products were analysed and feature-sets compared. Pricing trees were created and price was compared with functionality to understand the value each product gave to consumers.

Evaluating the market opportunity

An 81 page report summarised the size of the target market and three different market penetration options were explored. Further to this, the dynamics seen in the market were documented, including the pressures faced by the port community and market pricing. Finally clear conclusions were drawn about where the market opportunity lay and ways to gain traction against the competition.



MCP's Benefits

1. Information previously unavailable

No off-the-shelf data on the size of the Port Community System market opportunity was available for MCP to buy. By commissioning Milner to undertake this study, MCP had in-depth engagement with Milner team to ensure that the information needed to underpin their strategic decision making process was available in the format required. This gave MCP the best possible market insights to explore its international expansion opportunities.

2. Data was 100% relevant for Board

MCP received a bespoke model that contained the exact mix of ports, competitors and prices that were directly relevant for internal discussions. As a result, MCP came away with a market evaluation study 100% customised to its business requirements. Plus, Milner's collaborative client engagement meant MCP was able to engage throughout the process, to get feedback on early findings and ask further questions.

3. Trusted analysis critical for investment

The model quantified the size of the market for different target markets, which meant that Milner could make informed strategic recommendations to MCP about which ports to target first. Milner also showed how ports were likely develop over time, highlighting the long-term strategically important ports of the future. The independence and objectivity of the market evaluation provided confidence in the investment options.

4. Market forecasting expertise

Having access to experts who had built a wide variety of market forecast models for other companies coupled with Milner's experience of using many complex techniques (including Diffusion of Innovation Theory), gave MCP a robust, reliable and quantified model of the Port Community System market. This allowed MCP to deepen its understanding about how different ports could use Port Community Systems in the future and the Milner report provided the basis for a least one face to face meeting with a potential new customer.

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"We commissioned Milner Strategic Marketing to help us evaluate the international opportunity for our Port Community System software, Destin8. Milner built us a detailed TEU market model for 2005 to 2015 showing volumes and values for target ports around the world.

They carried out interviews with a selection of our customers to understand and quantify user benefits.

Finally, they helped create a competitor analysis by reviewing feature sets and pricing. The people at Milner were easy to work with and delivered excellent results."

Alan Long

CEO

Maritime Cargo Processing plc