

Cleveron

is keeping the shopping vibe positive

Cleveron is a great example of a company that sees no borders or limitations to business opportunities - although hailing from the small town of Viljandi in Estonia, **they have revolutionised the automated parcel delivery industry by becoming the leading click&collect parcel pickup solution provider globally, thanks to their unique robotics-based solutions.**

Indrek Oolup, one of the founders of Cleveron, says that they rightfully claim the title of innovation leaders in their industry, as Cleveron was the first to develop parcel locker functions that the rest of the industry only adopted much later. Cleveron develops and manufactures automated smart lockers, parcel robots and the world's largest robotics-based parcel terminal, which allows a large number of parcels to be stored in a confined space until the customer arrives to collect the goods.

FROM THE GROUND UP, LITERALLY

Cleveron got its footing in the parcel logistics industry by starting out as an operator of automated parcel lockers, but the endless trouble with space constraints lead them to developing innovative new products to solve these bottlenecks. "Parcel lockers are a common sight around supermarkets today, but the space available for lockers is always limited and we had to come up with **a solution for utilising the cubic metres in the air, rather than the square metres on the ground.** Robotics was the key to developing the most space-efficient solution in use today. Our background as a parcel locker network operator was essential in this development, as it sets us apart from our competition," notes Oolup.

He strongly believes that innovation is born primarily from considerations for the consumer's needs. Although Cleveron's corporate customers are the ones buying the products, **the focus is always on how to make people's lives easier.** Considering that the company is pioneering a completely brand new industry, all R&D is handled by Cleveron internally, however the manufacturing process

relies on the input of subcontractors and other partners. This helps Cleveron diversify the risks related to sudden increases in production volumes. The industry is so new that the clients themselves are still looking for the optimal operating processes and models, so Cleveron really needs to grow together with its customers.

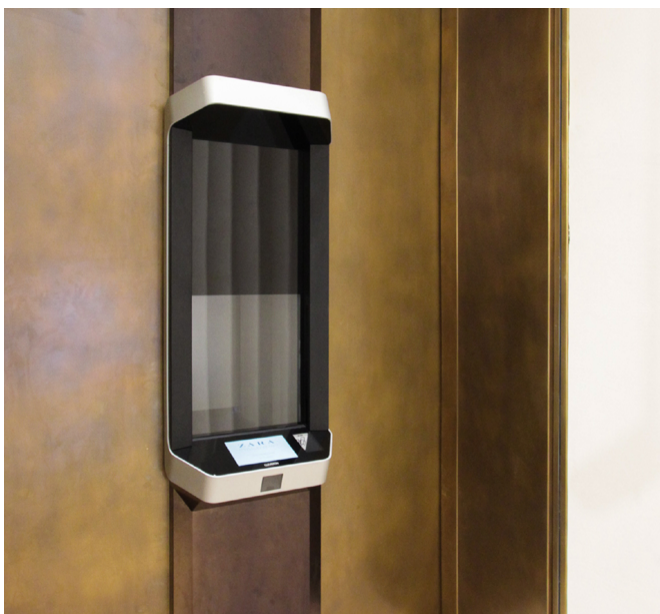
LIMITED RESOURCES, UNLIMITED RESULTS

"We consider it absolutely essential to maintain our leadership in innovation, this is why we keep the system's "brain" in our focus. It's the team that matters the most and we must continuously invest into attracting and keeping the best minds available - this is our commitment as global leaders in the industry. Almost all our staff members are Estonian and around half of them are involved hands-on in the development of new products. **One of the best things to be said about Estonians is that they know how to create the best results using very limited resources.** We're used to thriving in difficult circumstances and this mentality sparks creativity, forcing to abandon outdated mindsets along the lines of "why change it if it's always been done like this," explains Oolup.

"Estonia is a very open and supportive country, where the implementation of innovative solutions is widely encouraged. There are no hindrances to new technologies, one just needs to get busy trying. We've seen countries where at first they present you 30 arguments against new technology or why it shouldn't even be attempted. This is not the case in Estonia and I consider this to be one of our greatest advantages, and also the main reason why so many emerging technology companies have been founded in Estonia. **It's a great place for testing new technologies, because the compact size of the market means that making mistakes isn't too expensive.**"

EXPAND AND CONQUER

However, the small size of the market motivates companies to put more effort into their business operations for achieving economic feasibility. If Cleveron had started their global conquest from Germany, they probably could have settled for a 2-3 per cent market share without any doubts. But in Estonia you need to achieve at least a 25 per cent market share for a



reasonable return on investment. The higher market entry success barrier motivates Estonian companies to look beyond its domestic borders and this makes international expansion to foreign markets much easier.

Cleveron have expanded their client base to a number of major markets in a very short time period, their products can be found in the USA, UK, Canada, France, Italy, Germany and elsewhere. The first foreign markets were in fact Finland and Russia. Global trends are clearly showing that robotics-based solutions take off quicker on markets where labour costs are higher. **The company's standout success story is undoubtedly the brilliant result achieved on the US market, where the world's largest retail chain Walmart is using over a thousand Cleveron's parcel terminals.** Walmart was interested in a self-service click&collect parcel pickup solution and went through all potential products on the market. "We won the contract because our product stood out and simply works flawlessly.

TIME TO TURN UP THE VOLUME

As e-commerce continues to boom globally, the entire parcel industry will have to face ever-increasing volumes and to seek out more customer-oriented solutions to simplify the process of ordering goods online and receiving them with minimal trouble. Even today a shipment from an online retailer could end up being split into three different parcels which all land at different collection points. "Estonia is known as the automated parcel locker country, as **80% of Estonians prefer collecting their parcels from locker machines,**" points out Oolup.

The options for delivering a package to someone were very straightforward just 10 years ago - it was either delivered by courier or picked up in person from the post office. Robotics-based solutions and bringing the collection points nearer to the consumers have saved millions of gallons in fuel and countless hours in time, as couriers do not have to make individual trips to each and every customer any more. **The main criteria for estimating the efficiency of a parcel**

terminal is the time spent on getting the item into the consumer's hands, and every second is accounted for. In the US it may still take 10–15 minutes to retrieve a package from a store service desk, but for Cleveron the standard is closer to 10–20 seconds. "And it's really the case in Estonia, where we half-jokingly say that our goal is to hand over the parcel in less time than it takes for the customer to file their personal tax declarations," says Oolup. (In Estonia, most tax declarations are filed online and the process usually takes a few seconds, thanks to pre-filled declaration forms - Ed.)

FUTURE – DELIVERED TO YOUR DOORSTEP

Estonia is rather well known among Cleveron's corporate clients, but **it's the company's unique customer and product portfolio that has made Cleveron's name almost synonymous with clever automated parcel delivery solutions.** "Our clients have told us that we live in the future in Estonia. Our digital infrastructure is exemplary and the compact and open market functions on fully digital solutions - these arguments mean a lot to our clients."

Oolup believes that the greatest challenges for the future still include helping consumers to change their habits and keeping the focus on user experience. "We are very determined in this area and have gone as far as to refuse to comply with some of our clients' demands because their implementation would have meant sacrifices in the user-friendliness of our systems." Parcel delivery is an auxiliary service that supports the main activity, i.e. shopping. And it needs to run seamlessly to maintain the positive emotion associated with shopping. **The future will be all about automated robotics-based solutions and the parcel industry is only taking its first steps in this field.** While there are over 3 million ATM machines in the world, the number of automated parcel locker locations is only at about 100,000. "I am convinced that parcel lockers will be used more actively than ATMs in the future and our mission is to make sure that most of these machines will bear our logo and will offer uncompromising and comfortable user experiences to the end consumers," stresses Oolup.

