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Independent forwarders face new threat

Maersk's decision to cut out agents is a significant challenge for the sector

INDEPENDENT forwarders could be facing a "difficult future" following Maersk's decision to restrict bookings to Maersk Spot, which will make it harder to effectively compete, as the market divides into two tiers.

Several WCA members have expressed serious concern over how they will secure space following Maersk's attempt to transform into an end-to-end logistics provider, and its consequent strategy to begin to cut out forwarders.

One WCA member explained to Voice of the Independent that although it had previously decided to reduce its dealings with Maersk, "it is a utopia [to believe] that we won't need Maersk anymore".

Maersk has a 17 per cent market share, according to Alphaliner, with 4.27m teu, just pipped to the post this year for the largest container line by MSC, which has 4.28m teu.

The forwarder added that he was concerned that other carriers may follow suit, and "treat forwarders with suspicion".

He noted that he has experienced several carriers offering long-term contracts "with special conditions" to large forwarders such as DHL, DSV and DB Schenker.

"That strategy is impacting, with immediate effect, the small and mid-size forwarders worldwide, because those kind of contracts are often not within their reach.

"Those kinds of contracts are dealt with by the HQs of the big players, dealing with big volumes, and dismissing our local volumes (of nearly 50,000 teus)."

> "How can we work in such a way?"

He added that he is currently facing westbound rates from China to the Mediterranean of between $12,900 and $13,300 for a forty foot container – but the big players are paying around $10,000.

"This situation, for sure, will create disruption in the market, because the game rules are changing and there will be a new natural selection in our industry."

He called for independents to "join forces and resources" to mitigate the situation and find solutions to help secure their future.

Another WCA member explained that the requirement to use Maersk Spot was not workable.

"The spot quote has a very short validity: it may even expire on the same day as they have run out of space, and it is not valid on the next vessel.

"How can we work in such a way?

"It means that I have to quote with a different shipping line with a different service and just in case ... I have to check Maersk's spot quotes to see if they are cheaper.

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TARIFF FILING	NRA FILING
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Forwarders threaten airline boycott over high handling charges

A bitter dispute between forwarders and air cargo handlers has broken out over a significant increase in charges.

Some forwarders have threatened to boycott airlines using handlers which have imposed big charges, with the UK particularly affected.

However, handlers have responded angrily to the threats, claiming that forwarders have failed to put processes in place to ensure the timely collection of shipments.

Global handler WFS is the first this year to increase charges. In the UK, it cut free storage time from 24 hours to 18, while ramping up prices thereafter. But it argued that its own costs have risen substantially, and operations had been adversely impacted by the pandemic – and forwarders.

"Over the last few months this was especially significant as freight forwarders failed to collect freight, impacting the whole operation and creating backlogs (this was across the globe)," said the company in a statement.

But with storage charges starting at £17.60 a day, rising to £35.20 after 36 hours, and then £70.40 after 54 hours, forwarders claim the charges could cost their customers tens of thousands.

"It is lunacy," said one forwarder. "Work out the costs. If you leave a five-tonne shipment at the airline, it gets overlooked or there is a mistake, for seven days, the cost will be in five figures.

"The storage charges are monstrously messy and frightening. WFS is taking inflation measures to another level and reducing the free period to make it almost impossible to manage – and other handlers will follow."

Metro Shipping told customers: "This redefines the model of how charges are levied that has been in place for decades, with a tiered system of elevating costs as the time period increases making management of storage costs almost impossible.

"From our perspective, the fact that it can take up to five days to get freight out of the airline sheds, due to congestion and airline handling inefficiencies, clearly demonstrates how handlers lack customer-focus in imposing increases of up to 500 per cent.

"Handlers have pointed out their huge rise in costs and blame increasing congestion on forwarders failing to pick up freight on time which, in our experience, is almost never the case. Particularly now, when a big shipment left with the airline will generate five figure charges in just days."

But one handler retorted: "Forwarders don't do anything to help themselves. What are they doing to fix the problems? How do they intend to improve the collection process? There are truck booking slots, pre-booking processes, but they don't use these initiatives. We are trying to make it better for everyone."

> "The storage charges are monstrously messy and frightening"

One key problem for handlers is that while the rest of the market has enjoyed booming revenues during the various supply chain crises since the start of the pandemic, they have been unable to renegotiate their contracts with the airlines mid-term. To offset their huge cost increases, along with volatile volumes, airport congestion and shortage of labour, the only available option is to charge forwarders more.

But two forwarders contacted by Voice of the Independent said they would advise customers to book with airlines handled by cheaper companies.

"All we will do is ensure all carriers WFS handles are avoided and instruct overseas offices not to book – so that is very damaging for both their customers [the airlines] and their own business model, although they will certainly create capacity in their warehouses," said one.

Another forwarder added: "Our goal is to minimise handling charges as well as other operational costs for our clients. I can confirm that we would certainly avoid utilising handling agents that are charging excessively compared with other players in the market."

The moves to boycott some carriers will inevitably bring back into focus airline contracts with handlers, which have long been identified as insufficient and short-term.

One handler explained: "Our airline contracts don't even cover the cost of our people. You'd never be able to stay in this business if you only charged the airlines. You can't survive without THCs." He noted that while airlines' all-in rates had gone up, the handlers' share of that had fallen.

Focus ON

Ready for the Brexit endgame

PREPARATION, preparation, preparation. When you speak to forwarders in the aftermath of the UK's departure from the European Union, those that have come through the "chaos" relatively unscathed point to their "preparedness" and the preparation of others as central in fending off complications.

But there have been complications. One source tells Voice of the Independent (VOTI) that these have tended to stem from the UK government's poor messaging, rather than the fault of industry – although the source added that laziness on the part of supply chain actors was exasperating at times. Nonetheless, there seems to be a belief that much of the press-reported panic has, in its failure to materialise, left Brexit to appear, if not a success, then at least relatively harmless. But in actuality, it may not have killed off UK trade, but many see it as a shot in the foot, with customers the real losers.

RICHARD ARNOLD
QCS - Quick Cargo Service

"Customers who now have to pay the higher costs to import and export their goods if buying or selling to the UK are the real losers in this," branch manager for Quick Cargo Services (QCS) in the UK, Richard Arnold, tells VOTI. "They now have to often pay duty and clearance fees and higher shipping costs. And there are fewer EU trucking companies coming to the UK now because the process has become more complex."

Managing director of CCS-Express, Maxi Ebert, agrees that it is the customers that have lost out from Brexit. And trade has fallen substantively, the latest figures suggesting that UK trade is down by roughly 15 per cent. Ebert suggests that it is British e-commerce fulfilment companies that will feel the biggest pinch, but VOTI has also heard from a number of SME retailers who have experienced hardships. One, a Brighton-based record store, lost more than half its income when it decided its online operation in the EU was no longer viable because of the associated upshot in prices linked to post-Brexit checks. Arnold concurs.

"In losing the simplicity and open market it means the UK has lost a lot of e-commerce business where UK companies have chosen to re-locate warehouses to the EU," he says. "The UK will have also lost export sales where the added costs now make its products more expensive, and the EU client doesn't like the added burden of the import formalities so perhaps now sources the products from another supplier based in the EU."

> "They now have to often pay duty and clearance fees and higher shipping costs"

There have been winners though, with Ebert highlighting EU brokers and fulfilment companies who "understood the problem and adapted their services with appropriate solutions".

How has this adaptation looked for forwarders? Arnold says QCS has had to raise movement references, guarantees, and ensure the client provides all relevant documentation and information about the importer, as failure to do so can result in substantive delays when it comes to goods being shipped. Group operations director at Priority Freight, Andrew Austin, tells VOTI that the changes have been operational.

"The process for customs clearance has changed from an operational perspective – there are different declarations to complete, and the timescales have shifted as a result of Brexit," he continues. "As you point out, we have been working under the new regulations for a year now. Having completed over 150,000 time-critical shipments in that time, our internal protocols rapidly adapted to accommodate the changes."

For CCS, though, Ebert says very little needed changing. "As we've been offering indirect representation already for more than 10 years, we did not really have to adapt our product offerings. About 70 per cent of the whole e-commerce business in the EU was imported through the UK. After Brexit, an

Brexit: One year on

MAXI EBERT
CCS-Express

importation into the EU was necessary again. Being one of the very few companies offering customs clearance as an indirect representative, and actually the only company that offers this service and logistics services such as transportation and warehousing, we have benefited a lot from this. We were able to sign partnerships with companies like Amazon, Zalando, Kühne + Nagel and DHL for importation. Which means we had a tremendous increase in business."

Ebert, if not explicitly stating it, considers CCS one of the "winners" of Brexit. Arnold expects British truckers to be among the other "winners" of Brexit, noting that they will likely be able to charge higher fees as they struggle less from contending with European competition "who would offer very cheap costs for loads back to the EU". Others, while not going so far as to position themselves as winners, at least consider themselves "survivors". Those that count themselves in this bracket associate it with the word that opened this story.

"Those better prepared at the start of the year certainly overcame initial Brexit-related issues sooner than those who hadn't already put the resources, training, or accreditations in place," Austin tells VOTI. "Post-Brexit success was earned by those who laid the groundwork during 2020 and addressed the changes head-on. Knowledge was power in this scenario, and we have our incredible pool of in-house experts to thank for assimilating the new regulations so quickly into our clients' operations."

Austin says that Priority's services have remained efficient and effective despite the Brexit customs changes – a "consistency is welcomed by our customers". Even so, there have been aspects of post-Brexit life that "no one could prepare for or predict". Unsurprisingly, the pandemic has been one of these, but Austin notes that additional complications have stemmed from the global container crisis, semiconductor shortage, and lack of drivers. He says that the "immeasurable adjustments" required across the logistics industry this past year cannot be attributed to any one cause, but believes in each instance, those that survived, and "the 'winners'", have been those with the most robust contingency plans, and, for forwarders, those that have not only expertise and an extensive multimodal network to call upon, but are "trusted" by their customers to get the job done.

> "We've not seen any evidence of stockpiling or other methods to avoid the customs changes"

And is there that trust in the UK government? Apparently not. Sources have lambasted the implementation of the Goods Vehicle Movement Service (GVMS), which "crashed" on its first day of use. Ebert believes the entire business environment around supply chains was "totally misinterpreted" by the UK government.

"With the introduction of IOSS (import-one-stop-shop) last year, I think this shows the misinterpretation of government - the system is quite useless for most companies, in my eyes," he continues. "Of course, the industry itself needs to adapt, and I think we will see this with EU e-commerce. Where most of this was based in the UK before Brexit, I think to avoid paying import fees first in the UK and then again in Europe, we will see a lot of e-commerce sellers rethinking their location and considering opening fulfilment hubs in the EU."

In addressing the UK's shortcomings, Arnold believes that at this stage it is pivotal that a "light touch" remains the modus operandi for government involvement in supply chains. "I think at this stage, the operators need to get used to the arrangements, and at best hope that the UK and EU customs authorities maintain a light touch rather than engaging with heavy interference at the borders."

For Austin though, he believes there are certain sites where intervention would be gladly welcome, noting that an increased volume of customs staff would undoubtedly be welcomed by the logistics industry. But one customs broker tells VOTI that government customs staff may not be the panacea companies are hoping for. He points out that his company recently took on a raft of ex-customs officials only to discover they "knew very little" and "clearly hadn't been properly trained". Austin is perhaps a little more forgiving, recognising that the government is contending with similar staffing and recruitment issues being faced by industries at large.

"We see this period of change as a joint effort among forwarders and governments, not just in the UK," he says. "The rules have changed, and 'we' have to adapt in order to overcome. It has been a period of adjustment, but I feel the logistics industry has risen to the challenge and maintained its reputation for resilience."

Pointing to the end of the transition period, and the introduction of full customs controls at the UK border, Austin notes that there were some predictions that the changes would have an impact on imports, and concerns were raised over possible food shortages in particular. For Priority, and the types of goods it manages, he says the volumes have remained "congruent with the time of year".

"We've not seen any evidence of stockpiling or other methods to avoid the customs changes, and these lower volumes are helping 'prove' the new systems before much larger volumes follow later on in the month," he explains.

"The new procedures have not impacted our customers significantly as we are in a unique position where we can control the logistics solution from end-to-end and manage the customs paperwork in-house, avoiding unnecessary delays and making the transfer as frictionless as possible."

However, he does note that there have been some delays associated with the Goods Movement Reference (GMR). These, he says, have not been produced correctly, and in some cases not in a "timely manner". The problem here is that the shippers and hauliers are required to produce the correct details prior to submission. The customs broker tells VOTI that the mistakes are likely an upshot of many of these hauliers and shippers having only ever operated within the single market - "they simply have never done this before". Austin is hopeful that these issues will merely be minor hiccups as the new system is bedded in.

> "In theory, the new regulations should not be too arduous for importers as the process remains the same"

"In theory, the new regulations should not be too arduous for importers as the process remains the same; it's mainly just the time frame that has changed," says Austin. "However, this is not a 'one size fits all' solution, and there are bound to be administrative issues and errors as businesses adjust their approach.

"The new regulations clearly state that businesses can appoint an agent to make declarations on their behalf, and we would urge anyone struggling to reach out for support. Not only can we identify the fastest, most cost-effective and reliable logistics solutions to keep their supply chain moving, but we can also handle the customs procedures for them and have the jurisdiction to perform government-authorised simplification procedures that further expedite the shipment through customs and get goods into circulation more quickly."

Arnold says that with delivering to the EU now the same as delivering to the rest of the world, those with experience in this should not find it too great a struggle. And there is hope within the industry that, as the world begins to emerge from the worst of Covid, and air capacity returns, the logistics sector will be able to restore normal services again. At this point, Austin says companies will be able to focus on improving the customer's experiences of logistics, especially regarding the changes to cross-border transport.

"One year on from Brexit and the 175-day supplementary declaration window has now been rescinded," he concludes. "Again, it will be those who did not prepare ahead by training staff and scrutinising their supply chain that fail to navigate the new system. In this situation, the biggest 'loser' unfortunately becomes the end customer."

ANDREW AUSTIN
Priority Freight

Spotlight ON

Sarah Banks

2022: a year for tech and talent

global freight and logistics lead Accenture

FORWARDERS should invest any pandemic-cash bonanzas on technology and talent, according to Sarah Banks, global freight and logistics lead at Accenture.

While shipping lines are focusing on vertical integration, and spending their billions on M&A, forwarders will need to be canny with their cash, she explains.

"Now is a moment for forwarders to assess the capabilities that they bring. More digital capabilities is something we will see accelerated.

"It's a people-heavy business, and disruption has taken its toll. As forwarders look at investment, they want better capabilities that will seem more end-to-end, such as localised knowledge, which helps in disruption and is more insightful.

"My fear for forwarders is that if they don't invest, shippers will. The biggest competitive threat to forwarders is not carriers or other forwarders, it's shippers themselves."

> "It's a people-heavy business, and disruption has taken its toll"

Last year saw the first tentative steps of shippers buying forwarders, with American Eagle Outfitters buying last-mile start-up Airterra and e-fulfilment company Quiet Logistics, while Ashely Furniture acquired parts of Wilson Logistics. While it's hardly a strong trend as such, and so far mainly focused on ecommerce, Banks believes that shippers will begin to invest in digital skills that could change their relationships with their forwarders.

She says small shippers, who have had a very challenging year, will ultimately benefit from digitisation.

"SMEs are a worry for now. The challenges are affecting everyone. The biggest BCOs will get more attention, no doubt. But, as we get though the disruption – and it will continue for some time with the next four to six months still very disruptive – digitisation will help give access back to smaller shippers.

"Carriers like smaller shippers. Global companies have benefits for them, but also challenges." But she adds: "Forwarders will need to invest to protect themselves.

"Forwarders need to invest in fixing the talent shortage. Logistics is competing against other industries. So I expect more automation investments in workplaces. And a resultant change of job profiles, and increase in safety. Money will go there. The solving of the talent issue could dictate investment."

There are other potential opportunities too.

"Horizontal integration of forwarders will still be a trend," she explains, with forwarders looking for both bolt-on acquisitions and big deals. Lineage Logistics, for example, this month bought Van Tuyl Logistics, H&S Coldstores and Frigocare Rotterdam.

And there could be other opportunities as the vertical integrations begin, a major trend started by the cash-rich shipping lines.

Maersk has, famously, already begun to market itself as a door-to-door provider, agreeing in December to buy LF Logistics, Li & Fung's fulfilment arm, but it's not alone. In the same month, MSC made a €5.7bn bid for Bolloré Africa Logistics.

"Money is driving the acquisitions and there has been an acceleration in the M&A space," acknowledges Banks. "It's not so much buying similar capabilities, but a more extended end-to-end operation. Almost every week, the level of acquisitions is pointing to more end-to-end competitiveness."

But the problem now will be integration – and as any forwarder knows, that can spell trouble for customers, who may vote with their feet.

Banks explains: "There is lots of work to be done to make integration successful. It's very difficult to buy companies with different businesses – it requires organisational changes, IT changes, customer integration.

"That's what I most look forward to watching. Not all will be successful – it's inherently challenging. Sticking together the end-to-end will be the elusive part."

She points out that some companies simply wanted to get in the game and had cash to burn; others have a more defined strategy.

"Some will be trying to figure out what to do with the acquisitions. Those are opportunistic buyers, who had a fear of missing out, and thought they'd figure out the details later.

"It'll be easier for those that have come in with a strategy. Changing organisations is very difficult to do, but can be done with the right leadership and commitment.

"Data sharing will take time. Acquisitions will take more than a year to get the end-to-end benefits. Especially big investments across different sectors."

Integration is likely to be especially hard for those mixing heavily asset-based businesses, with asset-light operations focused mostly on people and trading. The cultures and operations are entirely different.

It's not just the lines enjoying M&A frenzy. Port operator PSA snapped up forwarder BDP, and commercial fleet manager Ryder bought 3PL Whiplash – among other acquisitions. So what does this mean for shippers?

> "Forwarders need to invest in fixing the talent shortage"

"The pace of extension could be a competition trend for shippers. So many companies are going down this path that shippers will have better access to end-to-end services. So many companies are extending their capabilities, it will definitely give shippers more choice. It will allow new extended companies to compete for that business."

Banks predicts that another trend for 2022 will be in contracting.

"Contracting between shippers and carriers will change. Shippers need to get more specific forecasting. Shippers are spending time to improve their forecasting, and that will help them ask for contractual changes, based on relationships, rather than transactional. They will get access to capacity for the volumes that they commit. There will be more accountability, and carriers respecting that volume.

"The appetite is there to make changes on the contracting side. And there will be some regulatory changes on congestion, penalties, fees. That will help provide more certainty."

This year will also see the re-start of the container futures market, with Freightos using its Baltic Index, to launch on the Chicago Mercantile exchange in February, allowing shippers to hedge exposure to volatile freight rates.

The market is "shape-shifting", says Banks.

Other issues for 2022 will be infrastructure, arguably the greatest challenge in 2021, sustainability - and the freight calendar.

"The traditional peak season is a question mark for me," admits Banks. "Shippers are doing everything they can to pull inventory forward. From raw materials to semi-finished goods, more is getting into the system. So will the traditional peak season look the same? There is new planning in the supply chain.

"And we will order differently? Will shops stock differently? Yes, there will always be Santa dolls and so on, but for lots of others things, I am not so sure that there will be a 'peak' season."

She concludes: "We really need to evolve the way we manage and execute supply chains. The extreme nature of 2021 has given us the opportunity to fix the supply chain."

Insights IN

Seafreight – comment by Mike Wackett

Bonus 'FOMO' hits the liner sector

MIKE WACKETT
Sea Freight Consultant, FICS

A new ocean carrier war has erupted in Taiwan, but it's staff bonuses, not freight rates, that have fanned the flames of discontent in the offices of the liner companies.

I was brought up in the shipping world, where two things were taboo when chatting to colleagues over an after-work beer: salaries and bonuses.

In any 'open shop' company people doing the same job are often paid differently for a variety of reasons, including seniority and performance, and it is difficult to compare apples with oranges.

That criteria also extends to bonus payments, if there are any.

Indeed, the decision on awarding bonuses that do not form part of the employees' remuneration package is at the discretion of the board of directors and will normally be based on the profitability of the organisation over the year.

It is quite understandable that companies would prefer to keep salary and bonus payments private and there is a good argument for the employee to keep his or her salary and bonus details confidential.

The exchange of details of non-mandatory bonus payments with work colleagues is unlikely to end well.

The recipients of the information will largely fall into two camps: smug, because they got more; or discontent, because they were paid less.

In terms of the latter, the staff may be jealous of the individual who received more, and could thus be demotivated in the working environment.

The mind boggles therefore as to why an Evergreen employee decided to share a screenshot on social media of his company's extremely generous bonus - equivalent to 40-months' salary.

By all accounts the person is a loyal hardworking employee of Evergreen and that no doubt formed part of the decision process of the carrier's executive bonus committee, although it is not known what the criteria was for the bonus awards.

Notwithstanding the ripples that the screenshot would have caused at the Evergreen headquarters, the bonus bragging has caused shock waves in the offices of compatriot carriers Yang Ming and Wan Hai.

In the Keelung headquarters of Yang Ming it is reported that staff were looking forward to bonuses of up to eight-months' salary, but after seeing the screenshot from the Evergreen employee, understandably they now feel somewhat hard done by.

> **The exchange of details of non-mandatory bonus payments with work colleagues is unlikely to end well**

The unrest even prompted Yang Ming's chairman Cheng Cheng-Mount to tell a press conference that the carrier had "done all it could" in terms of its bonus awards.

In contrast, staff and management at smaller compatriot Wan Hai were wisely keeping their powder dry on the subject, albeit the extremely high bar set by Evergreen will no doubt have an impact.

Meanwhile, in Europe, the liner companies appear to have been much less generous in their bonus payments.

It is reported that the management at a French carrier awarded bonuses of eight-weeks' salary to staff, but Maersk on the other hand gave out a miserly, by comparison, $1,000 per head, despite notching up record profits.

After more than a decade of sub-economic returns, according to Drewry's revised estimate the cumulative net profit for the liner industry for 2021 will be some $190bn, and that number could be repeated again this year.

The carriers are fighting one another to secure ship charters and trying to outbid their rivals to purchase ships, so it should follow that after the lean years the shipping lines will start to reward their staff, both on land and at sea, or risk having them poached by their competitors.

However, staff should follow the shipping etiquette and not publish their bonus details on Facebook!

Regulatory authorities need to focus on the issue

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"Maersk uses the small freight forwarders only to fill its empty space."

The forwarder added that Maersk is also developing its LCL service. "Do they want to offer this service to our clients too?"

He had the same concerns over other shipping lines, and used the South American market as an example. "You have four main shipping lines. CMA is not interested in working with us; Maersk and Hapag-Lloyd won't; MSC is our last option but it has higher rates."

The forwarder said regulatory authorities needed to focus on the issue.

"Because of the reduction of the number of the shipping lines (South America is a clear example) I think it could be considered an "essential service" and it shouldn't be possible to cut the space for small players like us.

"I think that a public authority, like antitrust or something similar, needs to supervise dedicated space for small freight forwarders and check if the shipping lines have cartel-like behaviour in their rates."

If this issue is not addressed "small and medium forwarders may have a dark future."

Forwarder associations are already gearing up for a fight against the lines. FIATA began 2022 with a feisty statement, naming AP Moller Maersk, and noting its decision to restrict access will "significantly disadvantage" forwarders, but added that ultimately, "shippers and consumers will be worst hit". FIATA claimed the practices amount to "market domination and competitive distortions" and blamed tax relief and subsidies for empowering shipping lines.

"Dramatic changes have already taken place in the number of shipping lines providing service offerings for the international movement of goods by sea,

DR STÉPHANE GRABER
FIATA

with mergers and acquisitions over the past two decades seeing consolidation into a handful of dominant shipping lines who have furthered that dominance by forming key alliances. These lines, and alliances, have also set out to vertically integrate services ... In most economies, regulators have been slow to take action on the anti-competitive aspects."

Dr Stéphane Graber, FIATA director general, said: "These changed arrangements ... have resulted in significant unanticipated profits by these "few" ... in a now highly disrupted and volatile marketplace. Their integration allows them to make price differentiation which impacts free market competition."

FIATA has welcomed the focus by the US FMC, among others, into shipping lines.

"The protection afforded to shipping lines under a variety of economies' antitrust/anticompetitive legislation is now, in reality, a relic of the past and must now be questioned in all jurisdictions as to shipping line marketplace domination, competitive neutrality and price setting," said Dr Graber.

Logistics reaches the tipping point in digitisation

BRIAN GLICK
Chain.io

THE rapid spread of the Omicron virus has thrown operations into disarray. Airlines have had to cancel flights because of crew shortages, changes in quarantine regimes are impacting airline schedules, and operators have warned of bottlenecks at ports and airports as airfreight handlers and container terminals face labour shortages.

For forwarders this has increased the workload, which has already been at extreme levels for most of the past 22 months. For one thing, booking shipments is taking more time again. Bob Imbriani, vice-president corporate development at Team Worldwide, said that finding available airfreight capacity has become harder, and if a forwarder finds a suitable flight it may prove impossible to get the freight there because of problems with trucking.

Booking an ocean shipment may take three times as long as before, what with finding alternative routings and checking out the elements like drayage, he added.

These problems are reinforcing the need to automate processes and digitise documents and information flow. In a new report venture capital firm Bessemer Venture Partners sees the logistics industry "at a tipping point in supply chain digitisation, enabling a new wave of data infrastructure, workflow automation and collaboration platforms".

According to the report, the main driver of this is shippers' desire to make their supply chains more resilient, with much improved visibility.

At the cutting edge this push has conjured up visions of artificial intelligence discovering supply chain disruptions before they even occur, but for small and mid-sized forwarders this is elusive, remarked Brian Glick, founder and CEO of Chain.io, a cloud-based supply chain integration platform. They have neither the data nor the personnel for this, he pointed out, adding that shippers outside the Fortune 100 bracket are not really expecting anything of this sort.

"If you ask most shippers, they want their freight to move and at reasonable cost, and they want to know if something goes up," he added.

Bessemer's analysts agree that the game is "in the early innings of what will become one of the next great frontiers in cloud software". They noted that most legacy products in play today are systems of record, not systems of engagement. Half of the largest enterprise shippers in the US still rely on some combination of email and spreadsheets to manage supply chains day-to-day, they added.

Capabilities are improving, though. While a lot of data is still inaccessible today, investment in hardware, sensors and IoT have opened the door to increasing data feeds, which open new horizons for users of cloud-based systems, the Bessemer report states.

Data has been proliferating and is increasingly accessible for supply chain partners. To tap into the emerging data lakes for supply chain partners to access the same pool of information, forwarders do not need cutting edge technology, observed Glick. "Most SME forwarders who are using a relatively modern TMS already have the capability to do this," he said, adding that they may want to augment this and the tools at their disposal with service from external data providers such as FourKites.

> "If you ask most shippers, they want their freight to move and at reasonable cost, and they want to know if something goes up"

Where they need help is with integration, as every company has its own standards and APIs, which makes the links to the TMS and to the systems of clients a complex and time-consuming process.

Depending on the complexity, it takes Chain.io anywhere between one hour and a week to complete an integration process. Adding new technologies like a tracking system can be done very fast, Glick added.

In his experience the biggest stumbling block in systems integration is the process of bringing shippers along without disrupting the existing links. For the customers the switch should be seamless.

Glick cautioned against approaching IT developments on the basis of technology instead of business needs. Forwarders should start the process by looking at their business and determining where they excel.

"Once you've established who you are and what you're great at, then the next question is what tools do we have to add to augment our existing capabilities to be great in that area," he said. "If you want to be the cheapest, get the best pricing tool; if you want to be the most white glove, go get the best PO management platform!"

One capability that he sees as critical for forwarders to develop is the ability to deal with real-time pricing and dynamic pricing, which is beginning to trickle down into the SME segment. Having a static form on the company website for shippers to request a quote is no longer suitable, he warned.

"If a shipper, in this environment where they are overwhelmed, has the option to fill out your form or go to another company and get a price in real-time, they're going to take the real-time price," he said. "Twenty years ago it was okay to take five, six or seven days to get back to a customer with a quote, and I think five years from now you're going to have three to five seconds."

While this is one of the hardest things to change for forwarders, it is also the most important, more than visibility, he argued. "If you can't get the business, your visibility doesn't matter."

Flying horses thrive with Turkish

TURKISH Cargo has moved 63 horses from Chicago to Istanbul, 59 of which were shipped at the same time. The carrier flew the animals "in comfort" in 21 specially designed horse stalls, with non-slide surfaces and oval edges. The horses were accompanied by their keepers on the flight, along with IATA Live Animal Regulation-certified personnel.

They were housed briefly at the live animal centre in Ataturk Airport, before being delivered to their new home.

Turkish, which operates to 97 cargo destinations, said that it offers documentation, packaging and labelling in line with live animal regulations for all shipments, via its TK live product.

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