

# Digital developments increase efficiency

Software-as-a-Service solutions for the air cargo industry enable greater transactional speed and can simplify cargo management, writes **Roger Hailey**

**D**igitisation of the air cargo supply chain is not just about the electronic air waybill (e-AWB), e-commerce and Blockchain but is increasingly about Software-as-a-Service (SaaS) solutions, outsourced and resident in The Cloud, a network of computer servers.

E-commerce has driven the demand for e-freight, where the business-to-consumer (B2C) online experience is increasingly the benchmark for business-to-business (B2B) data relationships.

Algorithms and other data tools also offer new solutions to old problems in air cargo, such as finding the right price for your product.

PROS, established in 1985 with an airfreight revenue management system, is now a specialist in price optimisation.

Jeff Robinson, general manager, transportation and logistics solutions, says: "We offer price optimisation, which looks at individual customer- and segment-specific willingness to pay, and to target prices for B2B negotiations based on that information."

"Over the past year we have seen a huge surge in air cargo carriers moving to a customer self-service pricing model. Customers go to the website and get their own price, so they don't have to negotiate."

The big change is that shippers and



End-to-end cargo management platform CROAMIS is in service with Qatar Airways

forwarders expect B2C transactional speed in the B2B environment. Adds Robinson: "They are looking for instantaneous turnaround and they don't want to wait two days for a quote."

Zeke Ziliak, vice president, transportation for PROS, says that

price-optimisation tools are used by 40 industry sectors served by the company.

Says Ziliak: "Price optimisation is applicable in any B2B market. Airlines use this solution, but it is also an excellent fit for freight forwarders and 3PLs, as well as trucking companies and the large integrators, all of which we have as customers."

## Freight forwarders miss out

The freight forwarding industry has not been so adaptive, suggests Ziliak: "Manufacturers and shippers have been applying this price optimisation and quoting technology for some time, as have air cargo carriers, and the truckers. "Shippers, manufacturers and carriers are using this technology, but the freight forwarder, which is consolidating the shipments, is missing out on an opportunity to capitalise on the willingness to pay."

While freight forwarders are a "greenfield opportunity" for PROS, Ziliak says that airlines are still an important customer base wanting to "squeeze the last possible penny out

of every shipment".

Adds Robinson: "We deal with customers who already have a yield or revenue management system. They achieve increases of one to two percent, and then they overlay our data science pricing solution on top of that, and then they get two to five percent incremental revenues and profits, simply by looking at customer specific willingness to pay and the scientifically-derived price targets."

So, how does it work? There is a lot of high level mathematics driving this software, but Ziliak describes it as segmenting customers, based on attributes that are shown to drive willingness to pay.

Adds Ziliak: "From that we are able to derive high probability price targets that the negotiators can stretch for to get better prices. We see two things increase: the margins go up, and the business win-rates go up."

"The win rates go up for two reasons in general. One is faster turnaround times and the second is that we are putting prices out there that match the



**'Over the past year we have seen a huge surge in air cargo carriers moving to a customer self-service pricing model'**

Jeff Robinson, PROS

## 'Logitude is not just a software platform that allows you to book shipments ... it is an application designed to run a forwarder's business'

Fred Werginz, CHAMP

willingness to pay of the customer. Therefore, our customers have fewer rejections."

Freight forwarders are also the focus for airfreight IT supplier CHAMP Cargosystems, with its multimodal cloud-based Logitude application for sea and airfreight.

Fred Werginz, head of commercial operations, North America and Caribbean, for CHAMP, says that an influx of customers from new countries required a lot of hard work, in making sure that Logitude provided the right information in the correct format for local requirements.

### Complex customs

Shipment data required by customs authorities worldwide is, for example, pretty standard, but individual customs computer systems are not. They have different messaging structures and rules around when and how data should be delivered. Says Werginz: "In Mexico we developed a Customs interface, as well as applying some features to comply with tax regulations (SAT Interface). In the US we are doing something very similar where we have implemented interfaces to Customs for ocean shipments, as well as in the Netherlands and the UK."

CHAMP has added several new languages to Logitude, which include English, French, and Spanish already in place — and new ones to be introduced as demand dictates.

In this age of constant software upgrades and enhancements, what is next for Logitude? Says Werginz: "We have implemented an entry point for introducing a warehousing module and from there we will add additional features to make it a comprehensive warehouse management tool."

Another expansion project for Logitude, which can be accessed via an app, is rate management; not the rates between an airline and a forwarder, but what the forwarder charges his customers for different services.

Explains Werginz: "There are certain rates that forwarders apply for warehousing or other services that are part of the processes in getting a shipment to its destination."

Forwarders build a quote using a parcel of charges which are bundled together at the end into a single invoice. The source of these charges is often based upon a manual process, typically involving a spreadsheet.

Forwarders may also apply different rates on some elements for high and low volume shippers. This is difficult to manage manually in spreadsheets and is impractical to constantly update to reflect any changes in the fee structure.

Says Werginz: "The forwarder will maintain that information in Logitude rather than a separate database or spreadsheet. This leads to better accuracy, probably also to more profits because they can apply the rate changes quickly. Logitude is not just a software platform that allows you to book shipments with an airline or with an ocean carrier. It is an application designed to run a forwarder's business."

"That means everything, from creating the quotes to making the bookings, to preparing the invoices and all of the documents and interfaces with customs and being able to track the sales process. It is a complete business application."

CROAMIS is an end-to-end cargo management platform from IT services provider Wipro, which puts a handle on capacity planning, sales and revenue management plus other elements such as cargo ground handling and warehouse management.

Launched as a product 18 months ago, CROAMIS is now in service with Middle East carrier Qatar Airways, with another, unnamed, major airline about to sign-up and other prospects expected to follow suit.

Ashish Pradhan, general manager, Wipro, says that CROAMIS is a modular system that allows for flexibility when adding new features to the software, such as an Internet of Things RFID, IPv6 and Bluetooth tracker for time-sensitive and temperature-controlled cargo including pharmaceuticals and live animals.

The software also allows warehouse staff to look at on-screen 3D loading of ULDs before the shipments arrive, while a mobile app means that workers with hand-held devices can be allocated tasks in real time without having to consult a workstation or laptop.

Forwarders and shippers can access the app to check on consignments, while a customs clearance function is also part of the system.

So-called "revenue leakage", when airline staff perform additional tasks in the warehouse without charging the customer an ancillary fee, can now be captured in real time as part of a



process that produces an invoice in hours rather than days, says Pradhan.

Devi Prasad Rambhatla, vice president, hospitality travel transportation and public sector at Wipro, says that the rise of Qatar Airways in the IATA rankings in terms of total cargo volumes is due in part to CROAMIS.

### Revenue tracking

"What has powered this is a very system-centric growth. One of the key differentiators is how we track the revenue. A lot of systems are there for tracking operations and we track operations as well, but the secret is in how we track revenue and give the tools to the salespeople to do more bookings. The ease of doing business and revenue growth are two fundamental pillars on which the system has been built."

"Wipro is a technology system integrator that builds platforms and

delivers services for business processes. We are based on industry verticals and we made a strategic choice four years ago to differentiate ourselves in the marketplace instead of taking vanilla IT and business services to customers."

The Wipro approach, says Rambhatla, was to build four different platforms from scratch for airlines.

Cargo was "first and foremost" because: "We fundamentally believe in an end-to-end platform for cargo, because today cargo agents, ground handlers and airlines use a plethora of tools which offer part of the solution but not the whole solution."

"There was a white space in the market, so we said let's build a state-of-the-art, mobile powered, web-based, end-to-end system for cargo management."

Wipro has three other aviation sector systems, one of which is for flight operations and crew management, which has the same architecture as CROAMIS, while the other two focus on the passenger side, one dealing with click to book ratio, and the last on maintaining passenger loyalty.

The last word on the opportunities for e-freight goes to Ziliak of PROS: "This modern e-commerce is going to take air cargo companies to the cloud to provide a fast and frictionless experience for the customer... and to make more money and win more deals."

ACN

**SWISS WorldCargo**

**How we got a cruise ship running again.** When a cruise ship was stuck in a docking area last summer, we delivered a spare drive shaft for the ship's propeller as quickly as possible from Zurich to the Port of Hamburg so that the ship could start operating again without further revenue losses. This is just one of the many success stories we share with our customers.

swissworldcargo.com

We care for your cargo.