

# Up to standard?



The ocean shipping portals have been trumpeted as a way for shippers to deal with many ocean carriers on one site. Traffic is certainly growing, but have the portals fulfilled their initial promise? **Zoe Double** reports.

It was a glorious vision – shippers able to go to one website to do business with all their ocean carriers, while the latter saved time and money on handling transactions manually.

Of course, the reality was slightly more complicated, as different groups of ocean carriers invested separately, and three different portals emerged. But all three have reported incredible growth rates – particularly as customs regimes have asked for more information electronically in advance.

Up to September 2005, volumes for shipping instructions and bookings made through INTTRA – the largest portal, with 17 ocean carriers – were increasing by 8-10% month on month. GT Nexus' portal GTN, with 15 carriers, has seen similar growth, typically of 25-30% quarter on quarter.

Joe O'Brien, director of business development at CargoSmart, told *CI* that between 2003 and 2004, the number of users had grown by 100%, and numbers of transactions had increased, with bookings up 79%, shipping instructions more than tripling and bills of lading (B/L) growing more than 130%. He affirmed: 'We're seeing the same type of increase into 2005.'

All three portals report usage snowballing, as more customers log on. Michael Schutt Nielsen, senior vice president of global commercial sales for INTTRA, explained: 'The growth is mainly because what we see is that customers who start to use us, and see the benefits, then use other INTTRA services. The other way we grow is that we represent 56% of container market share, and it's natural that you use a number of carriers on INTTRA, so you start with one, and then you use the next.'

While nine out of 10 shippers use more than one carrier, large shippers and freight for-

warders have found the portals the most useful, as they deal with the greatest variety. These are also the companies prepared to pay for these networks to grow ever wider.

In the last few years, all the portals have benefited from more shippers and forwarders paying for personalised electronic data interchange (EDI) or XML links to non-member carriers' back-end systems through individual portals. It has also given the portals a second revenue stream, in addition to ocean carriers paying a fee on each transaction generated for them.

O'Brien at CargoSmart commented: 'We have four carrier members, but we're not limited on the number of carriers we've connected to. We've done direct connections with other carriers on a customer-by-customer basis... We're seeing some global shippers using us to connect to all three portals to take in information from each, and that's where CargoSmart has grown also.'

'It's a big change from the past approach to the portals. It's a marketing advantage for us, and a user-friendly interface for the shippers, and it goes back to the concept of one website for all.'

But the portals' underlying strategies have diversified. INTTRA has remained true to its original plan, and considers its role as standardising the information provided by carriers and shippers on their ocean transactions.

Nielsen related: 'We are very much focused on providing both carriers and customers with the benefits of standardisation. It's not just a product, but a service... I have a hard time determining who our competition is. I think the volumes speak for themselves.'

INTTRA is keen to emphasise its pole position in terms of ocean carrier coverage, at 56%. Ken Bloom, chief executive of INTTRA, commented: 'The industry is best served with a single portal, because it does not need to support the cost structure of multiple portals. Many in GTN are also in INTTRA, and I don't think they've got the breadth that we would be able to offer.'

Thomas Eskesen, senior director for Maersk Sealand's e-commerce strategy (a shareholder member of INTTRA), commented: 'INTTRA is not trying to get into container management, they have a very clear business plan... It's driven by shipper and customer needs, not third-party with joint ventures in the middle, where ownership of the data is not clear. We don't believe they need to go more into supply chain management, lots of companies do that very well already.'

One illustration of the difference is INTTRA's approach to exception reporting, which the other portals provide. Steven Cox, global seafreight manager for Heinz, has requested exception reporting from INTTRA: 'We have 1,200 containers on the water at any one time, and it's probably very good for smaller shippers, but we can't track-and-trace that number.'

However, Bloom told *CI*: 'We view ourselves as a key data provider, but not the software layer for analysing that. We could recommend packages for that to use our data, but we don't intend to build it ourselves.'

However, the other two portals have diversified to focus more on software solutions. CargoSmart has focused on managing ocean business, offering more than 20 different types of milestone notifications and exception alerts.

O'Brien at CargoSmart commented: 'Exception reporting is a very big seller for us, it's one of our online services [available at no cost to shippers], and gives a more proactive approach.'

'Any changes to the intended vessel, ETA, routes, quantity or commodity, leads to an automatic email, but CargoSmart goes beyond that. It goes to the person who set up the account, but it also manages relationships, and will share information with anyone set up within the shipper's systems, for example, truckers or warehouses – the email will automatically be sent to the shipper's network. Track-and-trace is still the mainstay of what the portals are generating, and the exception alerts are a great advancement of that.'



Joe O'Brien, CargoSmart

CargoSmart's 2005 growth has been led by shippers requesting personalised EDI/XML links beyond its portal offering, and it has just launched Client Services, which works with shippers to carry out the integration, manage the rollout and provide training. While O'Brien made it clear that development of the portal continued, he commented: 'For 2005, our emphasis has been put on our integration services.'

Meanwhile, GT Nexus has taken its platform technology into the larger realm of global transportation and logistics management software.

John Urban, president of GT Nexus, commented: 'Transactions generating bookings and shipping instructions are very important to ocean carriers and their customers. But documents such as purchase orders, advance shipping notices, invoices and packing lists are very important to third-party logistics providers (3PLs). We're handling 36 different types of message across the logistics industry.'

'All three of us offer the same free services to shippers, but we're much more than an ocean carrier portal – and that's the critical value that we drive to all our customers. It diversifies us so we are a more efficient partner for the carriers. Those complement the portal, and create more incentive for the market to use it. Long-term, the portal can create all this value, but it's also very efficient for carriers to be associated with it, because of all the other participants.'

Urban sees future development concentrating on both air and ocean modes, and integrating three layers of supply chain management: shipment visibility, documentation management and payment.

As such, GT Nexus is moving away from the race for carrier market share. Urban commented: 'People can make allegiances, but in the long term, people will support the technology that makes the most sense. That's the race, and we're doing very well. I try to get out of the horse race to add carriers. We need to add value, so it's a good business decision to work with us instead of a favour.'

With all this available and the use of portals increasing, shippers appear to be jumping on the e-commerce bandwagon with enthusiasm. But the ride has been bumpier than expected, and all shippers approached by *CI* reported mixed experiences.

Oliver Ward, commercial director of the Overseas Shippers Association (OSA), told *CI* that the OSA tried to encourage members to use portals in exchange for better contract rates. He stated: 'Naturally, we use a lot of carriers, and if you're only shipping small amounts, it doesn't make sense to have EDI links to all carriers, so portals make sense, but it never really seemed to be as simple as that... It could be because every shipment in the household goods

industry is unique, there are no regular bookings, so it's just easier to pick up the phone.'

Shippers' most common complaint was the quality of data coming through the portals from the carriers, such as out-of-date schedule information, or delays of hours (or even days) in receiving booking confirmation.

One major European shipper told *CI*: 'As management, we're strong portal supporters, and we can see the benefits of portals as a one-stop shopping facility. We're pushing INTTRA to improve services, and we're watching GTN's development very closely.'

'But, despite this, we have not managed to convince our staff in the market to use them as much as we'd like. The main problem is that individual carriers' IT infrastructure has not developed equally, which does not allow the portals to move as fast as we'd like.'

Bloom responded for INTTRA: 'We see a role for INTTRA in creating those standards of process quality to improve performance for carriers and customers. We know it's an issue, we have a programme in place to improve it. It goes in both directions, and we believe we have the critical mass in the industry to address it.'

Eskesen at Maersk Sealand agreed: 'What we've been very eager to ensure is that INTTRA would raise the bar, so we would not have a lowest common denominator. It would've been a fear for Maersk Sealand, so we're very pleased to see it supporting a minimum standard with multiple opportunities for carriers to do even better.'

However, Cox at Heinz told *CI* that his company had been forced to give up on portals: 'We were hopeful that this was something that would be ground-breaking for the industry. It's very useful to go through one website and talk to all the carriers. We spent a lot of time brainstorming with INTTRA, and met with the other two, but unfortunately, the systems are only as good as the information you put into them. And some carriers clearly do not share similar commitment to these systems as others. We go through the carriers' own systems every time. There's been improvement, but not fast enough.'

He considered GTN to be more forwarder-focused, while CargoSmart suffered from a lack of carriers.

But the original investors remain positive. Eskesen at Maersk Sealand commented that well over half of the carrier's business was generated through e-commerce transactions, whether via the carrier's own website, INTTRA, or EDI connections with customers. INTTRA is also the fastest-growing channel, whether

through the website, EDI or desktop software (downloaded from CD-Rom and connecting to the portal via the user's email).

Frankie Lau, spokesman for OOCL, the founding member of CargoSmart, was similarly enthusiastic about the portal: 'Overall, this improves our cost-effectiveness, and provides direct benefit to our customers.'

However, many carriers also have their own proprietary software, leading to a conflict as to which channel to promote. One shipper told *CI* that the only carriers that had actively marketed the third-party portals were OOCL with CargoSmart, and Mediterranean Shipping Company (MSC) with INTTRA.

Bloom commented that while carriers continued to invest, this was usually in their underlying systems: 'We're always pleased to see them invest, because INTTRA depends on good back-end systems... We're sharing the cost across a number of carriers, so INTTRA is a better economic solution than doing it themselves.'

Gary Frantz, spokesman for GT Nexus, pointed out that carrier websites typically reach a core usage from their customer base, but it flattened at a certain point, and it became harder to increase traffic as a single carrier site.

However, one carrier admitted that it preferred shippers to use its own systems, and explained to *CI* (on condition of anonymity): 'The insertion of a third party between ourselves and our customer is not ideal. In the event of any problems, the portal is likely to suggest that we are at fault. In addition, our objectives are not necessarily aligned with the portal. For example, they seek to maximise the numbers of customers to generate higher revenues, regardless of the size of business. For us, there is a cost to these transactions, and we have to agree if we can absorb this cost within our business or recover it from elsewhere. In some cases, we might not wish to accept a customer from a portal transaction.'

Additionally, data transfer between us and the portal is restricted. There is still no capability to receive B/L via a portal. This will always come directly from the carrier for reasons of security. And, in this respect, EDI can never be completed within the portal alone.'

Right now, the portals are one part of the carriers' e-commerce transactions, and even with the largest market share of carriers, the INTTRA portal touches only 4% of containerised ocean traffic.

As INTTRA's Bloom pointed out: 'It's good for a five-year-old company, but the opportunities are enormous. I do think we can continue to grow at this rate, as this whole effort is to make the industry more e-commerce-orientated.'

For shippers, the message is: watch this screen.



John Urban, GT Nexus



Ken Bloom, INTTRA