

# The way forward

The financial crisis is forcing many shippers to look at more cost-effective ways of managing their supply chains. **Matthew Beddow** and **Rebecca Moore** talked to Ken Bloom, ceo of INTTRA, about the company's prospects and examine how a pulp and paper manufacturing shipper has used the portal to its benefit.

**O**cean carriers have been trying to persuade shippers to communicate with their internal systems electronically since the turn of the century.

However, manual bookings, shipping instructions (SI's) and B/L's still rule the roost, despite the extra time required and the tremendous progress made with Internet-based services.

This is changing, according to Ken Bloom, ceo of INTTRA, the ocean carrier portal set up in 2000 to help shippers gain better access to their desired partners. Up to then, shippers had to laboriously contact each ocean carrier member separately when making bookings.

'Now we handle about 260,000 container transactions per week, or 12.7 million per annum. While this is only equivalent to about 10% of all global containerised freight, the volume is snowballing.

'In 2006, we handled just five million transactions, so our growth in the interim has been much faster than world trade growth of 10% per annum,' he said.

'We believe this adoption trend will continue in the downturn, as ocean carriers and shippers seek efficiencies and cost-savings.

'Our transaction volume grew by 12% in Q1 09, and we are seeing more users submitting bookings and SI's, suggesting that existing users are making more use of electronic transactions. In five years time we expect our market share to reach 25%.'

INTTRA hopes that more big shippers will



eventually link their ERP systems to the portal via EDI (ie their own piece of wire) now that

the cost of the connection is coming down, instead of communicating with it via the Internet, or desktop application downloaded onto customers' IT systems.

The advantage of the system is that it enables purchase orders and SIs to be processed at the same time, and in a more transparent way.

However, as most shippers' daily communications with ocean carriers remain outsourced to logistics agents, the

benefit will not be as great unless these agents also have access to their customers' ERP system.

Bloom remarked: 'This is not a major problem for us, just a feature of the way that modern trade is carried out. Only about 30% of our transactions are received directly from shippers, the rest come from forwarding agents and NVOCC's.'

The cost of setting up an EDI connection is said to be approximately USD8,000.

In some ways, ocean carriers have themselves to blame for still having so many shipping transactions to handle manually, as shippers/logistics agents have received mixed signals in the past over the benefits of being able to deal with nearly all ocean carriers at the same time.

For example, some ocean carriers have encouraged shippers to cut out the expensive option by communicating directly with their own electronic platform. Ocean carriers have to pay a fee to INTTRA for every transaction relayed to them, which can be avoided if the contact is made directly.

Bloom explained: 'One of the [initial] concerns of carriers with the development of an industry platform was that in some way the platform would sit between the ocean carriers and their customers and subsume the relationship and brand.

'This has not happened and the idea that a direct link can provide a competitive advantage is less prevalent, because of the cost of maintaining customer links and the improvements



Ken Bloom: Value-added service

# Denison: A case study

Paper manufacturer Denison used to process all its shipping orders manually, but moved to web-based transactions with the installation of two of INTTRA's products. This was especially important given the increase in the company's output

When Jeremy Fiel became bookings manager at California-based Denison – part of the world's second largest paper and pulp manufacturer, Lee & Man Paper – he was surprised to see that all shipping instructions, bookings and B/L were still done manually, using a combination of telephoning, e-mailing and faxing.

Therefore, when Copenhagen-based Maersk Line – one of the carriers that make up INTTRA's network – suggested using the INTTRA e-commerce platform to streamline and standardise Denison's documentation processes, he agreed. Around 18 months ago, Denison's US office installed I-Act, a web-based connection that allows the electronic management of shipment processes, from negotiating cargo services, submitting SIs, to tracking and tracing and booking cargo.

Meanwhile, the company's Chinese offices, based in Guangdong, Wuzhou, Chongqing and Changshu, installed I-Desktop, which enabled users to create shipping documents and bookings offline and then send them to carriers via e-mail or through web services. This was deemed important as in China the Internet can be unreliable.

It was a cost-effective step for Denison to take, as the company did not have to pay any money towards using the portal; the costs being handled by the ocean carrier. The system took only two days to install, and Fiel said that it was straight-forward to use. To register, the user simply has to put in a user name and password, and then instant access to the portal is created.

He added that there was plenty of back-up help available from INTTRA.

Explaining why INTTRA's product was chosen over rival portals – such as that offered by GT Nexus – Fiel explained that it was simply due to the fact that the company used the services of Maersk Line

and Hapag-Lloyd a lot, and as these two carriers were members of INTTRA, the sensible choice was for Denison to connect to INTTRA's multi-carrier e-commerce platform to process their ocean shipping documentation.

It was especially important that Denison moved from slower, less reliable and costly manual-based processes to electronic methods, as despite the financial downturn, the company has still been experiencing a great deal of growth.

Denison collects scrap paper in Europe and the US, which it ships to its paper mills in China, and turns into liner board, which forms the base product for cardboard. This is then distributed in China.

Fiel said that due to the company's liquidity and the fact that it did not take high risks, it had been unaffected by the economic crisis and had increased its production from 1.1 million tonnes in 2007 to 1.4 million tonnes in 2008. Monthly, the company handles around 20,000/30,000 tonnes.

Fiel told *CI*: 'As our volumes are growing, this method is more efficient and it means that rather than use seven/eight people to handle the bookings (as we did when it was manual), there is now only me doing this job. Other people have been moved to different sectors. Also time is money and with this action having been taken care of electronically, we can focus on growing the business.'

'Before, there was a lot of repetition, and sometimes, just to make a booking, someone could be on the telephone and put on hold for 40 minutes, whereas

making an order online takes about two minutes. Furthermore, there is less room for errors in processing orders, compared to previously, when information had to be manually copied.'

He added that the system allowed for greater flexibility, as bookings can be made any time of the day or night, whereas, before, using agents meant that the time that could be used for bookings was limited.

The visibility that the system offers is also important for Denison. Fiel explained: 'We are moving so much volume, that we need to know what is on the water and when it is going to arrive at our mills in China. It also gives me an idea of how many containers to book on the vessels. If we make bookings and don't use the slots, then that is money lost.'

The ocean carriers Denison uses include Maersk Line Hapag-Lloyd, Yang Ming, MSC, CMA CGM and COSCON, who are all members of INTTRA's portal.

However, it also uses other carriers that are not members of the portal, in which case Fiel said he had to go onto their individual websites to make bookings. He admitted that it would be easier if all ocean carriers used were members of INTTRA.

Also, in the US, Denison uses three freight forwarders: LK Shipping, City Ocean and Duke System, none of which are members of INTTRA.

'It would definitely be a plus if they were to become customers of INTTRA,' Fiel said. 'At the moment, their processes are manual, and so

whenever instructions are submitted, they have to be retyped manually, meaning there is room for error, and if someone does not check an email, with the instructions, it means there can be delays. Their efficiency would be increased if they were to use this system.'

However, he said that the freight forwarders currently appeared to have no plans to invest in the portal.

Moving from manual to e-commerce has allowed a more efficient, quicker, reliable set-up for Denison, something extremely important for a company that is increasingly expanding and moving larger amounts of shipments.



Jeremy Fiel: Web-wise

and value of connecting to an industry platform.

'With a direct link the carrier has to maintain both the freight service relationship and the service levels of the technology.'

INTTRA also provides a wide range of value-added services not available on some members' platforms, such as exception reporting, and access to all ocean carriers' schedules.

Moreover, its exception reporting system allows customers to pre-define when and how they want to be notified when something has gone wrong with a shipment, whereas some carriers still only provide a basic container track and trace function.

Alarm notifications can be set up for four key inbound and outbound events: Time to gate in, time to vessel load, time to gate out and time to empty return.

INTTRA has also been challenged by other ocean carrier portals, such as GT Nexus (GTN) and Cargo Smart, whose members include most Asian ocean carriers.

Asked to compare INTTRA with GTN, Bloom said: 'I consider INTTRA and GTN to be offering different services with some overlap, so a direct comparison is difficult.'

'INTTRA has alliances with more than 50 supply chain software providers similar to

GTN. INTTRA provides the carrier connectivity and data enabling shippers to choose their software independent from carrier connectivity.

'GTN's main business is offering software to shippers to help them manage their ocean supply chain with contract management tools etc.'

INTTRA does enable shippers to communicate with GTN's ocean carrier customers at the same time as with its members through a function called 'Universal Carrier Access. However most of the transactions initiated on INTTRA to date still remain between the 22 member carriers that are integrated with the INTTRA platform.

