



# ***WILL DIGITALISATION OF SHIPPING WIPE OUT FREIGHT FORWARDERS?***





**“DIGITAL SOLUTIONS ARE HERE TO STAY. LOGISTICS IS ABOUT BEING BIGGER, BETTER AND FASTER TO IMPROVE EFFICIENCIES AND DELIVER CARGO MORE COST EFFECTIVELY.”**

*The shipping and wider logistics industry's migration to digital technologies can't be stopped, but what does this wave of change mean for the forwarding community?*





**I**t has taken some 15 years for 49% of container shipping instructions to be digitalised meaning that the majority of bookings are still made by traditional, manual means rather than digitally.

The digitalisation of the shipping industry began several years ago with Maersk Line's game-changing adoption of the Internet of Things (IoT), and has steadily swept the globe, becoming a curling wave that is now reaching the shores of the UAE, and what affects UAE logistics resonates region-wide.

Whilst many freight forwarders are concerned that the 'digitalisation of freight' will spell the end of their relevance to the industry, Jim Bralsford, vice president of sales, EMEA, INTTRA, says that's not the case. "We see many clients coming to INTTRA switching to digital technology from doing things manually. We also see some customers switching from other means of submitting shipping instructions to using the INTTRA portal," he says.

"Forwarders and shipping lines are our customers. INTTRA is an IT company; we do not take custody of cargo or sail ships," Bralsford adds. "Other network-based services include transmitting electronic invoices between carriers and shippers, providing electronic bills of lading and various types of data analytics. INTTRA helps accelerate the process and reduce errors."

"Digital solutions are here to stay," as he believes that as carriers and freight forwarders turn to technology they will see how it can help them eliminate waste, improve their customer service, reduce manual labour in the system and streamline the industry. "Logistics is about being bigger, better and faster to improve efficiencies and deliver cargo more cost effectively. That's how you stay ahead of your competitors, and the way to do that is through the adoption of digital technologies, which

→ Jim Bralsford, vice president of sales, EMEA, INTTRA.



Maersk Line led the digitisation charge in 2015 with its adoption of IoT fleetwide.



INTTRA's platform accounts for around 50% of global container traffic.

improves inefficiencies," he says.

Bralsford was referring to INTTRA's industry-leading Container Booking platform, which gives customers direct access to more than 50 of the world's leading shipping lines, accounting for roughly 90% of the world's shipping capacity, while more than a quarter of all shipments ordered are done through the platform. Bralsford met with Logistics Middle East in Dubai and sought to reassure freight forwarders about the future of shipping's new digital age.

"We're meeting with the shipping lines, the port community and the freight forwarders," he says. "A freight forwarder asked the other day 'when did you last go to a travel agent?' But it would be hard to make a case for the digitalisation of shipping being a threat to the forwarders because there's still a need for the physical logistics to be handled."

His belief is supported by the Council of Supply Chain Management Professionals, which released a report in October last year, found that a staggering 83% of all shipping lines outsource their domestic transportation needs. "This trend is not a threat to the forwarders," says Bralsford.

**“IT WOULD BE HARD TO MAKE A CASE FOR THE DIGITALISATION OF SHIPPING BEING A THREAT TO THE FORWARDERS BECAUSE THERE'S STILL A NEED FOR THE PHYSICAL LOGISTICS TO BE HANDLED”**  
**JIM BRALSFORD, VICE PRESIDENT OF SALES, EMEA, INTTRA**

"The Middle East is in the midst of a technological revolution, which is still in its infancy, but is growing rapidly nonetheless," according to Bralsford. "This is apparent in the amount of energy and attention governments and businesses across the region are giving to technology. Joint ventures and acquisitions of leading e-commerce companies, along with countless events and conferences taking place across all industries focusing on the importance of technology innovation in optimizing operations are evidence of accelerating adoption. Furthermore, we see the local young up-and-coming leaders embracing new technology with ease."

He likens the digitalisation of shipping to what happened in warehousing during the 90s and early 2000s. "Back then, you had warehouses where pallet moves were being recorded in a note book,

and at the end of the shift the forklift operator would then give that notebook to the supervisor, you'd then key in the data to an Excel spreadsheet. The industry at that point wasn't looking at the opportunity lost from not having new technologies, like WMS."

Those lost opportunities, faster throughput, higher productivity, volume maximisation, better quality control, they've all now come to the fore. Even in a markets like the Middle East, where cost-effective labour is plentiful, these issues still matter because warehouse operators need to have visibility of stock. They need to know where everything is and where it's going. They also need to be able to track the products, so a good WMS is now essential in modern logistics.

According to Bralsford, we're now seeing that realisation in the shipping industry. "We're still at the 50% mark for digital submission of booking and shipping instructions, with half still





↓ Almost 45% of the world's container ships sail near-empty.



↓ INTTRA was formed in 2001 to bring digitalization to the container booking process.

**FAST FACT**  
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submitted by phone and fax, adding “that some of the losses we see in the industry can be sufficiently reduced by digitalisation across the industry.”

In this example, if a client wants five 40-foot containers sent from Dubai to Longbeach, they tell the forwarder, who then keys it into their system and comes up with a quote and schedule and then emails the client back and confirms the time for pick up. It limits options, which raises costs all-round. A digital solution speeds the process and improves efficiencies whilst also reducing risk of keystroke error.

INTTRA was formed in 2001 to bring digitalization to the container booking process and is now the largest neutral digital transaction network and software platform in the ocean shipping industry, empowering customers to trade with multiple parties and leverage information to improve their businesses. That means they can process orders faster and more efficiently through their platform, a global portal that gives shippers access to as many carriers as they like. “You can log in manually or you can integrate your system with ours so that when an enquiry or booking is made it simply pushes the information to us. We then execute a one-to-many connection, which requires just one integration for the shipper.”

The carrier then receives everything digitally into their system, rather than having a customer service representative sitting at the terminal answering the phone and emails. For the shipping lines, the benefit of a neutral network such as INTTRA connecting many and providing greater visibility of potential cargo shipments is clear, especially when one takes into account that almost half of all sailings are ‘blank’ sailings – where the ship sails without cargo.

For example, the major East to West consumer dynamics of world trade means that container ships sail laden with goods from China to Europe and North America, but the demand on the return leg is much lower. In other sectors of the shipping industry the problem is far worse. According to William Watson, researcher for the Fraser Institute, a research and educational organization based in Canada, bulk carriers are the worst affected. “Lots of

the full ships are headed to China, carrying raw materials that are going to be transformed

into manufactured goods,” he says. “They’re exported in container ships, not dry bulk carriers. As a result, dry bulk carriers make money going to China (and similar importers of raw materials) but often leave empty.”

The dry bulk operators then shop around for cargoes they can pick up nearby and take to wherever they’re ultimately heading to pick-up another cargo to take back to China on the more profitable leg of the trip. When they can’t find a stop-gap cargo, they sail empty. The impact of a digital platform connecting the world’s shipping lines with its market would therefore be significant by potentially reducing the number of ships sailing without cargo.

“So carriers see tremendous benefit, and forwarders are seeing it as well,” says Bralsford. INTTRA plans to develop alliances with secondary industries and the freight forwarding communities.

“We’re also developing alliances with forwarders and the port community because we have the expertise to streamline processes.” For port operators, INTTRA provides visibility of the coming traffic. “We can give them

access to information about the number of containers booked aboard ships that will be using their terminals, for example,” he says. “It’s still something we’re working through. Different ports have different ways of working themselves, so there’s no one single solution, they all have different needs.”

“We’re building alliances with the technology firms too, because shippers and shipping lines are using a variety of providers for their own ERPs, so we want to make it easy to integrate our system with theirs. These firms could be the big ‘Blue Chips’ or the small enterprises that do niche, tailored solutions for the shipping community,” he says.

What Bralsford is proposing seems to be the digital equivalent of what trucking magnate Malcom McLean proposed in the 1950s, when he developed the modern intermodal shipping container. This development vastly increased efficiency and opened the world to global trade. The benefits are self-evident today, yet it took more than 20 years for the industry to fully accept this new process.

“The logistics industry in my experience has relied on manual processes for a long time,” says Bralsford, “but that’s changing very quickly now.”

And it’s just as well, because (to paraphrase one of Warren Buffet’s favourite sayings), “the number one threat to any industry is complacency and resistance to change.” ■

**“ALMOST HALF OF ALL THE WORLD’S COMMERCIAL SHIPS SAIL NEAR-EMPTY BECAUSE OF THE IMPORT/EXPORT DYNAMICS OF WORLD TRADE”**

**WILLIAM WATSON, RESEARCHER FOR THE FRASER INSTITUTE**