

## Top View

Logistics industry is undergoing metamorphosis with several regulatory market forces influencing the industry putting pressures on improving efficiency, reducing costs, tightening security, increasing transparency and increasing compliances. This industry constitutes 8% of world GDP and about 13% of India's GDP.

The speed at which technology is evolving concerns the progressive CEO's a lot more today than ever before. At Kale Logistics Solutions our approach to delivering IT solutions has always been industry centric. In our multiple interactions with CEO's of world's leading logistics businesses-small, medium & large, there is a single common concern, that of "Ease of Technology Adoption".

In our view, some T&L companies faced challenges to keep up, in the past, due to complexity in understanding diverse IT offerings. Because of the high value it brings to their organization, many are now embarking on the digital path. This is where, we have always believed that the true digital technology has to be made accessible to wider diaspora of businesses across the supply chain. This has to be designed such that it defies 'one size fits all' philosophy to bring in speed for business and offer a secure data environment. And all this is actually possible!

Get a glimpse of how CEO of one of the largest supply chain service providers in Kingdom of Saudi Arabia is ensuring effective customer service while keeping up with all that is happening in 'Digital Supply Chain'. Our article on 'Can Ladders Grow', talks about world of opportunities for Freight Forwarders in the connected world. Don't stop there, read our spotlight on 'Airport Cargo Community Systems'.

Enjoy Reading!

**Amar More**

CEO, Kale Logistics Solutions



## In this Issue

- Reflections: with Mr. Pieter Sparrwater, CEO - HALA SCS
- Article :Can ladders grow?
- Spotlight - Airport Cargo Community System
- News and Events @ Kale

# Reflections: Guest Column

HALA SCS is one of the fastest growing logistics companies in Saudi Arabia ; it provides world-class supply chain services like warehousing, transportation management ,forwarding and clearing.

Pieter Spaarwater , CEO, HALA SCS has 25 years of experience in supply chain and logistics vertical. His operational and strategic experience spans a myriad of industries like, FMCG, petroleum, industrial refrigeration and business consulting. CRUX had the opportunity to hear his views about the logistics industry , here is what he shared with us.

CRUX

***How do you characterize HALA SCS as an organization?***

PIETER

We view ourselves as a SC solution provider with a philosophy of “nothing is impossible, knowing that one size does not fit all”.

CRUX

***Multi Modal logistics has been the buzzword for the Freight Forwarding industry for quite some time. How is HALA Supply Chain positioned in this respect?***

PIETER

The specific solution should be driven by helping our client to save cost and time. Multi modal can facilitate this. On a separate topic, but related - the “SC pipeline” will probably in the near future, benefit and drastically change with the advent of 3D printing (it is only mass printing that is holding it back) and then bulk raw product transportation will benefit . In other words, objects do not need to be transported in its final manufactured form, but can be sent via the internet to the place of consumption as long as the appropriate raw or printing material is available. The advent of this technology and its impact is yet to be seen, but a revolution in the supply chain arena is on the cards. Conceptually transporting via the internet saves on cost.



***Nothing is impossible, knowing  
that one size does not fit all***

CRUX

***All businesses worldwide are now under the influence of e-commerce wave. How is HALA's future business strategy influenced by this?***

PIETER

Convenience and cost are core in our strategic planning along with e-commerce. Presently we are not doing enough, but have plans to move fast in this arena. Last year we were involved in some direct home deliveries and assemblies, but serving an e-commerce business per se is still at its infancy at KSA and HALA SCS. We are currently engaged with one of the large retailer and hope to announce a partnership soon.

CRUX

***Given that technology is the key enabler for businesses to operate, what kind of technology has been adopted by HALA for running its operations?***

PIETER

We have a very holistic approach which includes - Processes, People and Technologies to be aligned. In all our projects we adopt an iterative approach to ensure a culture of continuous improvement and ensuring that these three elements are in balance to establish a workable and practical solution

CRUX

***You are using Kale's IT solutions for managing your freight operations. How has your experience been so far?***

PIETER

It is early days and we are yet to realize the full capability of the Kale logistics solutions. but what I can share is that the system has improved our ability to serve clients and has relieved us from internal administrative tasks. Less manual recording and reporting is done which is resulting in improved productivity. There is an overall improvement in control and accuracy at customer service levels.

**Pieter Spaarwater**  
CEO, HALA SCS





# Can ladders grow?

*Freight Forwarders (FF) are the nerve center of logistics business driven by consolidation for the past two decades. Demands have never been so high from the main stakeholders that FFs operate with, such as the Shippers (customers), Carriers (Airlines, Shipping & Roadways), Gatekeepers (Customs), Store (Warehouse), and Handlers. Today more than ever before, timely information in electronic form is a necessity for all stakeholders to operate efficiently at optimal costs. While the industry strives to orchestrate the cargo movement in harmony, are FFs ready to carry the flag and march ahead?*

## Can ladders grow? Yes, say the Forwarders business community.

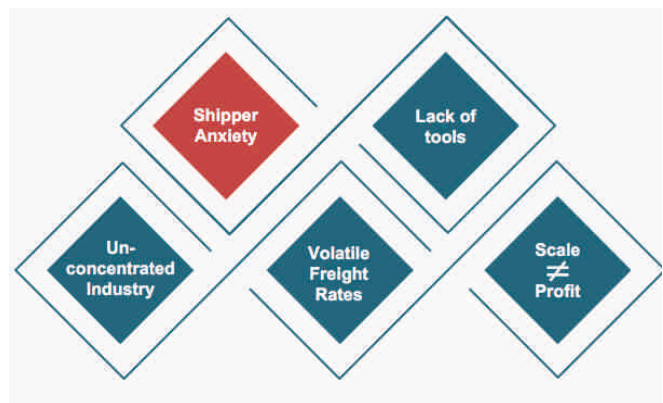
"As a critical supply chain entity, we are responsible to move shipper's goods across the globe and with speed. Yet when it comes to our business profitability, we are slow to move ourselves forward." – Says Pete, Director- Leading Mexico Freight forwarder with multi-modal operations.

However, this occurrence is gradually changing. As the world progresses with e-commerce and disruptive business models, huge opportunities need to be tapped and Forwarders need to let go traditional ways of working and legacy systems which are obsolete today.

## Welcome to the connected world.

Timely information and that too in an electronic format is the need of the hour for all stakeholders to operate efficiently that translates to optimizing costs. Visibility is as important to all cargo stakeholders, as much as for the shippers. The need is to orchestrate the cargo movement together and in harmony. A

## Opportunities & trouble come together: Forwarder's Challenges.



**Un-Concentrated industry:** The standard shipper's anxiety leads them to deal with multiple forwarder. The freight forwarding industry is currently seen as "un-concentrated", which leads to unpredictable profits.

**Scale doesn't guarantee profits:** Being a consolidation market for past two decades, believing in a myth that vertical integration would eventually lead to profits. However, a recent analysis breaks this mind-set, and proves 'scale doesn't guarantee profits'



**DID YOU KNOW ?**

The concept of logistics management was evolved during the Second World War (1939-1945)

# Can ladders grow?

## Current systems and the perils of IT inadequacy

Absence of tools is a root cause of Shipper's anxiety.

**Absence of centralized systems:** When systems are operating in silos they lack business visibility and hamper growth. For instance, standalone legacy applications for managing forwarding operations, customs broking and business accounting – brings up a scenario that is prone to errors, repetitive corrections, delays in overall business cycle, and manual reporting, hence leading to incorrect documentation resulting in loss of focus on the core business.

**On-premise applications:** While the world is cloud enabled, if your system is not accessible anywhere, you lose vital opportunities. Web-based applications will allow you to operate wherever you are and whenever you want.

**Absence of Service Oriented Architecture (SOA):** Dealing with different stakeholders needs an architecture that integrates in a secure and standardized manner. The airlines, shipping companies and customs operate on different platforms and connect with applications for SOA architecture and EDI functionalities. Apart from integration with external systems, the system should also integrate well with your ERP and accounting systems for maximum benefits.

**Absence of critical functionalities:** Though tracking shipments and documentation are core to FF business, the critical functions like Sales & Customer Relationship Management (CRM) cannot be ignored. In absence of these critical functionalities the customer commitments communicated through email or phone calls do not get translated into operational activities.



## A connected & visible environment for Forwarders!

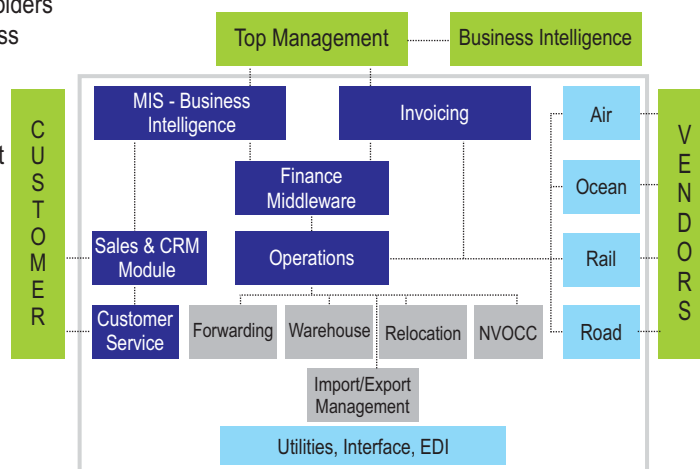
A visible environment gives the FF control over his business, improves efficiency, streamlines processes, and enables them to tap opportunities proactively. The below illustration gives a snapshot of the connected environment, and its features.

### Collaboration & Visibility

- Real-time tracking
- Connectivity with stakeholders
- Anytime, anywhere access
- Reminders to users
- Transparency
- Documentation status
- Reduce cycle time & cost

### Reporting & Alerts

- MIS for multi-location
- Decision support system
- Customer profitability analysis
- Proactive system alerts



A block diagram depicting FF&N functionality

### Standardized Process

- Minimum paper work
- Risk mitigation/SLA
- Information accuracy
- Minimal human intervention
- EDI with SLA

### FF User Productivity

- Easy to use
- Secure
- Accountable
- International best practices



Each year logistics deliver enough beer to fill the Wembley Stadium

# Can ladders grow?

## Your peers are reaping benefits already!

How these tools will help? Let's introduce you to some case studies.

**Scenario 1: How high visibility helped this FF?** Here is a mid-size forwarding company that was swarmed with customer complaints on the several follow-ups to know their shipment status.

It was just 5 days for this FF to setup the necessary master information in the connected system, The goose-chasing customers are thrilled and felt good about the change that the system brought about in record time. In their own words, a most-demanding shipper has narrated the experience as "we are able to connect with the forwarder without even using the telephone. And we are receiving timely alerts & status updates of our shipments regularly. Also, we now have a personalized online interface to carry out the logistic related activities. It was simply like an online-office to access anytime from anywhere."

Do you want to hear such comments from your shippers?

### **Scenario 2: How EDI communication reduced lapses and losses?**

Here is a seasoned company established in 1974 and having offices and partners in Europe, USA, Asia and Middle East.

Earlier, the data exchange quality suffered due to high volume of shipments and frequency of reporting. It was prone to errors, repetitive corrections and delays in overall business cycle.

After the adoption of a connected system, seamless interface was possible with EDI and other 3rd party ERP applications. It effectively helped the forwarder to manage their multi-modal business, SLAs, Customs clearances, Customer relations management, sales management, Billing & accounting, MIS reporting and staying updated with industry regulations and compliances.

An integrated environment with standardized technology framework made all the difference for this multi-location forwarder. It reduced the lapses by 18% and thereby arresting revenue leakage by \$ 1.5millions. The client embarked on an audit to ascertain the effectiveness of the connected system. The ROI was in the range of 24-28 months considering the benefits identified.

Do you know the level of errors in your shipments and associated losses? Will an audit help?

**Scenario 3: How this forwarder cut down costs by 21%?** Here is a leading international Freight Forwarder with global network of offices, and the most sophisticated shipper supply chains, to manage.

Process inefficiencies crept in as they expanded. As a legacy the FF was stuck heavily with paper based transactions that caused revenue leakages in many areas. This enforced the decision to move on to a connected system environment.

Quoting the Chairman of this leading international FF, "The system incorporated industry best practices and it had successfully streamlined all our processes. It has cut down our operational and processing time significantly. There has been an overall reduction in costs by 21% due to increase in supply chain visibility, reduced paperwork and prevention of revenue leakage. Our years of association with Kale Logistics team has been very good with the team always willing to understand and support our changing requirements."

It is not only the connected environment, but also the team behind it that makes a difference for FFs, who are planning to adopt IT systems.

Isn't the choice easy?

### **Conclusion: Forwarders move forward!**

A world of opportunity knocks at the FF door, and it is time to let go of the legacy. The forwarder's challenges are self-inflicted and remedies are right in front of you.

Get the Shippers on your side, by reducing their anxieties. Create highly visible supply chains and operate it efficiently. Optimize costs and enrich your margins. Exchange information accurately and in a timely manner. Collaborate with your stakeholders effectively. Partner with technology providers who understand your business and are ahead of industry trends.

Welcome to the connected world. It is forwarder's time to move forward.

**The ladder that brings you closer to your goal's is always invincible!!**



If you joined together all the sausages that the logistics industry delivers in a year, they'd reach beyond the moon



# Spotlight - Airport Cargo Community System

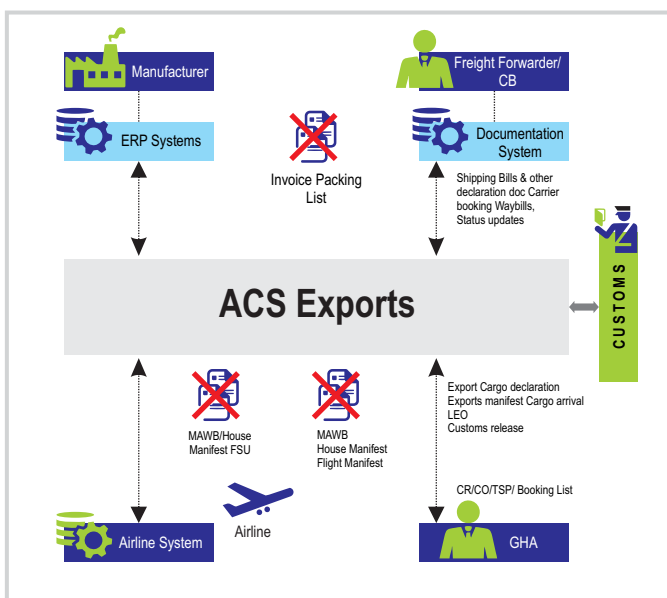


## Need For An Airport Cargo Community System (ACS)

An electronic collaboration platform – an Airport Cargo Community System – can help all stakeholders to electronically communicate within themselves and with other stakeholders like Airlines, Customs House Agents, Customs, Banks and GHAs. It can facilitate the movement of goods and information at the airport and aiding in digital interactions in conformance to initiatives around e-freight, e-AWB and e-CSD.

## ACS - Operational Flow : Exports

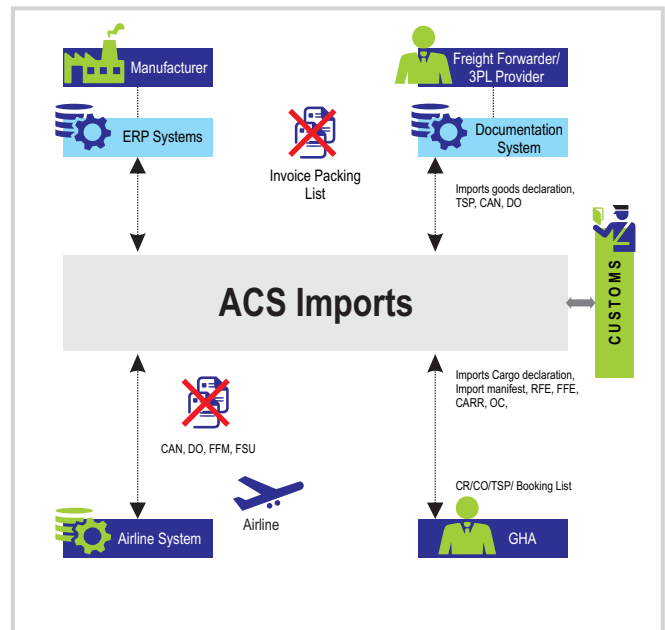
UPLIFT ACS streamlines the entire export process for all Airport Cargo stakeholders, The process involves:



A block diagram depicting UPLIFT ACS Export functionality

## ACS - Operational Flow : Imports

UPLIFT ACS streamlines the entire Import process for all Airport Cargo stakeholders, The process involves:



A block diagram depicting UPLIFT ACS Import functionality

## GMAX - India's First Airport Cargo Community System

GMAX is the first of its kind 'Air Cargo Community Portal' offering a comprehensive EDI service platform connecting all the air cargo stakeholders at Mumbai International Airport Ltd (MIAL). GMAX has successfully brought all the participants in the air cargo supply chain (Shipper/Consignee, Forwarders, Custom Brokers, Airlines, Cargo Ground Handler, Customs, Banks and other regulatory authorities) under one roof enabling them to exchange information/documents electronically and pay for services online. The platform has eliminated the need for printed AWB copies, improved planning and introduced measures like Bar Code based Vehicle token system for streamlining the cargo movement. With 1800+ registered agents, GMAX platform is at the forefront in driving the e-Freight movement at MIAL.

**DID YOU KNOW ?**

The biggest ship in the world can carry Eiffel Tower and Airbus comfortably

# Ask the Expert : Air Cargo Community Platform

CRUX

**How is the cargo community across the world evolving and how does Uplift enable/empower this community?**

MOHAN

The world trade is consolidating, moving goods safely and securely is a propriety for airfreight carriers. Air freight supply chain has several stakeholders viz. exporters, importers, forwarders, customs brokers, airports, airlines, ground handling agents, customs and other regulators, this makes the entire community complex and multifaceted. With mounting international regulations, need for advanced data and government world over passing WTO trade agreements it has become imperative to go the digital way. Even in India the scenario is fast changing, with government and customs are promoting Digital India, in true sense technology is driving businesses. Uplift, the flagship solution from Kale Logistics Solutions connects several supply chain systems to give a consolidated view of shipment status, thus establishing near real time shipment visibility which in turn can reduce inventory costs and enable optimized operations. This platform is compliant with the e-AWB mandate and helps filing documents electronically there by eliminating duplication, facilitating paperless transactions and increasing transparency.

CRUX

**What is the future of Uplift?**

MOHAN

There have been platforms like Uplift in the market before it was introduced, but could not achieve what our platform has achieved in a short span of time. It is the single window concept which the entire world trade is marching towards. SMEs of logistics industry are moving to cloud systems and upgrading their legacy systems to automation. Uplift platform completely fits the bill by providing authorized access to several stakeholders and interface with systems of stakeholders as well as regulators.

CRUX

**What are the future plans for UPLIFT?**

MOHAN

We have created the right awareness in this community which has yielded in positive market response. UPLIFT has been gaining good acceptance in India , Middle East, Europe and Asia Pacific. We plan to take this bigger markets like USA soon.

**Mohan Limaye**

Manager, Kale Logistics Solutions

*Mohan is subject-matter expert from air cargo operations. He brings with him 16 rich years of experience from varied organizations. Prior to Kale, Mohan has worked with leading airlines namely Finn Air, Korean Air, Israel Airlines, Malaysian Airlines, Gulf Air and Iran Air for more than a decade managing sales and operations. At Kale he is spearheading India's first and only Cargo Community System-UPLIFT.*

*His expertise lies in business planning and IT solutions mapping. In his current role at Kale, he plays a critical role in development, implementation and product/service roll-out. He drives the UPLIFT adoption amongst airlines and effectively addresses concerns of various UPLIFT users including Airlines, Custodians, GHA and Freight Forwarders. Mohan's quick response rate and domain understanding helps him share an excellent relationship with the senior management members of all our UPLIFT clients. Mohan gave CRUX an insight into the UPLIFT world.*

**DID YOU  
KNOW**



The US is comprised of 556 railroads. That's over 138,000 miles.

# News and Events

## Kale in Media



Mr. Amar More, on ABP Majha news channel speaking on Majha Maharashtra Digital Maharashtra : E Agriculture



Kale Logistics honoured at Samudra Manthan Awards 2016

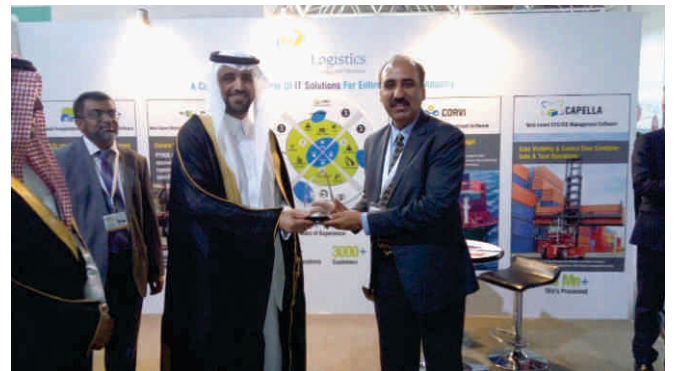
## Forthcoming Events



## Past Events



14th Annual Conference on Ports in India, Mumbai, 23-24 Jan  
Mr. Vineet Malhotra spoke on 'Accelerating container throughput at ports'



Saudi Transtec, Kingdom of Saudi Arabia 5-7 Dec, 2016  
Mr. Vineet Malhotra shared key insights on 'Utilizing a single platform to connect all logistics stakeholders'



FFFAI 23rd Biennial Convention Kochi, India - 19-21 Jan, 2017  
Mr. Amar More, speaking on 'Future of Logistics Services - a digital and cashless era'