



Kale Logistics  
Technology that Transforms



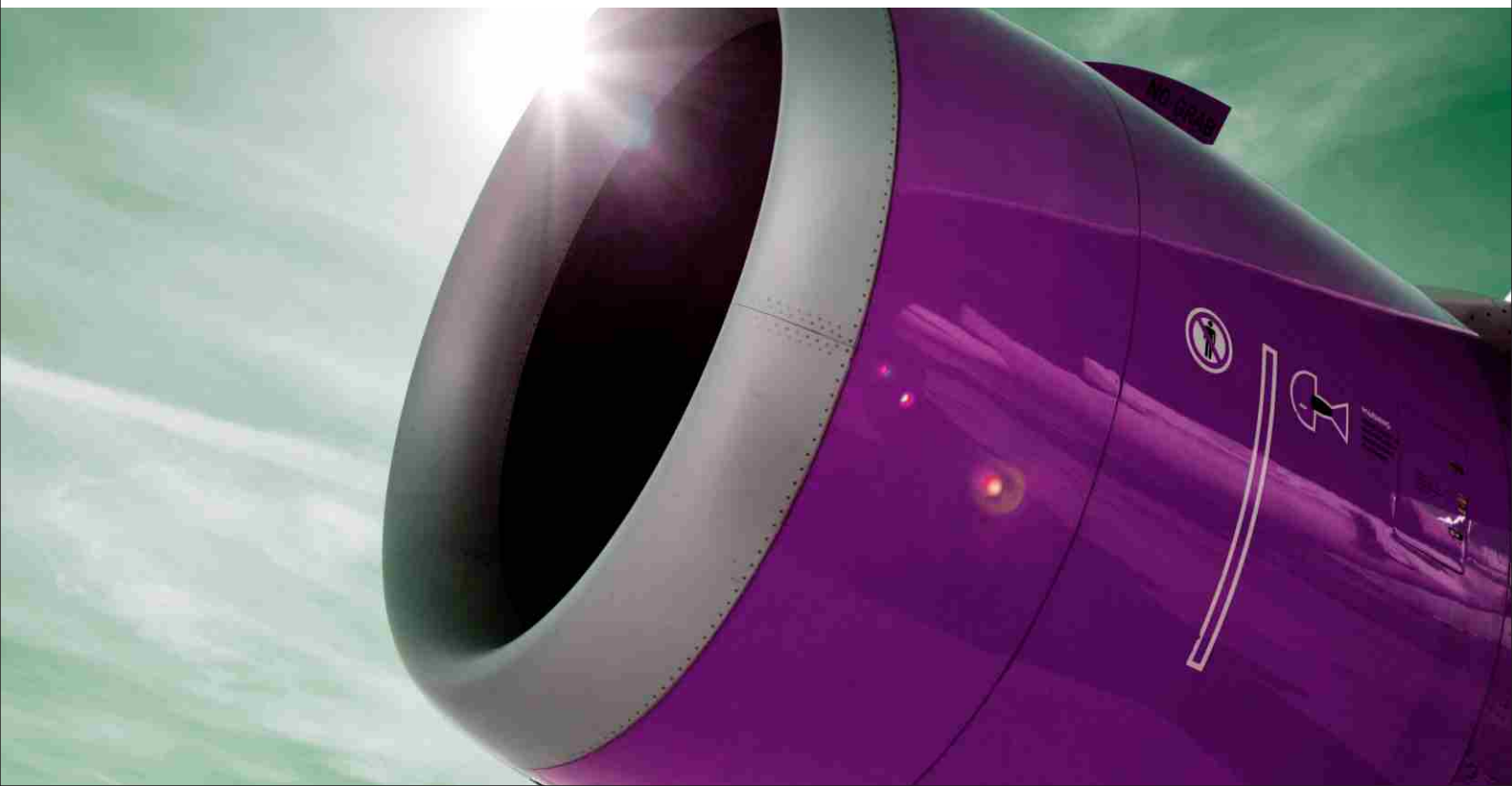
# ClearView

*A Kale Thought Leadership Summit for Air Cargo*

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Dubai | February 2016

**Key Excerpts from the Summit**



## Synopsis

Today, the cargo handling at airports worldwide is performed by hundreds of companies of varied sizes, that follow equally varied processes and standards. This brings in deviation in cargo handling standards. Yet, on closer look, its only a handful of Air Cargo Handling Stalwarts from Global cargo handling community who have the Power to make 'Change' possible. What they require, is a common platform to meet each other and ensure that 'Enhanced Value' is delivered to the Air Cargo Handling Industry.

With this realisation, came the genesis of 'CLEAR VIEW' summit for the leaders to share their experience and expertise around a focussed discussion, where we meet- not to discuss issues, but to identify practical solutions. Not to follow everyone's Agenda but to exchange thoughts and key learning's that drive the value for the Future of Cargo Handling Industry.

The Inaugural edition of CLEAR VIEW summit focussed on Business Innovation and Collaboration in the Air Cargo Handling Arena. As promised, the Summit turned out to be a leadership conclave on the Air Cargo Handling industry and cargo management operations with four powerful sessions focusing on the potential of the cargo trade and the operational subject matter. The summit sessions were designed to benefit the Cargo Ground Handling Agents (GHA) and their ecosystem with an intent to raise discussions revolving around the Changing Business Environment –Need for Innovation, Statutory Compliances and Controls, e-Freight Enablement and Business Practices for Modern Age GHA.

The participation at the summit was by invitation only and is restricted to Top Leaders from across the world representing a mix of Cargo Handling stakeholders. This first of its kind Summit has garnered very encouraging response and the Actionable Insights from the Summit are captured in this Report which is being shared with all participants and other Industry Luminaries for bringing speed to planned actions.

We welcome Industry Leaders to join the Action Groups and stay connected until we meet for the next CLEAR VIEW Summit scheduled to take place in February 2017. Let us together embark upon a Journey which promises to deliver the Industry simply with a 'CLEAR VIEW'.







**Vipul Jain**  
Chairman, Kale Logistics Solutions

Clear View Summit is a very intimate gathering of people- all of whom are influencers, leaders & decision makers. It's small by design, with an intent to discuss and exchange views between all the Airport Cargo stakeholders and a mission to improve Air Cargo Handling around the world.

For this year, the theme is Collaboration. In the backdrop of progress made by the larger transport Industry, the initiatives and changes being brought in by Air Cargo seem less significant. The average time from Shipper to Consignee still remains 6.5 days with exceeding number of regulations & security concerns. All of which results in increased paperwork, reporting & governance.

The customers are expecting the Air Cargo Industry to practice integrated approach to Logistics and ensure greater 'Collaboration' between the cargo community. Collectively the Industry needs to fulfil at least the basic need for "Cargo Visibility" and "Standard Service Levels".

The Industry leaders need to collaborate to uncap the growing opportunity from Cross-border e-commerce, which is worth 230 billion USD and is expected to increase to a trillion dollars' worth by 2020- with logistics cost being 6-7% of that.

We foresee Technology as the cornerstone to this progress and three key technology trends impacting the trade- 'Cloud', which in the logistics context means democratisation of technology. It means that from the smallest to largest player, you can have access to the same quality of technology, through affordable deployment options.

The developments in sensor technologies and telematics' are amazing. This is what we call as 'Internet of Things'. Lastly, one cannot ignore 'Analytics' for Optimal usage of information being generated to ensure better planning, bench marking and extending market reach.

The big Q is how do we, as different players in the supply chain, collaborate? How do we provide a wholesome picture together, for all of us to benefit from it?

The Summit objective is not only to just discuss, but also to come with small calls of action because change begins with small steps. Each of us can do our little bit to change our surroundings and collectively drive a bigger impact that can be seen. Kale Logistics is willing to invest in any proof of concept exercises that arise as an outcome from these discussions.

Welcome to Summit! I am sure we will have a highly interactive, vibrant & exciting discussion on all these points that can result in key actionable decisions to help us move forward as an industry.





The business practices in the air cargo industry have barely changed over the years – a reflection of how difficult innovation is in this industry. There is a need to significantly update business practices to remain competitive against other transport modes. This session covers the important innovation areas that organizations need to look into such as Collaboration, SLAs and KPIs. Also in this session Manoj Singh presented the improvement areas in KPIs for modern cargo terminal operations and Uwe Beck provided a glimpse of Smart Terminal Operations, supported by the Finn Air Cool Cargo Hub case study.



**Manoj Singh**  
Head of Cargo, Mumbai International Airport Limited

### KPIs for Modern Cargo Terminal Operations

There are two major aspects related to KPIs – the performance indicator and the accountability of the performance. MIAL measures various types of KPIs for operations, infrastructure, delivery/acceptance processes and significantly human capital and skill development. Since there are various stakeholders involved in terminal operations, it becomes imperative to view KPIs as a whole and not in silos. To resolve the stakeholder conflicts, MIAL has formed a core group, comprising of stakeholder associations to measure the performance and impact on terminal operations. KPI measurement is a step-by-step process & benchmarks play a significant role for comparison purposes.



**Uwe Beck**  
CEO, Becon Projects

### Smart Terminal Operations - The Key Commandments

Several key parameters contribute to the design of new cargo terminals. However, organizing finances are important for the execution of new initiatives to meet increasing regulations, standards and higher KPIs. In the overall design process, 'form always follows function' and all stakeholders need to be involved, including shop floor operations. Improvement in a number of areas such as Forklift management, Production planning, Active landside and aireside management, lack of RFID for ULD and information control systems are mentioned. For example, at the new Finnair's Cool Air Cargo Hub in Helsinki, they are implementing many of these design processes and systems, resulting in this hub being one of the most automated warehouses in the industry. Certain key factors needed for the progress of the industry are leadership of associations as IATA to review old regulations & define new standards, investment in new technologies & increased interaction between stakeholders.





## Round Table Discussion



Moderated by  
**Vineet Malhotra**  
Director, Kale Logistics Solutions

Q

*Hundreds and thousands of dollars are being invested in Air Cargo industry. Where is the investment going? What is the ROI?*

A

**Uwe Beck** - "During the course of the Finn Air project, we studied the costs involved - operational costs, expenditures, IT investments etc. A business plan with long-term goals & objectives was developed. There was a huge mismatch between what currently exists and what's expected. If we build a new terminal, we need to consider adding more capabilities with less resources such as manpower, forklift drivers etc. Planning was a long drawn process but at the end of the day, there was a clear investment plan and the ROI."

Q

*What drives the collaboration among internal as well as external stakeholders? How does this impact the terminal operations? Will incentivization work?*

A

**Garcia Pedro** - "I always get this 'Matrix' syndrome in the industry - with 2 worlds - one real and one virtual/official. Reality is quite different, compared to what we speak at events. We are in a highly non-standardized world. Standardization is key to collaboration. If we have to deal and interact with disparate and non-uniform standards, we need to dedicate more resources and time, that impacts the quality of collaboration. The industry does not apply its own standards - the ones that we all have agreed upon officially."

**Hakan Nilsson** - "Collaboration is driven by human behavior, which in turn is driven by consequences. There needs to be a strong consequence for not adhering to the collaboration standards. I spent more than 25 years on freight forwarding side. We have been extremely good in meeting standards of our shippers. EDI integration works perfectly. Why - because, otherwise we lose business. We have been less good in meeting standards of ocean carriers and airlines, because there has not been a consequence in not meeting those standards. Also consequences need not be negative. It's a carrot and stick approach that works."

**Franz Van Hessen** - "We have a long way to go and incentives may not work. IATA needs to take responsibility & set standards to make our life easy. I can take responsibility to enforce them. Standards give a brick wall to lean against when I am dealing with my own problems. If there is no wall, I will be pushed out of the way from the playing field."

**Sanjiv Edward** - "To improve collaboration & alignment, let me give an example - when Delhi airport got privatized in 2006, while preparing the strategy document, we formed a body called Air Cargo Forum India that has freight forwarders, customs, brokers, airlines, airports & handlers on-board. Everyone was concerned about their own functional area & there was an element of distrust. So, we tried to address certain common things/elements. That was a good starting point and people started aligning towards that common thing. Some initiatives that we worked on such as IATA e-freight paperless initiative, slot management were possible, because these issues were brought on the table, discussed and concerns were addressed."

Q

*Let's discuss about SLAs. What do you think of SLAs? Is it something that can be practiced, even internally?*

A

**Hans Vanderzwet** - "SLAs are key in managing operations. We should also be able to differentiate with what the SLA is and our agreement with airline or freight forwarder. It is not only to manage your performance but also to tell your customer that you are managing according to your agreement. It's also important to find and inform the reason of failure to meet SLAs. Over the past years, IT vendors have been adding SLA monitors to their services. We should also have reports on our own performance and also reports that you can share with your customer regularly."



**Paul Craig** - "SLA is a wonderful tool, but along comes this 40 page document, totally generic, based on one airport in the world that is not applicable to my working conditions. And then, you have the financial penalty system. SLA should not be a tool for airlines to penalize and earn revenue from you. We are supposed to be partners and working together. For airlines, it would be a paradigm shift, to move away from SLAs with financial penalties towards SLAs that are purely service driven."

**Ramesh Mamidala** - "In Delhi, we manage 50 airlines, but we don't have 50 SLAs. There is one standard SLA that is understood & accepted by many small airlines. However, the top 3-4 airlines who provide 30-40% of my business, are more demanding. They have their own set of SLAs & I need to listen to them. If I don't deliver, I lose business. On a more positive note, airlines push us to new limits in achieving SLAs and our team always achieved it. Many times, demanding customers push you to new levels."

Q

*How should KPIs be managed? How do you benchmark performance?*

A

**Franz Van Hessen** - "In terms of KPIs, we define the processes and goals first and then provide the same to IT for measurement. We do not want 300 KPIs, its difficult to control them. KPIs should be maximum 10-12. Also, we need the capability to analyze on what went wrong and where. KPI is not the Ten Commandments, and there is no priest defining that. Every company, based on its customer relationships, should define its own KPIs. There are multitudes of KPIs, depending on each business situation and objectives."

**Chris Kaighin** - "In West Africa, nobody wants to police themselves and judge, using KPIs. Senior management enforces lower levels to follow KPIs. Also, we have regular management meetings to monitor and track KPIs. In Ghana, people do not like to get anyone else in trouble for not performing up to the set standards."

**Maarten Klijnstra** - "To define KPIs, you need to look at the whole chain and the list of events that you would be measuring. There are subjective situations because you deal with people and attitudes. Critical, few events that can be listed, quantified and measured objectively, that is the way to go."

**Indrajit Marath** - "KPIs, SLAs and stakeholder management are all linked together. KPIs and SLAs can be controllable and non-controllable [dependent on govt., airlines etc.]. There are service level KPIs and efficiency level KPIs. Also, we need to be practical and work along with the system to manage KPIs."





The Air Cargo industry is subject to more statutory compliances and controls than any other industry. There are many regulations related to IATA, customs, security and local government. While security is our priority, we need to ensure that we work with regulators to ensure that the air cargo business is not negatively affected throughout the supply chain. This session included a presentation by Sanjiv Edward on the importance of regulations and compliances, followed by a discussion, moderated by Hans Vanderzwet, on the various challenges, business impact and the roles of the various stakeholders.



**Sanjiv Edward**  
Chairman, TIACA

### **Making sense of Regulatory Compliance – Is Air Cargo over regulated?**

Regulations are a fact of life for air cargo industry and are non-negotiable, as it's a matter of security and life and death. There is a tremendous need for new innovations in the industry, similar to some of the latest initiatives by ecommerce players. While regulations have an impact on the companies in terms of investment and resources, there is a need to strike the right balance between the necessity of having them and the cost of managing. Regulation agencies and global industry bodies should act as facilitators in defining and implementing the rules, leveraging technology advancements. TIACA intends to be a global voice for the air cargo industry – to align the regulator and regulated and have a more collaborative and dialogue based approach to achieve more effective regulations while making the industry more efficient and highly secure.







Moderated by

**Hans Vanderzwet**

Director, SweetHill Consultants

Q

*How do we overcome the challenges related to complying with various regulations? What is the impact on the business processes? What is the impact on the cost of operating this?*

A

**Gonzalo Jacob** - "It's very challenging to comply with various regulations. For example, a shipment, with 5% taxes may take 1-2 hrs. to clear today and the same can take 20 hours to clear tomorrow. There are variations on the same day with different shifts. And that's because there are different interpretations of rules and regulations within a single office itself."

**Maarten Klinjstra** - "Regulations are necessary but can be sped up and made more efficient, if there is a common vision and goal. We need to look at the overall supply chain, from the sourcing of the raw material, production to delivery to end user. Going beyond our individual lego blocks, we need to look at the big picture."

Q

*Associations such as TIACA want to lead the role to define macro level regulations. What is the kind of support that it needs from the industry?*

A

**Sanjiv Edward** - "TIACA is planning to better engage with WCO. Acting as an independent neutral body, TIACA can facilitate the knowledge sharing among various entities in different geographies. The industry can help in providing access and engaging with local regulatory bodies such as customs, to identify challenges and best practices and bring those on a common platform, as a part of TIACA advocacy team. And then we can approach WCO with top 5 challenges and suggest to bring uniformity in these areas. Also, to expedite the implementation of initiatives of removing manual intervention and going paperless can limit the role of the ground level regulator and make the process more smooth."

**Vipul Jain** - "As a suggestion, similar to Govt. of India's 'improving ease of business' initiative, we can have a benchmark index for this industry, such as for 'ease of clearance at an airport' for different types of products. Each airport can be rated on a set of parameters and ranked, that when published can become an impartial, fact driven advocacy platform for airports. It can be a reference for governments and regulators to improve at local level."

Q

*As a ground handlers, what kind of difficulties you encounter to integrate the security & customs items into your internal systems?*

A

**Garcia Pedro** - "The non-standardization poses a greater challenge for information exchange. For example, in Europe, it is expected that various countries will have the same regulations and frameworks, since they belong to the same union, however, the format and content of the information that we exchange with them is totally different. EU is supposed to facilitate an easy and single window clearance, which is existent in some places whereas in others it's not. There is a high non-standardization of EDI exchange and message formats. Security is more standardized with rack database. It's a scary situation. "

**Chris Kaighin** - "It would be so much better to have one central international organization to define and make aware of the regulations in various geographies. Education of regulations by global associations such as IATA to governments and agencies will help in better understanding, standardization and implementation."

Q

*How do the regulations and security impact the terminal design and operations?*

A

**Uwe Beck** - "With growing terror scenario, security is an elemental factor. I am really afraid of the day when a passenger aircraft goes down because of a problem in the freight. There should be a bit of self responsibility by ground handling companies to do the right things, even without following regulations. We need to be strict against the companies who do not have a discipline in managing operations and that could pose a security threat."

Q

*Are we doing enough to communicate among airlines, handlers, shippers and consignees to make this whole process secure & compliant and what can be done better?*

A

**Hakan Nilsson** - "For transparency and visibility across stakeholders, the suggested index is good and will help drive performance. You will see improvements in all the areas. The mindset that regulations are counter-productive to business is wrong. If we, as a freight forwarder, can be better in security and regulation and at the same time, be transparent, this could be a good business opportunity for us. "





## Session 3 – Enabling e-Freight : Time for Out of the Box Action

The much overdue digitization of air freight should be viewed as an opportunity, because without e-Freight, there is no future for this industry. This session focused on the various facets of e-freight, including the impact on GHAs and airlines, the roadblocks to 100% adoption and the need for a digital infrastructure to support the same. Anil presented the approach to 100% e-freight adoption while Amar introduced the Airport Cargo Community platform for better information exchange among stakeholders. This was followed by a vibrant discussion on the various challenges faced and the way forward to increase e-freight adoption.



**Anil Lulla**  
Manager, eAWB Project, Lufthansa Cargo

### 100% adoption : A new Goal with a new perspective

e-Freight adoption needs a boost in Air Cargo industry. The advancements in technology is a key factor in enabling this adoption. There are a number of variations of e-Freight, depending on whether the destination country is e-freight friendly or the government and regulators need original documents along with the shipment. This creates a lot of confusion among the GHAs, customers and even airlines. The goal for the industry has to be EAW-ECC, with no pouch and no paper based airway bill. One of the ways to achieve this goal is to build a central repository [initiated by the industry body, supported by IT vendors], and have customers act as Authorized Economic Operators [AEO] to submit the required cargo documents in this repository. At present, Lufthansa cargo's e-Freight adoption in APAC, Middle East and India region is 40%. This has been possible due to various customer educational events, organized by Lufthansa where all the stakeholders participated and discussed, that enabled increased adoption rate.



**Amar More**  
Director, Kale Logistics Solutions

### Airport Community Platform : Going beyond e-Freight

The Airport Cargo Community Platform facilitates digital interactions between airport stakeholders & provides data exchange through a portal, an interface system or a bureau service. Implementing this platform at a commercial hub such as an airport will have exponential increase in the benefits to various entities connected to the airport. For example, GMAX, the community platform is already deployed at Mumbai International Airport, and comprises of Cargo Terminal Operator portal, custodian management system, ground handling systems, EDI engine and interface with other regulatory systems. Removing data duplication is key since more than 50% of the data on commercial invoice/packing list is reused in multiple documents during information exchange. Apart from the obvious benefit of going paperless, this platform provides enormous other advantages such as faster cargo processing, transparency with the availability of advance shipping information to airlines and forwarders, compliance with regulatory standards and aid in government's 'ease of doing business' initiative.







Moderated by  
**Amar More**  
Director, Kale Logistics Solutions



*As a cargo terminal operator, what challenges you face in e-airway bill or e-freight implementation?*



**Ramesh Mamidala** - "One of the biggest challenge that we face in implementation is lack of understanding of the agents. To overcome this challenge, we had to conduct multiple workshops and sessions for the agents, freight forwarders and even airlines. IATA also contributed to educating the community. Another challenge was to get the stakeholder's acceptance and enforcing the data entry into the system by cargo handlers and freight forwarders. We managed to become completely paperless, eliminating about 20,000 papers per day. Currently, we continue to face the issues with data quality. People are not providing information that is non-mandatory, but important to conduct the business. We are still working to sort this issue. Our compliance is approx. 90% and we aim to become 100% compliant by the end of this year."

**Maarten Klinjstra** - "In Nigeria, from EDI perspective, we have come out of the dark ages where activities such as airway bill handling, manifesting were manual and mechanical. But now, we are using tools and platforms that the agents and freight forwarders can benefit from. Still, one of the biggest hurdles for EDI to succeed is inconsistent power supply. For instance, if you are in the middle of transaction and the national grid collapses, your transaction gets stalled. However, Government is organizing finances to build the required infrastructure that will support a thriving economy."



*Is there a perception of more documentation due to e-freight or e-airway bill? Are there any process efficiencies?*



**Hakan Nilsson** - "This perception of more documentation and taking more time is due to inefficiencies of old manual processes. By going paperless, as in freight forwarder industry, theoretically you can reduce the processing time from 100 to 20. But if you are not replacing old processes, instead of reduction, you may go up from 100 to 120. There is not much of a difference in the capability between a manual and paperless e-airway bills but there is a huge difference in the consequence of time savings and improved productivity."

**Franz Van Hessen** - "The benefits of efreight such as higher efficiency and cost savings need to be communicated properly. If I have the required data in electronic format, I will need lot less people in documentation. I may need only a coordinator and a communicator but I don't need document processors. This saves me expensive resources and effectively lot of money. So I can save money and improve on efficiency, and would be very interested in adopting efreight."

**Sanjiv Edward** - "We partnered with Lufthansa to run a efreight proof of concept in Delhi and we were the first station in India to become efreight compliant. There were only a handful of carriers, not all of them were ready. There are only a small number of carriers who have the will and capability to do it. And hence, IATA needs to take a lead role and make it mandatory for airlines to become 100% efreight compliant."

**Garcia Pedro** - "We had a meeting of all stakeholders and the goal of the meeting was to agree to move to e-AWB, promoted by IATA. In the beginning, the language was – we had to impose. After one hour, it became – a strongly recommended. At the end of the meeting, the language was – e-AWB is my preferred solution. There was clearly a lack of trust and confidence between the airlines and the forwarders. Airlines were concerned but they were not ready to take the first step."



*What can be done to ensure that 100% e-airway bills are implemented with airlines and forwarders?*



**Ramesh Mamidala** - "According to me, there are three fundamental issues on why the initiatives such as e-freight that benefit everyone have not taken off. One –we do not have educated staff work at the ground level. Two – given the variations and complexities of the cargo industry, there are lot of flexibilities allowed that encourage corruption and manipulation. Third – lack of automation to implement. It is difficult to change the systems every 2-3 years. We realized that these fundamental issues can only be tackled as a community. Hence, in Delhi, we raised these issues as a group and not at individual level. As regards the education issue, we provided free education to ground staff through a training institute. Also, from systems perspective, if there is a community portal, there is no extra charge paid by the freight forwarder, either for subscription or usage. That encouraged the adoption and once they get used to the systems and foresee the benefits, they will be ready to pay after 3 years. We, as an airport, invested in all these initiatives."

**Hakan Nilsson** - "Initiatives such as e-freight are beneficial to all the stakeholders. But are the benefits even spread to everyone? The answer is no. The receipt of electronic information benefits more. For airlines, this will be 3rd in the priority list but on freight forwarder list, it will be 7th. Even if it provides positive ROI, freight forwarders do not adopt since there are other projects in my priority which are more beneficial than e-freight. Hence, it has to be imposed as an airline and community with both reward and punishment consequences."

**Vivek Pandit** - "One of the major benefits of efreight are the alerts can be transmitted electronically to forwarder or shipper, on the status of shipment. These benefits are not intangible. Also, there are tangible cost savings for the forwarder. For example, at Mumbai airport, the cost savings was 9 euros per shipment. we developed the digital infrastructure to support 100% EDI. For 3-4 days, we chased the forwarders on the booking list to send the data, either to us or to the airline. After the 2nd day itself, we had 100% adoption. The airline is receiving 100% information related to shipment electronically for their flights. Further, when a multi-lateral agreement is signed between IATA, airlines and forwarders, then it drove adoption to 100% e-airway bill."



*Does the 'single process' mean that airlines have taken away the pain from the forwarders and transferred it to the ground handler or is the airline itself doing the printing?*



**Mazen Alhoms** - "Airline takes the headache. The freight forwarder processes electronic information of their shipments, regardless of the destination. Depending on the capability of the destination, airline takes a decision on whether to print another airway bill, on behalf of agents irrespective of whether they have an agreement with the ground handler at the origin or destination."

"Airlines subcontracts the printing and collecting airway bill tasks to ground handlers. With 100% EDI, the benefit is that you do not need to have people collecting the documents at the counter. However, the benefits may disappear if as a ground handler, you have various different procedures and formats to cater to. You need resources to manage these procedures and formats. You need to have one single process by the whole airport community at the local level. Otherwise, it is chaotic." – **Garcia Pedro**





The supply chain stakeholders are vital to the movement of International and Domestic air cargo to ensure timely delivery, be it door-to-door or airport-to-airport. With the advent of e-commerce, air cargo industry needs to adopt some best practices to cope up with the urbanization and liberation age. This session included presentations by Sam Okpro on modern technology trends affecting air cargo industry and by Ramesh Mamidala on the impact of e-commerce on GHA business. Following these presentations, the group discussed on various approaches to face these modern trends and the industry's transition in the near future.



**Sam Okpro**  
Managing Director, Pro-Cargo Consulting

### Cutting Edge Technology for Modern Age GHA

The air cargo industry is facing numerous challenges – changing customer demographics, technology advancements and new age business models. The industry needs to cater to multiple customer segments – baby boomers, millennials and even screenagers, who have varied interests and characteristics. Also, the impact of new technologies such as 3D/4D printing and Internet of Things on the industry in terms of speed, cost and design have to be considered. Ecommerce players such as Amazon are the at the forefront of leveraging modern applications viz. automated warehouse management and drone based home deliveries. There is a critical need for the modernization of air cargo industry so that it can remains relevant in a growing customer centric world.



**Ramesh Mamidala**  
CEO, Celebi Delhi Cargo

### New Age Business – Impact of e-Tailing (e-Commerce) on GHA business

In the past decade, there has been a growing dominance of ecommerce in India that will impact the air cargo industry in the near future. Increasing mobile penetration, large scale technology investments, expanding reach in rural market and government initiatives are some of the latest developments in India. These developments pose infrastructure challenges for the Air Freight industry, be it large facilities investment, automation, delivery speed, operational costs and managing deliveries during peak festive seasons. As regards to information technology, lack of shipment lifecycle visibility is a big issue since the IT systems are not integrated with the technologies of ecommerce players. Screening is a major delay area and ecommerce players are in discussion with regulatory agencies on how to speed up the screening process. The future value chain will shrink and comprise of only 2-3 players, with ecommerce companies intending to remove all intermediaries and increase collaboration.







Moderated by

**Franz Van Hessen**

MD Cargo, Koeln Bonn Airport

Q

*In the near future [5-10 years], what are the primary trends that the industry will be facing and what will be the impact of these trends on the current supply chain?*

A

**Sam Okpro** - "Let me address the impact of the trends such as changing demographics, advanced technologies and new business models. There has to be a major process change between the forwarders, airlines and GHAs, on how we deliver goods from point A to B in the required timeframe. For the new generation, the expectation is next day delivery. There needs to be a dramatic change in our current processes, both in cargo terminals and shipment handling, to speed up delivery. Automation and e-freight is a good start and we need to make sure that we implement that. Modern cargo terminals such as the one in Helsinki need to cater to future requirements. We also need to change our mindsets and act together as members of supply chain. Due recognition needs to be given to all the members, including ground handlers. Otherwise, all are threatened – cargo terminals, ground handlers, airlines."

**Uwe Beck** - "To build a new warehouse such as an automated one by Amazon, will take 3-4 years. Another issue is our managers are from the lost generation, who do not listen to the kids of the newer generation. They are open minded and willing to change. And there has been increase in mini-shipments which is handled in large pellets that is loss of space and efficiency. Even when we suggest improvements, there has been no action on the suggestions."

Q

*Do we see these trends as threat or an opportunity?*

A

**Patrik Tschirch** - "Being an optimist, I see these trends as an opportunity. There is a threat but I believe that threat will push us in the right direction. More than the carrier, the majority of the work is done by ground handlers and forwarding agents. These trends will make us wake up and be more creative again."

Q

*How can a handling agent with a huge asset base, profit from the new developments such as ecommerce? Not only adapt but change the processes.*

A

**Ramesh Mamidala** - "There is no easy answer to this. It depends on your current business model and how you accept to do your business. Currently, in India, you need to participate in an open bidding process to become a terminal operator. While participating, you agree to invest money in the business and also agree to share the revenue for 20-25 years. There are pressures from investors for their returns. The changes in business processes demand more investments, which is a difficult proposition. Hence, as GHA, you would like to stick to the existing business model. We tend to postpone the revolution. Due to exiting investments, our interests lie in delaying this change process. And once the revolution hits you, either you are out of business or invest more money to stay in the business. Unfortunately, we have no other option but to wait for the revolution to happen."

A

**Maarten Klijnstra** - "Amazon has got a mission to sell fast moving goods. They don't want to hold inventory and also want to respond within one day. Did we listen to them as industry or have they spoke to us as industry? No. But I see this as an opportunity. Amazon can stick to its core business of selling fast moving goods and not enter into logistics. Why will Amazon invest in huge number of assets? We, as ground handlers, invest millions of dollars for 60 day notice period. With our existing asset base, insurance covers, security systems and certifications, we need to revolutionize the way we view ourselves, sell ourselves and communicate our services."

Q

*How can IT support & drive the air cargo industry to adapt to this change? Unlike the other industries, IT in this industry is still hesitant to take the initiative.*

A

**Hakan Nilsson** - "In 1999, I was the CIO of the company where we were planning to ride on dot com boom. But, it was difficult for us to adapt to change, because of our mindset. Our chairman suggested that we establish another company, focused on dot com business, starting from scratch. And over period of time, we can move people who embrace change to that side. The limiting factor is in the mindset of the people. Another example is the air passenger industry. Most of the low cost airlines started from scratch. They did not have the baggage of legacy. The freight industry is resilient because of the complexities of the stakeholders involved. It's difficult to embrace the change unless you start from scratch."

**Vineet Malhotra** - "Traditionally, IT is viewed as an efficiency or productivity tool. Rarely, IT is viewed as a transformation tool. Ecommerce business is backed by solid technology base. They have used the power of transformation that IT provides as against the automation. And that's what we as an industry need to change our perspective regarding IT – more as a transformation tool than just automation."

Q

*What will be the associations' role in the context of modern changes and trends?*

A

**Sanjiv Edward** - "Change is inevitable. We have got a lot of experience and we need to think how we can leverage that experience to drive disruption. As a potential customer, Amazon thinks that we are not able to meet it's needs. There is a disconnect and that's what where we need to bridge the gap. Initiatives such as 100% e-freight are not disruptive enough. We need to think radical. Technology plays a major role in deciding where we are going. For example, there will be driverless cars. Is our industry equipped to cater to that kind of requirement. Borders will become virtual. We don't need custom posts and other such things. All of these will be reconciled in the technology system. We also have assets that can be leveraged. But there are missing links. From an industry perspective, I think we should all come together and find solutions from technology point of view. The key for us to remain relevant is to complement the technologies of ecommerce industry."

Q

*As an airport cargo operator, where do you see yourself 2 years from now?*

A

**Ramesh Mamidala** - "Frankly, I do not know. Today, we are one step ahead based on what we know. We understand that there is capacity shortage and our systems are not able to integrate with those of ecommerce. Hence, so far, we are trying to plug those holes. However, we do not know what the 'unknowns' are. We are trying to look into the ecommerce supply chain and see where we can add value to their business – IT, infrastructure or our ability to integrate. But I really feel a threat, because of our lack of exposure and understanding of their priorities and challenges, we will still be facing many surprises 2 years later."





## Key Findings

- Air Cargo industry operates in a highly non-standardized world, that affects collaboration among stakeholders. Business economics plays a bigger role than standardization or collaboration.
- The existing set of SLAs is exhaustive, long and difficult to assimilate. Apart from internal performance management, SLAs are a great tool to periodically communicate with the customers on what went well and what did not, providing reasons for the same. Technology solutions are improving to assist in capturing and reporting SLAs. Many IT vendors are adding SLA monitors to their solutions.
- KPIs need to be small in number, but highly relevant. Root cause analysis is key to take corrective action and for continuous improvement. KPIs should not be viewed in isolation but as a whole, to study their impact on the entire chain of events. KPIs should align with the business drivers.

## SESSION 1 Changing Business Environment : Need for Innovation

- Collect a set of KPI data from the group, analyze, benchmark and present to the group – lead by Kale Logistics, with Franz Van Hessen, Gonzalo Jacob & Maarten Klijnstra as volunteers
- Send a SLA template to the group to capture & measure SLAs – by Ramesh Mamidala

## Call for Action

## SESSION 2 Statutory Compliances & Controls : Boon or Bane?

- There is a high amount of non-standardization and non-uniformity in terms of regulations and data exchange among various entities, leading to communication challenges
- There is a need for an impartial index that can act as a benchmark for airports around the world to compare and improve
- With an increasing terror threat, ground handlers need to be self-responsible with issues related to security and compliance, and follow standard procedures, with or without regulation or oversight

- Explore building of an index for ease of cargo clearance at airport, which can be used as a comparative benchmark for various airports in the world – by Amar More, Anil Lulla, Sanjiv Edward and Hans Vanderzwet

## SESSION 3 Enabling e-Freight : Time for Out of the Box action

- It is imperative to review and revise old process, prior to implementation of e-Freight for gaining maximum benefits.
- Making e-freight mandatory is a pre-requisite for 100% adoption at a global scale. And an industry body, such as TIACA or IATA needs to take an initiative in this regard.
- The local grassroots level community issues have to be addressed while implementing e-freight, with education & enabling them with a digital infrastructure.

- Explore the sharing of TIACA's e-freight scorecard with the group, that describes the key challenges and benefits of e-freight to various stakeholders – Sanjiv Edward
- Study and implement 100% e-freight adoption in at least one station prior to next year's event – by Amar More, Mazen Alhoms
- Study the local challenges and learnings at Koeln Bonn Airport for e-freight – by Vivek Pandit, Franz Van Hessen

## SESSION 4 A New Horizon : The Modern Age GHA

- Newer trends such as IoT, 4D printing and ecommerce business models are disrupting the industry.
- The air cargo industry needs to reach out to ecommerce players to better understand the priorities and challenges. To cater to ecommerce supply chain, better efficiencies & alignment at the ground level have to be achieved.
- The industry needs to view IT more than just an automation tool and leverage the transformational power of technology to help with this transition.

- Explore creating transparency in the air cargo world, have innovation section dedicated to air cargo, explore on ways and means to attract young talent in the industry – by TIACA
- Provide ways of exposure to younger generation to such events and forums





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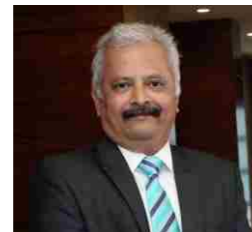
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# Kale's Work in Air Cargo Industry

Kale Logistics Solutions is a leading global Industry focussed IT solutions provider to the Logistics and Airports industry. It provides cargo community platforms and enterprise solutions for the entire spectrum of the Logistics industry.

Kale has delivered the pioneering innovative platform - **GMAX- India's & World's first Successful Airport Cargo Community Platform at Mumbai Airport.** India's First Airport Cargo mobile App developed by Kale Logistics was introduced at Mumbai International Airport.

Kale's **Air Cargo Management System - GALAXY** is a web-based global application in use at leading Airports worldwide. It is a state-of-the-art ground handling solution designed to act as a collaborative platform for stakeholders such as Airlines, GSAs, Bonded Truckers, Custom Brokers, Forwarding agents, Customs, Banks and other stakeholders. GALAXY system encompasses modules for Export, Import, Domestic, Warehouse, ULD Management, PO Mail/Courier, SLA, Invoicing and a web portal for stakeholder interaction. A comprehensive EDI module enables connectivity using CARIMP messages with Airlines and XML/EDI with local Customs.

Since 2011, **Kale's Cargo Community System for the Air cargo Industry- UPLIFT (India's first)** has successfully driven e-freight/ e-AWB adoption levels in India taking India to 6th position worldwide in terms of e-AWB adoption. With 4 Million+ EDI transactions, 2500+ agents and connectivity to 90+ Global Airlines, UPLIFT has been India's most Innovative community platform which is Globally recognised in KPMG's 'Top 10 Innovations'. UPLIFT case study is also part of curriculum for SCM students at KELLOGG B-School.

With over 350 man years of experience, Kale's IT solutions and next generation electronic collaboration platforms are serving 500+ clients worldwide including Leading Airport Cargo Ground Handlers worldwide across Asia, Middle East, Europe & Africa, apart from Leading CFS & ICDs, Customers from Mexico, Tanzania, CIS, Canada; Chile; Costa Rica; Guatemala; Mexico; Panama; USA, Saudi Arabia, Middle East & Africa.

