Hub and spokes

Paul Crinks sees IAS as catalyst for change in container shipping

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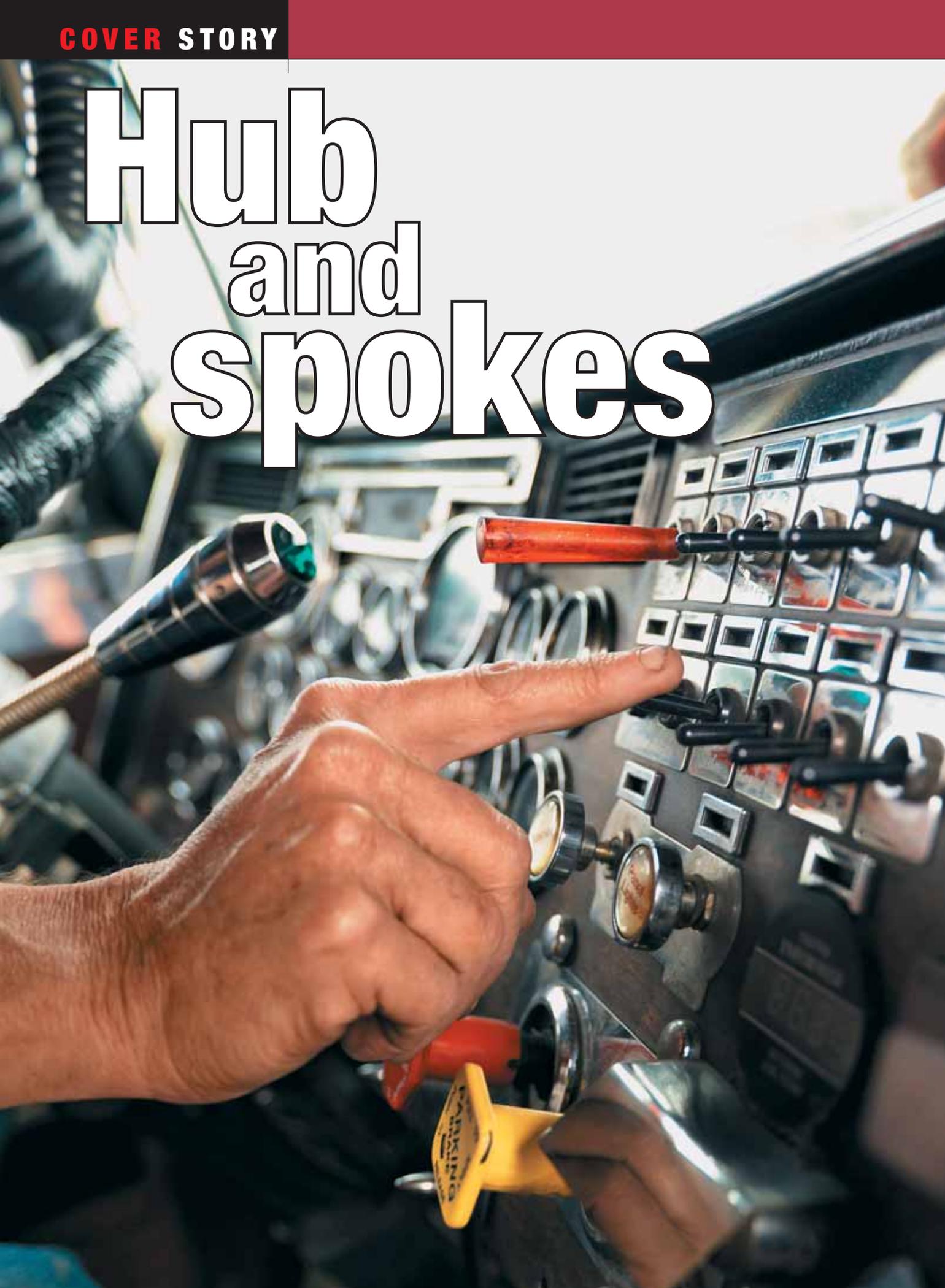
IAS bets that container database will revolutionize the intermodal industry

BY PETER T. LEACH

Ports are struggling to find ways to cut truck congestion and pollution. Ocean carriers are trying to reduce the imbalance between their loaded import containers and all-too-often empty export boxes. And trucking companies are looking to retain drivers by helping them make more trips and thus more money.

These problems have vexed the industry for years. For the most part, they remain unsolved, primarily because of inadequate data at the right place and right time, and the consequent inability of companies to bring more efficiency to their operations.

Paul J. Crinks is convinced that the only answer is for companies to share information through a common platform. Crinks is chief executive of Oakland-based International Asset Systems, which is building a vast database of information on containers in international trade and where they are in the transport cycle.

"When we set up IAS in 1998, we said, 'What the industry needs is a common operating platform,'" Crinks said. "What is needed is an ability for ocean carriers and all their trading partners to interchange data on container status and location on a global basis in real time. After that came the IAS Hub, which we've built over the last seven or eight years."

Crinks said the IAS Hub collects information on about 50,000 container "events," or movements, a day, or about 10 percent of all the containers moving in international trade. It uses the data to provide a variety of services for carriers, ports, truckers and railroad companies. Services range from helping companies manage container maintenance and repair to making it easier to perform "street turns" in which a trucker drops off one box and picks up another without returning to a marine terminal.

A number of other companies including Synchronet, Transamerica's Greybox Logistics Services, GreySlot and eModal are trying to do "bits and pieces" of what IAS is doing but don't directly compete with IAS, said Lee Clair, a partner in Norbridge Inc., a Boston consulting firm.

"The biggest competition to all of them is getting customers into a different way of doing business, because there is a lack of understanding of their value proposition. The danger for IAS and its competitors is that the industry continues to do nothing and protect the status quo," he said. "Will the dog eat the dog food?"

Crinks and his partners are betting it will. IAS was founded by a group that included Crinks and Steven M. Dowse, its chief operating officer. Phillip M. Behenna, senior vice president for U.S. intermodal, joined the company in 2000. All are deeply familiar with the problems associated with management of containers.

Crinks and Dowse came from Transamerica Leasing, where Crinks was managing director of Greybox

IAS Chief Executive Paul Crinks

Street turns

How IAS InterTurn works

1. IAS Hub collects data on container movements, or "events."

2. Ocean or motor carrier uses data to match import container with export load.

3. Trucker picks up loaded import container at intermodal rail ramp.

4. Trucker delivers loaded import box to destination. Driver uses cell phone software to advise of delivery.

5. Carrier matches trucker location with nearby export order.

6. Carrier directs trucker by cell phone message to pick up loaded container for return trip to intermodal terminal.

Logistics Services, an online equipment-exchange service. Dowse was Transamerica's chief information officer. Before joining IAS, Behenna worked for P&O Nedlloyd, which was one of Greybox's largest customers. The team set up IAS with financing from a private source that has stuck with the company as it built the IAS Hub and began to roll out the services that the financiers believe will make it a container industry must-have.

IAS has spent years developing sources for container information. IAS Hub has automated connections with 7,000 users around the world, including container depots, intermodal marketing companies, ocean carriers, container-leasing companies and rail ramps. IAS slices and dices this data to provide multiple services with a common goal — reducing costs related to the operation of containers.

One such service is InterBox, an online system that intermodal marketing companies use to book domestic containerloads online. There's also InterChange, which ocean carriers, 3PLs and container lessors use to reduce container-repositioning costs. IAS's EquipmentRepair is a Web-based system that enables ocean carriers to electronically manage their container maintenance and repair cycles.

With the technology for collecting container data and the software to manipulate it already in place, other services are on the way.

IAS is rolling out InterTurn, designed to help users employ street turns to cut the cost of returning empty import containers to ports or sending them to inland points where they can be stuffed with export loads.

Potential savings from improved container utilization and reduced truck miles are huge — there are roughly 2.8 import containers for every export container on the trans-Pacific, and about three import containers for every two exported on the trans-Atlantic, according to PIERS Global Intelligence Solutions, a sister company of The Journal of Commerce.

An IAS joint venture with Trinium Technologies will use technologies such as software on GPS-enabled mobile phones to help reduce empty truck miles by enabling originators of containerloads to exchange information with trucking companies and truck drivers on loads from pick-up to delivery. By providing visibility for import containers on the so-called last mile of their truck trip, InterTurn will make it easier to direct a driver who has dropped off one load to deliver an empty box to a nearby location for stuffing with an export load.

IAS also has been awarded a joint contract with eModal, a pioneer in truck-reservation systems, to create a virtual container yard in the ports of Los Angeles and Long Beach and Southern California's Alameda Corridor. "It's an important element of our program to reduce congestion and pollution," said Richard D. Steinke, executive director at the Port of Long Beach. "We expect it to have a real positive impact on our truck-trip reduction program and a positive impact on congestion here."

Phillip M. Behenna

Steinke described the virtual container yard as a "dating service" for containers and truckers. If a driver can return to port with a loaded export box instead of an empty container, "we eliminate the two redundant trips, cut congestion and reduce the air pollution associated with those two redundant trips," he said. The virtual container yard is just getting under way. "By this time next year, we'll have a good idea of how many truck trips have been reduced. We hope it catches on in a big way, enough to prove that the virtual container yard has a future," he said.

IAS's Behenna said emerging technology and industry needs are converging. "I call this the year of the trucker," he said. "You've got GPS-phone technology starting to take off and valuable last-mile data still uncaptured in the industry, and you've got carriers looking for savings at a greater time probably than ever. And you've got the environmental side of it, too, with everybody wanting to do something about that by cutting the number of truck trips."

These two new ventures offer immense promise, but they may take a while to catch on in the trucking industry, said Norbridge's Clair. "Everything IAS is doing makes sense and will work, but the key and the difficult part is getting the drayage companies and ocean carriers on board and tying in all the trucking moves," he said. "If they can do that, there's lots of value for the ship line. It can better manage its containers by linking them up with their next load."

Clair said the use of IAS software by truckers on their GPS-enabled mobile phones is a logical extension of InterBox, which he said is being used by the vast majority of U.S. intermodal marketing companies for domestic repositioning. "The management and utilization of containers and chassis by ship lines is very poor, so the velocity and productivity is poor," Clair said. "With a lot more information, they can start street-turning international boxes and directing them to where they want them to go, which means decreased storage costs and not paying for drayage moves in and out of storage facilities."

IAS has recently signed up four ocean carriers, including CMA CGM, Mediterranean Shipping Co., U.S. Lines and another that preferred not be named, for the InterTurn service. But this is not a critical mass in the very fragmented container shipping industry, said Michael J. Winchester, an independent technology consultant. He said IAS needs to build critical mass by signing up all of the members of one of the carrier alliances. "If they can do this, it has a lot of potential," Winchester said.

Behenna is not especially worried about building critical mass. He said the company faced the same problem in 2002 when it started EquipmentRepair, which was designed to allow ocean carriers to keep track of containers undergoing maintenance and repairs at container depots.

Before EquipmentRepair was launched, carriers and depots communicated by fax. Now the IAS service is used by 18 of the top 20 ocean carriers to manage their maintenance and repair. "We have now connected 1,600 container depots in nearly 80 countries around the world where the equipment gets repaired," Behenna said.

"What we learned by cutting our teeth on the first 300 to 400 (depots) is that everyone started to sit up and take notice," Behenna said. "We think that the same thing will happen after we've connected the first 300 to 400 trucking companies because everyone will see that's it such critical data and such valuable stuff. It will give us critical mass. It's all in the U.S. initially, so we don't have to worry about those 80 countries yet."

Instead of sending paper faxes or e-mails, repair vendors now log onto the Web-based system and enter repair estimates. M&R managers at ocean carriers do the same, logging on each morning to review and approve, change or reject proposed repairs.

United Arab Shipping Co. started using the EquipmentRepair services in 2005. Jim Millar, assistant vice president in UASC's container management department, is enthusiastic. He said UASC had developed its own sophisticated M&R system that streamlined the repair process and gave it better cost estimates, but that it had no way of connecting the system to the repair depots. UASC now uses IAS to connect with about 140 M&R depots around the world, of which 87 perform the bulk of its repair work.

Millar said UASC intends to maintain its electronic links to the IAS Hub "for the foreseeable future." UASC is also using the InterChange facility, which "has saved us considerable repositioning dollars in return for a small fee, but it's beneficial to the bottom line." The company is considering using the InterTurn service in North America.

"It's a very clever concept to reposition the unloaded container to a shipper with an export cargo in the proximity instead of repositioning it back to the terminal." He said UASC has its own system for repositioning containers in Europe and the Far East, but would use it in the U.S.

Millar said IAS proved itself with EquipmentRepair. "If we hadn't had that system in place, I think we would have had severe difficulties. We are reaping the benefits of its productivity," he said. "The difference between what we had before and what we have now is the difference between chalk and cheese." ◆

Peter T. Leach can be contacted at pleach@joc.com.

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