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## International Asset Systems

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**2**009 will be a perilous year for the container shipping industry: The trickle of bankruptcies seen during 2008 may develop into a tsunami. While carriers may not be able to singlehandedly rescue the economy, they can mitigate their risk. One way is to entrust the provision of systems for noncore functions to shared third-party service providers.

Some liner functions are undeniably core: Sales, e-commerce, trade management and vessel deployment comprise the product and allow for service differentiation. But the development of systems to manage non-revenue-generating activities such as container imbalance, maintenance and repair, and vendor management could and should be outsourced.

The nature of the industry network supports such a change: Ocean carriers already depend on a “shared infrastructure” of third parties — terminals, container yards, trucking companies and railroads — to execute



their operations. But there is no longer the latitude in profitability to allow ocean carriers to interact with this shared infrastructure individually, replicating functions across the industry, compounding this by designing customized systems to handle common processes and in turn forcing vendors to be inefficient and costly.

Reinventing the wheel is not always a good solution. We all rely on utilities to supply our water, take away our garbage and provide janitorial services to our offices. Transportation companies must differentiate themselves on what they do with their data, not on the collection of that data.

The industry cannot support a myriad of container-repair or truck-dispatch systems. Third-party systems already exist for the industry at large and can be provided efficiently on a pay-as-you-go basis. Communication can be streamlined, and ocean carriers and vendors can lower their costs through standardized work processes. The industry needs to move swiftly and decisively. The solution is present and ready to take up the challenge.

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