

## Supply chain embraces remote solutions

*More companies are turning to cloud-based solutions as a way to boost productivity and enhance service, reports Correspondent Phil Hastings*

Two recently-announced developments highlight the presence of a growing 'cloud' now becoming increasingly apparent across the Asian and wider global logistics scene.

However, unlike the dark clouds, which continue to roll across the economic skies in various parts of the world, this particular phenomenon is having a positive impact on the logistics industry.

The development of 'cloud computing', an operation which involves companies using a network of remote servers hosted on the internet to store, manage, and process data rather than a local server, is beginning to garner more attention in the supply chain business.

One recent example in Asia saw Trade Tech, a US-based global supplier of cloud-based solutions for the logistics industry, announce in January that it would be providing solutions to meet Japan's new Advance Filing Rules due to take effect in March 2014.

Specifically, claimed Trade Tech, it had become the first US-based provider to have its electronic filing solution authorized by Nippon Automated Cargo and Port Consolidated System, the Japanese government entity responsible for import/export and Customs clearance services. One of the key factors which had enabled Trade Tech to secure that authorization, stated the company, was its cloud-based Automated Manifest System (AMS) experience.

Expanding on that point, Bryn Heimbeck, Trade Tech's chief executive officer, said the company's Syrinx AMS application was already used to meet 24-hour advance filing rules in North America and the EU.



"This is another example of where relying on a cloud-based technology solution creates a single global solution. We believe that 10 years from now, most countries will use the cloud, which presents the opportunity to link people globally on a single interface."

A second recent example of a 'cloud computing' development in Asia's logistics industry emerged in February when CargoWise, an Australian SaaS (software as a service) provider to the logistics industry, announced that its cloud-based ediEnterprise solution had been adopted by Singapore-headquartered intra-Asia multimodal freight service company Jetsea Logistics "in an effort to boost productivity and enhance customer service".

Mike Coney, vice-president of business development for CargoWise in Asia, added that Jetsea Logistics was in fact one of a number of new customers for the technology solutions company in Singapore, "where a high level of competition has forced the freight and logistics industry to increase its focus on productivity".

Elaborating on that last point, Richard White, CargoWise's chief executive officer, claimed that generally, 'the cloud' offered "tremendous benefits" for logistics companies because they could "take off their complex day-to-day IT management and costs and refocus their efforts on the value chain".

"The cloud also allows logistics service providers to grow and scale without complexity or pain. It enables rapid expansion and roll out of technology to large offices, remote sales offices and virtual offices run by agents. It enables businesses to grow and compete with the biggest of providers, because it provides access to software which is often costly to run and maintain," he added.

Commenting specifically on the current situation in Asia, Trade Tech's Heimbeck suggested that in local offices, "most of the logistics people are just running small local servers and the way they share that information with somebody else is to print it, scan it, cache it to e-mail and then EDI it, via e-mail, to their counterpart somewhere else".

"The vast majority of reports coming out of Asia are written in Excel and transmitted via e-mail. It is a flexible way of doing business but it takes a lot of manpower and overheads. What we are talking about with cloud computing is that you really only have to grab the information once," he said.

Another aspect of that information collection/exchange issue was highlighted by Steve Dowse, chief operating officer and chief technology officer of International Asset Systems, a US-based provider of cloud-based solutions for intermodal transportation and global container shipping.

"One of the challenges of many legacy systems used by shipping lines and logistics service providers is that critical information associated with the shipping of goods throughout the supply chain is either too difficult to capture from the various participants or if available is too often locked up within silos," he said.

"One of the key benefits of cloud computing in the supply chain is that it fosters collaboration, giving the ability of even the smallest participant to provide information in a secure, timely and accurate manner, and for the information then to be made available to multiple stakeholders through ubiquitous internet access. This heightened level of information visibility then naturally lends itself to greater collaboration and ultimately improved service at a lower cost."

Going into more detail about the claimed cost advantages of cloud computing, Trade Tech's Heimbeck said one key area involved savings on hardware. "Take as an example a logistics company with 55 offices across China. If each office has a US\$2,000 server, which is cheap for a server, then that's a total of \$110,000 - and those machines don't last forever."

Another potentially significant area of cost saving for the freight and logistics industry, claimed Heimbeck, centred on the filing of data to relevant authorities and carriers.

"If you go to a cloud-based solution and file your security requirements to the US, Canada, or Japan on line it will cost you about \$1.50 per transaction. The other option is to hand over your confidential information to the carrier and they will charge you about \$25," he said.

"Also, if you deliver your bill of lading instructions to ocean carriers today they will charge you between \$35 in Hong Kong and an average of \$50 in most other parts of Asia, Europe and the US. But if you give that information to them electronically via their portals, it is \$9."

Heimbeck said such cost savings added up. "We have big traffic volume customers, both shippers and forwarders, who have literally saved \$1 million in the first year on a small expense like transmission of AMS in the US."

However, Heimbeck admitted that switching over to using cloud-based solutions did present logistics companies with certain challenges. The first, he said, was its complexity and the fact that people would have to work with something new. "Companies need to take time to think about doing things in a different way. There is a learning curve involved."

The second issue, continued Heimbeck, was the cost of investing in such systems. "But companies have to look at the overall picture and the net effect. They may have a new expense but they will be losing a series of other costs."

Thirdly, he said, there was a "trust" factor. "People might say well I trust what's going on now because it has worked thus far for me, how can I trust somebody else managing my data? But people do that all the time in other contexts."

CargoWise's White added that additional challenges for companies considering the adoption of cloud-based solutions included opposition or negativity from vested interests, both external and internal. In the latter context, for example, internal IT departments and managements might advise against 'the cloud' because they were worried that such a move would result in a downsizing of their departments.

"In some ways it is crazy to ask IT staff or IT management to advise themselves out of a job but that is the right decision to take. The CEO should look at the fundamentals and they should assess what systems can be safely upgraded into the cloud and which need to be operated internally - and that is a strategic decision which should be left to IT management," he said.



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