



Knowing Whom to Bill for Rental of Chassis Is Critical for Port

When ocean cargo lines decided to divest their chassis, Hampton Roads Chassis Pool had to take on the equipment leases. The challenge was determining whom to invoice for the use of the ‘wheels.’

Supply chain is about more than just moving stuff; it’s about keeping tabs on it as well. It’s also about knowing who owns an asset, who’s using it and who is to get the bill for it. When ocean carriers decided they were going to get out of the business of owing or leasing chassis, the “wheels” needed to move cargo around and out of terminals and ports, it caused a scramble that’s still playing out because thousands of pieces of equipment changed hands—and so did payment obligations.

Someone else had to either own or lease the huge number of chassis that motor carriers use to haul ocean containers. That was the situation faced in Virginia, by the Hampton Roads Chassis Pool, which took on the leases of those assets. That in itself was a challenge, but the more complex part may have been having to determine who was to

Ocean carriers may still opt to pick up the tab for preferred customers, such as some of the major retailers. Those exceptions must be monitored carefully and accurately.

receive the invoice for the use of the chassis—the trucking lines moving the cargo containers or the ocean carriers who had divested themselves of the equipment in the first place.

Hampton Roads Chassis Pool, or HRCPP, is a wholly-owned subsidiary of Virginia International Terminals, the operating arm for the Port of Virginia, itself an agency owned by the state’s Virginia Port Authority. HRCPP, operative at the harbor of Hampton Roads, Va., is prohibited from owing capital assets, says Art Ellermann, HRCPP general manager. But it’s sure surrounded by an ocean of leased wheels—managing somewhere between 13,000 and 14,000 chassis.

That’s down from an estimated 24,000 pieces of equipment, Ellermann says, but tracking even the smaller number and invoicing the right party is a highly complex operation. It wouldn’t be possible, he says,

without the ChassisManager solution from International Asset Systems.

IAS is in the business of connecting intermodal transport operators and their trading partners to deliver business applications and information online. The company's intermodal information network includes ocean carriers, logistics providers, equipment lessors, motor carriers, repair facilities, beneficial cargo owners, barge operators, manufacturers, freight forwarders, and rail carriers.

IAS offers a number of transportation technology solutions, but its ChassisManager product is designed to handle the "chassis-provisioning model" brought about when ocean carriers decided to spin off those ownership and lease obligations. The lines' decision turned the traditional business model on its head and was "the most significant operational change in the industry in 30 years," says John Allen, senior vice president, client services, IAS.

The new reality required a new way to enable asset providers to easily and conveniently rent their chassis to motor carriers and other potential chassis users, says Chris Mazza, chief commercial officer at IAS. "Ocean carriers continue to rapidly move away from chassis ownership and direct provisioning. In order to ensure a smooth transition from the old ocean carrier provisioning model to the new motor carrier based model, and to ensure a safe, consistent and reliable source of chassis to meet ongoing customer demand, a mutually beneficial platform is required."

Even though chassis are a critical component in the intermodal chain of containerized cargo, Mazza says, many motor carriers and other chassis users do not know what to expect in terms of chassis availability, prices and exceptions in the new provisioning model.

The ChassisManager solution is intended to meet those questions head on—and head off the headaches that folks like Ellermann face. Payment is perhaps the biggest issue he has to deal with. "In this business, people will hold up a dollar for a dime. If there's a dispute over an invoice, they won't pay it."

It seems like it should be simple: since the ocean carriers neither own nor lease the chassis, then it should be the "merchant" carriers—the trucking lines—who actually use the equipment who should be invoiced. The reality is a bit more complex, Ellermann

says. The ocean lines may opt to pick up the tab on behalf of their preferred customers, perhaps some of the big-box retailers. Those exceptions, which can vary considerably from customer to customer and from day to day, must be monitored accurately, no easy task without the IAS application.

ChassisManager utilizes the IAS cloud infrastructure and the company's InterAsset platform to include high-level chassis rental functions, such as:

- Chassis user registration and administration—establishes and enforces chassis user acceptance criteria and business rules; integrates with industry-specific insurance compliance clearinghouse.
- Event management—receives event data from the chassis pools as they release and accept equipment; generates exception reports to monitor compliance and to correct errors for improved billing accuracy.
- Pre-billing and invoicing—generates

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invoices to motor carriers for their use of chassis; stores rates, billing rules, and billable events; integrates with chassis owners' systems; incorporates pre-bill functionality that enables motor carriers to dispute incorrect underlying activity rather than charges on generated invoices.

- Collections—accepts payment using ACH, credit cards or other commonly accepted methods; provides on-line invoice resolution; tracks collection efforts.

The pre-billing process enables the parties to review invoices before they are transmitted, Ellermann says, an invaluable

service. HRCP wants a seamless and smooth transition, but discrepancies ensure just the opposite. "You can't collect if the billing isn't correct," he says. "You have to have the ability to preview the invoice. Once you go into dispute, it's not going to bill. But if they can review things on a daily basis, they can say, 'Yeah, this is right, this is wrong.'"

The implementation of ChassisManager began in August 2012. Onboarding of trading partners' data followed in September, and the application went live in October. Hiccups? Yes, both IAS and HRCP acknowl-

edge that the process hasn't been flawless, but there is great confidence going forward.

Says Ellermann: "There have been some growing pains, but this is going to be a big success."

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