

# Change is needed

Shippers want predictable, reliable, secure, and sustainable distribution of their cargo globally. Our air cargo partners tell us they are working for a safe, sustainable, profitable air cargo supply chain.

Our collective vision for the estimated USD5.7 trillion worth of goods we airfreight annually should be aligned, but the reality is very different.

In practice, a lack of communication and reluctance to adopt e-freight in the traditional airfreight industry means we are losing out on quality, efficiency, and transparency, and it is time for a change. Layers of subcontracting mean that the shipper has lost control of the supply chain and we need to work together to create a "one-click" airfreight product with smart monitoring.

## Challenge

At a time when manufacturers are facing evolving and challenging market conditions and seeking new ways of competing, it seems a challenge for the air cargo industry to catch up with the requirements of its customers, the shippers. Excellent supply chain services are a much-needed competitive advantage.

Meanwhile, the e-commerce revolution is completely altering the way we all do business and we must make sure we can take advantage of this significant opportunity. For shippers, this means being able to rise to the challenge of our customers demanding greater transparency, and at the same time being able to control costs and work towards greater facilitation of international trade in an increasingly complex and rapidly changing regulatory landscape. Other modes, such as ocean, the integrators, or truckers have changed, but air cargo is still doing things the way it always has.

For change to happen, all stakeholders, from airlines and forwarders, to ground

handlers and truckers, must engage in constructive discussion, and shippers must be included in that process.

The Shippers' Advisory Committee (SAC) was formed with the aim of supporting this necessary change process.

We represent a broad spectrum of customers, with varied needs, from pharmaceutical companies to machine manufacturers, and we aim to bring the voice of the shipper to discussions and initiatives being pushed forward by organizations such as the International Air Transport Association (IATA), the World Customs Organization (WCO), The International Civil Aviation Organization (ICAO) and the International Freight Forwarders' Association (FIATA), and the Global Shippers Forum (GSF).

The e-freight roadmap championed by IATA is an important program, which we fully support. SAC aims to help industry better understand the needs of the shipper as we all work towards full e-Air Waybill (e-AWB) penetration. SAC aims to open up information channels to help all parts of the air cargo supply chain to properly understand the issues facing us, the customer.

As part of the change, we also want to spark debate on how to innovate, be it adopting new process or new technology.

## Roadmap

Technology is key to the future success of our industry. It opens the door to efficiency and real-time information, leading to savings for the whole chain, and a reduction of time to market.

SAC has several short-term goals, including investigating a logistics data backbone solution.

A data backbone is a combination of hardware, software, and services that connects trusted users in order to provide secure, fast, and reliable data exchange

and increase business efficiency.

At the moment, the air cargo supply chain requires 21 documents to be sent 40 times in 20 steps. It is complicated, it is expensive, it is outdated, slow, and unreliable.

A decentralized open platform with a shared collaborative environment would enable seamless integration and real-time visibility over freight. Those 21 documents could be sent once, in 12 steps, improving performance and quality and increasing the attractiveness of the airfreight supply chain.

## Data re-entry

We would be eliminating data re-entry and errors, instead having first-time right data, updated by real time events and maintained to reflect "one version of the truth". We would be boosting efficiency and flexibility. SAC is also championing innovative technology such as smart labels.

We need to know where goods are and how they are being treated as they travel through the chain. An "intelligent box" will give us answers to many of our problems.

It will tell us where it is so that we can track in real time and it will be able to log the treatment of our goods – have they suffered a shock, as well as data about temperature and humidity

The intelligent box will be able to tell us what is in it and identify dangerous goods, for example.

It will help with warehouse management, count products, undertake stock inventory, and even locate products.

The future must be in collaboration – working together we can change things in a way that will be beneficial to all parties.

We cannot do that as shippers in isolation and the industry cannot achieve change without listening to the customer.

Together, by exploring new ideas and debating the issues that affect us all, we can and must make a difference.

# TECHNICAL INNOVATION

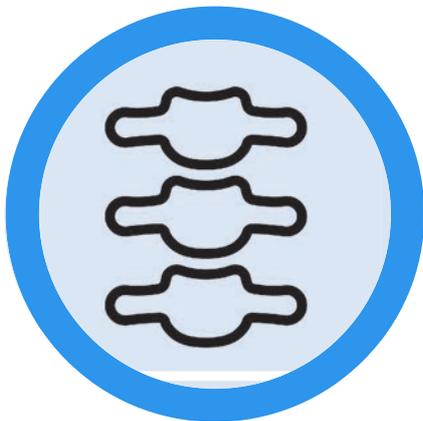
New technology will enable seamless interaction between all players in the air cargo community so that we can improve performance and create new opportunities. Technology will deliver:

Easy integrated access – to capacity, route, and rates

Easy monitoring – using smart labels and systems integration between players

Easy invoicing – one rate sheet, one invoice

## LOGISTICS DATA BACKBONE



A combination of hardware, software, and services that connects trusted users.



Operational decentralized platforms accessible by all partners in the supply chains through a global unique identifier.



Shared data means seamless interaction and real time visibility over freight.



First time right data, updated by real time events and maintained to reflect 'one version of the truth'.



Prepare for the future where data and information are the assets.

## SMART TRACKING INTELLIGENT ULD BOXES



The connected ULD box with a unique identity.



Real-time information on location.



Data can be analyzed to optimize supply chain.



Warehouse management, stock inventory, and location.



Treatment of goods including logging of shock, temperature, and humidity.

# Process innovation

Working together towards a more efficient industry

Airfreight customers have a broad spectrum of needs depending on which industry they come from. We need to better share information and investigate new processes.

## 3 Ideas

### Digitalization and big data analysis

Delays are predominantly caused by the way information is managed in the supply chain and the industry must digitalize to remove unnecessary steps. The amount of data generated by airfreight activity could be shared and used in different situations to alert about flight delays or logistics disruptions, and to allow predictive logistics.

### Consolidation

While recognizing the benefits of consolidation to shippers we need to look for ways to increase transparency and reduce the risks of mishandling that traditionally come with it. For instance, through innovative data communication and providing options that reduce the need for physical consolidations and allow for virtual ones.

### Lean processes

Identify and drop redundant processes in order to decrease lead-times, decrease costs and risk of damage, and/or missing pieces.

# Next steps for the Shippers' Advisory Committee

The Shippers' Advisory Committee (SAC) will be meeting regularly to discuss options for the industry to better collaborate. The needs of shippers vary a great deal depending on the sector they are involved with, and SAC

wants to provide a platform for all of those issues to be aired.

Over the course of the next few months, each member of the Committee will be drafting an essay outlining their concerns and challenges based on the sector they are involved with.

The first essay will be written by Lars Droog, Head of Supply Chain and General Affairs for TOSOH Corporation, and will be published on line, in the TIACA e-newsletter, and in TIACA Times. In addition, SAC will host a session at TIACA's Executive

Summit in Miami in October exploring some of the challenges faced by shippers in more detail.

SAC looks forward to a healthy dialogue with suppliers across the supply chain as we work together towards a better industry.

## Shippers' Advisory Committee

The SAC aims to help change the airfreight industry by bringing the voice of the shipper to the global discussion, encouraging data sharing, and supporting technical innovation.

The group includes logistics decision-makers from a broad spectrum of industries, including pharmaceuticals, perishables, machinery, and beauty products, who act as a platform for communication and collaboration within the air cargo community.

Together, they spend millions of dollars on the global transportation of air freight and believe the traditional industry needs to better understand their very different needs in order to boost quality and embrace new opportunities. SAC believes that all sectors of the air cargo supply chain must work together to move away from a fragmented approach and work towards greater transparency and improved processes.



**Chairman Lars J.T. Droog**, Head of Supply Chain and General Affairs for Tosoh Corporation, is

also Vice Chairman of EVO's Airfreight and Express Council, a committee of the Dutch Shippers' Council. Droog holds a bachelor degree in business administration from Amsterdam University of Applied Sciences and has almost two decades of experience in the aviation sector.

**Vice chairman Robert Mellin** is Engagement Lead Logistics at Ericsson Industry & Society.



Mellin has over 20 years' experience in the logistics and transport industry and held senior roles at Kuehne + Nagel, and Nokia, before joining Ericsson in 2010.



**Bernhard Baertschi** is Head of Export at Bioforce AG. He has over 30 years of experience in supply chain management, and has held management roles at Swissair, Crossair, DHL Express, VIA MAT Group and Skycell prior to joining Bioforce this year.



**Pascal Meyer** is Head of Transportation and Customs at Chanel Perfums Beauté and also leads the air freight committee of the French Shippers' Council (AUTF). He was worked with Pierre Fabre and Roche overseeing their logistics functions.



**Tom Erling Mikkelsen** is Head of Airfreight at Marine Harvest Terminal and has almost 30 years' experience in logistics, project management, and air freight, including management

roles at DHL Global Forwarding Norway and Lufthansa Cargo.



**Alex Nieuwpoort** has spent the last 15 years at Sandvik Machining Solutions and

worked from Warehouse Operations Manager up to Order to Delivery (OTD) Director. With almost two decades in the supply-chain industry. He has a deep knowledge and passion for logistics and supply chain management.



**Yoram Eshel** has been Senior Director, Head of Global Transportation and Logistics at

Teva Pharmaceutical Industries since December 2003. He has been within the industry for almost 30 years, previously holding senior roles in Geologistics USA and Dephna Weisman & Lavy.

## About TIACA

We champion every size of business and help shape the policy which affects all our members, providing a unifying voice for the industry, working for global standards,

and raising the profile of air cargo. TIACA is a not-for-profit trade association representing aircraft manufacturers, airports, all cargo airlines, combination carriers, consultants, Customs brokers, educational institutions, equipment

manufacturers, general sales agents, ground handlers, freight forwarders, integrators, IT systems providers, logistics companies, road carriers, shippers and screening technology developers.

[More at www.tiaca.org](http://www.tiaca.org)