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By Greg Knowler

SHIPPING RATES, IN REAL TIME

Online solutions are key to handling the ups and downs of rates and surcharges, CargoSphere president says

KEEPING TRACK OF constantly changing rates and amendments in the container booking system is complex and an exercise in frustration for forwarders, beneficial cargo owners and non-vessel-operating common carriers, but it's crucial to establishing a bottom-line cost, CargoSphere President Neil Barni believes.

Take the current fiasco that is the trans-Pacific. Container lines in the trade decided in November they would levy a massive general rate increase on Dec. 15. But without a formal announcement, customers and the media assumed the GRI had been postponed.

It hadn't, and member lines of the Trans-

pacific Stabilization Agreement will be levying the \$1,000-per-40-foot container on Dec. 15 as planned. Maersk Line and Hapag-Lloyd also announced their own \$1,000-per-FEU GRIs on Nov. 14.

Those GRIs will be on top of any port congestion surcharges that may be levied. These were announced on Nov. 14, suspended after pressure from shippers and scrutiny from the Federal Maritime Commission, and then re-announced, and then some lifted again. If enacted, the fees could average \$800 per 20-foot container, \$1,000 per 40-foot container, \$1,125 per 40-foot high cube container and \$1,266 per 45-foot container.

For forwarders and BCOs, it's an increasingly complicated area that takes huge amounts of time and effort to negotiate.

But this complexity is driving innovation in the automated booking space from technology solutions companies such as cloud-based global rate solutions platform CargoSphere.

Barni outlined the difficulties shippers and forwarders face in obtaining transportation quotes. Confidential steamship contracts come in 60-page documents in Word, Excel or PDF formats, he said, making it difficult to "assemble the puzzle and create a bottom-line cost."

"The problem is that these static files are immediately obsolete," Barni told The Journal of Commerce. "By the time you have received the e-mail and pulled out that PDF or Excel file, sent it around or put it on a shared drive, it is already old."

Asked how CargoSphere was keeping on top of the rate and surcharge changes on the U.S. West Coast, Barni said they were being handled by the system. "You can only be as up to date as the last announcement, but if you



have an efficient way of putting it into the system, the viewers are all seeing the changes in real time, and at least it doesn't have to be wrapped up in a 60-page document," he said.

The sheer scale of amendments in ocean shipping is incredible. "Our clients have had between 50 and 100 amendments year-to-date. The rates on every contract are changing at least every week if not twice a week," Barni said, calling it the "amendment racetrack."

"The base rate runs for three or four

all the amendments and allows the company to calculate a customer's bottom-line costs, which is difficult with so many changing charges, Barni said. "Sometimes you have a BAF coming out on the 5th and a GRI on the 15th, so the rate is only good for 10 days," he said. "For the shipper, they see five or six surcharges per ocean rate, and that can sometimes reach as much as 20 surcharges."

But the complexity doesn't end there. There are contracts between non-vessel-operating common carriers, large forwarders,

CargoSphere to distribute rates confidentially with selected customers. There are 200 companies on the CargoSphere platform, with 3,000 active users managing 6,000 trade lane contracts.

Chicago-based SEKO Logistics joined the platform this year, and year-over-year business growth is up 28 percent, said Jose Quesada, vice president of ocean services. "We're winning more business due to fast quoting and the integrity of the data," he said.

This ability to provide a quote in real time can be the difference between winning or losing a contract.

Freightos, a Hong Kong-registered online freight quoting company, also has automated the routing and pricing of freight, allowing forwarders to quote instantly for even the most complicated routes. "If you quote instantly, and someone else quotes after three days, you are at least doubling your chances of winning the business," Freightos CEO Zvi Schreiber told *The Journal of Commerce* recently.

Barni agreed. "If you are late responding to rate requests, it is unlikely you are going to win the business," he said. "It is such a competitive market, and that is why I think it is a business imperative to have a system like ours that allows companies to be responsive." **joc**

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months. On top of that is the bunker adjustment factor that might be monthly or quarterly. Then peak-season surcharges are coming in and going out through the year, adding complexity. The GRIs will run for a certain period, but if you have market power, you may be able to remove or reduce it. Now you have a new base rate," he said.

The CargoSphere architecture organizes

co-loaders, regional and local forwarders, and the agreements they all have with carriers. All this information is handled on a CargoSphere platform called Rate Mesh, which allows real-time collaboration globally.

BCOs use the platform to manage their confidential contracts and to coordinate carrier selection and booking with their freight forwarder partners, while carriers use

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