American Shipper
GLOBAL TRADE & LOGISTICS

Software provider CargoSphere sets up link between UASC, SEKO Logistics to provide real-time rates

The project will enable third-party logistics provider SEKO to expedite the availability of rates, improve their accuracy since prices are coming directly from UASC in CargoSphere's cloud-based platform, and reduce staff hours in the process.

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By Eric Johnson

Neil Barni started his freight rate and contract management software company CargoSphere more than 15 years ago, but for most of that time, he's been planning for a specific occasion: the time when he could bring shipping lines directly into his network of rate sharing.

That day came this week, when CargoSphere announced that ocean carrier UASC was working directly with the non-vessel-operating common carrier arm of SEKO Logistics to speed the delivery of rates on the Asia-Europe lane through CargoSphere's system.

The project will enable SEKO, a customer of CargoSphere's the past two years, to expedite the availability of rates, improve the accuracy of those rates since they're coming directly from UASC in CargoSphere's cloud-based platform, and reduce the staff hours dedicated to uploading and amending rates.

Jose Quesada, vice president of ocean services at SEKO Logistics, said that it typically takes less than 24 hours for an amended rate he's agreed on with an ocean carrier to be uploaded into CargoSphere's system.

Once the carrier and SEKO agree on the amendment (a general rate increase, for example), "they send the amendment, and it has what you agreed on," said Quesada. "I sign it, they countersign it, and then I get that back and hand it over to CargoSphere. Then they upload and that's where the 24 hours kick in."

The difference with the UASC connection is the elimination of several steps.

"Once I endorse it, it's loaded, because UASC's hooked up to the same collaborative platform," Quesada said. "I've got my most current rates to the market. Once it's out, it's done."

Because UASC is actively in the CargoSphere Rate Mesh network (its Facebook-like way of allowing NVOs to share rates with customers), the amendments to base rates or surcharges don't have to be added by the NVO agreeing to the rate. They're automatically uploaded via CargoSphere's Smart Upload Diagnostics Solution (SUDS) feature.

It sounds simple, but the tricky part has been getting buy-in from carriers. Barni spoke with American Shipper in 2014 about his pursuit of carriers.

"There's a benefit to the carriers joining the network," he said at the time. "Often, the receiver of the contract has no idea what the amendment to the contract is. Carriers are using the tool as a new rate distribution vehicle, because, let's face it, by the time someone looks at a file, those rates are dead on arrival, they're obsolete."

In an interview with American Shipper Wednesday, Barni said CargoSphere has made multiple visits to carriers over the years. "They've said that our neutral platform made sense as a confidential repository. But they needed some carrier to go first," he said. "That was our conundrum."

He said the key is that CargoSphere had been building its network to accommodate carrier participation for a decade, so it would be ready to go when a carrier showed interest.

And that happened this March, when Eric Williams, vice president, global head of sales and marketing at UASC, did just that. Barni brought in Quesada, and after some scoping sessions, the project kicked off April 1. By April 26, UASC was sharing rates with SEKO through the CargoSphere platform.

"We've been building this out for more than 10 years for carriers without having a customer," Barni said. "We couldn't have done this so fast without that work."

"With CargoSphere, we are eliminating many steps in distributing rate updates which is enabling us to more quickly make rates visible to our customers, which benefits our customers as well as working to our advantage," Williams said.

The appeal of such rate management systems is that they allow NVOs and forwarders the ability to quote more quickly to their shipper customers. Quesada said piecing together quotes for every lane without a system is a time-consuming endeavor, and one in which business is lost. Every moment an NVO wastes getting a price to a customer is a chance for that customer to go elsewhere.

The top systems in the market also allow NVOs to better understand what constitutes a profitable rate, helping them build suitable margins or say no to non-compensatory business.

Barni said the reduction in lag time through such a process can be measured in days, not hours.

Picture this hypothetical scenario: A forwarder might have a contract with a carrier for Asia-Europe at $800 per FEU. The carrier might email the forwarder three months later seeking a $200 GRI. The forwarder negotiates that down to $100, to which the carrier agrees. Then the carrier emails the amendment, the forwarder signs it and emails it back to the carrier. The carrier then countersigns it, sends it back, and then the forwarder either inputs the amendment into its own system or sends it to CargoSphere or another rate management tool like Catapult, to input it. But by the time all that has happened, the rate can be two days or more old. And the forwarder has to decide if its margin on that rate is worth taking the business.

Doing this all in real time is intended to eliminate the lag between the agreed upon amendment and the time the forwarder can go to its customers with a rate that is competitive and profitable. A carrier getting involved in such a network is a natural evolution of the business, Quesada said.

"It's a no-brainer," he said. "Look who some of the carriers' biggest customers are: NVOs. Why wouldn't you want the NVOs to have the market rates faster so you can execute on them?"

Quesada predicted UASC will be the catalyst for more interest from carriers.

"I bet within six months, you're going to have more than a handful of carriers lining up at (Barni's) door."