COMMENTARY

COLLABORATION OVER DISINTERMEDIATION

By Neil Barni

FREIGHT FORWARDERS ARE the key facilitators in an ever-changing environment of supply and demand. They make critical logistics and transportation decisions on behalf of shippers' global supply chains. In their role as cargo coordinator, they choose from a huge list of global companies that own and operate warehouses, vessels, ports, railroads and trucks that move cargo through the supply chain. Increasingly, many shipping industry companies are being driven into the red by the failed belief that the lowest rate wins the day and the lion's share of the cargo. What can forwarders do to compete and win during these challenging times?

As forwarders focus on resolving challenges and delivering solutions at the lowest possible cost, they must adopt 21st century technology to increase efficiency and business returns. Developing a cloud-based technology infrastructure will allow them to collaborate more effectively and focus on ways to strengthen their business and profitability by automating and streamlining what in the past have been laborious, manual processes.

When CargoSphere launched in 1999, it was the height of the dot.com boom. With companies such as Travelocity, Expedia and Priceline disrupting the travel agent industry, many thought it was only a matter of time before the same disruption occurred — and would spell the end of — the forwarding business. But the critical role the freight forwarder plays in successful supply chains was no less than it is now.

Recently, there's been a lot of discussion around logistics technology disrupters. Many of these new entries appear to be in the business of disintermediating or sidelining forwarders. These pushes come from technology companies flush with venture capital money seeking to change an industry because somehow the existing players have been doing it wrong and not keeping up. At the same time, many existing logistics technology companies are innovating to bolster the industry, not commoditize it.

These disrupters see opportunity in accelerating the effort to drive forwarders out of business in a slow-growing global economy — apparently with the belief that human knowledge, experience and insights aren't necessary. This couldn't be further from the truth. Global shipping is a complex industry with many diverse players and requirements.

Decisions based exclusively on the lowest price challenge forwarder profitability. Creating an environment and platform where logistics companies come together and compete on price and drive themselves out of business isn't wise. Smartly managed forwarders see through this charade and refuse to willingly queue up to be on platforms where they compete directly as sellers without the opportunity to properly distinguish their services.

Forwarders need technology tools to thrive and compete. They need logistics IT that makes working globally across time zones and ever-changing market conditions easier. They need cloud-based tools that solve problems of global interconnectivity — tools that say, "We've brought a robust, automated, solution to our company and are saving countless hours of our best peoples' time. We've removed freight rate friction that negatively impacts both our productivity and bottom line."

This kind of frictionless rate management technology brings together the carrier and forwarder in a constructive, collaborative way to advance all. This 21st century way of working allows all partners to conduct business rapidly, serve customers better, and obtain time and cost savings.

Forwarders are neither looking for tools that set in motion a countdown to their demise, nor keen to enlist their already-fierce competitors to accelerate the process. It isn't enough to provide a front-end experience for buyers of forwarding and transportation services. Companies must provide comprehensive technology solutions that don't just polish the front end, but also match the robust needs for collaboration on the back end. Frictionless rate technology allows forwarders to not only take in rate inquiries and requests, but to move them expeditiously through the quotation, negotiation and purchase-approval process quickly and easily.

So-called technology solutions that pit an industry against itself don't exist for the long-term good of our industry. They instead seek to return a profit to outside investors. This approach and business model isn't what forwarders want and isn't what will provide a healthy, stronger global shipping industry in the future.

The global shipping industry understands the value of interconnectivity to drive efficiency and deliver financial gains. When shipping industry parties come together to adopt a frictionless rate platform, it yields real value. Forwarders and carriers can reduce processing time, improve data accuracy and give customers faster access to rates. Technology solutions that help remove redundancy and connect to a wide shipping industry network make everyone's jobs and lives easier.

Collaborative, real-time connectivity is what allows global shipping industry parties to share information and increase productivity and transparency. When global supply chain partners connect, it enhances operational capabilities for all involved, as well as providing better decision-making and supply chain execution. **JOC**

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