



Maersk kick-started digital buzz, says CargoSphere chief

Cloud-based freight rate platform sees interest from container lines for first time in 18 years of business

DIGITALISATION is nothing new. The ability to automate and accelerate business-to-business processes has been around for years. So why is the container shipping industry making such a fuss now after staying on the sidelines for so long? *writes Janet Porter.*

There is a one word answer to that question, says CargoSphere executive vice-president Harry Sangree. Maersk.

When the world's largest containership operator declared last year that everything that it could digitalise would be digitalised, the rest of the industry suddenly took note.

For US-headquartered CargoSphere, which has been in business since 1999 and provides a neutral and confidential cloud-based platform for disseminating freight rates, the impact of Maersk's announcement is potentially huge.

For while freight forwarders and non-vessel operators have been using CargoSphere services for years, the container lines have resisted, instead continuing to



Sangree: We see ourselves as infrastructure for the industry, rather than a disruptor.

distribute and receive freight rate proposals and replies by email attachments, a process that typically may take 48 to 96 hours.

But a breakthrough came last year when United Arab Shipping Co, which is poised to merge with Hapag-Lloyd, started to supply freight rates directly into CargoSphere's Rate Mesh system. Mr Sangree now expects others to follow, and fairly soon.

Two of the world's top five container lines are now piloting Rate Mesh while CargoSphere is in talks with two more.

"The momentum is beginning to shift towards a rapid adoption of this technology,"

says Mr Sangree, who thinks 2017 will be the year when carriers finally start to go digital as they become far more comfortable with internet-based technologies.

CargoSphere hopes to contribute to the digitalisation of container shipping without unsettling the industry establishment.

"We have a vision for frictionless rate distribution and networking," says Mr Sangree.

"We want to take away all the overheads and pain that exist around the current process, and make them a thing of the past."

Rather, sending out freight rates covering port pairs or

door-to-door connections around the world should become so straightforward that the process is no longer regarded as a cost, or one prone to errors.

"We want to do this in a way that supports industry players. We are not trying to be revolutionary with the objective of shaking up the industry and supplanting forwarders, or changing how carriers work. We want to keep the industry working the way it does, but just make it work a lot better," says Mr Sangree.

"We see ourselves as infrastructure for the industry, rather than a disruptor."

Adding to the impetus
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for change is the fact that forwarding giant Kuehne+Nagel, a huge buyer of seafreight, has just signed up to implement the CargoSphere Rate Technology Platform across its entire organisation.

A recent survey by Drewry estimated that forwarders spent around \$500m on managing rates which, at the moment, they typically receive from carriers by email and upload themselves onto the CargoSphere platform ready for use in negotiations to sell space to beneficial cargo owners.

That money could be saved if lines switched from email, says Mr Sangree, and instead used software that can read static rate files and upload the information onto CargoSphere's database. And since emails are free to send, CargoSphere would not charge

carriers to do this, with fees levied on the recipients of the data.

Intermediaries will not be squeezed out if carriers input their rates directly, says Mr Sangree. On the contrary, he believes they would welcome this development that would help them manage rates from multiple carriers in one place more easily.

For the lines, digitalising this aspect of their operations would not only speed up the whole process, but also help to improve the efficiency of supply chains at a time when they are urgently looking for ways to take costs out of the system after accumulating huge losses last year.

CargoSphere already has over 3,000 active users including the world's top five freight forwarders. Now, says Mr

RATE PROCESSING TIMES

OLD:  48-96 HRS

NEW:  4-6 HRS



Source: CargoSphere

Sangree, the challenge is to win over the confidence of container lines and persuade them that the technology already exists which would enable them to distribute their prices to customers, on an individual and confidential basis, and shorten the time taken to do this to just a few hours rather than several days.

Once they have tested this out in a small way, they can quickly scale up, according to Mr Sangree.

He predicts tremendous growth over the next five years, thanks largely to the leadership shown by Maersk.

"We could not change the conversation," says Mr Sangree. "But Maersk could."

US maritime group backs plan to tighten Jones Act regime

Proposal by Customs and Border Protection aims to create more American jobs and reinforce national security

THE American Maritime Partnership has voiced its support for a proposal by the US Customs and Border Protection to tighten coastal shipping regulations, writes *Wei Zhe Tan*.

The CBP intends to strengthen laws under the Jones Act by revoking long-standing rulings that let non-US flagged offshore vessels operate without restrictions, especially in the Gulf of Mexico, according to the document.

The AMP said these regulations would help to grow key industries in the US economy, create more employment in the nation and reinforce national security.

"Correct enforcement of US coastwise laws is vitally



The US Customs and Border Protection proposal relates to non-US flagged offshore vessels operating in US waters..

important to national security interests and the maintenance of our domestic maritime industry, which sustains nearly 500,000 American jobs and \$100bn in annual economic output," said AMP chairman Tom Allegretti.

"The US Customs order repealing erroneous coastwise

rulings is a wise action that properly enforces US law, promotes the future strength of the domestic fleet and maritime infrastructure, and puts American mariners first. This action will preserve the intent of the Jones Act, a cornerstone of US maritime policy upon which national

and economic security depend."

The partnership said enforcement of coastal shipping regulations would see companies involved in local trade compete on an even footing under the purview of US laws and regulation.

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