

# 'Future proofing' the outdated air cargo business

The demands, opportunities and threats from e-commerce make creating a 'virtual integrator' model imperative. But this requires a blueprint shared by all parties, believes Stan Wraight

The 'closed-loop, integrator-style' approach is a natural one that works, and virtually the entire scheduled cargo industry has always been quite like an integrator. It encompasses all the needed elements, but forgot to close the loop due to an overwhelming mistrust between the silos within.

In working from the top down, the trick is to not blueprint in terms of parties i.e. airlines, forwarders, airports, GHAs etc., but in tasks, accountabilities and responsibilities to make a new system work. Parties monopolising tasks and hiding information and seeking 'control' have to be relegated to the dustbin of history, or we are finished as an industry as we know it today.

We need to cooperate on the converging points that are in everyone's interest such as speed of customs clearance equal to the integrators globally, or expanding the cargo community system (CCS) concept at airports where the total scheduled cargo chain is served. This is where all required processes could come together.

For example, a network of airport CCSs that talk to each other seamlessly (data corridors) would already provide a mini-platform of integration. It would be in everyone's interest to differentiate services with dedicated 'plug-ins'. Examples of such plug-ins could be e-commerce facilitation, dedicated customers, customs, security, last-mile services, trace and track, truck marshalling, common IT facilities, or whatever.

The plug-in is an excellent way of learning what the world of users needs and ensuring exporters and importers have transparency, choice, competitive cost information and

service guarantees in all gateways of consequence. This is vital in drafting a product portfolio of services, with clearly defined options for volume as well as for value. And through cooperation and coordination what goes in at origin, can come out on arrival with complete transparency and certainty to quality that today's consumer demands.

Why not practice what we preach and actually go one-step further and organise as a scheduled cargo industry into a 'virtual integrator' model?

Such a system would allow IT solutions equal or better than that offered by the best in our business. It would allow apps and tablets of any kind to be utilised to access and use scheduled air cargo as never before.

Can anyone argue the point that a direct point-to-point flight by a scheduled airline is the fastest way between two cities? No hubs, just direct flights; but it cannot be used efficiently due to this lack of 'virtual integrator' capabilities at our major airports.

With the rise of airlines like Amazon Air and more to come, the writing is on the wall; and if we don't do something radical, then scheduled airlines, major airports and forwarders, GHAs etc. will be bypassed – out of necessity, as service demands of e-commerce clients cannot be met.

In the digital world of today's retail environment, it is about the logic of "anything, anywhere in three days or less", not about out-of-date and destructive behaviour; of who wields power.

## Dashboards for transparency

To recap, we need dashboards for transparency that allow every shipper or consignee to see the airline's product portfolio in a clear

and transparent way; training of all staff in this new business model; cargo communities that address the need for transparency; accuracy in trace and track; and the task of developing a 'virtual integrator solution'.

This requires engagement of all parties and advocacy by industry associations through revised committees focused on the world's new reality of customer expectations, not the internal navel-gazing that predominates.

## Tools

Engage cargo community system providers, airports through ACI – but also directly by airline alliances – and create express e-commerce corridors and centres of excellence for other verticals like express, pharma etc.

Airlines should take a 'product portfolio approach', volume versus value, and open to the public through 'dashboards' via apps or desktop user interfaces.

The battleground for scheduled airlines and all associated logistics service providers who depend on them is to step up and scrap the baggage of our history of confrontation between all parties.

Airports, GHAs, GSSAs, airlines and most importantly customs can and must work together if they want to be relevant in the fastest-growing retail segments. Customers want this, research proves this, experience shows this, and those who ignore the writing on the wall will do so at their peril.

Airlines have to stop treating their GHA service provider as entities to reduce expense, and realise that without quality service in the verticals, nothing is possible and we will all lose.

The key to future survivability is to realise that all that now seems lost is still there, has always been there, and has not lost any of its promise, but just needs to be handled in a more professional and responsible way. ■

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