

Integration goes hand-in-hand with digitisation

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Lars Fischer (Softship): Digitisation is not enough - systems need to be integrated too

Carriers are missing a trick: while they have embraced digitisation, their systems are not integrated. Managing Director of Softship Data Processing Lars Fischer explains why the two must be combined

I can't think of a single container ship operator that has not embraced the digital world. Without a solid digital platform supported by intelligent software, it is simply impossible to operate effectively and to compete in the modern day.

But there are many degrees of digitisation and many carriers are missing a trick; particularly those that are embracing more advanced digital technologies and tools but failing to integrate and connect each disparate function into a unified system.

All container carriers use an accounting package and almost all operate systems to manage their many commercial and operational requirements, but most of these systems will not communicate with each other. Many carriers will say – rightly – that they are digitised, but few are integrated. They have a phone, but no data or access to wifi.

In a fully integrated shipping company, however, the rating system captures all the complex information relating to individual customers and suppliers including ports, terminals and 3PL providers – which can be a hugely complicated matrix of individual prices, restrictions, discounts and incentives. When a customer requests a rate, the rating system will automatically look up the relevant tariff to create a bespoke and accurate quotation and calculate the profit margin.

If the quotation turns into a sale, the system will automatically create the required documentation, bills of lading, manifests and more. And once the vessel has sailed, an invoice will be generated from the data and instructions provided previously and that information will be posted automatically to the accounts package. There is no interference from separate parties having to laboriously input data by hand, and – thanks to the integration of systems and functions – the routine administration of what is a very complex set of services provided in port is made as straightforward, reliable and consistent.

During this process, if changes need to be made to a port call, a fully integrated system will automatically create amended bills of lading, invoices and other documents at the press of a button; while alerting all of the relevant parties of alternative arrangements and requirements, and provide amended documentation such as manifest correctors, revised invoices and so forth.

In other words, information will flow seamlessly from one activity to another without the need to re-enter data. Retyping leads to errors, errors lead to delays and delays disrupt cashflow and cost money.

To many readers, that will all sound very obvious yet I'm told that 10% of all outgoing ocean freight invoices raised by the global container sector are wrong and that the errors are caused by staff having to retype data from one system into another. Even a small container carrier will turnover more than US\$100M so having US\$10M in dispute at any one time creates a significant hole in the cashflow.

It is a big issue to solve, as there are still many carriers running exceptionally fragmented systems that are not integrated.

I recently visited a containership operator that was running 195 different applications on every conceivable hardware platform – and not one of those applications could communicate with another. I found that astonishing. In the very near future, they will inevitably reach a tipping point when all of their systems are unable to function properly, leaving them wide open to digital threats, and burdened under the weight of unnecessarily complex administration.

But this is not an insurmountable problem. I firmly believe that digitisation without integration should be a thing of the past. In days gone by, IT support was, proportionately, much more expensive than it is today – and much less effective. Modern solutions are more readily available, are cheaper to buy and less labour-intensive to support. And what's more, they are fully integrated.

Container shipping should get up-to-date as failing to integrate is missing the most important trick in the book of modern IT.



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