Intelligent integration saves time for container shipping

CONTAINER SHIPOWNERS AND VESSEL OPERATORS CAN SAVE MILLIONS THROUGH SOFTWARE INTEGRATION AND UPDATES

Technology evolution and continuous improvement bring their own challenges to container shipping. These must be addressed if a carrier is to be able to benefit from implementing powerful solutions.

Almost every carrier will say that it is digitised, albeit to varying degrees, but most software and programs work in isolation and do not communicate, said Softship Data Processing managing director Lars Fischer.

"All will have an accounting package to manage invoices, payments and day-to-day bookkeeping," he explained. Some will also have systems to handle rates, bookings, schedules and other vital functions.

"But the problem in most shipping companies is that these systems work in isolation. They do not communicate well with each other," Mr Fischer added. "If the carrier is digitised but the systems are not integrated then a whole heap of functionality and associated benefits are simply lost."

The implementation of IT platforms and software systems within shipping companies is often piecemeal. A new system to automate or streamline a specific process is identified and then implemented, often without much thought about how it will integrate with other systems, either in place today, or planned for the future, Mr Fischer explained.

"As a shipping company grows, more applications are added resulting in a vast array of different products and platforms," he commented. "All perform vital functions, but sometimes in splendid isolation." This means that information cannot flow between the functions and, in the extreme, must to be rekeyed by staff. "Retyping data is error prone, costly and time consuming."

Imagine a shipping company that has achieved full integration, Mr Fischer suggested. "The company's rating system will capture all the complex agreements relating to individual customers, ports, terminals, cargoes and suppliers. This will be a hugely complicated matrix of prices, restrictions, incentives and discounts."

He explained that when a rate is requested by a customer, software integration will enable the quotation system to automatically look up the relevant rates and create an accurate and individualised document as well as calculating the target margin.

"When the quotation turns into a booking, integration will create the required booking confirmation, bill of lading, packing information, manifest and everything else required," he said. Once the vessel has sailed, integration will generate the invoice and send that information to be seamlessly received by the accounts package.

Not only does this save time and improve customer service, it also plugs a hole in the cashflow, according to Mr Fischer. "The back offices of most carriers get at least 10 per cent of their ocean freight invoices wrong."

A lot of rework is required because their systems cannot communicate. Freight carriers rely on staff to transfer the data between these systems. "Incorrect invoices are generally put aside, queried later and then paid once corrected, but this all takes time," Mr Fischer said.

"Even a small carrier will be realising annual revenues of US$100 million. This means that, at any one time, US$10 million will be in dispute. In today's tough market, ship operators simply cannot afford the payment of such large sums to be held up. Integration would solve this."

Mr Fischer said the abundance of cheap technology means that shipping companies of any size can be fully integrated. "It is a simple process to purchase packaged solutions that can be customised to suit the individualities of each company," he explained.

Integrated packages will facilitate total digitisation and integration across all company processes, connecting systems through a single over-arching, fully connected and seamlessly networked entity.

"This means that data will flow from tariffs to quotes, to sales and bookings to invoices to accounting and finally to management review. And this will enhance workflows, reduce errors, protect cashflow and allow staff to focus on the customer." *MEC*

Lars Fischer: *"At any one time, US$10 million will be in dispute"*