

Plus ça change, plus c'est la même chose

With a solid 45-year portfolio of success in freight and logistics, Steve Walker is a former director of the \$10 billion turnover logistics specialist DSV and founder of SBS Worldwide. He's ratcheted up the Air Miles over the years and speaks with Air Cargo Week about how some of the newest things in airfreight are not all that new.

1. Some 46 years in freight forwarding is a remarkable achievement. Looking back what are the stand-out changes?

I've seen numerous changes during my four plus decades in freight forwarding, but paradoxically, while many elements of forwarding have been totally transformed - most significantly since the advent of computerisation - it is astonishing how many processes remain relatively unchanged.

The physical movement of freight is slicker, and while automation is appearing in areas, the fundamental process is unchanged.

The most laudable change across the whole sector is the way that the customer - the shipper - has become the focus of the business and solutions/services adapted to serve them better. In the old days, the shipper adapted to the service offered by the forwarder.

2. If you had to list five major innovations that have changed the face of trade, which would you choose?

There are five particularly stand out innovations that have transformed freight and international trade.

a) The answer to the chicken and egg paradox is containerisation. Because without Malcolm McClean's intermodal steel box invention, globalisation would never have happened.

The shipping container might seem an unlikely candidate for the most influential invention of the 20th century, but by slashing the cost of deep sea shipping, and massively speeding up the whole process, it has arguably had a bigger impact than the aeroplane or the microchip.

b) The globalisation of trade is not a modern phenomena, and the creation of bodies like the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO), for which GATT is the foundation have contributed massively to the modern surge in globalisation, but there is no denying that the massive fall in transportation costs driven by containerisation has been the primary driver.

c) Economic reforms in China in the early 1980's paved the way for the start of many well-established NVOCC operations and catapulted forwarding volumes, as the world's factory opened for business, paving the way for the eventual WTO accession in 2001.

d) At the same time as the world opened for business, computerisation arrived and offered hard-pressed forwarders with a replacement for the Banda machine and telex. Thought today's systems are a far cry from the old IBM AS/400's.

e) And now we have the digitalisation of forwarding. Though we don't really, as it started in the 70's.

3. Digital forwarders are promising increased visibility and control, transparent shipping costs and more. Are they over-promising, or is their tech that good?

The technology to provide visibility and control over shipments, transparent shipping costs, more predictable and reliable transit times has been around for years. In fact these features were built into the software solution my team developed at SBS Worldwide, and which is now deployed by DSV.



Forwarders have been providing 'open-book' services for years, but such transparency has not been available to smaller shippers, who have relied on benchmarking to keep track of the market.

Freight platforms, like Freightos, have evened the field. But only partially. No independent freight platform covers more than a fraction of the market by route or mode,

4. Should traditional freight forwarders be worried about the pace of change?

Forwarders are good at adopting technology, but with three caveats. Cost is always an issue, and for many forwarders, a critical weakness that blinds them to the opportunities that will follow investment.

When forwarders do invest the focus is almost always internal or process driven, when it absolutely should be pointed outward and focused on the customers.

The biggest achilles heel for many forwarders is that, when it comes to innovation, they are laggards and follow the herd. This time the herd may be culled.

5. Is this the end of the road for 'traditional' freight forwarders, who rely on relationship and client focus?

Relationships and client focus will always be core for forwarders and some niche operators will continue successfully below the digital radar, but the industry is changing and those that don't swiftly embrace digital and change their business models to take account of developments like digitalisation and 4PL will not survive.

6. Is the collective noun of disruptor for new technology and technological innovations justified?

The press like the disruptor handle, because it makes good headlines.

In reality the disruption has largely been the result of over-active PR agencies, taunting an aggrieved forwarding audience that have been labelled as 'dinosaurs'.

The simple fact is that there is no single technology, or group of technologies, that are replacing forwarders, though the myriad of rate platforms may well disrupt relationships between shippers and incumbent forwarders.

Enabling technology is far more interesting because it's a rapid way to drive radical change, increasing the performance and capability of forwarders. The most topical example is the 4PL platforms that forwarders can integrate with their transport management system (TMS) to create new digital products and recurring revenues.

ACW WEEK IN NUMBERS

1

new Dimerco operation opened in Seattle on April 11, bringing its total network of owned offices in North America to 21

3.7

percentage drop in EU airfreight in February, according to Airports Council International

10

Boeing 777-200LR aircraft converted by Emirates after it invested \$150 million

40

aircraft on which Emirates has completed the installation of bespoke Expo 2020 Dubai liveries

67

languages spoken in IAG Cargo's relocation service

250

partners milestone reached by Neutral Air Partner, the global air cargo network, as it welcomes new members in 90+ countries

9,090

kilometres distance between Amsterdam and Guanacaste Liberia (LIR) in Costa Rica, the latest KLM route to be launched

50,400

square feet facility for Aeroterm, a Class A multi-tenant facility at Cincinnati/Northern Kentucky International Airport, FedEx will be the main tenant

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