IMPROVING THE QUALITY OF AIR CARGO FOR SERVICE PROVIDERS AND CUSTOMERS

Cargo 2000 will eliminate fragmentation in the worldwide air cargo industry and deliver a common platform that brings together reliability, predictability and proactive shipment management with reduced costs and improved customer satisfaction.

Based on detailed customer research and with the assistance of leading IT companies, Cargo 2000 has re-engineered the air cargo transportation process from shipper to consignee through the creation of a ‘Master Operating Plan’. This sits at the heart of an industry-wide process control and reporting system that in turn drives data management and corrective action systems.

By reducing the number of individual processes in the air cargo supply chain from 40 to just 19, Cargo 2000 is less labour intensive and improves the processes for managing shipments in a paperless environment. It substantially reduces time spent managing irregularities, such as service failures, cuts the time required for manual track and trace procedures and leads to a reduction in service recovery costs. Cargo 2000’s quality management system is being implemented in three distinct phases. The key to the group’s Master Operating Plan is the creation of a unique ‘route map’ for individual shipments that is monitored and measured throughout the delivery cycle of each shipment.

Phase 1 manages Airport to Airport movements – shipment planning & tracking at Master air waybill level. Once a booking is made, a plan is automatically created with a series of checkpoints against which the transportation of every air cargo shipment is managed and measured. This enables the system to alert Cargo 2000 members to any exceptions to the plan, allowing them to respond pro-actively to fulfill their customers’ expectations.

Phase 2 is responsible for shipment planning and tracking at House air waybill level and provides interactive monitoring of the door-to-door movement. Phase 3 manages shipment planning and tracking at individual piece level plus document tracking. This provides for real-time management of the transportation channel at piece level. It will also control the flow of information which will be vital for current and future security.

“There cannot be anybody who could intellectually argue against having one common platform for the transfer of information for the air cargo industry with total transparency.”

Mick Fountain, Chairman of Cargo 2000 and CEO, Global Freight Management, Exel
Cargo 2000’s airline and freight forwarder members began publishing performance data in May 2005 for network flown-as-planned performance, measuring joint airline and forwarder service levels. Over the first four months of publication – May-August 2005 – overall network flown-as-planned performance has improved from 90% to 92%.

In August 2005, Cargo 2000 members measured 18,014 lane segments systemwide while the number of route maps created in the month rose to 151,452, an increase more nearly 21,000 over August 2004.

Now the group is delivering on its promise to continue to roll-out further performance data.

- In January 2006, Cargo 2000 will publish FWB data that shows booking quality levels from forwarder to airline. This will be followed in April with the publication of the NFD performance milestone that monitors ‘delivered as promised’ service levels from airline to forwarder. Whereas currently Cargo 2000 reports joint airline/forwarder data, this new information will indicate responsibilities for service failures to further improve service levels in the supply chain.
- By the end of 2006, all shipments between current members will be measured globally, an extension to the current commitment to measure performance on a network of specific tradelanes.
- In October 2006, members have agreed to begin publishing initial data for phase 2 of Cargo 2000’s quality improvement programme that focuses on shipment planning and tracking at House airwaybill level and provides interactive monitoring of the door-to-door movement.
- Members have also agreed to raise their target for all key performance indicators to 96% in 2006 – a 1% improvement of the current goal – and to 98% in 2007.

Mick Fountain, Chairman of Cargo 2000 and CEO – Global Freight Management at Exel, said: “When we announced our first data for May 2005, we promised that this was just the beginning and that customers could expect to progressively see more and more performance measurement information from Cargo 2000’s members. This new commitment by our members emphasises the momentum we are building. It is another significant step towards our goal of eliminating fragmentation in the worldwide air cargo industry and delivering a common platform that brings together reliability, predictability and proactive shipment management with reduced costs and improved customer satisfaction.”

Cargo 2000’s monthly performance data is published on its public website at: www.cargo2000.com

“...We are convinced that Cargo 2000 is the body to implement a global quality standard having identified all of the critical activities in the cargo chain. We see one standard, an industry standard, a Cargo 2000 standard.” European Shippers’ Council
IATA e-freight and Cargo 2000

Phase 3 of Cargo 2000 – shipment planning and tracking at piece level – will be implemented in conjunction with IATA's e-freight programme.

The e-freight initiative and Cargo 2000 are complimentary programmes. They have a logical fit but are not reliant upon each other. Both programmes:

- Have independent benefits
- Target similar participant groups
- Target major traffic lanes
- Utilise technology on a pan-industry basis
- Need critical mass for success

e-freight will benefit Cargo 2000’s quality programme by adding customs processes to the air cargo supply chain.

The two groups are working closely together and have identified opportunities to share data, and assumptions, in defining industry benefits for both programmes. They have agreed to:

- Use a draft joint framework to define benefit areas
- Agree industry assumptions & quantify benefits by category
- Allocate benefits across participants
- Establish Cost of Implementation and Cost Avoidance opportunities to complete the picture

Draft benefit framework

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<tr>
<th>Category</th>
<th>Benefit</th>
<th>e-freight</th>
<th>C2K</th>
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<tr>
<td>Predictability</td>
<td>Time definite shipments</td>
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<td>Transparency</td>
<td>Shipment data access</td>
<td>☑️ Full data ☑️ Part data (quality control)</td>
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<td>Direct Cost Savings</td>
<td>Document Management</td>
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<td>Process simplification</td>
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<td>Indirect Cost Savings</td>
<td>Reduced inventory levels, insurance etc.</td>
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<td>Risk Assessment &amp; Compliance</td>
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<td>Increased Yield</td>
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Cargo 2000 & e-freight processes simplified

Reaching out to the buyers of air cargo services

Cargo 2000 has launched a campaign to promote to shippers the benefits of a Cargo 2000 compliant supply chain.

Addressing the first shippers event in Amsterdam attended by customers from the healthcare, telecommunications, automotive, electronics, optical and aerospace sectors, Wolfgang Schmitz, Vice Chairman of Cargo 2000 said: “Shippers all over the world have been calling for a quality benchmark.”

Wolfgang Schmitz, Vice Chairman of Cargo 2000

“The TSG supports an audited air cargo service with the ability to benchmark these services. It supports the Cargo 2000 programme that will lead to a meaningful quality system that will result in lower costs and substantial customer service improvements. The TSG invites and encourages all sectors of the industry to support these efforts.”

Tripartite Shippers’ Council
Cargo 2000: The view of members & customers

“We are convinced that this will lead to greater operating efficiencies, lower costs, better communications and substantial customer service improvements in airfreight movements.”

Nicolette van der Jagt, Secretary General, European Shippers’ Council

“We have introduced a network plan to provide a structured approach to rolling out Cargo 2000 globally. We are measuring performance to and from major hubs and then connecting them all together. Today, we are measuring performance to and from Amsterdam, Frankfurt, London, Vienna, Paris, Vancouver, Chicago, Seoul, Hong Kong, Toronto, Singapore, Milan, Los Angeles, Zurich and New York. By the end of 2005, we will have added Brussels, Atlanta and Bangkok. We have also started to create local Cargo 2000 associations to spearhead our development in these markets. “90% flown as planned and 85% FWB’s Correct are not the figures we would like to see accomplished in the long-term but at least at the beginning we have achieved these levels. All parties in Cargo 2000 are working diligently to ensure performance continues to improve over time.”

Roland Bischoff, Senior Vice President Global Airfreight at Kuehne + Nagel

“It’s amazing that we’re all in the same industry and talk the same way about it, yet the reality couldn’t be further from the truth. We believe Cargo 2000 has set a foundation to move forward to ultimately exceed our customers’ expectations.”

Scott Dolan, President of United Cargo

“Cargo 2000 is sharpening our internal discussions on quality reporting and quality improvement and good quality always delivers greater efficiency. We can also see how improved transparency is helping in relationships with our customers. I do believe there is some gain to be made from a customer preference point of view because it makes KLM Cargo easier to do business with.”

Bram Graeber, Senior Vice President Commercial, KLM Cargo

“Our aim is to standardise and optimise the airfreight process because higher efficiency translates into increased profitability. To have a globally standardised process allows us for the first time to measure and compare the quality of service delivery to our clients, of our service providers and internally throughout our network. This is leading to an overall increase in customer satisfaction.”

Wolfgang Schmitz, Vice Chairman of Cargo 2000 and Senior Vice President – Head of Corporate Development, Lufthansa Cargo

“We will continue to publish our results, good or bad. We believe that this is an integral part of our system and improvement process. Our immediate focus will be on taking the correction action necessary to drive up our quality results. We now have a system that enables airlines and forwarders to resolve joint quality issues in a way that has never been possible before.”

Thomas Mack, Vice President Airfreight, Schenker

“Cargo 2000 will be successful because our customers are demanding quality and that’s what Cargo 2000 is all about. Otherwise our customers will go to other sources that can provide this kind of environment. I urge everyone to get behind Cargo 2000 and make it happen. A lot of companies not using Cargo 2000 will soon get pressure from their customers to take part in this programme.”

Guenter Rohrmann, Chief Operating Officer, Global Customer Solutions, DHL

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