Are We Ready for Air Cargo Transformation?
What About Air Cargo Digitization?

Supply Chain Members – Time To Wake Up
ACTION Required To Adapt : The Storm is Brewing!

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Owner & Managing Director
PRO Air Cargo Consulting
12 May 2018
The Storm is Brewing
- Amazon Air & NOW Samsung Air

Transformation - Foundation for Air Cargo Industry Success in 2018 & Beyond

Transform, Innovate OR Die

Air Cargo Supply Chain Members

Are we Ready for Today’s & Tomorrow’s Generations?

To Remain Relevant, We NEED To Actively Implement......
- e-AWB
  - What Needs To Be Done To Implement e-AWB
- e-freight
- Cargo iQ
The Storm is Brewing @ 40,000 FT

e-AWB Penetration

2018 Target: 68%
2017 Achievement: 52.6%

We are still struggling with e-AWB
For circa 18+ years

https://youtu.be/qEp5B07HeVQ
Air Incheon to fly first 767F for Samsung

- In mid April 2018, Seoul-based Air Incheon started operating a 767-300BDSF Freighter for Samsung SDS/Cello between Seoul and Hanoi.
- The aircraft is the first of two 767 freighters to be leased from ATSG West Leasing.
- The second unit is expected to follow in August 2018.
- As of December 2017, Amazon has 19 of its 32 B767F Freighters based at the Cincinnati / Northern Kentucky International Airport, with the rest operating point-to-point routes across the United States.
- They have 13 B767F freighters on order.
- They are definitely a threat.

Is Samsung Air the next Amazon Air?

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Amazon Prime Air
What is TRANSFORMATION?

- The International Air Transport Association (IATA) adopted a resolution to accelerate the modernization and transformation of the air cargo industry, building on the WTO’s Trade Facilitation Agreement - TFA that came into effect in February 2017 at the 73rd AGM in Cancun.

- Generally, Transformation is a thorough or dramatic change in form or appearance.

- In the context of the Air Cargo Industry, it should be a process of profound and radical change that orients our Industry in a new direction and takes us to an entirely different level of effectiveness.

- This will allow us to compete effectively against eTailers and other competitors.
TRANSFORMATION! Foundation for Industry Success in 2018 & Beyond Cont’d

AIR CARGO SUPPLY CHAIN

CAN WE FINALLY DO IT?

YES WE MUST!
IF NOT, WE WILL NOT SURVIVE

Paper Dependency
Transparency
New Generation Demands
Trade Facilitation

e-Commerce
eAWB
e-freight
Reduced Transit Times
Standards & KPI Transparency
For all Supply Chain Members

Reduced Transit Times
WE ARE NOT FULLY READY
HOWEVER, WE ARE NOT PREPARED TO DIE

The following SCM’s (13) MUST be involved in the Transformation process in order to meet shorter shipment delivery standards for the shipper to consignee movements:

- Shipper
- Origin Forwarders
- Post Offices
- GSA’s
- Origin GHA’s
- Origin Customs & other Regulators
- Origin Security Agency
- Airlines
- Destination GHA’s
- Destination Security Agency
- Destination Customs & other Regulators
- Destination Forwarders – may be the same organization as origin
- Consignee

We MUST All Connect, Collaborate, Modernise & Digitize
Are We Ready For Today’s & Tomorrow’s Generations?

- My answer is that today's Supply Chain process as we know it, will NOT be able to satisfy the requirements of tomorrow's customers – **MY OPINION**

Yesterday is History

Today is Reality

Tomorrow is Mystery

- Some industries have amended their processes to meet the requirements of the “Millennials” & “Screenager” Generations

Have we as Supply Chain Members done the same OR Are we/will we be Ready?
To Remain Relevant, We Need To Actively Implement...

Facilitating Cargo Transformation

- e-AWB
- e-freight
- ONE Record
- Interactive (Talking) Cargo
- ACID
- Cargo Connect
- Smart Facilities

Embracing Smart Data Sharing
Self Monitoring with Real-time Alerts
Air Cargo Incident Database
Simplifying Industry Connectivity
Quality & Transparency In GHA Facilities
The electronic Air Waybill (e-AWB) is the first step towards e-freight. It is the electronic contract of carriage between the “shipper” and the “carrier” (airline). It is governed by IATA Resolutions 600a, 600b and 672 (MeA) which removes the requirement for a paper Air Waybill.

Effective e-AWB implementation depends on the following factors:

- Countries MUST ratify MP4/MC99 to participate in e-AWB: 72 of 131 Countries have done so.
- Customs Administrations MUST REQUIRE or have implemented Systems to ACCEPT e-AWB’s: 72 of 165 Countries have done so.

Once home Countries have rectified MC99, forwarders need start the digitization process and once ready for e-AWB, execute the Multilateral e-AWB Agreement with the airlines of choice.
Airlines are revving up their e-AWB efforts as per the recent announcement of the imposition of a €12.00 surcharge on paper MAWB’s by Lufthansa Cargo. Paper MAWB’s will be discontinued in October 2018.

Oman Air also announced that as of April 15 2018 the use of paper documentation will be discontinued for airfreight arriving in any of Oman’s airport outlets.
### TOP 10 e-AWB PERFORMERS - By e-AWB Volumes

<table>
<thead>
<tr>
<th>AIRPORTS</th>
<th>AIRLINES</th>
<th>FORWARDERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>HKG - Hong Kong International</td>
<td>CXG - Cathay Pacific Group</td>
<td>DGF - DHL Global Forwarding</td>
</tr>
<tr>
<td>PVG - Shanghai PuDong Int'l Airport</td>
<td>AKG - Air France - KLM Group</td>
<td>Schenker</td>
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<tr>
<td>SIN - Singapore Changi Airport</td>
<td>QR - Qatar Airways</td>
<td>Expeditors Group</td>
</tr>
<tr>
<td>ICN - Incheon International Airport</td>
<td>SQ - SIA Cargo</td>
<td>Kuehne &amp; Nagel</td>
</tr>
<tr>
<td>TPE - Taipei Chiang Kai Shek Airport</td>
<td>EK - Emirates</td>
<td>Panalpina</td>
</tr>
<tr>
<td>AMS - Amsterdam Schiphol Airport</td>
<td>LH Lufthansa Cargo</td>
<td>UPS - United Parcel Service</td>
</tr>
<tr>
<td>FRA - Frankfurt Airport</td>
<td>KE - Korean Air</td>
<td>Bolloré</td>
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<tr>
<td>DXB - Dubai International Airport</td>
<td>CI - China Airlines</td>
<td>Nippon Express</td>
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<tr>
<td>Heathrow Airport</td>
<td>DL - Delta Air Lines</td>
<td>DSV Air &amp; Sea</td>
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<tr>
<td>ORD - O'Hare International Airport</td>
<td>IAG - International Airline Group</td>
<td>Kintetsu</td>
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What You Need To Do To Implement e-AWB – Starting Point

1. Ensure Home Country is MP4/MC99 Compliant
2. Join Multilateral e-AWB Agreement
3. Ensure your Technology Supports e-AWB
4. Ensure High Quality Electronic Messages - CargoXML
5. Ensure Business Processes Are set
6. Roll-out e-AWB
7. Report e-AWB Shipments To IATA

IATA Supporting e-AWB Implementation Initiatives

- e-Airport SOP
- eAWB360
- eAWBLink

Harmonize e-AWB procedures in key airports across forwarders / airlines / GHA’s
Facilitate Adoption by SME forwarders
A Playbook supporting e-AWB Implementation
What You Need To Do To Implement e-AWB

Effective Communications requires Freight Forwarders, Airlines and GHAs to exchange standard industry messages ACCURATELY & TIMELY

REQUIRED CAPABILITY

<table>
<thead>
<tr>
<th>REQUIRED CAPABILITY</th>
<th>FWDER</th>
<th>AIRLINE</th>
<th>GHA's</th>
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<tbody>
<tr>
<td>Send Air Waybill Messages</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Receive Air Waybill Messages</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Send Status Update Messages</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Receive Status Update Messages</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Produce Cargo Receipts for Forwarders</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Archive Electronic Messages</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Print on-Demand AWB Info. If need be</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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e-AWB MESSAGE TYPES

<table>
<thead>
<tr>
<th>MESSAGE TYPE</th>
<th>Cargo-XML</th>
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</thead>
<tbody>
<tr>
<td>Air Waybill Message</td>
<td>XFWB</td>
</tr>
<tr>
<td>Status Update Message (Freight on Hand - FOH / Ready for Carriage - RCS)</td>
<td>XFSU</td>
</tr>
<tr>
<td>Error Message</td>
<td>XFNM</td>
</tr>
<tr>
<td>Message Acknowledgment</td>
<td>XFNM</td>
</tr>
</tbody>
</table>
What You Need To Do To Implement e-AWB

Any of these IATA Strategic Partners can support the implementation of e-AWB capability.
What You Need To Do To Implement e-AWB

**eAWBLink**

An IATA low-cost desktop solution designed to enable Small and Medium Freight Forwarders to create, send and manage electronic shipment data

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**eAWBLink Features**

- Reduces processing costs
- Enhances quality
- Improves productivity and reliability
- Enables shipment tracking
- Facilitates Regulatory Compliance
- Track performance
- Data Analytics

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**Benefits**

- Single window to over 120 airlines
- Easy to use
- Compliant with IATA standards Cargo-XML etc.
- Avoids manual processes
- Affordable
What You Need To Do To Implement e-AWB

1. Profile Management
2. Document Preparation
3. Security
4. Track & Trace
5. Data Analysis

- User Management
- Customer Management
- Stock Management
- e-AWB
- e-HAWB
- e-House Manifest
- e-CSD
- FSU FOH (Freight On hand)
- FSU RCS (Freight Accepted)
- FSU DEP (Freight Departed)
- FSU ARR (Freight Arrived)
- FSU RCF (Freight Received from Flight)
- FSU NFD (Freight Arrival Notified)
- FSU DLV (Freight Delivered)
- Monthly Usage Reports
What You Need To Do To Implement e-AWB

eAWBLink Connects with over 120+ Airlines using IATA standard Cargo-XML Messages

FORWARDER

Data entry

Data import

eAWBLink

Cargo-XML Cargo-IMP

AIRLINES

Airlines

Airlines

Airlines

Airlines
e-Freight is an industry-wide program that aims to build an end-to-end paperless transportation process for air cargo in line with regulatory framework, modern electronic messages and high quality of data.

It is part of the StB Cargo program aimed at making air cargo shipping easier, smarter and faster. The objective to accelerate change in the areas of digitization, visibility and safety.

Started by IATA in 2006, as an industry-wide initiative and evolved to envelope carriers, freight forwarders, ground handlers, shippers, customs brokers and customs authorities.

The e-Freight roadmap outlines a shared end-to-end industry approach with clear leadership roles, around three core components, or "pillars"
PILLARS Of THE e-freight PROGRAM

**Customs documents:** Engaging regulators and governments worldwide to create an ‘e-freight route network’ with fully electronic customs procedures and where regulations support paperless shipments.

**Transport documents:** Working collaboratively within the cargo supply chain to digitize the core industry transport documents, starting with the Air Waybill (AWB).

**Commercial & Special cargo documents:** Developing a plan to digitize the commercial and special cargo documents typically accompanying airfreight today, in or outside of the ‘Cargo pouch’.

The scope of e-Freight covers 20 documents supported by 12 Cargo XML message standards.
The Scope of e-freight

**CUSTOMS DOCUMENTS**
- Export Goods
- Import Goods
- Export Cargo
- Import Cargo
- Customs Release - Export
- Customs Release - Import

**TRANSPORTATION DOCUMENTS**
- House Manifest
- Master Air Waybill
- Flight Manifest
- Transfer Manifest
- Transit Declaration
- Freight Book List
- Consignment Security Declaration

**COMMERCIAL DOCUMENTS**
- Invoices
- Letter of Instruction
- Packing List
- House Air Waybill

**SPECIAL CARGO DOCUMENTS**
- Certificate of Origin
- CMES Certificate
- Shipper’s Dangerous Goods Declaration

**TRANSPORT MESSAGES**
- XML Waybill XFWB
- XML House Waybill XFZB
- XML House Manifest XFHL
- XML Flight Manifest XFFM
- XML Freight Booked List XFBL
- XML Status Message XFSU
- XML Customs Status Notification XCSN
- XML Shippers Declaration for DG XCSN

**COMMERCIAL MESSAGES**
- XML Invoice XINV
- XML Packing List XPCL
- XML Certificate of Origin XCOO
- XML Shippers Letter of Instruction XPCL

Cargo-XML Messages Supporting the e-freight Program

20 Documents Supported by 12 CargoXML Messages
Measuring Performance For Transformation

- Transparent Performance reporting for all Supply Chain Members against agreed KPI’s will be essential
- Ideally, Cargo iQ, IATA’s Members only organization’s standards and reporting should be the base for this

- Cargo iQ Members include:
  - Airlines (34)
  - GHA’s (16)
  - Airports (4)
  - Forwarders (15)
  - IT Suppliers (10)
  - RFS Operators (1)

- 10 M A2A / 5.5 M D2D shipments in 2015 with 80 Members today
- Ideally, Shippers should also be part of this group, so that their Performance can also be measured
- Current membership should also be expanded significantly
We MUST measures Key Industry SCM’s performance against agreed key industry business objectives / KPI.

Cargo iO’s Master Operating Plan (MOP) maps the process in the planning and movement of air cargo shipments from shipper to final consignee.

A unique route map is created for each shipment

- 19 main processes
- 78 sub-processes.

Industry standards adopted by IATA, endorsed by TIACA, ASA, CCA & ULD Care.
A recent global research study organized by Zebra Technologies analyzed how manufacturers, transportation & logistics (T&L) firms, plus retailers are preparing to meet the growing needs of the on-demand economy.

In response to today’s online-buying, smartphone-wielding consumers who expect a seamless, faster purchasing journey, the study revealed:

- 78% of logistics companies expect to provide same-day delivery by 2023
- 40% anticipate delivery within a two-hour window by 2028.
Are we Really READY to Effectively Participate in this Game Changing ONSLAUGHT?

We MUST DO all Possible to ensure that we Remain Relevant to the Customers of the FUTURE – MILLENNIALS & SCREENAGERS –
THANK YOU!
谢谢