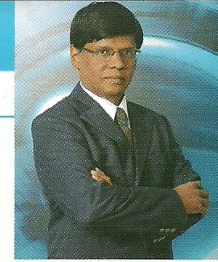


## Guest Column

### Use of Technology



Narayanan Kallapiran

# Sunshine Time

## IT takes the load off cargo handling

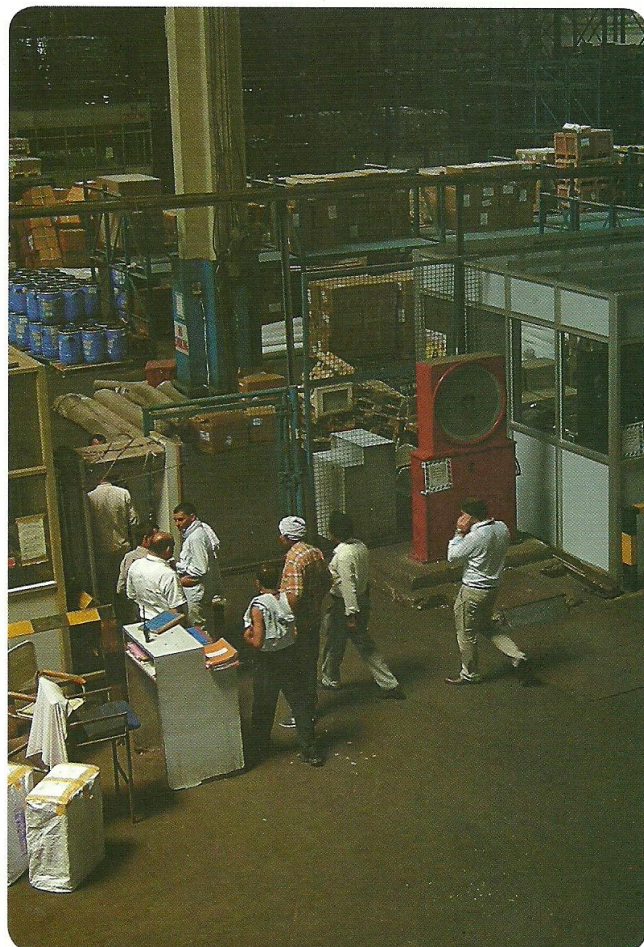
**The transportation and logistics industries are starting to recover from one of the most severe financial and economic crises of recent times, which last year saw the sector incur heavy losses, with freight movement nose-diving to previously unheard-of levels. The need for sustained financial and operational improvements is translating into a thawing on IT expenditure, which was largely frozen for the past 18 months.** Narayanan Kallapiran

**I**ndependent research analysts, Gartner, reported that transportation was one of the sectors recording the lowest growth-rates in IT investment in 2009. This was because of manufacturers suffering a huge production overhang due to a reduction in uptake, from the west, at the end of 2008.

The challenging economic conditions of last year led to reduced margins, slower growth, as well as increased competition. This resulted in a dramatic decline in worldwide freight traffic. This turbulent environment forced many companies to rethink their survival as well as their growth strategies. The transport industry had to streamline its processes and really focus on its core competencies in order to serve customers better. Despite these challenges, the industry was staging a stable recovery when the Icelandic volcano erupted, wreaking havoc on transportation and deliveries world-wide; leaving cargo airlines stranded and bringing the transportation of perishable goods, by air, to a grinding halt. According to IATA (International Air Traffic Association) this crisis has been far worse than the 9/11 crisis in the US and has impacted 29 per cent of global aviation.

The pressure on air travel and transport logistics (ATTL) sector, for cost cutting and greater efficiency, is more intense now than ever before, due to after-shocks of the volcanic ash cloud. However, recently, there has been an upswing in both air and sea freight traffic. In addition, while IT expenditure in transportation is still lagging behind other industries for 2010, budgets are increasing steadily. In fact, it is an opportune moment to consider how the effective use of technology can help manage crisis situations.

The transportation and logistics industry is constantly fraught with challenges. As tighter control over the industry's huge operating costs remains critical, it is a good moment to step



up the focus on IT, in order to achieve higher efficiency and productivity. For transport and logistics companies determined to maintain their market presence and meet customers' needs, it is absolutely imperative to achieve a lot more with a lot less.

Resource utilisation, optimisation, and faster turnaround times, have become important buzzwords, but businesses need to understand how technology can help them to achieve this. Transport companies are fully aware that their customers will not tolerate any slip-ups in terms of reliability and speed. There is a strong emphasis on reducing irregularities and avoiding duplication, while integrating multiple systems involved in the supply chain in order to cut overall turnaround time. Optimisation of resources, referring not only to physical space, machines, and working capital, but also meaning the way in which people work, has become even more important. It is the companies that get this mix right that tend to be more profitable and growth-oriented.

## Terminal Woes

Air transport faces unique challenges. Airport operators are painfully aware of the challenges created by disruptions to flight schedules and unplanned arrival of flights at short notice. Sudden changes in flight arrivals and departures result in swings in the workload, which, if not managed effectively, will lead to much chaos. When plans go awry, not only are service level agreements (SLAs) breached, but service quality suffers invariably. Airports have struggled to cope with this business challenge for a very long time. However, by understanding when shift workloads peak, transport and logistics firms can ensure the optimum number of staff members are available.

Let's examine how a cargo terminal works. Typically, it has a finite number of breakdown stations and build-up platforms and the numbers of arrival and delivery docks are also fixed by structural design. Changes in flight arrivals and departures are fed into the system and based on the revised load, the IT system calculates, by category, the number of staff needed to man the shift and takes a count of the various material-handling equipment



needed. Most leading-edge cargo terminals deploy a certain amount of baseline staff in every shift. Based on the resource projections the IT system suggests (which are based on shift workload), an organisation can call in additional staff to ease the workload. In this situation, IT helps in the optimal use of human resources, removing costly 'idle time' and eliminating unplanned overtime.

Cargo terminals can monitor efficient use of the land they occupy, using data obtained by "Land Use Efficiency" metrics. In a nutshell, this measures the volume of cargo which has been handled, per square meter of land in the cargo terminal. Some of the upcoming new cargo terminals have set themselves ambitious targets in terms of these metrics.

New IT systems, designed to improve workflow, can help air cargo terminals reap huge benefits and improve their competitive advantage. The benefits would include shorter cut-off times for export cargo, reduced cargo delivery times, lower time for trans-shipment connections, customs pre-clearance, efficient demurrage calculation, effective monitoring of credit limits, reduced truck queuing times, lowered dwell times and automatic posting to the financial systems. Well-integrated IT systems help to measure service delivery times for different processes, identify the bottlenecks and in this way, help transport and logistics

companies ensure that stringent service level agreements are met.

## Boon for LOGISTICS

IT is playing an important role in enabling transportation and logistics organisations in dealing with their daily challenges and improving their global competitiveness in tough economic conditions. Independent research analysts at Gartner have reported an increase in IT spend, worldwide, in 2010, across transportation that will bring the budget closer to the levels seen in 2007. As airport cargo ground handlers work in partnership with IT service providers, in the transportation and logistics sectors, huge economic benefits in terms of optimising and managing high volume goods, will continue to grow. Robust IT solutions that address the obstacles of these transport and logistics sectors, are helping organisations to achieve operational, process and business excellence and vastly improve their customers' experience. ☀️

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