

Cooperative Unitised Services Challenge & Opportunity



e-Freight 2011 Conference

e-Freight business models and case studies

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Introduction & Background



- Political interest in developing intermodal transport solutions in Europe:
 - White Paper 2011 aims to offloading the road (1):
 - 30% by 2030
 - 50% by 2050
- **High untapped potential for short sea ro-ro and lo-lo freight transport in co-operation with the road.**
- The economics of accompanied vs. unaccompanied unitised cargo.
 - Cost of ro-ro vs. ropax
 - For ship owner
 - For haulier
- Difficulty to launch new unaccompanied unitised services in Europe: the role of SME`s.

(1) Includes rail and inland waters

Maritime vs. Road operational models summary⁽¹⁾

Maritime models

Ferry

- The ship as a bridge
- Accompanied cargo, the logistic chain not broken
- Maritime operator ignores the door to door service

Integrated Intermodal Operation

- Maritime company and network of agents offer door to door service.
- Manages completely the intermodality.
- Normally containers

Independent Multimodal Operations

- Maritime operator offers only sea transport and terminal operations
- Different customers (freight forwarders or road hauliers) manage the intermodality in an independent manner
- No relation among them.

Cooperative Unitised Service

Road haulage models

Self-employed

- Normally working under contract for a larger organization

SME

- Limited commercial capacity
- Limited to a few clients, normally incurring in inefficiencies (waiting times, empty runs)

Large Company

- Great commercial and planning capabilities.
- Often subcontracting self-employed drivers or SMEs for traction.
- Optimizing resources and occupancy.

Hauliers Networks

- Evolution of cooperative networks, international scope.
- Collaborating in marketing, pricing and administration
- Capable of undertaking complex transport services
- Profitability above the market

Cooperative Unitised Service an Intermodal Network Solution ⁽¹⁾

similar, in many respects to a Formalized Network in road haulage where ...

The principal participant in the network, normally the ship operator carries out the central marketing, administration, logistics, pricing, billing and development of the network

It avoids the significant risks associated with an Integrated Intermodal Operation and the lack of coherence & reliability of an Independently Functioning service.

Positive features

Achievement of a high level of **efficiency** through coordinated management of the intermodal services.

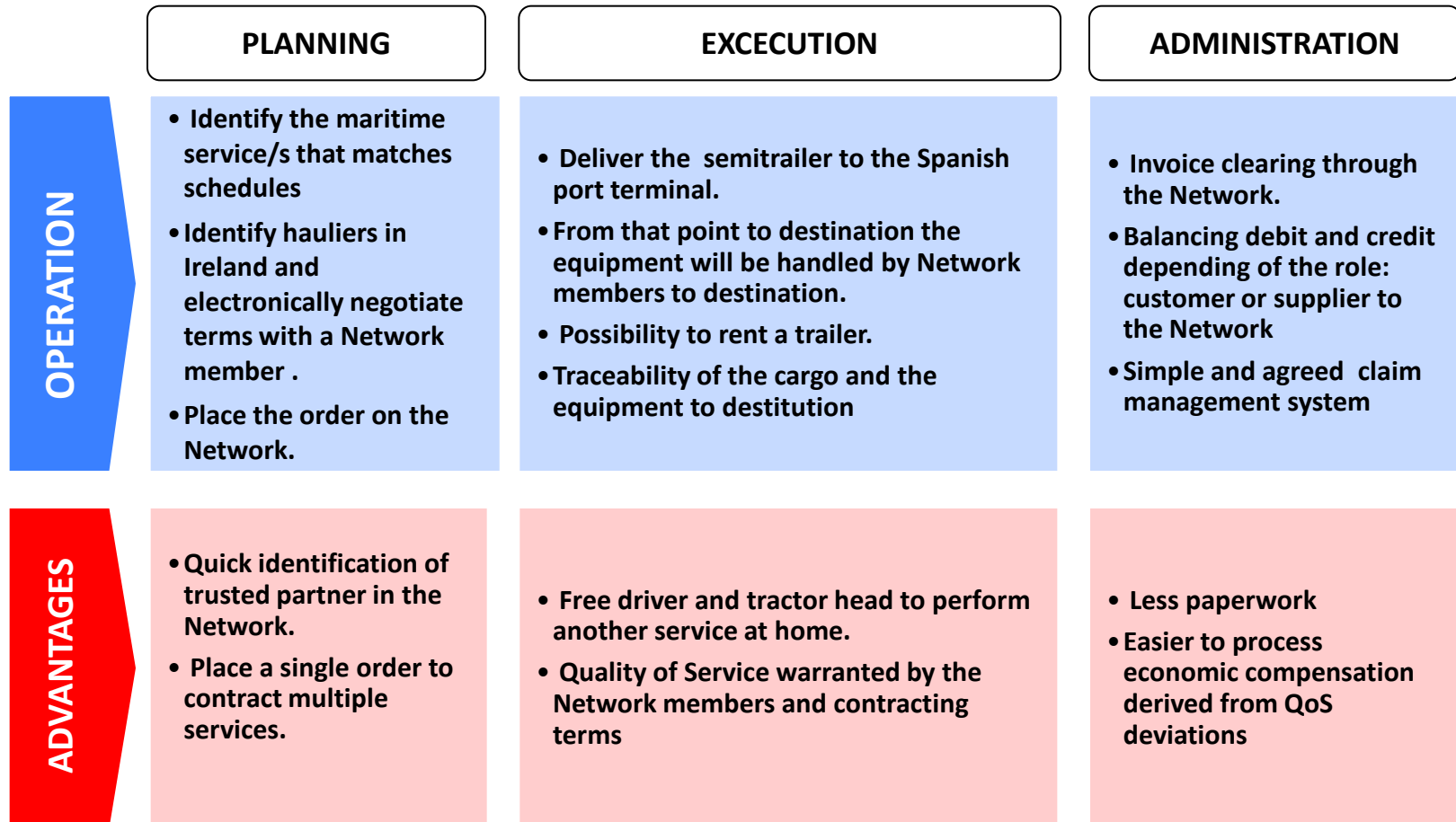
Distribution of **risk** amongst participating operators

System is **open** to new operational entrants

Applicable to the large range of intermodal services that are prevalent **in Europe**

Sample case

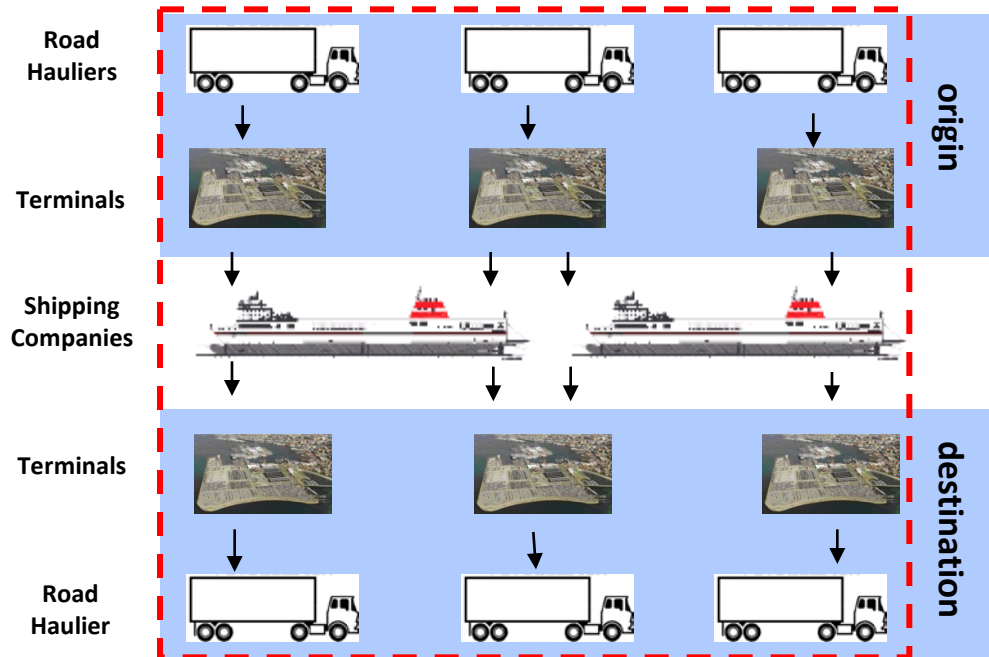
“A Spanish haulier (member of the Network) has a cargo to deliver in Dublin “



A sample Network for a cooperative unitised service

“The scope of the Network will be defined by the members and the service it aims to provide”

The Network



All members of The Network

Joining The Network

A contract will establish the legal framework that binds the Network members.

Network provided services

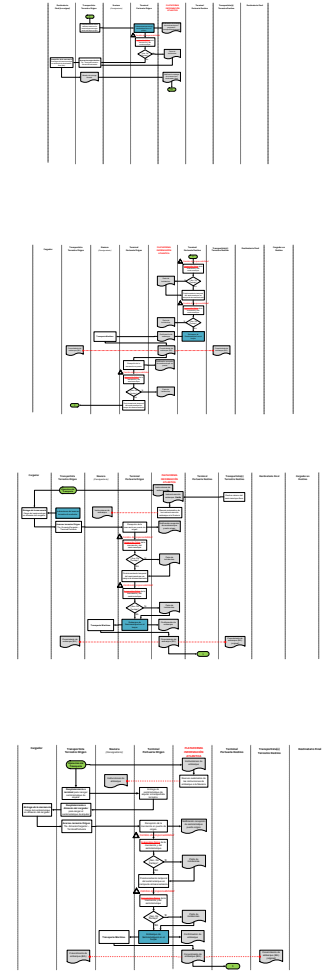
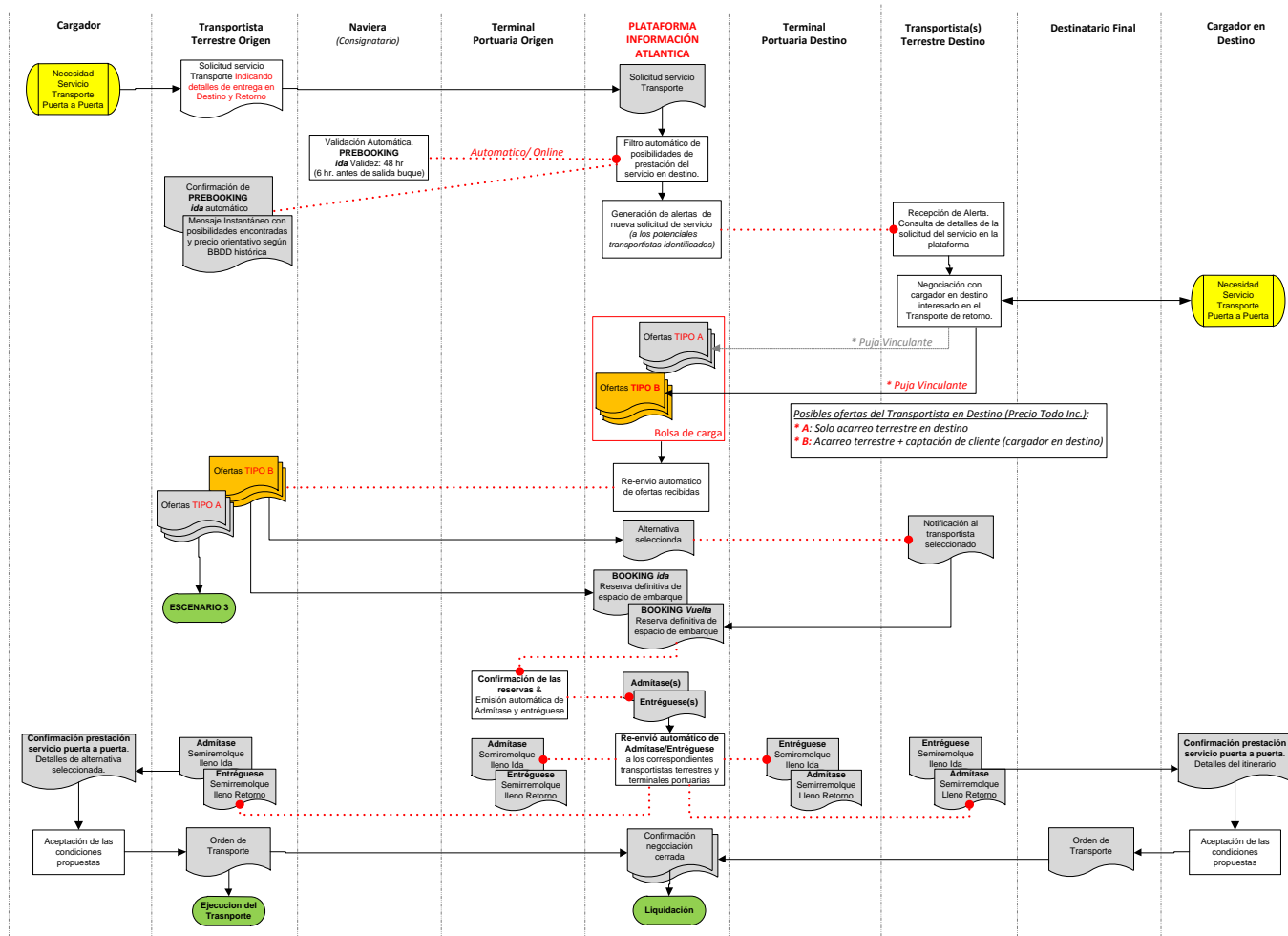
- Legal framework (warranties)
- Integrated service orders
- Administration/Clearance
- Marketing
- Traceability support systems
- Damages, claim management
- Access to internal freight bourses
- IT applications and support

Access to external services

- Access to external freight bourses
- Third party agreements to rent transport equipment per trip.
- Insurance / Inspectors

The Network can be as simple as a line with two dots or made more complex allowing transshipment of cargoes and extending the domain.

Designing the Network complexity (Decision Support System Execution Management)



The **e-freight** role:



- Interoperable communications platform
 - Enables the coordination of the network by the Network Manager
- Standardized messages
 - Facilitates the b2b exchanges of information over the network
- Single Transport Document and NSW
 - Easy integration of the intermodal logistics chain with the European administrations and the parties involved

“Companies will find joining a network much appealing if they can reuse the same IT infrastructure they already using or they are planning to use in other trades...”

Cooperative Unitised Service

Challenges

- **Complexity to setup an operational network**
- **Requires “network managers” to invest and risk on launching the network and hauliers to buy in.**
- **Lack of standards and the cost of building a one off solution.**

Opportunities

- **The Network concept enables efficient intermodal services to be sustainable.**
- **The numbers look right: an intermodal network can be more efficient than the sum of its parts.**
- **Enables SME’s to recover profitability improving working conditions in every end of the intermodal corridors**

The EU **e-freight** initiative can provide the framework and building blocks to enable the deployment of efficient cooperative unitized networks

Further information.

Paper: Cooperative Unitised Services- a Challenge & Opportunity
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