

European Freight Forwarding Industry Turns to IT Solutions To Bolster Efficiencies During Economic Downturn

While Europe deals with the challenges caused by the global recession, many freight forwarders and logistics providers are increasingly focusing on robust IT strategies to create improved operational efficiencies and reduce costs.

As in most of the world, the concept of “doing business as usual” today is a faint memory throughout Europe. Until early 2008, the European marketplace was enjoying economic boom after boom; then it was quickly hit with a plethora of operational and organizational challenges as the freight market reacted to the global economic meltdown. While some manufacturing areas in Europe are still buoyant, many regional markets built on service industries, as well as markets that are focused largely on imports, have faced a sharp decline in business. Suddenly, the emphasis on environmental concerns and green initiatives has been overtaken by a focus on organizational restructuring and cost reduction as businesses strive to survive during this uncertain time.

Forthcoming changes to European customs processing will add additional challenges to companies, stretching resources to the limit during a period of economic concern.

Many freight forwarding companies on the European continent can find great efficiencies with IT solutions and by working with suitable service providers that not only will help them through economic downturns, but improve their overall operations, customer service and ROI in the long term.

To meet the challenges, many freight forwarders and logistics operators have turned to ERP-like IT solutions to automate and streamline their business models and work leaner and smarter. The consensus today in Europe, he says, is that the logistics industry must increasingly place more emphasis on utilizing supply chain visibility tools to create cost efficiencies, provide solid customer service and create forward-thinking operating platforms to meet the changing dynamics of this global business environment.

Whilst we cannot ignore our many ecological concerns, the European market today has to balance a greener environment with operational efficiency. The natural “siege mentality” of battenning down the hatches in an economic downturn is all too easy to adopt. But simply ceasing capital investments in technologies that can facilitate both concerns will not work in this logistics atmosphere. Today’s global commerce climate demands increasingly proactive business modeling to ensure that both environmental and operational efficiencies are maximized and that customer service is heightened. After all, it’s much easier to retain a happy customer than to lose an unhappy one and replace it with a new one.

Some freight executives may view the current economic conditions as an imprudent time to expend capital to implement new operating functions, but this can, in fact, be the perfect time to conduct a thorough evaluation of current business processes and systems to maximize economic performance in the long term. With a slower market companies can devote time to proper procedural implementation and staff training, positioning themselves for maximum benefit when market activity increases.



Simon Clark, Business Development Manager - Europe, Middle East & Africa

VIEWPOINT

SIMON CLARK, BUSINESS DEVELOPMENT MANAGER - EMEA

Implementing integrated desktop functionality previously referred to as “value adds” for freight operators has rapidly become part of the entry ticket to improving logistics operations and ROI throughout Europe. Adding IT-based business solutions provides vastly increased operational control through the use of automated document archives, automatic rating information, customizable and personalized account systems for users and clients, while improving workflow and enhancing the entire CRM process in a single system, accessible by the forwarder, clients and partners in a secure environment. This provides a real advantage in time savings and increased quality control, therefore improving cross-functional efficiencies that reduce costs caused by redundancy and wasted time. Coupled with an integrated freight accounting system, the power of electronic end-to-end process visibility becomes immense. We’re finding that European freight forwarders are increasingly establishing robust and integrated electronic operating processes that will serve them well when it comes to supporting good business that’s profitable and feasible to deliver in good times and bad. Developing a clever marketing approach enables forwarders to offer various customizable service levels to ensure that solid revenue is generated from the clients who need the forwarder to go the “extra mile.” With an IT solution that can be configured to offer and deliver these services, the smart logistics provider gains another degree of strength over its competition.

The risk of dealing with the difficult clients or extending inappropriate credit terms is also a growing concern to European freight forwarders and many are more carefully profiling the markets they serve and targeting clients for profitable business on the right credit terms. This more aggressive marketing approach is helping to ensure that financial risk is mitigated throughout the European forwarding industry. New technology options such as Software as a Service (SaaS) or similar on demand software modules is another area where forwarders can maximize overall operations.

Reduced staff levels and less spare time reflects the picture of today’s forwarding market. Many European companies are turning to IT solutions to address this situation with an integration solution that enables mobile workers to synch up calendars to mobile phones and PDAs to stay abreast of the latest statistics available in their systems. This permits more informed decisions to be made at every step of the client and supplier relationship. In addition, some companies are also increasingly opting for more on-demand software modules, which can be purchased on a monthly fee basis, allowing companies to tailor IT functionality and costs to their specific needs.

Ultimately, with more enhanced monitoring of day-to-day business operations, European freight forwarders can operate in a leaner and more efficient manner through increased use of enhanced software solutions. Many freight forwarding companies on the European continent can find great efficiencies with IT solutions and by working with suitable service providers that not only will help them through economic downturns, but improve their overall operations, customer service and ROI in the long term.

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