



Kale Logistics
Technology that Transforms

CRUX

A Quarterly Newsletter for International Logistics Industry



Top View

“What the new year brings to you will depend a great deal on what you bring to the new year”. – Vern Mclellan

Dear Industry colleagues,

Kale Logistics Solutions wishes you all a very successful New Year! This year is going to be very interesting, as 2020 is a year of clarity. (If you have 20/20 vision, you can see clearly at 20 feet what should normally be seen at that distance. If you have 20/100 vision, it means that you must be as close as 20 feet to see what a person with normal vision can see at 100 feet.). Thus, for all of us, this year holds special, symbolic relevance, for what we hope to accomplish.

Though the year 2019, was not the best of years for the logistics industry. Fortunately, towards the end of the year, the market seemed set for an upswing, with some researches predicting a YoY growth exceeding 16%! Technology is playing a pivotal role in improving competitiveness, market share and operational efficiencies. New avenues are also opening up with e-commerce leading the race and evolving into enhanced cross-border e-commerce transactions.

2019, has been a year of achieving milestones and accolades for Kale Logistics Solutions. We also accomplished many industry firsts including the first Air Cargo Community system in the USA at the prestigious Hartsfield-Jackson Atlanta International Airport in Atlanta. It gives me immense pleasure to share that to address our rapidly increasing client-base, we've expanded our base to Europe (Netherlands) and the US (Atlanta, Georgia).

For your feedback reach us at info@kalelogistics.com

Rajesh Panicker
Director

In this Issue



REFLECTIONS
Interview with
Mr. Sam Okpro
Managing Director
PRO Air Cargo Consulting



ARTICLE
Crystal Grazing Air
Cargo Industry -
2030



SPOTLIGHT
Single Window Systems –
Providing Comprehensive
Regulatory Services Under
One Roof



ASK THE EXPERT
Priya Mandlekar
speaks on Logistics
Automation



HAPPENINGS @ KALE



Sam Okpro is a dynamic industry veteran who has held key strategic roles in the major airlines like Air Canada, West Indies Airways, Gulf Air and Etihad Airways. He is also closely associated with IATA and Canadian National Railways. He emphasizes on development and implementation of marketing, sales and operations plans. His main focus is on assisting small & medium-sized airlines, forwarders and other Supply Chain Members in meeting the future challenges infused by the shifting trends in the Air Cargo industry.



Mr. Sam Okpro

Owner & Managing Director
PRO Air Cargo Consulting

CRUX There is a decline in cargo volumes across the globe after a brief pick-up in 2018. What should the industry do to keep the growth curve up?

SAM The thirteenth consecutive month of year-on-year declines in freight volumes is indeed concerning to our industry and can be looked at as a harbinger of a pending recession. This air of uncertainty around our industry can be attributed to fallen global trade volumes caused by the on-going trade wars & uncertainty, declined global economic activity, and weakening consumer confidence is a good indicator of possible further decline, if indeed a recession occurs. The decline in demand experienced this year is the steepest drop since 2009 during the global financial crisis. International freight accounts for circa 87% of total air freight with most markets experiencing a decline in international freight except Africa in August 2019. The accelerated trade wars, new security regulations, the price of fuel and the growth of e-commerce are the crucial headwinds faced by the air cargo industry.

A possible indication of a worldwide recession in spite of the U.S & some other economies showing growth numbers in September 2019. In 2018, total global exports exceeded \$19 trillion, including specialized goods falling into almost every possible category imaginable. IATA has predicted a cargo revenue slip for a third consecutive year in a row in 2020 with revenues expected to total \$101.2bn, down 1.1% from 2019. It further forecast that the global airline industry will produce a net profit of \$29.3bn in 2020, which is an improvement over a net profit of \$25.9bn expected in 2019.

The key component required to keep the growth curve up is an acceleration of process modernization and automation. The supply chain and the government agencies need to move towards a common language for global trade and work towards more open trade. The air cargo industry also needs to bring in more certainty and efficiency to the air freight process; leading to shippers and forwarders having confidence in the quality of services provided by the congested airport handling systems at any point in the journey.

CRUX As an industry what can we learn from integrators like Amazon and Alibaba? Can we disrupt the disrupters?

SAM The major e-commerce players in the industry are disrupting the traditional logistics supply chain with innovative measures, new processes, strategies, and client-centric services. They view themselves as platforms rather than mere providers focused on a tightly defined set of products and services. They are challenging our mindsets and forcing us to recognize the impact, they have on our industry every day. Amazon seems to be leading this race by having 300 million active users, who are bringing in billions of online revenue each year and holds 49.1% of the U.S. e-commerce market share. They are the literal definition of a tech giant that has horizontally integrated into an on-line retailer, air cargo airline operator and logistics provider. The stage is set for the drone last-mile delivery and Amazon is spreading its wings beyond e-commerce. Another player to watch for is -Alibaba. Owning stakes in many different industries and businesses they are constantly innovating in the field of machine learning, deep learning, and neural networks, making product launches take mere days to complete. These two giants have years of experience in using big data to enable effective decision making and efficient operations.



The major e-commerce players in the industry are disrupting the traditional logistics supply chain with innovative measures, new processes, strategies, and client-centric services. They view themselves as platforms rather than mere providers focused on a tightly defined set of products and services. They are challenging our mindsets and forcing us to recognize the impact, they have on our industry every day. Amazon seems to be leading this race by having 300 million active users, who are bringing in billions of online revenue each year and holds 49.1% of the U.S. e-commerce market share. They are the literal definition of a tech giant that has horizontally integrated into an on-line retailer, air cargo airline operator and logistics provider. The stage is set for the drone last-mile delivery and Amazon is spreading its wings beyond e-commerce. Another player to watch for is -Alibaba. Owning stakes in many different industries and businesses they are constantly innovating in the field of machine learning, deep learning, and neural networks, making product launches take mere days to complete. These two giants have years of experience in using big data to enable effective decision making and efficient operations.

The question is, are the above elements out of reach for the traditional air cargo carriers? In this current, highly competitive environment, the only way to survive is to adopt a disruptive outlook. Large air cargo carriers with established operations and customer bases have a sizable built-in data that the newest entrants can't compete with. To effectively compete against this new generation of data-enabled companies, air cargo carriers must learn to take advantage of their data resources. This means, enabling the digitizing of the processes required to collect the data they regularly generate, investing in analytical tools to perform sophisticated analytics, and developing a complete data strategy focused on driving profits. We need airlines organized around the idea of offering clients a platform rather than a discrete set of services which will enable a drive for logistics innovation, and implement it at a faster rate. Adopting a platform mindset and flexible conceptual framework will allow air cargo carriers to meet the desired customer expectations and regulatory compliance.

We may not be able to disrupt the disrupters, but we sure can slow them down by taking advantage of our data resources through digitization and sophisticated analytics to support our international networks.

CRUX From your perspective, how will technology be the game-changer for Air cargo industry in the coming decade?

SAM Both businesses and customers expect to get goods faster, at low or no delivery cost and more transparency. This has put both operating models and profitability under strain. In a decade or so with an influx of technologies despite many challenges the simplification of compliance requirements the movement of shipment will require less time reducing it to 50%. This means that the current international shipment transit time of 6 days MUST be reduced to 3 days. This defines clear digital strategy that is linked with the business strategy that will be essential for success. Data analytics that connects all Supply Chain members and adding machine learning and artificial intelligence techniques to data analytics can deliver truly dynamic results & improvements. Internet of Things – IoT or Internet of Cargo – IOC / Common IT Standards / Cloud-based platforms / Blockchain / Robotics & Automation / Autonomous Vehicles / UAV's Drones / 3-D Printing will eliminate inefficiency and bring in transparency to timely accurate information. Supply chain stakeholders not only requires to be able to effectively communicate electronically, but they also require access to timely and accurate information. e-AWB / e-freight and One Record needs to be aggressively embraced by the Air Cargo Supply Chain Members as they will be crucial in helping the industry get closer to eliminating inefficiencies, shipment delays and costly errors resulting from paper and manual-based processes and providing a new level to visibility throughout the shipment lifecycle.

Platform technology has given rise to new business models, often driven by start-ups that enter the logistics industry. Last-Mile Delivery has seen new entrants in the Logistics industry bringing in industry's former customers and suppliers ending up being the biggest new entrants exploiting new digital technology to its advantage and accelerating rise in the usage of air cargo systems.

**DID YOU
KNOW**



There are more female long-haul truckers than you might expect.



CRUX How is the role of regulators changing with changing times? Are they enforcers, educators, facilitators, partners or industry voice?

SAM In the dynamic times of today, a regulator is multi-faceted and no more just a facilitator but plays a key role as an enforcer, educator, facilitator. He is a crucial industry voice influencing and contributing to not only sustainable economic development but in the expansion of trade. Cargo industry cannot generate global prosperity and fulfill its role as the “business of freedom” without an efficient and enabling regulatory system and, specifically, fair and reasonable taxation. Regulation should be developed and implemented using smart principles. ICAO (International Civil Aviation Organization), has agreed to work with IATA on implementing good regulatory practices worldwide under the auspices of its “No Country Left Behind” initiative. Smarter regulations help to deliver clearly defined, measurable policy objectives to enable informed decision making in the least burdensome way. Regulators are globally playing a critical role in the growth of the aviation industry and have become a crucial part of the value chain. The World Customs Organization – WCO is also working closely with IATA to establish CargoXML messaging standards ensuring cost effective and seamless communication between Air Cargo Supply Chain Members and Customs Organizations around the world.

Regulators are indeed playing a partnership role with the air cargo industry acting as enforcers in a team environment and facilitating a common voice around the world.



**DID YOU
KNOW**



Supply chain management (SCM) is an important aspect of every business today.



The future is looking bright for airfreight. There was a positive outlook for profitability in 2018, which was supported by robust demand growth on both the passenger and freight sides of the business says International Air Transport Association (IATA). Air Cargo industry experienced flat volume growth for the past few years and the same continued in 2019 too. Going forward, IATA expects similar numbers in a marginal downward swing for 2020. However, there are two areas of change which could impact the industry and its potential profitability. These are regulations and technologies that either can throw multiple wrenches in the works for airfreight or improve efficiency and cost-effectiveness to the point where it becomes the method of choice for sending goods across the globe. Some of the future trends that would shape up the Air Cargo industry are as mentioned below.

Global Trade Protection

Global trade protectionism is expected to influence the growth percentage of cargo tonnes carried by air in the coming decade. This will be spearheaded by the increase in smart, balanced and most importantly data-driven regulation in the air cargo industry.

e-Commerce

e-commerce has increased in the last 15 years by 20% year-on-year and is forecasted to continue at a growth rate of between 10% and 15% over the next 10 years, according to McKinsey & Company. Cross border e-commerce, expanding quicker than overall online sales (at a rate of about 25% a year), is expected to present a sizeable opportunity for aircraft cargo charter.

Asia will continue driving the world in average annual air cargo expansion, upheld by more quickly developing economies. China, intra-East Asia, East Asia, North America, and Europe-East Asia markets are altogether expected to become quicker than the world normal development rate, showing that business sectors inside, serving, and interfacing with Asia will lead development in the following decade and past. Also, The Middle East and Africa continue to be potential hubs for Air Cargo, with a lot of connectivity being build.

Trade Wars & Uncertainties Impacting Consumer Confidence

Consumer Confidence is wavering, with trade wars between the USA and China. Trade war between USA and China is intensifying and Air Cargo is facing strong headwinds due to the same. Also, weakness in some of the key economic indicators and rising political uncertainties worldwide.

Cold-Chain Logistics & Role Of e-Commerce In Air Cargo

Integrators like Amazon, Alibaba, and eBay are setting up their Air Cargo hub network.

By 2020, IATA forecasts biopharmaceutical cold-chain logistics spending to surge by 8-9 percent, and biopharmaceutical sales to go up by 4-5 percent. Europe and North America continue to be the leading market for biopharmaceutical with a market share at 60 percent. Although cold-chain logistics spending is predicted to grow fastest in Asia and North America.

Of course, Digitization will hold the key. Several airlines worldwide have begun to cut traditional paper-based systems by inculcating the use of digital processes, including digital devices that measure ULDs, apps for dangerous goods declarations and online platforms for booking and tracking shipments in real-time. Forwarders, integrators, and airports as well as other authorities are also investing heavily in technology. Most importantly, airports need ground handlers as well as providers to reserve slots via a digital platform.

Digitization will increase efficiency, lowers cost and carbon footprints through visibility and data-sharing. The use of air freight management software is already in the rise and in the coming days we can expect the same to rise further and further. Also, know how the African Air Cargo industry is growing exponentially to become an enabler.



The bureaucratic delays and red tape in cross-border trade have resulted in the evolution of 'Trade Facilitation' for the global trading system. Trade Facilitation (TF) is the simplification, modernization, and harmonization of the global import and export processes.

The landmark Trade Facilitation Agreement (TFA) by the World Trade Organization (WTO), which came into force on 22 February 2017, includes requirements for expediting the movement, release, and clearance of goods, including goods in transit. As per the WTO, Article 10.4 of the WTO TFA calls for the Member States to endeavour to establish or maintain a single window, which enables tradesmen to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single-entry point to the participating authorities or agencies.

Kale Logistics Solutions' latest offering – next-generation Regulatory Single Window System – is a step toward pushing boundaries enhancing administrative efficiency and effectiveness by intelligent integration of trade data and compliance of in-depth analysis. It ensures faster turn-around time leading to cost savings, resulting in attracting investments. Our Regulatory Single-Window Systems further facilitates optimum use of resources and improves business capabilities along with expanding operations.

Technology like Blockchain empowers system administrators to adapt quickly to policy changes. This is in line with the company's commitment to facilitate cross-border trade, enabling the Digitalization of processes with e-Approvals and significantly minimizing the use of paper.

Key features:

- G2G, G2B & B2G interconnectivity
- Manifest filing & Customs clearance management
- Issuance of e-certificates, e-licenses, and e-permits (CLP)
- Automated routing
- Online payment of Customs duties & fees
- Acceptance of scanned documents
- Documents authenticated by Digital Signatures
- Trade Data management

Business Benefits:

- Cut the Red tape
- Transparency
- Ease of doing business
- Expedite release & clearance of goods
- Accurate revenue yield

**DID YOU
KNOW**



Trucks Are Still Dominating Shipping.



The fourth edition of the Air Cargo Thought Leadership Summit by Kale Logistics Solutions – CLEAR VIEW 2019 – was held on 4th and 5th November 2019 in Cape Town, South Africa. CLEAR VIEW is a pioneering interactive platform of 25-30 CXOs which, in the last four years, has had encouraging participation from IATA, TIACA, Alibaba, Dnata, Saudi Cargo, CSC, TIFFA, CargoWorks, Mitchell Cotts, Microsoft, leading Airlines, Cargo Handlers, Industry Associations, Regulators and Prominent Industry Consultants from North America, Europe, Africa and Asia.

Each year, the CLEAR VIEW summit provides industry to discuss issues in a round table format and this year the sessions revolved around; Air Cargo in 2030, Delivering Digitization and Emerging new business models in Air Cargo. The previous three editions of the CLEAR VIEW summit took place in Dubai, Athens & Bangkok, which were a great success and received an overwhelming response from industry leaders. Building on the success of the last three editions, the fourth edition in Cape Town, South Africa had participation from very senior industry stalwarts. The CLEAR VIEW summit endeavors to ensure that a collective voice of the industry is collated and the industry itself can assemble a charter for enabling possible realistic strategies and viable solutions to the challenges faced by the Air Cargo industry. Expert speakers debated on current challenges faced by the industry collectively and how technology can be leveraged to become faster, smarter and more efficient and what this means for the technology-enabled Air-Cargo ecosystem of the future.

Commenting on the success of the summit, Vineet Malhotra, Director, Kale Logistics Solutions, said, “When we first started CLEAR VIEW, we were not sure how people would react to something like this. Most people who have attended a CLEAR VIEW in the past have felt that this is a different way of approaching the same subject in a more interactive and engaging way. Our agenda is always not to market ourselves and take some learning from this summit. Over these 4 years, we have had representation from every part of the world. In the coming period of time, CLEAR VIEW will become the industry voice.”

**DID YOU
KNOW**



**Over 5 Million Are Employed in Transportation
and Warehousing**



CRUX In January 2019, IATA announced the mandatory digitalization of the Air Waybills. It's been a year now, how have the trends been effected by digitization in the Air Cargo industry?

PRIYA Air Waybill (AWB) is a critical document in the air cargo industry. It suffices as a contract of carriage between the shipper and carrier. IATA recognized the importance of data quality more than a decade ago and implemented the Message Improvement Program (MIP) back in 2006. From 1 January 2019, e-AWB is by default contract of carriage. Thereby, introducing a change that brings efficiency and reliability to the air cargo processes. This key industry milestone ushers air cargo into a new era where digital processes will be the norm and paper processes will be the exception.

The industry has been reaping benefits like elimination of paper-based processes, improved efficiency and reliability of the overall cargo handling process, faster delivery times, a decrease in handling errors and a positive impact on the environment.

e-AWB program is set to achieve larger goals for the industry and will play an important role in e-Freight program which aims to build an end-to-end paperless transportation process for air cargo through regulatory frameworks, modern electronic messages and high-quality data.

Big data can help air cargo movement without a predicament and value chain can keep track of the errors and remove them without losing time. e-AWB instead of paper is reducing the cost and encouraging improved communication and data quality. e-AWB program is a positive change and is an opportunity to improve processes by encouraging paperless procedures hence boosting competitiveness.

CRUX Kale Logistics Solutions have designed its suite of PING services, which would take away the administrative work like audit, documentation, status-tracking etc. from the Logistics entity. With the implementation of Robotic Process Automation, how has Air Waybill processing been impacted and changed ?

PRIYA In a decade or so the air cargo industry has evolved on many levels; from cargo movement it has transformed into movement of information and cargo which has led to humongous amount of administrative data entry work. For an effective communication; freight forwarder, airlines, GHAs exchange standard messages. Most of the organisation would like to get rid of the endless administrative work and concentrate on value additions.

Kale Logistics Solutions, by the virtue of their understanding of the industry, has designed its suite of PING services which takes away the burden of administrative work like documentation, audit, status tracking, etc. With PING, being in the picture, communication between different stakeholders has not only become easy but it has also reduced the processing cost, enhancing shipment visibility, quality, productivity, shipment tracking and much more. We give our customers flexibility to send information in different forms like emails, XML dump or direct upload on portal and rest of the process is taken care of by our robust systems. The combination of Robotic Process Automation and human supervision enables PING efficient handling of the administrative tasks and providing services like converting document to EDI services, trade documentation services, Cargo Track and Trace services, rate management services, and also Freight Audit Support. PING increases productivity, resulting in cost reduction and better value for the end customers making it very competitive in its processes.

Meet Priya Mandlekar, Subject Matter Expert Kale Logistics Solutions. She has been part of the Logistics Industry for more than a decade. Her domain area has been operations and customer services and she has been handling PING suite of service with her efficient team for half a decade. Priya shares with CRUX, her vision on the future of e-AWB in the Air Cargo Industry and how it's helping the industry evolve.



CRUX What plans do Kale Logistics Solutions, have to enhance PING 2.0?

SAM The air freight industry faces tight margins. Costs are shared across the entire air cargo supply chain. With tight operating margins, carriers are moving to the eAWB to maximize productivity, improve profits and better comply with security filing requirements. With carrier fees for paper airway bills, large non-asset based costs and airlines adopting the eAWB Single Process approach, forwarders are rolling out the eAWB and realizing benefits.

As domain experts we are constantly enhancing our solutions and services to make them more relevant to trade and improve the industry efficiency. Currently we are using Robotic process automation (RPA) for PING services. With data getting more complex Cognitive RPA is the next thing. Which means that these systems should be able to deal with unstructured data in the same manner in which a human would. It can be further enhanced with value additions like adding digital signatures and document storage.

PING 2.0 plans to spread its wings in other regions with talks already underway for the US and South Asia. We are frontrunners in the Implementation of technologies and using AI and blockchain will help us in building error-proof processes and will reduce chances of EDI failure.



**DID YOU
KNOW**



The "Digital Supply Chain" will be the Logistics Technology Concept of the Year



Past Events



TIACA'S EXECUTIVE SUMMIT 2019
Budapest, Hungary, Nov 19-21, 2019



ACAAI 45TH ANNUAL CONVENTION
Phuket, Thailand, Nov 21-24, 2019

Upcoming Events



AIR CARGO INDIA 2020
Mumbai, India, Feb 25-27, 2020

Announcements



Kale Logistics Solutions opens a new office in North America to drive digital transformation for North American Logistics customers




North America's first New Generation Airport Cargo Community System developed by Kale in partnership with Atlanta Air freight community and Atlanta airport goes live at Hartsfield Jackson International Airport

Connect with us




Kale Logistics Solutions Private Limited

9th Floor, Thane One Corporate Business Park, Behind
CineWonder Mall, Majiwada,
Thane (W), Maharashtra, INDIA - 400 610.

 +91 22 4113 4113

 info@kalelogistics.com

 www.kalelogistics.com

Mumbai | Delhi | Dubai | Port Louis | Schiphol | Atlanta