



## Smart-CM Workshop at ECITL 2011, Thessaloniki

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Added value of SMART-CM for the Industry &  
adoption parameters:

Possible business models (WP9)

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Version E1





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# Target groups and benefits

## Long term and short term

**Long term** benefits based on improvement of reliability:

Savings potential is in the magnitude of +/- 300 Euros per imported container of *value 100.000 Euro*.

Most of these (70-80%) are financial gains as a result of reduced pipeline & safety stocks, directly depending on the average container value. This reduces working capital requirements *gradually*, as improved reliability is *proven step-by-step*.

This applies mostly to the **shipper** or **beneficial cargo owner (BCO)**. If realized by the logistics integrator, he *may* be able to sell his services with a premium to shipper or BCO.

This requires true visibility, i.e. not only knowing where the load unit is, but also the **impact on the end-to-end logistics process**.

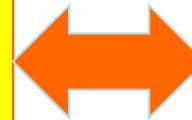
Allowable costs

**Short term** benefits are in the magnitude of +/- 5 Euros per container as a result of efficiency gains for individual transport & logistics service providers around the sea/hinterland interface:

**Less waiting times**  
**Less container moves**  
**Shorter stay in port**

*Best applicable to containers of less average value (10.000 Euro)*

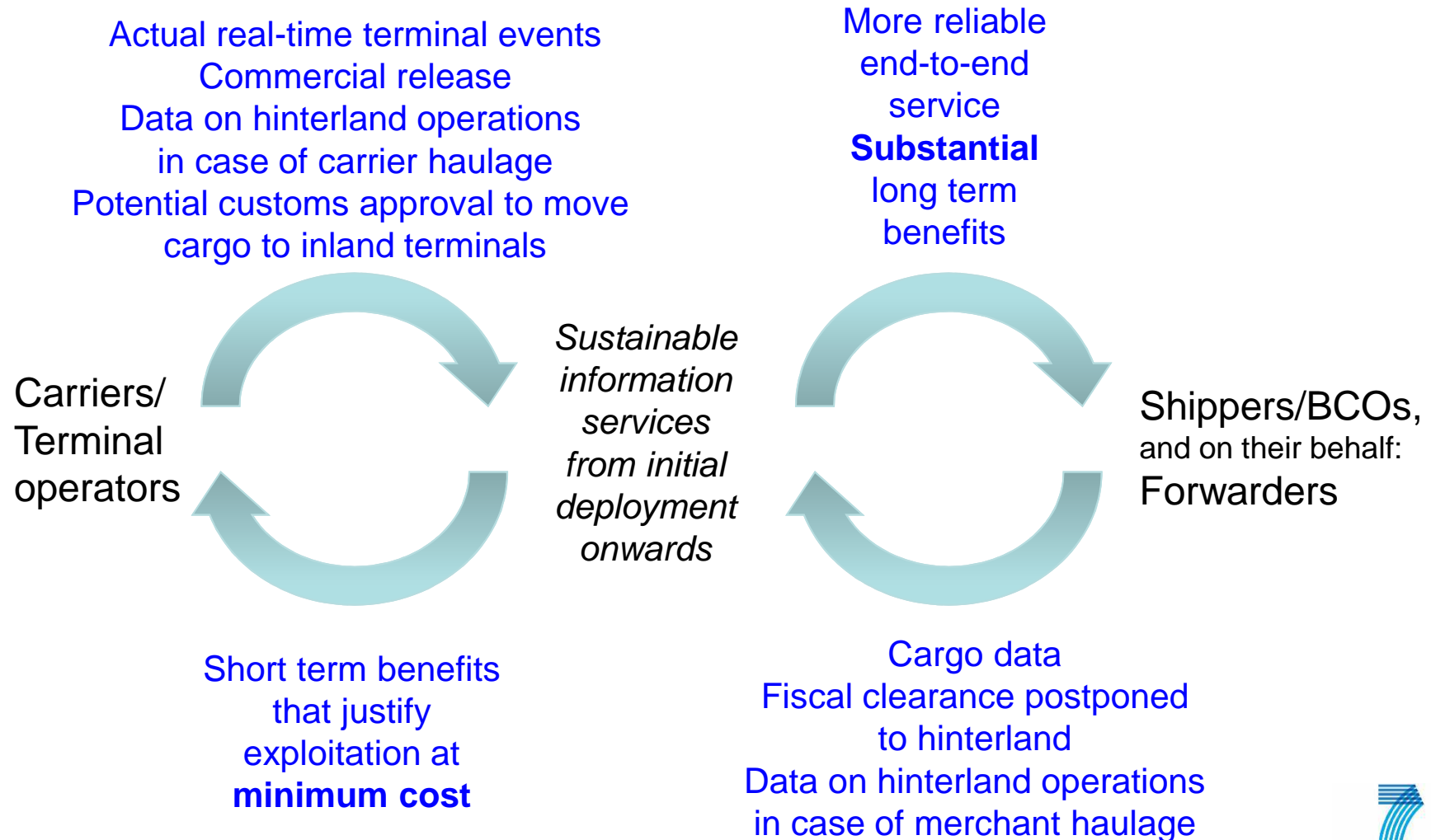
These savings are very relevant to the terminal operators, which from their side can provide reliable actual terminal events, for sea and inland terminals.





# Target groups and benefits

*Interrelated actors and long/short term benefits*





# Towards feasible deployment

## *Driving forces for 'go to market' strategy*

***How should container security device be handled and what are its limitations:*** Prohibitive costs (still) for broad application. Requirement for uniform regulatory and operational framework. Technical challenges to increase visibility at sea.

***Process improvements:*** Ensure that also short-term gains are available by improving the efficiency of the interface between sea terminal and hinterland. Further support customs clearance through in-depth cargo information + postponed / accelerated customs handling.

***Visibility can be further improved by integrating additional data sources:*** Besides the container security devices themselves: Information from terminal (sea and inland) can provide reliable and real-time information on containers loaded and discharged, delivered to the terminal (gate-in) or departed from it (gate-out). Information from vessel (AIS). The consolidation of these multiple data sources should be efficient and effective.

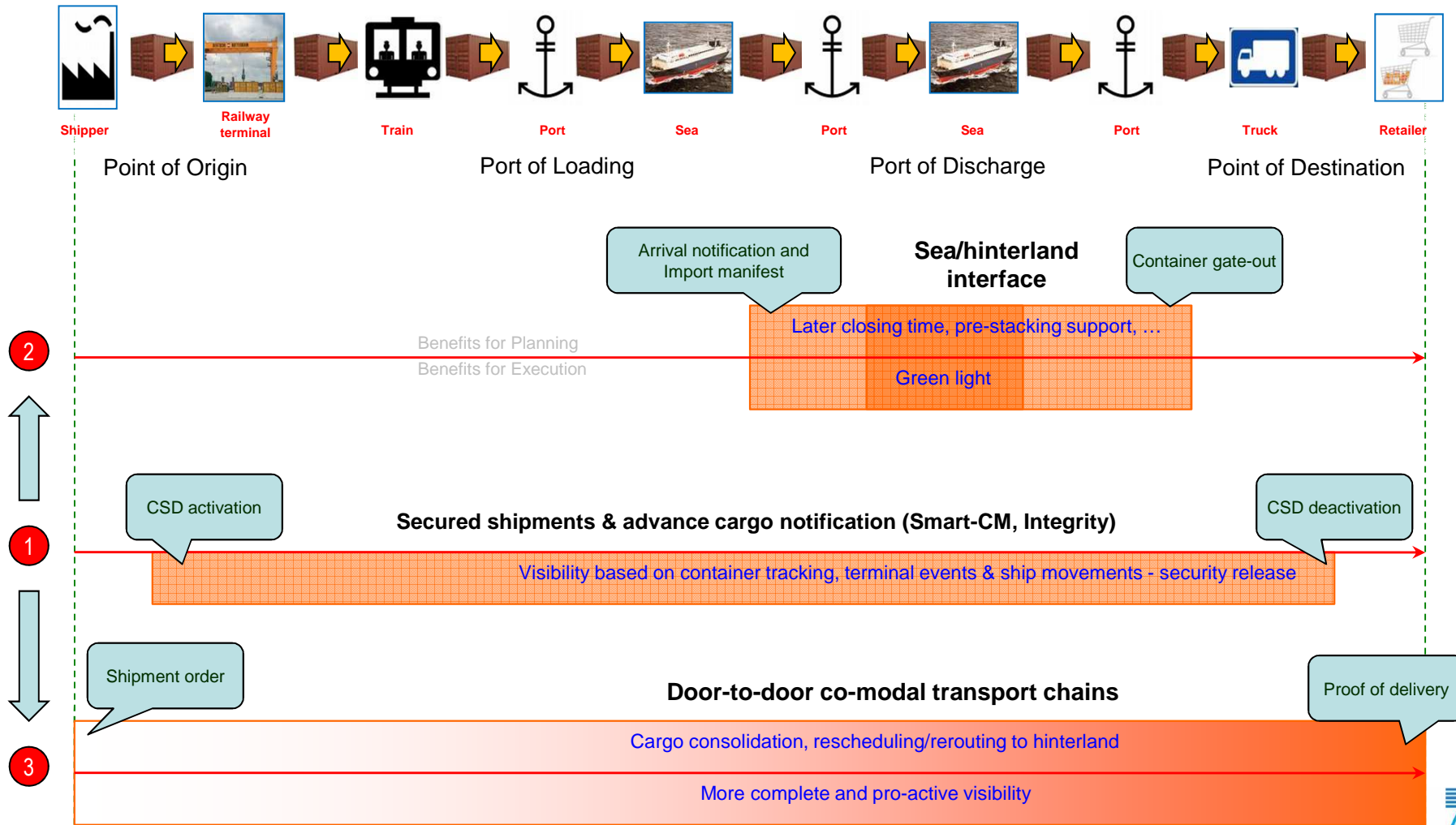
***Specialization and substitution to reduce development costs:*** Each of the product components mentioned has substantial costs for development. Specialization is a method to reduce such costs by creating economies of scale. Standard interfaces up-stream (shippers & forwarders) and down-stream (transport operators and other sources), using the Common Framework, between these components ensure that switching costs are low.

***Ensuring critical amount of data access:*** Access to data providers is important in order to make value added services functional. If there is no data to populate the VAS, then the functionality of the VAS itself cannot be used. Balanced partnership between stakeholders. Buy-in from few customs authorities and port communities with footprint in global trade.



# Towards feasible deployment

## Scope extensions





# Towards feasible short-term deployment

*Interoperable – substitutable – specialized components*

An **interoperable market** in which value added services establish **coalitions** (and agreements) with multiple data source owners to provide rich consolidated information;

This enables **specialization** but at the same time ensures them of sufficient **distribution channels** to enable them to invest in further development of their specialized products;

As time goes by the interfaces between the individual product components will be more and more **standardized**, reducing switching costs and risk;

*Sample implementation:*

