

# e-freight Penetration Campaign 2011

## Final Report

Release date: June 2011

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- **Simplifying the Business Program**

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# Executive Summary

# e-freight at a glance

## Objective:

- Take the paper out of air cargo and replace it with the exchange of electronic data and messages.
- Implement an industry-wide initiative involving carriers, freight forwarders, ground handlers, shippers, customs brokers and customs authorities.

## Targets:

- By end 2010 e-freight was live in 44 locations (representing over 80% of international tonnage) and 98 major airports offered e-freight.
- 2011: 10% penetration on trade lanes that were e-freight live at end of 2010.

## Key Milestones by location:

- Complete High Level Assessment (HLA): Legal and customs environment for air freight
- Complete Detailed Level Assessment (DLA): Legal, regulatory, technical and business processes
- e-freight Implementation
- e-freight Live
- e-freight penetration

## Links:

- [e-freight project overview](#)
- [e-freight scorecard](#)
- [e-freight detailed locations report](#)
- [e-freight monthly volume report](#)

# e-freight 2011 penetration campaign

## Objectives:

- Understand and validate airline e-freight plans and forecasts for 2011.
- Position IATA as a facilitator for local e-freight growth.

## Scope:

- All airlines with e-freight live trade lanes as at end 2010 .

## Process:

- IATA local cargo representatives (CR) met with airlines to discuss their status, commitment to the targets and forecasts. In these meetings CRs and airlines also analyzed the e-freight potential report to identify areas of growth in live trade lanes (as well as potential of growth in non live trade lanes) and CRs offered facilitation with local or multinational forwarders.
- Airlines communicated the type of support they need from IATA. IATA presented the tools that are available for e-freight, and together they agreed on a plan for regular meetings to measure progress made in 2011.

## Timeline:

- 5 April to 13 May 2011

# Background

- The IATA Board set a mandate to achieve 100% e-freight on all feasible trade lanes by end 2015.
- Until 2010, the project focused on establishing a network of live locations and participants. The expansion of the network is still important in 2011, but the focus now needs to shift to generating volumes on live trade lanes to achieve the 2011 Board target of 10% e-freight penetration on trade lanes that were live at the end of 2010.
- Up until now, engagement with the live major airlines was performed by the IATA central team through the e-freight Central Action Group (eCAG) and Cargo Committee members (CC). Now, airlines will count on local and dedicated IATA support to progress on e-freight plans.

## Key results - Strategies & teams almost in place

- All live airlines participated in this campaign with the following results:
  - 36,662 e-freight shipments per month would be generated by the end of 2011, representing 11.3% of penetration. However, this forecast is very optimistic based the current trends.
  - Airlines have almost completed putting in place their EF teams and the coordination between those teams and their local offices is improving.
    - 53% of airlines have named local EF champions to coordinate between HQ and local offices, and 60% of airlines have a regular activity between HQ's and local offices.
  - 97% of airlines have decided or are finalizing their strategies for e-freight penetration and are in the process of setting global, regional and local targets (important to reach the industry target).

## Key results - e-freight is an industry effort

- Airlines have developed plans to implement e-freight:
  - 72% of airlines have already a plan to implement e-freight across all of the live locations in their network and 25% intend to develop it.
  - 81% of airlines have identified their key partners for EF. The majority identified freight forwarders and ground handling agents.
  - 84% of airlines plan to implement e-AWB along with e-freight.
  - Airlines have also identified 60 non live airports that are key for supporting the growth of EF volumes.
- Airlines regard IATA as the key leader in moving the e-freight project forward, mainly through setting the global standards, sharing expertise, lobbying with the governments and customs, and facilitating contact with freight forwarders.
- Industry collaboration is considered vital to achieve progress and in particular airline leadership.

## Issues to address!

- It is imperative that all live airlines finalize their EF strategy and targets.
- Regional and local airline offices will play an important role in achieving the growth sought for each year, and ultimately with the view of 100% e-freight by 2015. As a consequence, communication and coordination with airline HQs is crucial.
- Airlines are largely reliant on internal projects to grow e-freight. E-freight needs to be prioritized in order to execute the plans.
- All airlines are using Cargoimp/EDI messages. Some also use XML. However, more than half are experiencing technical issues, mainly on the message quality, that should be resolved. Airlines should dedicate resources and concentrate on facilitating the process through their Cargo Community System (CCS).

## Next steps

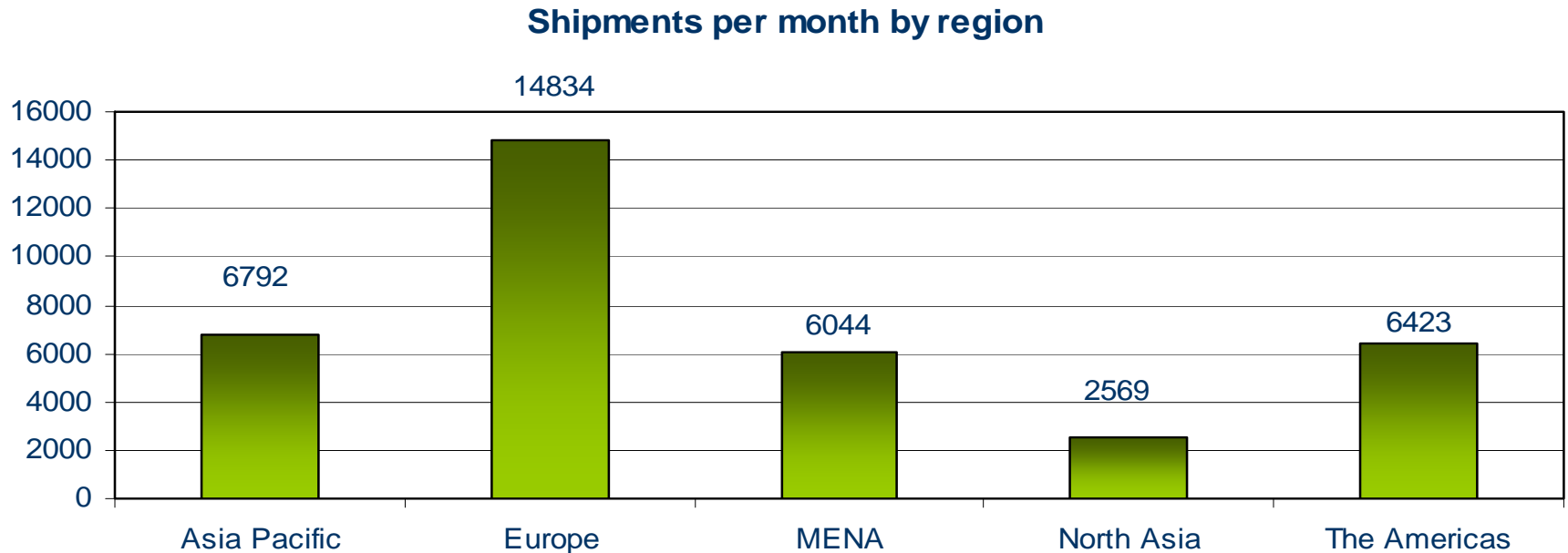
- IATA will draft a comprehensive plan based on the results of this campaign, including:
  - Key actions involve establishing local Task Forces in the top 10 priority locations identified by the e-freight Central Action Group (eCAG) to resolve key issues slowing down volumes in those locations. Further actions will depend on results of these Task Forces.
  - IATA will provide a monthly tracker with the spotlight on the 10 key locations identified.
  - IATA Cargo Representatives will continue to engage airlines on a monthly basis to combine efforts to drive growth in EF in 2011, and to track the execution of the strategies and plans.
  - IATA will engage the non-live airports identified by airlines considered as key to support EF volumes.

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# Detailed Results

# Shipments per month by region

- Based on the input from live airlines, 36,662 EF shipments per month will be generated by the end of 2011.

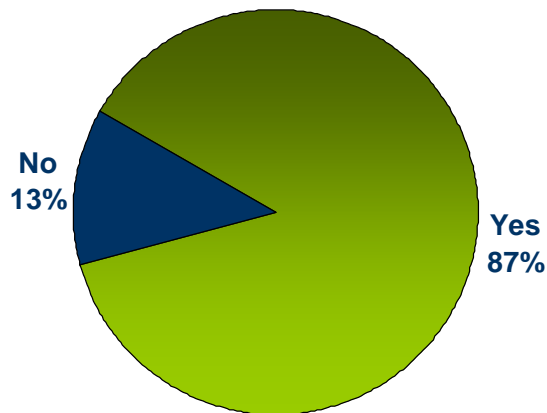


Note: The region is the region of the airlines

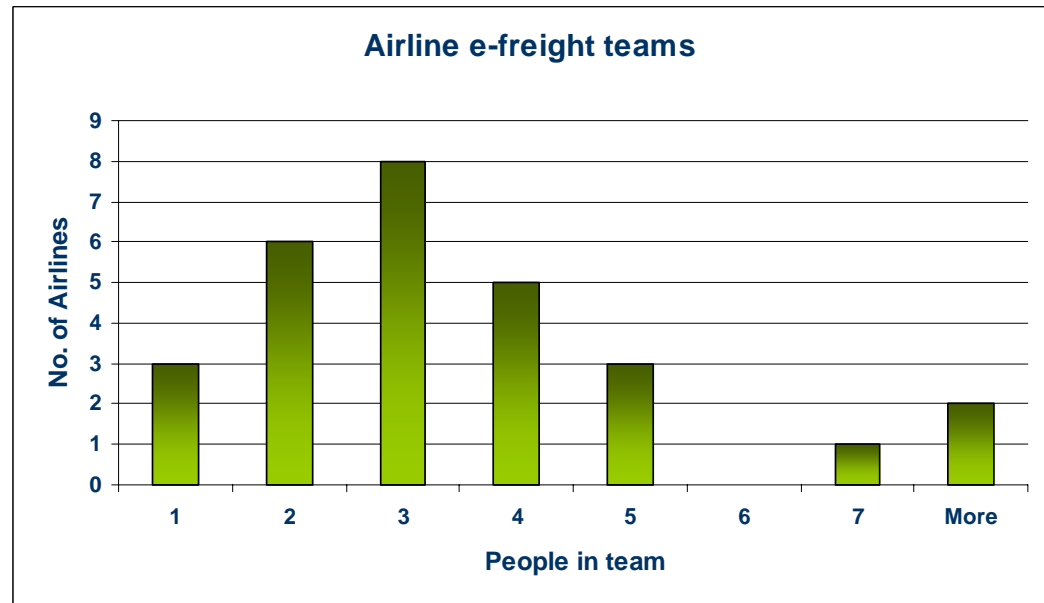
# Live airlines that have an e-freight team

- Most airlines have a team in place. Only 4 do not have a team in place.
- On average, airlines have 3.7 people on the team and the team is located in the same office 7 out of 10 times.

Airlines with an e-freight team



Airline e-freight teams

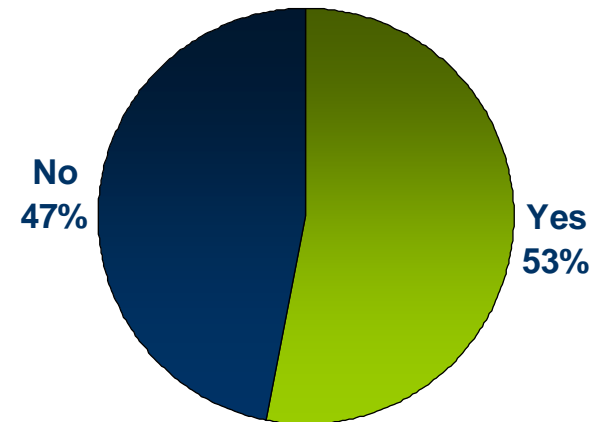


# Airlines EF team interaction with local & regional offices

- Only 50% of airlines have regular activity.
  - Reasons include:
    - Teams located only at HQ.
    - Meetings are scheduled on demand only.
    - Currently formalizing teams.
    - Restructuring of Cargo.
  
- The need to name e-freight champions in the local offices is apparent.



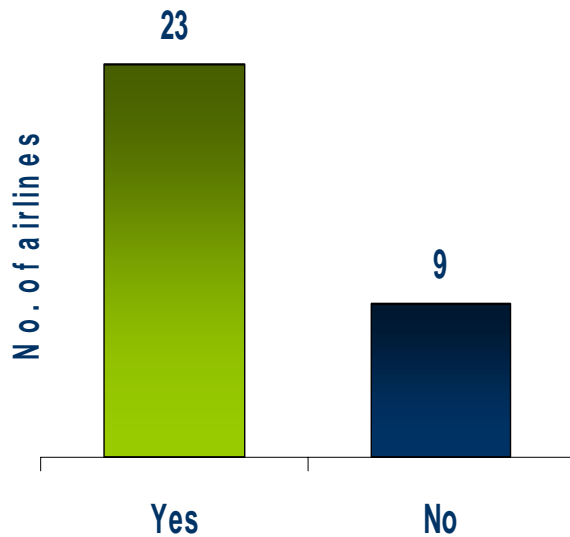
e-freight champions locally



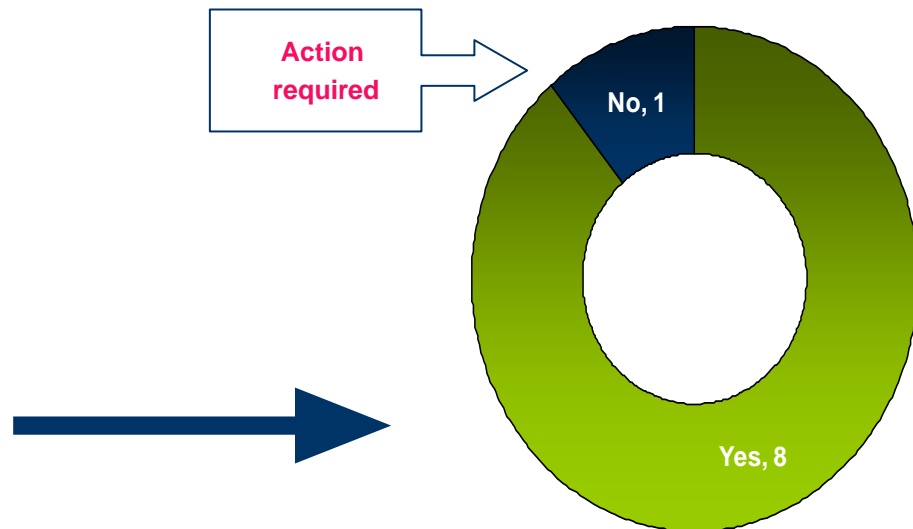
# Airlines' e-freight strategy for 2011

- All live airlines but one have or will develop a strategy to grow e-freight transaction volumes in 2011 and communicate it to their local offices.

Defined strategy to grow e- freight transaction volumes in 2011

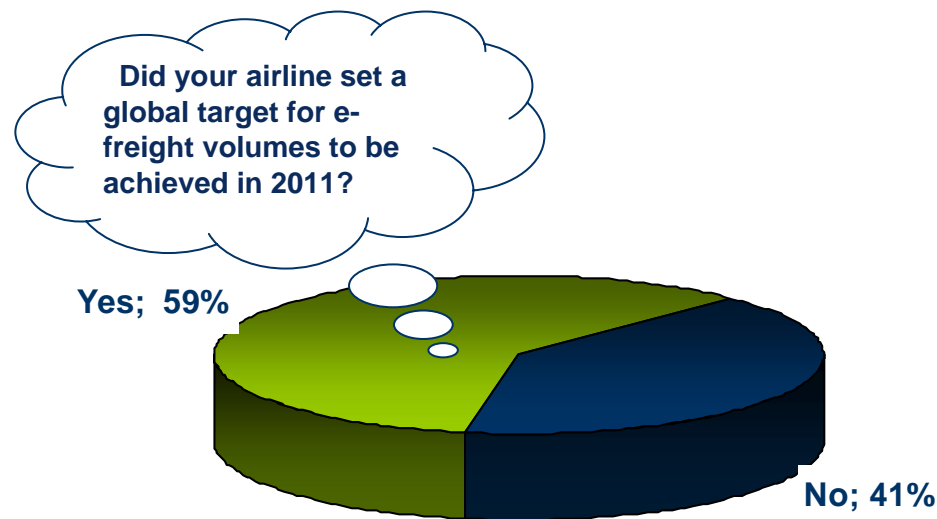


Airlines who have not yet developed a 2011 strategy:  
Will develop strategy in 2011



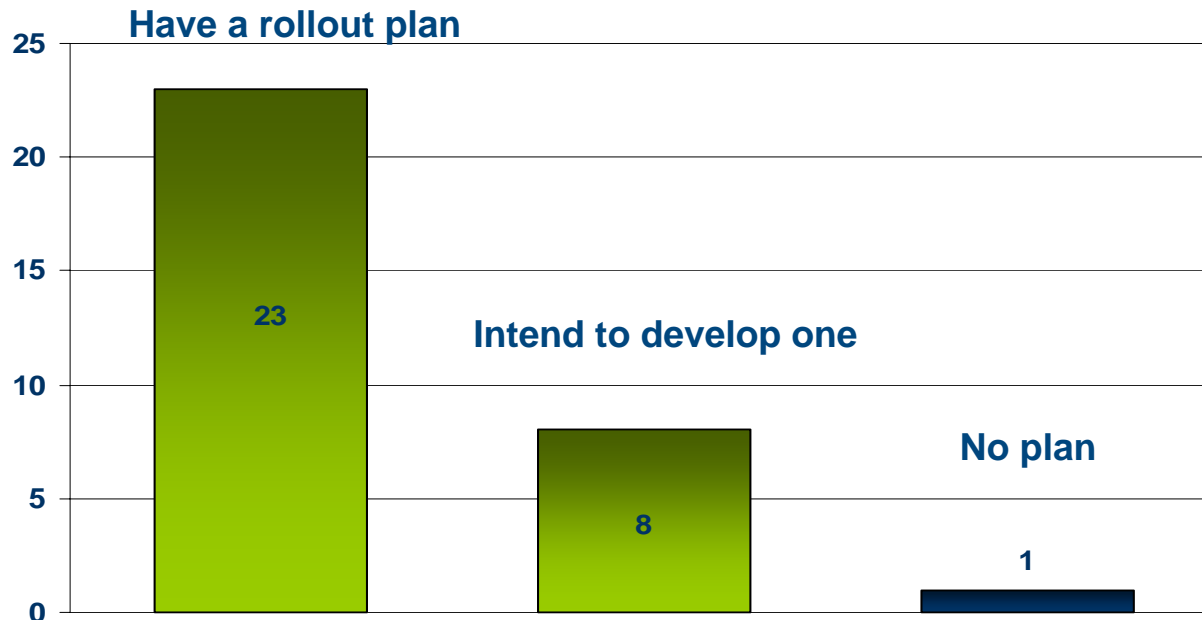
## e-freight volumes & targets 2011

- Targets on specific global volumes have not yet been defined by a considerable number of live airlines, though pending airlines intend to do it.
- For those who already have global targets, 7 airlines have not yet cascaded it down to regional and local targets.



# e-freight airport/location rollout plan 2011 (1 of 3)

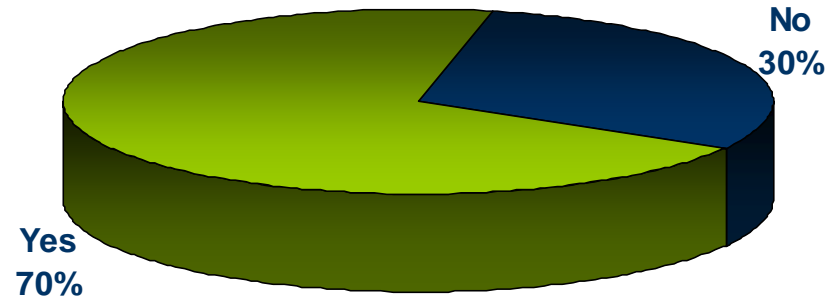
- The majority of airlines either have a plan to implement e-freight across all live locations in their network either in 2011 or by 2015, or are working towards developing one.



# e-freight airport/location rollout plan 2011 (2 of 3)

- Airlines largely rely on internal projects to complete the rollout plan. Some of these include EDI, XML messaging, and IT upgrades.

Reliance on internal projects

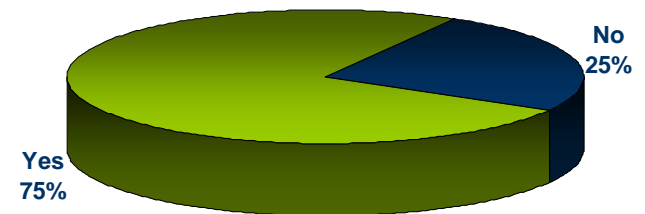


# e-freight airport/location rollout plan 2011 (3 of 3)

- A significant percentage of airlines indicated new airports that are not yet e-freight live and are key for them.



New locations where e-freight is not yet implemented that are key for the airline



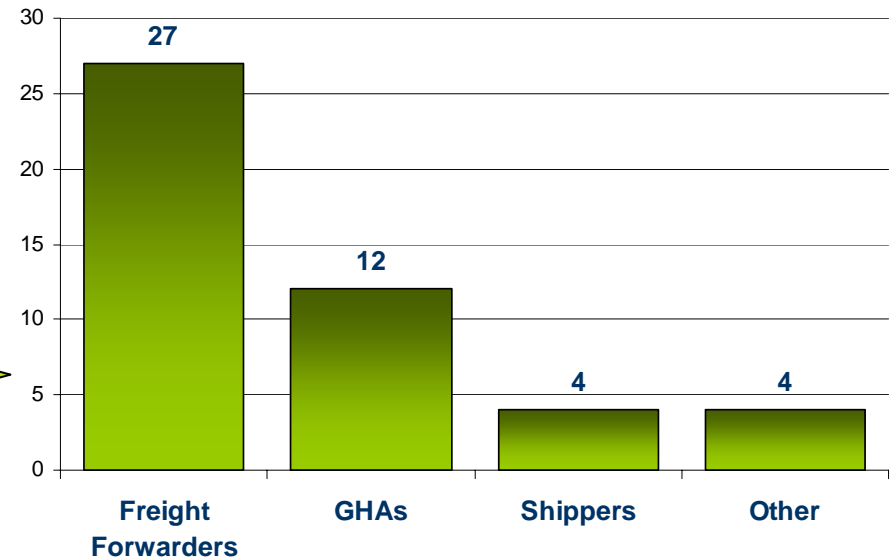
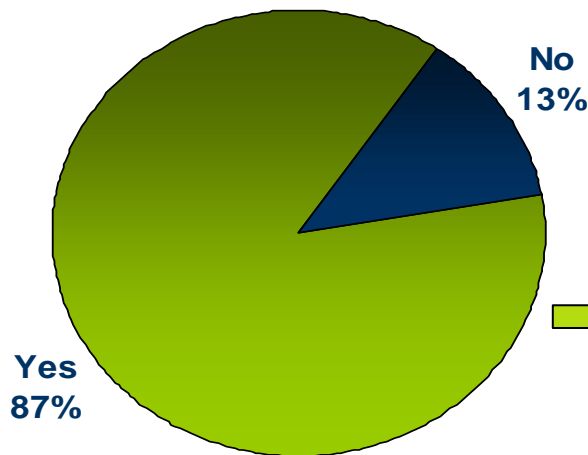
## List of airports:

ALY AMD ADL ATL BKK BLR BJS BOM CHI CAN CCU DEL DAC DXB DAR  
DPS DFW EZE EWR GRU GIG GYE HBE HND HAN IAH JFK JKT LIM LAX  
LXR LGG MIA MNL MEX MAO MAA MUM NYC NRT NKG OKA ORD PVG  
PEK PEN RUN SFO SEA SGN SHA TNR TYO UIO VCP XMN YEG YOW YHZ  
YYT

# Engaging with partners – Growing e-freight!

- Most airlines have identified their key partners they need to engage in order to grow their EF volumes.
- The partners most sought after are freight forwarders, with the GHAs also playing an important role according to airlines.

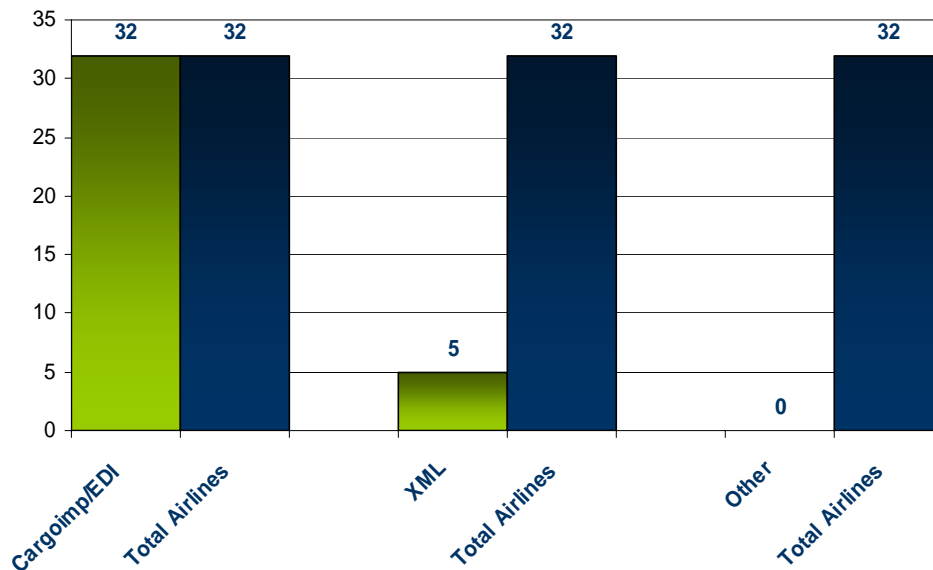
Identified Key Partners



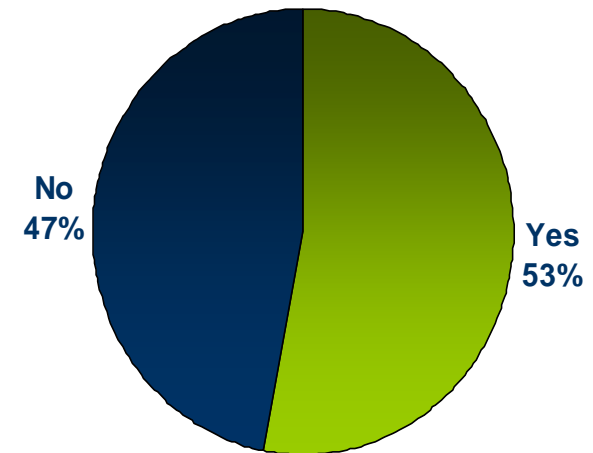
# e-freight – Technology

- Without exceptions, airlines are using Cargoimp / EDI messaging for EF and 15% of them also use XML. There are no other approaches for messaging.
- More than half of the airlines offer portal/e-pouch services to their customers.

Messaging Approach for EF



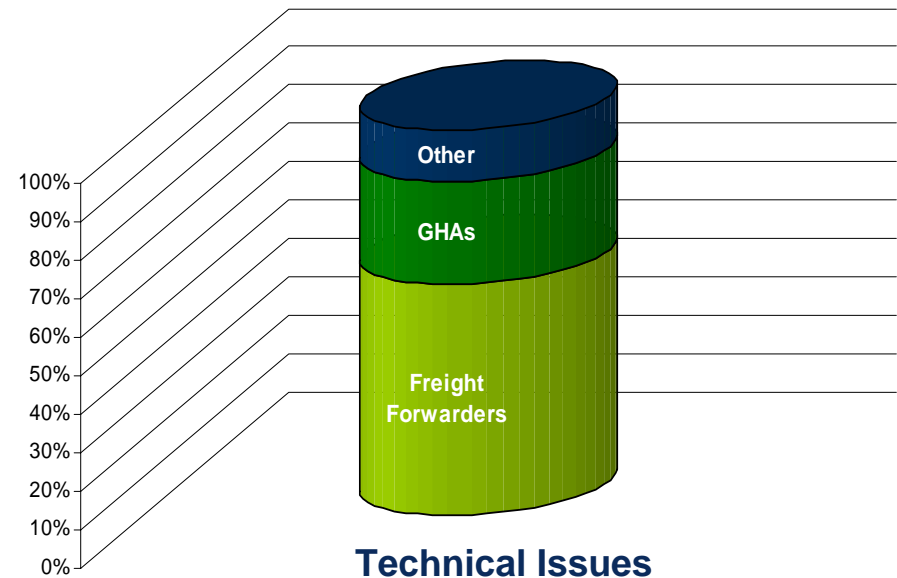
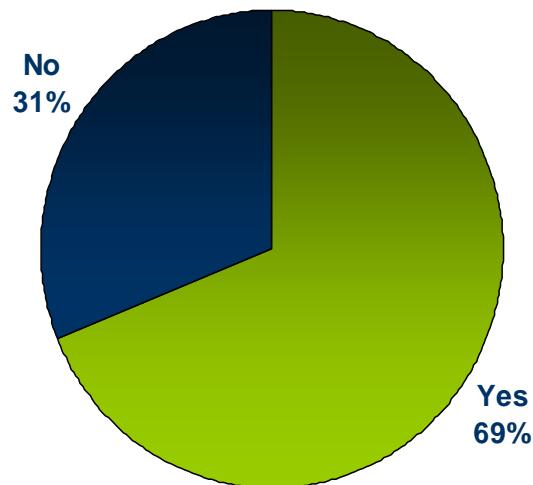
Offering Portal / e-pouch service



# e-freight technology – Technical issues!

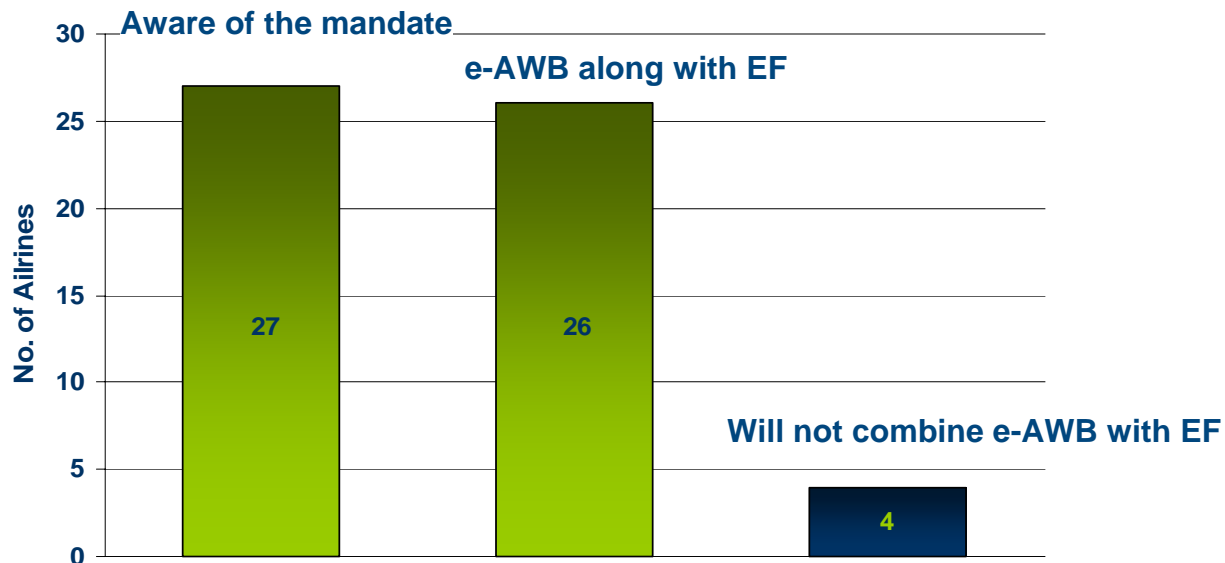
- Airlines experience technical issues with e-freight regarding EDI links, message data quality, and more.
- Most of the issues originate from freight forwarders and poor quality of data.

Experiencing Technical Issues



# e-freight & e-AWB - awareness & implementation

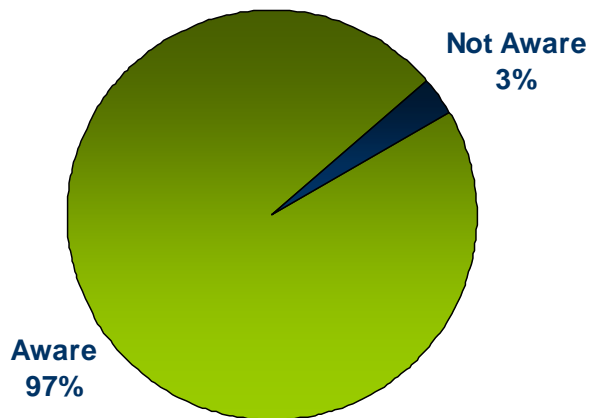
- A very significant number of airlines was aware of the e-AWB initiative and its IATA 2014 mandate prior to the meeting with IATA CRs.
- In addition, the majority of airlines is planning to implement e-AWB along with e-freight.



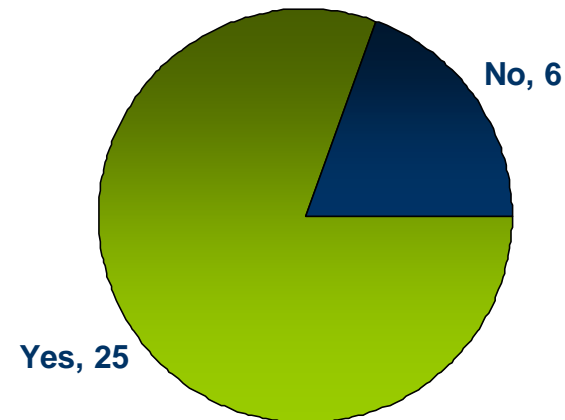
## EF help and support – IATA's role

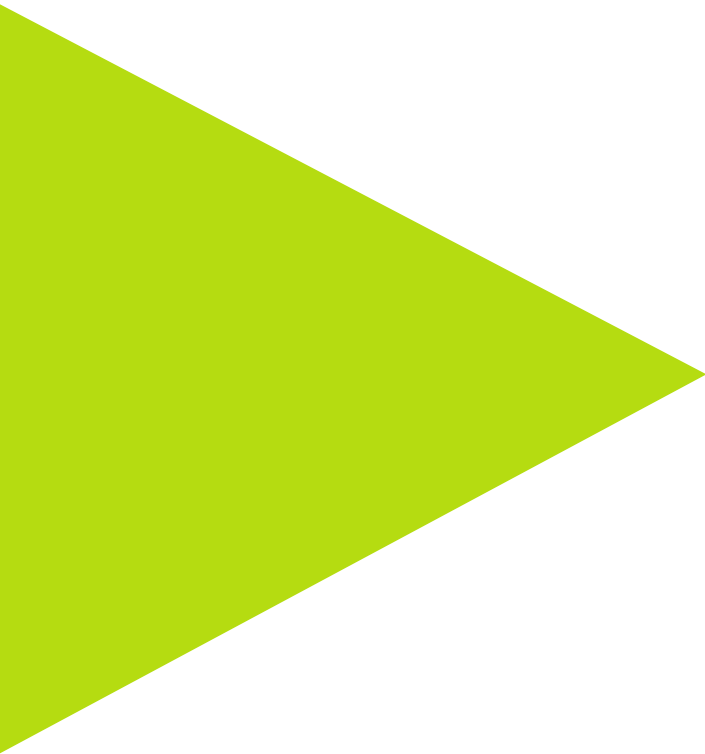
- Almost all airlines were aware of the support tools and information provided by IATA. The tools included EF potential reports.
- Most airlines have agreed to establish a plan for regular meetings with IATA, while the remaining ones are willing to do the same in the future.
- Airlines regard IATA's help essential in highlighting areas to focus on in the future.

### Support Tool Awareness



### Regular Meetings Agreed



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# Simplifying the Business Program (StB)

# What is StB?

- What is it?
  - An industry-wide program launched by the IATA Board of Governors in 2004. StB's mission is to change the way the air transport industry operates, resulting in better service for passengers and lower costs for the supply chain
  - Three criteria requirements for StB projects:
    - Airline driven
    - Deliver multi-million dollar savings
    - Improve customer service
  - Why?
    - To transform the network carrier model to increase its competitiveness

# StB – Targets 2011 and beyond

## ➤ **BIP**

➤ A total of 60 diagnosis visits and 70 self-help airports.

## ➤ **Fast Travel**

➤ 5 major airports offering all five Fast Travel initiatives.

## ➤ **e-freight**

➤ 10% market penetration on trade lanes where e-freight was available at the end of 2010.

## ➤ **IATA e-services**

➤ A total of 40 airlines capable of issuing EMDs & 6 GDSs live.

# StB Campaign approach

## Why Campaigns:

- to **make progress** in a structured, organised way.
- to have **measurable** objectives and targets that are **clearly communicated**.

➤ Our way of translating strategy into action

➤ A way of focusing effort on areas to achieve specific and measurable results

## Two types of Campaign:

### ➤ **Horizontal:**

- advancing the program as a whole, step by step.

### ➤ **Vertical:**

- cluster targets with particular needs.

# For more information, visit the StB website

➤ <http://www.iata.org/stb>



The screenshot shows the IATA website's navigation menu and a page titled "Simplifying the Business (StB)". The navigation menu includes: About Us, Membership, Work Groups, Areas of Activity, Solutions, Events, Training, Pressroom, IATA by Region, Careers, and Customer Service. The left sidebar lists: Home, Areas of Activity, Simplifying the Business (StB), E-freight, Baggage Improvement Program, Fast Travel, IATA e-services, and Automated Baggage Rules. The main content area features a banner image of a hand holding a paper airplane and the heading "Simplifying the Business (StB)". Below the banner, the text states: "The Simplifying the Business program's mission is to change the way the air transport industry operates – resulting in better service for passengers and lower costs for the industry. The current StB program will save the industry up to US\$18.1 billion every year. In 2011, five projects make up the StB program:" followed by a list of projects: E-freight, Baggage Improvement Program (BIP), Fast Travel, IATA e-services, and Automated Baggage Rules (ABR). Below this, the section "How does StB realize industry-wide change?" lists: A focus on a mutually beneficial approach for everyone involved, The leadership and support of the IATA Board of Governors - a group of 30 airline CEOs, The endorsement of the IATA AGM, The ability to create industry-wide standards, and A global network of 4,000 IATA, airline, and airport staff, industry experts and suppliers.