Making match-back work

New IT collaboration eases container repositioning costs by reducing empty miles.

By Geoff Whiting

Companies have long known the key to a successful match-back system, or automated way to reducing empty equipment miles, is through collaboration and data-sharing with as many parties involved as possible, but this ability is still relatively new to the transportation industry.

"Collaboration has been on the radar for some time, but being able to tackle it is still relatively new," said Phil Behenna, senior vice president at International Asset Systems (IAS).

IAS has been trying to integrate and coordinate with many of these disparate systems over the past 10 years, but Behenna said it has been a significant challenge historically.

"The problem is that in the absence of total connectivity like we have today, everyone has already invested in their own systems," he said. "Companies are very invested in them and won't throw them away overnight."

Economic struggles, however, may push partners to the point of abandoning prior investments. The majority of ocean lines lost money in 2011 and are now honing in on cost control. The pinnacle will be container repositioning because it is often a carrier's second highest variable cost behind fuel.

Behenna said shifts in who controls and pays for domestic movement highlights the need for collaboration.

Historically, about 70 percent of imports to the United States were organized by ocean carriers, but this has changed with a shift to merchant-based haulage, he said. "We think there has been a 40 percent swing — from 70 percent down to 30 percent — and it is questionable whether carriers will get back in majority."

Now third-party logistics companies and consignees are taking control of the moves at the terminal or railroad. For the trucking companies involved in domestic moves, this means they've shifted from receiving work orders from 10 to 15 ocean carriers to upwards of 200 consignees.

This fragmentation in work orders is forcing trucking companies off systems and back to the lowest common denominator for receiving orders, typically emails and faxes.

Bob Baker, president and chief executive officer of SynchroNet, said companies should approach match-back services with the goal of connecting all the parties of the transaction, from large and small shipping lines to non-vessel-operating common carriers, truckers, and logistics companies. "The key is to make sure that consistent, current, accurate data is received; that is data which clearly defines the demand and excess criteria for the carriers, is received in a dynamic manner," he said.

Baker

Getting more truckers involved in these systems is crucial since they face the largest communication challenges, but also have some of the most needed data. Removing blind spots from assets by including truckers in a system can enable better actions by all parties, Baker said. "We were generally just looking at a few data sets that are included in the bookings," he added. "The thing we're adding in now is more demand and time information."

"The trucking company, particularly when you're getting to the last mile, is the holder of the Holy Grail. They exclusively know who has the box, where it is, if it is being unloaded or loaded, and how long did that take," Behenna said.

The goal for SynchroNet and IAS is to make as many partner connections as possible. Behenna said it takes time to build momentum in connections and potential customers should work with companies that already have a vast network instead of trying to build their own.

Baker echoed this sentiment saying that adding more companies on a connected system makes the process easier for every step that follows. "It's a matter of designing something where everyone can benefit," he said.

This fragmentation, however, is mak-

ing the consolidation and collaboration space compelling for those with new offerings.

"The U.S. market is easy to target because the empty repositioning costs associated with the U.S. are among the highest in the world," Baker said. "Moving empty containers from the U.S. interior to the West Coast for approximately $500 or more per container is not uncommon."

For SynchroNet, this means focusing heavily on international markets with shifting container demands and finding ways to enhance the availability and profitability of street-turns, or moving an empty container locally to a demand location without first returning it to a terminal.

Baker said a long-term goal is also to bring the value of street-turns to international beneficial cargo owners and give them the ability to street-turn directly with each other.

One way to do this is by addressing the immediacy of need for the exporter or trucker. Baker said SynchroNet is focusing on aligning the urgency of the booking with the return needs of the importer or importer's trucker.

While its software can give companies a variety of destination points for containers, Baker said "the most important focus for us is that the final destination is a location of value to the supplier, and the user's needs are met."

The goal of IAS's service is to address the way companies work with U.S. truckers. Behenna said the IAS Dispatch Manager system has more than 2,000 trucking companies connected and orders can be sent and accepted electronically in a single interface.

Its services consider all the moves of a firm with imports and exports, suggesting possible matches based on factors like schedule, distance, and flexibility with either. Another module helps companies that serve as either importer or exporter and need added visibility to prevent hauling empty containers on the leg that they don't move goods.

The suggested moves are broadcast across IAS's network of trucking companies that in turn provide rates for moving these companies' containers. IAS said trucking companies have taken to the service because it prevents them from running an empty container back to a terminal, and they often offer match-backs at cheaper rates.

In the United States, these companies are facing a possible test of their services later this year. The potential for a truck and driver shortage would increase the value of match-back services for unifying moves and by providing truckers themselves with more revenue opportunities. ∎