Cooperative Unitised Services
Challenge & Opportunity

Carlos Álvarez-Cascos
Director de Estrategia
Introduction & Background

- Political interest in developing intermodal transport solutions in Europe:
  - White Paper 2011 aims to offloading the road (1):
    - 30% by 2030
    - 50% by 2050

- High untapped potential for short sea ro-ro and lo-lo freight transport in co-operation with the road.

- The economics of accompanied vs. unaccompanied unitised cargo.
  - Cost of roro vs. ropax
    - For ship owner
    - For haulier

- Difficulty to launch new unaccompanied unitised services in Europe: the role of SME`s.

(1) Includes rail and inland waters
Maritime vs. Road operational models summary

<table>
<thead>
<tr>
<th>Maritime models</th>
<th>Road haulage models</th>
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</thead>
<tbody>
<tr>
<td><strong>Ferry</strong></td>
<td><strong>Self-employed</strong></td>
</tr>
<tr>
<td>• The ship as a bridge</td>
<td>• Normally working under contract for a larger organization</td>
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<td>• Accompanied cargo, the logistic chain not broken</td>
<td>• Limited commercial capacity</td>
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<td>• Maritime operator ignores the door to door service</td>
<td>• Limited to a few clients, normally incurring in inefficiencies (waiting times, empty runs)</td>
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<td><strong>Integrated Intermodal Operation</strong></td>
<td><strong>SME</strong></td>
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<td>• Maritime company and network of agents offer door to door service.</td>
<td>• Great commercial and planning capabilities.</td>
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<td>• Manages completely the intermodality.</td>
<td>• Often subcontracting self-employed drivers or SMEs for traction.</td>
</tr>
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<td>• Normally containers</td>
<td>• Optimizing resources and occupancy.</td>
</tr>
<tr>
<td><strong>Independent Multimodal Operations</strong></td>
<td><strong>Large Company</strong></td>
</tr>
<tr>
<td>• Maritime operator offers only sea transport and terminal operations</td>
<td>• Evolution of cooperative networks, international scope.</td>
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<td>• Different customers (freight forwarders or road hauliers) manage the intermodality in an independent manner</td>
<td>• Collaborating in marketing, pricing and administration</td>
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<td>• No relation among them.</td>
<td>• Capable of undertaking complex transport services</td>
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<td></td>
<td>• Profitability above the market</td>
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<tr>
<td><strong>Cooperative Unitised Service</strong></td>
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</table>

(1) PROPS. Deliverable 2.1 Networking Strategies for Short Sea Shipping  Stakeholders and Short Sea Promotion Centers.  NECL . August 2010
Cooperative Unitised Service
an Intermodal Network Solution (1)

similar, in many respects to a Formalized Network in road haulage where ...

The principal participant in the network, normally the ship operator carries out the central marketing, administration, logistics, pricing, billing and development of the network

It avoids the significant risks associated with an Integrated Intermodal Operation and the lack of coherence & reliability of an Independently Functioning service.

Positive features

| Achievement of a high level of **efficiency** through coordinated management of the intermodal services. |
| Distribution of **risk** amongst participating operators |
| System is **open** to new operational entrants |
| Applicable to the large range of intermodal services that are prevalent in Europe |

(1) SKEMA SE2.3.7 Case Study: Sustainable Intermodal Transport Services on the Atlantic Arc
Sample case

“A Spanish haulier (member of the Network) has a cargo to deliver in Dublin “

<table>
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<tr>
<th>PLANNING</th>
<th>EXCECUTION</th>
<th>ADMINISTRATION</th>
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| • Identify the maritime service/s that matches schedules  
• Identify hauliers in Ireland and electronically negotiate terms with a Network member  
• Place the order on the Network. | • Deliver the semitrailer to the Spanish port terminal.  
• From that point to destination the equipment will be handled by Network members to destination.  
• Possibility to rent a trailer.  
• Traceability of the cargo and the equipment to destitution | • Invoice clearing through the Network.  
• Balancing debit and credit depending of the role: customer or supplier to the Network  
• Simple and agreed claim management system |

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<th>ADVANTAGES</th>
<th>OPERATION</th>
<th>ADVANTAGES</th>
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| • Quick identification of trusted partner in the Network.  
• Place a single order to contract multiple services.  
• Free driver and tractor head to perform another service at home.  
• Quality of Service warranted by the Network members and contracting terms | • Less paperwork  
• Easier to process economic compensation derived from QoS deviations |
A sample Network for a cooperative unitised service

“The scope of the Network will be defined by the members and the service it aims to provide”

The Network

All members of The Network

The Network can be as simple as a line with two dots or made more complex allowing transhipment of cargoes and extending the domain.

Joining The Network

A contract will establish the legal framework that binds the Network members.

Network provided services

- Legal framework (warranties)
- Integrated service orders
- Administration/Clearance
- Marketing
- Traceability support systems
- Damages, claim management
- Access to internal freight bourses
- IT applications and support

Access to external services

- Access to external freight bourses
- Third party agreements to rent transport equipment per trip.
- Insurance / Inspectors
The **e-freight** role:

- Interoperable communications platform
  - Enables the coordination of the network by the Network Manager
- Standarized messages
  - Facilitates the b2b exchanges of information over the network
- Single Transport Document and NSW
  - Easy integration of the intermodal logistics chain with the European administrations and the parties involved

“Companies will find joining a network much appealing if they can reuse the same IT infrastructure they already using or they are planning to use in other trades...”
Cooperative Unitised Service

Challenges

• Complexity to setup an operational network

• Requires “network managers” to invest and risk on launching the network and hauliers to buy in.

• Lack of standards and the cost of building a one off solution.

Opportunities

• The Network concept enables efficient intermodal services to be sustainable.

• The numbers look right: an intermodal network can be more efficient than the sum of its parts.

• Enables SME’s to recover profitability improving working conditions in every end of the intermodal corridors

The EU e-freight initiative can provide the framework and building blocks to enable the deployment of efficient cooperative unitized networks
Further information.

Paper: Cooperative Unitised Services- a Challenge & Opportunity
Submitted to e-Freight Conference Munich 2011

Authors:
Gerard Trant, Nautical Enterprise Centre Ltd, grant@necl.ie
Carlos Alvarez-Cascos, Acciona Trasmediterránea, ccascos@trasmediterranea.es
Kevin Riordan, Nautical Enterprise Centre Ltd, kriordan@necl.ie