

Online options

Operating beneath the radar screens of larger competitors, one US company has profited from its ability to provide bespoke internet-based solutions for cargo operators, wherever they are in the world, writes **Richard Rowe**



Cebu Pacific has turned to Cargo Data Management for its revenue account and shipment tracking needs (photos: Cebu Pacific)

Since its launch in 1996, the name Cebu Pacific Air has become synonymous with innovation. In a little over six years, the Filipino low-cost carrier's winning blend of progressive thinking and commitment to high standards of service has been repaid by deep customer loyalty and a reputation as one of Asia's freshest airlines.

During this time, Cebu has become the second largest operator in the Philippines behind the national carrier and currently carries passengers and cargo on a fleet of 15 DC-9s and three B757s.

The carrier's nose for innovation was highlighted in November last year when it went live on an outsourced, internet-based solution for two critical system applications: cargo revenue account management and cargo shipment tracking.

Cebu contracted Cargo Data Management, a Dallas-based specialist air cargo system development company, to host on its servers the company's Money Track II revenue accounting system and

its Easy Track II tracing and tracking system.

Currently, few carriers conduct such real-time internet tracking of cargo and revenue; many operate off-site hosting of data, but typically in some kind of private network set-up.

Not so at Cebu. Today, all of the airline's connections to the software are over the internet. Airline users at the Manila head office have access via a broadband connection, while outstations access Cargo Data's servers via either digital subscriber line (DSL) or direct-dial modem. Cebu's overseas offices in Hong Kong, Seoul and Singapore also have access through their own internet connections.

With more than 30,000 shipments a month, air cargo represents a significant chunk of Cebu's revenue stream and, not surprisingly, the carrier wanted to get the system absolutely right. According to Garner McNett, President, Cargo Data, the chief concern over such an approach was the ability of remote offices to use the internet to access their applications.

"We tested the connectivity carefully and found the response time for the system excellent, even from some of the remote dial-up locations in the Philippines," reports McNett. Once Cebu was sure it could count on the ability to access data, the airline was sold on the concept.

For a carrier whose cabin crew are known to burst into song at a moment's notice, the decision-making process on such a cargo solution was equally spontaneous. Cebu and Cargo Data had been in contact for several months, with the system demonstrated over the internet between Dallas and Manila. However, the first face-to-face meeting in Manila only took place in August. Cebu gave the green light for the project in September and the two worked together on a complete overlap of all processes in just 45 days and went live on 1 November.

Previously, Cebu essentially had a 100% manual system in place, but the mindset and project management skills were geared towards going fully automatic, says McNett. "Cebu does

business a little differently compared with the rest of an industry known for its long lead times and conservatism.”

Importantly for a low-cost operator like Cebu, the airline didn't have to concern itself with the expense of purchasing and maintaining its own Unix-based servers or installing software on its network.

And McNett says the system is straightforward to use with complexities “written into the programme, not on the screen”. Cebu simply enters information from its various offices and then pays Cargo Data a monthly fee for hosting and managing the cargo applications back in Texas.

“I believe this brings us much closer to the ideal solution of matching cost to revenue,” considers McNett. “The cost only goes up when revenue goes up, but it goes down during the slack periods. It is all dependent on use.”

Cebu Pacific made the decision to move from a manual to automated operation several years ago. “Previously, out of 11 domestic stations, only Manila, the hub city, used some form of in-house system,” explains Edgardo Cruz, Director, Cargo Logistics, Cebu. “But even this was really a half-manual, half-automated one, characterised by spreadsheets.”

Garner McNett: "People realise that cargo is a profit centre that needs to be worked on"



Cruz acknowledges that the two-month implementation was quick work. “This is quite a short period considering the degree of system customisation to take place.”

According to Cruz, the decision was in line with the Cebu culture of exploring computer-based operations in all aspects of corporate activities. “It was also to acquire faster and more accurate information and statistics to be used in management, operational and policy decision-making,” he adds.

Cruz praises Cargo Data for its open approach and willingness to customise. “Others offered rigid equivalent systems,” he explains, “while Cargo Data endeavoured to customise.”

This is not to say that the transition from manual to full automation went without hiccups. “The system, like all others, has its glitches,” admits Cruz. “One factor to consider is that too much ‘customising’ might have complicated certain areas. Another was the fast-tracked implementation.”

Also, due to availability or problems with internet service providers in the provinces, some stations were not able to hook in to the system immediately. “One by one, however, these issues have been addressed,” adds Cruz.

Billing it as much more than just an accounting and tracking system, McNett says that the solution offers Cebu full booking, ground handling management and almost every other function up to the point of actual shipment delivery.

McNett is equally convinced that more carriers will follow suit

and move to the internet for critical system applications. Such a solution clearly avoids significant upfront expenditure at a time when every penny counts.

“The internet provides an opportunity for carriers of all sizes to access a sophisticated cargo system at a reasonable cost,” believes McNett. “This is the beginning of a change in doing business, particularly given the state of the industry at the moment.”

The now defunct National Airlines had completely outsourced its cargo revenue accounting, while the likes of Midway, Evergreen, Mercury and Kitty Hawk have, in the past, licensed systems such as Easy Track and then run them in-house.

“This is what’s going to change,” comments McNett. “In future, clients will use the hosted system and not license the system themselves.”

While North American carriers currently dominate the Cargo Data customer base, the company has also made inroads with Latin American carriers such as Avensa Airlines in Venezuela.

Cargo Data is also one of the few US suppliers of its kind with a third-party cargo ground handling system. Worldwide Flight Services, through its CFS subsidiary in Miami, is already a customer, while Mercury also operates a ground handling option.

“We have seen tremendous interest from, typically, the smaller players, particularly over the last 12 months,” reports McNett. “People realise that cargo is a profit centre that needs to be worked on – it’s not just about pushing boxes around anymore.”

Given that McNett’s priority is to market the solution to more non-US carriers, the Cebu contract could prove timely. “The Cebu contract could definitely become a model solution to take elsewhere,” he says. ☺

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