

TECHNOLOGY: LOGISTICS VISIBILITY

Logistics businesses are rethinking priorities as they rebuild following the supply chain meltdown.



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Starting point

Data visibility is key to driving profitability

By Paul Maplesden

THE SIGNIFICANT CHALLENGES of the last few years are driving logistics companies to focus more on cost control, profitability and risk management than ever before. The pandemic — and subsequent economic volatility — highlighted the importance of understanding the wider supply chain network and the need to plan ahead.

That foresight is critical to profitable growth. Beneficial cargo owners (BCOs) and others need access to high-quality, timely and accurate data to make smart decisions. Logistics businesses must know where all of their costs are coming from to maximize profit margins.

Of course, the benefits of data visibility go beyond cost control and protecting profits — BCOs can also use this insight to manage container flow, get goods into the marketplace and reduce the amount of working capital locked up in inventory.

One company at the forefront of logistics visibility is AV Logistics. Peter Pace, executive vice president of business development, and Felecia Thompson, Coreviz product manager, believe data quality, smart decision-making, customer relationships and cost reduction are vital to its success.

For AV Logistics, data visibility and cost control go hand in hand. Logistics businesses are rethinking priorities as they rebuild following the supply chain meltdown. The large expenses of the last few years are highlighting the importance of actionable cost information, and technology is key.

As the product manager of AV Logistics' Coreviz platform — a proprietary, real time supply chain visibility software for container management — Thompson recognizes this shift.

"With the visibility that the platform provides, customers are making decisions based on the visibility of data. It means they're moving away from being reactive toward a more proactive approach."

These types of proactive, data-driven decisions rely first on sourcing high-quality information. Validating and maintaining the

quality of that data can be a tall order — especially when businesses are working across multiple stakeholders, long transport times and the complexity of international supply chain networks.

This information typically isn't uniform, which makes it difficult for a BCO to understand what it's telling them. AV Logistics says that BCOs might be handling data from six steamship lines and 12 different trucking companies, all at once. Coordinating all of this data, and using it to make better decisions, requires a great deal of expertise and resources.

Obtaining high-quality data is only part of the story — even the best logistics information is only as good as an individual's ability to interpret it. Changing client needs, marketplace demand, supply chain disruption, volatile economic conditions and geopolitical pressures all demand a deep understanding of the data and the context it's used within. This combination is an area where AV Logistics can add significant value.

"The differentiator between us and other technology solutions is that we have 20-plus years of experience in going through this data and learning what sources have the highest quality of information. That allows us to build processes to identify those high-quality sources in our customer's data," Thompson said.

Pace expands on this perspective, and why, when acting on data, it's important to bring in the human perspective. As he puts it, "We learn their business, we learn the people. We understand their level of expertise, based on the questions they ask us. We'll learn about their depth of understanding, and how much help they'll need."

Thompson explains, "The model for AV Logistics is that we have a single point of contact. We have an expert who oversees the customer, their data and the operations team for AV Logistics. That expert is the frontline for the customer; they're having daily conversations and supporting decisions that allow our customers to proactively avoid costs."

Technology is central to these conversations and relationships. AV Logistics

built its Coreviz platform to make things fraction-free. "Coreviz is the technology that helps our point of contact, our operations teams and the customer to make decisions. We can all see what's coming into the pipeline and that drives those conversations," Thompson said.

On its own, visibility is just a starting point. Insights must be turned into actions. Logistics insights are only powerful when they directly influence real-world operations and put customers in control. Perhaps the best example of this is in reducing port, labor and other fees that BCOs and others pay. These can be significant pain points and directly erode profit margins. Businesses that don't take advantage of logistics visibility will incur greater costs.

"The previous supply chain disruptions highlighted where the pain points are. If you're not planning your work, well then you're likely to incur demurrage at the port or you have a mismatch with labor. That's because you either order labor and you don't have work or you don't have enough labor and then containers back up, which lead to dwell time and per diem and chassis charges," Pace said.

Reducing and eliminating these fees requires end-to-end visibility of a container's journey. The earlier BCOs can track a container, the easier it is to optimize its route, minimize its time in storage and get its products into the marketplace. This can be a delicate balancing act, requiring careful coordination across incoming containers, drayage logistics, the visibility platform and storage options.

AV Logistics works with its sister company, C&K Trucking — a drayage specialist — to strike this balance. "Customers are trimming any of their additional charges outside of base drayage costs. We can help them utilize their chassis more efficiently and give them visibility into any lulls in their freight," Thompson said. This helps customers to directly reduce back-end charges.

The company uses a bespoke partnership approach to reduce those costs and meet a customer's needs. That means gaining a deep understanding of operations and capacity, then comparing that with shipments several weeks in advance. Visibility of those incoming shipments drives communications between AV Logistics, their drayage provider and the customer.

As Thompson says, that's only the beginning. "We also take into consideration what's already happening at the operation center, how many containers are already there and what does that puzzle look like? Is there going to be enough balance?"

This balance directly affects container fees, especially if there's not enough direct capacity

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to get containers out of the port. It's worth understanding container fees further, especially demurrage and per diem.

BCOs get a time period to unload cargo from containers once they've been received, and the last day that cargo can be unloaded before incurring charges is the last free day (LFD). Containers that remain after the LFD incur demurrage charges, which can be hundreds of dollars per container per day — and they add up quickly. AV Logistics identifies containers in danger of breaching LFDs and incurring demurrage charges. Early visibility allows AV Logistics and C&K Trucking to reduce container fees.

"We're going to say that from a cost-saving analysis, if you leave these 10 containers here, it could cost you \$5,000 in demurrage. However, if you move these 10 containers to this storage yard, we could decrease that with yard pool and storage charges, which are going to be a lot cheaper than what the port will charge," Thompson said. This can cut costs by half or more.

BCOs incur per diem charges when they keep containers for longer than the contracted time. Carriers charge per diem fees when containers are late. These fees mean that there

are significant opportunities to lower container-related costs outside the port. Thompson explains the other side of a container's journey.

"In our industry, [over] 90% of the time it's a round trip. You're getting that load out, and you're making sure that the customer isn't incurring demurrage — but you have to have the foresight and the communication and the visibility into what is at the customer's facility. They need to proactively return those older shipping containers before they start going beyond their contracts and incurring additional per diem charges," she said.

In practical terms, AV Logistics ensures that as they are bringing one container in, they're taking the oldest container out. This helps the customer reduce per diem charges and control their cycle times, letting them go back to their steamship line later and either negotiate cheaper rates or more free time. That back-end logistics visibility can help them negotiate more favorable contracts and lower costs throughout the cycle.

It's easy to see how these charges impact on profit margins. The longer a container stays in the port, the more likely it will incur demurrage fees. The greater a delay in returning a container, the higher the per diem

costs will be. This is in addition to the working capital sitting in unsold inventory. It's better for everyone for containers to move quickly, minimize time in port, move to low-cost storage and get returned before contract expiration. Acting on logistics visibility data is the surest way to make this happen.

Partnership is vital. It needs BCOs with a forward-looking, profitable growth attitude; technologies that can source, cleanse, manage and present data in an actionable way; and vendors that don't just focus on their tools, but understand the importance of strong relationships and collaboration. Together, this puts BCOs in control, with the insight and confidence they need to reduce costs, eliminate delays and stay competitive. ■

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Robust technology for drayage-focused, proactive solutions

A **THIRD-PARTY LOGISTICS** provider (3PL) and a trusted partner for customized drayage management, AV Logistics is headquartered in Orange Park, Florida. Since 2000, the company has delivered operational and technology solutions to simplify customer operations, improve on-time performance, and reduce demurrage and per diem fees. AV Logistics serves some of the nation's largest retailers as a single point of contact for container management from foreign origin to empty return. We move more than 750,000 containers annually through major rails and ports with our extensive partner carrier network.

Our secret sauce is our proprietary real-time supply chain visibility solution, Coreviz. From a single portal and interactive dashboard, Coreviz provides a comprehensive view of shipping container activity with the ability to set watchlists and alerts for at-risk shipping containers. The platform is populated with the most accurate information available, "scrubbed" by our Track & Trace team to confirm accuracy of data before feeding it into the platform. This step ensures that ETAs and calculated milestones are as reliable as possible. Coreviz gives customers the technology to proactively address shipping containers approaching their LFD, delays and other urgent issues in the supply chain.

AV Logistics maximizes drayage efficiency for both growing companies and enterprise-level operations. Our technology adds value to your supply chain by fueling our cost-slashing chassis, demurrage and per diem management programs.

For example, AV Logistics recently announced the release of its new per diem reconciliation tool to help customers streamline the

reconciliation of per diem costs between shipping lines and carriers in compliance with proposed new Federal Maritime Commission rules. The technology in the per diem reconciliation tool alleviates the administration of reimbursement with quick and easy upload of invoices and automated remittance to SSLs and carriers.

As part of the C&K Holdings family, AV Logistics' drayage services are fortified by our sister companies, C&K Trucking and Skyline Express. We are proud of the recognition and accolades the company has received from customers, including "Dray Partner of the Year" for the past three years from one of the nation's largest retailers. AV Logistics also serves as a partner in sustainability with our customers as a certified member of the US EPA SmartWay program. ■

For more information on AV Logistics, visit us at av-logistics.com.



Is Inaccurate Data Compromising Your Supply Chain Visibility?

AV Logistics catches and corrects inaccurate supply chain data before using it.

Supply chain visibility solutions are only as reliable as the data in their system. The team at AV Logistics diligently verifies supply chain data before processing with Coreviz, our real-time visibility platform. Customers can pinpoint the location of their containers and have confidence in ETAs and milestones for visibility without surprises.



Put our team to work for you.

Call Peter Pace at 201-960-3159 or email him at ppace@av-ck.com to learn more.

av-logistics.com

