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CARGO AIRPORTS & AIRLINE SERVICES

## Growth In Forwarder Handling

GHAs and freight agents discuss closer ties

## Supply Chains Normalise

But capacity looks set to stay tight

## CEO Interview: Swissport's Warwick Brady

Challenges and achievements one year in

# CARGO COMMUNITIES AND SYSTEMS

Accelerating logistics process integration


TK SMART
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# Editor's NOTES

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## Beginning to normalise

After two relentless years of crisis, freight flows and the supply chains they support are beginning to normalise in many parts of the world. For air freight, the extreme capacity shortages and demand surges triggered by the pandemic have eased significantly, even if rates remain relatively high, bolstered by fuel surcharges. Returning passenger air services have progressively replaced 'passenger freighters', and air freight capacity is gradually recovering towards pre-pandemic levels, albeit with a higher proportion of freighter services.

The recovery of services has been limited in some cases by staff shortages. Recruiting and retaining staff has become one of the biggest challenges for businesses of all sorts. Companies are having to think creatively, attracting staff with better wages, conditions and facilities, with obvious cost and resource implications.

As highlighted in the Supply Chain Focus article on page 46, the extent of the disruptions during the last two years and the desire to build more resilient logistics systems – combined with the already worsening relationship between the US and China – have accelerated companies' efforts to seek alternative sourcing locations. But rather than decoupling from China completely, most companies are opting to add alternative options – for example, a 'China plus one' strategy.

As freight flows normalise, pressure on certain congested airports should also ease. Nevertheless, efforts to improve and streamline airport cargo handling, for example through community initiatives and systems, look set to continue, and there has been an acceleration in community-led data sharing and cooperation. As highlighted in the Airport Cargo Communities and Systems article on page 4, the benefits of sharing data across multiple stakeholders are becoming so obvious that demand for increasingly sophisticated Cargo Community Systems – and the willingness to participate – are growing almost exponentially.

Partnership between handlers and forwarders are also discussed in the Forwarder Handling article on page 26, with multinational handlers seeing this as an area with potential. But the big forwarders also want to increase their handling control at major hubs, limiting the extent they will outsource second-line warehouse handling to third parties. Indeed, some forwarders are seeking to operate their own first-line facilities, although competition issues seem likely to limit the extent of this and continue to favour neutral third-party cargo handlers in that role, in most cases.

Meanwhile, across the freight market, there seems to be a fresh wave of consolidation, including among cargo handlers, as highlighted by the acquisition of Menzies Aviation by Agility/NAS. And the interest of investors in the freight market is further illustrated by the agreed sale of Atlas Air for more than US$5 billion. With fresh money coming into the air freight sector, further change will follow.

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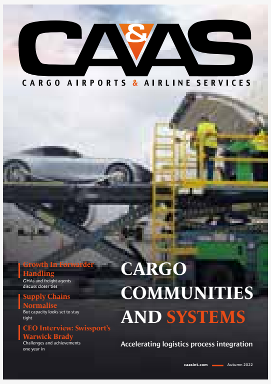


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# Contents AUTUMN 2022










# Connecting cargo communities

Airport cargo communities, often built around cargo community systems, have become increasingly important as a way for the otherwise fragmented air logistics chain to align processes and communications, to facilitate effective, efficient and transparent operations. And their evolution from basic data exchange mechanisms to logistics process integrators, as technology and attitudes have developed, has accelerated, reports Megan Ramsay

Photo: Fraport

Airport cargo communities, often built around cargo community systems (CCS), have become increasingly important as a way for the otherwise fragmented air logistics chain to align processes and priorities in order to facilitate effective air cargo operations.

Originating in many cases as mechanisms to exchange import and export messages with the respective customs authority via a 'single window', these have evolved and expanded considerably over the years as technology has developed, with this evolution accelerating further in the last few years thanks to Cloud-based technology and APIs.

And several other factors have also been aligning to speed up this process, including higher visibility expectations among customers and other stakeholders, and the Covid pandemic heightening companies' motivation to use digital processes and collaborate. Certain other developments also promise to take things further still, such as the development of cross-industry options for data exchange among multiple stakeholders; moves to link multiple airport cargo community clouds; and signs that airlines and forwarders are also shedding some of their concerns about sharing air waybill data on a platform.

## Individual initiatives

Belgium-based data-sharing platform provider Nallian has seen a growing interest from individual players to move forward with CCS rather than waiting for airport authorities to take the initiative. In such cases, uptake is often much faster than in a true community context, as there are fewer parties that need to align.

However, Nallian CEO Jean Verheyen points out: "There is a growing understanding that a community does not build itself, and the uptake and success of a community system requires change management, and hence attention and resources from the airport. It's not just about selecting the technology: [airports] should also take an active role to guide, motivate and facilitate the parties at their hub to make such a project a success."

Changi Airport is among the gateways doing just that. The Changi Air Cargo Community System (ACCS) is an open ecosystem of collaborative and community-based applications underpinned by an information-sharing platform that aggregates data from all parties involved in the cargo handling process. It aims to optimise operational efficiencies and enable end-to-end digitalisation of the air cargo supply chain.

Lim Ching Kiat, Changi Airport Group's managing director for air hub development, comments: "Among the first few use cases of the Changi ACCS is the Truck Dock Slot Booking (TDSB) application, to even out cargo lodgement and collection at our cargo handlers' air freight terminals in a safe and secure manner, thereby reducing waiting time, optimising resources and providing greater insights into airport landside activities."

Elsewhere in Asia, Hong Kong International Airport's HKIA Cargo Data Platform debuted in October 2021, with its first module covering the export process. The blockchain-enabled network securely connects air cargo supply chain stakeholders to facilitate process digitalisation, and tracks and traces shipments on a near real-time basis.

## Efficiency gains

A spokesperson says: "The integration of the application programming interface (API) of the users' operating system and the Platform has enabled end-to-end process digitalisation in the export pre-declaration process, and freight forwarding agents at Hong Kong International Airport have reported efficiency gains in their relevant operations."

In January 2022, the second module was rolled out to facilitate the monitoring of sea-air transhipment cargo and support HKIA's future sea-air transhipment developments.

Moving forward, the spokesperson adds: "With a view to digitalising other aspects of the cargo handling process and creating further synergies, we are working on features that cover import cargo collection and other operations."

## Solution for consolidated shipments

European airports are no less focused on supporting their air freight communities. For instance, Frankfurt Airport operator Fraport has implemented a new FRA-OS/ Import module in its CCS, making Frankfurt one of the first major European cargo hubs to offer a comprehensive, Customs-compliant solution for importing consolidated shipments.

"Six cargo handling companies and more than 15 forwarders covering the entire CargoCity South are now using the new module," says Max Philipp Conrady, SVP cargo development at Fraport. Time stamps provided by different stakeholders along the supply chain – including airline, ground handling agents, cargo handling agents – allow processes to be planned efficiently, and create a comprehensive and complete overview of the import process.

**Advantage in times of bottlenecks**

"As a result of the implementation of FRA-OS/ Import, Customs authorises the presentation of goods throughout the entire Customs area of Frankfurt Airport," Conrady says. "In addition to handling agents, freight forwarders are now able to present goods. This is a significant advantage in times of capacity bottlenecks."

Fraport has also implemented a web-registration tool called 'Click2Drive' that automatically opens the barriers at the entrance to its CargoCity South facility after detecting a registered licence plate, thus speeding up traffic flow and avoiding congestion.

Conrady explains: "We built a data interface between the CCS and Click2Drive. This is a rather small IT solution but with an enormous impact for the truck driver's comfort, and it gives an idea of the potential of a CCS interacting with other IT systems."

All major cargo handling warehouses in CargoCity South use the ramp slot management module of the CCS; Frankfurt Cargo Services is the newest – and largest – participant.

Amsterdam Airport Schiphol, too, is working on its CCS (which it terms a Port Community System), Cargonaut. Schiphol took full ownership of the IT platform in 2020.

Luc Scheidel, cargo network director at Schiphol, describes the system as "an important enabler to make the necessary process improvements in the coming years". The first step will be to make sure that all relevant data is available. The next stage will be to make the process plannable and introduce time slot planning for delivery and pickup of cargo landside.

Scheidel goes on: "The CCS enables us to implement processes that make our cargo processes more seamless and sustainable, while we ensure that they are secure, safe and compliant. For all partners in the supply chain, their process becomes more efficient and predictable."

For example, by sharing information about outbound shipments (digital pre-notification), the waiting time for trucks at Schiphol has been reduced by approximately 30 minutes.

**Transformation trend**

According to Amar More, CEO and co-founder of Kale Logistics Solutions, CCS are "setting the digital transformation trend" at airports and ports in North America.

Kale created the first CCS in North America at Atlanta airport. Since then, it has started working with at least six other airport communities in North America and is engaged with another 15 communities.

More feels that CCS offers a true air cargo single window for problems related to congestion, high dwell times, paperwork and supply chain opacity.

"CCS enables supply chain stakeholders to 'do more with less', which is so useful in situations where it is difficult to find skilled logistics staff [such as] in North America," he says.

*Frankfurt now offers a comprehensive, Customs-compliant solution for importing consolidated shipments*


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***Amar More***
*Kale Logistics Solutions*

***Jean Verheyen***
*Nallian*

***Max Conrady***
*Fraport*

## India template

Indian airports, meanwhile, have "leapfrogged in this development against their counterparts in other regions", More continues. "Mumbai International Airport has been successfully running on the Airport Cargo Community system (ACS) for a long time now. We now have Bengaluru and Hyderabad joining the trend along with several regional airports.

"The sizes of the communities are huge in India. In Mumbai, we have over 1,900 agents, around 100 airlines, over 500 trucking companies, all the handlers, regulators and two chambers of commerce connected to the platform, facilitating transactions of over 50,000 exporters and importers who can potentially gain visibility of their shipments through their mobile apps. The numbers are similar in Bengaluru, and Hyderabad is also well on course towards 100% adoption."

In More's view, Indian airports with such large digital communities provide a template for the digital transformation of cargo elsewhere.

## Paradigm shift

The arrival of Cloud-based technology in the last few years has supported the development of a new breed of cargo community systems and platforms offering valuable new functions and capabilities that have the potential to transform airport cargo communities into a seamless air logistics system with visibility to rival that of the integrators.

"In the past, we needed standardisation in messaging to have different systems communicate with each other," Verheyen says. "Using data-sharing technology, this is no longer needed. It allows collaboration to run a lot more smoothly, via APIs, which allows moving forward without the need for the whole world as one to do so. As such, data-sharing technology opens doors that have so far often remained closed (since there's a tendency in our industry to 'wait for the others' to go first, and as result we don't go forward at all)."

## Global scaffolding

But a framework of standards is still essential to the successful implementation of CCS on a global scale. IATA's ONE Record initiative aims to provide that scaffolding.

ONE Record started out as a general-purpose standard for transparent data exchange throughout an end-to-end digital supply chain. Over the last few years, it has expanded to cover a number of applications including CCS. There are about 100 companies piloting ONE Record at present and some are using it operationally, including as part of a CCS structure.

"Everyone has developed their own

***Henk Mulder***
*IATA*

***Lim Ching Kiat***
*Changi Airport Group*

***Luc Scheidel***
*Amsterdam Airport Schiphol*

CCS. The key is that they can connect with each other, which is why we need standards," says Henk Mulder, head of digital cargo at IATA. "Fortunately, IATA is building on a legacy of very good agreements in terms of how we govern data exchange; the governance, legal framework, infrastructure and experience are all in place.

"CCS have been around for several decades," continues Mulder. "They all follow a similar pattern, trying to support the entire community with digital

> *Cloud technology affords opportunities for CCS to go further than their traditional role of exchanging data and managing data quality. CCS providers will extend their portfolios and airlines and their partners will acquire capabilities they didn't have before*
>
> **Henk Mulder**

services, data quality and so on.

"Perhaps five to 10 years ago, technology such as the Cloud changed the paradigm a bit. Previously, you had to use a CCS to connect, but with the Cloud you can connect direct with your partners. Cloud technology affords opportunities for CCS to go further than their traditional role of exchanging data and managing data quality.

"New CCS can distribute rates or track shipments using IoT, for instance. CCS providers will extend their portfolios using Cloud technology and, more importantly, airlines and their partners will acquire capabilities they didn't have before."

**Working together**

The faster CCS and IT solutions providers progress, the more the industry will benefit, Mulder believes, and IATA is working with the majority of the existing providers.

"They are with us so we know what they're doing and we don't miss the boat, while they are aware of what we're

*All major cargo handling warehouses in Frankfurt Airport's CargoCity South use the ramp slot management module of the CCS*

working towards and have a chance to influence what we're doing," Mulder says.

He believes the biggest difference in five or 10 years' time will be the extent to which data is shared beyond basic exchanges like shipment status.

Kale, for instance, is working on expanding the reach and depth of its community platform by providing value-added features like applications for Customs broking and freight forwarding, as well as creating the world's largest digital logistics Cloud for the international supply chain – through a global network of airports and ports connected digitally via its digital corridors (of which, more later).

Lim points out that the Covid-19 pandemic has "demonstrated the fragility of the air cargo industry and underscored the importance of digitisation and data-sharing across the air cargo value chain. There will be stronger pressure on air cargo communities to accelerate the industry's digitisation efforts and to share data in order to enhance supply chain visibility and efficiency, thereby building resilience across a fragmented industry."

## Overcoming trust issues

These developments are "turning issues of trust upside down", Mulder says. Companies are realising that if they share data, the overall data pool becomes richer and more extensive. "It actually becomes more valuable in dollar terms," he remarks.

While building cargo communities and aligning them to a common vision is no easy feat, Lim observes that the air cargo industry is beginning to see the benefits of community collaboration not just within airport communities, but between them, too.

In the long run, Conrady believes, "we need to make sure that the CCS of different providers and different places are able to communicate with each other – reaching full transparency and a maximum of automation with fully digital shipment data (eAWB) and smart, digital processes providing a sustainable and successful air freight product".

This is because, as Scheidel puts it, "The future of digitalisation and data in air cargo is in better connected but distributed data platforms. This is the main concept of ONE Record, the EU programme FEDeRATED and the Digital Transport Strategy of the Dutch government. A global CCS would not be one single system, but connected CCS based on common agreements."

## Digital trade corridors

Such is the creation of digital trade corridors – like the blockchain-powered Digital Air Freight Corridor that Kale has established between India and the Netherlands – aimed at creating a completely transparent supply chain through exchange of real-time status of shipments between two airports, and exchange of shipment data to eliminate duplicate processes. For example, shipment arrival information can be shared in advance to the relevant stakeholders at a destination airport so that Customs, handlers and other parties are prepared to handle incoming freight on time.

Kale also offers an online portal for booking door-to-door cargo transport services, with competitive pricing and transparency of shipment options across all modes of transport.

## Multimodal connections

"We believe that the future is multimodal, so we are working on creating sea-air corridors as well for facilitating intermodal cargo movement. Our large communities are going to be integrated into our logistics e-marketplaces that are under development," he states.

The 'e-marketplace' platform connects supply chain stakeholders such as freight forwarders, Customs brokers, shipping lines, airlines, transporters, consignees, warehouse operators, rail operators and regulatory authorities, enabling them to adopt modern logistics practices that will allow better response to customer demand, increased efficiency and a more competitive industry. The platform can connect with third-party systems, CCS and the systems of airport authorities and terminal operators to provide status updates, More says.

"We are also working on implementing the deep tech use cases of IoT, blockchain, AI and machine learning in our community platforms," he adds.

Fraport, too, is working with airports and other companies from the air cargo logistics sector on a research project entitled 'Digital Test Field Air Cargo'. The project is co-funded by the federal Ministry for Digital and Transport and offers an opportunity for exchange beyond the borders of the airport. One goal is to

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*Schiphol's CCS makes cargo processes more seamless and sustainable*

standardise the exchange of data between all players in the air cargo transport chain and to digitalise processes.

"We are focusing together on the evolving ONE Record standard by IATA," Conrady explains. "An improved data situation helps to identify problems and bottlenecks earlier or to use resources such as means of transport, space and equipment more efficiently."

## 'Single Window' mandate

With the World Trade Organization's trade facilitation agreement now ratified by over 150 countries, digital tools like CCS will be necessary at those nations' airports and ports, More notes. He also highlights the International Maritime Organization's mandate for a Maritime Single Window for all ports from 2024, and hopes a similar mandate will come into force in air cargo soon.

Mulder is confident of this, and believes ONE Record standards will serve as a framework for the mandate as and when it comes into force. Indeed, ONE Record is already present on a global scale: most implementations are in Europe, but there are also many in China and in the Americas.

Fundamentally, a CCS involves more than the development of smart IT solutions. It requires a collaborative and trusting environment among the community – including partners and competitors.

## Community interdependence

"A CCS is all about integrating processes and connecting process partners, thus bringing tremendous benefits but also revealing each other's challenges or even under-performances," Conrady says. "Hence, successful cargo operations do not only need a CCS that works well, but also an open-minded and appreciative community where all members are aware of their interdependence."

And it is vital that the industry adopts that mindset, in More's view: "We just can't continue to work the way we have been so far, where cargo stays on the ground for up to 85% of the total transportation time. The technology is available for airports and ports; all that's needed is the right leadership with intent. We believe the time to act is now." ■

## Step by step

Nallian has packaged some of the functionality it originally offered as a Cargo Cloud into single products that can be used by a cargo actor and its (smaller) network, without the need for the entire cargo community to move as a whole.

For example, a ground handler can now use its Truck Visit Management solution to digitalise and coordinate pick-ups and drop-offs with the trucking companies and freight forwarders that visit its premises, even when the airport authority or cargo community is not yet ready or willing to take such an initiative. The handler can reap the benefits of streamlined processes, with solutions that can grow into a community system if/when adopted by more parties, says Nallian CEO Jean Verheyen.

"The actors in a community are operating at different digital maturity levels and you can only go as fast as the least digitally advanced," Verheyen adds. "Breaking the process up into little steps allows the digital mindset to grow and convinces people by showing them the benefits. However collaborative the approach may be, every company still also thinks: 'what's in it for me'?" ■

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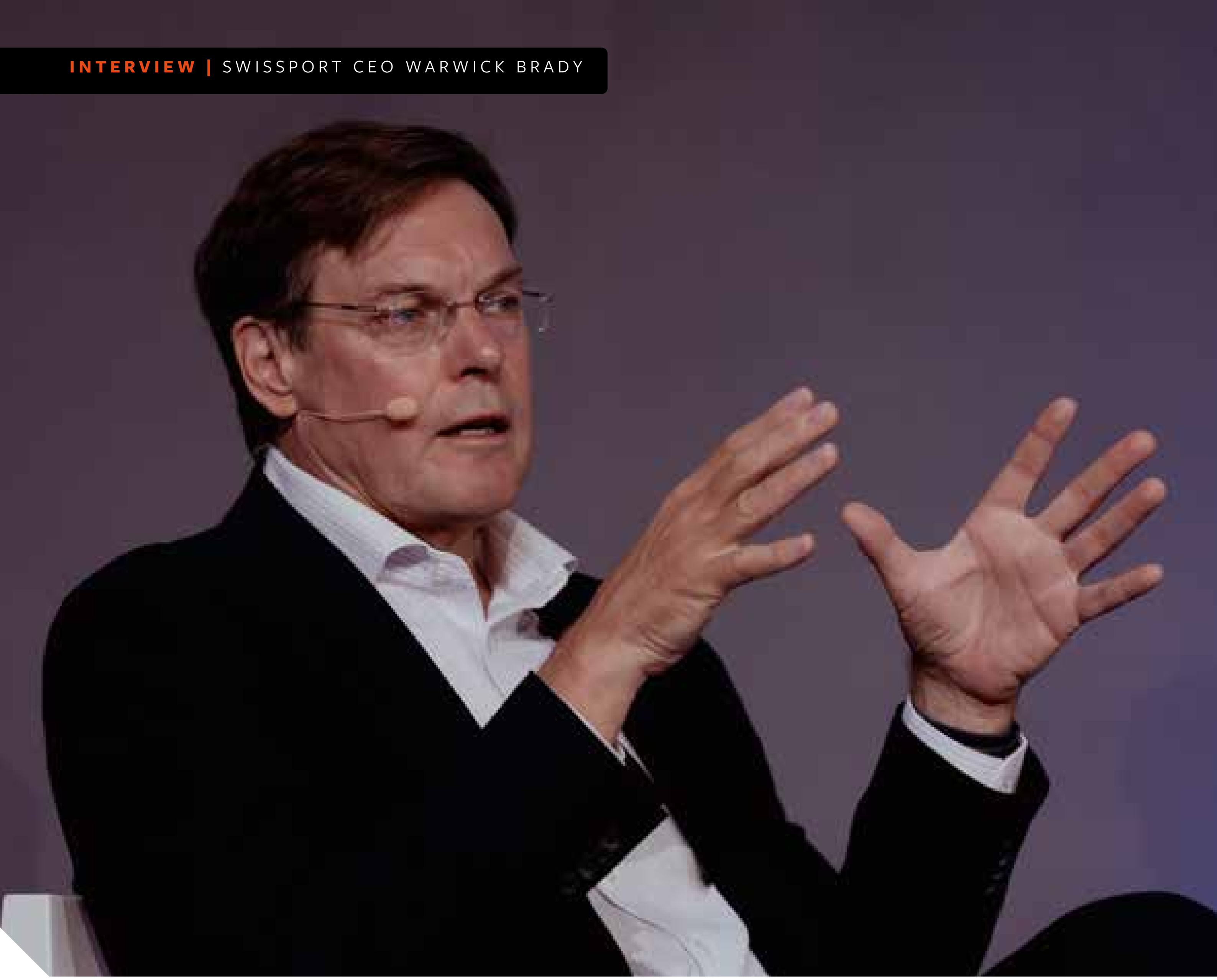

Photo: IATA

# Putting Swissport back on track

After a year in post, Swissport chief executive Warwick Brady outlines the progress made in restructuring this airport ground services giant and the challenges ahead. Mark Pilling and Olivia Pilling report from Paris

"Aviation is an industry that is still a very long way from being outsourced, so at the macro level there is plenty of long-term growth," says Warwick Brady, president and chief executive of Swissport, speaking to CAAS' sister publication ARGS at the recent IATA Ground Handling Conference (IGHC) in Paris, as he marked his first year of being in post.

"In the short-term we are seeing a spurt of opportunities in airline outsourcing – more than we can deal with at the moment," adds Brady. He was tempted a year ago to help nurse Swissport back to health – leaving the Group CEO role at Esken (formerly Stobart Group) – by the mission set by the private equity funds that took control of the firm through a debt-for-equity swap from China's troubled HNA Group.

Although the outsourcing of ground services is hardly a new story for a trend that began in earnest in the late 1990s, it is a story that still has a long way to run. "The outsourcing trend accelerated after Covid," says Brady. "This creates business opportunities for Swissport, which we are very actively pursuing."

*The outsourcing trend accelerated after Covid. This creates business opportunities for Swissport, which we are very actively pursuing*

**Warwick Brady**

Swissport does this by growing its business with existing airline customers, by winning new customers, by expanding in non-core business lines, like airport lounges, and also by establishing operations at new airports. "For aircraft handling, we expect annual growth of the accessible market of around 17% per annum until 2025," says Brady.

"A part of this is Covid-related rebound and will level off in the medium term. Pre-pandemic annual growth was around 4%," says Brady. "In cargo handling, we have a more stable market, which was less affected by Covid. Here we expect growth of 7% per annum in the medium term. This is still very attractive, especially as it comes with higher margins. We therefore overweight cargo in our medium-term strategy."

"There is definitely a sea change we are seeing at the airlines as they are recovering from the Covid crisis, eager to secure cost efficiencies. Covid has brought a focus on that," says Brady. "And as a global specialist in ground services and cargo handling, we should always be able to provide a better service at a lower cost than airlines and airports could do themselves."

***Brady**: Seeking long-term partnerships, where contract structures properly match the resources needed*

## Partnership approach

Brady says Swissport is often a deeply integrated partner to the airlines it serves, a partner whose people hold airline brands close to their hearts. "Our passenger service agents often wear airline uniforms," he notes. "We are working with airlines to implement measures that make our people feel they are part of the eco-system – training, of course, but also aspects like staff travel benefits."

Any self-respecting services chief will say that the reality in the services business has been a race to the bottom in recent years, with cutthroat pricing to win contracts. Airlines have benefitted from bargain prices, but often at the expense of service quality. And Brady has a clear plan here.

*In cargo handling, we expect growth of 7% per annum in the medium term. This is still very attractive, especially as it comes with higher margins. We therefore overweight cargo in our medium-term strategy*

**Warwick Brady**


*Brady believes Swissport has unique experience in running complex hub operations*

His strategy couples a desire for outsourcing deals with airlines where it would take over a major hub, while in parallel "finding a contract structure that works for us and the airlines".

This means moving away from a flat price model to one where the handling price "rewards a wider flight schedule over a peaky schedule. We want proper, long-term partnerships, so contract structures do need to match the schedule, volumes, and labour," he explains.

"We regularly look at the profitability of each airport, especially when flight volumes increase, or a large chunk of activity is taken out by an airline. Regardless of the reasons, it changes the overall picture," says Brady.

### A 'proper' collaboration structure

Swissport's new contract with a large Brazilian carrier is a "great example" of such a deal, says Brady. This multi-year agreement sees the handler providing ramp, cleaning, and cargo services at the airline's hub. There is a "proper collaboration structure that reflects the schedule and the cost of labour," says Brady. "The more flights are off-peak, the more money the airline gets back. The peakier the schedule gets, the more it costs," says Brady.

> *The more flights are off-peak, the more money the airline gets back. The peakier the schedule gets, the more it costs*
>
> **Warwick Brady**

Some airlines are "very receptive" to this approach, especially those who have been suffering pain in their schedule delivery over recent months.

### Hub outsourcing challenge

Persuading airlines to outsource a hub operation is not easy, acknowledged Brady, who understands the airline perspective on services from his days at easyJet and Stobart.

However, "airlines have got to get their head out of the sand" on the question of outsourcing. "We are more than happy to provide it for them, fulfilling and exceeding their expectations in terms of service and cost. We are on a mission to turn Swissport into not only the largest but the most trusted partner for safe and reliable airport ground operations," Brady says.

His belief is that Swissport has unique experience in running complex hub operations, for example for Lufthansa's regional fleet at its Munich hub, for the Swiss hub in Zurich, Qantas in Sydney and Melbourne, and several large base operations for easyJet. "We are the only real operator that does very large bases around the world and does massive hub out-sourcing," he says. "Swissport is a one-stop-shop for airlines."

Hub outsourcing is Brady's preference


Cargo's higher margins give it extra importance in Swissport's mid-term strategy

because of this expertise and because it delivers "long-term quality revenue" and scale to match Swissport's growth ambitions. It is in talks, for instance, with TAP Air Portugal about a deal for its hub operations in Lisbon and has recently announced its acquisition plans for Alitalia's entire ground handling business at Rome's Fiumicino airport.

### Growth and consistency

Brady has arrived at Swissport at the bottom of the cycle and is on a mission to restructure this huge handler, which has undergone significant pain and down-sized along with everyone else during the pandemic. A lot of work has gone on behind the scenes with the shareholders to establish a plan on how to put the firm back on track. "I have a clear vision on what's needed," he says.

Brady's main priorities are safety, retaining and growing Swissport's customer base, and to deliver a fantastic operation. The firm is run with a kind of decentralised or "franchise" model in which its eight regional sub businesses run as semi-independent business units, each with a leader accountable for running the business in that region. The financial statements from these regions make it easy for Brady to monitor their business performance, but it is tougher to monitor customer satisfaction. For that reason, Brady has brought in the Net Promoter Score (NPS) methodology, which is measured weekly.

> *In the short-term, we are seeing a spurt of opportunities in airline outsourcing – more than we can deal with at the moment*
>
> **Warwick Brady**

"I really wanted station managers to connect with our customers, and this is a leading indicator, giving us a pulse [of what's going on] at a ground level," says Brady.

Using NPS enables Brady and the central management team in Zurich to compare station performance for the first time. "We have 850 customers worldwide, so how do we manage all of this consistently? This business has been borne out of acquisitions. We do a fantastic job in one place, then a mediocre job in another, for the same customer, where the core processes are the same," he says.

Achieving consistency will not be easy; however, it is an important goal. It comes alongside a huge staffing ramp-up for Swissport in 2022. Its plan is to add 17,000 people by the end of the year, increasing its total staff to 65,000. The challenge is not only to get people in the door; it is keeping them, says Brady.

### A clear 'people plan'

Swissport has a clear "people plan", which is critical for a business where 70% of the cost base is people. It wants to be the "Amazon of recruitment and the Apple of engagement", by utilising recruitment campaigns, social media, and employee engagement initiatives. The key players in making this effective are the station managers.

"I am not sure where all the people have gone," says Brady, of the staffing shortages. The hotspots where recruitment is most difficult are the UK, Europe, Australia, and the USA.

Brady is focused on building a business that has a solid future with strong top- and bottom-line performance. In 2019 the business posted revenue of €3.2 billion ($3.25 billion). "In 2022 we will not be far away from that, and we will be above that in 2023," says Brady. The aim is for a business with revenues in the €5 billion ballpark by around 2027.

Swissport is also on the lookout for acquisition opportunities. "Over the next 3-5 years, there will be consolidation between the big players, and we want to be leading that," says Brady. It has a war-chest that enables it to contemplate any deal that comes along. A move for Menzies Aviation would have been interesting, but anti-trust complexities meant it was not a deal that Swissport pursued. Menzies is instead being acquired by Agility and NAS.

From acquisitions to outsourcing and the challenge of ramping up a major people business, Brady has a huge task at Swissport. But it is one he appears to be relishing. ■

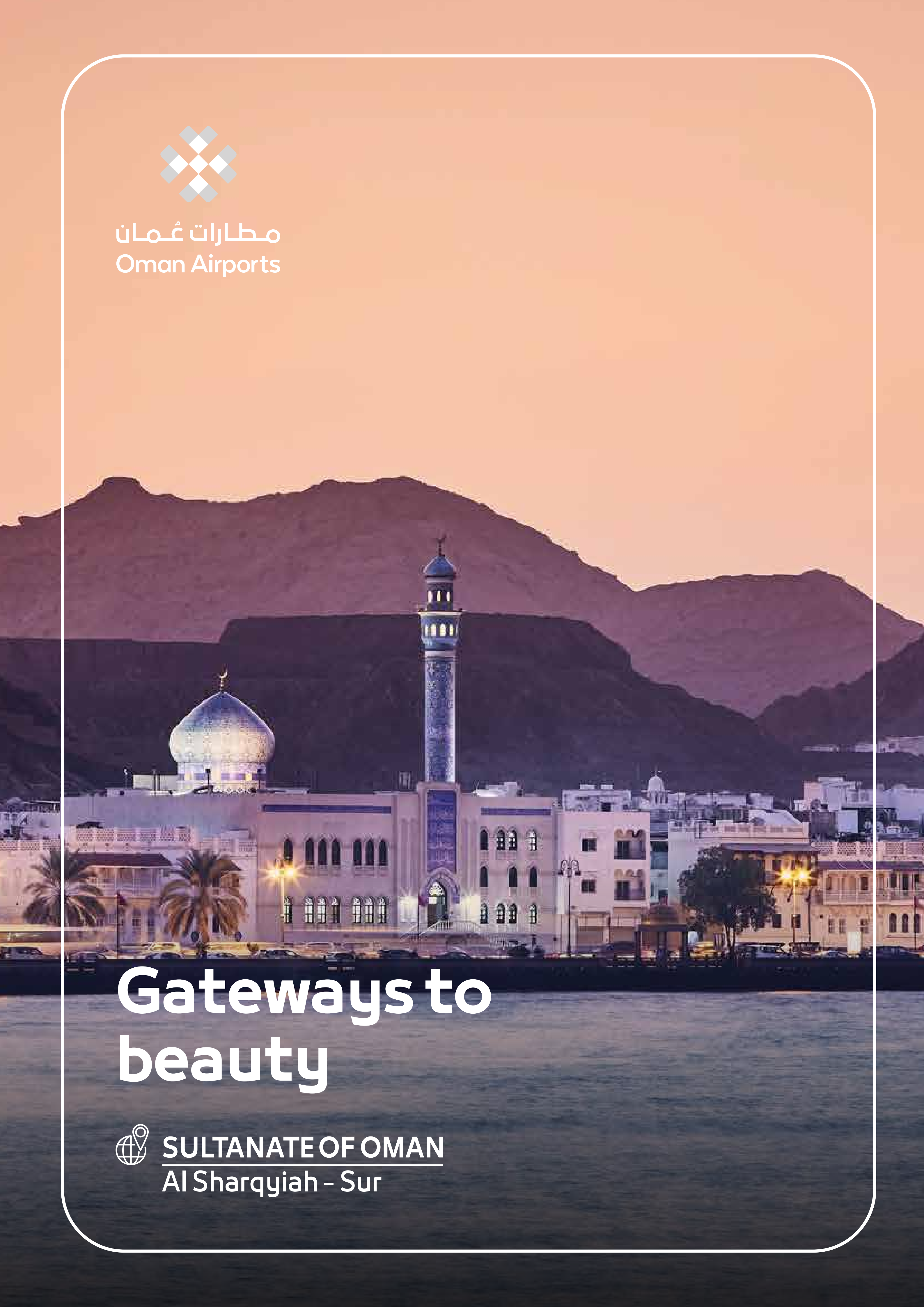

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Photo: DB Schenker

# Improving pharma air logistics systems

Pharma air logistics supply chains are becoming more reliable, thanks to a growing trend towards closer collaboration between the various partners. But gaps remain, reports Ian Putzger

Airlines and other air freight stakeholders are continuing to develop their products and offerings to pharma industry customers and logistics providers, including investing in improving their operational processes, technology, tracking and facilities. And there is also evidence of a growing trend towards closer collaboration between pharma supply chain partners, as attempts continue to plug any gaps in pharma air logistics chains.

Brian Hodges, head of customer insights and product development at American Airlines Cargo (AA Cargo), notes that the level of engagement with handlers, forwarders and other parties has increased, and the airline is spending more time with these partners – to make sure everybody is on the same page and processes are in sync.

Lorant Kovacs, regional head of vertical market healthcare for the Americas at DB Schenker, observes: “The value that customers put on partnership has increased. People always talked about a tripartite approach. There were a few examples of that, but you could count them on two hands. Now we have frequent meetings with clients and carriers."

> *The value customers put on partnership has increased. People always talked about a tripartite approach. There were a few examples, but you could count them on two hands. Now we have frequent meetings with clients and carriers*
>
> **Lorant Kovacs**

Kovacs: Visibility facilitates the analysis of what caused the problem to prevent a repeat with another shipment

### Lessons from Covid vaccine rollout

The importance of collaboration has been one of the main lessons from the roll-out of Covid vaccines, which created unprecedented challenges for all parties involved in the undertaking. The experience also underscored the need for agility and the ability to ramp up capacity quickly.

"Based on the preparations for the vaccines, we have learned to scale up capacity very fast, which will be very helpful in the future," remarks Priscila Marques, manager of global operations for Swissport.

Like the early days of Covid and the vaccine roll-out, the supply chain disruptions that have rattled the system for the past two years have changed the playbook for supply chain executives at pharma companies.

"What shippers came to realise is that


*Large pharma producers are looking to focus on a smaller number of hubs from which to perform regional distribution activities, says MVD's Hans Guiscardo*

KPIs that were achievable pre-pandemic are no longer attainable," observes Kovacs. "We've had constant lack of capacity, constant shift in demand, and disruptions that challenge supply chains."

Failures are costly. According to ParkourSC, a provider of supply chain insight and intelligence software, the pharma industry loses roughly $35 billion a year due to failures in temperature-controlled logistics.

## Preventable losses

Trevor Caswell, chair of Pharma.Aero, agrees that losses in this arena are substantial to a degree that cannot be considered acceptable. "A lot of these are preventable," he adds.

Marques sees the biggest vulnerability in the number of stakeholders involved in the chain. "Infrastructure, standardisation, and transparency across the supply chain are other vulnerable points," she adds.

Kovacs reflects: "A stronger focus on process deviations could cut losses to a large degree." He stresses the need for training, given the critical importance of the human element in the equation.

Efforts on this front have been partly frustrated over the past two years, especially owing to the labour shortage and the staff turnover rate in warehouses. When IATA came up with a labelling mandate a few years back, there were positive effects, but they did not last, he remembers.

"Labelling is not enough. We should be able to use technology. There could be an e-tag, or a device in the warehouse," Kovacs says.

## Visibility is crucial

There is universal agreement that visibility is crucial to bring down the number of temperature deviations, and logistics providers are feeling the pressure to up their game in this respect.

"More and more information is requested, real-time data are required, GPS locations are being implemented in containers, storage location timestamps, digital checklists," says Marques. "For handling companies, this means that you need to accommodate the latest technologies and implement them at a very fast pace."

Automatic alerts, digital checks and customer portals are the way forward, she comments.

Caswell observes: "There's definitely more room for digitisation and transparency."

## Encouraging signs

The deployment of IoT sensors in warehouses and tags on ULDs has been a major focus in the air freight sector to improve visibility. Early results have been encouraging, but there is room for further improvement, notes Caswell.

"We're still a bit fragmented where it works. The pharma community is not necessarily the same at the receiving end," he points out. To make IoT work better at both ends, regulations and efforts toward standardisation need to catch up with the technology, he says.

"The technology isn't what's holding us back. It does exist," he stresses. There has to be more readiness to share data to be more forward thinking and collaborative.

With IoT fully in place, deviations can be spotted as soon as they occur, but this

*DB Schenker last year expanded its Indianapolis facility, adding more than 5,000sqm of temperature-controlled space*

does not mean that the problem can be corrected right away.

"Deviations are rarely actionable," remarks Kovacs. The cargo is often not accessible, especially once it is loaded on an aircraft. "And if the captain decides to set a different temperature in the hold, maybe because there is an animal on the flight, there's nothing you can do about it."

Even if corrective action is not possible right away, operators can plan processes for the moment the cargo is accessible again. Moreover, this visibility facilitates the analysis of what caused the problem to prevent a repeat with another shipment.

"In the past, it took a long time to find out what went wrong," says Kovacs.

## Technology's role

Technology is also coming more into play for risk analysis, one of the areas where tech gurus envisage great strides for artificial intelligence (AI) to model different scenarios and pinpoint vulnerabilities. Overall, however, the time is not ripe for significant use of AI, industry executives find.

"AI is definitely on our radar. It's here to stay and grow, but it's still too broad and high level to say where the best application for use cases are," reflects Caswell. "We have to find a value for members.

Kovacs believes there is a need for a determined and concerted push towards data sharing to move the needle on AI in this sector.

"AI is an entity that requires vast amounts of data. This is a problem, given how fragmented this industry is. Each of us has quite a bit of data, but I haven't seen an initiative to share this data," he comments.

## Flight schedule integrity

The latest round of disruptions that saw thousands of flight cancellations as the ramp-up in passenger flying overwhelmed capacity at airports hit cargo much less than passenger operations, as the airlines cut mainly shorthaul flights with narrowbody equipment. Nevertheless, it raises questions about the viability of maxed-out passenger gateways for cargo that is both perishable and highly time-critical.

Caswell reckons that the experience forces companies to reassess their routings. Airports that are focusing on cargo, and that see the benefit of this for their regions, stand to benefit. "The opportunity is there for some second-tier airports," he comments.

Marques comments: "Not all big hubs are too congested. However, we do see that the airports that have invested jointly with us in high-quality infrastructure now benefit from having this infrastructure. It is important that contingency plans are in place to avoid excursions during possible delays and/or flight cancellations. Additionally, you can avoid congestion by managing truck flow efficiently."

## Dedicated freighter capacity

The cutbacks in passenger operations during the pandemic shifted a lot of cargo flows to freighter aircraft. DB Schenker moves some critical pharma traffic on dedicated freighter flights between two international gateways that serve primarily cargo operations – Luxembourg and Indianapolis.

Last year, the logistics firm expanded its Indianapolis facility to include a new 5,000 sq ft (460 sqm) cold room and

50,000 sq ft (4,600 sqm) of controlled room-temperature space. The operation is GDP compliant.

Outlining the reasons for the expansion, DB Schenker pointed to growing congestion at major hubs, emphasising the general absence of wait times for take-off, landing or loading/unloading freight at airports like Indianapolis. Using dedicated freighter capacity, which includes regular allocations for pharma traffic, makes the forwarder independent of carriers' schedule changes and enables it to make longer-term commitments to its pharma clients, executives stressed.

***Caswell**: There has to be more readiness to share data*

***Marques**: We can avoid congestion by managing truck flow efficiently*

## Changing distribution strategies

Pharmaceutical companies are changing their distribution strategies, notes Hans Guiscardo, sales manager of Latin American Cargo City (LACC) – formerly known as Montevideo Free Airport – which operates Uruguay's largest airport, a major gateway for the pharmaceutical industry.

The airport has added a second major pharma producer to its clientele and is in conversation with several others, according to Guiscardo. Rather than use multiple long-haul air freight routes to individual pharma markets, large pharma producers are looking to focus on a smaller number of hubs from which to perform regional distribution activities, he says.

This changes the game in several ways – with far-reaching ramifications. For one thing, the operation has to be multimodal, harnessing surface transport to and from markets in the region, as well as the use of ocean transport to feed some of the supplies and less time-critical pharma flows. This multimodal character was the main reason for the airport operator to change its moniker to LACC this year.

The second element of change has been the desire of pharma producers to establish ecosystems of their own suppliers in the vicinity of their activities. At Montevideo, this move has been spearheaded by a handful of companies that supply packaging materials to the pharma industry. Some of these have ambitions to set up assembly lines at LACC to produce for clients located in the region, Guiscardo says.

"We are talking to a forwarder who is looking to set up a 3PL operation inside LACC," he adds.

A second pharma facility opened last October to meet growing demand, but that space is more or less fully taken or committed; so this summer, LACC started the bidding process for an additional facility that will have 500 pallet positions.

"We now have about 350 pallet positions. That's not nearly enough to service the clients we have in the pipeline," Guiscardo says. The operator is also looking to upgrade its warehouse management system, a project that should be completed next year.

## Updated pharma product offerings

Some carriers have expanded or refined their pharma product offerings. AA Cargo announced a dedicated suite of products this past spring that harnesses specific solutions like its Medevac service, with priority services for parcels and freight as well as the carrier's cold chain solution.

The main objective of this was to give customers a clearer understanding of the options available and facilitate the booking process, including the selection of the solutions that best suit a customer's requirements. Processes per se were not changed, says Hodges.

The biggest change he has seen in the market has been a proliferation of packaging solutions and an increase in smaller shipments, many of them with passive temperature control solutions. This allows the airline to leverage its network, including narrowbody aircraft sectors, to move shipments to more locations, he says.

AA Cargo has added at least 30 new stations to its pharma-capable route network. Three of its major hubs – Dallas/Fort Worth, Philadelphia and Miami – are CEIV certified, and one or two more will be added to this list, according to Hodges.

Swissport currently has 16 certified 'Pharma Centers', plus 71 pharma-capable warehouses. "We will continue to focus on expanding into more airports with the Swissport Pharma Center brand and CEIV certification," says Marques.

In conjunction with other stakeholders like forwarders and airlines, the handler is working with CargoiQ on the development of standardised procedures, events and messaging/communication – to allow better shipment information flow along the supply chain. "The majority of the developments are on the technology side," says Marques.

## Further collaboration

For Pharma.Aero, this kind of work is a major focus. In July, it signed an MoU with BSMA, a global organisation that fosters innovation and adoption of disruptive technologies within the supply chain of the life sciences industry. The pair want to collaborate to augment their supply chain management capabilities for their global communities.

"We always look what other associations are doing and what works for them," says Caswell. "There is a ton of synergies. The project is at the exploratory stage at this point, to see where we can come together on different continents."

Lately, Pharma.Aero embarked on a project to explore the logistics implications of the rise of cell and gene therapies. The participants in the project have their work cut out for them.

"We're in the beginning. The supply chain is not in position right now. The industry is not able to manage the expectations required for this. This is very expensive, high value," says Caswell. "This is a growing area – like the bio-pharma area."

Another issue that is commanding rising attention is sustainability. A major focus there is on packaging.

"More sustainable packaging can and is being used," Caswell says, adding that companies are looking closely at their carbon footprint.

This is another area in which the pharma industry will keep logistics providers on their toes, and continue to push through process improvements among air freight industry frontrunners, ultimately moving the whole air logistics sector forwards. ■

## Greener pharma logistics

An example of efforts to improve air freight packaging for pharma products is an MoU signed in June between Etihad Cargo with B Medical Systems, a manufacturer and distributor of medical refrigeration devices – to develop more sustainable temperature-controlled containers that work on passive cooling technology for the transport of life-saving drugs, vaccines and high-value pharmaceuticals.

These units will retain temperatures from -80 to 25 degrees Celsius for up to five days without an external power source, with load capabilities ranging from two to 1,500 litres and an operational life of over ten years. A commercial launch date will be announced following the successful completion of trials. ■


# Exploring the potential of forwarder handling partnerships

Leading third-party air cargo handlers are looking to expand their involvement in cargo handling on behalf of freight forwarding companies – encouraged by an increasing appetite and openness to cross-industry collaboration and forwarders' increasing involvement in developing their own-controlled capacity. But major forwarders also want to tighten their control of handling, where possible, reports Will Waters

Some leading third-party air cargo handlers are seeking to expand their involvement in 'forwarder handling', performing air cargo handling on behalf of freight forwarding companies, seeing it as a natural progression from the greater industry collaboration since the start of the Covid pandemic and an opportunity to potentially further streamline air logistics processes and build their businesses. Handlers say it partly also reflects the role of freight forwarders evolving, with forwarders increasingly chartering their own-controlled capacity and in some cases operating or seeking airside facilities, something that has also developed further in the last two years.

For example, Geodis and Worldwide Flight Services (WFS) in January expanded their cargo handling partnership in France, with WFS supplying a dedicated team of 28 cargo handling professionals to operate Geodis' new 4,000sqm cargo facility at Paris Charles de Gaulle Airport (CDG), which is expected to handle up to 20,000 tonnes of air cargo annually. The WFS team will be responsible for cargo reception, palletisation, cargo security, DGR checks, transferring cargo to airlines, documentation, and specialist pharma handling. WFS already supports Geodis with similar services at its locations in Paris Orly, Lyon, Marseille, Montpellier, Toulouse, Bordeaux, Nantes and Strasbourg.

Laurent Bernard, VP Cargo France at WFS, says "more forwarders are looking to work closer with WFS to benefit from its expertise", including WFS' "ability to set up efficient warehouse operations and to optimise ULD and pallet capacity", as well as its locations across France and connecting trucking network. Its "experience of providing in-house freight forwarder assistance and IATA CEIV-certified pharma handling services is also appreciated", with WFS hoping "to gain more opportunities like the one we enjoy with Geodis", Bernard highlighted.

And Swissport, which has been

*WFS is supplying 28 staff to operate Geodis' new 4,000sqm facility at CDG*

performing forwarder handling for some time at Vienna Airport (VIE) at a smaller off-airport facility, this year opened a new 8,000 sqm second-line facility at VIE with a particular focus on forwarder handling. Located in the DLH SkyLog Park close to the airport's airside cargo terminals, it is also conveniently located immediately adjacent to DHL Global Forwarding (DGF)'s VIE warehouse, with Swissport partnering with DGF to provide export cargo handling on its behalf.
But Swissport is also piloting forwarder handling at other locations including Frankfurt (FRA), Liege (LGG) and Graz (GRZ), says Dirk Goovaerts, head of Middle East & Africa and global cargo chair at Swissport International.

***Bernard**: More forwarders are looking to benefit*

***Goovaerts**: Forwarder collaboration can help alleviate wider handling issues*

## Collaboration across stakeholders

Goovaerts says these developments need to be seen in a wider context – in which Covid highlighted the importance of air cargo and "there was much more focus to professionalise the whole value chain by all the stakeholders", to respond to the crisis and deliver materials and vaccines. "That also triggered the need to collaborate and cooperate with different stakeholders in the value chain," he notes.

"I think this is not going to go away. If anything, this collaboration has to increase for the better of the industry. And Swissport can play quite a significant role in this: we are global; we are in 287 airports; we have warehouses; we have the relationships with the airports and forwarders – with all the stakeholders. We don't want to sit still; we want to engage and drive these initiatives.

"So, we see these (forwarder handling partnerships) as a pillar to be developed," he continues. "Warehouse capacity is scarce; human resources are scarce; time is scarce. It's about breaking down the silos; creating efficiency in the value chain – if you put the right processes in place between the different partners; if you utilise the right systems; if you create transparency...

"It's also in the context where airports with well-established air cargo communities are growing faster than airports without established cargo communities. It's the same principle: linking up the different stakeholders."

> *"When you integrate the processes of the different stakeholders, it creates efficiencies – processing time is faster; the total cost is optimised"*
>
> **Dirk Goovaerts**

*Swissport's new VIE facility is immediately adjacent to a DHL Global Forwarding warehouse*


## Specific forwarder partners

These initiatives at VIE, FRA, LGG and GRZ are partnerships with specific forwarder partners rather than community initiatives, although the idea of forwarder handling is already quite well established at some airports and airport cargo communities – such as VIE and Tel Aviv (TLV). Goovaerts estimates that at VIE, "about 80% of the market is handled in that integrated way. And in Tel Aviv, we have also a very well-established collaboration with general sales agents, and forwarders. But in Tel Aviv it is also driven by the view of the airport community, because it has been set up

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like an integrated cargo village."

Goovaerts adds: "In general, when you integrate the processes of the different stakeholders, automatically, it creates efficiencies – processing time is faster; the total cost is optimised."

> *When you integrate the processes of the different stakeholders, it creates efficiencies – processing time is faster; the total cost is optimised*
>
> **Dirk Goovaerts**

Although he describes the initiatives at FRA, LGG and GRZS as 'pilots', Goovaerts expects these will turn relatively quickly into something sustainable, "if the right services are delivered at the right cost, at the right speed; if we meet the initial objective".

### Significant potential

He believes forwarder handling could become a significant business for cargo handlers that have the right processes and tools. "It depends on the locations and the cost rates of the locations. Where there is limited availability of warehouses, this could grow fast, because it's in the interest of both parties. If you can't grow, you are obliged to work together," he notes.

"But we still have the core business: cargo handling for airlines. And, of course, our partners and stakeholders also have their warehouses. If they can't utilise that floor space for something else, they will continue to operate the way they operate today.

"So, these initiatives are also driven by practical constraints. But if we can prove these initiatives are bringing added value, it will become more mainstream."

Goovaerts says a forwarder-handler partnership can be done inside the cargo handler's facility or by providing staff in the forwarder's warehouse.

"It depends on the practical constraints in certain airports. Take the example of Vienna: there, DHL is wall-to-wall to us, so, it's very simply connected. And the pilots we are doing in the other stations, we are providing the service for certain forwarders in our warehouse."

### Operational improvements for all

Goovaerts sees potential operational improvements for all parties. "The traditional way is import cargo, for example, goes into a warehouse, is broken down and made available for the forwarder; then the forwarder picks it up, brings it to his warehouse and then does additional transactions – maybe to distribute it onto different trucks for final delivery.

"If you integrate this into the first warehouse, you cut out 40% of the process; you will optimise that process. And that is what we see. For example, in Tel Aviv, we have now introduced a sorter for our ecommerce. In the past, that ecommerce was distributed in a separate, warehouse. So, whatever you can do at the first point of arrival is more effective."

### Other benefits

Other benefits include synergies of warehousing space, of human resources, and transport, Goovaerts highlights. "With the traditional model, you transport cargo from our warehouse to the next warehouse. Then you have congestion, the risk of damage, the more you have to handle (the cargo)." And potential error introduction.

Goovaerts also believes forwarder handling and collaboration can help alleviate wider handling issues at airports, where problems come mainly because of high volume and capacity constraints. "If you integrate the process, you are providing additional floor space. To build a new warehouse will take time; by integrating your processes, you can be up and running in a month," he notes. "So, for me it's a no brainer to collaborate."

Collaborating can also help solve that common challenge third-party cargo handlers face when opening up a new facility: they have excess capacity for a time until they bring in new customers or volumes.

***Mack**: Working on other ways of improving air freight processes*

And there is an added opportunity "when large warehouses are built, where you have already handlers and forwarders sharing the same shell – not necessarily being integrated, but being neighbours – it's very easy to integrate".

### Forwarders seeking control

However, Thomas Mack, EVP and head of global airfreight at DHL Global Forwarding (DGF), says bigger freight forwarders like DGF are seeking to have greater control of the cargo handling process wherever possible and practical – and that means performed by their own staff – rather than seeking to outsource more, at least in the major hubs. That would ideally include forwarders operating first-line or even ramp ground handling, although he acknowledges that "the competition would not necessarily appreciate that" – which is one reason that has largely remained a neutral party's responsibility.

### Controlling hub operations

"But on the (forwarder's own air freight warehouse) hub operation, at all our major gateways we basically do our own handling, wherever it is legally possible," Mack says. "And if we have one that is

**Penseel**: *Costs and tonnages form part of the decision*

not yet with our own staff, we will most likely convert it to our own staff in the next year."

One reason forwarders seek greater control is because of inadequate or inconsistent cargo handling quality at some airports, often due to inefficient cargo infrastructure or insufficient investment, Mack says. He notes that cargo handling is also not the best rewarded, which means handlers may struggle to recruit adequate or sufficient staff.

And so DGF and other forwarders have discussions with third-party cargo handlers "on what we can do in order to optimise the process", even if it's the carrier that usually signs the contract with the ground handler. "However, we pay for that, because that is included in air freight rate," Mack notes. "But it is still, of course, a bottleneck. That service was already a problem before Corona, and it is now continuing."

### Inconsistent quality

He continues: "It's up and down, and depending on infrastructure. If you look at, for example, Los Angeles, Chicago, these are airports where you're basically exceeding the limits that you can handle. And that is why we look for alternative airports."

Mack says "at the majority of the big airports, you have infrastructure problems". And that is understandable, since many of the major metropolitan airports were built 50 years ago and are subject to growth restrictions due to being surrounded by residential areas, "where you still have the same available land you had 10 years ago. Meanwhile, after Corona, we are still looking at midterm growth of between 3% and 4% per year in global air cargo," Mack notes.

"As of right now, you have a problem that is more related to staff, related to the impact of Covid. But prior to Corona, we had the problem already with the infrastructure."

### Through-ULD efficiencies

He continues: "So, to overcome that, we consolidate cargo in our major hubs; we build our own ULDs; we move our own ULDs; and we pick up our own ULDs. And that speeds up the handling dramatically. If it's a through ULD for a forwarder, they can pick up the whole intact ULD. The building of the ULD, the consolidation and also the deconsolidation, that is in general done by DHL staff, wherever legally possible. And we will continue to do that."

In contrast, the partnership at Vienna, where "we have a Swissport in our facility", is an exceptional example that DHL would only consider at a smaller airport. "We use Vienna as a consolidation point for Eastern Europe. But it is a relatively small operation, and they (Swissport) are operating the air freight export gateway," Mack says.

"But that is not a copy-and-paste for other airports. It is a unique situation. I don't think we will use that in one of our bigger gateways."

### Size matters

He contrasts the scale of the Vienna operation with DGF's Chicago operation, where "we have about 250 blue-collar employees, all DHL employees. So, that is a completely different ballgame, and also reflects the importance in our network. The same in Los Angeles: we operate it with our own people; Dallas, we will open a new facility in December; and Atlanta, they are all DHL employees."

Mack says DGF is instead working on other ways of improving air freight processes. "For example, we have a pilot now in Chicago, and we will roll it out during the course of the year in four of our major hubs, where all cargo handled by DHL will have a passive RFID label. The idea is that we still build our pallets, we hand over the pallet to the airline, and on the receiving side, instead of scanning each piece, we simply scan the whole ULD. And thanks to the RFID technology, everyone knows exactly what is on that ULD."

"The advantage here is that 99.5% of our cargo we label with our own staff, so we control that process."

### Commitment to customers

For Mack, the intention remains to only use third parties for handling in exceptional situations, "because we want control over our processes. This is what we sell to our customers. And if you want that, you need your own staff. DHL Express basically does the same: at all of the major hubs, they operate with DHL staff – because they sell an integrated service to their customers.

> *We want control over our processes. This is what we sell to our customers. And if you want that, you need your own staff*
>
> **Thomas Mack**

"If I work with a ground handler and hand over my second line, and they do the consolidation and everything, that would mean I no longer have control over the process. So, for me that would not be an option."

From what he hears from customers, Mack believes this is the direction most of the biggest freight forwarding agents are also going: "Taking control over their processes and selling that as an integrated product".

### Other forwarders

Peter Penseel, chief operating officer for air freight at CEVA Logistics, comments:


"Our strategic approach is to manage the air cargo handling in our own network. Our commitment to our customers drives this decision to maintain control over the quality and service of the major gateways within our network.

"In a small number of cases, we use third-party handlers. These tend to be in locations with specific local constraints or fluctuating tonnages that make outsourcing a reasonable option. In these instances, we work closely with the third-party handlers to ensure our quality and service standards are maintained."

**Cost versus control**

He says the pros and cons centre around cost and control, noting: "With direct control comes the benefit of close, clear oversight of things like quality and service. Being able to monitor and provide consistent services and processes to the customer across the network is our preferred approach.

"Variable costs and fluctuating tonnages also play into the decision for certain locations. There are certainly very capable third-party handlers, so in some cases, we choose to balance the pros and cons in a different way, while always ensuring our standards are met.

"At this stage, we do not see a major change in these kinds of partnerships. Our strategy will remain the same in maintaining control over the handling within our network. We're always ready to be agile and adapt to market conditions, but we do not currently foresee any significant changes at this time."

### Forwarders operating aircraft

But the lines become more blurred and the potential for forwarder handling partnerships increase where forwarders are also operating their own cargo charter networks – something that has increased significantly during the pandemic. In those situations, Goovaerts believes that "from an efficiency point of view, collaboration with the forwarders becomes more natural; that handling and forwarding get a bit more integrated".

Mack acknowledges those situations are somewhat different, but says the desire among the major freight forwarders is still to become more involved in the handling, where possible, not less.

But he says there are limited facilities available with access to the tarmac, and it's often not economically viable for forwarders to lease such space. If the forwarder can only handle its own flights, "it's not enough business to start ground handling. For every forwarder, that is the smallest part of their business. The biggest chunk of their business is part charters, where they have 10, 20, or 5 maindecks on a flight. And that is when, of course, other cargo is in the aircraft; the carrier makes the decision on the ground handler."

### DSV's long charter experience

DSV has been running an own-controlled scheduled charter network for more than 30 years – thanks largely to the Panalpina business it acquired in 2019 – and says ground handling "is an integrated part of this service". Stefan Krikken, DSV's US senior manager for Air & Sea, observes: "The viewpoint is that adding capacity is one part of the equation, but the difference is made on the ground. As such, DSV is involved in ground handling – be it with the direct execution at the airport or through a third-party with DSV staff present to supervise."

On the pros and cons of 'direct execution', he says "direct leased airside facilities and dedicated airside staff come at a cost and these can result in higher pricing towards our customer. The advantages it brings is a more controlled environment where DSV can decide what

has priority or can provide the white glove service the shipments require. For example, aircraft engines which require special break/build conditions; pharma and other commodities that need to move under a temperature-controlled environment; and urgent shipments that can be prioritised for same-day delivery upon arrival."

He sees a positive future for this kind of '3PL-influenced' close handling partnership, noting: "Airports are

> *"Adding capacity is one part of the equation, but the difference is made on the ground"*
>
> **Stefan Krikken**

becoming more congested and constrained due to the increased number of passenger flight movements and slot restrictions driven by labour shortages and achieving environmental goals. Therefore, cargo is expected to move to second-tier airports with a higher form of 3PL-influenced ground handling." Examples include Chicago Rockford (RFD), Huntsville (HSV), Rickenbacker (LCK), Liege (LGG), Luxembourg (LUX), Maastricht (MST) and Zhengzhou (CGO).

### Covid highlights handling element

"This trend is expected to continue, as during Covid the importance of ground handling and proper infrastructure to support it became evident."

Krikken says DSV "will continue to have a form of own-controlled cargo network, but it will move in accordance to the

*Swissport is trialling an automated guided vehicle at FRA, part of its 'pursuit of innovative and efficient cargo processes'*

> *"We have to engage on innovation. If we are not going to, as industry leaders or as industry players, somebody else will"*
>
> **Dirk Goovaerts**

demand and capacity serviced in the commercial market. It will be scalable on frequencies and equipment (aircraft types) to support where commercial capacity is underserved or airport infrastructure not meeting our service expectations. Markets where DSV believes there is room for dedicated capacity and controlled ground handling will continue to be developed."

With commercial scheduled capacity returning to the market as the effects of Covid recede, Krikken says any new services "will focus on specific areas where we believe capacity and controlled ground handling will bring additional value for DSV customers – be it from a geographical view or industry verticals which require dedicated freighter capacity".

On an industry level, he expects that "certain capacity will shrink back as ocean markets recover and PAX capacity returns. With the Covid pandemic and other supply chain disruption (expected) to continue, we believe there will be a shipper base willing to continue paying a premium for a more integrated, end-to-end service by the 3PL."

Goovaerts is unconcerned that these forwarder-controlled chartered freighter networks may shrink back, noting: "Aviation logistics will grow, and I think it's a matter of engaging to the future instead of trying to be defensive of what was the past.

## Being part of the change

"There are more and more IT tools every day. It's clear we need to make the jump forward and be part of the change instead of undergoing change. That's why I'm a firm believer in air cargo community systems and communities, because they link the different stakeholders for the benefit of the entire cargo community in a particular airport. Airports with very strong cargo community become more attractive."

So, for Goovaerts, it's about "making the pie bigger. First of all, get everybody aligned behind the cargo community vision, attract more volume into the airport, and it will create more economical added value employments because you will add to the distribution centre production centres."

With new technologies and this greater appetite for collaboration, Goovaerts sees some significant new prospects of the overall air freight air cargo system becoming better integrated.

"We have to engage on innovation. If we are not going to do that, as industry leaders or as industry players, somebody else will do it. So, it's a matter of continuing to invest in innovation in systems, in transparency, in making the whole air cargo chain more effective."

He says Swissport has the resources to invest in those things, noting: "We have already a very strong backbone. We have real-time visibility in what we do globally. It's just a matter of having a clear strategy, that we want to push this forward, and that we want to drive to be the industry leader in innovation." ■


# Managing expectations

After the very high tonnages and yields of 2021, one big challenge has been telling airlines it is not going to be the same in 2022, says Prithviraj Singh Chug, CEO of India-headquartered GSSA Group Concorde

***Prithviraj Singh Chug**, Group Concorde CEO*

Established in 1985, initially as a freight forwarder, Group Concorde has become a specialist in cargo sales and services, providing customised solutions to more than 30 international airlines globally, with 15 international offices and 37 branch offices in 23 cities in India.

**How have your main air cargo markets (in Asia-Pacific, South Asia and the Middle East) developed this year?**

For Group Concorde, Asia Pacific has become bigger, with online capacity increasing in the Philippines, Thailand, Cambodia, and Malaysia – both among existing customers, for example rebuilding their networks in the recovery from Covid, and the addition of new customers.

Examples include: India: Resumption of KE Freighters, DEL-VIE route; Thailand: Inaugration of SV wide-body flights, BKK-JED/RUH; Inaugration of QH narrow-body flights BKK-SGN; Philippines: Increase of capacity of WY

BKK team

DEL team

flights, MNL-MCT, from 2/week to 5/week; Malaysia: Resumption of pax flights of VJ-KUL-SGN; Cambodia: Resumption of pax flights of MH, PNH-KUL - now up to almost 5/weekly flights.

Also, we got more offline business, which has helped us to grow our revenue and tonnage. Examples include: QH, AZ, TP, in various countries like Korea, Taiwan, Thailand, and Cambodia.

But pricing wise, things have been slowly going down because there is a slowdown in demand.

South Asia remains our biggest strength, because India is our home base and one of our biggest markets; therefore, in India the business is stable – neither growing nor going down.

The Middle East is very new for us; therefore, we are still building our business there.

**What have been the main challenges that you (and the airlines you represent) have faced, and what solutions have you been able to provide?**

One of our biggest airlines in India is United Airlines, and they have struggled a lot with cargo after the Russian invasion of Ukraine. They have had to take a longer route; and the solutions which we have provided is that we have been able to tie up with multiple airline partners to move freight offline. Of course, we cannot maintain 100% of our pre-war business, but we are still maintaining a significant chunk of it. The interline carriers and the large network of United have helped.

For us, there has been a few challenges in terms of the drop in demand as there is a negative sentiment in the world because of the (Ukraine) war and inflation. There has been a slowdown in consumer requirements globally. Therefore, it is affecting the business of air cargo.

**Have your airline and freight forwarding clients/customers presented any new or changing needs this year?**

I think that everybody is very used to the tonnages and yields of 2021. So, the biggest challenge is to tell them that it is not going to be the same in 2022. I think that they had a great time between 2020 and 2021, cargo wise, and in 2022 their need is to maintain the budgets – and that is not possible, unless there's another surge in demand.

**How do you see these market characteristics and challenges developing in the coming months?**

It is difficult to say, but I'm positive that – hopefully – the peak season, which is starting in September, will be good and will go on until the end of January. A lot also depends on how the political environment globally changes.

**What are your priorities for the remainder of this year and next year in terms of developing or expanding or improving solutions and services to customers?**

We are continuously hiring and adding people on board. We are also working on digitising our business to make things easier for our customers and for our airline principals. We also tend to be more and more transparent through various tools that we can share with our airline principals.

As far as the next year is concerned, we also plan to expand more in Asia, as currently we are not covered in Japan, China and Indonesia; but all these areas are under consideration for us to grow. We are also looking at Europe, but nothing is firm right now.

**How do you see the role of technology in developing these solutions?**

We are working on something which enables our sales tools to be stronger, but right now our product is under development and not ready. Therefore, we cannot give more details on it.

**How easy or difficult has it been this year to hire and add people in your main markets - given the recent recruitment challenges this year in some aviation and freight markets?**

It is quite difficult to hire people as we have a very specific teamwork culture. Sometimes even star salespeople do not fit into our organisation because we work only as a team. Those who are real teammates, believe in each other, tend to work together and are transparent with each other, are the best fit for Group Concorde as an organisation.

**Is this a long-term challenge, finding the right people, because you have a very specific teamwork culture, or a recent challenge - caused or worsened by Covid?**

Actually, we have a lot of people always looking forward to joining us because we have a very stable working environment, and not a hire-fire approach. That approach is only possible when we really pick and choose a person. So, usually, we bring them in young and raw and train them, grow them, and try to instill loyalty towards the company. Also, we are one of the better paying companies, compared to others in the market. ■

# Rising to face new challenges

Middle East airports continue to invest in air cargo digitalisation, sustainability and specialist infrastructure, to support their roles as key regional connecting hubs for global air freight. Meanwhile, the new airport in Istanbul is bringing fresh competition, reports Roger Hailey

Middle East airports, in particular the major Gulf airports in Doha, Abu Dhabi and Dubai, continue to invest in air cargo facilities, digitalisation, sustainability and specialist infrastructure as key regional connecting hubs for global air freight – albeit with some changes of emphasis due to the multiple challenges of the last two years.

A key part of the success and growth of the 'big three' Gulf airports is obviously that they are home, respectively, to Qatar Airways, Etihad and Emirates – three large and ambitious passenger and cargo carriers with sizeable freighter fleets that have undergone rapid growth. And that looks set to continue, despite the multiple disruptions and interruptions caused by Covid.

But in addition to Qatar Airways' Doha hub, Etihad's Abu Dhabi home base and Emirates' two Dubai airports, these regional aviation and air cargo big-hitters increasingly have a further serious contender. Technically, Istanbul's new airport may not be a Middle East hub per se, located on the European side of the city; but its large and world-class cargo facilities – plus the expanding network, fleet, and cargo arm of Turkish Airlines – are well positioned to capture market share from the Gulf states and their respective airports and home carriers.

## Rising star

The new Istanbul Airport (IST) initially partially opened in 2018, with flag carrier Turkish Airlines moving its freighter aircraft from the former Istanbul Atatürk Airport to the new IST in February 2020. However, the development of Turkish Cargo's own state-of-the-art facilities at IST continued, with its technology partner Lödige Industries announcing in March 2022 that it had completed the new fully automated terminal for Turkish Cargo, describing it as "one of the largest and most efficient cargo terminals in the world".

The new facility at IST more than triples Turkish Cargo's former capacity and includes automated high-bay warehouses with 17,000 storage locations, 30 stacking cranes, 15 lifts and an integrated warehouse management system with direct interface to customer and freight management systems. It also boasts diversified special cargo areas for product groups such as temperature-controlled storage (6,000 sqm), express cargo (2,000 sqm), plus 5,000 sqm for e-commerce and mail cargo, 500 sqm dedicated to live animals, and a 1,000 sqm high-security area for handling valuable cargo.

Lödige says the size and sophistication of the new facilities mean Turkish Cargo is able to deliver the highest level of performance, even during peak demand.

Turhan Özen, chief cargo officer of Turkish Cargo, comments: "With the brand-new cargo hub at İstanbul Airport, we are able to combine the highest quality standards with the utmost efficiency, making Istanbul the most advanced logistics centre in the world."

## Istanbul upgrade

Majid Khan, VP of aviation development at Istanbul Airport (IST), confirms that the new IST offers a significant improvement from the former Istanbul Atatürk Airport, and its volumes have been rising rapidly.

"Istanbul Atatürk Airport was highly congested and could not fulfil Turkey's potential in terms of belly cargo and full freight," Khan notes. "At Istanbul Atatürk Airport, we had six cargo airlines. After three years since opening (the new IST), we have reached 16 cargo airlines and 760,000 tonnes handled in 2021 – and 675,000 tonnes in the first six months of 2022.

"Our focus is to attract more carriers with wide-bodies and upgrade existing

Photo: Istanbul Airport

> *At Istanbul Atatürk Airport, we had six cargo airlines. After three years since opening (the new IST), we have reached 16 cargo airlines and 760,000 tonnes handled in 2021 – and 675,000 tonnes in the first six months of 2022*
>
> **Majid Khan**

narrow-body capacity to wide-body, to accommodate cargo potential. As this current airport is built for the future, we do not have any operational issues and airlines can utilise the untouched cargo potential in this high-volume market.

Khan adds: "We have three independent parallel runways, five including ancillary runways, and our Cargo City is located at a central location with short access to two of our eastern runways, which decreases the taxi times and provide fast connectivity."

Planning for the airport's Cargo City looked at examples of air freight facilities and cargo hubs worldwide, and so the operations of air cargo carriers, bonded and duty-free warehouses, ground handlers, forwarders, couriers, and public authorities have been gathered in the same location, Khan notes, adding: "Turkish Cargo's new facility has been established on a total area of 205,000 sqm and reached an annual cargo handling capacity of 2 million tonnes. With the second phase, the capacity will reach 4 million tonnes in an area of 340,000 sqm. New technologies have been used such as Robotic Process Automation (RPA) and material handling systems (MHS)."

Khan believes the new airport and its cargo facilities will offer growth opportunities for all the airport's air freight stakeholders, noting: "It helps Turkish Airlines Cargo to commence new full freight routes to untouched destinations in Africa, CIS, Asia, Europe, and Americas

and build a full freight hub between East and West, and North and South. iGA Istanbul Airport has a central geographical location, and our airport's large land area of 76 sq km provides opportunities for global warehouse [operators] to establish their business and transport their commodities from a central location in faster and cost-efficient way."

## Doha cargo enlargement

Never one to stand still, Qatar Airways will start work in January 2023 on a second cargo terminal at Doha's Hamad international Airport (HIA) as soon as the Qatari host nation bids farewell to visiting fans attending this year's football World Cup. When completed by the second quarter of 2026, the three levels – each 85,000 sqm – of Doha's Cargo Terminal 2 (CT2) will take the airport's annual handling capacity to 5 million tonnes, compared to around 2.4 million tonnes handled in 2021.

The original CT1 will handle import and export cargo while CT2 will handle transit cargo, which accounts for 85% of Qatar Airways' cargo throughput at Doha.

To deal with surging cargo throughputs until 2026, the carrier is building a 600,000-tonne capacity bridging facility. New infrastructure by 2026 will include dedicated areas for pharma and e-commerce goods, plus a 'hotel for animals'.

Given that there are an extra 38 Qatar Airways B777-8F cargo aircraft due to arrive at Doha over the next decade – and possibly a further 16 – HIA has space available for a future CT3.

## Abu Dhabi developments

Meanwhile, Tim Isik, vice president commercial at Etihad Cargo, says Etihad has various infrastructure investments in the pipeline at its Abu Dhabi hub, including "a new pharma facility will be opened in the near future for the transportation of pharmaceuticals to and via Abu Dhabi. Furthermore, a new animal facility will also be opening to accommodate live animals being transported to and via the UAE's capital."

Isik reports that customers' requirements continue to evolve at the airline's Abu Dhabi hub, highlighting that there are strict requirements at Abu Dhabi relating to on-time delivery, which

Continue on page 42


# GROUND HANDLING AGENT AVIAPARTNER RECORDS ALL SERVICES IN EUROPE WITH THE EPG GROUND HANDLING SYSTEM

*Flying high thanks to long-standing partnership*

**With over 6,000 employees at over 40 airports in six European countries, Aviapartner is one of the largest independent ground handling service providers in Europe. The Brussels-based company offers a wide range of services for more than 400 passenger and cargo airlines, predominantly focusing on ground handling services for passengers such as ticketing and check-in. The company also offers ramp and transport services (e.g. freight and baggage transfer) as well as the transportation of flight personnel. Aviapartner additionally offers a number of services in the field of air cargo, including the operation of freight terminals and air freight tracking. To cover the numerous services it offers at international airports, the ground handling agent needed a high-performance solution to ensure that all services are invoiced in full. In Ehrhardt Partner Group's (EPG) Ground Handling System (GHS), Aviapartner was able to find an automated solution that meets these high demands and offers efficient contract and billing management.**

Aviapartner has been an aviation service provider since 1949. Today, the Belgian company is one of the leading ground handling service providers in Europe and offers its services to major airports in Germany, Belgium, France, Spain, Italy and the Netherlands. Each year, Aviapartner performs ramp handling services for around 300,000 flights and is responsible for handling roughly one million tonnes of freight. Aviapartner's employees provide a variety of services around the clock, including assistance for passengers with restricted mobility and customs clearance of baggage as well as the loading, unloading, cleaning and de-icing of planes. In addition to the entire airport area, the company's operations also cover transportation services for passengers, airline personnel and lost baggage found by Aviapartner staff that is then personally returned to their owners.

## CHALLENGE

- Cover a wide range of services: from ramp handling to passenger services and operation as well as transportation, field services and air freight tracking
- Invoice all services in full on 40 airports in six countries
- Flexible and adaptive to changing framework conditions

## SOLUTION

- Cloud based multi-station and multi country software system
- Data exchange with several external systems
- Recorded services are automatically aligned with the corresponding contract conditions, billing models and VAT rates of different countries are included

## RESULTS

- Automated Billing of all provided services
- Higher efficiency and easy scalability depending on the locations and number of users
- After showing optimal synergy results, GHS is used at all Aviapartner locations

*"EPG's GHS is a user-friendly, reliable solution that has provided us with enormous added value for many years"*

Dirk Willems,
Business Information Manager at Aviapartner

The challenge for an international company like Aviapartner is to keep track of its activities at all times and to ensure all services are billed in full without any oversights. "EPG and Aviapartner have a long-standing partnership. Ever since GHS was implemented in 2006, we have continued to adapt and develop the application in line with our requirements. GHS is now one of the most important tools that our employees use on a day-to-day basis to document their services in a quick and simple manner, regardless of place or time."

A particularly important location for Aviapartner is the General Aviation Terminal in Nice, where there is a particularly high level of air traffic in the summer – especially around the time of the Formula One Monaco Grand Prix when hundreds of private jets need to be processed. The passengers on board travel from various parts of the world to the French coastal city to witness the sports event or Le Festival de Cannes or just to spend their holiday directly in Nice or Saint-Tropez. Aviapartner also relies on EPG's GHS with integrated cash-payer function at Nice Airport.

The aviation industry is a volatile business shaped by a great deal of movement and change. Ground handling companies that want to offer their services at an airport need a licence, which is only valid for a limited period. At the end of this period, companies must then apply for a new licence. "In our line of business, we need systems that offer maximum flexibility, are individually scalable and can be easily adapted to changing framework conditions," explains Willems. GHS is particularly able to fulfil these requirements. The cloud software was implemented in the data centres of Aviapartner's outsourcing partner Cegeka. The system can be controlled from all other sites without any problems. "GHS automatically aligns the services recorded with the corresponding contract conditions, particularly accounting for any contractually agreed billing models and the VAT rates in the different countries," explains René Merkens, Director Sales Logistics Solutions at EPG. Billing is performed digitally and automatically for all ground handling services rendered as well as any extra services recorded. The billing documents generated can be printed out or sent to customers by email. The billing data is transmitted to the overarching ERP system via an interface.

In addition to the contractual arrangements stored in the system, the billing process is also based on flight data that is continuously updated in GHS through Aviapartner's own flight data information system. Furthermore, three of Aviapartner's external systems, which are connected to the GHS, act as sources for transmitting data about services rendered. For the transport of crew, data on Aviapartner's transportation of flight personnel – from the airport to the hotel and vice-versa – is entered into GHS. In terms of ticketing, all sales at the ticket counters of the various airports are registered and billed for. The data is fed into GHS where it is automatically saved, taking into account the individually agreed conditions with the airline. The baggage handling system is a third source of data. Baggage deliveries are recorded in the system, and the airline is then automatically billed for said services via GHS.

If required, services can also be manually documented by mobile device at the very location where the service was rendered. All fees and prices are automatically calculated and aligned with the contractually defined conditions and the actual flight data. Additional services can also be documented directly and taken into account when billing.

Another crucial advantage of EPG's GHS is that it can be scaled depending on the locations and number of users. Aviapartner initially used the system at 20 locations; today it is used at more than twice as many.

## ABOUT AVIAPARTNER

- One of the leading independent providers of ground handling services across 40 airports in 6 European countries
- More than 6,000 employees take care of 30 million passengers
- Provides a wide range of services to over 400 passenger and cargo airlines
- Cargo handling for around 1 million tons of cargo each year

Continued from 39

"Etihad Cargo has met through close collaboration with partners and customers to achieve an on-time performance (OTP) rate of 83%".

He also highlights increased requirements for digital solutions that will deliver on-ground efficiencies, noting that Etihad Cargo "is investing in an artificial intelligence (AI)-driven shape loader solution, which will enable us to increase the speed at which cargo is loaded onto and offloaded from aircraft, and better-allocated capacity to meet customers' demands".

### Use of artificial intelligence

Etihad Cargo's Abu Dhabi operations have entered into a proof-of-concept agreement with Speedcargo to use its artificial intelligence (AI) products to measure cargo dimensions and

optimise capacity planning across the entire value chain, from airline bookings to cargo handlings by ground handling agents.

Etihad embarked on its cargo digitalisation journey back in 2018, and since then has simplified interactions with its customers, says Isik, who claims the carrier provides customers with "a seamless end-to-end experience during all touchpoints throughout their cargo's journey. Etihad Cargo also launched a Cargo Control Centre, enabling proactive monitoring to ensure our service delivery promise is met and supports Etihad Cargo's customers' needs," Isik adds.

"In 2021, Etihad Cargo launched an enhanced online booking portal, developed following extensive customer workshops with the aim of streamlining bookings and saving customers' time. This new online portal has reduced booking times to 45 seconds, making the booking process easier and quicker than ever before. We have continued to launch new features, including a Mandarin version of the website and booking portal, and online bookings increased by 57% in the first six months of 2022."

### DWC's revival

Meanwhile, amid the turbulence of the last two years, Dubai has continued to play a key and evolving role within the region and globally.

*Turkish Cargo's new IST facility includes automated high-bay warehouses with 17,000 storage locations, 30 stacking cranes, 15 lifts and an integrated warehouse management system*

With the recovery of Emirates' passenger network and operations, as well as the progressive increase in cargo volumes, Emirates SkyCargo in March reactivated its cargo hub at Dubai World Central (DWC) airport for dedicated freighter aircraft operations, marking a return to dual hub cargo operations in Dubai for the air cargo carrier after a period of nearly two years. In April 2020, Emirates had consolidated its cargo operations at Dubai International (DXB) following the suspension of most passenger flights during the early stages of the Covid-19 pandemic.

Emirates SkyCentral DWC was inaugurated in 2015 and has a total cargo capacity of more than 1 million tonnes per annum, including extensive cool chain handling facilities and a GDP- certified pharma handling zone. A fleet of dedicated trucks connect the two airports, with Emirates SkyCargo offering a connection time of under five hours from wheels down at DXB to wheels up at DWC, and vice-versa, for high priority cargo.

### Changes among Dubai's stakeholders

Dnata, part of the Emirates family but separate to the Dubai-headquartered Emirates airline, operates its own extensive facilities at DXB and Dubai World Central (DWC) airports, where it handles 700,000 metric tonnes of cargo per year. Although Dnata is a global cargo handler, it is focused in Dubai on third-party origin and destination traffic because Emirates SkyCargo is self-handling in Dubai.

Guillaume Crozier, senior vice president for UAE Cargo at Dnata, took on his new role last December as the world began to emerge from the challenges of Covid, although air freight markets have subsequently faced lockdowns in China followed by the war in Ukraine and global inflation. Despite these challenges, Dubai has seen cargo volumes continue to increase overall in 2022, says Crozier, adding: "Dubai is a robust and mature logistics hub based firstly on infrastructure and a very strong leadership – which will walk the talk to facilitate trade in Dubai."

Crozier observes that Covid and recent events have seen changes in behaviour from various stakeholders along the supply chain in Dubai, including freight forwarders and shipping lines – the latter being important for neighbouring global deep sea container hub Jebel Ali, in terms of sea-air traffic. Crozier notes: "We need to be agile, to make sure we can adapt, learn, collaborate and deliver."

### Focus on digitalisation

One such change has been an accelerated focus on digitalisation. Crozier says digitalisation is now a "no-brainer and must happen", but also cautions that it can be tricky to implement: "It is about

collecting data at each step and move on from data capturing to data computing, and from there to semi-automation or automation – and potentially the use of artificial intelligence."

Dnata is working with customers and partners on data modelling and data stewardship to make sure it generates accurate and meaningful data that it can use.

Crozier highlights that Dnata launched the Calogi airport community system in Dubai in June 2008, something that was "visionary" and is still relevant today. "Calogi helped us accelerate the transformation, and maybe it was the first real airport community system, putting all the stakeholders together and helping us to get the data into the booking and the slots management in place, and helping us increase throughput in a very efficient manner," he notes.

Dnata last year announced a partnership with Kale Logistics Solutions to develop a next-generation e-commerce platform for the cargo community in the UAE.

Dubai's leadership, says Crozier, understands the need for digital transformation: "So Dnata is now working with the customs authorities, police and logistics enabler Dubai Trade on a single window project which will help all stakeholders pull in the same digital direction with a clear mandate from the Executive Council. We have a concrete MoU and workgroup to make things happen, which is very important."

## Sea-air developments

Dubai's specialist sea-air product is benefitting from the digitalisation focus. Sea-air, where cargo starts its journey by deep sea and transfers to airfreight for the final leg, is a blended logistics solution that is faster than pure ocean freight and cheaper than a direct flight.

Adds Crozier: "In Dubai we work on the marketing of the sea-air product to make sure that we have a solution which is especially sustainable.

"We have worked with authorities and stakeholders on entering data quickly so we can reach a minimum transit time which our customers want. We really worked hard and invested in processes and infrastructure to create a product that is more regular and that our customers can rely on and start to use more and more."


*Emirates SkyCargo in March reactivated its cargo hub at Dubai World Central (DWC) airport for dedicated freighter aircraft operations*

Crozier adds: "The logistics passport initiative launched by Dubai Trade is a good example of how we professionalised a product such as sea-air to enhance the trade and to facilitate connecting the routes."

## Sustainability focus

Sustainability has also been growing as a major issue for airports in the region and for their cargo operations. Qatar Airways' new terminal at HIA in Doha will have solar panels and other energy-saving innovations, because it has been designed with sustainability in mind to meet customer expectations.

Etihad's Isik notes: "To achieve net-zero emissions by 2050, we will reduce emissions by 20% by 2025 and cut emissions to 50% of 2019 levels by 2035. These ambitious plans are the first for any airline in the Gulf region, and Etihad is one of the few in the industry to set targets of this scale.

"We have taken strides to lead the development of sustainable aviation fuels (SAF) and are the only carrier in the region investing in SAF and using the first-of-its-kind technology to ensure all our aircraft are as fuel-efficient as possible."

To make pharmaceutical logistics more sustainable, Etihad has signed an MoU with B Medical Systems to develop and launch the first airline-specific passive temperature-controlled solution to transport life-saving drugs, vaccines, and high-value pharmaceuticals.

Crozier stresses that sustainability is also a central pillar for Dnata, noting: "We have significantly invested in advanced technology to optimise resources and environmental efficiency facilities, for instance solar panels are being looked at to power our buildings.

"Recycling is a big topic for us, especially for plastic and wood, and for water from the air-conditioning system where we installed a very innovative system to recycle the water, and there is more innovation to come.

"The people at Dnata identify themselves very much with this critical aspect of doing business in an inclusive and sustainable manner. Being green and sustainable is a prime option in our planning, such as increasing the use of electric and hybrid vehicles on the ramp but also in the warehouse where we already have a good level of automation in our sheds as well." ■

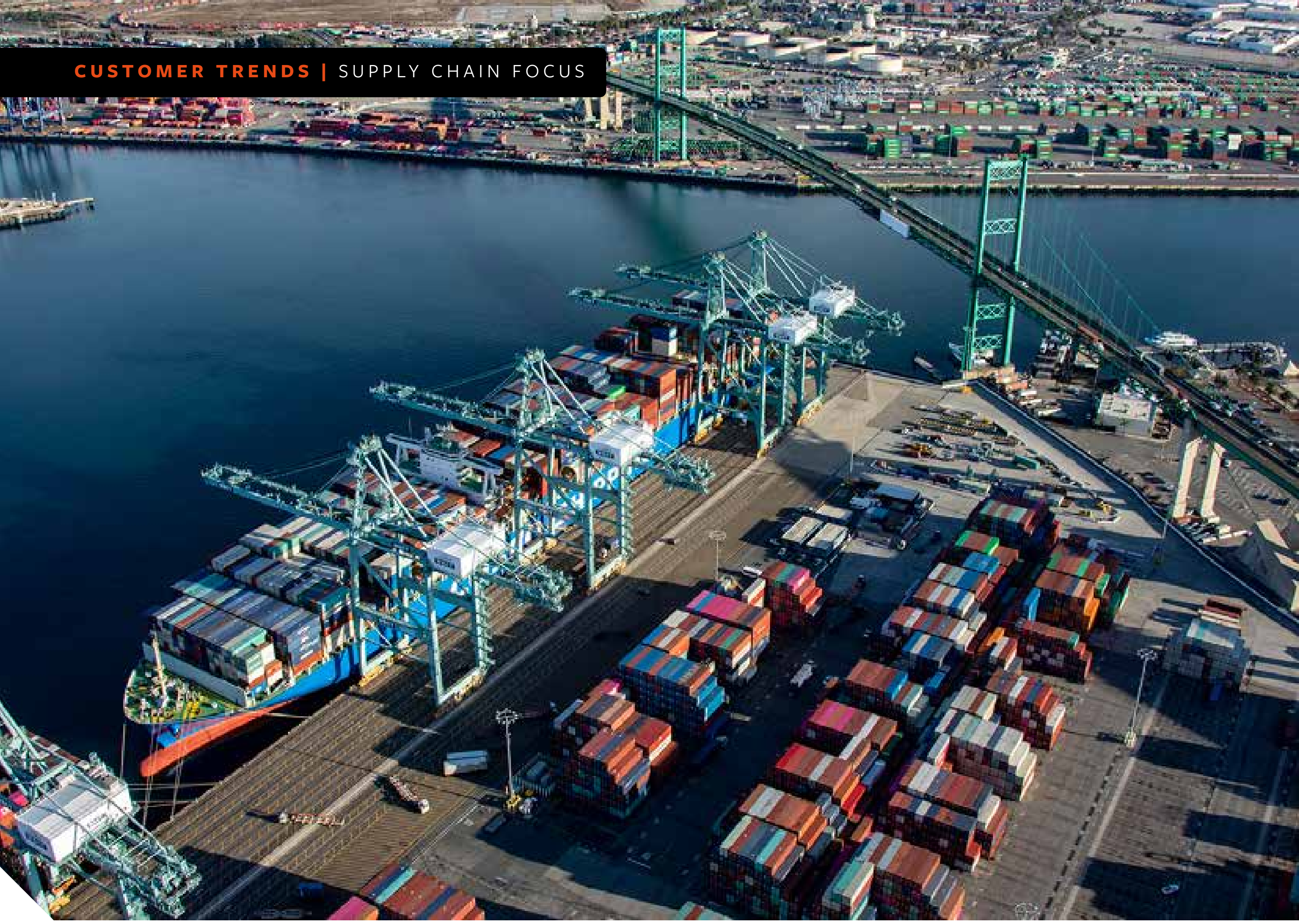


*Photo courtesy of the Port of Los Angeles*

# Global freight markets 'begin to normalise'

But supply chains and logistics services will remain disrupted and with elevated freight rates for the foreseeable future, while companies are also seeking greater diversification of sourcing locations – especially alternatives to China, reports Will Waters

Global freight and logistics markets are beginning to normalise after two frenetic and traumatic years, but will remain disrupted and with elevated freight rates for the foreseeable future, senior logistics executives believe. And in the meantime, a global supply chain redesign and realignment is underway, with companies seeking greater diversification of their global sourcing locations – especially those with a presence in China.

In a wide-ranging market update discussion this summer, executives at US-headquartered SEKO Logistics said market demand had eased somewhat since around May, and capacity had become easier to find – but there was little likelihood of a return to pre-pandemic freight rates for the time being, particularly not for ocean freight rates.

Chief growth officer Brian Bourke

said global supply chains continue to face challenges including the impact of the war in Ukraine, lockdowns in various markets, inflation, and intense competition for staff in many parts of the world. And overall market volumes are down somewhat compared with this time last year, especially for US imports of certain products ¬– such as outdoor leisure goods.

### Slack season returns

After two relentless years, "slack season is now back. But compared to previous years prior to the pandemic, trade is still strong and volumes are still high," Bourke noted.

Indeed, figures from IATA confirm that while global air cargo demand for the first half-year was 4.3% below 2021 levels, compared to pre-Covid levels in 2019, first-half 2022 demand was up 2.2%, measured in cargo tonne-kilometers (CTKs).

Certain sectors also remain more resilient – such as high tech, aerospace, and retail segments such as healthcare and beauty products. And demand on certain trades, for example from China, remains elevated.

"We do expect a peak season, albeit a very muted peak season," said Bourke.

And although overall ocean freight demand is below its levels last year and several months ago, congestion levels at many ports – particularly in the US – are still significant and expected to remain so for some time.

Nevertheless, pressure to shift cargo stuck in congested ocean supply chains to air freight has significantly eased, for the time being.

On the air freight side, global available cargo tonne-kilometers (ACTKs) rose by 6.7%, YoY, in June, continuing to increase as airlines resumed summer passenger flight operations, although it remains down somewhat compared with pre-Covid levels. Bourke expects passenger bellyhold capacity to reduce again after the summer, "and the relative demand is going to continue to be a challenge for capacity for air freight".

And on the ocean freight side, SEKO expects capacity will remain relatively tight in the third and fourth quarters of this year (Q3 and Q4), with some vessel capacity being returned to other trades, or vessels going into servicing and maintenance.

### Advice to clients

"Ocean will remain a challenge from a capacity standpoint, and bottlenecks will remain. Rates are not going to go down to pre-2019 levels. How we advise our clients is ultimately not to expect rate levels to revert to pre-pandemic levels any time in the medium-, short-, or long-term. And that's important for shippers to take into consideration as they start to think about next year's budgets already," he highlighted.

Ocean and air freight rates are, nevertheless, expected to be lower in the coming months and next year than in late 2020 and 2021, although costs in other areas are still rising.

"I think we can all see that the trends for warehousing, fulfilment, labour, those are all continuing to trend upwards," Bourke highlighted. "Companies and

***Bourke**: Restrictions on labour are being seen across the transport industry*

***Nair**: Other countries cannot handle the volume throughput coming out of China*

***Emerson**: Although some e-commerce markets are subdued, demand "is still massively high for us"*

***Christensen**: Predicting future market conditions is more difficult than pre-pandemic*

shippers, and especially ecommerce brands and retailers, need to plan accordingly."

## Rising inventory levels and cancelled orders

Akhil Nair, SEKO's Hong Kong-based VP for global carrier management and ocean strategy, said that the market had been expecting one of two scenarios after the April and May lockdown in Shanghai ended: either manufacturing activity would ramp up and the trucking congestion at origin would relieve itself and retailers would put in a lot of orders. Or, alternatively, due to climbing inventory levels, the retailers would push back and cancel orders.

But it broadly resulted in the second scenario. "So, we expect a muted peak, but nowhere close to what we have seen in either the second half of 2020 or all of 2021," Nair noted.

"I guess we're returning to some form of normal, but with continued elevated freight rates. While there has been a decline recently, I don't believe that we are going to go back to pre-Covid freight rate levels. Different labour issues and congestion at various parts of the world are definitely going to continue to impact supply chains, particularly ocean."

Figures from WorldACD for the second half of July show a worldwide air freight rate increase of 10%, compared with the same period last year, despite a chargeable weight decline of 7% and a capacity increase of 5%, as higher fuel surcharges continue to inflate overall air cargo prices relative to their levels last year. But that +10% rate differential compared with last year continues to diminish, down from +19% in late June.

According to SEKO's global senior VP for e-commerce, David Emerson, one demand pattern on the rise is "more requests for in-country or in-region fulfilment, as a carry-over from the continued expense of cross-border parcels and the lack of capacity". This is a trend SEKO expects to continue, "as long as rate levels are as elevated as they are for the line haul".

Although some e-commerce markets are subdued, Emerson says demand "is still massively high for us".

## Labour shortages

Bourke said restrictions on labour are being seen across the transport industry in general, and not just in one mode of transport or geography.

"It is a growing problem – whether it's recruiting for warehouse workers, for drivers, for clerical workers," said Bourke. "And the restriction on available labour is one of the two primary constraints impacting the movement of goods today."

> "*The restriction on available labour is one of the primary constraints impacting the movement of goods today*"
>
> **Brian Bourke**

He said many companies are offering bonuses to attract and retain staff – for example, to cover during peak periods. Companies like SEKO were having "to ensure that our peak plans include additional surcharges to maintain labour levels to accommodate for increases in activity to make sure that we have the staff on hand to handle the volume".

## Unpredictable market

Steen Christensen, chief operating officer – international – said the ability for logistics companies to anticipate and predict future market conditions is more difficult than it was pre-pandemic. He believes there is "a general wish in the market that rates would not go back to


*Air freight capacity will continue to be a challenge*

where they were in 2018/19", but ocean freight rates "would probably land somewhere at double or triple what we saw back then. But certainly not back to the $20,000 container rate."

Christensen continued: "I think long term, there's no reason to believe demand will slump and that we will continue to see a pressure for capacity."

He caveats his predictions by acknowledging "the extreme unpredictability of everything that's going on in the world. But if I were to be a guessing person, that's what I would say at this point."

As was the case prior to the pandemic, the market is likely to see a hybrid of contract rates and floating volumes for cargo owners. That includes "some customers who never managed to get secured capacity on long-term contracts during contract season and are floating". But even some of the large retailers that had secured capacity appear to have kept some volumes within their portfolio to float with the market. "It might work in their benefit, currently, if they have a floating volume to reduce the average blended cost," Nair noted.

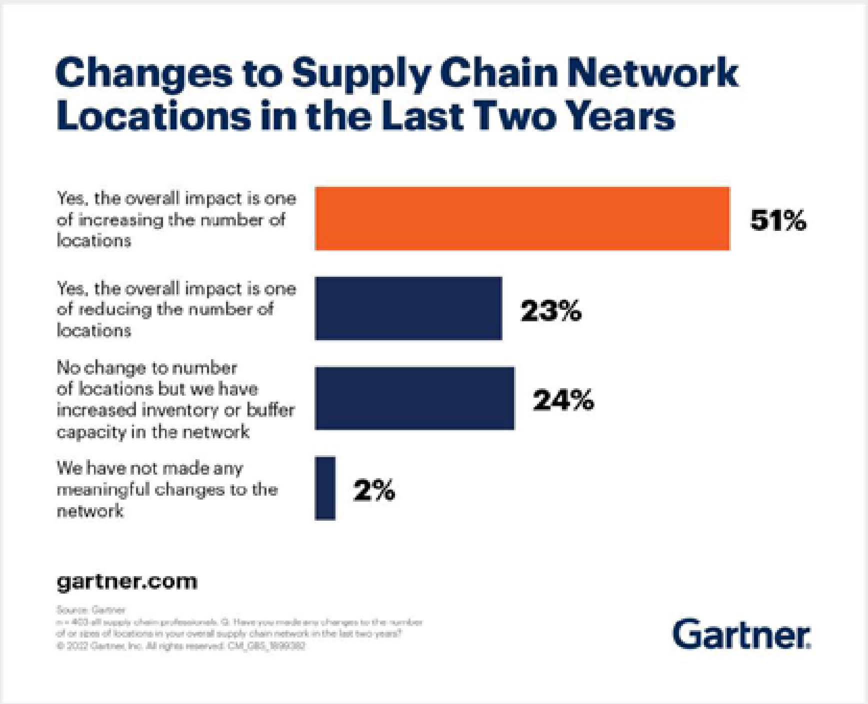
**Normalisation of demand**

While it varies from market to market, one apparent trend is a switch in demand from home-related goods to services, as people are less confined to their homes.

"I would call it a normalisation of the demand curve," observed Nair. "Inventory-to-sales ratios are expected to increase, and I think the latest prediction is that we're heading back up closer to 2019-2020, early (pre-Covid) 2020 levels, in the short term.

"That just means that we are normalising; and some capacity on the ocean side will be repurposed – either to other trades, or some of the older vessels will go in for dry docking and retrofitting to be compliant with the IMO 2023 regulations coming out. So, supply will balance demand, in my view, and rates will not see a complete decline."

Nair said ocean freight carriers are still struggling to rebuild on-time performance levels, describing most recent cancelled




## Global supply chain redesign underway

A new study has confirmed that a major global supply chain redesign and realignment is underway, with companies seeking greater diversification of their global sourcing locations.

According to a Gartner survey among 403 supply chain leaders in the second quarter of 2022, almost three quarters (74%) of supply chain leaders made changes to the size and number of locations in their supply chain network in the past two years, as constraints, inflation, sustainability goals and national industrial policies put global supply chains under pressure. And more than half (51%) of respondents said they had increased the number of locations, the business and supply chain consultancy firm said.

### Reversible decisions favoured

"There's clearly a supply chain redesign underway, but not everyone is moving in the same direction or even to the same extent," said Kamala Raman, VP with the Gartner Supply Chain practice. "Supply chain leaders have been modifying networks in a number of ways, be it with expansions, consolidations or simply modifications to buffers – which are more reversible than footprint decisions."

The resulting networks span a variety of operating models. Twenty-eight percent of respondents now describe their network as a hybrid regional model – a combination of local or regional elements in a global supply chain network. This is closely followed by global models with regional final assembly (23%) and local-for-local networks (22%), Gartner noted.

"While the range of scales and approaches is wide, supply chains are undoubtedly on the move. Over half of participating organisations report making changes to manufacturing and supplier networks supporting at least 20% of revenue," Raman added.

### 'China Plus One' approach

In supply chains with a presence in China, 95% of survey respondents are evaluating or executing changes to their China sourcing and manufacturing strategy, and 55% of those already acted on their plans.

However, the survey data does not show strong signs of large-scale nearshoring to developed markets. Supply chain organisations are examining a 'China Plus One' approach that leaves most of the China-based network intact and places net new additions in other markets, or a diversification strategy that still holds significant sourcing or manufacturing in China, Gartner noted.

As a result of the diversification away from China, many countries in the rest of Asia are profiting from net new foreign direct investment. There are also regionalised Asian networks emerging which are driven by coordinated industrial policies, such as the Regional Comprehensive Economic Partnership (RCEP) or the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) trade deals.

"The signs are clear that in a fragmented world, global firms have been making changes to their heavily cost-optimised, one-size-fits-all networks, and now favour a mix of global, regional or local elements. Investments into other parts of Asia – outside of China – coexist with expanded investments into developed markets as organizations take advantage of generous national/trade-bloc-level trade incentives," Raman concluded.

cluding greater use of longer- ■

sailings as "operating blanks" to correct schedule disruption rather than "structural blanks" to adjust capacity to softer demand. But he also expects ocean freight carriers and alliances to be able to respond to signs of lower demand, with blank sailings continuing to be a feature of the market.

### Alternative sourcing locations

In the last three to four years, there has been lots of talk about customers seeking alternative production markets to China, and there has been some evidence of this happening, to a limited extent.

"There is diversification in sourcing, which is one of the reasons we have invested in markets like Vietnam, and other places in Southeast Asia," said Bourke. "But we can't decouple from China entirely."

Nair noted: "There has been a lot of effort from retailers to try and switch sourcing." Vietnam, for example, has grown at an unprecedented rate, from a relatively small base.


*Inventory-to-sales ratios are expected to increase to 2019 levels*

"But in the grand scheme of things, the simple scale and ability for other countries to handle a similar volume throughput to what's coming out of China does not exist today. There are multiple challenges: infrastructure, roads, trucking capabilities, various impacts – and just sheer manufacturing scale in these countries cannot keep up or match the economies of what China can do.

> ***The scale and ability for other countries to handle a similar volume to what's coming out of China does not exist today***
>
> **Akhil Nair**


*SEKO has seen more requests for in-country or in-region e-commerce fulfilment*

"That being said, there is a steady shift of semi-manufacturing. The intra-Asia trade is a good indicator of what's happening with that. Raw materials are still coming out of China and moving to these other markets and then they are being assembled or completed by manufacturing in countries like Vietnam and then exported to the US."

He continued: "This started in response to the tariffs that were put on China; but most retailers are maintaining this hedge and strategy. It's either Vietnam, or there's some aspects in Mexico, in Europe. Near shoring overall is a trend that is increasing, but not enough to decouple today from China."

### Short versus long-term capacity

One common resolution by cargo owners in the height of the pandemic was to increase supply chain resilience in various ways, including greater use of longer-term contracts that provide greater guarantees, stability, and predictability of capacity and pricing. But as capacity becomes more available and affordable again, are we seeing any shift back towards short-termism?

"It depends on the mode," said Bourke. "Clients are very much still open to longer-term fulfilment and warehousing contracts than they would have been, to create a sense of stability, and they are looking to outsource more to offset or mitigate against risk in that regard – especially for those companies that had to shut down their operations because they were not essential businesses.

"But whether it is domestic trucking, parcel, air or ocean freight, it is still a tale of near-term urgency versus long-term importance, where there are still some conversations around long-term contracts; it's more the important not the urgent for some of our clients."

Nair noted: "There is definitely interest. There was a sense of urgency from retailers and BCOs, especially, to secure capacity for the longer term. As short-term rates have reduced, obviously it is of interest. But I think a lot of retailers, at least on the US side, have learnt from the past and they would prefer to maintain their secure capacity as long as they can, without breaking open contracts.

"But it is early days. If the decline continues further, you never know."

### Peak preparations

With the normally busy third and fourth quarter peak seasons approaching, what should smart shippers be doing, even if this year's peak is less daunting than the last two?

"Nobody is as cornered as they were, for example last year, being forced to make bold decisions with not as much information as they would like," observed Bourke. "But since the start of the pandemic, we've been advising clients to make bold decisions early, because that always ended up coming to their benefit if they did take action, if they did make those bookings, secure that capacity when they had a chance.

"Now there is a bit of time for rethinking and strategising around supply chains and sourcing strategies. I think now those bold decisions are around how you think about inventory, how do you calculate inventory carrying costs, how do you get products closer to your customers in a more effective way, how do you think about growing into new markets.

"These are the things we are now helping our clients with. So, it's no longer now about the hierarchy of needs – it's about how we help our clients grow."

"Clients are now being given some time to think about the impacts of the last two years and how they can do things differently to create that resiliency and agility and flexibility in their supply chains to be competitive going forward."

But Christensen added: "Just because capacity is a little easier right now, don't expect that to continue. There will be situations where capacity will become constrained again." ■

# Agility completes £763 million acquisition of Menzies Aviation

Combination with National Aviation Services creates a leading global player in air cargo handling and aviation services with operations at 254 airports in 58 countries, handling 2 million tonnes of air cargo

Supply chain services, warehousing infrastructure and airport services specialist Agility has finalised its £763 million (US$925 million) acquisition of Menzies Aviation's holding company - John Menzies PLC - and will combine the acquired business with its National Aviation Services (NAS) business to create a leading global player in air cargo handling and aviation services.

Operating as Menzies Aviation, the combined company will provide air cargo services, fuel services and ground services at airports on six continents. Once integrated, the company will be the world's largest provider of air cargo and airline ground services by the number of countries it operates in and the second largest by number of airports served.

It will have approximately 35,000 employees and operations at 254 airports in 58 countries, handling 2 million tonnes of air cargo, 600,000 aircraft turns, and 2.5 million fuelling turns per year. Combined revenues of Menzies and NAS exceeded US$1.5 billion in 2021.

Hassan El-Houry, who becomes chairman of the combined company, having previously held the role of NAS CEO, commented: "Menzies and NAS will create the world leader in aviation

services. We will have the scale and resources to expand and grow as the industry recovers from the COVID-19 pandemic. Commercial aviation is a key engine of global economic growth, and our customers need partners they can count on as flight volumes return."

The company's customers will include Air Canada, Air China, Air France-KLM, America Airlines, British Airways, Cathay Pacific, EasyJet, Emirates, Ethiopian, FlyDubai, Frontier Airlines, IAG, Jazeera, Qantas Group, Qatar Airways, Southwest, Turkish, United Airlines, WestJet and Wizz Air.

Menzies Aviation CEO Philipp Joeinig, who will be CEO of the combined company, said: "Agility's backing gives us the resources to provide innovative solutions for growing and forward-thinking customers, expanded product offerings, and to develop our talent, technology, and sustainability – critical factors for our future success. It also means we are well-positioned to support our customers in tackling supply chain challenges and labour shortages."

The boards of Agility and Menzies reached agreement on 30 March on Agility's cash offer to acquire 100% of Menzies' ordinary shares for 608 pence a share, valuing Menzies at approximately £571 million on a fully diluted basis and approximately £763 million on an enterprise value basis.

Tarek Sultan, vice chairman of Agility – which sold its Global Integrated Logistics business to DSV in 2019 – said: "This is a new chapter for Agility, Menzies, and NAS. By acquiring Menzies and combining it with NAS, Agility has the opportunity to unlock greater value in both. Agility has a strong track record of sustainable and responsible growth over the last two decades, driven both organically and through mergers and acquisitions, and this latest deal is part of our strategy to further accelerate that growth. For Agility, this deal creates the largest owned and operated – "controlled" – business in Agility's portfolio by revenue, headcount, and global presence." ■

# Atlas Air Worldwide sale agreed for $5.2 billion


Acquisition by Apollo-led investor group is expected to close in the fourth quarter 2022 or first quarter 2023, taking the US freighter operating giant into private ownership

Atlas Air Worldwide has entered into a definitive agreement to be acquired by an investor consortium led by funds managed by affiliates of Apollo, together with investment affiliates of J.F. Lehman & Company and Hill City Capital, in an all-cash transaction with an enterprise valuation of approximately $5.2 billion.

Upon completion of the transaction, Atlas Air Worldwide will become a privately held company and will continue operating under the Atlas Air Worldwide name, be led by John Dietrich and the current executive team, and maintain its global presence.

John Dietrich, president and CEO of Atlas Air Worldwide, commented: "Over our 30-year history, Atlas Air Worldwide has grown to become a global leader in airfreight, delivering high-quality services to our diverse roster of customers around the world.

"Following the closing of the sale to the Consortium, we will seek to leverage their resources, relationships and industry expertise to build on our strong financial and operational performance. Their investment in our company demonstrates their confidence in our people and our culture as we serve the growing needs of the global supply chain."

On behalf of the consortium, Apollo partners Antoine Munfakh and Jason Scheir, and J.F. Lehman & Company partner Alex Harman stated: "With the strong market demand and long-term secular tailwinds for global air cargo services, Atlas is poised to capitalise on many opportunities for continued growth as a fund portfolio company of Apollo, J.F. Lehman and Hill City. We look forward to leveraging our resources, capital and experience in the sector to support the talented Atlas team, alongside our partners in this exciting next phase."

The transaction is expected to close in the fourth quarter of 2022 or first quarter 2023, subject to customary closing conditions, including approval by Atlas Air Worldwide shareholders and receipt of regulatory approvals. ■

# Alliance Ground International acquires Airport Terminal Services

ATS adds 49 locations across Canada and the USA to AGI's growing portfolio, also adding the cargo handling specialist's first passenger operations

US air cargo handler Alliance Ground International (AGI) has acquired Airport Terminal Services (ATS) as part of its ongoing growth strategy across North America, also adding its first passenger operations.

Founded in 1975 and based in St Louis, Missouri, ATS has over 5,500 employees and offers full-range ground handling services across the US and Canada, including passenger, ramp, and cargo handling, aircraft re-fuelling and de-icing, as well as lounge and concierge services.

Jared Azcuy, chief executive officer of AGI, commented: "AGI is a dedicated cargo handler and freighter ground handler. This opportunity with ATS will allow us to build our presence in the airport terminal and passenger side of the business."

AGI said the acquisition "helps build on AGI's global growth strategy, soon to include expansion into Europe and other regions beyond North America. Well-financed and profitable, AGI is poised for continued growth and expansion at its current and new US gateways."

Over the previous eight months, AGI has announced investments into technology and systems, the addition and promotion of key talent to its team, and expansions and new facilities in Chicago and Newark in addition to its strategic acquisitions of Maestro, TAS, and ATS.

Alliance Ground International (AGI), along with sister companies Cargo Force and TSCS, is one of the largest groups of privately owned cargo, mail and freighter ground handling companies in the USA. The group operated at 25 US airports prior to its acquisition of ATS and had a nationwide team of over 5,000 employees. ■


# Cargolux selects B777-8 freighter to replace its B747-400 fleet

Europe's largest all-cargo airline selects Boeing's newest cargo aircraft, launched in January and already boasting more than 50 orders, with the first deliveries anticipated in 2027

Europe's largest all-cargo airline Cargolux has selected Boeing's 777-8 freighter as the preferred solution to replace its B747-400 freighter fleet.

Boeing launched the 777-8 Freighter programme in January and has already booked more than 50 orders for the model. With advanced technology from the new 777X family and proven performance of the 777 freighter, Boeing claims the 777-8 freighter "offers the highest payload and the lowest fuel use, emissions and operating cost per tonne of any large freighter".

Cargolux is the largest operator of Boeing widebody freighters in Europe with a combined total fleet of 30 747-400 and 747-8 Freighters. Boeing and Cargolux's partnership has spanned almost 50 years from 1973 when it received its first Douglas DC-8 Freighter before entering the jet age in 1977 with the delivery of its first 747.

Boeing said the 777-8 Freighter was ideally suited for operators like Cargolux, noting that "with nearly identical payload and range capabilities as the 747-400 Freighter, the 777-8 Freighter will provide 30% better fuel efficiency and emissions and 25% better operating costs per tonne as the airplane to replace aging large freighters later this decade."

First deliveries of Boeing's 777-8 Freighter are anticipated in 2027.

Stan Deal, president and CEO of Boeing Commercial Airplanes, said the 777-8F would integrate "seamlessly" into Cargolux's all-747 cargo operations.

The 2022 Boeing Commercial Market Outlook projects a 80% increase in the global freighter fleet through 2041, including approximately 940 new widebody freighters. ■


Tractor Tales
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