Solving the airfreight compliance conundrum

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In the year that the WCO focuses on data analysis, we have more data than we could ever have before – or know what to do with. As the industry continues in its attempts to eliminate paper after 10 years of e-freight, a repeating theme is the topic of data quality. Bill Gates once said rather astutely:

> *"The first rule of any technology used in a business is that automation applied to an efficient operation will magnify the efficiency. The second is that automation applied to an inefficient operation will magnify the inefficiency."*

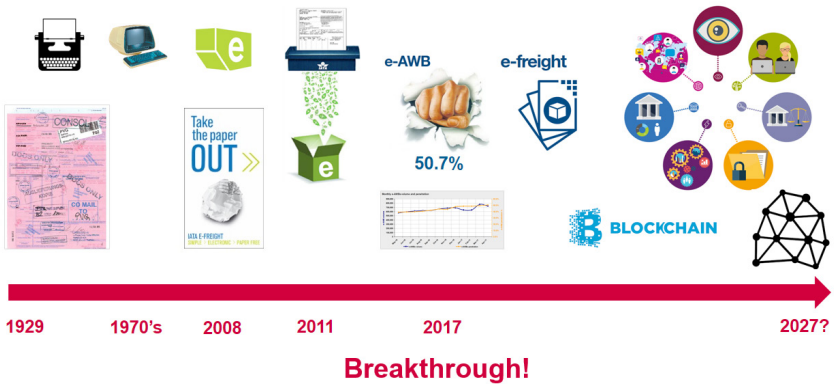
Whether you agree with the statement or not, lack of quality, or more precisely data usability, is part of that inefficiency. So, at the heart of the matter, the conundrum: knowing the issues, how do we overcome this unresolved issue?

In an industry that is increasingly looking forward, we know the answer to our aspirations (gaining competitive advantages via speed, efficiency, security) is overwhelmingly innovation and technology – but the constraints of the paper-pushing past is still with us.

After 50+ years of an increasingly computerized world, where the volume of data is accelerating at an astronomical rate, why hasn't the air cargo industry really moved any more forward than the paper-driven 1970s? Even approaching a decade after the introduction of IATA e-freight in 2008, we are not much better off looking at a completely paper-free airfreight business.

Increased digitization = higher data dependency

A decade of digitization - the e-freight promise



There are plenty of examples of life-changing technologies that revolutionize industries. This "disruptive technology" changes our lives and businesses for the better, and allows us to think and operate in ways we had never even imagined. It has been a difficult task to eliminate all paper from air cargo and only just now passing the 50% barrier on e-AWB usage (across allowed trade lanes) - an industry breakthrough! Technology advances will help deliver a transformed and modernized business to which airfreight continues to aspire, but we right now need to improve what we have. Out of the 50.7% e-AWB penetration, around 20% are unusable by the airlines and duplicated messages are running at around 20%. Is this good enough?

Digitization increases the data dependency and trust between partners that the data provided is of usable quality. As the business evolves and technology advances bring newer kinds of data into the supply-chain, this becomes more interesting to governments, customs, and regulators for their use in threat analysis and risk assessment whilst managing their borders.

Data also adds value to consignments as relevant as the goods themselves. We do not accept poor levels of packaging, mishandling or missing documentation – data is no different!

However, now at this crucial turning point – where do we go from here? We must use this opportunity to focus on its quality and usability as a prerequisite to move forward and to enhance the trust in the traders by Customs and instill confidence that Customs will regulate traders effectively.

Air cargo continues to apply quality measures found in IATA Message Improvement Programme (MIP) and CargoiQ, which are good examples of digitally aligned communities working towards common goals improving to a set of agreed and understood standards. But is this enough?

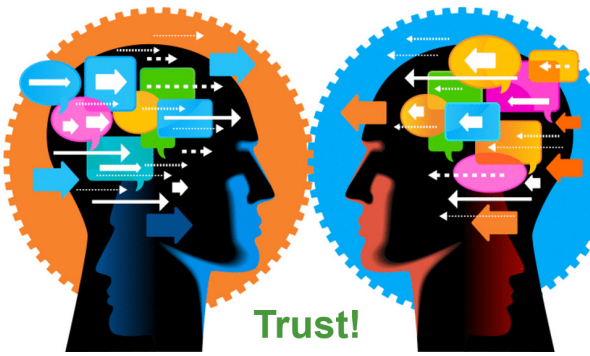
While e-AWB numbers are gradually rising, the usability of the data collected still has room for improvement and without decisive action we will continue to run the risk of digitizing 'dirty data'.

So given that we need to assure data quality, how do we define it? Each party in the supply chain has their version of the truth, applied by people, processes and platforms, assured by accuracy, completeness and reliability. All systems in the chain are not created equally but need to be aligned to manage the data to acceptable standards whether operating B2B, B2C, B2G or G2G. They need to trust each other.

This trust is not only between trader and regulator, but in the Customs 'common' domain where the principle of Mutual Recognition (MR) could significantly facilitate the flow of trade across differing but aligned regulatory zones and between communities once the paper-safety net is finally, and confidently removed.

Solving the conundrum

If we benchmark data standards, they must also be adaptable to the changing shape of 'freight' in order for us to conform. The rapid emergence of e-commerce and evolving security demands for air mail pose new data compliance issues. Knowing this, introducing more unknown entities such as private, ad hoc shippers not only increases the data but the risk of quality. Redressing the balance can be through agreed standards of data compliance and regularity, governed by communities of interest such as IATA, ICAO and the UN, and include the communities of airlines, forwarders, and ground handlers – communities of trust.



But the data must be right from the start – the shipper would have the responsibility for providing the correct source. Furthermore, a level of precision is critically required at all levels in the digitized data supply chain. The emergence of 'green digitized and converged quality trade lanes' are examples of a 'community' of interest solving a logistics and compliance conundrum across multiple modes of transport and across multiple geographies.

In the end, it will be the systems and solutions that enable digital communities to assure the data, and move us all forward to the transformed and modernized industry underpinned by technology.