



CASE STUDY: NEDCARGO

www.nedcargo.nl

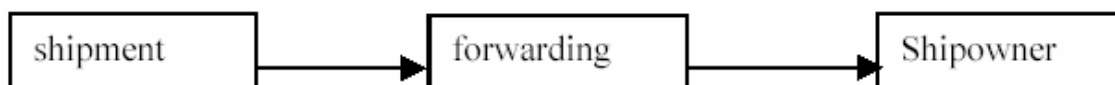
FACT FILE				
Company name	Nedcargo			
Business Activity	Forwarding agent for shipments to ship owners			
Region	Rotterdam			
Number of employees	7			
Business Range	Local	Regional	National	International
				Yes
Description of market / client /target group	Ocean container transportation			
Description activities / products / services	NedCargo aims to streamline the process of booking ocean container transport by means of the Internet.			

CASE DESCRIPTION:

The business

Nedcargo was established in May 2000 after much of the hype about the Internet had died down. Using venture capital of 22,500 Euro from Lost Boys, Nedcargo wanted to offer support to container transport companies in terms of business organisation and administration through the Internet. Their target group was small and medium sized enterprises (SME's).

The traditional processes for container transport is depicted in the following flow-chart. The forwarding agent provides transport from the harbour to the shipowner, manages supply and demand and all of the necessary paperwork.



Introduction of e-business

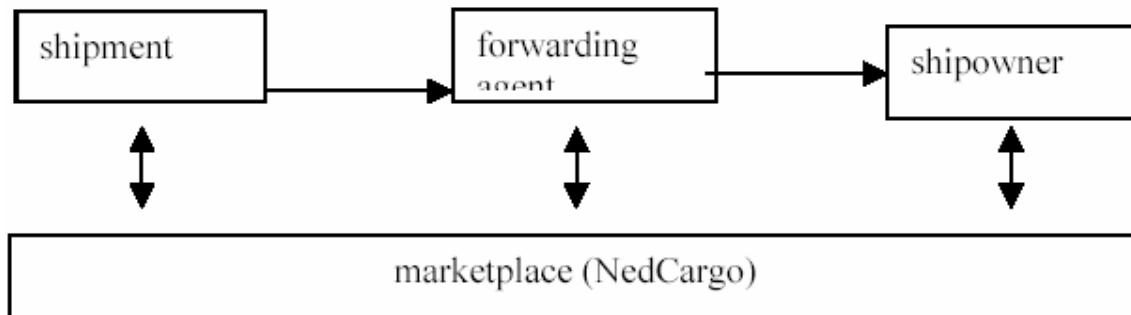
In container-transport, 7% of costs are spent on administration (150 documents and messages are needed to transport 1 container). Nedcargos ambition for the introduction of e-business was to optimise this information exchange using ICT. Nedcargos wanted to achieve this by developing an Internet marketplace. Research shows that within the container-transport domain, 80% of all information that is entered into transport organisations' computers has actually been output from another computer, then printed on paper and send by post or fax, where it is reentered into the recipients computer system.

Nedcargos idea was to bring supply and demand together in an Internet marketplace.

This solution offer 3 advantages:

1. Better utilization of the capacity of ships;
2. Minimise paperwork;
3. Optimise administration and efficiency.

Shipowners ask for distribution and transport companies offer transport. Nedcargos gets 1.75% of every deal that is made on the marketplace.



Nedcargos invested a lot of money in promotion and direct approaches to important parties in the sector. The three biggest logistics companies were interested in participating to trial the Internet marketplace. In January 2001 the marketplace was introduced. A lot of shipments were offered, but no deals were made via the marketplace.

Possible reasons why deals were not made on the marketplace include:

- A strong network of existing forwarding agents;
- Trust issues of dealing with unknown shipowners;
- Direct contact between the forwarding agent and shipowner;
- Dealing via the Internet offered too little advantage over and above the traditional use of telephone or fax.

After a few months Nedcargos had still made no income. A lot of competitors were bankrupt and Nedcargos needed to modify their ambitions and business approach. To do this they put the customer (instead of the business) into the middle of the business-model. Nedcargos now distinguishes itself from the other forwarding agents through the usage of smart ICT applications for its internal process.

This means that contact still takes place in the traditional way by telephone or fax, but the internal processes are now fully automated:

- input of information;
- output of information to customers;
- use of management-information.

After the change of focus from business to customer income began to flow and indeed doubled every 3 months. At this point, Nedcargo has grown to seven employees.

Nedcargo has the following future ambitions:

- Optimise internal process and communication by integration of back- and front-office;
- Increase in turnover (increase in volume is necessary to stay competitive);
- More service to customers.

Lessons learnt

- The first business-model was based on e-commerce, but was unsuccessful due to a lack of trust.
- Dare to change your approach.
- Know the needs of customers.
- Huge (IT) investments are no guarantee for success.
- E-commerce by Internet is not appropriate for all people and products. Internet can be used for acquisition but mostly it supports operational and internal (business) processes.
- The basic concept, efficiency in international transport, still stands.
- Make clear what you want to achieve through ICT.