

Interaction With MR. WILLY KO

CEO - AISATS

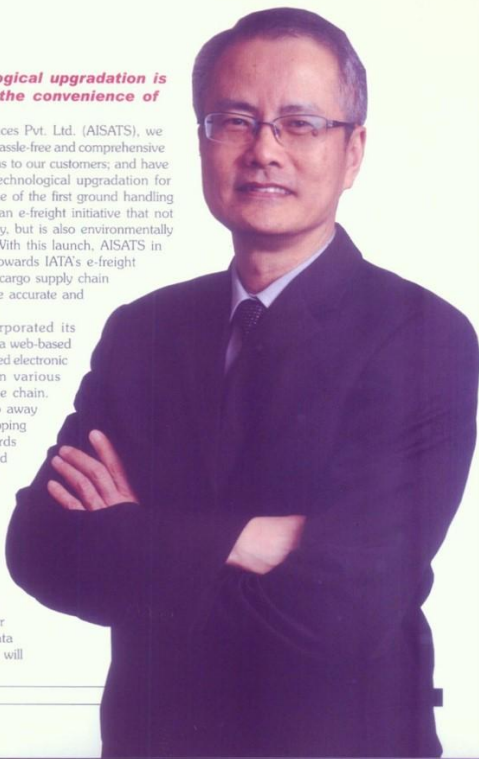
By Anil Singh

1. What kind of technological upgradation is AISATS undertaking for the convenience of the air cargo industry?

At Air India SATS Airport Services Pvt. Ltd. (AISATS), we have always endeavour to provide hassle-free and comprehensive cargo and ground handling solutions to our customers; and have undertaken many initiatives for technological upgradation for the air cargo industry. We were one of the first ground handling companies in India to implement an e-freight initiative that not only increases operational efficiency, but is also environmentally friendly and reduces paperwork. With this launch, AISATS in Bengaluru has taken a big step towards IATA's e-freight initiative, building a paper-free air cargo supply chain and replacing it with cheaper, more accurate and more reliable electronic messaging.

To enable this, AISATS incorporated its Airport Community System (ACS), a web-based electronic platform that enables unified electronic data interchange (EDI) between various stakeholders in the air cargo value chain. The system enables AISATS to do away with the traditional paper-based shipping data consolidation, moving towards electronic data management. Initiated by IATA, the programme became an industry-wide initiative involving carriers, freight forwarders, ground handlers, shippers, custom brokers and customs authorities. According to IATA, about 45 countries (including India) are now implementing the e-freight system. These countries account for 75% to 80% of the global air freight. By capturing shipment data electronically, the e-freight initiative will

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enhance stakeholders' experience (online tracking), optimize cargo operations, and rationalize unit costs in addition to being environmentally friendly by reducing paperwork and overall carbon footprint.

We therefore, foresee e-freight to be a noteworthy stride towards improving efficiency in conjunction with environmental sustainability. Its implementation is bound to grow substantially over the years to come.

2. What differentiates AISATS' services from its competitors?

Air India SATS Airport Services Pvt. Ltd. (AISATS) is a 50:50 joint venture between Air India Limited and SATS Limited – a leading gateway services and food solutions provider in Asia. AISATS was formed with a vision to provide world-class airport services in ground and cargo handling that exceeds customer's expectations. This unique blend of Air India, the national carrier of India, and the industry track record of SATS sets us apart from our competitors.

AISATS has also implemented some key initiatives and developments which have set us apart from our competitors in the industry. AISATS Bengaluru (BLR) was the first air cargo terminal in India to introduce carton clamps on its forklifts for more efficient handling of loose cargo and the first to introduce the Automated Storage and Retrieval System (ASRS)

and Very Narrow Aisle (VNA) equipment to assist in the smooth storage of skidded cargo. Back in 2012, this Bengaluru facility was also the first air freight service provider to receive the TAPA (Transported Asset Protection Association) Class A certification in not only India, but Middle East and African region. Recently, the same AISATS Air Freight Terminal BLR was re-certified with the TAPA certificate and in the process, became the first Air Cargo Terminal Operator to successfully complete the Freight Security Requirements (FSR) audit as per 2014 Class A standards, which has more surveillance and vigilance check points than FSR

also purchased Electric Hand jacks to replace diesel-operated ones for manual movement of Cargo within the FRT terminal.

Additionally, AISATS BLR Airfreight Terminal received its Good Distribution Certification (GDP) certification for the handling of pharmaceutical and perishable products, making us the first air cargo services provider in India to achieve such a certification. GDP is a quality system that ensures proper maintenance of the pharmaceutical products throughout the entire distribution process.

Earlier this year, AISATS also held the ground breaking handling ceremony for Bengaluru's first dedicated perishable cargo handling centre at Kempegowda International Airport, Bengaluru – AISATS Coolport, making Karnataka a preferred air cargo hub in South India. This facility is underway and would be operational in 2016.

The air cargo segment can help to achieve environmental goals in many ways. To start with, introduction of modern, fuel-efficient aircraft, as well as continued research and development into future of engines can be done for a better environment.

2011. Compliance to the FSR 2014 Class A standards ensures consistency in adherence to highest security standards for our warehouse operations.

AISATS BLR has also initiated the use of renewable and clean burning Bio-diesel fuel at its airfreight terminal making it the first concessionaire at Kempegowda International Airport, Bengaluru to use this initiative, in line with our commitment towards implementing sustainable practices. In yet another initiative to be environment friendly, AISATS has

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reducing the weight and changing the packaging that is used in shipping and supply chain strategies that provide more direct downstream deliveries, which eliminate intermediate handling and distribution are also equally important.

From an environmental viewpoint, e-freight will eliminate forms and paper, and facilitate throughput thereby helping with energy conservation. More importantly, the focus on e-freight getting a common vision for the e-Air Waybill and transitioning to an XML platform is the key for the industry.

At our Bengaluru operations, AISATS has adopted many waste management initiatives that ensure safe handling and disposal of waste, including any hazardous waste, thereby protecting the environment from possible adverse impact. Additionally, the oil recovered from their forklifts is professionally, safely recycled and made ready for re-use in accordance with industry standards. These are just some of the initiatives that AISATS has undertaken voluntarily to contribute to protecting the environment, a key objective of AISATS and the airport and aviation community. We are also considering the use of solar paneling to reduce our carbon footprint.

4. What are the three biggest challenges that air cargo faces? How can advancing information technology help address these three challenges?

One of the main challenges in the air cargo industry is the need to facilitate more robust growth of air cargo itself. The air cargo industry has witnessed many changes in the goods being transported; it

started with garments, then leather, then electronic goods and now to pharmaceuticals. There is a lack of transparency about the process of air cargo and no efforts have been made to develop it in order to convert sea cargo clients to air cargo, despite the benefits that air cargo has to offer. Speed is air cargo's biggest selling point but it comes with a price that is more expensive than shipping by sea.

The critical role that seaports and airports play in developing a nation's economy is often misunderstood as many think port authorities are mere regulatory bodies. Airports and seaports are vital gateways for developing local business who play a pivotal role in building a nation's economy. Airlines and ground handling companies' mainly depend on airports and seaports infrastructure. Thus, building a community of allied agencies and a cargo habitat will enhance and encourage better skilled and convenience to the industry to work more effectively.

The lack of skilled staff in the industry is also a huge challenge that needs to be addressed. The industry needs these skilled staff because service quality and safety issues are factors that cannot be ignored.

Deployment of technology is another challenge. Technology would be meaningless unless it is a part of an overall plan to provide effective solutions and services to the end customers. Infrastructure, processes and people all have to be integrated and aligned with the customer's objective with technology playing an important role.

5. Can you share your views on the overall air cargo market outlook?

Air Transport is a vital component of many international logistic networks. As per IATA, for the period January-June 2015, total market air cargo capacity was up 5.4% YOY, compared to 3.6% YOY growth during the first half of 2014. In June 2015, the capacity rose 5.3% YOY, up 2.7 points from June 2014. The capacity growth has been particularly robust in the Middle East; for the first half of 2015, with a growth of 18.9% YOY (compared to 9.1% YOY growth at this point last year).

Also, as per IATA's Industry Forecast 2014-2018, India would also be among the ten largest international freight markets by 2018 led by the United States supplying 10,054,000 tonnes and China with 5,639,000 tonnes. Apart from the US and China, the remaining eight largest international freight markets would be the UAE (4,974,000 tonnes), Germany (4,648,000), Republic of Korea (3,487,000), Japan (3,480,000), the United Kingdom (2,808,000), Chinese Taipei (2,350,000) and India (2,223,000).

The strong relationship between domestic and international trade and logistics infrastructure has been widely accepted. The growth in trade and the economy motivates the requirement for supporting infrastructure and availability of infrastructure at competitive rates thereby promoting trade and improving global competitiveness of a country. In a developing country like India, an efficient logistics infrastructure can reduce cost of transportation, contributing directly to the economic development. India, however, lags behind several other countries in the global setup in terms of logistics infrastructure and services. □

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