



***Update for non-
members***



- Objective
 - To improve the efficiency of the air cargo industry, improve customer service and reduce costs to all participants by implementing a program of agreed business processes and automation standards
- Mission
 - To create a quality management system for the worldwide air cargo industry



- An Interest Group sponsored by IATA
 - Self funded
 - Not for Profit
- 26 Members:
 - Airlines:** Air Canada, Air France, Alitalia, American Airlines, Austrian Airlines, British Airways, Cargolux, Cathay Pacific, Delta Air Lines, KLM, Korean, Lufthansa, SAS, Swiss , United Airlines
 - Forwarders:** Baltrans, Danzas AEI, EGL Logistics, Exel, Geologistics, Kintetsu, Kuehne & Nagel, Panalpina, Schenker, SDV, Yusen



- **Cargo 2000 has created a solid Foundation first:**
 - **Process & Process Control**
 - **Quality Management System**
 - **Customer Service**
 - **Data - Timeliness and Accuracy**
- **The Cargo 2000 Logistics Management System**



- **Cargo 2000 uses the Foundation to build its System in Phases:**

- Phase 1 Live**

- Airport - To - Airport Shipments
 - Shipment Planning & Tracking at Master Airbill

- Phase 2 Started Sep. 2002**

- Door - To - Door Shipments
 - Shipment Planning & Tracking at House Airbill

- Phase 3 Dec 2002/Jun 2003**

- Shipment Planning & Tracking at Piece Level
 - Document Tracking

Cargo 2000

LMS - Standards

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Normative Reference

- **The following documents are an integral part of the Cargo 2000 LMS:**
- For dated documents, only the specific edition cited applies
- For undated documents, the latest Version applies
 - Master Operating Plan – MOP – December 1998
 - Cargo 2000 Logistics Management System - Standards
 - Phase 1 – Specification document & Appendices
 - Phase 2 – Specification document & Appendices
 - Phase 3 – Specification document & Appendices
 - InterCDMP Implementation Process
 - InterCDMP Messaging
 - Exception Codes
 - *Note: Except for the MOP all other documents are available on the Private Section of the www.Cargo2000.com Website.*

Cargo 2000

LMS - Standards

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Requirements for Certification to the Cargo 2000 LMS

- 3.3. Operations
 - In line with the Specifications for each Phase, Organizations must be able to create a Route Map for each shipment described in their scope of work.
 - Unless a member is capable of creating Route Maps with their own system, they must select a Technology provider capable of doing so.
 - If different CDMPs are used, Members or their selected Technology provider must be capable of copying the Route Map and Updates to their counterpart in line with the InterCDMP procedures.
 - Certified members must be able to collect all the information and supply monthly reports to Cargo 2000 in line with the Specifications.

Key Customer Service Aspects

- **Provide a range of guaranteed door-to-door, time definite services globally at competitive price levels**
- **Deliver as promised against agreed measurable criteria, deliver on-time, deliver complete, deliver secure contents, with no loss, damage or pilferage**
- **Pro-actively communicate reliable and timely information, including 24 hour 365 day customer service**
- **Simplify procedures industry wide while migrating to electronic trading**
- **Ensure accurate billing and total cost transparency between all parties**

Executive Summary

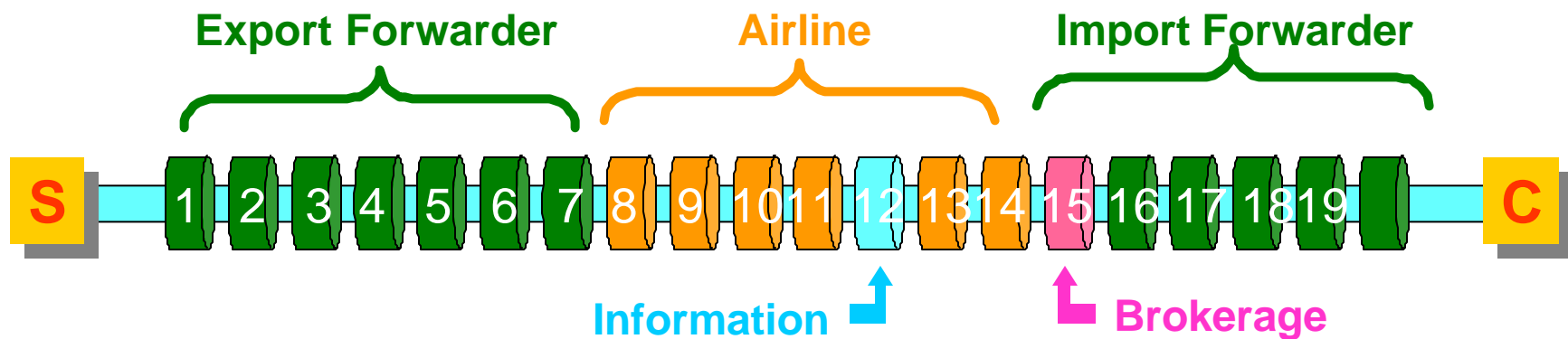
- The Master Operating Plan is designed to enable airlines and forwarders to deliver time definite freight services reliably, consistently, globally, and profitably. The processes described relate to the international carriage of freight by air. The procedures described will enable the shipper to track and manage inventory at a stock keeping unit (SKU) level.

PROCESS

- **40 steps VS 11**
- **Cargo 2000 tests**
- **New time-definite Process 19 steps**

The Master Operating Plan

A practical working document describing 19 basic operating processes



- **Characteristics**

- Flow
- Time & Timeliness
- Information/Planning
- Controls/Conformance

- **Objectives**

- Time definite, global services
- Cost effectiveness
- Logistics enabling
- Enterprise management

Cargo 2000

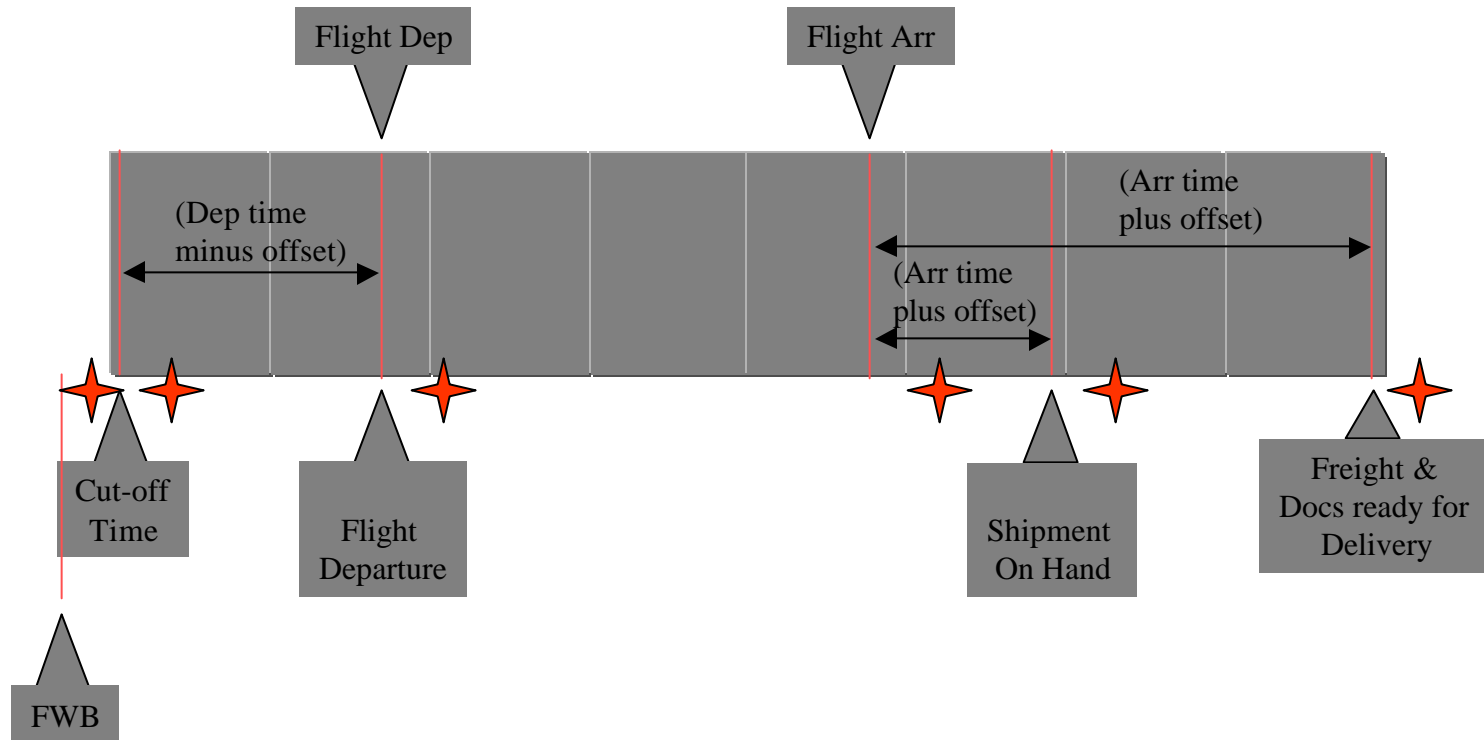
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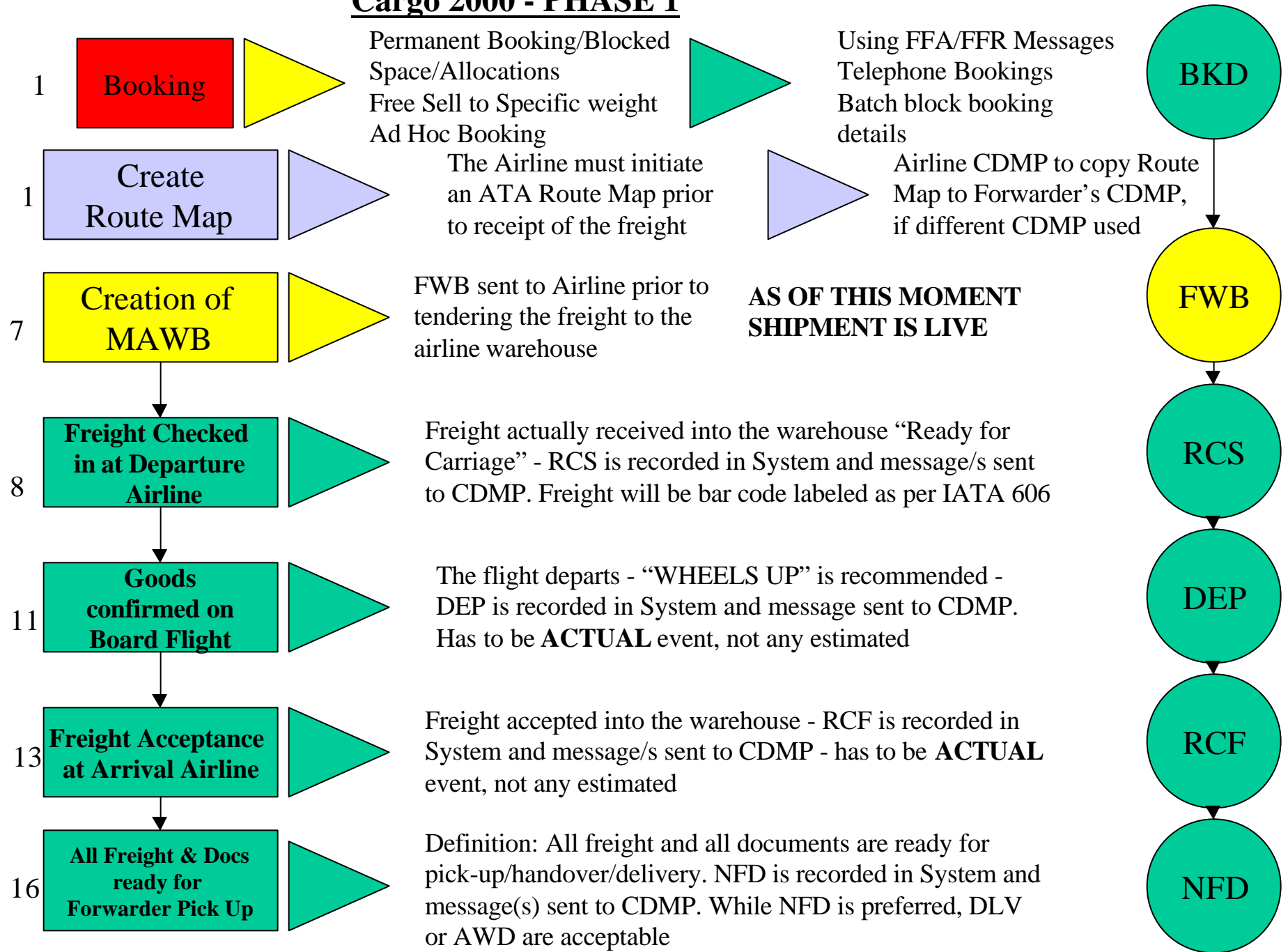
Process 1 - The Booking

- Ideally all freight is booked prior to collection or receipt by forwarder/carrier.
- **Every booking will have a delivery commitment from the forwarder/carrier**
- Every shipment will have a confirmed Route Map with confirmed space.

Route Map Creation



Cargo 2000 - PHASE 1



Route Map

- Progress of the freight is continually compared against the route map to determine whether the freight will meet the service commitments
- Allows 'Exception' Handling
- Allows us to Measure the Quality, Accuracy & Timeliness of the Information.

Cargo 2000

LMS - Standards

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Measurement - Overall Compliance

- Measurements of the quality and timeliness of all Cargo 2000 messages and physical activity.
- The Overall Report wants to evaluate the Process Control and therefore wants to know:
 - ◆ How many set-ups or re-planning there was for each shipment.
 - ◆ How proactive was the member in handling the Process, reason why a set-up re-planned prior to the alarm ringing is considered correct. Only exception to this rule is DEP. Anytime a DEP is re-planned on a later flight, it is considered as an error.
 - ◆ How many times did the alarm actually ring.
- The detailed analysis of these data should tell a member how well and proactively they actually control their planning and process handling.
- It should also tell the members if they are handling and re-handling a shipment numerous times clearly duplicating and increasing their costs in doing so.

CARGO 2000 Quality Report V2 Feb.2002
Phase 1 - Overall Compliance Template
 Airport to Airport route map

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC
	Airline	CDMP	Agent	Route	Total # Shipments	Route Map Original # set up	Route Map # with previous booking	Route Map % CORRECT	FVB # set up	FVB # Correct	FVB % CORRECT	RCS # set up	RCS # Correct	RCS % CORRECT	DEP # set up	DEP # Correct	DEP % CORRECT	RCF # set up	RCF # Correct	RCF % CORRECT	NFD (AVD,DLY) # set up	NFD (AVD,DLY) # correct	NFD (AVD,DLY) % correct	RouteMaps Original # set up	# Discrep Original DLY vs Actual DLY	% Correct = % Performance on time	# of re-routed / replanned shipments	Total # of alerts / late receipt of messages	
5					1	1	1	#####	1	1	#####	1	1	100.00%	1	0	0.00%	0	0		0	0	#DIV/0!	50	25	50.00%	1	100	
7					100	100	90	90.00%	100	92	92.00%	100	98	98.00%	100	97	97.00%	100	56	56.00%	100	78	78.00%			#####	16		
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IATA Standard [Navigation icons]

Measurement - Operational Compliance

- Measurements of the quality and timeliness of the physical activity that is represented by the various messages.
- The Operational Report wants to evaluate the Physical Movement of the freight. Delays and/or errors in the messages are not counted provided the event was physically on time.
- The detailed analysis should tell the members how well their planning of resources and manpower compared to the actual movement of freight. Proper planning and measuring variations should result in improved allocation of resources and manpower.

Measurement - Summary Report

- Summary of performance of Cargo 2000 shipments.
- The Summary Report wants to evaluate DEP and NFD on a per shipment basis. Any error on the original DEP or NFD counts as an error for the shipment. This report basically measures the Physical Performance (excluding delays and/or errors in the messages) against what was promised to the Customer on a per shipment basis.

Quality System

- **Why do we need it?**
- Because Customers want us to have one - It is the language they speak
- Because Customers are tired of statements not backed up by data
- Because it makes all participants better companies
- Because it makes our program credible
- Because we CANNOT certify if we do not have a robust Quality System and STANDARDS

The Cargo 2000 Logistics Management System

- Is a “Quality System” created by this Industry for the Industry
- Focuses on:
 - Measurement
 - Performance
 - Customer Satisfaction (KPIs)
- Plans to develop into an Industry Standard for the Airfreight Industry and possibly extend to Logistics

Corrective Action:

What is it ?

- It is a 'systematic' approach used to identify the root cause of an irregularity or a series of irregularities and correct it.
- It is NOT about finding WHO DID IT but.... Why did it happen
- The main difference between 'Exception Handling' and 'Corrective Action' is that the latter requires verification that the action is effective so that it does not happen again in the future

Corrective Action

- **There are many different systems used by various organizations but the concepts are mostly the same.**
- - 1) Identify the problem (not the symptom) - put it in writing
 - 2) Have a recovery plan (usually accomplished with people)
 - 3) Research/benchmark the problem
 - 4) Contain the problem - do not let it continue or get worse
(Also, usually accomplished with people)
 - 5) Find the root cause (various systems exist for that...)
 - 6) Verify findings and actions taken - do they work?
 - 7) Schedule corrective action implementation
 - 8) Implement the solution

Improvement

- **The single ‘most’ important item of the Quality System**
- The Quality System requires that the Organizations:
 - Implement a Corrective Action System
 - Implement a Preventive Action System
 - Continually Improve

Improvement

- It does NOT matter where we are today or where we 'think' we are
- **What matters is that we find out where we are and IMPROVE CONTINUALLY**
- **What matters is that the Improvement MUST BE in line with the Customers changing requirements**

Standards - Why Cargo 2000?

- Can a Carrier or a Forwarder establish and implement Quality Standards like Cargo 2000 on their own?
- Can a single company do the benchmarking and provide the standard measurement process that Cargo 2000 offers?
- Can a single company establish best practices and benchmark best known methods as efficiently as Cargo 2000?
- Can a single company develop Operating Standards that will be acceptable for the entire Industry?
- **CARGO 2000 does not think so!**
- Every single Organization would develop their own system and would go their own direction, as has happened for the last forty years

Where is Cargo 2000?

- **Phase 1 is ready and in operation**
- Members have been Certified at 115 locations.
- We started measuring 1000 Mawbs - Today members are reporting over 3500 Mawbs (Approx. 15,000 Hawbs)
- Performance (Flown as booked and delivered) has improved by over 50% over a very short period of time. We are doing things faster, better, cheaper
- It has made it much easier for members to work together
- Results have been so encouraging that Members unanimously voted to measure the 'entire' global network of major stations (approx. 40 airports) by the end of 2003
- **Phase 2 is ready and One member has already started implementation**

Where is Cargo 2000?

- This Industry was developed by the Individual Companies.
- Each created their own system and methodology often on a Regional, Country or even Local level.
- Globalization requires a common platform of Standards, Visibility throughout the Logistics Chain.
- **WITHOUT STANDARDS THERE CAN BE NO TRULY PAPERLESS TRANSACTIONS**
- Cargo 2000 has created many of the Standards and yet we understand that there is also a need to Customize. We enable that in a controlled environment

Where do we go from here?

- **We have agreed to cooperate with any Organization that can produce benefits for our Industry and we continue to listen to both our Customers, our members and non-members**
- **Our Working Groups develop the Processes, the Standards and Procedures and the Members dictate the speed of implementation.**
- **Cargo 2000, however, “enforces” any implementation by the Members with a Quality System that focuses on Measurement, Performance and Customer Satisfaction. The process of Cargo 2000 accreditation ensures compliance to the standards we have set.**
- **We will not allow our Members to declare they are ‘CARGO 2000 COMPLIANT’ until they receive our official certificate of approval, the result of a thorough audit process.**

Goal

- Cargo 2000 is moving towards the ultimate goal of providing the framework for a fully integrated supply chain information flow.
- Standardized interfaces and messages and, above all, 'connectivity' will create a truly seamless information chain based on real-time information
- The Cargo 2000 program will lead to audited air cargo services and to the possibility of benchmarking those services
- It is hoped that Shippers will, one day, ask their suppliers:

ARE YOU CARGO 2000 COMPLIANT?



Thank You