

NVO OUTSOURCING

Third-party systems and back office arrangements allow intermediaries to focus on core customer-facing functions.

BY ERIC JOHNSON

As most offices are shutting down for the evening, activity at the headquarters of Info-X Software Technology is reaching a crescendo.

Set amidst a bustling industrial office section of Gurgaon (a suburb of New Delhi, India) Info-X's offices glow with light as night sets in. That's because the bulk of Info-X's work is handling the IT and back office needs of freight forwarders and non-vessel-operating common carriers in Europe and

North America.

Info-X, like a handful of other global technology and managed services providers, helps forwarders and NVOs manage aspects of their operations that they either can't or don't want to. Sometimes that means providing IT solutions to a forwarder unable to invest in a specific piece of technology, like rate management. Sometimes it means providing import/export documentation or contract management services. Sometimes it even means helping an NVO run its own IT system more efficiently.

Where all this falls on the spectrum of outsourcing is up for discussion. Outsourc-

ing has become a sort of dirty word in economic circles, the implication being that jobs are being stripped from one economy to be sent to another.

The reality is, in terms of trade and transportation, outsourcing generally means freeing up strapped staff to take on other strategic roles in lieu of data entry.

"It's all how you look at it," said Michael Troy, chief executive officer of the neutral NVO Troy Container Lines. "Outsourcing is a broad term, and it's one that's misunderstood. I consider it a partnership. We're an international company, and to me they are our partner overseas."

Troy has worked with Info-X for more than a decade, using the company at first to provide manpower for import documentation (which Troy said used to bog down his U.S.-based staff) and now additionally for maintaining sailing schedules and track- and-trace functions, as well as doing the line-item entry of its contracts.

Info-X staff essentially takes over before and after Troy's U.S. staff arrives and departs each business day, keeping documentation and data maintenance workflow continuous for its globally-minded customers. It's a complementary relationship.

The important distinction, Troy said, is that Info-X is not replacing manpower, merely augmenting what he can realistically ask his U.S. staff to do.

"There's data entry that doesn't affect our day-to-day with clients, but is critical for maintaining our processes," he said. "There's a barrage of docs you get at 4 or 5 or 6 p.m. at night. So I asked, how does this make sense to pool our resources (with Info-X)? It improves our turnaround time and enhances our customer service. From our standpoint, we work alongside in two eight-hour shifts. And whatever comes in after 5 p.m. gets processed overnight. You're not waiting until the next day to process that. We looked at it from a turnaround standpoint."

Info-X has allowed Troy to deploy his U.S. staff in more customer-focused positions.

"If we had five (less-than-container load) documentation people, now we have two, but we moved those other three to customer service," he said, adding that his U.S. staff has increased by 50 percent since the economic downturn.

Companies do need that help, said Rishi Parti, director and founder of Info-X. In fact, Parti started his company as a pure technology provider. He was working for a general purpose programming company in the early 2000s when he was asked to build an IT system for a forwarder. He used that exercise to dive deep into the world of shipping and forwarding, eventually taking his experience and building out enterprise

solutions for NVOs and forwarders.

Providing back office services was a natural offshoot after customers began asking for such help. India has, of course, made a global name for itself providing so-called business process outsourcing services, based largely on a well-educated, English-speaking labor force that's willing to work for a fraction of what workers in western countries expect.

Parti's company aspires to a higher standard than average BPO companies, with intense training and limited staff turnover contributing to a workforce that innately

"There's a clear trend, from the huge players to the local players to the guy working out of his garage, and the clear trend is cloud-based outsourced."

**Dan Gardner,
president and co-founder,
Trade Facilitators**

Understands the logistics world, not just the binary numbers lurking under the code.

That means when an Info-X staff member notices something unusual about a sailing schedule or a rate (say, if the rate for a 40-foot container comes in at \$25,000 versus \$2,500) they have the expertise to recognize the inaccuracy and drill deeper into the issue on behalf of the customer.

Technology Or Its Use? The question is whether base technology is the differentiator, or is it the application of that technology?

For Troy, investing in both the proprietary technology and the partnership with Info-X is less about upfront cost savings than it is about serving the customer better, which has its own long-term payoff.

"The investment [in IT] up front would be so minimal if you're a smaller NVO, but from our perspective, we're not going to give that up," he said. "Has it saved us money? It's made us more competitive, but saving money was not the goal going in."

'Who Can Do It Better?' Many NVOs are not in a position to decide to just invest in IT, though.

"The question commonly asked is 'Who can do it better?'"

Parti said the benefits of outsourcing specific non-core elements of a business is

an established practice across most business functions, and one that NVOs are wise to take advantage of.

"We have been providing outsourced back office data entry services and software solutions to NVOs and freight forwarders who are as small as one person in a small office in New York to a company which is global with offices all over the world," he said in an interview with *American Shipper* at Info-X's headquarters in India. "All these customers, big or small, have benefited by outsourcing."

As an example, Parti has found his clients have reduced relevant staff time spent per day on rate management from 15 percent to 5 percent, on track-and-trace documentation from 40 percent to 10 percent, on auditing accounts from 25 percent to 10 percent, while time spent on sales has gone from 15 percent to 30 percent.

The implication, again, is that outsourcing non-client-facing administrative work frees up staff to focus on client-facing activities, it doesn't give NVOs a reason to cut staff.

"But that's not the only differentiator," Parti said. "Cost saving is an important factor. For example, one of our U.S. clients had 16 employees working on admin functions, and now it's down to four, while the rest of the employees are working more efficiently on core processes generating more revenue for the company."

He said some clients have seen cost savings of 40 percent: "any business would cherish that."

Among the most frequently used services by NVOs/forwarders, Parti said, are:

- Continuously updated ocean carrier contracts.
- Export or import shipping documents like house bills of lading, master bills of lading, warehouse receipts, and purchase orders.
- Custom filings, like Automated Export System, Automated Manifest System, Importer Security Filing, and the Japan 24-hour advanced filings.
- Cargo tracking checks for on-board and arrival statuses.
- Accounts payable and accounts receivable.
- Uploading of documents.
- For Troy, using outsourced services is a way to better leverage the technology the NVO owner has spent years developing to keep pace with its growing global network and customer base.

"We're doing 700 quotes a day out of our New Jersey office, plus 400 done online," he said. "There's no way I could afford to employ the people to manually do the quotes. You need the technology. You can't have customer service without top-notch technology."