

## A promise of automation, never fulfilled

While it might seem as if everything has changed, fundamentally, say air cargo veterans, nothing has altered in the past 40 years, writes Alex Lennane

The business is unbelievably simple,” explains Enno Osinga, Senior Vice-President for cargo at Amsterdam Schiphol Airport, who has worked in the aviation industry since 1978.

“A company makes something, and moves it by air. If you break it into simple steps, the process hasn’t changed, but there are different technologies.”

Yet while the fundamentals of the industry might remain the same, several significant milestones have shaped the business operationally.

It all began with couriers, running a door-to-door service, mainly moving documents. UPS was the first courier to offer an air service, in 1929, but – and not for the last time in this industry – lack of volumes caused it to withdraw this offering the same year, not to be resumed until 1953.

It was followed by DHL, in 1969, with the world’s first international express delivery service, while FedEx launched exactly 40 years ago.

Meanwhile, Europe’s carriers dominated the air cargo scene, led by a gang including British Airways (which employed a purser on freighters, whose sole job was to hand out meals to the rest of the crew, and salute the captain on landing), KLM, Lufthansa, SAS and Air France. Space was sold through airline agents, and the industry was strictly controlled by IATA, which set rates.

But, along with the advent of the 35-tonne payload B707, DC-8F and the unit-loading device (ULD), the arrival and impact of the integrators is, arguably, one of the single most important changes for the air cargo industry.

The airlines – or rather the forwarders – and the integrators began to compete as the

industry underwent containerisation.

“The biggest problem at the time was getting Customs to speed up processes,” explains Stan Wraight, Managing Partner for Strategic Aviation Solutions International. “The integrators spent a lot of time with World Customs, and they stole the lead. They had a much bigger vision than the airlines.

“The forwarders got their chance to become more than agents,” continues Wraight. “It was the brainchild of the airlines, who didn’t want employees dealing with all the paperwork for small shipments, just 1-2kg.

“They gave this job to the forwarders, not understanding that these small shipments were their highest-yielding income. They thought it would simplify the process, but they didn’t understand the business.

“Forwarders would then go after the same customers as the airlines and offer a cheaper price to consolidate shipments in a container.

Wraight adds that the other big earner for airlines was handling.

“Forwarders started opening their own warehouses to break down the shipments, and airlines removed themselves from the market – a move which effectively commoditised the air industry. But they weren’t smart enough to realise it.

“Forwarders were now offering an integrated product, as were the integrators, and while airlines lacked the professionalism to understand the drivers, everyone else knew. Airlines threw the baby out with the bathwater 30 years ago.”

The Boeing 747 freighter first flew commercially in 1972, changing the game further as it became more prevalent, allowing larger payloads and longer flights.

Now, the latest 747s and 747-8Fs carry as much fuel in their wing as the entire weight

“The sad conclusion must be that the promise of automation hasn’t been fulfilled to this day”