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Port Services & Technology News

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IAS Reports Over 60% Growth of InterChange Business in 2006 Wednesday, February 21, 2007

(OAKLAND, California) – In response to an increasingly competitive environment and continuing pressure to reduce operating costs, a growing number of ocean carriers and container-leasing companies are turning to brokers to interchange containers and correct equipment imbalances. That's the conclusion drawn by International Asset Systems (IAS), whose international container exchange service, InterChange, showed a sharp upturn last year.

InterChange grew by 64% in 2006, and its customer base increased by 23%. IAS, the global leader in technology-based solutions for equipment management and tracking in the container transport industry, has offered InterChange since 2003. But the heavy increase in 2006 suggests an emerging trend among carriers, lessors and third-party logistics providers (3PLs) who need to boost container utilization and are increasingly turning to imbalance management specialists. By converting ill-positioned empty boxes into productive loads for others, companies are saving potentially hundreds of dollars per container in repositioning and storage costs.

"Logistics managers, operations people and senior management are seeing the value in using a broker for container imbalance management," says Heidi Regier, director of the IAS InterChange business. "It greatly increases their options for balancing equipment around the world. There's a growing recognition that a broker offers unique opportunities for increasing efficiency."

Carriers Gain Visibility beyond their Business Partners:

Carriers traditionally have turned first to their alliance partners when looking to reposition surplus containers or acquire additional boxes at locations where they have deficits. But alliance partners often can't accommodate every need, and the back-and-forth discussions can be time-consuming and inefficient.

IAS eliminates the legwork with a constantly updated database that shows where its customers have both too much and too little equipment. Carriers, lessors and 3PLs alert IAS to their needs, and IAS finds a match. IAS also reaches out to customers when they have previously communicated their needs and IAS has either equipment or potential users in their required locations.

Regier says access to a large volume of containers worldwide represents a key reason carriers and others are turning to brokers for interchanges.

"When you're only using alliance partners, you're unnecessarily limiting yourself," she says. "But a broker has a large and varied customer base and can provide lots more opportunities to exchange equipment around the world. A broker has access to both large carriers and also smaller carriers that other carriers might not be working with, but have equipment that can meet their needs."

Greater Efficiency for Carriers, Lessors and 3PLs:

The bottom line in equipment management for carriers and others is operational savings and improved utilization. And global container exchange programs are filling those needs.

"By using InterChange, we save repositioning costs and make our container fleet more efficient," says Hong Kong-based William Man, logistics operations manager for carrier CSAV. "It speeds up the process and saves money. We save both the vessel costs of repositioning and also the storage costs for surplus containers."

The increased asset utilization offered by IAS is especially attractive to Man. "When a box is idling, we're getting no use out of it but we're still paying the cost."

Interchanges – An Untapped Method for Equipment Utilization:

Even a couple of additional uses per year can vastly increase the productivity average of a container. Yet the vast majority of

interchange opportunities go untapped. According to Regier, many of the world's approximately 18 to 20 million containers are turned as few as three or four times a year. (Numbers vary among individual container operators.) Of the millions of annual container turns, IAS estimates that only about 120,000 involve interchanges. About half are handled by brokers such as IAS, and the other half are carrier-to-carrier.

"There are literally millions of untapped opportunities for interchanges," says Regier. "At savings of over \$100 per container, carriers still have enormous unrealized potential to reduce operating costs."

Each container interchanged through IAS's service typically comes with a range of 15 to 90 free days, depending on how far the box is being shipped. That allows savvy carriers to use others' boxes to carry their own cargo without any equipment costs. Regier says carriers who aggressively use other lines' surplus equipment have increased asset utilization so much that they now need fewer containers of their own.

"If you can use somebody else's container for free, that's less equipment you have to buy or lease for your own operation," Regier says. "We're starting to see some of our customers adopt that as a strategy."

New Offices Added to Handle Business Growth:

In response to the rapid growth, IAS is increasing its interchange presence throughout the world. New representatives are being added in the UK, Australia and Korea. IAS's InterChange staff will more than double by mid-2007 to serve the fast-expanding business.

About IAS:

Founded in 1998, International Asset Systems is the global leader in technology-based solutions for equipment management and tracking in the container transport industry. Through innovative management applications and Web-based services, IAS enables participants throughout the transport chain to increase container visibility, improve asset utilization, lower operating costs and improve customer service. IAS offers a management team with extensive experience in the container transportation industry. IAS's operational headquarters are in Oakland, California, with additional offices in Chicago, Hong Kong, Aarhus, Jaipur, Nice and London.

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