

Chapter 4.11

European International Freight Forwarders: Information as a Strategic Product

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EXECUTIVE SUMMARY

This case study is about information systems in one of the largest freight forwarding companies in Europe, here named Spedition Chur AG (SCA)¹. With a long tradition of computers, data processing, and information systems on a global level, SCA has used information technology extensively since the 1960s. Over the years, their systems have become a truly strategic resource; many of the services SCA offers today are based solely on information management — the physical side of the transport business has taken a back seat and is often outsourced. The problems and issues SCA is dealing with now are the dichotomy of its IT strategy: how to coordinate a stringently standardized core of systems with its critically important but highly individualized system-to-system interfaces with its key customers. Furthermore, the rapid change in technology and the very wide range and reach of its operations now means that the global implementation of new information systems often cannot be completed before the technologies

underlying them have become obsolescent. The case describes the development of the systems that underlie the business success and sets out the governance and management structures that make this possible.

ORGANIZATIONAL BACKGROUND

Spedition Chur AG

The traditional freight forwarder's market is defined as “managing the door to door transportation of goods (larger than parcels but smaller than bulk) by reselling transport capacity purchased wholesale”². European companies, mostly of German-speaking origin, seem to dominate the global market. The traditional reliance of European business on trade across country borders and the centuries of experience in it seem to have given European firms a distinctive advantage in the global market. SCA is one of the largest, as Figure 1 shows.

Figure 1. Comparing SCA with two other large European freight forwarders and one integrated logistics firm (Schenker-Rhenus)

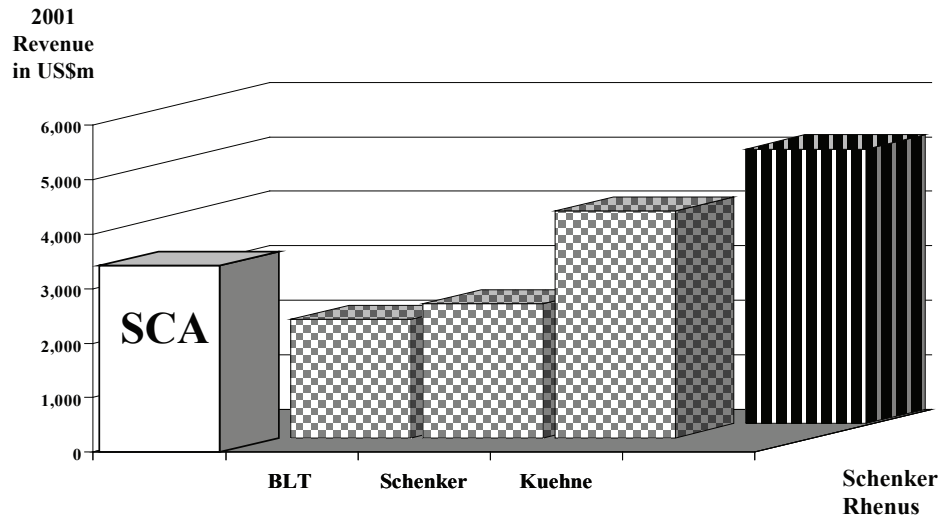
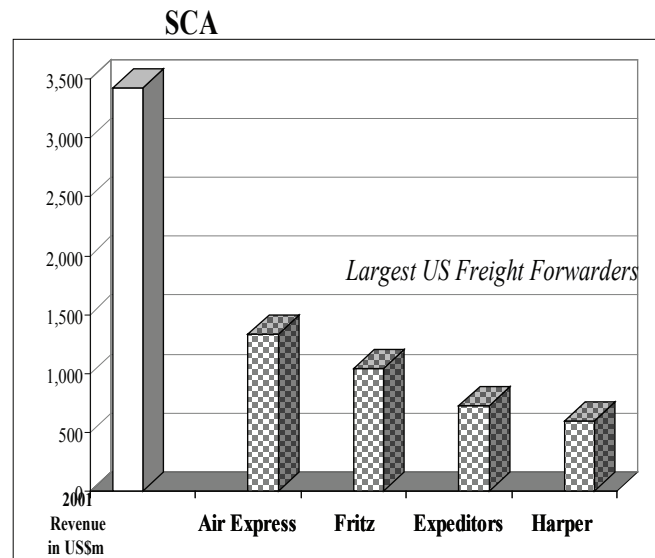


Figure 2. Comparison of SCA with the largest U.S. freight forwarders



European companies on the whole are significantly larger than their American competitors; Air Express, the largest American freight forwarder, is only about a third of the size of SCA.

Figure 2 compares SCA with the largest U.S. companies.

The freight forwarding industry was influenced by two events over the last two decades. First, the swing to just-in-time manufacturing

since the late 1980s has increased the importance of transport. Second, world trade has continued to expand and has accelerated since the 1993 GATT round. Both those developments meant that the markets for forwarding have grown considerably, bringing with it a large number of profitable opportunities, all of which involve information technology on a global scale.

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