bench**mark**

Newsletter for the members of Cargo 2000

Working together to improve the quality of air cargo

The results show we mean business
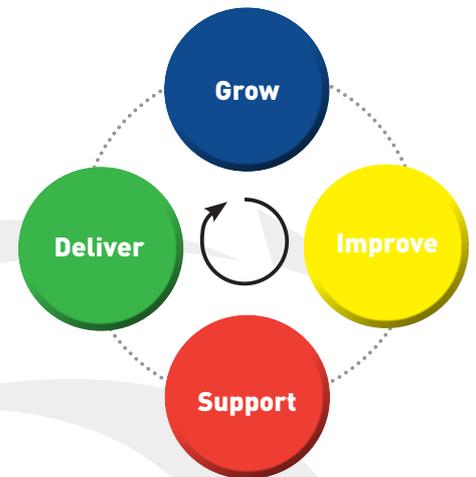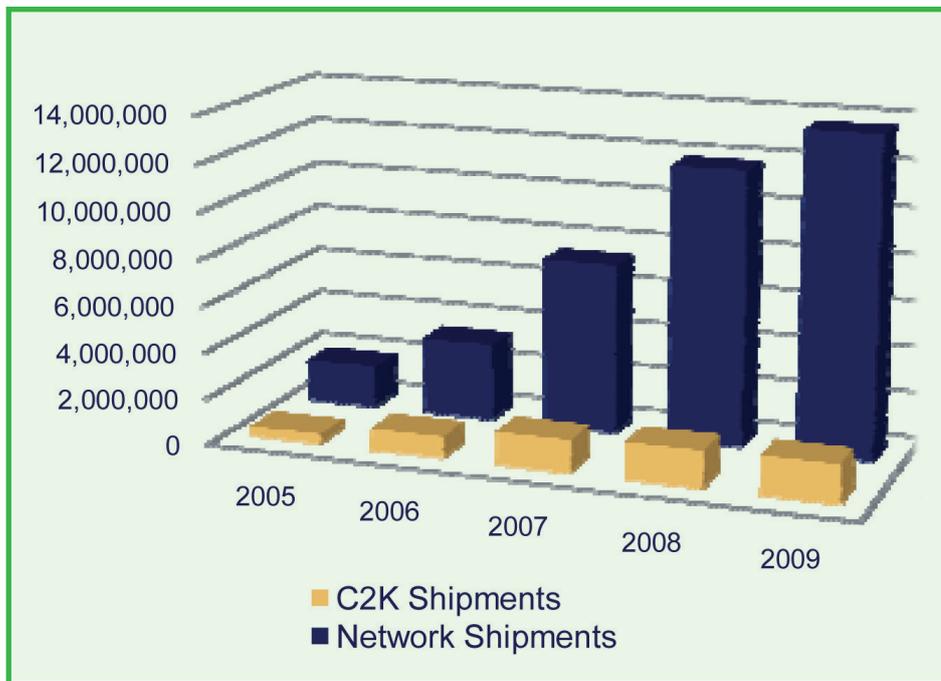
New analysis to identify root cause of discrepancies

Interactive training now available for all members

Regional Director's update

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improving the quality of air cargo

The results show we mean business

At a time of unprecedented global economic crisis and the dramatic impact this had on the air cargo industry, Cargo 2000 members could have been forgiven for shifting their eye away from quality. Who needs quality when your very survival is threatened?

It is testimony therefore to the economic importance of quality and the commitment of leaders across our industry that Cargo 2000 entered 2010 in its strongest ever position.

As part of our growth objectives, we set a target of measuring one million shipments a month. This milestone was achieved in February 2009 and we have not fallen below this level since. To quantify the significance of this, during the whole of 2005 we measured 400,000 shipments.

Cargo 2000's network shipment growth has been equally impressive, increasing to 13.6 million last year. That's a growth of 16% over 2008.

Significantly, our membership is also at its highest ever level with 12 new members joining our ranks in 2009. In terms of individual companies, our membership may seem small in relation to our global industry but Cargo 2000 members are generally estimated to represent in excess of 65% of the worldwide air cargo market.

Cargo 2000, of course, is not about size and volume in isolation. It is about quality. It is particularly pleasing to know that even during a year of turmoil for our industry and

its customers, every single KPI measured by Cargo 2000 increased by a further one per cent over 2008 averages. Given that we were already reporting data in the area of high 80%-low 90%, a one per cent gain is an extremely positive sign of progress.

Cargo 2000 Quality KPI's (annual average 2009 v 2008)

- FWB +1% vly to 92%
- FAP +1% vly to 90%
- NFD +1% vly to 85%

Thirteen out of fifteen reporting airlines reached or exceeded our challenge of a minimum reporting target of 85% of their International cargo shipments systemwide and the remaining two carriers are implementing system upgrades to achieve this level. In 2009, nine existing members also successfully passed their quality audits.

With the appointment of Thorsten Lafleur as Technical Director, Cargo 2000 also launched IT application enhancements for data input and processing.

Target: continue to recruit key new members

We Welcomed:

1. AirClic
2. Aramex
3. Atlas Air Cargo Terminal
4. CAL Cargo Airlines
5. Champ CargoSystems
6. Consolidators International Inc.
7. Groundforce
8. Qatar Airways
9. Schiphol Airport / Cargonaut
10. South African Airways
11. Turkish Airlines
12. UPS Supply Chain Solutions

Member Category	Dec-09	Dec-08	Variation
Airline	28	26	+2
Airports	2	1	+1
Forwarder	15	12	+3
GHA	16	15	+1
RFS	1	1	0
IT	11	11	0
Total	73	66	+7

(Totals as at December 2009)

Target: increase audit activity to revalidate quality certificates

We Audited:

- Australian Air Express
- CEVA
- DHL Global Forwarding
- Etihad
- Korean Air
- Riege Software Intl.
- SAS
- SATS
- Yusen Air & Sea Service Co.

Member Category	Certified at Dec-09
Airline	17
Forwarder	8
GHA	7
Airport	n/a
RFS	1
IT	7
Total	40

I regard 2009 as a successful year for Cargo 2000 so how are we going to build on this during the current year and beyond?

2010 Goals

- Recruit a minimum of 6 new members
- Continue to grow measured & reported shipment volumes with a minimum of 1 million shipments per month
- Drive a 2% increase in quality KPI's v 2009 annual average levels
- Minimum of 18 Quality Audits to be conducted
- Further upgrade of web application to improve quality of data to be implemented

Forward Strategy

- Continue to build on the strengths of the joint Airline & Forwarder Membership Model
- Membership to remain diverse and represent all parties and all sizes of operators within the supply chain
- Initial focus to be on "strengthening C2K foundations" by stabilizing the processes and procedures that comprise Phases 1 & 2
- Integrity of the system to be made clear and demonstrable through more definitive and visible reporting supported by an equally robust auditing process
- An Innovation/Challenge group of current Members, Non Members and Shippers will help define the agenda for future development
- Cargo 2000 will continue to lead the Quality agenda for the industry

I do not feel I need to remind any Cargo 2000 members of the value of quality. Even the swathing cuts in aircraft fleets, facilities and workforce enforced during the collapse of the global economy cannot compare with the sustainability of quality. Business efficiency has a significant value and companies should be able to measure the impact to their bottom line.

If the companies that control 65% of the global airfreight market not only maintain their commitment to Cargo 2000 but actually strive to implement our quality management system further and deeper into their businesses – even in the toughest times we can remember – surely that sends the strongest possible signal to the whole air cargo community and its customers that Cargo 2000 means business.

Michael Vorwerk

Executive Director, Cargo 2000 & President, Cargo Network Services

About Cargo 2000

Cargo 2000 is a group of over 70 international airlines, freight forwarders, ground handlers, trucking companies and IT providers.

Its members are implementing re-engineered air cargo transportation processes from shipper to consignee using Cargo 2000's 'Master Operating Plan'. This sits at the heart of an industry-wide process control and reporting system that drives data management and corrective action systems. By more than halving the number of individual processes in the air cargo supply chain to just 19, Cargo 2000 is less labor intensive and improves the process for managing shipments in a paperless environment. It substantially reduces time spent managing irregularities, such as service failures, cuts the time required for manual track and trace procedures and leads to a reduction in service recovery costs.

The program is being implemented in three distinct phases. Phase 1 manages Airport to Airport movements - shipment planning & tracking at Master air waybill level. Once a booking is made, a plan is automatically created with a series of checkpoints against which the transportation of every air cargo shipment is managed and measured.

This enables the system to alert Cargo 2000 members to any exceptions to the plan, allowing them to respond pro-actively to fulfill their customers' expectations. Phase 2 is responsible for shipment planning and tracking at House air waybill level and provides interactive monitoring of the door-to-door movement while the third phase manages shipment planning and tracking at individual piece level plus document tracking.

Identified as a key pillar of IATA's e-freight program and with its membership at an all-time high, Cargo 2000 publishes the quality standards of its airline and forwarder members each month on its website.

Target: improve all reported KPI levels

Measure	2009	2008	% Variation
Total # Shipments Measured (year)	13,650,379	11,78,281	+16%
Total # Phase 1 Shipments (year)	9,139,110	7,028,598	+30%
Average KPI Performance – FAP	90%	89%	+1%
Average KPI Performance – FWB	92%	91%	+1%
Average KPI Performance – NFD	85%	84%	+1%

2010 Q1 Results

Weather conditions impact Q1 results

A rather gloomy set of first quarter results highlight the significant impact of weather disruptions on our industry. The bright spot was that Cargo 2000 members continued to report increased volumes during the first quarter of 2010 with a total of 3,318,417 shipments reported from January to March, 5.3% ahead of the same months last year.

This was accompanied by a continued improvement in FWB performance – the correct receipt of electronic air waybill data by the airline from the forwarder – which averaged 91% across the quarter, a 1% year-on-year improvement.

Flown as Planned performance, however, was down to an average 87% in Q1, a fall of 3% compared to the same period last year. This reflects the disruption caused by the unusually strong winter storms across the North Eastern US and Europe this year.

NFD performance – the notification from airline to forwarder that the goods and documents are ready for collection at the destination airport as planned - also fell as a result of the storms and was further impacted by systems problems that culminated in a drop of 5% over Q1 2009.

Unfortunately, the outlook for 2010 second quarter results is equally gloomy as we begin to count the effects of airspace closure due to the volcanic ash clouds.

MARCH 2010 PERFORMANCE DATA

System Wide	Actual Month	Difference to previous months	Difference to previous years
Number of Lane Segments measured	140,388	+8,852 (=7%)	-10,023 (-7%)
Number of Route Maps created	1,255,266	+212,793 (=20%)	+76,746 (=7%)
Phase 1C2K Shipments			
Number of shipments measured	157,728	+25,424 (=19%)	+15,761 (=11%)
Number of Lane Segments measured	33,592	+2,760 (=9%)	+1,751 (=5%)
Flown as planned	88%	+3%	-3%
FWB% Correct - Booking quality level & Accuracy of electronic data	92%	+1%	+2%
% On Time ˝Notification of freight and Documents availability.	83%	+3%	-4%
Phase 1 Network Shipments			
Flown as planned	88%	+2%	-2%
% On Time ˝Notification of freight and Documents availability.	82%	+2%	+0%

New analysis will help members identify the root cause of discrepancies

In March, Cargo 2000 rolled out an upgrade to its Data Congruence reporting.

In addition to measuring individual performance across its member airlines and forwarders, Cargo 2000 also measures the level of agreement on key measures between the two groups of members. At a Working Group meeting in Bangkok last October, the participants agreed that more work needed to be done in this area to highlight inconsistencies and identify any potential system issues.

It was therefore agreed that rather than matching this data at an aggregated route level, it should be carried out at an individual air waybill level to better enable members to identify the root cause of any discrepancies. The group quickly developed a new input report specification to enable

the IT providers/systems delivering C2K Data Management Platform (CDMP) services to transmit the line item detail to Cargo 2000's reporting system.

Whilst the CDMP-Providers made the necessary changes to their operating systems, Cargo 2000 was busy programming its system to carry out the matching process and developing the various output reports for members' use.

A limited trial was conducted with January data and the entire process went live with the February 2010 data. The first evaluations and analysis are now taking place and a further round of fine tuning of the output reports is expected to follow the next Working Group meeting.

Thorsten Lafleur, Technical Director of Cargo 2000, said "This enhanced analysis will enable us to clearly identify any

technical bugs or system alignment issues that are impacting our quality measurement processes so that we can address and eliminate them in a methodical manner. The improved quality data that results from this will then enable our members in turn to be even more focused in eliminating any quality impediments within their organizations."

Thorsten Lafleur

Technical Director of Cargo 2000
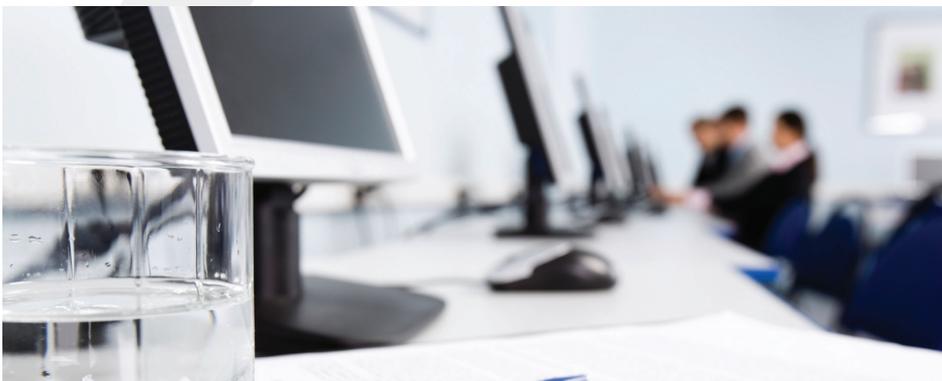
Interactive training module available to all members

Cargo 2000 is now able to offer members a new interactive basic training module.

The training was initially developed by Air France/KLM Cargo and has been generously donated to Cargo 2000 for use by any member company within their own organizations. It has been modified to ensure its neutrality.

Two versions are available; a completely stand-alone version that can run directly on any PC using either a CD or from the file and a server-based version for members

that want to install it onto their own central servers in order to distribute and monitor the results of staff taking the training.

It primarily covers activities related to phase 1 of Cargo 2000 and consists of three basic elements - an introduction, the training itself and rounded off with a short knowledge test.

Any member wishing to obtain a copy of the stand-alone version can do so by going to the Cargo 2000 member workgroup and extranet site

http://www.iata.org/workgroups/Pages/

cargo2000.aspx?NRMODE=Unpublished

Here (on the right hand side of the page) you can either log in or register yourself to gain access. Once logged in you will find the Basic Training Module under "Shared Documents". As the file is quite large it takes approximately 7- 10 minutes to download.

Anyone interested in obtaining a copy of the server based application should contact Tom Presnail at presnailt@iata.org.

What came out of Cargo 2000's Innovation & Challenge Workshop?

Last month, Cargo 2000 brought together a small group of industry representatives in Amsterdam - shippers, forwarders, airlines, GHA's and IT providers - to contribute to the development of the Cargo 2000 strategy for the next decade. To incorporate a full range of viewpoints the workshop group consisted of both members and non-members.

The meeting looked at a wide range of issues, including what Cargo 2000 has done right, what it could have done better, what it got wrong and what should be its priority objectives going forward. In addition to looking at industry quality, Cargo 2000 invited the participants' views of how its approach could benefit other industry initiatives.

Michael Vorwerk, President of Cargo 2000, reports on the main feedback from the workshop:

'Our future direction is clear. We are the industry quality initiative and our future efforts should focus on consolidating that position as the 'go to' people wherever industry quality initiatives are concerned.

In developing the defined future strategy we still have some work to do. The aim of the meeting was to collect the views of a cross industry 'innovation and challenge group' drawn from Cargo 2000 members, non-members - including our critics - and representatives from the shipper community. We now plan to combine the feedback from this meeting with our findings so far to produce a future strategy proposal.

Where we are today has been a tremendous learning experience. Our understanding of the intricacies of our industry has increased greatly and together as a team we have evolved our processes and definitions to reflect this. It is certainly true that managing more than a million shipments a month requires a much more robust infrastructure than when we started and were measuring a few hundred "sample" shipments each month.

Consequently, we believe our immediate priority is to strengthen those all important foundations by stabilizing Phases 1 and 2.

This means:

- completing any outstanding definition work

- overcoming any outstanding technical issues

- clearly documenting the processes and requirements for companies to incorporate into their IT development

Phase 1 is now mostly complete, but we recognize that Phase 2 still has some way to go before our milestones become true, robust quality measures.

There are two key points that the strategy must reflect to meet our inclusivity objectives; the need to increase overall industry penetration and the need to have a diversified membership that reaches the length of the supply chain and represents participants of all sizes.

At the same time, we believe we have to place additional effort into maintaining the integrity of our program. The strength of our industry system is that everyone applies the same measures and lives by the same rules. This creates an even playing field and means that the output from our systems is both reliable and comparable. Consequently, we need to strengthen our auditing regime to reassure ourselves and each other that this is indeed the case, backing this up with a defined non-compliance process. At the same time, we must increase the visibility of our results and our compliance findings.

Whilst we work to finalize the future strategy we cannot afford to stand still, so we have already developed a set of short term targets and objectives designed to support the industry.'

For more details, please contact your Regional Director of Cargo 2000. Contact information is published at the bottom of page 8 of this issue.
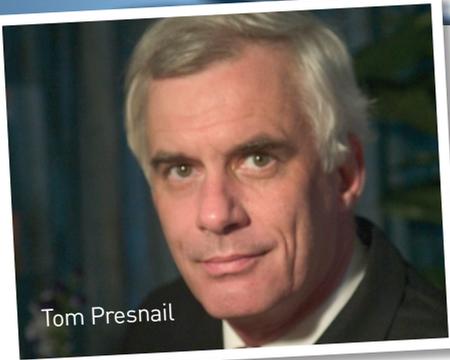
Cargo 2000 wishes to thank all of the participants for their invaluable input into its Innovation & Challenge Workshop in Amsterdam

Regional Director's Update

Piecing together a world of quality

Cargo 2000's Regional Directors bring us up-to-date with their latest activities

Tom Presnail

Asia Pacific

Regional Director: Tom Presnail

In October 2009, Cargo 2000 hosted Working Group sessions in Bangkok.

These were extremely well attended with over 50 participants involved, joining together to discuss a variety of key issues concerning the ongoing development of the Cargo 2000 program.

Alongside this event, meetings were also held by the BKK Local Association and the Regional Asia Pacific association. This presented a unique opportunity where member representatives from local/regional as well as central (HDQ) levels were able to meet together during a reception sponsored by Cargo 2000.

Over the past several months, a number of members have either received their Initial Cargo 2000 certification or have been re-certified. New certifications were awarded to Australian Air Express and Singapore Airport

Terminal Services whilst Korean Air Cargo and Yusen Air and Sea Service successfully renewed their certification.

We are pleased to announce that Qantas Cargo as well as Cargo Service Center India are in the process of becoming members of the Cargo 2000 program.

Mike White

Americas

Regional Director: Mike White

In February 2010, Air Canada successfully completed their latest audit with flying colors. Air Canada has embraced C2K throughout its cargo division and use the information on a daily basis for updating the whole cargo team. Lise-Marie Turpin, General Manager of Air Canada Cargo, was presented with the airline's re-certification certificate in Vancouver during the C2K annual meeting.

The C2K Atlanta Local Association met at the DHL Global Forwarding offices and I was able to join the members to present some of the latest figures and results from the Cargo 2000 reports. The meeting was also an opportunity to discuss the focus of the local meetings and how C2K fits into their local issues. Guests from Forwardair also attended the meeting to learn more about Cargo 2000.

In March, Cargo 2000 was represented at the Air Cargo 2010 event in Orlando, Florida, which was attended by many of the US airfreight forwarders and numerous airlines. This provided a useful opportunity to promote Cargo 2000 to domestic US forwarders, express couriers, trucking companies, software companies and airlines and interest from some of the parties I met has continued since the show.

Vancouver is the latest Local Association in the region. The first meeting was held there on April 8th at the Air Canada Cargo facility. Jeff Hucaluk of Kuehne + Nagel was chosen as the Chair and Ted Gadsen of Air Canada will be Vice Chair.

France Pellerin of Air Canada out of Toronto also attended and brought her experience from meetings in Montreal and Toronto. The next meeting will be held on June 24, 2010.

Cargo 2000 will be present at the Logistics Trade Show Carga 2010, to be held in June in Mexico City.

A presentation and a booth will be available to those interested in finding out more about Cargo 2000. More information can be found on the event at http://www.expo-carga.com

We are currently working to increase awareness of Cargo 2000 in Latin America and I am in the process of organizing a meeting in Sao Paulo, Brazil for August. The meeting will be in two parts bringing in local C2K companies in the area as well as enabling us to invite non-C2K participants to learn about our global quality program. If you have ideas for people to invite, please contact me at whitem@cnsc.us

Europe, Middle East & Africa

Regional Director:
Lothar Moehle

Membership in the EMEA region has been boosted by the addition of Amsterdam Airport Schiphol (Cargonaut), Aramex, C.A.L Airlines, Groundforce Portugal, Qatar Airways and Turkish Airlines.

Most recently, Plane Handling has joined as a Regional Industry Associate in the UK.

Two Local Associations are in the process of changes. At London Heathrow we are in the process of revamping the group with the help of British Airways whilst in Milan, following the restructuring of Alitalia, the Association met in April to elect a new leadership.

I am pleased to report members continuing to press forward with the implementation of Cargo 2000, including Schenker, Cargonaut, Cargomind, Finnair, Saudia Arabian Airlines, Qatar Airways, Turkish Airlines and Virgin. They have all taken recent actions to support their participation in our quality management system.

I am continuing to spread the word about Cargo 2000 at industry events, including most recently MultiModal 2010 in Birmingham UK in April which is attended by over 3,000 people, mainly forwarders and shippers. Previous presentations have been completed at the joint e-freight/C2K track at the CNS conference, to the Global Shippers Forum in Dubai and at the Air Cargo Europe and the Seminário T&N - Transporte Aéreo conferences in Germany and Portugal respectively.

Lothar Moehle

Cargo 2000 Members (as of April 2010)

AIRLINES
- AirBridgeCargo [+]
- Air Canada (*)
- Air France (*)
- Alitalia (*)
- American (*)
- Austrian (*)
- British Airways (*)
- Cargo Airlines Ltd.[+]
- Cargolux (*)
- Cathay Pacific (*)
- Delta (*)
- Egyptair [+]
- Etihad (*)
- Finnair [t]
- KLM (*)
- Korean (*)
- Lufthansa (*)
- Polar [+]
- Qantas (*)
- Qatar Airways [+]
- SAS (*)
- Saudi Arabian Airlines [+]
- Singapore (*)
- South African Airways [+]
- Swiss (*)
- Turkish Airlines [+]
- United (*)

- Virgin Atlantic [+]

FORWARDERS
- Agility Logistics (*)
- Aramex [t]
- Cargomind [t]
- CEVA (*)
- Consolidators International Inc. [+]
- DHL Global Forwarding (*)
- Geodis – Wilson (*)
- Hellmann [+]
- OHL[+]
- Kuehne + Nagel (*)
- Panalpina [+]
- Schenker AG (*)
- SDV Intl. Logistics (*)
- UPS Supply Chain Solutions [+]
- UTi [+]
- Yusen Air & Sea Service (*)

GROUND HANDLERS
- AACT [+
- Asia Airfreight Terminal [+]
- Australian Air Express (*)
- Aviapartner (*)

- Cargo Center [+]
- Cargologic (*)
- Cargo Service Centre (India) (*)
- Groundforce [+]
- Hong Kong Air Cargo Terminals [+]
- International Cargo Centre Shenzhen (*)
- Kenya Airways GHA Div. [+]
- National Aviation Services [+]
- Plane Handling [+]
- SATS Ltd. (*)
- Servisair UK [+]
- Swissport (*)
- TAT Tianjin AirCargo Terminal (*)
- Worldwide Flight Services [+]

AIRPORTS
- Amsterdam Schiphol Airport/ Cargonaut [+]
- Fraport (Frankfurt Airport) [+]

TRUCKERS
- Rutges [t]

TECHNOLOGY PROVIDERS
- AirClic [+]
- British Telecom (*)
- CCN (*)
- CHAMP Cargosystems [+]
- Descartes Global Logistics Network (*)
- GLS (*)
- IBS Software Services [+]
- Mercator[+]
- Riege Software (*)
- Traxon (*)
- Unisys (*)

KEY:

(*) = Active Members who obtained the C2K Quality Certificate

[t] = Members who are presently testing the C2K Quality Management System

[+] = Members who are yet to implement the C2K Quality Management System

Contact
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- Americas: Michael White at mwhite@cnsc.us
- EMEA: Lothar Moehle at MoehleL@iata.org
- Asia/Pacific: Tom Presnail at PresnailT@iata.org

www.cargo2000.com

cargo 2000
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