



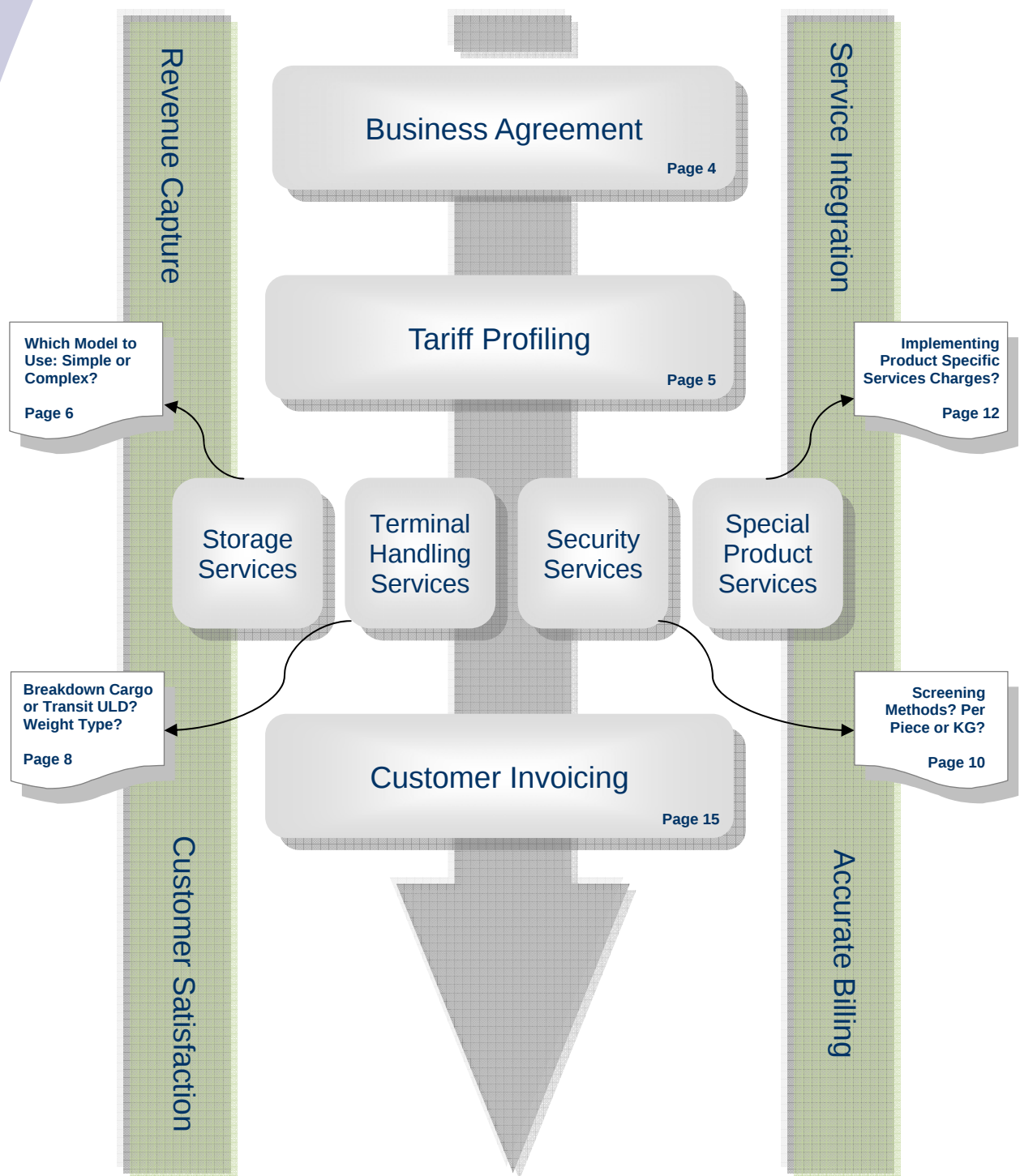
Implementing Competitive Customer Business Agreements

Sustaining Financial Viability and Preventing Revenue Leakage

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Business Agreement Implementation Process



Introduction

This document includes:

- **Storage Model Design**
- **Handling Charge Ideas**
- **Security Service Discussions**
- **Special Handling Tariff**

In the highly competitive world of air cargo shed operations, operators are under constant pressure to agree seemingly lower and lower rates with their customers and thus the ability to design and implement more focussed and flexible customer and service tariff profile designs is becoming key in maintaining a financially viable operation.

Gone are the days when cargo shed operators can simply increase their rates by a certain percentage each year to cope with changing demands. Instead, the ability to re-structure a tariff profile in line with individual service changes or bespoke customer needs is a valuable advantage. However, full flexibility usually brings complexity and thus a fine balance between an apparent customer benefit, an ease of tariff implementation and a valid revenue stream model must be struck in order to maximise revenue potential and minimise revenue leakage.

This document details some of the problems that face cargo shed operators in their struggle to keep up with getting value for their service provision as well as providing some options on how to design or implement certain tariff models to cater for individual customer needs or to restructure internal processes to create new or more valid revenue streams.

Where appropriate this document will address some of the problems facing cargo shed operators today and where appropriate will also provide practical advice and industry based experience. Some ideas will be highlighted throughout the document using the following "Industry Notes" icon:



Industry Notes

Name	Unit Type	Unit Used	Min. Amt / Surcharge	SHC
CC Fee				
Import Tonnage				
Terminal Handling Import				
Import Terminal Handling Fee (General)	Kg	Actual Weight	29.50	Other SHCs
Import Terminal Handling Fee (VAL)	Kg	Actual Weight	35.00	MUW Or VAL Or VUN
Import Terminal Handling Fee (DGR)	Kg	Actual Weight	35.00	DGD Or DGR Or RCL Or
Import Terminal Handling Fee (PER)	Kg	Actual Weight	32.50	PEF Or PEW Or PEP Or
Storage Charge Import				
Import Storage Charge (1-5)	Kg	Actual Weight	22.00	Other SHCs
Import Storage Charge (6-13)	Kg	Actual Weight	22.00	Other SHCs
Import Storage Charge (20+)	Kg	Actual Weight	22.00	Other SHCs

Commodity Type	Price
Cargo	0.0500

Business Agreement

Once a business agreement is confirmed with an airline, agent, consignee or shipper customer type then the cargo shed operator can investigate the ways in which the structure and rates of the agreement can be implemented. However, it is often better to have the knowledge on hand before the agreement is confirmed as the cargo shed operator must make sure that the implementation of said agreement can be done efficiently and without the need for extra resources.

It is often the case that a cargo shed operator confirms a business agreement only to find out that the human resources needed to implement the charging and billing elements of the agreement can outweigh the benefits of the agreement itself or at least eat into the potential profit that can be gained from this agreement.

Although it seems a very simple statement to make, it is very easy to overlook many of the following requirements before entering into business agreement negotiations. In order to implement a sound and viable tariff profile model the following data must be available at the first stages of business agreement discussions:

- Correct KPIs and profitability requirements (i.e. minimum rates needed to be viable, minimum KGs required to be viable, optimum intact ULD to loose handling ratios etc).
- Detailed knowledge of current charge application and billing processes in order to confirm an agreement that is both profitable to the cargo shed operator and easily implemented within current process structures.



Industry Notes

Advantages of having applicable data at hand during discussions:

- Less “surprises” when first month's figures are analysed.
- Agree with “buffers” in order to allow for foreseen peaks and troughs.
- Should not need extra resources in operational or billing departments to cater for new tariff implementation.



The HERMES system has an ability to export transactional and related operational data from any invoice or group of invoices at any time so that data can be analysed fully before business agreement negotiations take place.

Tariff Profiling

Tariff profiling is a very important task in the modern cargo shed operator's business. The task includes the ability to do the following effectively - Design models that:

- Maximise revenue potential
- Minimise revenue leakage
- Minimise implementation resource requirements
- Minimise potential for invoice disputes

Standard tariff profiling usually includes the designing of charging structures and data capture for the following core tariff families (among others):

- Storage Services
- Terminal Handling Services
- Security Services
- Special Product Services



Industry Notes

Some golden rules when considering tariff profile design:

- Complex and clever does not always mean most effective – simple may suffice.
- Time spent on tariff profiling will save time later (invoice disputes, query resolution and payment chasing etc).
- All areas of service provision should be mapped out and discussed (does the customer have specific rules for service freight or mail for example?).



The HERMES system has an integrated 3-tier Tariff Maintenance tool which allows the user to create default pricelists, special customer pricelists and “customer within customer” rules: complete and controlled tariff profiling.

Price List Maintenance						Valid from	to	Active Only
Contract Code	Contract Name	Default	From Date	To Date	Airport			
DEFAULT PRICELIST LIS	Default Pricelist >>> LIS (2010)	☒	01/01/2009	31/12/2010	LIS			
DEFAULT PRICELIST LIS	Default Pricelist >>> LIS (2011)	☒	01/01/2011	31/12/2011	LIS			
AGENT SPECIAL PRICELIST AMI	Agent Special Pricelist >>> AMI	☐	01/01/2008	30/09/2010	LIS			
AGENT SPECIAL PRICELIST KUEHNE	Agent Special Pricelist >>> Kuehne & Nagel	☐	01/06/2009	30/06/2010	LIS			
AGENT SPECIAL PRICELIST SCHENKER	Agent Special Pricelist >>> Schenker	☐	01/01/2009	31/12/2010	LIS			
AIRLINE CONTRACT 4R	Airline Contract >>> 4R	☐	01/06/2009	31/05/2012	LIS			
AIRLINE CONTRACT 6B	Airline Contract >>> 6B	☐	01/04/2009	31/03/2011	LIS			
AIRLINE CONTRACT 9U	Airline Contract >>> 9U	☐	01/06/2009	31/05/2012	LIS			
AIRLINE CONTRACT AT	Airline Contract >>> AT	☐	01/01/2009	31/03/2011	LIS			
AIRLINE CONTRACT BY	Airline Contract >>> BY	☐	01/04/2009	31/03/2011	LIS			
AIRLINE CONTRACT EK	Airline Contract >>> EK	☐	31/07/2007	31/07/2010	LIS			
AIRLINE CONTRACT EK	Airline Contract >>> EK	☐	02/08/2007	01/08/2010	LIS			
AIRLINE CONTRACT FI	Airline Contract >>> FI	☐	01/04/2009	31/03/2012	LIS			
AIRLINE CONTRACT FQ	Airline Contract >>> FQ	☐	01/01/2007	31/03/2010	LIS			
AIRLINE CONTRACT GX	Airline Contract >>> GX	☐	01/01/2007	31/12/2010	LIS			
AIRLINE CONTRACT JTG	Airline Contract >>> JTG	☐	01/07/2009	31/03/2010	LIS			
AIRLINE CONTRACT KM	Airline Contract >>> KM	☐	15/08/2007	31/07/2010	LIS			
AIRLINE CONTRACT LO	Airline Contract >>> LO	☐	01/06/2009	31/05/2012	LIS			
AIRLINE CONTRACT MP	Airline Contract >>> MP	☐	01/04/2009	31/03/2010	LIS			
AIRLINE CONTRACT MS	Airline Contract >>> MS	☐	01/06/2009	31/05/2012	LIS			
AIRLINE CONTRACT MT	Airline Contract >>> MT	☐	01/01/2009	31/03/2010	LIS			
AIRLINE CONTRACT NVR	Airline Contract >>> NVR	☐	01/04/2009	31/03/2010	LIS			
AIRLINE CONTRACT OK	Airline Contract >>> OK	☐	01/04/2009	31/03/2012	LIS			
AIRLINE CONTRACT OR	Airline Contract >>> OR	☐	01/04/2009	31/03/2011	LIS			

Storage Services

The correct tariff profiling for the charging of storage services can make a large difference to the revenue potential of a cargo shed operator. The main aim for maximising storage service revenue is to be able to charge for the equivalent of the 3-dimensional space that is taken up by a customer's shipment within the cargo shed operator's storage facility. However, although the answer to this problem seems to be simply "charge by the AWB chargeable weight", there are many more facets to the issue which means that AWB (documented) chargeable weight may not be the correct weight type to use for storage charge application purposes.

Which Unit Types to Use?

Most storage service tariffs are agreed to be applied against one of the following unit types:

- AWB Expected Weight
- AWB Chargeable Weight
- Shipment Received Weight

There are pros and cons to using all of these unit types and it will usually depend on a cargo shed operator's main throughput cargo types as to which one is chosen. However, there are a few questions that should be answered before a storage services profile is decided:

How Should Part Shipments be Charged?

The number of AWB splits that occur in the modern cargo shed operation is large. Import shipments are often split for customs, split over multiple incoming flights or split for delivery to a customer who can only accept a certain amount of KGs or pallets on their truck. Export shipments are often split across multiple incoming trucks or across departing flights to decrease delivery time to destination and there are more and more AWBs that contain one or more intact ULD parts and a loose part. How should the storage of these splits and parts be charged? Is the most effective way to apply charges to the whole AWB regardless of the splits? Should the splits be charged separately and if so how should the chosen weight type be split? How should the data be captured to provide the information needed for billing purposes?

Start Time? Stop Time?

In addition to the need to decide on the most effective unit type for storage service charge application, it is also extremely important to decide when the storage charge application should be valid from and valid to. Most cargo shed operators give a specific free time for the pick up of import cargo or delivery of export cargo but which are the most relevant process points to start applying and to stop applying the storage service charges? Some of the options that must be discussed by the cargo shed operator should be:

Storage Services Import – Start storage calculation:

- First Package Received
- First Package Received (Per Flight Group)
- Last Package Received/Full AWB Received
- Flight Land
- Cargo Arrival Airside Time

Stop storage calculation:

- First Package Delivered
- Last Package Delivered (Per Flight Group)
- Last Package Delivered/Full AWB Delivered
- Customs Clearance
- Customer Arrival at Facility (Per Truck Group)

Storage Services Export – Start storage calculation:

- First Package Received
- First Package Received (Per Truck Group)
- Last Package Received/Full AWB Received
- Truck Arrival Time at Door
- Customer Arrival at Facility

Stop storage calculation:

- First Package Load to ULD
- Last Package Load to ULD (Per Flight Group)
- Last Package Load to ULD
- Close ULD(s)
- Export Flight Departure Time



Industry Notes Some storage model ideas are detailed below:

Storage Model 1 (Import):

- Start storage calculation: Last Package Received/Full AWB Received
- Stop storage calculation: Last Package Delivered/Full AWB Delivered

Pros:

- Simple to implement (definitive start and stop points apparent)
- Simple for customers to understand
- Decrease possibility of invoice queries through minimal data

Cons:

- Possibility of shipments being stored for a long time before last package is received
- No flexibility for charging of part deliveries if portion of shipment is available for customer collection
- Physical delivery stop point means that customer may be charged for door queuing time

Storage Model 2 (Import):

- Start storage calculation: First Package Received (Per Flight Group)
- Stop storage calculation: Customer Arrival at Facility (Per Flight Group)

Pros:

- Part shipments (multiple arrivals) are catered for as separate charge (flight) groups
- No possibility of storing shipments and “waiting” for packages before storage starts
- Stop point at customer arrival at facility and thus storage will not be charged for queue time

Cons:

- More difficult to implement (multiple start and stop points apparent)
- More difficult for customers to understand
- Increase possibility of invoice queries through increased amount of data



The HERMES system allows the user to design as complex or as simple a storage tariff model as desired using more than 40 AWB identifiers to automate the chosen storage model effectively.

Terminal Handling Services

In addition to the application of an efficient storage service model it is also important that a shed operator can implement a tariff profile that effectively caters for the charging of terminal handling services. This tariff type usually covers the processes of loading and building ULDs on export, breaking down ULDs on import and throughput handling of intact or shipper built ULDs on both sides. Because the handling of intact ULDs is a service that requires less labour, it is standard practice to give a discounted rate for the handling of those ULDs that do not need to be built up or broken down. Therefore it is important to design a tariff profile that caters once again for the expectations of the customer and the need to charge for terminal handling service provision in a quick and efficient way.

Terminal Handling (Loose)

It is important that the loose KGs within a shipment can be highlighted easily so that they can be charged the handling rate as per current business agreement. Although most shipments will be simple export acceptances landside or single import acceptances airside it is becoming more and more fashionable to have shipments that are split partly within an intact ULD and parts that are loaded loose in the BULK or as part of a build up or breakdown ULD. It therefore becomes increasingly difficult to highlight the loose KG of a shipment when split across multiple flights, multiple ULDs and multiple loading types and thus the terminal handling tariff profile should be designed with these process complications in mind.

A common and successful terminal handling model is to charge a per KG rate against the loose KGs with an overall minimum for the loose part of the shipment. This is a good model because it maximises the revenue for the handling of small, low weight shipments which is where shed operators make a large portion of their profit margin.

Terminal Handling (Intact ULDs)

The tariff profile for the handling of intact ULDs usually takes one of two forms, either a rate per KG which is less than the rate per KG for the handling of the loose KGs within a shipment or a rate per intact ULD. Both models can yield good results but once again a shed operator must decide which is the easiest model to implement and based on historical throughput, which model would make most sense to the business. For example, if historically a shed operator has a comparatively high shipment weight per intact ULD, then it may make sense to implement a per KG intact ULD handling price.

If the “per ULD” model is chosen then a shed operator should also take into consideration the effort and resource needed to handle different ULD types. Does a larger ULD type mean more effort for the shed operator? Does pallet handling generally take more resource than container handling? Should ULD contours be taken into consideration? If so, then some of the options that must be discussed by the cargo shed operator should be:

- Should there be a lower terminal handling rate for the handling of (for example) smaller DPE containers compared to the handling of larger ALP containers?

- Should there be a lower terminal handling rate for the handling of (for example) an AKE container compared to the handling of a P6P pallet?
- Should there be a lower terminal handling rate for the handling of (for example) an FLA pallet compared to the handling of a PMC pallet?
- Should there be a lower terminal handling rate for the handling of (for example) a lower deck ULD compared to the handling of a main deck ULD?



Industry Notes

An effective way of controlling the charging of intact ULD handling is to group the ULD types handled into relevant ULD tariff groups. This can be done based on perceived effort and resource involved or could simply be based on the standard IATA ULD types (basic example of grouping Lower Deck ULDs is shown below):

- ULD Tariff Group 1: LD1, LD2 and LD3 containers – handling price A
- ULD Tariff Group 2: LD6 containers – handling price B
- ULD Tariff Group 3: LD8 containers and pallets – handling price C
- ULD Tariff Group 4: LD11 containers and pallets – handling price D
- ULD Tariff Group 5: LD7 pallets – handling price E



The HERMES system has a ULD Charge Group Maintenance tool linked to the main Tariff Maintenance program that allows the user to create specific ULD charge groups that can carry a specific handling price to be automated against the handled ULD in real time.

ULDS/Contours Charge Groups		
Groups	ULD Type	Contour
LD ULDs Group 1	AKA	LD3
LD ULDs Group 2	AKE	LD3
LD ULDs Group 3	APA	LD2
LD ULDs Group 4	AVA	LD3
LD ULDs Group 5	AVB	LD3
	AVC	LD3
	AVD	LD1
	AVE	LD3
	AVH	LD1
	AVJ	LD1
	AVK	LD3
	AVN	LD3
	AVY	LD1

Security Services

Cargo handling security practices have changed dramatically over recent years with ever increasing measures taken to combat aircraft terrorism and illegal trade. For terrorists the cargo shed is a prime location for seemingly direct access to outgoing aircraft and thus the provision of security services, x-ray screening, ULD searches, sniffer dog checks and ETD are at the forefront of the modern cargo shed operator's service portfolio. With the increasing need for stringent and detailed security practices comes the need to effectively invoice for said practices and thus, once again the shed operator must be realistic in both agreeing service provision details for the customer and the ability to implement that agreement.

Many security handling and screening service charges are often included within the airline's contractual rate per KG or turnaround but often this is not a good way of maximising income for work done because it is usually difficult to ascertain or predict levels of effort needed for different service types. The following areas are the main security services that need to be invoiced:

X-Ray Screening:

If a shipment is received for export that is deemed from an agent who does not have locally regulated security clearance then it should always be deemed as UNKNOWN and to be screened before it is available to be loaded onto a flight. The best way to make a shipment KNOWN and OK to fly is to perform a full x-ray screen and to have a professional analyse the results. Often this process is carried out by a third party as cargo shed operators do not often have the expertise "in house". Therefore, any UNKNOWN shipments must pass through the x-ray screening process and it is of paramount importance that the security staff both screen the shipment successfully but also provide enough information to the cargo shed operator to charge their customer (usually the airline) for the screening process.

If the x-ray screening tariff model is incorporated into the cargo handling contractual rate then the data provided at the point of x-ray screening is still important for contract profitability analysis but often this is too late and thus the stress is again to have an understanding of one's throughput types and business data at time of analysis. If not included in a contractual rate then the x-ray screening charge is often charged per received rate per KG or per piece sent through the x-ray machine. This is an effective way of charging for the service as it is closely related to the effort involved but of course depends on the specifics of the shipment and the size and functionality of the x-ray machine. The importance of this model is that the charge should be linked to the shipment or AWB in some way at the point when the shipment is made KNOWN.

Other Screening Methods:

Other methods to make an UNKNOWN shipment KNOWN is to do provide one of the following services:

- Hand Search
- Decompression or Airtime Simulation
- Sniffer Dog Search
- Security Hold
- Electronic Trace Detection (ETD)

The same applies for these types of screening methods in that the person responsible for the screening of the shipment must make sure the data is available for charging purposes. Like x-ray screening, an effective tariff model for the above screening methods would be “per task completed” and thus fluctuations in throughput would be catered for.



Industry Notes

Some cargo shed operators will need to employ additional security services for certain airports of origin or destination and these must also be looked at as specific, chargeable items. There is a trend for more transit cargo to be screened even though the origin station has completed an export screening process. This additional check allows the transit shed operator to limit the liability it has if a security-related infringement occurs later in the shipment's journey. Therefore the data available for both charging and auditing purposes should be available to the shed operator at all times and with full clarity.



The HERMES system has a fully integrated security module that controls the handling of KNOWN and UNKNOWN shipments so that handling errors cannot occur. It also has an inbuilt trigger point to add charges to an AWB in real time when security services have been provided (i.e. “made known” action).

CHARGES

AWB : 020-01100920

LIMCARGO

Lufthansa Cargo AG

All Customers

AWB Number: 020-01100920

Description	Curr Amt	Vat	Base Amt	To Pay	
☒ Export Documentation Fee	12.50 EUR	2.50	12.50	15.00	
☒ Export Handling Fee (General Cargo)	28.00 EUR	5.60	28.00	33.60	
☒ Security Fee (X-Ray Screening)	19.25 EUR	3.85	19.25	23.10	

Special Products (Checks)

Most modern cargo handling tariffs split their service provision into the prices associated with the handling of general cargo and the handling of special products. The handling of special products such as Dangerous Goods, Perishables, Live Animals, Express Shipments, Valuable Cargo or Human Remains imposes more work on the cargo shed operator because the cargo in question must be handled in a very specific way to satisfy the needs of the paying customer. Some of the rules which apply to the handling of these special products are listed below – with each rule comes extra responsibility and specific elements of service provision that must be billed for accordingly:

Some special product shipments that pass through the cargo shed will require by law to be screened in some way in addition to the standard security screening. These shipments will include those deemed to be Dangerous Goods (DGR) or those that are Live Animals (AVI). The cargo shed operator must have both the ability to charge for these screening services but also to be able to change the tariff model in line with changing demands. The checking of Dangerous Goods is a complex and thorough one which looks at both the correctness and status of the physical cargo and the documentation provided to ascertain if the shipment is OK to fly. A good tariff model will allow for both the physical and documentation parts of the process and also allow for the result that many shipments fail the Dangerous Goods check.



Industry Notes Some examples of the charging structure of DGR checks are:

- Charge a relatively high flat rate per check regardless of number of DGR pieces.
- Charge a relatively low flat rate per check with an additional charge per DGR “unit” over X number of DGR pieces, UN numbers or Declarations.
- Charge a relatively high flat rate per re-check which incentivises the shipper to get it “right first time”.
- Charge a per label fee for re-labelling DGR cargo.
- Charge a higher flat rate per check for checking Cargo Aircraft Only shipments.

The obvious need in this instance is to be able to ascertain what cargo is DGR and what cargo is not and this is usually done during the acceptance process. However, it is sometimes not a good idea to add the DGR check fees at the acceptance point (can be added based on Special Handling Codes or commodity types) because much information is not known at this time. Therefore, like the security screening process it is often favourable to apply the tariff model for DGR (and AVI) screening services at point of service and thus any changes in service provision can be controlled and catered for in terms of charge application.



The HERMES system has a fully integrated DGR module which allows for a full on-screen documentation check and a full physical cargo check through the hand held device. The DGR module is linked to the HERMES tariff functionality and thus DGR charges can be applied to the AWB automatically in real time based on service provided.

Special Products (Storage)

Shipments Requiring Specific Storage Conditions:

Much special product cargo is deemed “special” because it must be stored in a different way to general cargo that has no specific additional rules and can theoretically be stored in any location within the cargo shed operator’s facility. The two aforementioned product types (DGR and AVI) will often also have specific shed storage locations that contain only DGR shipments and only AVI shipments respectively. Other, more telling examples of this are those shipments that are sensitive in terms of their value or vulnerability (VAL, VUN, MUW etc) or sensitive in terms of the temperature they need to be stored at (PEM, FRO, HEG etc).

It is therefore fundamental that these shipments are highlighted accordingly in the warehouse so that they are stored in the correct location (i.e. vault, cool room or freezer) but also that the tariff reflects the services related to these shipments. Usually the main revenue for the handling of special product cargo comes from an increase in both the Terminal Handling and Storage tariffs but also may include specific surcharges relating to the handling of said goods. It seems obvious that the main identifier for these shipments is the special handling codes that are linked to the shipment (i.e. PEM for meat, MUW for munitions of war, FRO for frozen goods etc) but often, for accounting purposes this is not the best identifier to use because the problem of split shipments arises. There is a possibility that a shipment may be split into part special product and part general cargo or even part special cargo (type 1) and part special cargo (type 2). A cargo shed operator must therefore decide if using the special handling code identifier is the best charging model to use because there are obvious risks with regard to overcharging or undercharging special product service provision for mixed shipments.

An obvious alternative to the charging of special product storage is to mark part of the shipment as type A if it is stored in location type X. This means that a shipment could be split into 3 parts, each stored in a different physical location but each split has a unique code attached that can be used to identify each part for charging purposes.



Industry Notes

The problems associated with charging based on the physical location of certain shipment pieces is that mishandling and storage errors are obvious to the billed customer. For example, if a shipment is deemed perishable (PEM, PER, PEP, PEF or PES) and temperature sensitive and is incorrectly stored in a general cargo location (i.e. not in the cool room/refrigerator) then there is a possibility (based on tariff settings) that the shipment is charged as though it was general cargo. Although the general cargo prices are usually lower than the special product prices it seems reasonable to assume that the customer would have a problem with their temperature-dependant cargo not being stored in the cool room! One advantage of this method however is that warehouse handling quality usually increases after the first query is received.



The HERMES system allows the user to control product storage charge application at either the AWB level using special handling code identifiers or at location level using internal product code identifiers.

Special Products (Handling)

Shipments Requiring Specific Handling Methods:

Airlines are changing their cargo product portfolio often and thus a cargo shed operator must also be flexible in terms of being able to handle the new/amended products effectively but also to be able to amend their tariff models in line with service provision amendments. Therefore a practice should be adopted that allows for special product handling methods and associated charging and billing practices to be easily implemented in quick time. Examples of the special product types that seem to change often and are often very bespoke per customer are those associated with the a time definite delivery or express handling (XPS). Many carriers have a portfolio of time definite, express products that put an extra pressure on the cargo shed operator to accept, build up, break down and deliver in very short time frames. Therefore, like the special product types mentioned before, the XPS product types must be both identified as such as soon as possible so that they can be prioritised through the work flow but also so that the associated extra resource needed to achieve the time definite SLAs are accounted for correctly.



Industry Notes

A way of handling the exceptions and myriad special product options for multiple customers is to use groups of special handling codes or other shipment identifiers in addition to special handling codes to highlight a shipment or part of a shipment a specific internal product type. For example a time critical perishable product that belongs to customer “A” may be handled and accounted for in a completely different way to a time critical valuable shipment that belongs to customer “A” and thus a cargo shed operator must find a way of identifying the difference in order to account for them correctly. One way is to link the special handling codes to create internal identifiers within the operation. For example, if a shipment contains a code of XPS and a code of PER then it can be deemed as XP1 internally and if a shipment contains a code of XPS and a code of VAL then it can be deemed as XP2 internally. The XP1 and XP2 internal codes then form the identifier which can be used for accounting purposes.



The HERMES system allows for the allocation of internal product codes to specific shed storage locations so that parts of shipments can be highlighted as specific accounting entities. There is also the ability to group certain special handling codes together to form unique, internal product codes that can be used as accounting identifiers.

Special Handling Codes and Dangerous Goods																	ALL
Code	DGR Class	Description	SHC / Product	AVI	BIP	DGR	VAL	XPS	Human Remains	Hatching Eggs	Freezer	Cold Room	Warm Room	Radio-active	AWB Level	Priority Messages	Buildup
MM1		Mail (Accounts Code)	Product	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	50	0
PE1		Personal Effects (Accounts Code)	Product	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	50	0
PR1		Perishable Cargo (Accounts Code)	Product	☐	☐	☐	☐	☐	☐	☐	☐	☒	☐	☐	☐	50	0

Customer Invoicing

Eradicate Revenue Leakage:

By closely following a structured and well thought out business agreement implementation plan as commented on in this document, a cargo shed operator can improve many areas of their business. From being a more competitive market player through increased tariff implementation flexibility to having a more complete and controlled customer invoicing process, a cargo shed operator can experience tangible results in a short space of time.

With a balanced business agreement implementation program a cargo shed operator increases the viability of the core accounting data as it is far more closely related to operational data and actual service provision. An associated outcome is that customer invoicing becomes more succinct, invoice queries subsequently decline which results in an increased speed of invoice payment, decreased debtor days and a healthier balance sheet.

The aim of any cargo shed operator is to eradicate revenue leakage and this process starts (and ends) with the ability to successfully and seamlessly implement a competitive customer business agreement.



Contact Hermes

The HERMES solution has been created by industry experts that have first hand experience of all ground handling processes allowing us to identify with your business and the challenges you face. At HERMES Logistics Technologies we are able to offer a comprehensive and practical solution to increasing your operational throughput without increasing your costs.

Speak to someone who understands YOUR business ...

Contact HERMES to request a consultation with one of our cargo experts to discuss your specific requirements.

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