

Advancing with e-Business

Pacific Asia Express

www.pae.com.au



Minh Nguyen

e-Government



The Business

Pacific Asia Express (PAE) was established eight years ago to provide shipping services to importers, exporters and freight forwarders, both national and international. The business is based in Melbourne, Victoria and employs 180 staff Australia wide. It is an agent for PIL (Pacific International Lines) a leading transportation company in Asia, representing Pacific Direct Line New Zealand and Pacific Express Service.



The Idea

In 1996, as part of the e-government initiative, the Australian Customs Service assisted PAE to implement e-commerce to streamline its business processes and to centralise documentation. Seawolf software was adopted for this strategy.

Minh Nguyen is responsible for implementing e-commerce and consulted the Customs authority for information on the Customs online reporting of information.



E-government

Recognising the effect of the information submission process on shipping delivery cycles, Customs utilises the Tradegate network, being a secure means for businesses to electronically submit information such as manifests and payments to Customs. A senior Customs officer was sent to help establish the system at PAE and to train the relevant staff in using the Sea Cargo Automation system.



The Investment

PAE invested \$9,660 in establishing the e-commerce system. This included staff time spent in software training (\$1,000) as well as training with the Customs authority (\$240). Investment in new hardware to support use of the EDI Gateway included the purchase of a new computer and modem (\$1,880) and purchase of the Seawolf software (\$3,000). Installation of a fibre optic cable for Broadband Internet access cost \$3,500.



Hurdles

PAE uses Broadband Internet access for most applications, however Seawolf software can only be used via dial-up access. The resulting delays in connection have had a small impact on staff productivity. With Customs signalling upgrades to existing online services for business, this issue is likely to be only temporary.

Results

In 2001, PAE achieved an operating benefit from e-commerce of \$105,065. As no additional sales channel was established, benefits from establishing e-commerce have come in the form of cost savings totalling \$156,400.



A major share of the saving is due to use of the Seawolf software. Usage has eliminated the need for staff to print, file and send the paper manifest to Customs, Quarantine, the relevant Port Authority and Terminal. Use of electronic communication has reduced staff time significantly in each of the 5 Australian offices (\$100,000). Staff members also save 30 minutes per day in managing correspondence electronically by eliminating physical filing, faxing, waiting for replies and accessing information via the phone from Stevedores (\$20,000). Courier and fax charges have been reduced by \$36,400 as hardcopy manifests no longer have to be sent.



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Ongoing costs for the company totalled \$51,335 in 2001. The single largest cost is the rental of a fibre optic line providing Broadband Internet access at \$2,400 per month. Annual fees charged for access to the Tradegate Hub amount to \$14,400 and rental of the telephone line and dial-up access is \$330 and \$390 respectively. In addition, \$2,415 was allocated to the amortisation of capital expenditure over four years.

Head office in Melbourne now has central control over the documentation relating to each of its ships irrespective of which port they are in. This has simplified processing procedures and reduced staff time required in each office.

Submission of electronic manifests results in faster approvals by Customs. This in turn improves the delivery cycle and transit times of cargo for PAE.

Online banking has contributed to improved efficiencies in terms of travel time, banks fees and staff time. Furthermore, the ability of staff to obtain exchange rates and accurate information from stevedore company websites means that time is not wasted in transmitting incorrect information or speaking to the wrong person.



Future

As part of the Cargo Management Re-engineering project, it is expected that faster and more convenient methods of providing information to Customs will become available for businesses. These enhancements include a new interactive process known as the Customs Interactive Facility.

Revenue and Costs

		(\$)
E-commerce establishment costs		
Staff training and education	1,240	
Software - Seawolf	3,000	
Hardware - new computer and modem	1,800	
Telecommunications - dedicated phone line	120	
Telecommunications - fibre optic broadband	3,500	
Total e-commerce establishment costs		9,660
Operating benefits from e-commerce		2001
		(\$)
E-commerce cost savings		
Courier and fax	36,400	
Staff Time - preparing and transmitting manifests	100,000	
Staff Time - email communication, easier access to information		20,000
Total e-commerce cost savings		156,400
Gross benefit from e-commerce		156,400
<i>Less: Ongoing e-commerce costs</i>		
Amortisation of capital expenditure*	(2,415)	
Tradegate Hub	(14,400)	
System maintenance - staff time	(5,000)	
Telephony - fixed	(330)	
Telephony - variable	(390)	
Telephony - fibre optic broadband	(28,800)	
Total ongoing e-commerce costs		(51,335)
Operating benefit from e-commerce		105,065

* Note: Capital Expenditure is amortised over a four-year period

For further information on this case study please go to www.noie.gov.au