

The People-Ready Business

Case Study



Mediterranean Shipping Company

Shipper Ensures Smooth Sailing and Enhanced Customer Service



Mediterranean Shipping Company (MSC) transports goods across the globe. In the past few years, its volumes have increased by 30 percent annually, challenging the company to become more efficient. To respond, MSC upgraded its container management system to provide increased scalability and performance in addition to greater levels of information detail. The upgraded solution fosters better communication with both customers and regulatory agencies and helps staff members keep the company's 2.7 million containers moving more efficiently, for increased revenue.

OVERVIEW

Country or Region

Switzerland

Industry

Transportation and Logistics

Customer Profile

Based in Geneva, Switzerland, Mediterranean Shipping Company (MSC) has a fleet of 326 ships visiting 521 ports, making it the second-largest container ship line in the world.

Business Situation

MSC needed a highly scalable, enterprise-class database solution with high availability to help it accommodate its annual growth rate of 30 percent.

Solution

The company upgraded its container management system's infrastructure to Microsoft® SQL Server™ 2005.

Benefits

- Superior customer service
- Better use of resources through enhanced business intelligence
- Improved productivity through easy system use
- Increased revenue
- Ability to support growth

“I can use the upgraded solution to more easily identify demand and timing trends, so I can do a better job of maximizing our equipment and employee resources to accommodate them.”

Paolo Magnani, Vice President of Quality Control, Mediterranean Shipping Company, New York

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Situation

Moving kiwis from Wellington to San Diego, iron ore from Mumbai to Sao Paolo, and textiles from Casablanca to Paris is all in a day's work for Mediterranean Shipping Company (MSC). The company's 2.7 million containers circle the globe, supporting the world economy by bringing goods to the people who need them.

Mediterranean Shipping Company is the second-largest container ship line in the world, with offices or agents in more than 110 countries and approximately 28,000 employees worldwide. The company's fleet of 326 ships calls on 521 ports, moving more than seven million full containers each year.

Keeping those containers moving is a top priority for MSC, because an empty or idle container generates no revenue. Even worse, it can result in fines. Ports exacted a storage fee for each container left onsite for more than a certain number of days. "We need to know exactly where our containers are at all times so that we can plan ahead and make smart decisions as we move them from place to place," says Paolo Magnani, Vice President of Quality Control for Mediterranean Shipping Company in New York. "For one thing, when you have millions of containers, like we do, even small storage fees can really add up."

As part of his job, Magnani constantly reviews the company's business processes to determine how to make them faster, more efficient, and less expensive. This job had become significantly more challenging as the scale of MSC operations increased. For the past several years, MSC has experienced an annual volume growth of 30 percent—a trend that the company wants to continue. "As we added shipments and customers, it became more and more

difficult to manage all of our millions of containers," says Magnani. "And it's not just critical to us that we're able to account for every one of them—each one holds goods that are important to our customers."

In the past, MSC staff members spent a great deal of time on the phone with various ports, trying to determine the number of empty containers onsite. Says Marco Trimarchi, Chassis Manager for Mediterranean Shipping Company (USA), "We also had to rely on the ports to give us details about our containers to verify the accuracy of our count."

MSC customers also were beginning to demand more detailed information about the status of their shipments. To respond to customer questions, call center representatives had to search for information in many different locations, wasting precious time. "Customers wanted specifics regarding a shipment's precise location, customs status, or any other little piece of information," says Magnani. "It was clear that we needed more advanced systems if we were to support our continued growth and satisfy—if not exceed—customer expectations."

The company also sought to adjust more swiftly to changing government regulations, which often have an enormous impact on business operations. For instance, after the September 11 attack, the United States began requiring shipping companies to send an electronic message to its Department of Homeland Security. The message, which must be sent 24 hours before loading any container whose ultimate destination is Canada or the United States, asks permission to load the container or if an inspection is necessary first.

As a global company, MSC needed to comply with regulations such as this around



Executive Biography

Born in Italy in 1971, Paolo Magnani received degrees in Political Science from the University of Genoa and in Economics from Oxford University. He joined the MSC corporate office in 1996 in the export documentation department and was quickly promoted to Manager of VIP Services. At the end of 2002, Magnani was named General Manager of the VIP, Customer Service, and Import/Export Documentation departments. In 2004, he became Assistant Vice President of Customer Relations.

Since the end of 2006, Magnani has served as the Vice President of Quality Control for MSC USA. In this position, he continues his responsibilities with the VIP, Customer Service, and Import/Export Documentation, along with managing the company's branch offices in the United States.

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the clock; a delay on its part would mean a delay for the shipment, which costs MSC money. Says Magnani, “More and more shipping industry customers are trying to maximize their productivity and gain tighter control over their assets due to shrinking margins. Anything that we could do to help keep our containers from getting slowed down in the shipping process, such as quickly providing accurate data to customs authorities, was well worth the investment.”

MSC had a technology solution to help it manage its millions of containers and navigate government bureaucracy, but the solution had been built years before, when the company was significantly smaller. With so much more information to track and process as MSC grew, the system, known as MSCLink, had to evolve too. “Our solution was a good one that served us well for many years, but we wanted to increase its capacity to support us as we grew,” says Fabio Catassi, Chief Technical Officer for Mediterranean Shipping Company. “We wanted a tool that was able to process an enormous quantity of data and make the information more usable for us and our customers.”

Solution

In 2005, Mediterranean Shipping Company wanted to more efficiently serve its customers and track its containers on land and at sea. The company determined that, by upgrading the software supporting MSCLink to Microsoft® SQL Server™ 2005, it would gain enhanced analysis capabilities and more in-depth reports that would help the company achieve its desired results.

Employees located in the largest MSC offices all over the world now use the MSCLink system to manage shipments by container number and/or bill-of-lading number. The system provides such details

as a container’s contents; the cargo’s weight, refrigeration, and proper temperature; and the shipment’s customs status. Before, employees had to make numerous telephone and computer queries to track down this kind of information.

One of the upgraded solution’s new features came from a customer request for information about its cargo’s whereabouts at each transportation stage. Therefore, MSC employees now can automatically retrieve and deliver tracking data for a container at every arrival and departure point of its journey—on ships, in terminals, on railways, and so on. Regulatory agencies and ports around the globe also provide pickup and drop-off information that MSC makes available to its customers, vendors, and any other interested parties through a Web site. The information is posted on the site, with no password necessary; a user, such as an inventory manager or scheduling clerk, just enters the container number to see the last departure or arrival for that container.

Benefits

With the upgrade to MSCLink, the company’s millions of containers now circle the globe more efficiently, generating greater revenue. MSC knows exactly where each of its containers sits, and it can provide customers with the detailed information that they want. Plus, the performance and scalability of the system help MSC cost-effectively support the company’s plans for continued growth.

Superior Customer Service

MCS employees now can provide more specific and precise information to their customers—and do it more quickly. “We can serve our customers about 30 percent faster. By giving them better information more directly, we’re demonstrating how organized and efficient we are and instilling



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Fabio Catassi, Chief Technical Officer, Mediterranean Shipping Company

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greater levels of trust and confidence,” says Magnani. “In fact, we’ve received compliments from many customers.”

MSC representatives can use an audit feature to access a database that automatically saves every change that is made to a record in a change log. At any moment, a representative can see who made what sort of changes and when throughout the history of a shipment. “With detailed transactional information at our fingertips, we’re now able to answer questions more thoroughly and resolve issues more quickly, which is a real differentiator,” says Magnani.

Better Use of Resources Through Enhanced Business Intelligence

MSC is using the detailed container information to serve its customers better. Says Magnani, “We’re finally able to understand at a much deeper level the status of the company’s assets and how to make better use of them.”

Magnani now runs reports that show such things as the concentration of MSC equipment in certain areas and sales projections for the weeks ahead. In this way, MSC can intelligently position the containers so that they will wind up empty in a location where there is a business need so that they can be filled and moved quickly. MSC conducts weekly planning sessions to forecast business for the coming one to three weeks. “During our sessions, we used good common sense supported by only data from a gigantic spreadsheet,” says Magnani. “But now we’re performing much faster, more accurate analysis and forecasting because we have in-depth reports and analysis tools available to help us.”

Magnani also regularly runs statistical reports to compare the company’s current

situation to that of previous months and years. “We can use the upgraded solution to more easily identify demand and timing trends, so we can do a better job of maximizing our equipment and employee resources to accommodate them,” says Magnani.

The company’s managers also use the solution to run regular reports to help them make sure their people are functioning at the top of the performance curve. Says Catassi, “We’re able to more aggressively look after the company thanks to the business intelligence that the upgraded system affords.”

Improved Productivity Through Easy System Use

MSC staff members’ flexibility and efficiency have been boosted to such a degree that they can accomplish their work without spending late nights and weekends in the office. Says Magnani, “MSCLink has freed up my work hours as well as my evenings. I used to dedicate 50 percent of my time on hunting down information that I can now get directly through MSCLink. Now I have time to travel across the United States, holding face-to-face discussions with employees and managers to gain a true sense of what’s going on in our business.”

The company’s new efficiency comes from its people’s increased performance. Says Trimarchi, “We had no problems learning to use the new MSCLink, even with all the added functionality, and we’re getting more done as a result of things like the flexibility to find specific data in several different ways.”

That flexibility even extends to staffing levels across MSC. “We’re more effective overall because we’re better able to anticipate spikes in business and move resources from

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department to department to accommodate them,” says Catassi. For example, in 2005, Hurricane Katrina forced MSC to shut down two 250-person facilities in New Orleans and Houston, but employees in the company’s other U.S. locations were able to pick up the necessary tasks, keeping volumes unchanged and customers satisfied.

Increased Revenue

MSC has been able to increase revenue by maximizing its investments in physical containers and related equipment through the use of the automatic tracking system. It receives statistical reports—produced automatically based on scheduling—that analyze the status of every container. These reports, which help the company ensure that no one container spends too long empty or hung up in one site. “We definitely have fewer containers sitting empty now because our control over our assets is so much greater,” says Magnani. “It’s easier to predict when a container will be empty and to redirect it to be filled. Our revenues are increasing as a result.”

The company also is having an easier time responding to regulatory changes; it can quickly adapt its internal business processes to meet new requirements by easily adjusting its upgraded system. That agility helps boost its bottom line because MSC avoids fines from non-compliance. “It’s important to accommodate rules as they change because not only do we steer clear of fines, we also get our containers through regulatory hurdles and to their destinations more quickly,” says Magnani.

Ability to Support Growth

Keeping its expanding number of containers orbiting the globe has never been easier for

MSC. “Scalability is always a priority for us,” says Catassi. “With 30 percent annual growth, our biggest challenge is to ensure that we can continue to provide services to our customers that are superior to that of our competitors. We have been very successful in doing so, and the upgrade has helped us retain and build upon this tradition.”

For Magnani, the tracking system is so streamlined that he’s looking elsewhere in the company for ways to increase efficiency. “Our philosophy is to maintain the highest levels of customer service, growing organically rather than by acquisition, so that our customers don’t experience any disruption in the level of service they enjoy. Our business is flourishing, and our system is as responsive as we expect it to be, which is especially impressive considering that we increased our volume by 30 percent but not our staff. We’re confident that we’ve given our people the tools they need to sustain MSC growth with no sacrifice in quality of service,” concludes Magnani.

Customer Details:

Mediterranean Shipping Company
Phone: 212.764.4800
Web site: www.msctva.ch

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A people-ready business is one where people can apply their unique skills, insights, and experience to create new products and services, work responsively with customers and partners, and drive operational excellence in every aspect of the business. People-Ready businesses support people with knowledge, practices, and tools so that they can add the extra value that helps differentiate successful organizations in a competitive, fast-moving global economy.

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