An industry platform that covers all aspects of container logistics needs to integrate all the steps involved in shipping, storage and redirection. It would be accessible to all stakeholders in the port community, and make business sense through savings in efficiency and a decrease in container down-time.

Just as Google began life as a search engine and now presents itself as a one-stop shop for cloud-based data storage and processing, the port community needs a platform that covers the spectrum of shipping logistics.

Instead of multiple contacts and website log-ins, the ideal logistics tool is a platform that provides users with a complete ecosystem, blurring the distinction between the consumer and the developer, the information provider and the information receiver.

A Harvard Business School research paper ‘Product to Platform Transitions: Organisational Identity Implications’ sums up the process:

“Organisations are increasingly recognising that value they once derived from offering standalone products can be significantly enhanced if they transition to platform-based businesses that harness the innovative capabilities of complementors.”

‘Platform’ is used to define a set of technologies that enable products to share data and experiences with one another.

This white paper will show that a platform that integrates a suite of solutions to increase productivity for the port community is not only desirable, but ultimately vital in reshaping container logistics.

It will examine the great shift away from the dichotomy of ‘seller’ and ‘buyer’ and show how businesses evolve from selling products to developing platforms, with reference to the port community logistics platform 1-Stop Connections.

THE INTERNET OF THINGS

The Internet of Things is the realisation that the internet is not simply a reservoir for information, but a network of interconnected sensors that provides instantaneous feedback on real-world situations. For example, a camera set up at a beach and connected to the web shows surfers the size of the break before they even leave the house.

A system like 1-Stop Connections’ ComTrac monitoring service processes information and sends it to the client’s internet device. Used by freight forwarders, transport companies, importers/exporters and 3PLs, it allows users to receive vessel schedule information, including estimated and actual arrival and departure dates and dates advising when a container needs to be picked up or dropped off.

The data feed into ComTrac is sourced at major container terminals in Australia, including DP World, Patrick, Hutchison, AAT and QUBE, and all shipping lines making a port of call at these terminals.

PIPES VERSUS PLATFORM MODELS

The platform is a new business model,
a product of the internet. Before the internet, most business models ran on the analogy of a pipe. A business produced a product and delivered it to the client, the product flowed in only one direction with minimal feedback.

With a platform, there is not only an opportunity for clients to interact back to the developer of the platform, you could say that this ‘feedback’ is the whole point of a platform. A platform isn’t a product, an end in itself, it is a way for a client to manipulate their business environment to make it better, to fine-tune their decision-making process.

For example, print editions of Encyclopaedia Britannica were sold through a pipe model, but Wikipedia is a platform because the so-called customers are interacting and creating the product themselves.

From the point of view of the platform developer, the problem is how to create that critical momentum that turns the platform into a thing of value. For example, Facebook needed millions of converts to give it the value it has today. It had no business value while it remained an introduction network for Harvard University students.

A successful platform empowers its users and blurs the distinction between producers and consumers. As more members of the port community adopt the same container logistics platform, its value as a ‘platform of platforms’ grows.

The input of data from individual users builds in the system, until a critical mass occurs and it becomes impossible not to use the platform because the platform has become integral to the industry it was designed to support. In effect, the platform redefines its industry and becomes the new standard by which the industry operates.

OUTLOOK: FROM PRODUCT TO PLATFORM

The Microsoft Outlook email interface is an example of a product striving to become a platform but suffering from an identity crisis, as Feng Zhu and Nathan Furr note in their 2016 Harvard Business Review article ‘Products to Platforms: Making the Leap’.

“Although Microsoft has added new services to Outlook — PayPal, Uber, Yelp, Evernote, and others — it is not clear that the integrations create enough value to drive rapid user adoption of these services, because they’re all also available as stand-alone apps — and popular ones at that.”

The problem is that the solutions Outlook offers are not unique enough to set it apart from its competitors, notably Google. From its origins as a search engine 18 years ago, Google now has an integrated set of ‘apps’ including word processing and file sharing that make it easy for its users to stay within the Google universe.

PLATFORM PRODUCT MANAGEMENT

Creating the ideal platform is a process that cannot be imposed from the outside. It has to be developed by managers within the industry, who understand the needs of clients.

A platform product manager must understand the big picture, creating functionality that spans multiple stakeholders. In the port community this means understanding weak links in the logistics chain — containers sitting idle in parks, for example — and supplying solutions that keep assets continuously productive.

Wyatt Jenkins, an original member of online music start-up Beatport, writes that platform product managers create concise long-term product roadmaps and keep scalability in mind.

“These roadmaps also require a more detailed concise approach so that the technology you build is scalable, reliable and maintainable,” he says. “The Platform [Product Manager] will have to answer the question, ‘What if this technology needs to handle 100x the traffic?’”

Scalability aside, perhaps the most important point of platform product management is the need to communicate what a platform does. If the user can see no point switching from the Google universe to Outlook to check emails, they will stay with the platform that offers everything in the one place.

SWITCHING BUSINESS IDENTITIES

A business that has developed a successful platform, one that has been adopted by a client base, can find itself with an identity crisis.

For example, when Amazon was founded, it was conceived as the world’s biggest bookstore. It was a ‘pipe’ type business designed to sell books, with product flowing out.

But when it launched its Marketplace initiative and allowed third parties to sell goods under its brand, it also became a platform. The business model shifted from a pure merchant ‘pipe’ model to a combined merchant and platform-based model.

This switch to a platform means platform-based organisations attempt to serve the needs of not only end users, but also complementors – other businesses, regulators and services that have ‘bought in’ to the platform.

The ‘Product to Platform Transitions: Organisational Identity Implications’ paper stresses the importance of complementors to a platform’s success:

“In platform-based businesses, the value created for a customer is dependent not only on the quality of a particular product, but also on the number and quality of the complementors. What matters is the volume of participation on the platform and the strength of the network effects.

“Rather than focus exclusively on developing superior technology to have the best product performance, organisations need to develop structures to identify and attract the best complementors to grow adoption of their platform.”

REAL-TIME INTEGRATION WITH THE CONTAINER LOGISTICS PLATFORM

For a supply chain to be controlled efficiently, all its links should be monitored through one interface. For example, a trucking company has a TMS, allowing it to manage its drivers, assign routes and collect real-time shipping and tracking data. A terminal has TOS to control the movement of cargo around the terminal/port. Freight forwarders have logistics systems to track consignments from importer to buyer.

Until now, these platforms operated independently, but with the real-time ‘Container Logistics Platform’ offered by 1-Stop Connections that can be fully integrated, individual operators in the supply chain can benefit from real-time information and open management.
Once connected to the 1-Stop platform, companies enrich their own database and information processing systems with real-time transaction information from APIs and SaaS solutions across the supply chain.

By applying ‘Insights’, the platform of platforms can even make predictions about the next best decision, predict the next business function transaction, scan and analyse data and provide real time profiling to propose the next best decision.

**SUMMARY**

In the port community, the stakeholders in a container logistics platform include the shipping lines, port authorities, terminal operators, freight forwarders and warehouse operators. The adoption by these entities is necessary for any platform’s success.

A successful model must therefore be outward-looking, scalable and adaptable. It must be developed with a view to uses other than that for which it was designed, as was the case with Amazon’s sales portal.

A logistics platform must also keep abreast of technological developments in the Internet of Things, looking for ways in which better tracking and more ingenious sensors can be employed to deliver better outcomes for businesses in terms of efficiency and cost.

Finally, a platform for the port community must continuously develop as it helps redefine the industry for which it was designed. Its developers must constantly seek a fresher and better way of thinking.

**REFERENCES:**


**ABOUT THE AUTHOR**

Michael Bouari is CEO of 1-Stop Connections, an Information Communications Technology (ICT) solution provider that is connecting and automating the port community. Michael has over 19 years’ experience in B2B technology solutions for the supply chain and freight and logistics industry.

**ABOUT THE ORGANISATION**

1-Stop is a globally recognised leader in innovating and delivering integrated solutions to increase productivity for the Port Community. 1-Stop is committed to working collaboratively with all members of the community to deliver efficiency gains for everyone.

**ENQUIRIES**

1300 881 055 (Australia)
+61 2 9588 8900 (International)
Email: info@1-stop.com
Website: www.1-stop.com

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