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Technology and its Impact on the Freight Forwarding Industry

By: Ann Bruno,
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The logistics and transportation industry, one of the oldest in human history, is changing at a lightning pace. Shippers and forwarders, warehouse operators and carriers are developing new technologies that promise to revolutionize the face of the business. Those who adapt should be able to survive and grow. Those who can't – or won't – could be left behind. Traditionally one of the slowest segments to innovate, logistics providers are finally waking up to the benefits.

Advances in telematics are critical to providing the real-time tracking of cargo moving through any supply chain. We will certainly begin to see RFID tags on all shipments to provide tracking at any point. Currently, bar codes are scanned while the freight is in the custody of an airline, for example, but not once has it been tendered to the delivery carrier at the destination. Ocean containers will also get to the point where they can monitor their own contents for explosives or radioactive material.

Urbanization will also contribute to advances in delivery technology. As more people move back into cities, population density and increasing traffic will re-configure the way we receive our goods. Sustainability and a green culture will demand alternatives to traditional delivery vehicles, opening the door for more widespread use of different technology, such as drones. Urban fulfillment centers will focus on the use of 3D printers or “fabbing” (digital fabrication) to produce goods more locally, negating the need for long-distance transportation.

In an industry where manual data entry is still widespread in some small to medium-sized logistics companies, those looking to compete with the giants are moving to cloud-based solutions to manage their transactions, and provide visibility to both clients and internal team members. In order to be successful, applications must be intuitive, quick to implement and easy to use.

There is still much work to be done. As the “uberization of trucking” continues to develop with on-demand linking of freight and capacity, the biggest area of opportunity is in connecting all the disparate segments of the logistics business. Monitoring both air and ocean carrier schedule changes alone is a huge challenge. In an industry where there can be millions of ocean carrier schedule changes each year, having up-to-



the-minute information in the system is daunting. Linking this with e-document capabilities will create a more nimble, efficient service for end users.

New products and services are making convenience a top priority when shopping around for the perfect logistics partner. Today, technology is one of the few ways a provider can distinguish itself from the competition. Supply chain service providers must have a distinctive strategy designed to save their clients the most valuable commodity – time. As businesses have adapted since the meltdown of 2008, most are continuing to do more with less. The result is a workforce that is pressed for time and looking for innovation to make it more efficient and productive. The technology used to manage our supply chains, deliver our packages and influence business analytics is transforming process and expectation at an incredible rate. Staying ahead is not always an easy feat, but knowing how current and future technological changes could impact your business – and the industry – is a great start.

About the Author

Ann Bruno is the Senior VP of Strategic Projects at ICAT Logistics, Inc. where her main responsibilities include overseeing sales initiatives and extensive logistical projects, as well as growing ICAT's presence in key international markets including Europe, Asia and South America. With over 25 years of logistics experience, she has exceptional knowledge of changing trends in the industry. ✈

Transportation Security Administration Analysis of an Enforcement Process

TSA's enforcement process is similar to those of the DOT modal administrations (FAA, FMCSA, PHMSA), but different. TSA focuses, but not exclusively, on security issues and training.

A TSA enforcement case starts with a Transportation Security Inspector (TSI). This will be triggered by a complaint / concern, or much more likely by a random inquiry / inspection at an IAC's agent's facility or that of an IAC customer, particularly a government customer. The TSI will conduct an investigation into the discovered incident. The IAC will be contacted by the TSI and, most likely, a meeting to discuss the matter will be arranged, or a request for a written response made. If the opportunity for a

meeting is offered, take it. If the violation is considered "minor" and the IAC has no past history of infractions, the TSI may offer "counseling" and the case will go no further.

If the matter is considered by the TSI to be serious or the IAC has a history of violations (or both), the TSI will refer the matter to a TSA regional office where it will be assigned to a TSA attorney. The TSA attorney will issue to the IAC a Notice of Proposed Civil Penalty (NPCP), by certified mail, which will include a summary of the TSI's investigation, alleged regulation violations, and a proposed civil penalty amount. The IAC will have 30 days to respond.

Included with the NPCP will be an "options sheet." This "options sheet" is key. The options offered include just paying the penalty assessed (never do this), requesting a formal hearing (never do this, unless you're dead certain that TSA is wrong, and they are never completely wrong), or requesting an informal conference with the TSA attorney (this is the option to pick). Always request that the informal conference be in person, not by phone. TSA respects IACs that take alleged violations seriously and requesting that the conference be in person shows this. Also, during the conference, never, ever try to put the blame on your agent. TSA considers the IAC responsible for the agent actions. Blaming the agent gets the IAC nowhere.

Before the informal conference, send the TSA attorney details of what corrective actions you have taken to address the issue (the more details the better), and your costs incurred for such corrective action. From my experience, the TSA attorney has the authority at the informal conference to reduce the NPCP by as much as 50%, depending on how the informal conference goes, the extent of corrective action taken, and the approach taken by the IAC. The approach must be positive, not confrontational.

Remember, you can always request a formal hearing if the informal conference doesn't go well. Be advised that in that case you will wind up with an Administrative Law Judge from the Coast Guard, as TSA doesn't have any of its own; likely the hearing will be in Baltimore or New Orleans. If you choose a formal hearing, I advise that you retain counsel. Actually, it's advisable to have counsel engaged as soon as you are advised that an inquiry into an incident by a TSI has occurred, and to have counsel present at any informal conference as well. ✈

The author does not pretend to have covered any and all eventualities in these cases, but this article is based on my experience in a number of these matters.

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