Power Express Leads the Way to Using Technology in Freight Forwarding in The Philippines

With over 7,000 islands in The Philippines, ferries serve a major portion of the freight forwarding industry. Power Express uses the vessels to move cargo from one island to another, and then completes local deliveries with trucks and couriers on motorcycles. They track all their shipments with Magaya software and continue to share the benefits of technology with their customers.

“We customize our customer service by each segment of customers.”
Ramon Yao, Owner, Power Express
Introduction

“My vision is to run my business entirely online,” said Mr. Ramon Yao, owner of Power Express. “The challenge is that not everyone is online in The Philippines. “I have positioned my company to serve all of them, those who use computers and those who don’t. It may not seem possible that today there are still people who don’t want to use computers, but it’s true. To deal with this challenge, we customize our customer service by each segment of customers.”

The tools Mr. Yao and his staff use to serve their customers include modern methods such as text messaging via smart phone, email, web tracking, and Magaya software combined with old fashioned methods such as printing documents and working with couriers who hand deliver invoices in person to customers.

Multiple Offices Across The Philippines

The main office of Power Express is in Zamboanga, a city on the island of Mindanao, the second largest island of The Philippines. They also have offices in Cebu, Caloocan City, and five offices in the metro Manila area.

Their office in Tacloban City was hard hit by Typhoon Haiyan that struck in November 2013. The storm produced sustained winds over 150 mph and a storm surge that resulted in severe flooding. The storm caused over 6,000 deaths and damaged infrastructure, homes and businesses.

“"The office was completely destroyed," he said. He began rebuilding within a few months while the other offices handled the shipping for that location. “Now the same volume of shipping has resumed even though the city’s infrastructure is not completely in place," Mr. Yao said. In December 2013, the Philippine Ports Authority signed an agreement for rehabilitating the Tacloban Port with new cranes, loaders and other equipment.

The majority of the business of Power Express consists of moving cargo within The Philippines via ferries traveling from island to island. They transport cargo that is imported into Manila from China and other countries. After it is cleared, Power Express handles the delivery to the customer or to one of the Power Express warehouses. Cargo is deconsolidated and stored until customers request the release of items.

Mr. Yao owns trucks and vans for delivery but no vessels. “I know that my cargo fills 50% or more of the ferries I use, so I may buy my own vessels someday.”

They ship a variety of cargo such as consumer goods, building supplies, and foods such as packaged fish from a sardine factory in Zamboanga and canned tuna from a canning factory in General Santos City.

Customizing Communications

In The Philippines, phone charges are very expensive. So Mr. Yao improved his company’s phone service to enable his customers to call him for less. Text messaging is frequently used by people in The Philippines, so he takes advantage of that. “We send out a notice we call a ‘message cast’ that tells my customers if there is a delay in a shipment or to give them other information they need.”

Power Express uses the email messaging in their Magaya system to send updates to other customers who are comfortable with email.

“I must be able to serve all my customers based on their preferences,” Mr. Yao said. “I showed one customer how to track their cargo online, and he said to me, ‘Don’t you want me to call you?’ I reassured him that yes, I do want to talk to him. So I customize our customer service by each segment of our customers.”
He tries to advise his customers of the benefits of new technology such as online tracking. “When using a spreadsheet, the data is outdated the moment after you enter it,” he said. “Unlike the tracking, which is updated in real time, spreadsheets are not updated. When I first looked at Magaya software, I was very glad that it has online tracking so I can see real-time status of shipments and cargo.” The Magaya LiveTrack is connected to their database and shows the shipment status for him and for the customers.

“By having access to the real-time status makes me more competitive,” he said. “My staff knows the vessel schedules, which helps us plan so we can meet our deadline of delivering the cargo within a week. I also like that in the Magaya system we can see the weight of each container as you add cargo. It helps us operate more efficiently.”

Printing Documents vs. Online Processing

Another challenge Power Express faces is invoicing customers. Power Express prints the bills and pays couriers to deliver the bills by motorcycle and bicycle throughout the city. “Then, we must send someone else to collect the payment,” Mr. Yao said. “I am considering giving my customers a printer to print their own invoices and deposit the payment into the bank. This one-time cost of a printer will save me daily courier fees.”

Mr. Yao uses online banking to run Power Express. Some of his larger customers also use online banking. “I want to offer online payments in the future to save costs,” he said.

Another document Power Express prints is the Cargo Release. The Magaya template for the document has been customized to include the rates and accounting information for the customer in addition to the cargo details. They print the Cargo Release and give it to the truck driver for releasing items from the warehouse for delivery.

“I'm also looking into implementing the Magaya POD to skip the paper process,” he said. The Magaya POD Mobile is an application that runs on wireless handheld devices such as the iPhone or the iPad. It includes the details for package delivery such as addresses and map. The recipient can sign on the phone screen, and the information is updated in the Magaya database at Power Express.

One printing process he wants to keep is printing of the labels to place on items as they arrive at the warehouse. The staff creates the Warehouse Receipt in their Magaya system and prints the label to track every package.

Future Direction

In the future, Mr. Yao plans to add trading to his business by buying and selling salt that is used in the sardine canning process. In the past, he used to trade in that commodity and can bring his experience to the service.

He is analyzing the Magaya Supply Chain Solution to see how upgrading from the Magaya Cargo System will help him with his new business line. “We can expand better with Magaya.”

The future also includes rebuilding the Tacloban City office, hiring new staff as Power Express expands, working more with China, and continuing to show customers how technology can help them. While he travels, he conducts business using his cell phone and a tablet. “I can see that it is possible,” he said. “But I have to do things little by little.”