

Interview

Cutting Costs and Boosting Efficiency: How OBP is Transforming Freight Forwarding

Maryann Farrugia, the Managing Director of Offshore Business Processing (OBP), recently joined Paul Zalai, Director at Freight & Trade Alliance (FTA), for an insightful conversation about the growing importance of offshoring in the freight forwarding industry. During the interview, they delved into OBP's extensive expertise with CargoWise and how it plays a pivotal role in streamlining operations and driving efficiency for freight forwarders.

1: Paul Zalai - It is evident that OBP does more than just provide offshore solutions for freight forwarders. Can you please explain the company's broader goals and how it aims to transform the industry?

- Labor costs are typically a freight forwarders' biggest pain point. At OBP, we can save companies in countries like Australia between 60% and 80% on labor costs. Additionally, we often see a productivity gain of up to 30% because of the more disciplined work culture in the Philippines.

Freight forwarding is traditionally quite seasonal, with peak seasons starting around August. Reducing labor costs makes it less burdensome for companies to maintain employees during quieter periods. We work with over 100 freight forwarders, from top 10 global forwarders to smaller operations, allowing us to guide them on best practices for using systems like CargoWise more efficiently.

Many of our clients are surprised by our output relative to the cost. They often only consider the labor component initially but soon realise the additional efficiency gains they can achieve through offshoring with OBP.

2: Paul Zalai - OBP positions itself as a leader in CargoWise expertise. Can you explain how this expertise was developed and how it translates into tangible benefits for your clients?

- OBP is the largest WiseTech partner globally, with about eight times more consultants than the next partner. Our operational understanding, coupled

with our deep knowledge of CargoWise, gives us a significant edge.

All our trainers are CargoWise Certified Professionals. As part of our training program, our agents who work directly for our clients become certified operators within three months of going live. We have experts in various aspects of the software, including accounting, warehousing, customs, and forwarding. Our expertise is so well-regarded that multinational forwarders have used us as their global help desk, which speaks volumes about our capabilities.

3: Paul Zalai - Your consulting team is crucial in optimising CargoWise efficiency for clients. What sets your approach apart from other consultancies in the industry?

- Our consulting team doesn't just implement software; we understand how people use it operationally. We guide clients on process optimisation, SOP development, and workflow improvements. We often advise our clients in ways that might seem counterintuitive to our business model—however, we aim to help clients improve their P&L, make more money, and reduce staffing needs, whether onshore or offshore. It's about doing more jobs with fewer people, which is how you make money in freight forwarding. Our head of consulting is a Lean Six Sigma and CargoWise Certified Professional, ensuring our proficiency in providing comprehensive advice on business efficiency and expertise in the industry's leading software.

4: Paul Zalai - OBP claims to achieve significant cost savings and productivity gains for its clients. Could you elaborate on how these savings are realised and quantify the typical improvements your clients see?

- Beyond the 60-80% reduction in direct labor costs, we also eliminate many associated costs:

- On-costs of employment (annual leave, superannuation, taxes)
- Office space and equipment
- IT and HR department overhead
- Recruitment and training costs for employee turnover

We offer a fully managed service where clients provide SOPs and KPIs, and we handle everything else. This includes hiring, training, management, and meeting KPIs. If someone leaves, we are responsible for replacing and retraining at no additional cost to our clients.

5: Paul Zalai - Accuracy and speed are crucial in freight forwarding operations. How does OBP ensure its offshore teams maintain high standards in these areas, mainly when using complex systems like CargoWise?

- We implement several strategies to maintain high accuracy and speed:

- **Focused work environment:** Our team members are not distracted by customer calls or personal phones on the operations floor.
- **Standardised Operating Procedures (SOPs):** Unlike many onshore operations where each person might work differently, we ensure everyone follows structured processes.
- **Quality specialists:** We have dedicated quality specialists for each team who randomly audit work to ensure adherence to SOPs.

- **Root cause analysis:** If we find an error, we conduct a thorough analysis to determine if it's an employee mistake, an SOP issue, or a problem with CargoWise usage. This helps prevent recurring errors.

6: Paul Zalai - OBP offers customised solutions for freight forwarders. Can you describe the range of services you provide and how you tailor them to meet the specific needs of different clients?

- At OBP, we cater to freight forwarders at various stages of their operational and technological journey:

- **Those not using CargoWise who want offshoring:** We work with their existing systems while offering guidance on potential CargoWise benefits.
- **Experienced CargoWise users seeking offshoring:** We integrate seamlessly with their workflows and often suggest optimisations based on our extensive experience.
- **CargoWise users looking to optimise their system usage:** We provide system audits and consultancy to maximise efficiency and ROI from their CargoWise investment.
- **New freight forwarders implementing CargoWise for the first time:** We offer end-to-end support, from initial setup to employee training and ongoing operational assistance.

Our services range from pure BPO to full implementation, training, and ongoing support. We customise our solutions based on each business's specific needs, size, and growth plans. This might include a mix of offshoring, consulting, training, and support services.

We begin each client relationship with a thorough needs assessment, developing tailored SOPs and offering flexible engagement models. Whether it's a small forwarder needing comprehensive support or a large operation requiring specialised services, our goal is to provide custom-made solutions for each client's unique situation.

7: Paul Zalai - Offshoring often comes with misconceptions. What are some common myths about offshoring in freight forwarding, and how does OBP address these concerns?

- One common misconception is that "you get what you pay for." Many expect lower quality due to lower costs, but our team often outperforms local teams.



Our employees have college degrees and work in a focused environment without distractions like mobile phones.

Our state-of-the-art facilities in Manila and our cultivated positive culture often surprise clients. They're also impressed by our stringent security protocols and data management practices, which usually exceed their local standards.

8: Paul Zalai - How does OBP educate potential clients on the benefits of offshoring?

- Most potential clients already understand the general benefits of offshoring, but many want to visit our office to feel our culture, see the working environment, and meet the team that runs OBP. After seeing our operations firsthand, they often realise that our services exceed their expectations.

Clients may not initially realise some long-term advantages, like the ease of replacing employees without the costs of rehiring or retraining. These benefits become apparent once they start using OBP's services. We encourage clients to start small, perhaps with one or two roles, to experience offshoring firsthand. If satisfied, they can gradually expand their offshoring efforts.

9: Paul Zalai - How has OBP adapted its services to meet evolving industry challenges?

- When OBP began, there was no consulting team. A few years in, we created one to help clients struggling with writing SOPs and using CargoWise. Additionally, we established a training department to ensure our team became CargoWise Certified Operators, allowing clients to qualify for discounts from WiseTech. We're continuously developing strategies to support our team and clients, ensuring we stay responsive to industry needs.

10: Paul Zalai - The freight forwarding industry is constantly evolving. How does OBP stay ahead of industry trends and continue to offer innovative solutions?

- We stay connected with industry associations like FTA and collaborate on issues like new customs laws. We attend conferences like the WiseTech Service Partner Conference in Belgium to learn about future developments in CargoWise, such as NEO and Shipamax. This allows us to share valuable information with our clients and prepare for upcoming industry changes.

11: Paul Zalai - Looking to the future, what new services or developments is OBP planning for the freight forwarding industry?

- We are currently focusing on two major areas:

- **AI integration:** We are working with WiseTech on their Shipamax product, which we will offer to our clients once it's ready for market. As the exclusive BPO for Shipamax, we believe this AI solution will best fit CargoWise users.
- **Tracking systems:** We're helping clients implement CargoWise's new tracking system, Neo, which is generating significant interest in the industry.

12: Paul Zalai - As OBP grows and takes on larger clients, how do you maintain the quality of your services and ensure consistent performance across different scales of operation?

- Our deep understanding of CargoWise, BPO operations, Philippine culture, and the freight forwarding industry allows us to structure teams effectively for clients of all sizes. We provide dedicated resources for larger clients such as operations managers, team managers, team leaders, quality specialists, and trainers. Our approach remains consistent regardless of client size, ensuring high-quality service. This comprehensive understanding is why we can make complex operations look easy, even as we scale for larger clients.