

# Cargo Matters

September 2016

Magazine for Customers & Partners



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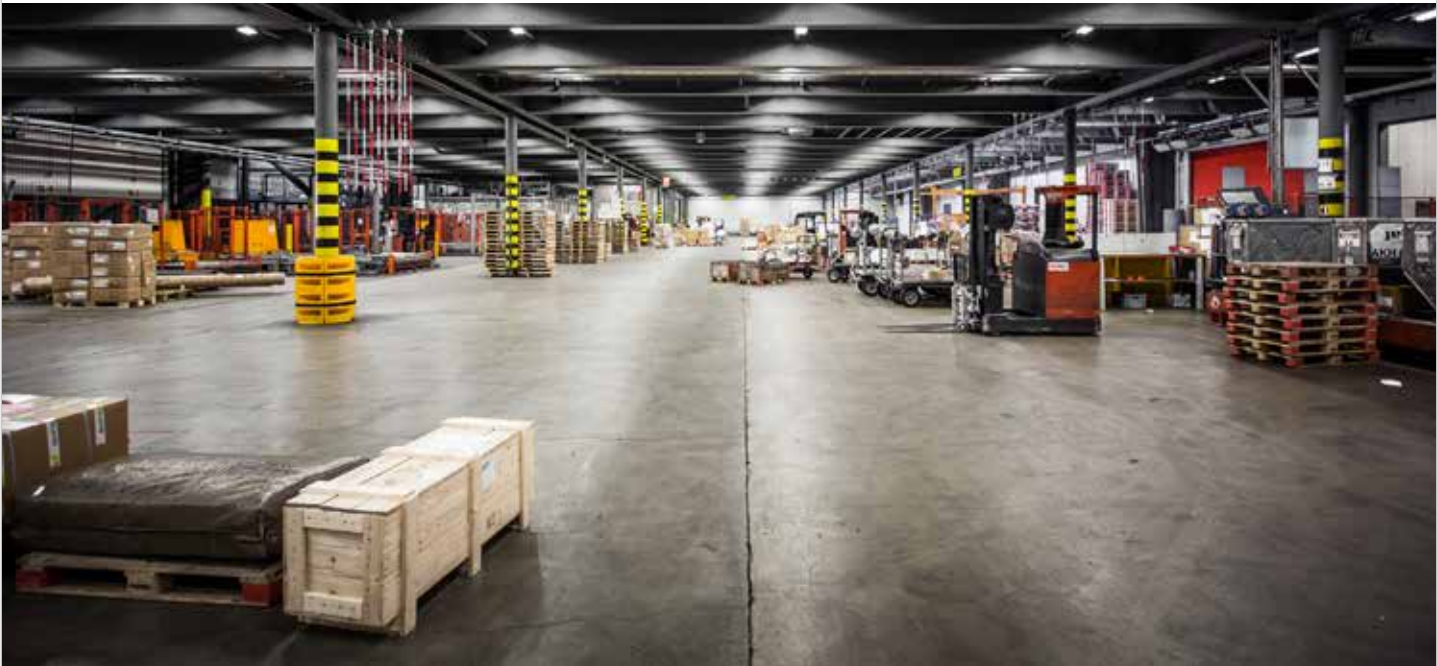
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# Dear Cargo Matters reader,

Swissness is about class. That is precisely what SWISS did when it became the first airline in the world to put Bombardier's newly-developed CS100 aircraft into service. (See the photo gallery in this issue of Cargo Matters). The Bombardier CS100 is a class act in every respect – comfort, economics and environmental impact. Its maiden flight from Zurich to Paris on July 15 demonstrated the credentials of the aircraft complemented perfectly by the impeccable quality of service by SWISS.

The CS100 will replace its predecessor, the Avro RJ100, throughout autumn. The commencement of scheduled operations with the new Bombardier twinjet marks another milestone in SWISS history, shortly following the successful service entry of the Boeing 777-300ER. The introduction of the new aircraft reflects our commitment to innovation, operative excellence and sustainability.

With Boeing 777-300ER already in service starting early this year offering 25% more cargo capacity, we are on track to receive one aircraft per month. At SWISS the fleet renewal is a major investment and cargo is very much an integral part of this investment. Though we are going through a very challenging business environment, we are committed to offer cost efficient innovative solutions to our customers from key markets around the world.

Staying with innovation, we live in a world of disruptive innovation. From Internet of Things (IoT) to Internet of Everything (IoE), the fourth industrial revolution is already upon us. It is evolving faster than anyone could imagine. Machine to machine communication is becoming so common across industries to bring in efficiencies and speed in every process. Read our story on how machine learning is transforming logistics.

Online retail is proliferating around the world supported by the rapid spread of internet penetration and smart phone adoption. It is fascinating to watch how e-retail is evolving and what it offers to logistics sector, particularly for air cargo industry in the emerging cross-border e-commerce space. In this issue of Cargo Matters we bring you a cover story on the logistics opportunities in the omnichannel retailing. The story argues that the radical change from bricks-and-mortar to omnichannel calls for a fundamental redesign and development of supply chains, as shoppers, technology and competition change.

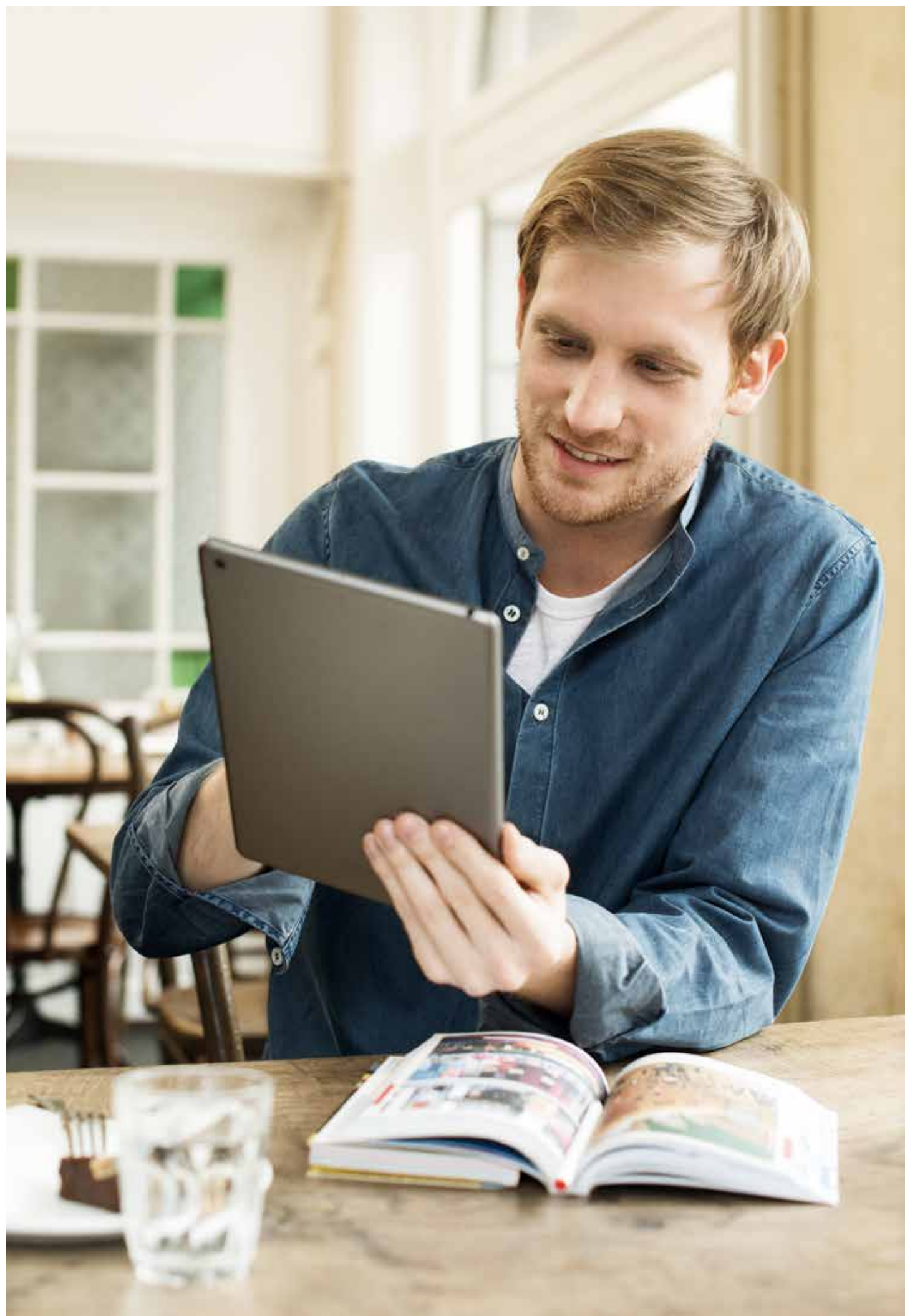


Continuing our series on Swissness, we bring you the second part of the trilogy in Swissness in watch making. Also find an exclusive interview with Yves Bugmann of the Federation of the Swiss Watch Industry FH. Bugmann talks about the new stringent legislation governing the use of “Swiss Made” for watches produced.

As we strive to innovate in everything that we do, we like to hear from you. Use any communication media, and we are available on all including on all social media platforms, your opinion matters to us. Because, as always, we care for your cargo.

Ashwin Bhat  
Head of Cargo  
Swiss International Air Lines Ltd.





# Logistics opportunities in omnichannel retailing



**As digitalisation begins to unfold, retailing is transforming rapidly. Retail supply chains shift from multichannel to omnichannel, putting seamless shopper experience front and centre. What are the new challenges and opportunities in store for air cargo and logistics?**

## What is omnichannel retailing?

Retail business models are undergoing radical change, leading to shoppers experiencing an ever-increasing number of ways in which they can research, buy, receive, return, and evaluate products.

Some twenty-odd years ago, shoppers could visit physical stores or use mail-order services to buy products. Today, shoppers can buy products from endless online offerings, and collect their purchase at a pick-up point (e.g. local post office, petrol station). Or they can receive their purchases at home or work, even as bundles from several retailers.

Returning undesired items follows a similar logic. Shoppers may return items to brick and mortar stores, return points (usually the same as the pick-up points), or have them collected from a destination of their choice. Some retailers even encourage shoppers to return recyclable waste, such as parcel packaging and empty plastic bottles.

The service experience becomes a part of the game as shoppers share their experiences word-of-mouth, offline and online, as well as through online rating systems and automated shopper satisfaction surveys. Data research companies closely watch shopper be-

haviour, with more and more accurate information than ever before. Around ten years ago, retailers adopted multichannel approaches to cope with the challenges of aligning traditional sales channels and e-commerce. They created systems largely working in isolation of one another, leading to fragmented supply chains. As a result, retailers had major difficulties to deliver a satisfactory consumer experience across all channels, and earn a profit.

To address these issues and to provide a consistent shopper experience, omnichannel was born. The core idea is integrating channels and devices into one seamless shopper experience, for instance across physical stores, online shops, shopping platforms, smartphones and tablet applications. This means that previously distinct channels and supply chain partners must now connect, through software, with common thinking, and acting towards the goal of consistent shopper experience.

Behaviour, especially the fear of losing out, plays a key role in successfully transcending 'traditional' retailing into omnichannel. So any omnichannel system must create and measure returns (for example higher sales or cost savings) for all channels and partners to participate. At the same time, bolder competition is lurking right around the corner.

## What drives omnichannel?

Retailing is undergoing an unprecedented transformation. Spurred by three major, evolving drivers, there seems to be no plateau or resting point in sight.

First, there is you and me. Shoppers are what omnichannel retailing targets, and obviously shoppers like what retailers are doing. Omnichannel makes shopping and returns easier, and facilitates exchange with manufacturers, retailers, and fellow shoppers. Middle classes around the globe travel, and want the best products and deals for themselves and their families and friends. Let's face it. We like the useful, the pretty, and the new. Whatever we need or just want, we buy. Omnichannel encourages that behaviour.

*Today's shoppers may be lying comfortably by a hotel pool in Lausanne to shop gifts for a friend's wedding in Shanghai.*

Omnichannel is omnipresent with shoppers, whether as mobile phone, a computer, or the store next door.

Second, there is technology. Connectivity is king: the spread of computers, mobiles and the internet, anything that connects potential shoppers and the products they want. Connecting entails data, and the basis for deep insights into shopper behaviour. Also, there are the many advances in supply chain technology, including warehousing automation and more efficient transport assets. As new, connected technology replaces old, more capable networks deliver information to the supply chain. Analytics software turns demand and supply data into actions. The race is on for omnichannel shopper insights and fulfilment.

Third, there are the supply chains that create and feed shopper needs. Retailers and logistics service providers invest heavily in developing transport networks, fulfilment, and the all-important



last mile delivery and returns. Companies make sense of shopper pre- and post-behaviour, and measure the effectiveness of advertising campaigns and new product launches in real-time. They do not only gather data to improve their own offering and operations, but also their supply chain partners' capabilities – and expect data and insights in return. All the while updating legacy systems and processes.

Business models change, traditional boundaries blur, manufacturers turn into retailers, logistics service providers act as manufacturers, retailers become logistics service providers. Warehouses turn into stores and stores into warehouses. Ample opportunities for business development arise, driven by demand, digitalization, and ever more powerful logistics.



## Diabetics do it better

What if we only hired diabetics to work in the active cold chain? Would they take more care handling healthcare products? We think they would. They know what happens if they don't get insulin.

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We educate the members of the active cold chain on the difference they make to the lives of diabetics and others who rely on healthcare products. Because people do a better job when they understand the importance of why they are doing it.

Anna Klettner is one of those people. She is a diabetic and she works for us.

**Envirotainer<sup>®</sup>**  
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## Opportunities for air cargo and logistics

The challenge for retailers is wide and varied, but no challenge seems greater than that of supply chain and transport. The radical change from bricks-and-mortar to omnichannel entails the fundamental redesign and development of supply chains, as shoppers, technology and competition change.

On the one hand, there are old mechanics at work. Process efficiency. Network density in deliveries and returns. Economies of scale in moving goods over long distances, for instance by aircraft. Efficiencies of scope, where cost savings and sales increases occur from by-products (e.g. cross-selling and data sharing). Retailing and logistics have long worked on these issues. Omnichannel fuels these on-going efforts. The needed investments in technology create a better return when everyone connects.

On the other hand, there are distinct new features. The rules of the game are not yet written. Logistics service providers can open markets, target new segments with specific services that aid shopper experience, and forge new alliances to provide seamless fulfilment offers to retailers. Enabling retailers to distinguish their value proposition is key. Think about a retailer that can offer fast to cost-effective transport, within limits specific to the exact shopper segments. This needs fresh thinking about logistics alliances, such as an airline connecting to local postal delivery networks.

When a product must be available for the shopper in the most convenient way, there is nothing more important than a single stock view.

This means keeping a single stock pool across all channels and platforms, managing shipments to and from multiple locations such as fulfilment centres, stores, and returns facilities. Cost, speed, and sustainability all depend on stocking decisions and inventory transparency. Logistics service providers can aid this cause by ensuring connectivity of their information systems, and building services around inventory data integration.

Then, there is shopper insight and happiness. Logistics companies may know more about the shoppers they deliver to and supply networks than retailers do. Yet few logistics companies use this information to transform their service offering. Improving the shopper experience is another area of opportunity where logistics can

play its global, but local footprint to grow their business. Localised shopper service, such as personal shopping assistance and returns with shopper-friendly customs and taxation flows, are other areas for new business among logistics service providers.

Finally, there is another way of thinking about omnichannel: does your company provide a seamless and consistent customer experience across all channels?

## Key definitions

<b>Single channel</b>	shoppers experience a single touch-point
<b>Multichannel</b>	shoppers experience multiple touch-points acting independently (silos)
<b>Cross channel</b>	shoppers experience multiple touch-points as part of the same brand (but the channels are not set up to offer the same experience)
<b>Omnichannel</b>	shoppers experience a brand, not a channel within a brand (shopper experience is consistent across all channels and devices)
<b>E-commerce</b>	umbrella term for trade using computer networks, like the internet

## WorldCargo omnichannel insights from "transport logistic China"

At the latest edition of "Air Cargo China" – the leading conference of "transport logistic China", which took place in Shanghai last June – Alain Guerin, Head of Marketing at Swiss WorldCargo, gave an insight into Swiss WorldCargo's positioning in omnichannel logistics.

"Now is the era of anytime, anywhere, any device. At SWISS, we recognized this trend and take an active role to grow our business, to create new products, and are taking new customers." Already today, "omnichannel is a growth opportunity. E-commerce belly share is increasing, especially ex Asia," he continues. "We develop new products around omnichannel, for instance, adding a 'door element' to extend our traditional airport-to-airport model with last mile delivery. That includes pioneering drone deliveries." SWISS also embraces e-commerce startups. Guerin says: "We meet with lots of e-commerce startups, which are new to logistics. We help them grow and strive to become their trusted partner. The key challenge is balancing the requirement of speed and the cost of fulfilment." He adds that "cost is largely driven by smart transport design, increasing speed will happen through digitalization (i.e. data flows) and further improvements in ground handling (goods flows), for which we have world class partners."

## Insights from research

Journal of Retailing Special Issue on Multi-Channel Retailing (Volume 91, Issue 2).

International Journal of Physical Distribution & Logistics Management Special Issue on Retail Logistics (Volume 46, Issue 6/7).

# The next evolution of logistics: learning

In the wake of the fourth industrial revolution, machine learning is transforming logistics




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Text by Joachim Ehrenthal

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**F**or a while now, we've been told that the fourth industrial revolution, where everything connects to everything and algorithms sort it all out, will increase the importance of the logistics industry. And that in the revolution's wake, technology companies will replace traditional logistics companies, because the logistics industry is monolithic, caught in complicated ways, and ripe for disruption.

Let us get two things straight. First, digitalization, standardization, and automation are nothing new to the logistics world. In fact, if you look at the productivity gains over the last decades, it is safe to say that they are synonymous. Second, logistics revolutions have been promised ever so often, but happen rarely. The introduction of the jet engine in aviation and the arrival of the shipping container come to mind.

Most of the time, evolution is what's driving the logistics industry: using existing resources better or adding new services to grow your business. Progress happens through innovation in processes

and technology. Like the introduction of new, data-sharing cooling technology and its integration in shipper supply chain management.

Process innovations are critical because they directly impact customer satisfaction and profitability. Technology innovation can stem from own or supplier research and development, or from technological advances in other industries adapted for use in logistics, such as satellite navigation – which was developed for military purposes.

The result of the evolution of logistics is the ultracompetitive business landscape we see today. The world of logistics organizes itself in systems and subsystems of global and local champions, of innovators and imitators, of integrators and niche specialists.

Think about it. Instead of being an invention of omni-channel commerce, same day delivery (or faster) is the culmination point of all the knowledge and capabilities of the logistics industry. It is a huge task to pull off for a mass market. But speeding up as such is nothing new for the logistics industry. It's been going on for centuries. And it's just one element of the diverse logistics industry.



Still, technology-driven incumbents are putting pressure on the logistics industry, especially forwarding. Hundreds of millions of dollars are pouring into platforms for managing shipments, tracking shipments, comparing rates and transit times, tendering, scheduling pickups and deliveries, facilitating taxation and customs management, supply chain finance, carbon reporting, ... the list goes on and on.

*Add to that the developers of autonomous, self-operating transport and storage technology. New competition is not on the horizon, it has arrived.*

Looking at the 'new' business models, we mostly see platform brokerage / forwarding type models, fuelled by great looking and great to use customer interfaces, with a focus on a specific logistics segment or market. Currently, few of the new competitors take the risks and efforts of handling goods themselves. Rather, they leave that to existing forwarders and carriers, expecting a piece of the pie, naturally.

It seems like it is only a function of time and money that these new competitors will venture into logistics markets that require more in-depth knowledge, skills, and a global trusted network, creating pressure on niche markets. All the while, new competition acts very old fashioned: come in with low prices, gain market share or bust. Just that with few staff, no assets, and targeting a global customer base, they can survive on razor-thin margins.

With money pouring in from everywhere to start new ventures, established logistics service providers themselves are entering the scene with ever more offers based around digital services. They continue to push and invest into connectivity with shippers, infrastructure providers, transport assets, and regulators. They use the new technology companies to their advantage, opening new marketing channels to attract business in markets they could not access before. Put differently, existing logistics service providers are not lying around defenceless like beetles on their backs. Quite the contrary.

Yet navigating the new waters and skies is challenging. First, the new technology companies cultivate an image that attracts the talent needed by established logistics companies. Second, the new incumbents are born global. No time wasted on internal pie sharing or politics. They are fast, and able to provide a customer experience precisely targeted at today's digital customer. They work towards being closest to the shippers and make sure they know all about their customer needs, from data, not sales reports. Third, by being asset-free and internet-based, they decouple revenue growth from growth in cost.

And if that was not enough, they learn. Unlike any competition before, they build software and systems that swiftly and quietly learn to make better decisions. Every day. Just like that. Suddenly, they are not obscure nerds caught up trying to turn big data into right data, but churning out orders, orchestrating value-creation within logistics networks and shipper IT-systems. Built-in evolution, at no added cost, no time wasted. Machine learning is the subtle yet unstoppable force at work, and the one you should embrace.

The banner features a large cargo ship sailing on the ocean under a dramatic, orange-hued sunset sky. In the top left corner is the Asia Cargo News logo, a green globe with white lines, followed by the text "Asia Cargo News" and "Linking The Supply Chain". Below this, the text "Essential Reading for Asia's Freight and Logistics Industry" is displayed. In the bottom left corner is the "Apex Asia" logo. On the right side, there is a thumbnail image of the Asia Cargo News newspaper, showing headlines such as "Security Fee Rise Slammed" and "Riyadh Dry Port Set to Grow". At the bottom right, the text "Asia Cargo News • www.asiacargonews.com" is visible.



## The Swissness Trilogy Part 2: Watches

# Swissness in watchmaking

Text by Joachim Ehrenthal

Last year, Switzerland exported about USD 22.4 bn worth of watches. Highest quality, strong design and the ability to create the timepieces customers desire are what drive Switzerland's success in watchmaking. Discover how Switzerland became the world's epicentre of horology, and learn how the new Swissness regulations reinforce the 'Swiss-Made' criteria for watches from 1 January 2017 onwards.

A Swiss watch can be a smart and sophisticated companion. It can be an inspiring work of art and ingenuity, elaborate and complex beyond comprehension, something you bought to celebrate yourself. It can be an accessory of timeless elegance, handed down in your family. Or a fashion statement. What is your association with Swiss watches?

Mine is a little different. It's hitting them. Hitting them hard, to be precise. For the first time when I was twelve, as a competitive swimmer. Small ripples on the calm water, chlorine filling my lounges, the concentration, the sudden outburst of energy: jump, swim, hit the timing panel, breathe. Writing about the experience raises my pulse to this very day. Now I admit that sports timing is not quite the same as fine mechanical watches. But it's personal emotions like these that build the legacy of Swiss watches.

### The history of Swiss watchmaking

Today's most marvelled watches stem from Switzerland. But it took the Swiss watchmakers centuries to perfect their art, and religious, political, and industrial revolutions in Europe and other factors, like a decent dose of American industriousness, and Asian competition to become and to remain the world's epicentre of horology (1).

Watchmaking in Switzerland started in 16th century Geneva, when wearing jewellery was banned for religious reasons and goldsmiths turned to watchmaking. An influx of French, who fled religious prosecution at home, brought with them skills that added to the growing trade.

European competition was fierce, especially competition in innovation. Germany and the Netherlands led horological advances in the 17th century, and the 18th century saw a spur of technical innovation from England. At the same time, France led the way towards thinner pocket watches.

Soon, the Swiss watchmaking industry began its first transformation. Watchmaking spread eastwards to the Cantons of Neuchâtel and Jura. An increasing number of small workshops built watch-



Since the 16th century, Switzerland has been the world's epicentre of horology.

es, tools, and components – the majority of which were family run, often as side income of farming. Exports rose.

Swiss watchmakers seized their chance to rise to the top as France became caught up in its revolution, and countries like England focused on the industrialization of other industries. Attracted by a favourable business environment, entrepreneurs from as far as the USA set up shop in Switzerland, adding in-depth knowledge of overseas markets.

Switzerland's watchmaking industry flourished up until the Great Depression. A sharp decline in demand forced large parts of the industry into consolidation, especially mass-market manufacturers, marking the second transformation of the industry.

The market entry of Japanese quartz watches in the 1970ies led to further consolidation in volume manufacturing, and to the development of Swiss quartz watches. This third transformation eventually fostered employment and diversification, and re-ignited mass-market watchmaking in Switzerland.

Today, new ideas, technologies and brands drive innovation in Swiss watchmaking as part of the on-going fourth transformation of Swiss watchmaking to embrace digitalization in products and processes.

### The new Swissness regulations for watches

With this rich heritage in mind, it is no surprise that Swiss watchmakers are Argus-eyed about their collective "Swiss Made" brand (2). That is why they have used the option provided by Swiss law-



makers to create and self-impose their own industry ordinance for Swissness in watches by revising their previous “Swiss Made” ordinance of 1971.

In a nutshell, the proposed new Swissness ordinance for watches requires a Swiss movement, the casing and the final control of the watch to be carried out in Switzerland, and 60% of the costs for manufacturing and development to incur in Switzerland. For mechanical watches, the construction and prototyping must be carried out in Switzerland, while for partially-mechanical watches, the construction, the conceptualisation of circuits, display, software and the prototyping must be carried out in Switzerland. Anything essential to the characteristics of the watch must be developed and added in Switzerland.

Mind you, this applies to watches understood as instruments to measure time carried on your wrist or instruments whose principal characteristic is time measurement and whose movement does not exceed certain limits. The timing systems for sports events mentioned above would probably fall under the Swissness requirements for industrial products. Similarly, non-watch parts like bracelets would not fall under the watches ordinance, but the industrial products regulation (see Box 2).

Watch cases are “Swiss Made” if an essential production step, such as blanking, the processing and polishing are carried out in Switzerland, and the 60% cost criterion is fulfilled. Normally, the assembly of the watch and its movement has to be carried out in Switzerland. However, regarding the movement, certain components are allowed to be pre-assembled, such as electro optical display for partially-mechanical movements. Other exceptions exist as well, for instance that interchangeable parts like batteries in quartz movements do not count towards Swissness as they can be easily replaced and are thus not actual parts of the movement.

What’s more, the costs cannot simply be treated as in accounting. For instance, simply using accounting standards in depreciation for research and development would mean that a well-selling watch may after some time lose its Swissness. To balance this effect, such expenses may – by exception – be balanced through the watches life cycle.

Also, watchmakers have a choice in Swissness accounting for components. They can either account for the actual Swissness percentage as per their supplier (e.g. 64.35% and 33.8%) or they can go for a binary approach adding either 100% for Swiss Made components or 0% for components that do not fulfil Swissness criteria (but may contain 50% Swissness). The choice in method is important, as it has to be consistent for entire product lines, and Swissness suppliers must be able to guarantee this information.

The implications are clear: Swiss watchmakers must take great care in calculating and documenting the Swissness of their parts



#### Is your watch “Swiss Made”?

and watches. Raw materials and components may be sufficiently available one year, but not the next. These dynamics further add to the complexity of Swissness for watchmakers and increase the importance of close collaboration with suppliers from early development stages onward. This is especially true for mass-market watches, because the lesser the development, labour and quality control costs per unit, the more important the Swissness of components.

Irrespective of whether they are active in the highest-end market or target wider audiences, Swiss watchmakers advertising Swissness must comply with the new Swissness regulations, as stipulated in their very own, updated “Swiss Made” ordinance for watches to enter effect on January 1st, 2017.

The watchmakers’ collective “Swiss Made” label symbolizes their remarkable story of transformation, innovation, and their ability to create and fulfil desires of global customers. But already today, some industry leaders and rebel incumbents push for even stricter Swissness standards.

In the next issue of Cargo Matters, we explore Swissness in logistics, what drives Swissness in air cargo supply chains, and why logistics is spearheading the evolution of Switzerland’s economy.

## New Swissness regulations enter force in January 2017

When advertising a product or service with a reference to Switzerland, e.g. in a logo, in a slogan or in a product description, compliance with the new Swissness regulations must be ensured from January 1st, 2017 onwards. The new regulation can impact marketing, purchasing, and production decisions. Unlawfully using Swissness incurs the risk of legal consequences, and losses in customer trust and brand equity. It is therefore strongly advisable to check whether your processes are compliant, if Swissness is relevant for your organization. Please note that Swissness differs for services, raw materials, food, industrial products, and watches, and that it is distinct from preferential and non-preferential rules of origin.

## Swissness for industrial products

If your company produces industrial goods, such as machinery and parts, you need to comply with a dual criterion: 60% of manufacturing costs must occur in Switzerland, and the manufacturing step that gives the product its main characteristics must be carried out in Switzerland. The manufacturing costs that count towards Swissness include: research and development, direct and indirect costs for materials and production, and the cost for quality management. As with Swissness in foods, materials not available in Switzerland may be excluded under certain circumstances, or instance if non-availability in Switzerland is proven. Expenses towards marketing, sales, and distribution do not count towards Swissness. In special cases, you may advertise selected aspects of Swissness, such as 'engineered in Switzerland'. For further details, see (3).

### References

(1) The history of watchmaking in Switzerland was compiled from the FH knowledge base, retrieved from [www.fhs.ch](http://www.fhs.ch).

(2) For details on Swissness in watches, see the revision of the ordinance on the use of "Swiss" for watches. Please note this article is based on the proposed ordinance. Please also note that transitional periods apply.

(3) Ehrental, J.C.F. and Grimm, J.H., (2016), "Swissness im Einkauf / Swissness dans les achats", Beschaffungsmanagement / Revue de l'acheteur, 5/2016, pp. 8-15.



Joachim Ehrental

## About the author

Joachim Ehrental puts his heart and soul into transforming supply chains by applying new methods of co-creating value. He holds a PhD from the University of St. Gallen and owns joe.systems, a specialized IT firm helping shippers and IT companies to improve their supply chain capabilities.

## Watches at Swiss WorldCargo – discrete, efficient, and secure

We take shipper confidentiality serious. Being discrete about our clients, operating procedures and security measures are key elements of this approach. Our philosophy is to create logistics chains for watches that are superior in matching exporters' needs. In practice, that means partnering with clients in designing watchmaking supply chains. Our team of dedicated valuables specialists forms a leading centre of excellence in the field. In-depth industry expertise enables us to develop prime solutions for higher- and highest-end watches. We connect the key watch markets efficiently with direct flights from and to Geneva - Switzerland's centre of horology - and Zurich. With extensive trainings for valuables consignments, short transit times, full surveillance, high-security storage as well as a global audited network with high-quality handling standards, we meet the highest security requirements. As long-term partner of the Swiss watchmaking industry, we share common values, and we understand the importance of our services to our clients' business success.

# Swissness in watches

A conversation with Yves Bugmann of the Federation of the Swiss Watch Industry FH

The Swiss Federal Institute of Intellectual Property (IPI) resides in a newly built, square box of a building in the Swiss capital Bern. Clad in red glass sheets, it creates a sharp contrast to its surprisingly lush green surroundings on the steep banks of the river Aare, the longest stream in Switzerland. This is the place where the new Swissness regulation was conceived and it is here that I meet Yves Bugmann, Head of Legal Division with the Federation of the Swiss Watch Industry FH, which represents more than 90% of Swiss watch makers.

**Joachim Ehrental:** *Swiss watches enjoy a remarkable reputation worldwide. As an industry insider, what do you think makes Swiss watches stand out?*

**Yves Bugmann:** When Jean Calvin, an influential figure of Protestant Reformation, banned the wearing of decorative jewellery in the mid-16th century, the city's goldsmiths and jewellers turned to watchmaking. This marked the birth of the unique Swiss watchmaking tradition and Switzerland went on to build an unrivalled reputation and know-how. It is surely this blend of tradition, experience and creativity teamed with the very latest technology that has made the Swiss watch industry what it is today. When you travel abroad you often hear good comments about the Swiss watch industry. Of course, people wearing watches are interested in the topic, and sayings like "as accurate as a Swiss watch" are known all over the world.

**The use of "Switzerland" and "Swiss" for watches has been protected for decades. What are the new benefits of the new regulation for Swiss watchmakers and their potential customers?**

No other country has specific legislation governing the use of an indication of source for watches. In Switzerland regulation has been in place for decades which stipulates when the designation "Swiss Made" may be used for watches. The new regulation, technically an ordinance, will become even more stringent with effect from 1 January 2017. The aim is to provide better protection for the "Swiss" designation for watches. Firstly, the buyers of Swiss watches benefit. In a globalised world it is important for them to enjoy a guarantee that the product was not just made and inspected in Switzerland but also contains an important proportion of Swiss components. That is the precise intention of the new regulation: the consumer must know how much "Switzerland" his product contains. The goal is to ensure that a large proportion of the manufacturing costs occur in Switzerland, and that the technical development of the watch takes place here. With consumer trust safeguarded, the Swiss manufacturers benefit.

**Swiss policy-making is based on achieving consensus via public consultations. What was your role in revising the regulations concerning Swissness since 2007?**

The basic consideration is that the Federal Council already undertook a comprehensive review of the situation in 2006 and reached the conclusion that the criteria for use of the "Swiss Made" label in Switzerland take too little account of the economic importance of the indication of source. The Federal Council went on to put in hand the important review of the law under the "Swissness" designation; this concerns all Swiss products and not just watches. At the level of FH, parallel discussions were already in progress at this time on more stringent "Swiss Made" watch regulations.

FH has made a commitment to the protection of the "Swiss Made" label. We have gained a hearing for our arguments at every level of the consultations and, by presenting our opinions to the Swiss authorities, made sure that the submission is fit for purpose and feasible to be implemented. The proposed text of the revised version of the industry regulation in fact originates from FH itself, exactly as intended by the lawmakers.

**Your association represents 90% of Swiss watchmakers, what is your magic trick to align the different interests towards common goals?**

Our industry is indeed extremely varied, ranging as it does from a small one-man firm to the world's biggest watch group. Of course not everyone always shares the same opinion, but it is important for all to express their views.

On the "Swissness" file, it is important to keep the strategic goal in mind. That is safeguarding the value of the "Swiss Made" label for the long-term. Consumers will buy Swiss watches because they expect them to bring added value. That preservation of value is in the interest of all Swiss watch manufacturers. The detailed discussion must always be guided by that strategic goal.

**Swiss watches are shipped around the world by transport companies, what is the importance of 'service supplier Swissness' in delivering a credible, unique and consistent Swiss experience?**

There is a strong focus on exports. Estimates suggest that more than 95% of all our products are exported. The industry is highly dependent on reliable transport partners, who understand watchmakers and their specific needs. The local sales outlet must have the right presence for the particular watch brand. The quality of the product must also be reflected in the quality of the advice given.

1) Editor's note: the Federal Council is a seven-member executive board which is both collective head of state and government of Switzerland. Yes, you read this right. A group of people is the head of state.



The fact that some watches incorporate highly sophisticated technical complications must not be forgotten either. Part of the discussion with a potential customer involves an explanation of those functions. Swiss watches may feature a perpetual calendar and so be designed to have a useful life running into hundreds of years. In that case, the buyer must of course know how to use the watch correctly.

***What exactly is FH doing to protect the "Swiss Made" label outside of Switzerland? Do you expect protection to be improved by the new Swissness legislation?***

Misuse of the "Swiss Made" label is a big problem. Some watches feature a Swiss cross on the dial, although not one single component is from Switzerland. The global legislation in this area is not harmonised. FH has therefore protected the Swiss guarantee marks for watches on the key export markets. This enables us to take legal



**Yves Bugmann**  
**Federation of the Swiss Watch Industry FH**

action against unauthorised use and secure protection in the courts. We are also active on the internet and make sure that non-compliant watches and advertising for them are removed from websites. Also, the FH is present at the leading watch trade fairs and takes action to prevent the unlawful use of the "Swiss Made" designation.

What is more, FH is a strong advocate of better protection of geographical indications in different countries, which is a major challenge in the years ahead.

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# First "quality corridor" between Zurich and Singapore created

Swiss WorldCargo has led a unique air cargo industry initiative to create a secure temperature-controlled, quality corridor between Singapore and Zurich in partnership with Cargologic and SATS.

The three partners have synchronised their cargo handling facilities and procedures between Singapore and Zurich, to deliver the most accurate, reliable handling on the ground and in the air, with full paperless cargo acceptance processes that enhance visibility and transparency for shippers.

This initiative is a further demonstration of Swiss WorldCargo's commitment to continuously deliver the best quality of service to its customers along with its two key partners. The primary target for this initiative is the pharmaceutical industry, with their need for the highest levels of certified, temperature integrity and tracking.

"Switzerland exports a third of its entire exports by airfreight in terms of value. This reflects the fact that the goods of the Swiss export industry's goods are of high value e.g. pharmaceuticals. The investment in our relationship underscores our faith in Zurich as one of the top cargo airports for handling pharmaceutical products. We believe this gives a clear signal to the pharmaceutical industry to use Cargologic and SATS in Zurich and Singapore respectively. Together with our partner SATS we will improve all involved processes to a very high quality level to fulfill the needs of our customer Swiss WorldCargo," said Marco Gredig, Managing Director, Cargologic.

Both Cargologic and SATS are certified as part of IATA's Centre of Excellence for Independent Validators (CEIV) in pharmaceutical handling. They are also compliant under Good Distribution Practices (GDP) regulations and employ a trained team of cold-chain handling specialists. These certifications offer Swiss WorldCargo's customers an assurance of the highest standards in cold-chain handling, and help to promote the carriage of pharmaceuticals and other temperature-sensitive airfreight on the Singapore-Zurich route.

Commenting on the new partnership Alex Hungate, President and Chief Executive Officer, SATS, said: "We are pleased to partner with Swiss WorldCargo and Cargologic, to enhance connectivity between their hub in Singapore and Zurich, and to our wider airfreight handling network across Asia. Together, we will continue to innovate new solutions to meet the changing needs of our customers."

Ashwin Bhat, Head of Cargo, Swiss International Air Lines Ltd, expressed his confidence in the partnership and said that it can deliver excellence and provide quality leadership, especially in the temperature-controlled transport management. "In a collaborative world this alliance is about exchanging best practices, sharing synergies and knowledge and promoting innovation. Together with our partners, we can deliver," Bhat added.





# Innovation for you and the environment

SWISS is the first airline in the world to order a total of 30 Bombardier C Series, of the 15 CS100 and CS300 type. Thanks to the latest technology in engines, systems and materials, the C Series is considered the most innovative and environmental friendly aeroplane. It is used on European routes, and will replace all Avro RJ100 by 2017.

Pictures and text by: Fabian Furlaneto



The first CS100, HB-JBA, taxiing down runway 16 at Zurich Airport



The new twin-jet passing through the ceremonial water arc greeting



First time on the tarmac



An aerial view of the CS100, from the "Zuschauerterrasse" at Zurich Airport



To the human ear, the C Series halves noise emissions compared to the RJ100, which will particularly benefit residential areas close to airports



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# Booking now open for the new SWISS °Celsius Passive Solutions from va-Q-tec

Since June 2016, a new SWISS °Celsius Passive Solutions for temperature sensitive shipments is available for Swiss WorldCargo's customers thanks to the partnership agreement we signed with award-winning company va-Q-tec, a leader in passive closed cold chain container solutions within a global service network.

The additional offering of va-Q-tec's advanced passive solution containers in Swiss WorldCargo's portfolio will support pharmaceutical manufacturers and forwarders to ship their temperature sensitive goods within our global network through direct airline rentals, cost-efficiently and with the highest quality standards.

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World Conference**  
(TBA 2017)

**Life Sciences &  
Pharmaceutical Conference**  
(22-23 November 2016)



**Cargo Airline of the Year**  
(22nd April 2017)



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# Event Calendar 2016, September-December

Start date	End date	Place	Show name
13.09.16	17.09.16	Hong Kong	AWE - Sept. HK Jewellery & Gem Fair 2016
20.09.16	22.09.16	Princeton	Logi Pharma
26.09.16	30.09.16	Boston	Cold Chain GDP & Temperature Management Logistics Global Forum
27.09.16	28.09.16	Bremen	Cool Logistics Global
02.10.16	05.10.16	Hong Kong	Fine Art Asia
03.10.16	08.10.16	Dublin	FIATA World Congress
10.10.16	12.10.16	Miami	Cargo Facts Symposium
13.10.16	16.10.16	Istanbul	Istanbul Jewelry Show
20.10.16	23.10.16	Paris	FIAC
26.10.16	28.10.16	Paris	TIACA's International Air Cargo Forum & Exhibition
06.11.16	09.11.16	Chicago	Pharma Expo
14.11.16	16.11.16	Singapore	World mail & express asia pacific
16.11.16	18.11.16	Istanbul	Logi Trans
22.11.16	23.11.16	London	Life Science and Pharmaceuticals Conference
22.11.16	23.11.16	London	Life Sciences and Pharmaceuticals Air Cargo Conference



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# A ball for every child



It may be hard to imagine, but not all youngster around the globe have access to a ball: myball.ch, a project for children worldwide, is seeking to change this. In the last three years it has given 18,000 kids in 20 countries their own ball – the first in their lives. Swiss WorldCargo has contributed to this exciting project by transporting some 4000 balls free of charge from Shanghai to Zurich last spring.

Every child, under the UN Convention on the Rights of the Child, has a right to rest and leisure and a right to engage in play and recreational activities. It was during two volunteer assignments in orphanages in Jamaica that André and Yvonne Steiner, a couple from Switzerland, realized that not all children are granted such right and decided to do something.

That 'something' has already given their very first ball to some 18,000 children aged between three and ten all over the globe since they founded the myball.ch project in August 2013, with the support of their daughters Katja and Laura.

Myball.ch is funded partly through donations and partly through sales of the yellow balls in Switzerland. As Laura Steiner explains: "For 20 Swiss francs – the price of one of our balls – we can make ten balls to give away." All the money raised go into the project: every single franc is used to make new balls, and all the administrative and organizational costs are privately met.

Children in pre-schools, primary schools, orphanages and homes for the disabled along with young long-term hospital patients have all received myball.ch balls. In Sri Lanka, balls have been given to children in Kosgoda, where UNESCO has built new settlements following the tsunami. In Iraq and Syria, refugee children were brought balls by their countryfolk in Switzerland, under far-from-easy conditions. Children in Moldavia were able to keep

the balls that a group of youngsters from Switzerland had taken out for a recreational programme. And in the arid stony desert of Morocco small children were given balls to play with while their parents sold hot tea by the road.

"Every ball we give brings so much joy to a child," the Steiners report. "Not just for them, but also for their parents, who have no money for toys." This is also confirmed in the feedback on [www.myball.ch](http://www.myball.ch) from the organizations and the travellers who have distributed the balls in the various countries. At the moment some 2,000 balls are on their way to Jordan, to be given out to Syrian refugee children. "We hope that when they play with them, the kids can forget for a few moments the harsh realities around them," says Yvonne.

There may be more life-essential things: food, education, medical care. But the opportunity to play should never be overlooked. "The sheer delight among the children we give a ball to is a huge motivation for us to keep going," concludes Yvonne. "And on top of that, children unconsciously learn so much through playing that will help them in their later lives."

Further information: [www.myball.ch](http://www.myball.ch)

## Like to support the myball.ch project? Here's how:

- |                       |   |
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| By making a donation: | Bank: UBS AG<br>SWIFT: UBSWCHZH80A<br>IBAN: CH30 0025 8258 1053 2801 F<br>Beneficiary: myball.ch, CH-8965 Berikon   |
| By buying balls:      | One ball costs CHF 20.00 plus postage.<br>To order, call the Steiner Family on<br>056 633 4838<br>or email them at <a href="mailto:info@myball.ch">info@myball.ch</a>                   |
| By delivering balls:  | Will you be travelling in the near future to a Third World country where you have contacts with the locals? Then please get in touch with the Steiners using the contact details above! |



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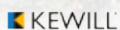
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# Urs Stulz goes into retirement

Urs Stulz, Swiss WorldCargo's Head of Central Services Group since 2010, has retired at the beginning of June after over 40 years of service for the company.

Born and raised in the beautiful Bernese Oberland, the mountain region around Berne, Urs joined Swissair at their head office in Zurich in 1973. He had the opportunity to hold interesting functions, first in Berne, then via Basel to Geneva, where he worked in Human Resources and Training and was entrusted with the overall coaching and guidance of the air transport apprentices.

Following this interlude he joined Swisscargo in the 80s, taking over regional functions for Basel/Alsace, before moving to Vienna to manage the markets Austria and Eastern Europe.

In 2012, he was entrusted with the Product Management of Swiss WorldCargo in Zurich, then with the Home Market Switzerland and the Area Management for Europe.

Since 2010, he has held the role of Head of Central Services Group, comprising the departments Marketing and Product Management, Communication and Business Intelligence, Transportation Processes, Contribution Management, Hub Operations and Service Recovery as well as Cargo Accounting International

"Urs has been an integral part of our organisation and has made significant contribution in building Swiss WorldCargo into a high reputation brand and a successful organization," comments Ashwin Bhat, Head of Cargo. "His contributions will always be valued and remembered by colleagues, business partners and customers alike."



Urs Stulz

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