CASE STUDY: ICT INNOVATION

CARGOWISE - LEADING TECHNOLOGICAL DEVELOPMENT FOR THE GLOBAL TRANSPORT AND LOGISTICS INDUSTRY

How a small Sydney based start-up achieved market leadership by anticipating the technological needs of an industry moving towards globalisation.

WiseTech
GLOBAL
TRANS**LOGIX** CargoWise eHealthWise

PRODUCT AND COMPANY ACHIEVEMENT

CargoWise is a world leader in technology solutions for the global transport and logistics industry. It is one of the key business brands of parent company WiseTech Global and boasts a client base comprised of more than 90,000 licensees, across 4,500 customer sites in 85 countries.

The CargoWise story illustrates how small ICT companies can become international market leaders by anticipating the needs of increasingly globalised industries, responding rapidly through product innovation and prioritising export development.

The company's success is also in part due to the establishment of enduring international client relationships. The company has less than one per cent annual client attrition, with 85 per cent of its annual revenue from recurring sales.

ESTABLISHMENT AND GROWTH

CargoWise was established in 1994 by CEO Richard White – its genesis was a small, five-person software development operation, named Eagle Datamation International (edi) operating from inner-city Sydney.

Starting in 2002, Mr White led development of a product named *ediEnterprise,* designed to automate and streamline the operations and management of international supply chain service providers. In mid 2004, when the product first made its commercial appearance, the transport and logistics industry was highly fragmented with many businesses providing heavily outsourced services to the supply chain.

Since then the industry has undergone a major process of disintermediation as Freight Forwarders started to take charge of all aspects of logistics including warehousing, customs clearance, groupage and domestic transport. A small number of large, globally-orientated businesses began to dominate the industry creating demand for innovative technology and efficient software systems.

CargoWise CEO Richard White

EXPORT EXPANSION

The company (edi) achieved early success servicing the Australian and New Zealand markets - but it quickly became apparent that its future was in catering to global players.

However, in order to reach those markets the company needed to secure distribution through mergers with overseas companies and carry out a major adaptation of the *ediEnterprise* product. In

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2006 edi acquired Fountainhead International, a US based software developer and WiseTech Global's transport and logistics arm was rebranded from edi to CargoWise.

Today, more than 75 per cent of company revenue is derived from export. In the years since the GFC, CargoWise has recorded double-digit growth, thriving and expanding against the post-GFC trend. CargoWise's client base now includes 22 of the world's top 25 global logistics companies as well as companies seeking to reduce operating costs and to consolidate operations. Company predictions for 2013 are for 63 per cent growth.

FACTORS FOR SUCCESS

Continuous Investment in Innovation: CargoWise is committed to continuous innovation at both a local and global level. It assists clients in disparate markets find software solutions that fit localised needs - including language and market specific practices. In addition it also leads continuous improvements of the overall system through integration of new technologies. This approach benefits clients through reduction in servicing costs and improved efficiency.

Alliances with Technology Partners: For more than a decade CargoWise has partnered with Microsoft, which provides the *ediEnterprise* platform operating system. This has been a key factor in the product's take up by international clients – it can be easily integrated within standard corporate systems at relatively low cost and enables rapid deployment of next-generation technology.

Strategic Expansion: Management has taken a highly strategic approach to securing distribution and development advantages in overseas markets. Expansion has been assisted through a series of acquisitions, joint ventures and distribution partnerships with the company remaining tightly centralised and headquartered in Sydney.

Access and Retention of Skilled Staff: CargoWise now employs more than 305 staff operating from offices across the US, Europe, Asia and Australia. Its Sydney headquarters are a major driver for software development and a centre for innovation. The company cultivates a very strong and supportive culture with emphasis on encouraging creative thinking. Employee development is a key focus and staff are given access to a variety of professional and self-development programs supported by the company. Environment, culture and various employee programs assist retention and 25 per cent of staff are shareholders in the business.

Support from the NSW Government: NSW Trade & Investment provided support to the company at a critical juncture in its development. In 2000 it funded 50 per cent of the company's Business Plan, which was a catalyst for extensive redevelopment of *ediEnterprise* in order to make the product more suitable for export and the company's subsequent expansion into overseas markets.

CHALLENGES

According to CEO Richard White a key challenge for the company moving forward will be the continued attraction and retention of skilled staff. To this end the company has many outreach programs into the local schools and universities and sponsors both the National Computer Summer School and many undergraduate places. It has also created Wise Technical Forum – a software/technical forum 'By Developers for Developers' whose aim is to inspire people to emulate WiseTechGlobal's success and build software products and business in Australia.

www.wisetechglobal.com

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