A major diversified natural resources company. This global leader is among the world’s largest producers of major commodities including; aluminium, coal, copper, iron ore, manganese, nickel, silver and uranium, as well as substantial interests in oil and gas.

The company had a clear set of goals for the project, starting with the introduction of electronic presentation of documents in support of shipments of manganese ore from Australia to China. The costs of processing the supporting paper documents were accounting for 3-5% of the overall cost of the trade, compounded by high operational overheads associated with processing physical documents in support of Letter of Credit Transactions. The arrival of shipping and financial documentation to the relevant parties in a transaction was often delayed; typically the inefficient delivery process (to all of the participating banks and the end customer) took up to 21 days, even where no documents were lost or discrepant. Consequently there was a significant reliance on high risk ‘workarounds’, such as Letters of Indemnity, to complete the discharge of goods. A further challenge was the migration of documents such as the Bill of Lading, to an electronic format in a way that preserved their original legal characteristics as documents of title. This could only be achieved by using a solution that is sanctioned by the banks, ports, customs authorities, ocean carriers and their P&I Clubs. The ultimate objective was to create and implement a standard and scalable process for electronic documents that could be rolled out across all divisions and in support of all settlement types.

Phase 1 – Initial pilot. The corporation successfully concluded a live pilot project to perform fully electronic presentation of documents under a letter of credit. Subject to eUCP, the latest electronic presentation also included an electronic bill of lading. Bolero SAAS applications were used throughout.

Phase 2 - Full roll out of web based Bolero SAAS technology into the main iron ore division. The specific products used were the Bolero ePresentation Application, Bolero eBL and Bolero Exchange messaging infrastructure. The first full transactions went live in 30 days with Bolero providing specialist on-boarding support for the other parties in the trade chain: 26 importers, 32 carriers and 17 issuing banks enrolled within 6 months. The scope has now been extended to include other divisions across the company (notably aluminium and coal) and extension of the importer customer base receiving electronic presentations.

“We now have 70% of our manganese shipments on an electronic bill of lading. This has been achieved in less than 12 months.”
General Manager, Freight, Natural Resources Company

“There has been a 90% reduction in LOIs in the 6 months since going live with our first eBL”
The first end to end, full e-presentation of documents under a Letter of Credit trade into mainland China in support of a $35m iron ore shipment from Perth to Shanghai. In this example, participants included a global advising bank, domestic Chinese issuing bank, Chinese importer and a global ocean carrier. All participants from the carrier, shipper, advising bank, issuing bank and end customer received a fully electronic document set. Due to the success of the pilot, the scope was extended to include other divisions across the company and extension of the importer customer base receiving electronic presentations. Since the first pilot shipment, 70% of manganese transactions now use Bolero eBL.

Exporter benefited from:
- Accelerated cycle time – end to end transaction completed in 2 days with working capital benefits
- Significant reduction in Letters of Indemnity
- No paper documents to process, manage, track, send and archive
- Reduced exposure to market movement and volatility
- Electronic bill of lading (eBL) with full legal title and originality status

Importer benefited from:
- Early arrival of electronic paperwork ensuring clean discharge of goods
- Visibility of transaction to help inventory planning
- Removal of need to use Letters of Indemnity to achieve discharge of goods
- No demurrage costs

Advising and Issuing Banks benefited from:
- New trade service to offer corporate customers
- Early receipt of presentation reducing pressure on checking for acceptance deadlines
- Removal of need to maintain a physical presence adjacent to clients, purely to support delivery of paper documentation?
- Ability to accept presentations outside of working hours

Carrier benefited from:
- Removal of Letters of Indemnity
- Ability to support electronic bills of lading – an increasingly common requirement from their customers
- No requirement to alter the production process of the bill of lading or change the systems it was generated on
- No fees to support their customer – entirely free of charge for the carrier to use
  Simple adoption – browser based so works at port and remote locations

This is the latest in a series of major milestones achieved by the participants in these transactions. The success of this transaction demonstrates both the readiness of the market to adopt electronic processes as well as the acceptance of the Bolero platform in major geographies and legal jurisdictions.

“The ability to issue an electronic bill of lading is now a standard clause in our charter party agreements. Carriers have to opt out rather than opt in.”

“Our whole focus is on migration to a wholly electronic document world. Clearly we look more positively on those partners and suppliers who are able to support us in this objective.”