

## The virtual container yard: A complimentary tool to optimize collaboration in shipping

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**Abstract:** Unlike in other ship types, the container ships cannot offer their services without containers and the shipping space become ineffective. Therefore, containers and slots are complimentary and indispensable service component in liner container shipping. The virtual container yard (VCY) is a modern concept and an effective CIM solution that underpins the collaboration between carriers. Carriers already have common platforms to interchange slots thus it is just one fine step away from implementing the similar strategy for containers. It is, through these findings, expected to change the carriers' myopic view about the container interchange. The actual container statistics in Sri Lanka was extracted from the industry as the source of input for the study. The paper reveals that the VCY could reduce the inventory management cost by 19 percent. Carriers opted to interchange the container slots in cellular ships more than three decades ago. This paved the way for strong collaboration between carriers and provided many financial advantages. It helped in securing economic advantages through scale of economies in highly competitive shipping industry. This paper provides empirical evidences of the financial savings of container interchange under different container sizes and types.

**Keywords:** slots, shipping, virtual container yard, carriers, inventory.