

One key step to finding answers to any logistics, supply chain, or technology challenge is knowing the right questions to ask.

Inbound Logistics assembled a team of supply chain and logistics technology leaders, and asked for their perspectives on the important logistics challenges and opportunities impacting your business.

More importantly, these logistics thought leaders can give you guidance when considering improvements to your business processes.

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Leveraging Collaborative Logistics for Increased Visibility

Q: How can value chain partners cooperate to create and share efficiencies?

A: Significant efficiencies can be realized across the supply chain when all stakeholders (enterprise, vendors, carriers) can collaborate in real time through a standardized logistics execution platform. This type of interaction is also known as collaborative logistics.

The cornerstone of collaborative logistics is timely visibility. Data about orders, inventory, transportation, and spend need to all funnel into a common denominator big data repository and be readily accessible. A Web-native execution platform lends itself to the collaborative logistics execution model as it is meant to operate on the edge of the enterprise. Considered high tech for its complicated logistics algorithms in the back end, and low tech for ease of use on the front end, this type of solution empowers any stakeholder in the supply chain. As you start collaborating with a carrier agnostic system here is what you can expect:

- Visibility into transportation orders, purchase orders, shipments, exceptions, invoices, and spend
- Real-time monitoring
- Real-time reporting. No waiting for reports or data to be input
- Live. If it is happening, you know about it
- Everyone in the supply chain is collaborating around the same data

The benefits of a collaborative shipping strategy include:

- Increased visibility and collaboration
- Reduced transportation spend
- Better capacity utilization with better rates
- Improved trade compliance
- Streamlined carrier base – leading to better rates
- Shipper accountability
- Vendor accountability and compliance reporting
- Vendor charge-backs

Q: When choosing a transportation shipping management platform to enhance cooperation along the supply chain, what should shippers consider?

A: A transportation management system should be easy to use, but powerful enough to handle the wealth of data that is processed when making efficient and cost

effective shipping decisions. Select a cloud-based platform that is accessible through a web browser instead of one that requires software to be loaded on premise.

A Web-based solution ensures that everyone in the supply chain with a login and password can collaborate. Users save time by performing functions through the system that today are handled manually via phone, fax, and email. This new way of operating through a TMS standardizes company processes, reinforces practices and rules across the organization and across the entire supply chain, and provides great savings. Today's cloud-based technology can help supply chain managers streamline their processes and save significant time, costs, and resources.

Look for these features while considering moving towards an online TMS solution:

- Load tendering capability
- Global visibility into shipping status
- PO issue tracking and reporting
- Carrier portal and vendor portal
- Ready PO data
- Load planner dashboard
- Exception management and alerts
- Mobile ready

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Improve Your Supply Chain's Stability During the Next Procurement Event

Q: Why is now the right time to consider a transportation procurement event?

A: The transportation industry consistently faces capacity volatility, demands for improved service, and relentless focus on cost containment. Two years ago, shippers witnessed on-time delivery fall as low as 80 percent while the spread between contracted and spot rates exceeded 25 percent. In 2015, capacity began to balance, intermodal and truckload service improved and primary carrier utilization was once again in the mid-90 percent range.

As we begin 2016, many carriers have restarted solicitation campaigns to generate additional volume while requests for price adjustments received by shippers have eased. Additionally, the amount of spot volume within the market is down over 60 percent from a year ago and the current spread between contracted and spot rates is less than 10 percent. The current “shipper friendly” cycle will transition into a turbulent capacity environment in late 2016 and 2017 as regulatory changes are realized.

Now is the right time to improve your supply chain's stability, scalability and resiliency. Transportation providers are seeking collaboration with shippers as their networks have also experienced significant change. Both parties are focused on pending regulatory changes that will place greater tension on the industry and likely lead to a constriction of capacity similar to what was experienced in 2014.

new providers and establishing EDI also add considerable time.

There are experts with tools that allow sophisticated scenario-based analysis and optimization capability. This analysis is critical to explore options for a solution and for weighing the value of each option.

Many shippers choose to utilize a logistics provider to help guide them through the complexity of the process, mitigate risk and advise them on carrier selection. A logistics provider will provide business insight, transportation expertise and benchmarking capability through experienced professionals and proven processes and technology.



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While remaining market-competitive on price is important, we believe there is real value in working with key asset-based transportation providers to re-balance their capacity and meet shippers' long-term needs. The objective is to have a balance triangle of cost, service and capacity over the next two years vs. the next six months.

Q: How is a bid process executed?

A: For network events, the duration can last between 14-60 days and includes numerous interaction points between the transportation provider(s) and the shipper's procurement team. Additionally, contracting with

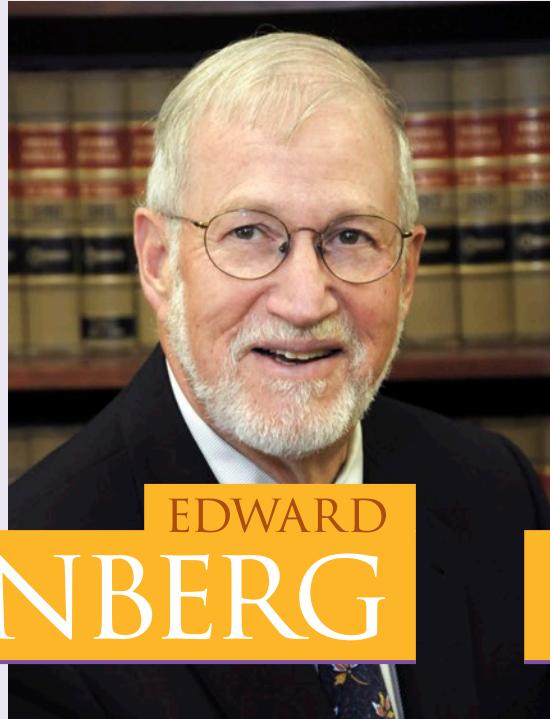
The procurement process is critical to overall supply chain integration and success. Implemented and managed effectively, it aligns an entire team around a common strategy, objectives and key deliverable targets. It also encourages dialogue and collaboration with transportation suppliers, which fosters a “shipper of choice” environment. Most importantly, it supports the long-term needs and health of a complex and dynamic network.

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Demurrage and Detention Charges: Are They Equitable?

Q: Given recent port congestion, stoppages, and increasing vessel sizes, what impact does that have on the equitable assessment of demurrage and detention charges?

A: It is the responsibility of the carriers and the ports to make cargo available to the shipper before there should be any consideration of beginning the free time clock and assessing demurrage and detention charges. It appears, however, that the carriers and ports have seemingly tended to automatically assess demurrage and detention without regard to whether congestion, labor slowdowns, shortage of chassis, shortage of truckers, or carrier operating practices have made it difficult or impossible to move containers into or out of the port area. Yet these problems are largely attributable to the



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actions or inefficiencies of the carriers and the ports rather than cargo interests, so that there is little that is equitable concerning this issue at many ports.

Q: What action can Washington take to address these issues?

A: The Federal Maritime Commission (FMC) has significant authority to address these issues. And, the National Customs Brokers and Forwarders Association of America recently called for the agency to initiate a Fact Finding Investigation, and that would be a good start to dealing with the problem.

Under the Shipping Act, carriers and the ports are required to establish and observe reasonable practices. It is hard to see how publishing tariffs that purport to abdicate carrier responsibility for delay is anything but unreasonable. Even assuming demurrage and detention is appropriate under circumstances of this nature, the levels of demurrage being assessed are often unconscionably high and appear to serve primarily as an additional revenue source for the carriers. In short, while demurrage and detention charges are intended to encourage the efficient use of carrier assets, today this seems

primarily to be used as an additional source of carrier and port revenues. Worse, their inefficiencies are actually rewarded. The FMC has the authority to look into this, and issue orders that stop or at least ameliorate these problems. Indeed, the agency can order carriers to pay reparations back to those shippers that paid charges that are ultimately found to be unreasonable.

Q: What can the shipper community do to address this continuing and growing challenge?

A: Just as the shipper community got together to push Congress and the White House to intervene in the West Coast labor issues, they should make their views known to the FMC so that this is not treated as a “business as usual” type of issue. Otherwise, the carriers and ports will have no incentive to deal with their inefficiencies and vessels will continue to get larger without any rational plan on how to ensure that the cargo can efficiently move on and off the ships without unduly taxing cargo interests.

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Realizing the Power of a Leveraged Platform

Q: How can today's manufacturers deal with increasing regulations, demand volatility, and shifting global trade currents?

A: One way a manufacturer can mitigate the effects of increasing regulations and demand volatility is by working with a third-party logistics (3PL) provider with a leveraged platform. When a 3PL provider utilizes a leveraged platform, it is employing the same best practices to manage its own supply chain needs as it uses to meet the needs of its client base. Benefits include consistent and sizeable freight volume and expertise regarding the impact of logistics on a business overall.



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A leveraged platform is also likely to have a global transportation network, strong carrier relationships, and simplified pricing to help manufacturers cost-effectively manage domestic and international shipping and distribution needs. Also, advanced transportation management systems employed by providers with leveraged platforms simplify less-than-truckload management by allowing shippers to easily compare competitors and gather reliable quotes for the most cost-effective rates. Shippers can leverage a transparent, technology-backed network to control shipping costs while streamlining the logistics management process.

Q: What innovative sustainability initiatives also increase efficiency in logistics?

A: According to *T&L 2030*, a series of studies produced by professional services firm PwC, supply chain stakeholders are expected to support sustainability goals of the other parties in the shipping process. With this in mind, successful companies identify, measure, and continuously improve efficiencies associated with consumption and use of energy and other resources. In logistics, companies can join the EPA's SmartWay Partnership to promote energy efficiency throughout their shipping activities. The Partnership brings key freight shippers, trucking companies, railroads, logistics companies, and trade/professional associations together to follow mutually advantageous efficiencies.

Q: Why do companies have such a hard time embracing global trade management?

A: One reason is the ever-increasing complexity of global trade management. This can be mitigated by using a single-source 3PL provider that understands how to put both domestic and international distribution systems to work for its customers. The experts who man such interconnected global networks deliver deep, valuable and actionable insights on the best ways to deliver freight to its final destination. A 3PL provider often has extensive knowledge of U.S. and foreign requirements and regulations, which helps reduce the amount of time spent managing customs, duty/tax calculations, and other transportation requirements.

Another reason organizations experience challenges with global trade management is the lack of visibility into the supply chain. Shippers often seek increased visibility into their global shipments. A leveraged platform with technology-backed solutions can be used to gain a complete understanding of shipping and delivery trends that impact project outcomes. These tools let shippers view tracking information in real time and seamlessly trace shipments to know exactly where freight is, no matter what stage of the delivery process.

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