

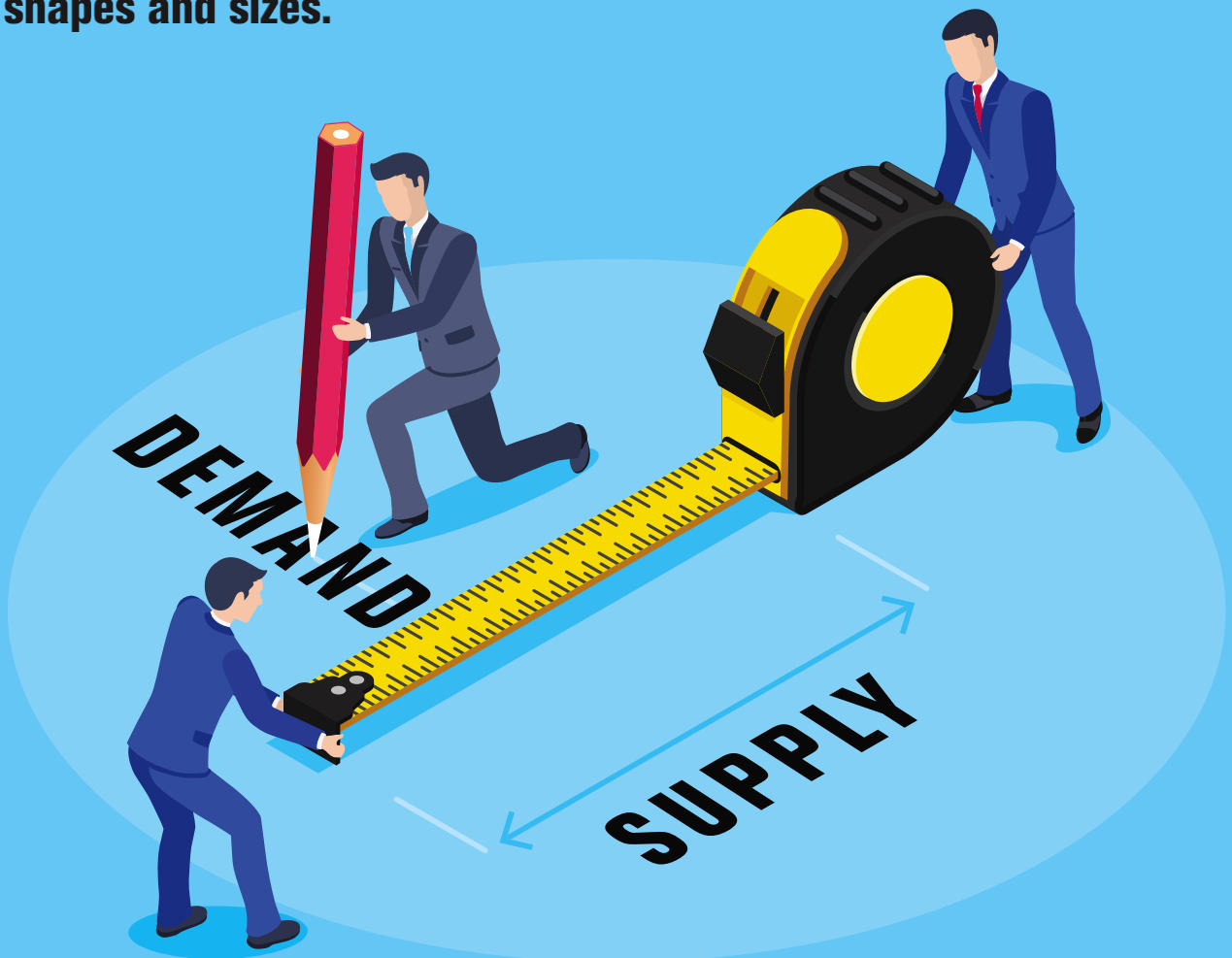
3PLs Custom Fit Solutions

From providing seamless technology integrations to tailoring transportation networks, 3PLs reinforce supply chains of all shapes and sizes.

VUCA or “volatility, uncertainty, complexity, and ambiguity” has been disrupting supply chains for several years, says Jim Tompkins, founder and chair of consulting firm Tompkins International.

Then came 2020. “COVID-19 has been the mother of all VUCAs,” he says, unraveling many supply chains and compelling shippers to intensify their focus on supply chain resilience and agility.

These shifts drive organizations to seek “capital efficient” ways to run their businesses, says Balika Sonthalia, a partner in the strategic operations practice of Kearney, a global management consultant. She’s also co-author of the firm’s annual State of Logistics report. “Sectors that were previously less open to the concept



of one-stop-shop third-party logistics (3PL) providers will be more open now,” Sonthalia adds.

The global 3PL market will grow by more than 8% annually between 2020 and 2025 with “the rapid growth of e-commerce driving the demand for 3PL services across the globe,” according to Mordor Intelligence.

To get ahead of this growth, many 3PLs are investing in technology and solutions that enhance their ability to help clients meet the complexity of e-commerce orders, heightened expectations for speedy and accurate deliveries, and demand for features such as package track and trace.

MOVING THE TECHNOLOGY NEEDLE

“Going forward, it is not as much about the technology within the four walls,” Tompkins says. Visibility must extend to all areas of the supply chain.

Companies’ need for end-to-end supply chain visibility is driving demand for seamless technology integrations between shippers and their supply chain partners, says Dave Brajkovich, chief technology officer with Polaris Transportation Group, based in Toronto, Ontario.

“A lot of our clients expect us to not only feed them the transactional pieces of service, at a competitive price and high quality, but also to provide insights and real-time data on their freight and order status,” he notes.

At the same time, insight and data has to move “quicker, faster, and better” between logistics providers and their clients, so it can aid in intelligent decision-making, says Dave Cox, president and chief executive officer of Polaris. This is also generating interest in technology integrations.

As a result, while technologies that move information in batches, like electronic data interchange (EDI), are still widely used, many are being replaced with direct, system-to-system integration using application programming interfaces (APIs), says Chris Burroughs, vice president of government affairs for the Transportation Intermediaries Association (TIA).

Over the past few years, shippers, 3PLs, and carriers have implemented freight visibility platforms to assemble tracking data gathered from electronic logging devices (ELDs), back-office systems, and mobile applications, along with external sources, such as traffic and weather apps.

The result? They give “supply chain professionals a central dashboard to proactively monitor all shipments in transit,” Burroughs adds.

TRANSPORTING GOODS MORE QUICKLY

Technology that can speed order fulfillment and delivery has also become critical, says Tom McCormack, chief information officer with Taylored Services, an *Inbound Logistics* Top 100 3PL with locations on the East and West Coasts of the United States.

“Two years ago, it was acceptable to guarantee an order placed at 10 a.m. or 11 a.m. would ship out that day. Now, that time frame has slid to late afternoon,” he says.

Adding further complexity is the inherent randomness of e-commerce orders. “Consumer behavior is very difficult to predict,” McCormack says. In contrast, orders headed to distribution centers or retail stores tend to follow established patterns.

Another key consideration in logistics providers’ technology investments is an ability to supplement their labor forces, given both the unpredictability of e-commerce orders and a tight labor market, McCormack says.

A growing number of 3PLs are turning to technology, such as autonomous bots, to supplement their labor force as needed. Material movement and automation equipment can also supplement a company’s workforce.

Together, these trends are prompting a shift in the relationships between logistics providers and their clients, Cox says. Rather than focus on transactions, logistics providers are implementing solutions and processes that allow them to work as partners with their clients. This better allows shippers to not only meet, but to step ahead of the increasing demands of e-commerce transactions.

FINDING A 3PL THAT MEASURES UP

When assessing potential logistics partners, consider these attributes:

1) An ability to invest in and develop solutions that fit your needs. Technology today must offer real-time, end-to-end supply chain visibility and actionability to deal with uncertainty.

2) An account management team that includes operations experts who can help solve problems. “Pure-play, sales-driven account teams are not helpful for shippers,” says Balika Sonthalia of Kearney.

3) Internally integrated teams. Some logistics providers have different account teams for transportation and warehousing. That can make it harder to holistically address challenges.

4) A footprint that realistically matches your needs. Early in the pandemic, shipments were heavily backed up at the Ports of Los Angeles and Long Beach. Providers that worked with multiple ports had more options for re-routing, says Christopher Monk, managing director in the supply chain consulting practice with Protiviti.

Similarly, to meet today’s tight delivery time frames, logistics providers need warehouses closer to end consumers, rather than one or a handful of warehouses in remote locations.

The logistics providers profiled here demonstrate how they’re implementing the tools and processes that allow them to work with their clients as true partners.

POLARIS TRANSPORTATION GROUP: SUPPORTING ALL SUPPLY CHAIN FACETS

Through innovation, service, and a collaborative approach, Polaris Transportation Group assists its customers with all facets of their supply chains, including Canada/U.S. cross-border and domestic over-the-road LTL, intermodal service, short- and long-term warehousing and distribution services, and expedited ground and air service, among other services.

As important as its service offerings, Polaris has transformed itself into a



From over-the-road to digital services, Polaris Transportation Group supports all supply chain facets. Pictured above (left to right): CTO Dave Brajkovich, CEO Dave Cox.

digitally enabled company. “Technology has been an absolute game changer for the transportation supply chain industry, and has become table stakes for doing business,” Brajkovich says.

NorthStar Digital Solutions, a Polaris technology subsidiary established in 2019, is charged with creating “software products that can help the supply chain transportation vertical become more digitally adept,” Brajkovich says.

Through NorthStar, Polaris leverages multiple technologies, including robotic process automation, machine learning, Internet of Things, hyper-ledger solutions, and artificial intelligence to consolidate and automate older technology, and create seamlessness between Polaris and its clients and partners.

GREAT CUSTOMER EXPERIENCE SEWN UP

This isn’t technology just for technology’s sake. The goal always is to enhance the customer experience. Technology provides Polaris and its clients with quicker access to information, and the ability to better understand data and make more informed decisions.

“You can say, ‘here is where I need to focus.’ And you know your time is being spent in the right areas,” Brajkovich says.

This benefits both Polaris and its customers. “Because we’re able to better predict, for instance, when our customers are going to ship, we can

NO LONGER HEMMED IN BY A TRANSACTIONAL FOCUS, 3PLs ACT AS PARTNERS, IMPLEMENTING SOLUTIONS AND PROCESSES THAT LET SHIPPERS BUILD AGILE SUPPLY CHAINS.

manage our capacity better,” Brajkovich says. That boosts the likelihood shippers will gain access to the capacity they need, when they need it.

Its investments in technology have also helped Polaris scale its business while freeing employees from manual, mundane jobs to work on more complicated challenges. “We’re creating a smarter Polaris engineer,” Brajkovich says.

Polaris also leverages GPS technology to help ensure its drivers remain safe and to enable dispatchers to schedule more efficiently. A mobile app has moved many paper shipping and transportation documents online, reducing contact points between truckers and shippers—key during the pandemic—and streamlining previously manual processes.

To safeguard its technology offerings and its partnerships with clients, Polaris has invested heavily in security. “We see investing in security as an insurance policy to protect our business, our clients, and our partners,” Brajkovich says.

All these investments represent an important improvement to what has been standard ways of operating. “Traditional business decisions involve a budget that predicts forward, and then a monthly statement that looks backwards. There was nothing in real time,” Cox says.

Now, because of its technology investments and its commitment to service, Polaris is able to make real-time, optimal decisions that help its clients improve their own performance. This digitalization has allowed Polaris to better understand their capacity and take advantage of dynamic pricing, as well as real-time package tracking minute-by-minute.

“The information we have now is the equivalent of driving a car,” Cox says. “High performance, speed, and shifting gears. It’s mind-boggling the information that we have and what we can do with it to help our clients.”

TAYLORED SERVICES: CUSTOMIZING SOLUTIONS

For almost three decades, Taylored Services, LLC has provided warehouse, distribution, and fulfillment center services nationwide, as well as innovative solutions, including robotics, data integration, and analytics to its clients.

In December 2020, Taylored added to its capabilities with its acquisition of Toll’s Global Logistics Division, which is headquartered in Australia. Taylored picked up seven additional distribution sites, and expanded transload and transportation services.

Today, Taylored offers 4.1 million square feet of warehouse and distribution space, located strategically near ports on the East and West Coasts. The close



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proximity reduces the cost and time required to transport containers from the ports to a Tailored facility, says McCormack. In fact, most containers can make the move within 15 minutes, he adds.

The company's multiple locations allow it to provide its clients a range of transportation, transload, and distribution solutions. "We're able to customize a solution from the port to the consumer," says McCormack.

Many of Tailored's clients are mid-sized to larger organizations in the apparel, accessory, and footwear industries. "That's our sweet spot," McCormack says.

This specialization has enabled Tailored to develop expertise and solutions dedicated to the sector,

including a 99.99% fill rate and expertise in returns processing.

Tailored also has become an expert in meeting retailers' myriad compliance requirements. Whether a retailer requires notification 72 or 48 hours, or some other time frame, in advance of shipping, Tailored can handle it.

Similarly, if a retailer requires a specific pallet height, Tailored knows how to meet it. "We have the level of expertise, as well as relationships with the transportation organizations in each of these retailers, to be effective," McCormack says.

INNOVATION IS THE COMMON THREAD

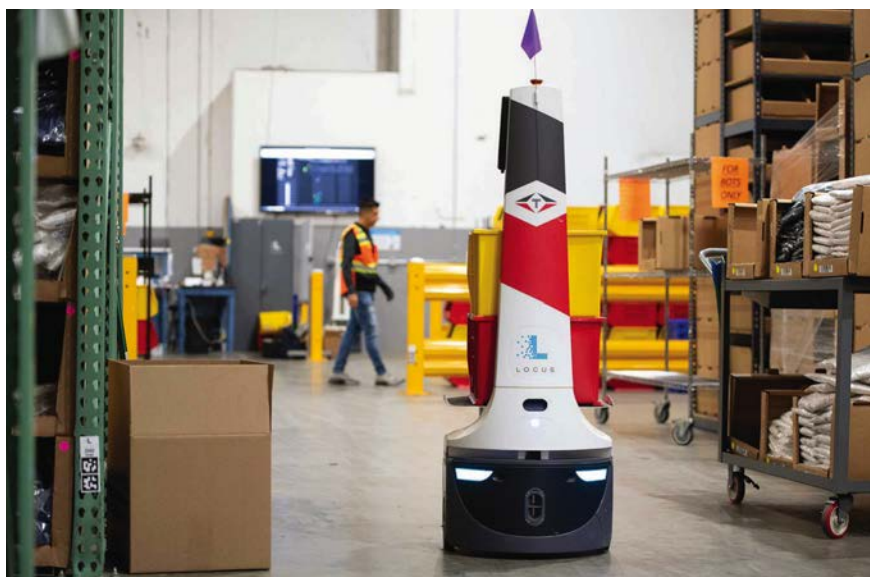
As its clients' goods move, Tailored's information systems provide visibility to their location. "We're able to show our customer at a glance and at any time where their product is," McCormack says.

At the same time, clients who prefer self-service can use the online applications to see their orders' locations and estimated arrival times—all in real time.

While the shipping process typically includes many paper documents, Tailored's optical scanning solutions can upload to its portal multiple shipping documents, including bills of lading and manifests. This makes the information on these documents easy to find and quickly accessible to customers who need to, for instance, research a charge.



Tailored Services provides warehouse, distribution, and fulfillment services, as well as advanced solutions, including robotics, data integration, and analytics.



KEEPING PARTNERS IN THE LOOP

A strong relationship between a shipper and a 3PL can be fostered with six common-sense guidelines:

- 1) The relationships are "most definitely not set it and forget it,"** says Monk of Protiviti. "You have to actively manage them." In some cases, this role might be a full-time job for a shipper's employee.
- 2) Craft contracts with teeth.** Include measurable performance objectives and service level agreements.
- 3) Be proactive.** "Don't let performance degrade and then raise your hand six months later," Monk says. Alert your partner to problems before they escalate.
- 4) At the same time, understand the relationship cuts both ways.** Try to be a reliable customer. For instance, continually changing plans last minute makes it harder for a 3PL to help you.
- 5) To the extent possible, share plans and forecasts.** "The more notice a logistics provider has of, say, an expected sales uptick, the better they can respond," Monk says.
- 6) Develop a two-way relationship.** Both sides should employ an investment and growth mindset, rather than focus on short-term profits or costs.

Tailored's wholesale bulk services also encompass innovative technology. One example is the company's sorters and conveyance solutions that can pick up to about 80,000 units a shift.

They also can manage e-commerce and direct-to-consumer orders, using the fleets of autonomous mobile robots in which Tailored has invested. These AMRs can double the number of units picked per hour, when compared to a purely manual process.

Through its expertise, investment in leading technology, and focus on providing customized solutions, Tailored Services helps its clients operate more efficiently and effectively while meeting their own customers' needs. ■