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How to Reap the Benefits of Asian Free Trade Agreements

Asian governments began developing bilateral free trade agreements (FTA) in addition to region-based multi-lateral agreements in 2000. These bilateral agreements were viewed as easier to negotiate and provided a quicker way to open up new export markets. The growth of bilateral FTAs in this region has led to what many economists refer to as the “noodle bowl problem.” Rather than having an integrated set of trade rules applicable to the various governments, the region is complicated by dozens of bilateral agreements that are often inconsistent.

These squiggly lines connecting trade agreements result in a variety of tariff rules and administrative processes. This makes it more difficult for companies to manage the compliance requirements so they can take full advantage of FTAs within the Asian region.

In 1992, The Association of Southeast Asian Nations (ASEAN) established a trading agreement known as the ASEAN Free Trade Area (AFTA). The original members were comprised of Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand. Vietnam, Laos, Myanmar and Cambodia all joined throughout the remainder of the 1990s.

AFTA delivers a competitive edge for importers and manufacturers within these countries through tariff reductions and relaxed trade requirements. Benefits include reduced importer costs, improved customs clearance times, less complicated trade procedures, and increased access to a wide range of products eligible for preferential treatment. However, AFTA doesn't make trade less complex. Complexities exist as each ASEAN member still administers AFTA through their own national trade authorities and agencies. This places a burden on companies as they seek to meet each respective country's declaration and qualification requirements.

Asian FTA procedures differ from others. Taking NAFTA as an example, which allows self-certification where the exporter issues the preferential certificate valid up to one year, and importers claim preference using the ‘blanket certificate’ for multiple shipments until such certificates are valid. In contrast, Asian FTAs have more pre-shipment compliance requiring companies to obtain a Certificate of Origin from the exporting country agency to achieve duty savings. As a side note: counterfeit government-issued certificates of origin have become a significant global trade issue. Actions have been taken to inhibit this practice including

the addition of linear bar codes and online platforms to validate authenticity.

Software technology solutions are transforming the ability of companies to manage and track the multiple factors and various data required to take advantage of Asian FTAs. To comprehensively address the challenges, companies should equip their supply chain and global trade professionals with software solutions that address the following elements:

- Automate the BOM analysis and qualification
- Fully manage certificates of origin by linking them with products
- Accurately calculate, submit and store manufacturers' cost statements to better meet qualification requirements
- Efficiently collect and summarize supplier information to support preferential claims
- Analyze product, supplier and import/export activity to identify potential FTAs available

The benefits can be significant. With the right software solution, importers and exporters can address the complexities of managing Asian FTAs resulting in the following benefits:

- Boost duty and tax savings
- Increase process efficiency
- Ensure all country-specific compliance requirements are met
- Maximize duty savings
- Reduce manually intensive processes

More and more companies are realizing the benefits of fully managing eligible FTAs within the Asian region. Executives are becoming more familiar with the significant cost savings that can result and are directing supply chain and trade staff to realize the benefits preferential trade can have on the company's bottom line and global supply chain performance.

Global Trade Management (GTM) solutions play a key role in providing the deep expertise and software solutions required to meet the regulations mandated by Asian bilateral and multilateral agreements. By efficiently addressing pre-shipment and other requirements unique to Asian FTAs, your global supply chain can reduce the administrative burden, obtain preferential duty rates and improve the flow of goods across Asian borders.



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Mastering Logistics Complexity: How to Take Control With Technology

There was a time when road distribution was either local delivery from local producers, or the 'final mile' delivery of goods that had been transported longer distances by rail or interstate highway first.

The typical journey was either point to point or a regular circuit of collections and drops. An experienced transport manager, or even the driver, could plan a reasonably efficient set of routes that was achievable and practical.

But the requirements that transport operations face today are much more complex and the expectations of consumers and businesses have evolved beyond recognition.

Delivery schedules need to cope with pick-ups from multiple sources and delivery to multiple destinations. Regulations have been introduced affecting everything from driver hours to environmental performance and restrictions on permitted times for deliveries. And in most areas transport operators are faced with an ever more congested road network.

With these increased levels of complexity, it is no longer feasible to expect even the most skilled and experienced planners to devise effective routes and schedules manually. Instead organizations are looking to technology to help manage the complexities of the transport operation but also to differentiate in the increasingly competitive markets they operate in.

Turning Complexity Into Advantage

All this complexity is not in itself a bad thing. The transport industry has shown and continues to show its ability to embrace complexity and to use methods and technologies to turn complexity into advantage. Examples include:

- 3PLs introducing new ways of managing distribution and new levels of professionalism
- Distribution centers introducing cross-docking and 'hub and spoke'
- Fleet operators introducing integrated operations combining fleets and movements to minimize fleet sizes, mileage and empty running

Competition in logistics has helped change transport and distribution from a cost center to a source of competitive advantage. Technology is key to this, helping organizations to drive efficiency

and save money in the following ways:

- The ability to plan better
- Managing all available resources
- Dealing with legal requirements simply
- Combining choice, convenience and profitability

But What of the Future?

As big cities get more congested, central government and local authorities are keen to identify new ways of cutting down on the number of vehicles converging in these densely populated areas.

For example, in London and Singapore vehicle entry fees have been introduced, while elsewhere authorities are suggesting deliveries should be consolidated. This involves bringing loads into out-of-town centers where they can be combined to make the most efficient use of resources, and the least environmental impact, for example by sharing trailers, regardless of the identities of the shipper and recipient.

There are substantial financial and environmental benefits to be had. Increased drop density yields greater productivity, reduced overall fleet size, reduced overall mileage and less harmful emissions. While the introduction of backloads beyond those of conventional returns, warehouse carts and packaging to the depot could reduce empty running. But it would require partnering commercially, and systemic integration between many partners. Understandably there is some resistance to this.

The Transportation Office of the Future

Transport and logistics operations are inherently complex in order to meet the needs of their customers and end-users. But where until recently this was an obstacle to efficient operation, now there is the ability to turn it to competitive advantage.

It is not only possible to reduce costs and improve the efficiencies of operations, but also cut the time, effort and cost of planning while making it ever more responsive to customer needs. By mastering complexity, companies can achieve the holy grail of reduced cost and improved customer service.

Read our Mastering Logistics Complexity Whitepaper (<http://bit.ly/MasteringLogisticsComplexity>) to discover more about how technology can turn complexity into opportunity and the types of benefits that can be expected.



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Winning on Your Terms

In an age when so many conversations begin with, “Have you heard what Amazon just announced?,” wouldn’t it be nice to have your competitors worry about *your* latest supply chain success?

It’s rather easy to become distracted by the daily activities of the world’s largest retailer. But keeping our collective eye on the ball has never been more important. Regardless of what the mega-retailers are doing, 3PLs and other supply chain operations need to focus on expanding the services and enhancing the value they provide to their clients. Sales, customer loyalty, profitability—each of these vital measures of success will follow only if we all stay at the top of our game.

Winning with Technology

If the successes of Amazon and other global giants have proved anything, it is that technology can be a powerful differentiator. Given this fact, any supply chain organization that is not leveraging the full value of its transportation solutions portfolio is probably leaving opportunities on the table.

Many of your competitors have already accepted this reality and are investing in new operating models, technologies and other competitive resources to attract new customers and win more business from existing ones. Moreover, they are pushing the very limits of their existing TMS solutions—or investing in new solutions—to increase their differentiation and drive change in the marketplace rather than have change dictated to them.

These competitors are investing in an array of new capabilities that allow them to improve service levels and reduce costs at every step of the transportation life cycle. These include using **real-time rating verification** rather than relying on posted (and likely outdated) rates. You can even leverage this capability ahead of the WMS to find the best carrier/service options for every shipment.

Just as carriers optimize loads to enhance margins, logistics providers should be able to continually build and rebuild loads to reflect real-world situations, including multi-stop, pool points and any constraints. This **advanced mode planning** capability offers the flexibility needed to win new business while improving bottom-line performance.

Enhanced **reporting and analytics** can arm your team with accurate business and market intelligence. Shippers and carriers are aggressively leveraging analytics to identify efficiency concerns and reduce costs. It’s in your own best interest to use analytics to more proactively resolve potential customer satisfaction issues and uncover new opportunities.

Cross-dock operations are prime targets for improved efficiency and visibility—both of which benefit the ultimate customer. Paper-based dock management systems are slow and costly; what’s more, they prevent the near-real-time visibility demanded by retailers and their customers. Trailers and loads can now be tracked and routed in real time thanks to highly affordable yet robust mobile scanners tied to a modern TMS platform.

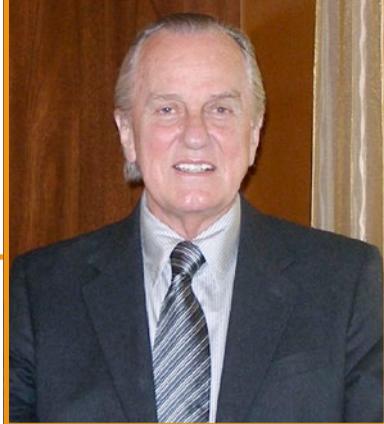
As the competitive pace quickens, your team needs to maintain its entrepreneurial edge, which can be all but impossible when they’re buried in paper. Empower them with a TMS that automatically captures data, speeds carrier and client onboarding, initiates contracts and automates other time-intensive processes. **Automated documentation** is a no-brainer from an ROI standpoint even before considering its significant back-office productivity and employee satisfaction benefits.

A modern TMS solution can also allow you to explore the impressive benefits of **pool distribution**. Setting up multiple pool points based on cost rather than shipment size can help 3PLs and brokers best match routes to a given mix of freight.

Grow Faster, Smarter

By leveraging a TMS that addresses each of these core capabilities, logistics service providers can generate the revenue needed to create truly differentiated, highly personalized services. In the sea of the standard order-to-cash lifecycle, standing out in a crowd with the flexibility to address each client’s unique requirements with a high level of personal service and efficiency can make LSPs the most attractive option.

To learn more about TMW’s solutions for logistics service providers, visit www.tmwsystems.com.



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What Your Transportation Management System Should Provide

The transportation and logistics world is abuzz with the need for ever stronger and more diverse transportation management systems (TMS). This is apparently true for small and large shippers alike. And in today's world of diverse rates and worldwide shipping operations, both inbound and outbound, the need grows stronger each year.

So what should a solid, viable TMS solution be able to provide?

1. Select the lowest cost carrier for that particular shipment, mode, and accessorials. (Rating Engine)
2. Should also indicate service level to further allow an accurate choice.
3. Consolidate multiple shipments onto a string drop load or pool distribution network if needed and possibly from the data that day. (Optimization)
4. If needed, create the bill of lading for the shipping point (be it an inbound vendor or outbound shipping department) and consolidate multiple orders for the same day and destination.
5. Dispatch the shipments to the appropriate carrier. (Tendering/Booking)
6. Confirm that the pick-up will be, or has been made, with the right carrier. (Tracking violations)
7. Start tracking the location of the shipment from the moment of pick up to delivery.
8. Verify the invoice received or produced by the carrier is accurate.

9. Apply the correct account coding information on that shipment. (Use for Accruals)
10. Produce reports to management on trends, totals, and on time transit factors for individual orders or a given supplier or freight carrier. (By product, by class, by locations.)
11. Send reports automatically to anyone designated in the company or into an ERP system.

Anything less than the functionality listed would short-change the retailer or manufacturer against what is possible and available from some of the best TMS providers. A database of consignees or vendors should also be retained to reduce the amount of time needed for entry and carrier/rate selection, as well as historical information so that special accessorials associated with a particular destination would be known in advance.

There should not be a limitation in the use of rate tariffs. Each carrier should be able to use their own private tariff and not have to be party to Czar or some other network. Fuel surcharge should be fully loaded with automatic weekly updates per government changes in the fuel cost factor.

Freight Management, Inc. (FMI) has spent over \$2 million in developing its system. FMI's software is more than just SaaS. It's a full-service solution backed by experts and due to the ever-changing needs of their clients, the development process continues to stay ahead of those fluctuations. Additionally, the solutions are broken into working segments as to complement an existing program with little to no disruption. We invite demonstrations and webinars should anyone need further detail to make decisions for the future of their company in this chaotic world of transportation and logistics.



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Testing the Quality of Logistics-Critical Applications

Deploying applications quickly and affordably, and ensuring those systems perform as promised, will be a key to success in tomorrow's freight and logistics sector. You no doubt recognize the need for robust apps testing. Often the challenge is finding the tools and capacity to break the testing logjam – and to accelerate your time to innovation.

Software applications, perhaps as much as trucks or ships or other traditional assets, are driving competitive advantages in the freight and logistics industry. Will your apps be ready for a changing transportation environment?

Ongoing economic uncertainty translates to wide fluctuations in shipping demand. Consolidation continues, supply chains grow more complex, and labor and equipment costs mean tighter profit margins. Uber-like crowd-sourced alternatives and other disruptive developments may be complicating your “last mile” calculations.

Hybrid and cloud-based infrastructures are increasingly common. Digital technologies promise greater speed and visibility, but also pose very real hosting, integration, and apps-related challenges. Sophisticated applications are needed to manage crucial pickup and delivery functions, as well as transportation and warehouse management, pricing and rating, and customer relationship management.

Commercial off the shelf (COTS) solutions are often preferred for many basic freight and logistics requirements. Other tasks, such as managing less than truckload (LTL) activities, are frequently handled using proprietary applications. Even when firms deploy COTS, those solutions must be integrated and often heavily customized. Applications security is a growing issue, as logistics firms add and integrate systems and as they plug into global value chains that span hundreds of partners and customers.

The Testing Quality Imperative

All of these changes suggest the need for robust applications testing and quality assurance. Leaders in the freight and logistics sector recognize this imperative, and research confirms it. In a 2016 Market Trends analysis, Gartner cites the need for applications testing to evolve as organizations across all sectors move to digital business models.

The question is not whether to test, but how best to acquire the needed testing tools, capabilities, and capacity.

The fact is: Testing backlogs are often the single greatest issue that prevents organizations from quickly and efficiently deploying innovative applications. Some address these needs with internal staff, others with outsourced partnerships, and many with a hybrid mix of resources.

To break the logjam, freight and logistics firms can deploy from a more comprehensive, modern approach to applications quality.

Testing Your Future

The outlines of that future-oriented model are clear. Freight and logistics organizations can leverage modern testing and quality assurance solutions to deliver mission-critical applications more quickly, more affordably, and with higher quality. A robust approach to quality assurance should address all key types of testing: functional, performance and regression, automation, mobility and security testing.

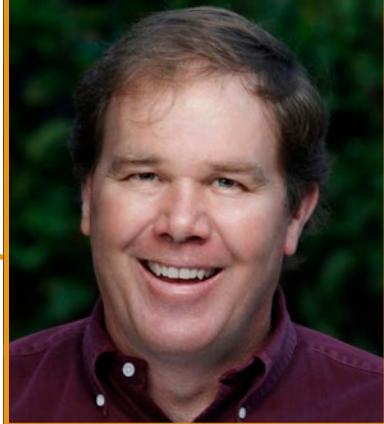
A comprehensive model may also include initial test planning, assessments, test and defect management, and expert consulting. For freight and logistics firms that seek greater flexibility and economies, testing-as-a-service and other consumption-based models may be appropriate.

Advanced testing enables transport-oriented organizations to identify and eliminate defects in application development and management processes. So they can address those issues before they cause serious operational, economic, or reputational damage.

Strong quality controls can also reduce post-release defects and reworks, and therefore the total cost of applications ownership. Standardized testing tools and processes translate into higher overall quality for mission-critical apps. Better testing helps validate risk mitigation and application security in more challenging hybrid landscapes.

Innovative testing methods can greatly reduce the chronic “backlog” issue – shortening cycle times and accelerating time-to-innovation. Astute leaders know: that's the key to success in tomorrow's freight and logistics marketplace.

HPE's consultants can take you through the entire process; helping you determine a testing approach and strategy, implementation, and providing testing services operationally to help you deliver the quality and time to market your business requires. Please contact Andre Smith at andre.r.smith@hpe.com.



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How 3PL Warehouses Can Capitalize on the Escalating Demands of Prospects and Customers

2017 is looking to be a memorable year for the warehousing industry. For the first time since the mid-2000s, 3PL warehouses are not only in demand, but in a position of strength. This will provide 3PL operators with a unique opportunity to build lasting relationships with key customers, suppliers, and retailers of their choice.

However, it also means an increased demand for quality service from warehouses and fulfillment centers. In order for 3PLs to succeed in this new environment, they must be ready to respond to one of the biggest challenges facing our industry today: The escalating levels of customer and prospect expectations.

Increased customer demands can be directly attributed to the on-going breakthroughs in web-based, e-Commerce, and mobile technologies. These advancements have helped spark the explosive growth of e-Commerce sales worldwide. This growth is already benefitting 3PLs who can handle e-Commerce fulfillment. In fact, for many of these 3PLs, B2C e-Commerce fulfillment has grown from a side business to a main source of revenue.

Yet, these same advances are enabling e-Commerce customers to demand access to more data and information. Shoppers now expect to view an “endless aisle” of product options, in real-time, via their mobile devices. They also expect to be able to make purchases on the fly without any security concerns, and have access to a range of delivery options – sometimes even as soon as that same day.

B2C e-Commerce fulfillment also entails an entirely new level of expectations with regard to processing orders. To succeed in this environment, 3PLs must become proficient in a whole new range of services to ensure their retail customers’ brand images are presented properly. This includes everything from the box the item is packed in – to the pre-printed custom labeling, the package contents, the neatness of the packing and so on. In the area of package presentation, it is all about the details.

This is one of the most critical requirements for 3PLs who want to cash in on the B2C fulfillment boom. A retailer’s concern that they could lose control over their brand presentation is one of the main reasons why they might hesitate to outsource fulfillment to a 3PL warehouse. It is something all 3PLs must get right if they are to win the trust of their customers.

In the end, building strong relationships and providing qual-

ity service are still the keys to long-term success. 3PLs who can master the art of exceeding customer expectations will have an on-going strategic advantage. To do so, today’s 3PLs must be able to do the following:

- **Build Seamless Connections with Multiple Sales Channels** – Great e-Commerce fulfillment service revolves around accurate, real-time inventory, pick-up and delivery information. This requires integrations throughout the length of the fulfillment chain. If connections are faulty or information is inaccurate, this most basic of requirements becomes impossible.
- **Select the Right e-Commerce Engine** – The right e-Commerce engine should be inexpensive, easy to integrate, and capable of working seamlessly with a WMS. Anything less could cost a 3PL valued customers or new business.
- **Adhere to the Highest Standards in the Fulfillment Process** – A 3PL’s customer is entrusting them with their most valuable asset – their brand image. It is important 3PLs handle every item as though it was their own.
- **Maintain Strong Relationships with Delivery Partners** – In e-Commerce fulfillment, last-mile delivery services represent a significant challenge, as they are beyond a 3PL’s direct control. Maintaining strong partnerships will be key to managing problems, lost packages, or damaged deliveries should they happen to occur. Never underestimate the power of strong partner communication – backed up by data from your WMS.
- **Provide Real-Time Visibility into Inventory and Order Shipment Status Worldwide** – With the explosion of mobile devices, retailers are now expected to provide real-time product availability, delivery, and pick-up options 24/7. This duty often falls to the 3PL who must have the proper technologies in place to accommodate the needs of today’s mobile e-Commerce shoppers.

At 3PL Central, we believe any 3PL warehouse that is willing to adapt to the escalating customer service demands will position themselves to prosper in the growing B2C marketplace.