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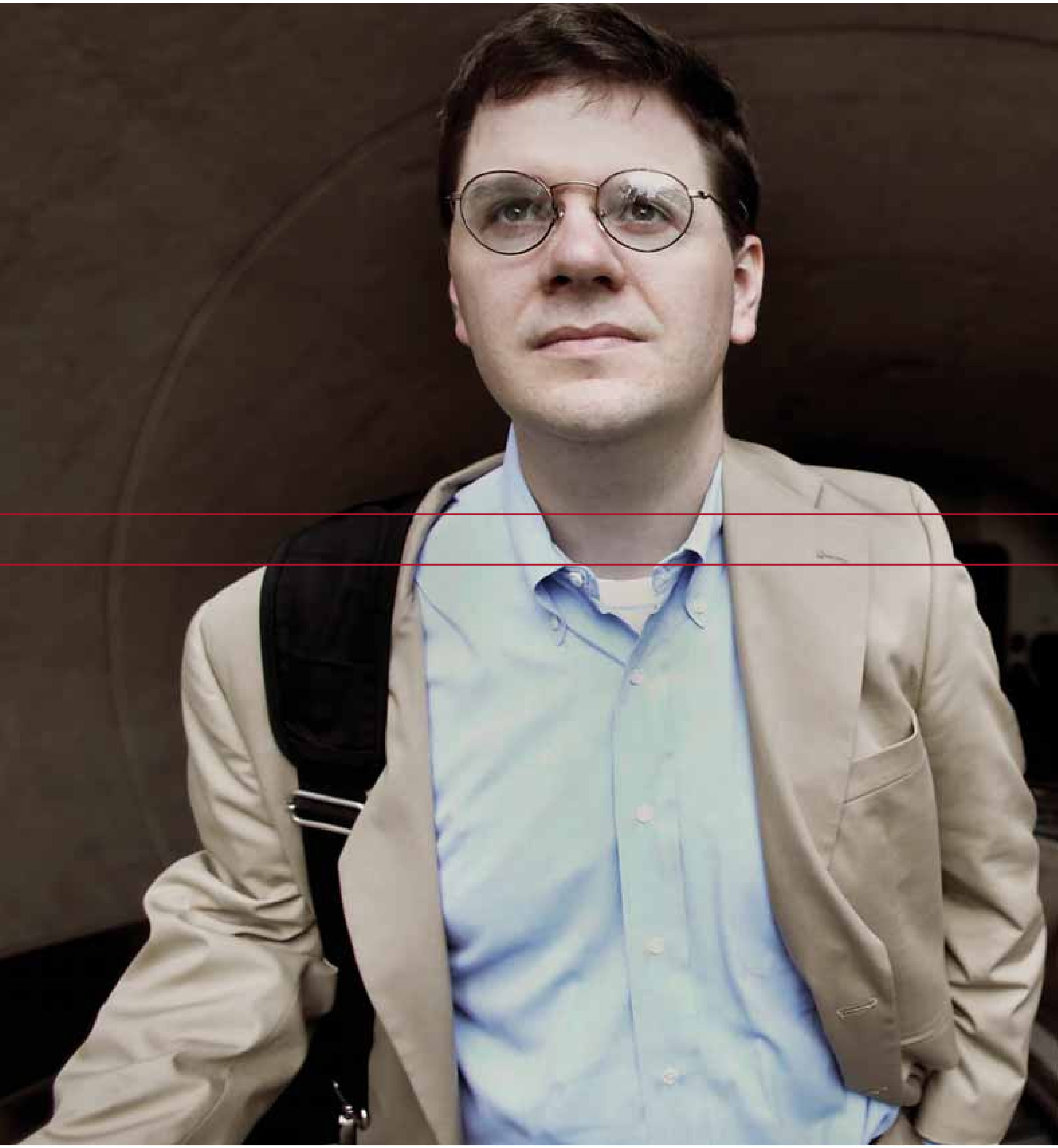

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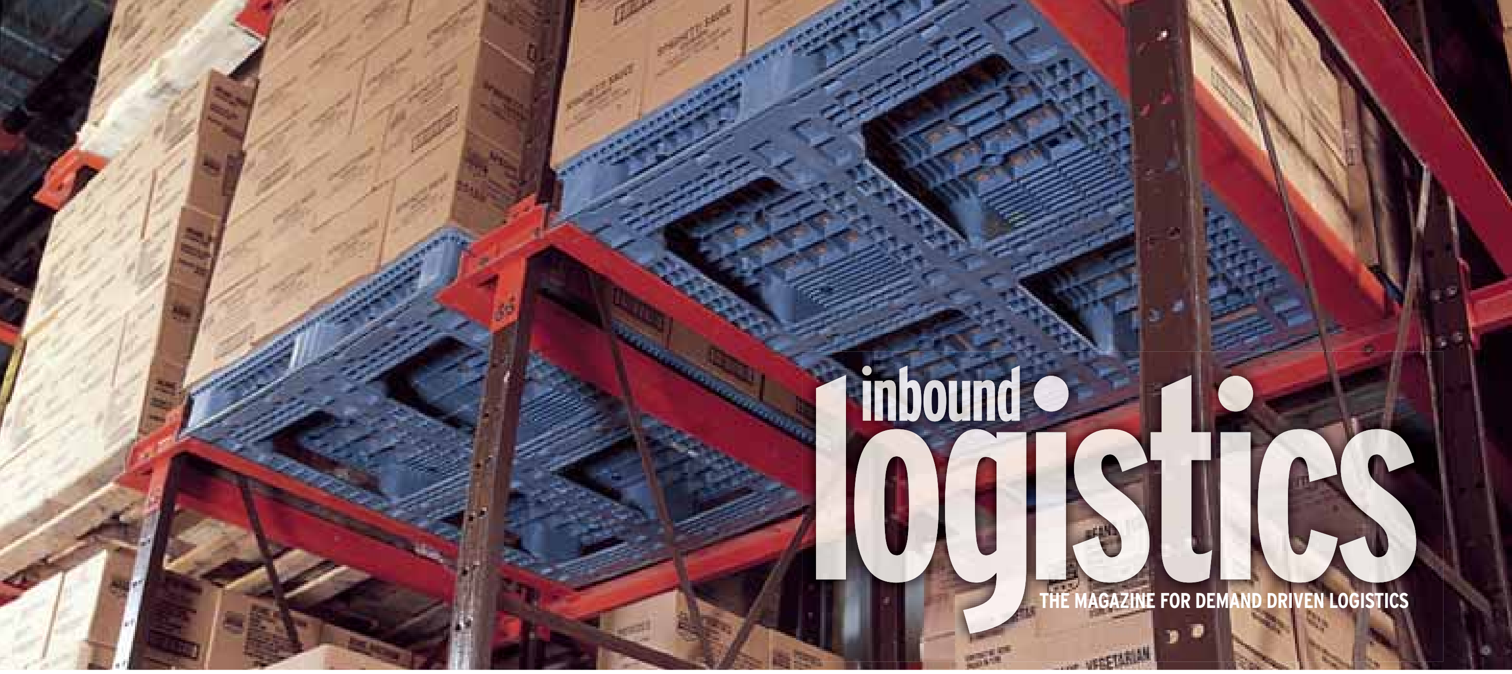

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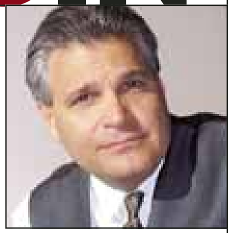
INBRIEF

CHECKING IN

Keith Biondo



by Keith Biondo | **Publisher**

Mid-Size 3PLs: What Does Not Kill You Makes You Stronger

Ah, conventional wisdom. Not long ago, observers of the third-party logistics segment predicted the demise of many Tier II and Tier III 3PLs. Smaller players could not keep up with the increasing complexity required to serve customer demands, they said. In addition, they predicted merger and acquisition activity would create a pool of large 3PLs dominating the segment and forcing smaller players out of the game.

Neither has happened.

Contradicting what observers expected, mid-size brokers, warehouses, and even carriers successfully evolved into logistics solutions providers, and have not only survived, but are prospering. Why? Here are five reasons.

1. The economy stays strong. We are experiencing the "greatest global economic boom in history," according to a recent *Fortune* article. That economic expansion creates opportunities for all 3PLs. And, even when economies cool down, companies look to 3PLs to help them slash inventory.

2. Smaller players have capacity. As big as the national players are, they represent only a small portion of distribution center capacity in the United States.

3. Companies spend more money on 3PL services. In the United States, 3PL users currently direct 48 percent of total logistics expenditures to outsourcing, which is lower than the overall global average of 55 percent, according to a Georgia Institute of Technology study. If the United States follows the global trend, the market will continue to grow domestically. In fact, *IL's* latest research shows continuing growth in the size of the 3PL market (*see page 99 for details*).

4. The outsourcing concept enjoys growing acceptance, for at least some of today's transportation and logistics challenges.

5. Inbound logistics creates opportunity. Domestic 3PLs are benefiting from the growth in what ProLogis calls "import-driven warehousing" and we call inbound logistics. Following an inbound logistics philosophy creates overall savings, scalability, and growth opportunities. But along with that created value comes greater logistics complexity, which 3PLs can – and do – help disentangle.

Tier II and smaller 3PLs also spur growth by creating market sub-segments that the larger logistics players do not or cannot excel at. One example is in the financial niche, where some 3PLs act as banks for their customers for longer periods than the more financially sophisticated players. By paying carriers quickly when shippers pay slowly, they are able to command capacity when it is scarce. Customers appreciate the float, and that makes them loyal.

Bottom line: if the demand is there, 3PLs – large, mid-size, or small – will continue to grow. For details, check out our expanded 3PL coverage starting on page 63. ■

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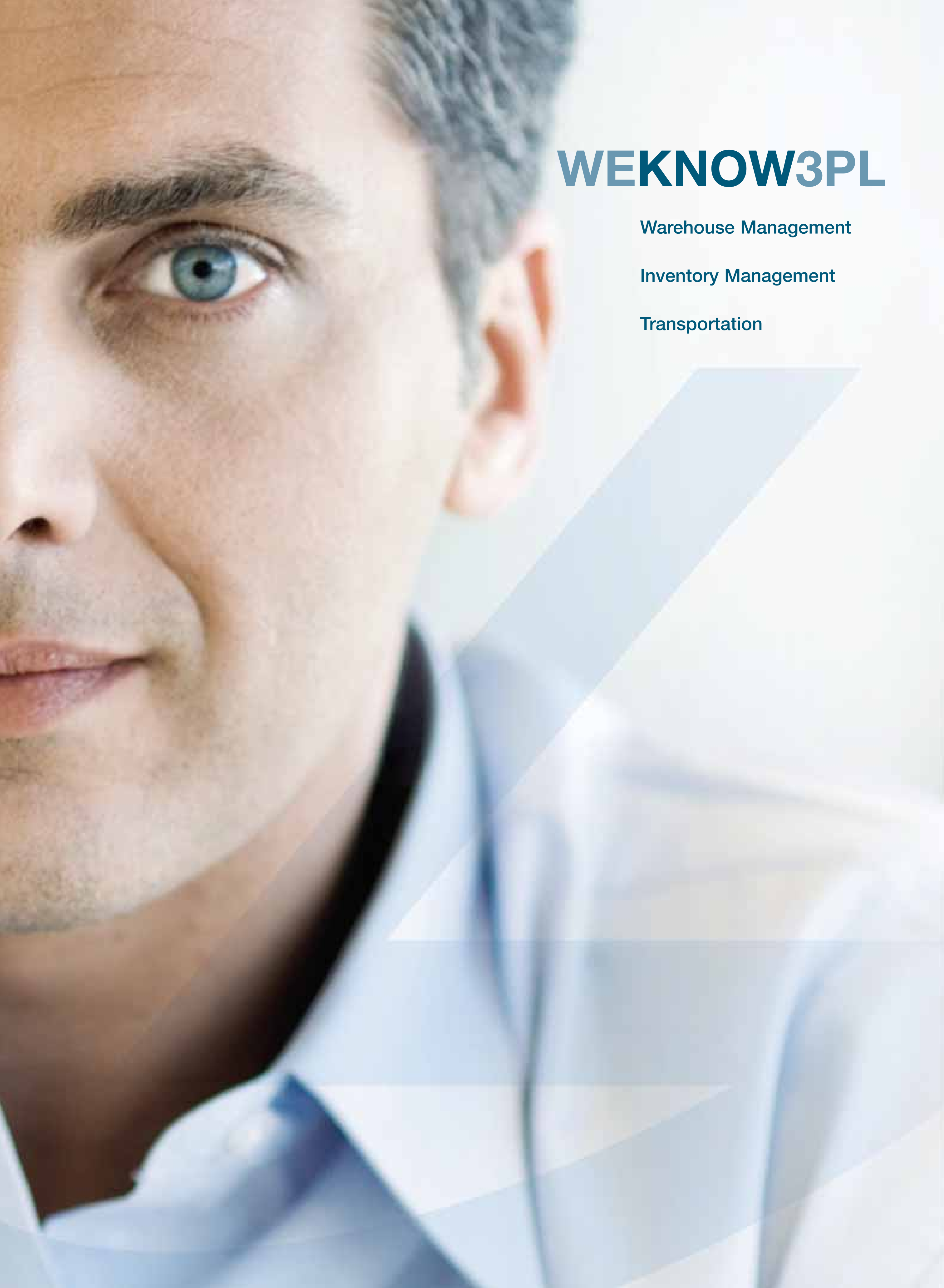
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10TIPS

STEP-BY-STEP SOLUTIONS

by Deborah Catalano Ruriani

Negotiating Rail Contracts

Negotiating with rail carriers has moved beyond difficult. Demand for rail services is high, and capacity constraints have caused carriers to pursue yield over volume. As a result, some shippers are experiencing sticker shock, with transportation rates increasing between 20 and 30 percent. If your rail freight moves on mostly "closed" lanes (no rail competition at origin or destination), you will be negotiating with a monopoly unless you can create the appearance of competition.

Here is some advice from Kathy Langan and Gordon Heisler of transportation consulting firm Professional Logistics Group Inc., Oak Park, Ill.

1 **Be prepared.** Before you schedule carrier negotiations, gather all contract-related materials so you have everything at hand to start your analysis. Accumulate all contracts, tariffs, rate benchmarks, and information from carriers in all modes regarding their fuel surcharge programs and driver shortages. Also compile magazine and newspaper articles that discuss current rail events – derailments, hazmat shipments, rate increases, new rail construction, and service impacts. When developing larger contracts – $10 million and more – begin preparation and strategy development six to nine months in advance of negotiation meetings.

2 **Know your industry and how it impacts the carriers you negotiate with.** Compile industry facts and statistics that demonstrate to rail carriers that your business is desirable. Show them how your industry is growing, for example, and what new technology is available. Describe how imports will affect domestic movements. Also determine what value railroads place on moving your commodities versus other commodities and traffic types.

3 **Understand the rail carriers' key drivers.** During the negotiations, try to draw out the carriers' motivations. What are their key drivers and pricing strategies? What are the railroads' marketing and operating goals, and how can your business fit in? Knowing current market conditions, and how they may influence the carriers' volume cycles, will impact their willingness to negotiate.

4 **Leverage everything you have.** Present your business as attractive for the carriers to handle, and emphasize your competitive lanes and growth opportunities. Prepare data on potential truck conversions, plant expansions, transloading opportunities, recent or pending acquisitions, and process improvements in your own rail management operations.

5 **Consider operations, not just freight rates.** Are you a "problem" shipper with excessive demurrage, poor fleet management, or difficult plant switching environments? Do your plants offer the opportunity for privatized switching? Is adequate car storage

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CONTINUED FROM PAGE 14

available? Meanwhile, understand how railroad network design, local operations, and capital improvements affect your traffic. Operational factors can be either distractions or opportunities for leverage in the negotiations; account for them in your strategy and approach.

6 Develop relationships. You should not meet your railroad counterparts for the first time at a contract negotiation. Although rail carrier behavior and performance frustrates shippers at times, getting involved in transportation industry trade groups and cooperative joint initiatives will ultimately prove more useful than taking a hostile or combative approach. In addition, networking can help you better understand the personalities of the people you negotiate with.

7 Anticipate carrier positions and develop a sound negotiation plan. Using the intelligence gathered, formulate a picture of your business for the carriers. Have a plan to account for all possible objections, and response. Yes, you are developing a strategy for engagement, but you don't need to be contentious because that will not work to your advantage. Determine what you want to achieve from the negotiations. Be specific. Be realistic. Be organized. Be concise. Above all, be prepared.

8 Prepare a written bid package to present to the rail carriers. Make sure to present your written bid package in a clear format that does not overwhelm carriers with more information than necessary. Make it simple and easy for carriers to work with, so they can respond in a timely manner.

9 Utilize expert legal counsel for the final transportation contract review. Several highly reputable firms specialize in transportation law. They can work independently or alongside your in-house legal counsel to identify potential pitfalls or suggest additional language in the final document that will help protect your company.

10 Establish a long-term rail transportation strategy. Strategically located origin or destination points enable the best transportation rates and terms. Avoid siting new plants that depend heavily on rail at locations that don't provide competitive access to at least two Class I railroads. Also, consider build-out/build-in, short-line, and transloading strategies wherever possible. ■

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DIALOG

LETTERS TO THE EDITOR

Kudos for Blogs

Thank you for the great article about logistics industry blogs *(Logistics in the Blogosphere,* February 2007*)*. Blogging is a great medium for digging deeper into current supply chain issues and an excellence resource for staying up to speed on current news and happenings. Keep up the good work.

Nathaniel A. Riggs, BestTransport.com

Desperately Seeking Global

I just read Amy Roach Partridge's column *Global Technology Gets Hyperactive* (March 2007). The topic fits in with a research paper I am a writing on the challenges of global transportation optimization. I'd like to know if Ms. Partridge has any comments concerning the development and availability of global TMS solutions? I assume that a gap exists between the effectiveness of domestic TMS and systems that can build loads and optimize routing internationally.

Andy Street, CSCP

Amy Roach Partridge replies: You are correct; many shippers tell us it is difficult to manage the nuances of global transportation with their current TMS. They often purchase separate, niche solutions for components such as global trade management and import/export compliance. The problem is two-fold: global supply chain technology needs to catch up a bit, but also, many companies are still reluctant to increase their IT budgets—and when they do, logistics solutions aren't always at the top of the list. TMS providers, however, are improving their capabilities for addressing global transportation.

A Story With Legs

I just finished reading Lisa Terry's article, *Furniture Logistics Finds its Legs* (March 2007). I found the section on managing inbound movement of Asian sourced products particularly interesting. Good article!

Don Granholm, Nashua Corporation

Reading *IL* in Romania

While reading Joseph O'Reilly's March 2007 article, *CEE Change: Central & Eastern Europe Makes Waves,* I was intrigued by the figures for Romania shown in the two charts highlighting Europe's average GDP per capita and economic growth. I'm wondering what the source is for the respective figures, and what year the figures refer to?

Jackie Bojor, Factor Regional Development Center Romania

Joseph O'Reilly replies: The two charts featured in this article are from PMR Consulting's 2006 research. Bear in mind that this data does not reflect investments within Romania leading up to and following its accession into the European Union this past January. The CIA's World Factbook reports that Romania's economy grew 6.4 percent in 2006, the strongest growth in the past decade.

Perfect Flaws

While I enjoyed Lisa Harrington's article, *Designing the Perfect Warehouse* (May 2007), I found that it bypassed key issues related to: size, flow, and parking of motor carriers in the exterior yard; carrier driver and customer waiting areas with safe access to phone, water, and restrooms; and EPA anti-idling laws that suggest monetary penalties against warehouse operators and carriers when a carrier idles longer than the guidelines. I know articles can't cover all the issues, but I was surprised that this feature did not mention these factors at all.

John A. Gentle, John A. Gentle & Associates LLC

Lisa Harrington replies: In an attempt to narrow the focus and investigate certain warehouse areas in depth, we concentrated the article primarily on design aspects affecting the flow of goods and material *inside* the warehouse. Driver accommodations and ample yard area are critical issues; we no doubt will include a discussion of those issues in a follow-up article.

R E A D E R

PROFILE

by Merrill Douglas

Taking an Eagle's-Eye View

VIMAL'S VITAE

NAME:	Vimal Patel
TITLE:	Manager of merchandise flow, Warrendale, Pa., distribution center, since 2005
COMPANY:	American Eagle Outfitters
PREVIOUS EXPERIENCE:	Manager, CVS pharmacy store; distribution manager, Petrie Retail; industrial engineer positions with NYP Corp., Boston Scientific, and Hills Department Stores; manager, industrial engineering, American Eagle Outfitters
EDUCATION:	B.S., industrial engineering, Pennsylvania State University, 1988; M.S., industrial engineering, New Jersey Science and Technology University, 1992

When Vimal Patel speaks, everyone listens. As manager of merchandise flow at American Eagle (AE) Outfitters' Warrendale, Pa., distribution center, his job is to make sure all departments–receiving, replenishment, packing, and shipping–pull together to achieve the facility's goals.

"Every department wants to do well individually, but they don't always look at the holistic picture of company-wide goals," says Patel. That's where he comes in, advocating a broad, all-encompassing view.

At 6:30 each morning, Patel meets with DC supervisors and group leaders to outline the day's objectives and assign workers to departments to handle current volume. Throughout the morning shift, he monitors progress and productivity, making changes to accommodate priority orders. Patel is also responsible for workplace safety.

The Warrendale DC is one of three that serve AE's 840 U.S. and 73 Canadian stores–which sell clothing for the 15- to 25-year-old set–plus its new MARTIN+OSA sportswear stores and online direct sales channel.

When Patel joined AE as manager of industrial engineering in 1999, he was no stranger to the needs of a retail business. His parents owned convenience stores in Scranton, Pa., and his first post-college job was managing a CVS pharmacy store. His first supply chain management position was distribution manager for Petrie Retail, a women's clothing chain based in New Jersey.

Like other purveyors of youthful apparel, AE manages giant spikes in its

The Big Questions

What do you do when you're not at work?
From September to January, Sundays are consumed watching NFL football. I'm a converted Pittsburgh Steelers fan, having moved from New Jersey to southwestern Pennsylvania. I also volunteer for the AE Events Committee and AE Foundation, and exercise when time permits. I'm the single parent of a 15-year-old daughter and a 13-year-old son; our family activities include movies, amusement parks, and recreational facilities.

Ideal dinner companion?
Mohandas Gandhi or Nelson Mandela.

What's in your briefcase?
PDA, iPod, business cards, note pad, and paperwork.

Business motto?
Always be flexible to accommodate business changes and dynamics, and never stop learning.

If you didn't work in supply chain management, what would be your dream job?
I would start a specialty retail business in India. Many untapped opportunities exist there, in areas such as specialty foods, or cosmetics and fragrances, from around the world.

business during the back-to-school and holiday seasons.

"Weekly receipt projections can range from 300,000 to 3.7 million units, combined with weekly replenishment projections that may expand from 100,000 to 1.2 million units," Patel says. One challenge these numbers pose is that no matter how high the volume climbs, the DC's conveyors and sorters can only handle a fixed amount of product per hour.

To move the record-breaking volume that passed through Warrendale during the most recent holiday and early spring seasons, Patel looked at the receipt and replenishment plans and sharpened his figurative pencil.

"I backtracked from the plan, then crunched the numbers," he explains. "I had to determine how much we could pick, pack, and receive, respectively, per hour."

Then, given the maximum materials handling capacity, Patel looked for creative ways to reach AE's targets.

ROCKING AROUND THE CLOCK

"To meet the demand, I had to buy more capacity; more time to ship products out," Patel says. That meant extending the first shift by two hours and 45 minutes. His counterpart on the second shift used a similar tactic, so together they kept the DC working practically around the clock. They also called in a cavalry of temporary workers.

"The trick is to use as many resources as possible to meet volume goals," Patel says.

In the two years since AE created his current position, Patel has seen the DC's departments learn to share resources for the common good as they never had in the past.

"Before, it was challenging to get all the supervisors to work as one team," he says. Now, they are starting to embrace Patel's philosophy of taking an eagle's-eye view of business. ■

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BY PETER JAMIESON
Chief Operating Officer, Wheels Group
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3PL: Tactical Resource or Strategic Partner?

When it comes to choosing a 3PL provider, what do you look for? Beyond competitive pricing, is it breadth of service? Specialty transportation capabilities? Global reach? Whatever your selection criteria, price is a critical factor once the must-have capabilities have been confirmed - but is price really the issue, or is it cost?

When it comes to logistics, price is only one of the variables that contribute to cost. Sure, it's vital to procure 3PL services at competitive rates, but it is equally important that the relationship is structured so that your company can maintain or improve customer service while reducing the cost of doing business. A 3PL user/provider relationship often begins with the goals of reducing transaction costs and improving efficiency. This is accomplished through outsourcing of transportation, warehousing, customs clearance and brokerage, freight forwarding, cross-docking/shipment consolidation, order fulfillment and distribution, etc. This tactical approach, when executed well, delivers excellent results. But, could those results be multiplied to reduce internal resource costs, enable greater agility in decision making and improve your business' ability to adjust to changes in customer demands or the business environment?

The answer is often yes, but it means making a strategic decision about how you use a 3PL to move the relationship to another level: one of strategic partnership. That takes mutual commitment, focus on clear objectives, flexibility and, above all, trust.

Choosing a Partner

There's a natural apprehension about inviting a vendor to sit at the table when business decisions are being made. However, in our experience a shared understanding of our customers' business models, short and long term objectives, competitive pressures, cost issues and customer demands enables them, and us, to be more successful. Transparency is essential; a willingness to share information confirms that goals are aligned. That enables us to be proactive so we can anticipate and identify opportunities to improve, suggest innovative ways to increase logistics effectiveness and provide business intelligence that helps 3PL users make more effective decisions and improve profitability.

Choosing the right partner is key to a successful strategic 3PL relationship, and getting to know each other to build the necessary trust is vital. You need to confirm shared values and that your corporate cultures are compatible. You need to understand capabilities and expertise and determine how to leverage those of both organizations. You need to be clear about your expectations and agree upon goals, key performance indicators and measurement intervals. You need to talk about the opportunities, but also consider "What if?" scenarios and take the necessary steps to mitigate risks.

Strategic Goals

In our view, the objective should not be to create a partnership, but to achieve specific goals through partnership by working to the same performance standards. There should be consequences for both organizations should they not meet the standards, and rewards when they meet or exceed them. The potential for the partnership to be win-win, or lose-lose, encourages partners to work together to achieve the desired results.

Sustainable value creation should be the overriding goal of a strategic 3PL partnership. Since "value" is defined differently by every business, when we work with a customer we learn what constitutes value for their business, first. Then, together, we validate proposed goals, activities, innovations, processes and performance indicators against those criteria before moving ahead.

While a transactional relationship is more appropriate and effective for some organizations, strategic 3PL relationships represent an exceptional business opportunity for others. As the supply chain lengthens and its complexity increases, logistics and supply chain planning, measurement, and evaluation processes become increasingly important - and the potential for Wheels Group to help 3PL users build strategic competitive advantage has never been greater.

Wheels Group is one of the top 100 North American providers of 3PL/4PL services and innovative supply chain solutions.

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BY KRISTY MOUSER
Vice President of Supply Chain Solutions - Healthcare, NAL Worldwide
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Consigned Inventory Management: The Rx for Ailing Medical Profits

In matters of life and death, the last thing one should worry about is a supply chain. But when it comes to medical devices and healthcare services, supply chain headaches can change the abbreviation for Out-Of-Stock to RIP in a heartbeat.

Like many other manufacturing industries, medical device makers face the need to streamline an increasingly complex supply chain. Of the approximate 6,000 medical device component and equipment manufacturers selling goods today, between 50% and 80% of the industry's $75 billion in revenues come from products introduced during the last 3 to 5 years. That's high turnover in a market already facing the tightest regulatory, liability, and product-tracking requirements in history.

At the other end of the medical supply chain, hospitals and service providers are facing similar economic pressures. In recent years, rising insurance costs and rising numbers of uninsured have sent hospital margins to the lowest levels in the past decade, according to the Healthcare Financial Management Association.

In both cases, moving beyond in-house supply chain management to a consignment inventory management solution (CIMS) can add vital points to a medical organization's bottom line.

Medical device manufacturers trying to go 'lean' by reducing inventories face the challenges of how to continue to provide order fulfillment, warehousing, distribution, and customer service while reducing the inventory and maintaining (or reducing) product lead times. The first step in relieving the medical supply chain headache is realizing that while a supply chain is critical to the manufacturing operation, it may not be a core strength of the organization or its people. Companies around the world are outsourcing non-core operations to benefit from best in class solutions that reduce supply chain costs while improving overall customer service, such as NAL Worldwide's Centralized Supply and Logistics Center (CSLC).

Consider the additional costs of traditional in-house inventory management processes. High sales projections lead to overstocked inventory, which reduces the efficiency of the manufacturing schedule. Orders are filled on a per requisition basis rather than a consolidated shipment to a particular customer. Extra shipments mean additional transportation and labor costs and increase the chances for discrepancies and billing delays. When is the last time you saw receiving operations at a hospital? The last thing they need is more inbound shipping activity.

Finally, hospitals—operating under their own economic constraints—resist carrying high inventory levels, leading manufacturers to move towards a vendor managed inventory (VMI) system to get their high-value products as close to the hospital as possible. Unfortunately, VMI requires monthly audits from field sales when they should be identifying and servicing new orders rather than reconciling inventory and billing documents.

An alternative to traditional VMI practices is for manufacturers to outsource inventory management to an independent Centralized Supply and Logistics Center (CSLC) that is designed specifically to serve the unique needs of the healthcare industry. If this is done, many of the inventory, warehousing, distribution, and billing problems facing manufacturers go away.

One call to a CSLC delivers all the materials needed for existing orders. A CSLC can consolidate deliveries, while improving receiving, restocking, and service to the hospital. Space previously used for inventory becomes flexible space for growth and revenue generation, while visibility across the manufacturing enterprise is greatly improved through a centralized inventory/warehouse/logistics provider.

At the other end of the medical supply chain, hospitals also financially benefit from a centralized inventory center. Supply chain management, inventory, and procurement can account for up to 35% of a hospital's operating budget, according to Healthcare Purchasing News. Unofficial VMI can account for up to 50% of total inventories, creating distribution, billing, and product lifecycle headaches for both manufacturers and hospitals.

Hospital supply chains spend approximately $8 billion each year on inventory management and order management out of an estimated $11.5 billion in total supply chain costs. In this context, even small percentage improvements to supply chain efficiencies quickly add up! Recent studies show that—just in the past 2 years—hospitals that move to a Consigned Inventory Management System can expect to reduce supply costs by up to 3.5% within the first 4 years of operation, which equates to more than 1% of total hospital operating expenses.

To learn more about how consigned inventory management can streamline your operation, contact Kristy Mouser, VP, Supply Chain Solutions–Healthcare at NAL Worldwide at 817-297-3550 or by email at kristy.mouser@nalworldwide.com. NAL Worldwide delivers specialty logistics solutions for Healthcare, Communications, Retail and Technology.

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Third Party Logistics Mergers and Acquisitions

With almost 600 reported deals representing more than $79 billion in aggregate transaction value since 2005, the transportation industry has seen significant mergers and acquisitions transaction activity. Third party logistics is one of the most active sectors within the transportation industry for private equity investment and strategic buyer acquisitions.

Consolidation

Although the third party logistics industry is currently highly fragmented, it is expected to become increasingly concentrated. Shippers are continuing to consolidate their business with a smaller number of providers that offer a breadth of services in order to meet both domestic and international logistics and warehousing needs. Private equity firms have played a part in consolidation thus far by focusing on aggregating smaller players and building scale through numerous acquisitions.

Other factors driving industry consolidation include the ability to penetrate new customers and end markets as well as diversify customer concentration. Expansion of service offerings and acquisition of proprietary know-how and technology are also driving increased volumes of transactions.

Private Equity Investment

Despite the pace of investment by private equity firms in the last several years, we still observe, by various estimates, as much as $400 billion of equity capital waiting on the sidelines and looking for attractive situations in which to invest. Private equity funds are investment firms that aggregate capital and seek to acquire private and publicly traded companies.

Third party logistics businesses have attracted substantial interest from private equity buyers due to high industry growth rates and limited capital investment requirements. Private equity interest is particularly strong for asset light and non-asset based business models. Asset light models are defined as transportation providers that utilize owner-operators and avoid the large capital expenditures typically required to maintain company owned fleets. Non-asset based models involve the use of technology or intellectual property to act as an intermediary for transportation arrangement, warehousing, and supply chain management. These firms are characterized by very limited ownership of transportation equipment and real estate.

Private equity firms have been successful with transportation and logistics companies in various sub-segments. Areas of focus for private equity firms have included expedited transportation services, freight forwarding, intermodal transportation, warehousing, reverse logistics, and transportation management.

In terms of criteria, a capable management team is one of the most critical elements that private equity firms use to evaluate new opportunities. In certain instances, private equity firms partner with an industry executive that has a track record of value creation, particularly in a situation where an entrepreneur is looking to exit. An established customer base with limited reliance on any one customer or group of customers is another key consideration for private equity logistics acquisitions. Logistics companies with a defensible market position and a differentiated service offering are also attractive.

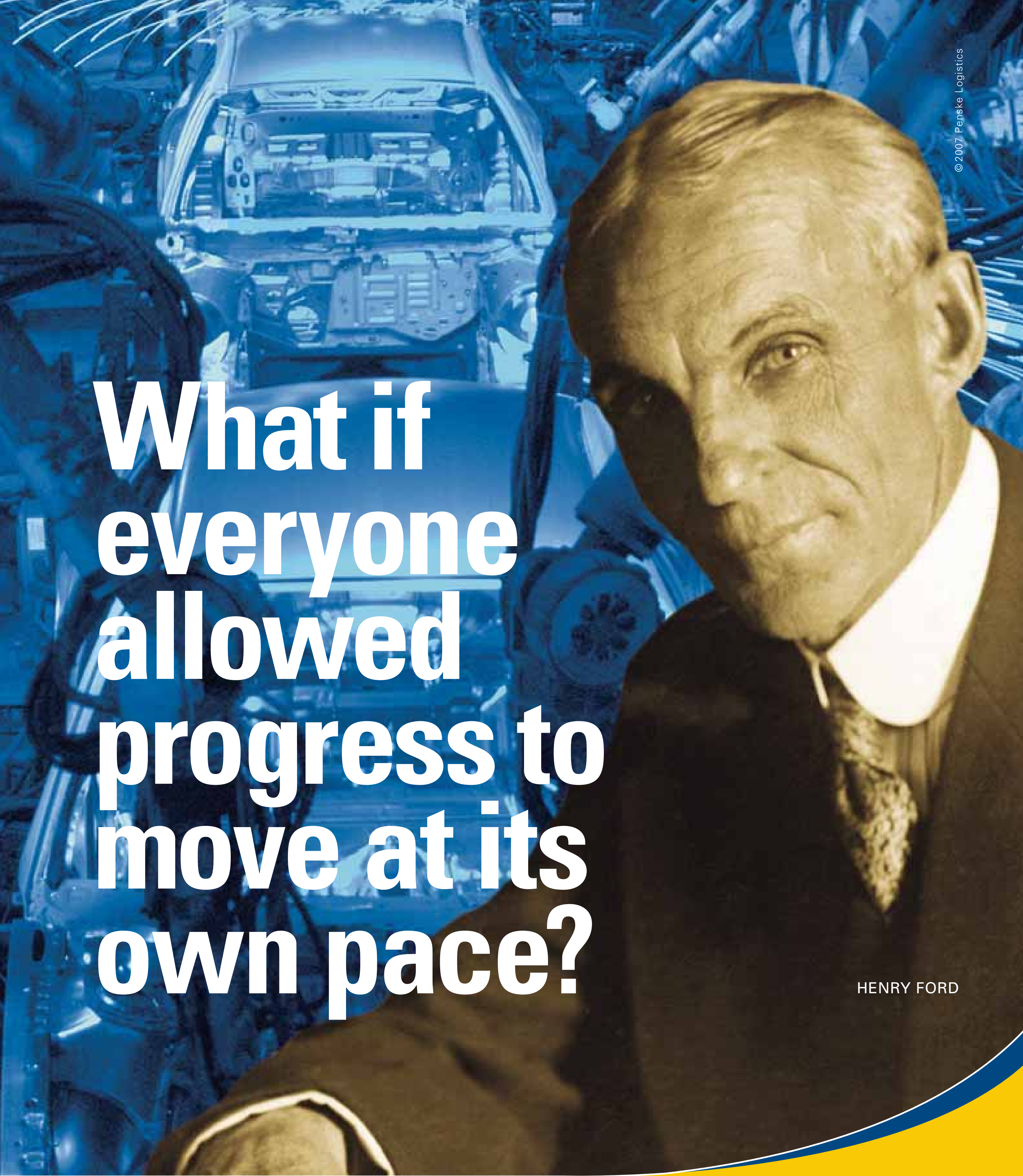
Valuation of Logistics Acquisitions

Many factors specific to the buyer and the target affect the cash flow multiple that will be paid in a given sale process. In the logistics industry, non-asset or asset light operating models drive the highest transaction multiples. Historical and prospective growth represents an important consideration for valuation of logistics transactions. Broader industry conditions and volatility, not only within the economy but also the third party logistics industry, are also a factor in valuation of logistics acquisitions. Finally, scale and size have an effect on valuation with higher cash flow multiples being paid for larger situations.

About National City Capital Markets Investment Banking and its Transportation and Logistics Group

National City Bank *is the 11th largest bank in the U.S. with over $140 billion in assets. National City Capital Markets' Transportation and Logistics Group is a team of highly experienced professionals dedicated to providing financial and strategic advisory services to middle market transportation and logistics companies. Our investment banking services include sell-side and buy-side acquisition advisory, capital raising, going private transactions, restructurings, and corporate divestitures. For sell-side advisory services, we have met or exceeded valuation expectations for selling shareholders for over 90% of our engagements.*

The ***Transportation and Logistics Group*** *hosted a web seminar on third party logistics trends and mergers and acquisitions, which is available at* ***www.nationalcity.com/seminars****. Both the replay and copies of the presentation and transcripts can be found under the Archived Webcasts section. Jonathan Ives can be reached at* ***jonathan.ives@nationalcity.com****.*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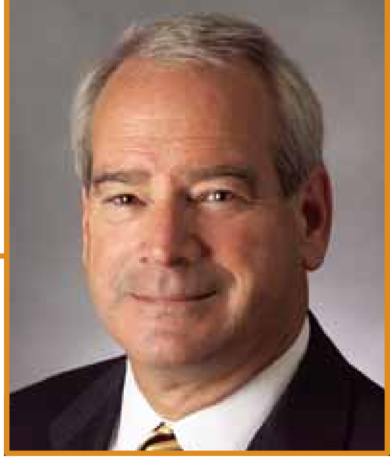

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To a high tech service provider, whether an OEM or a carrier, the device is a big part of everything. Without the device in the hands of its customer, they have no subscription fee. Without the subscription fee, they have no revenue. The world's largest providers look to find supply chain solutions and distribution channels that keep those devices in the hands of its customers. Reliability is key.

So, how do you manage to track more than 16,000 SKUs in your system, ship more than 70,000 orders daily and repair more than 4 million devices annually, while providing a nearly perfect Service Level Agreement to the biggest names in high value, serialized wireless and GPS devices? The answer: ATC Logistics & Electronics.

ATC Logistics & Electronics (ATCLE) believes it has achieved this performance by balancing its proven expertise with a bar-none location in the Alliance Global Logistics Hub.

A Centralized Location, With Benefits That Make $ Sense

No doubt you've heard the expression everything is bigger in Texas. What you might not know is the booming opportunity for logistics in North Texas.

In the heart of the Dallas-Fort Worth Metroplex and centrally located in the United States, Alliance is one of the world's premier inland ports, providing exceptional accessibility to the global marketplace. With access to all modes of transportation, the hub boasts two Class I rail lines, BNSF Railway's Alliance Intermodal Facility and connecting state and interstate highways. For expedited air freight, the area is home to Fort Worth Alliance Airport – the world's first 100 percent industrial airport–and the FedEx Southwest Regional Sort Hub. This allows logistics companies such as ATCLE to have 24-hour access to air transportation and can access the last flight of the day for last-minute orders.

Aside from the transportation infrastructure attributes of the area, Alliance is a Foreign-Trade Zone (FTZ), a specially designated area considered to be outside the Customs Territory of the United States. A variety of tax benefits exist for doing business in an FTZ. Additionally, Texas is ranked as one of the most business-friendly tax environments in the union, according to the Tax Foundation in a 2006 study.

Room To Grow

In an industry where pennies affect the bottom line, Alliance and ATCLE can offer its customers the opportunity to achieve substantial savings, speed to market and scalability.

AllianceTexas consists of a 17,000-acre development that is anchored by the Alliance Global Logistics Hub with 27 million square feet of warehouse, distribution centers, industrial businesses and supply chain services space. It is home to more than 140 companies, including 66 from the Fortune 500, Global 500 and Forbes' List of Top Private Companies.

Alliance has more than doubled in size since 1999 and ATCLE has largely pioneered that growth, increasing from 40,000 square feet to more than 700,000 square feet in the last 12 years, a growth of more than 1,500 percent.

Dallas-Fort Worth ranks 4th in Expansion Management and Logistics Today annual Logistics Quotient™ study–a ranking of the most logistics-friendly metros in the United States.

The People That Make It Happen

The Alliance area employs 25,000 people, drawing an employee base from all across the Metroplex. With a high density of logistics companies in the area, a skilled and experienced workforce is thriving. ATCLE employs 10 percent of the workforce in the area, and boasts an exceptional retention rate based on the ATCLE culture, an important component of consistency when it comes to dealing with devices moving at an extraordinary pace. Both The Fort Worth Star-Telegram and Dallas Business Journal list ATCLE as one of the top employers in the Dallas-Fort Worth Metroplex.

Industry Expertise

ATCLE helped to make Alliance a hot spot for wireless and GPS OEMs and service providers. Since these industries rely on high speed and accuracy, Alliance is an ideal location with its access to expedited air and ground transportation.

Recognized in the supply chain industry, ATCLE's knowledge, expertise, high levels of service performance and IT capability enable process integration and seamless transition with its customers. ATCLE provides integrated and highly customized solutions including forward logistics, reverse logistics, test and repair, asset recovery and electronics services, meeting the most complex logistics challenges for customers including Wireless Carriers, Wireless Device Manufacturers, GPS Device Manufacturers, Recreational and Automotive Electronic Manufacturer and Broadband Equipment Manufacturers.

Putting It All Together

Alliance Global Logistics Hub and ATC Logistics & Electronics together provide unmatched supply chain solution for high tech, high value, serialized devices, allowing many Fortune 100 companies to make their business better, faster, smarter and easier.

LOGISTICS **knowledgebase**©

BY CHRIS MUNRO
President and Chief Executive Officer, RoadLink
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Our Daily Mantra: Keep Those Containers Moving

Suppliers face many challenges as they work to fulfill the needs and interests of their customers. They have plenty to worry and wonder about until a job is completed. But there are two questions in particular that can cause sleepless nights if they don't get the right answers: Where are my containers? When will I get them back?

At RoadLink, we decided early on that we would have the right answers to these questions. Globalization of companies has made it even more complex to create effective supply chains. It is critical to have systems in place that can track containers and bring them back to suppliers rapidly and efficiently.

Increased imports have brought heavy congestion at the major ports of entry in the United States. Suppliers are anxious to have containers unloaded from ships, taken to their destinations and emptied quickly so they can be put back into service. But far too frequently, containers can be out there for up to 25 days before they are rounded up and returned.

That isn't acceptable to RoadLink and it certainly should not be acceptable to suppliers.

RoadLink has dramatically reduced the turnaround time for emptying and returning supply containers thanks to a series of "goods"—a good footprint for our logistics services, good personnel, good technology and a good strategic plan.

We have technology that allows our customers to track containers at all times. They know where their containers are and how soon they will be back.

RoadLink also has the capability of emptying containers on the spot at ports so they can be returned to ships immediately for reuse. This is achieved through our unique network of companies that provide a broad range of services to suppliers.

Our national footprint for logistics services is the largest among independently owned intermodal companies.

RoadLink's resources include convenient service locations from coast-to-coast and more than 2,200 trucks and 2,000 drivers. Expansion plans are in place to increase our capacity to become a dominant player in every intermodal market. Industry leading information management systems also allow our customers to have shipment visibility nationwide.

RoadLink takes pride in the strong reputation it enjoys for getting the job done. We credit that to our human resources. Our ability to execute is based on good operators who know how to make technology and strategic planning work to the customers' best advantage.

Since our company began concentrating more on the strategic perspectives of enabling technology, RoadLink has broadened its service capabilities and places greater emphasis on added value initiatives for our customers.

The key in logistics services is to uncover trends in the industry and make certain your company is in position to respond. Shipping companies are now looking for one stop providers. That is why RoadLink has put together a network of companies that can provide all services—from delivery of goods to loading and unloading.

Over the past six months, RoadLink has quickly expanded and now includes Unity Distribution Group, Reserve Transportation Services, Transus, World Super Services and Staffworks, Inc. Unity is a Midwest leader in international drayage and Reserve provides intermodal trucking services in Michigan, Ohio, Indiana and the Chicago metro area. Transus plays a leading role in delivering intermodal service in the Southeast. World Super Services is the nation's largest provider of unloading services with a wide range of distribution and supply chain support. Staffworks, Inc. is a leader in product handling, warehouse operations and transportation management services. The acquisition of Staffworks and WSS with 1,900 staff associates has given RoadLink significant staffing capabilities it can now provide for its customers.

This network of services allows us to play an intermediary role for a wide variety of businesses—shipping lane companies, rail companies, intermodal marketing companies and third party logistics companies. We serve as a conduit that enables them to do their work effectively and on time. We also provide services directly to beneficial cargo owners.

Regardless which role we play as an intermodal solutions provider, our goals and guidelines remain the same. The keys to success are the relationship and service alliances we have established with our valued customers. By providing dependable service, leading edge technology and a streamlined delivery system, RoadLink is striving to be this industry's recognized market leader.

RoadLink is North America's leading network of intermodal trucking, warehouse operations, loading and unloading services, transportation management and related logistics services.

TRENDS

NEWS & EVENTS | SHAPING THE FUTURE OF LOGISTICS

18TH ANNUAL STATE OF LOGISTICS REPORT:

Taking Inventory of the Supply Chain

The biggest news of 2006 was what *didn't* happen, not what did. A year of relative calm, however, isn't giving way to complacency. Instead, businesses are proactively, if privately, tinkering with and tightening supply chains to streamline processes and build additional scalability into their networks, observed Rosalyn Wilson at the Council of Supply Chain Management Professionals' 18th Annual State of Logistics Report in June.

"The story this year is the underlying drivers of business logistics costs, and the changes in how companies manage their supply chains. No single defining event, such as Hurricane Katrina or soaring fuel prices, occurred in 2006 to explain the trends," reported Wilson.

What's Driving Priorities?

These drivers, namely transportation and carrying costs, are setting the pace for the way businesses approach supply chain priorities. Resigned to the fact that tactical approaches will do little to spark economies on the transportation front, businesses are stoking strategic initiatives deeper within their global networks. Such vision inevitably comes at a cost though–businesses are carrying more inventory throughout their supply chain to mitigate longer transit times and rising transportation spend.

The good news? Carrying more inventory isn't necessarily a cause for concern, but rather a reaction to changing supply chain needs, Wilson explained.

U.S. Business Logistics Spend Hits $1.3 Billion in 2006

CARRYING COSTS ($1.857 Trillion, All Business Inventory)		BILLIONS
Interest		$ 93
Taxes, Obsolescence, Depreciation, Insurance		$ 252
Warehousing		$ 101
	SUBTOTAL:	$ 446
TRANSPORTATION COSTS		
Motor Carriers:		
Truck – Intercity		$ 432
Truck – Local		$ 203
	SUBTOTAL:	$ 635
Other Carriers:		
Railroads		$ 54
Water	INTERNATIONAL	$ 32
	DOMESTIC	$ 5
Oil Pipelines		$ 10
Air	INTERNATIONAL	$ 15
	DOMESTIC	$ 23
Forwarders		$ 27
	SUBTOTAL:	$ 166
Shipper-Related Costs		$ 8
Logistics Administration		$ 50
	TOTAL LOGISTICS COST	$ 1,305

SOURCE: Council of Supply Chain Management Professionals

"Managing logistics in today's complex global environment costs more," she added.

The past few years have brought the challenges of moving both domestic and global freight under a microscope–specifically magnifying the capacity, congestion, and cost issues shippers and consignees have faced while managing shipments over the Pacific and over the road.

Leaning on Deeper Inventory

This difficulty has inevitably forced global businesses to reconsider other areas of their supply chain operations.

"The strategy in the era of just-in-time manufacturing was to remove excess inventory from the system, slimming inventories to bare minimum levels. We demanded reliable transportation services that could deliver when promised, making it possible for firms to reduce inventories and implement streamlined supply chain management strategies," explained Wilson.

But the events of the past few years–notably the terrorist attacks of Sept. 11, the West Coast port strike, and Hurricane Katrina–have compelled companies to accommodate safety stock within their supply lines, pushing inventories back to their suppliers, to meet spikes in demand and manage exceptions accordingly.

CONTINUED FROM PAGE 33

Retailers have traditionally been competent managing lean inventories to account for shifting consumer demands–but their strategies are necessarily evolving with the times, observed Wilson. Supply chain visionaries recognize the value of addressing strategic distribution decision-making closer to supply to respond better to demand. How businesses manage inventory deeper in the supply chain also reverberates out to how they distribute product to consumers on the domestic front.

"Large, regional distribution centers do not facilitate the flexibility and time-sensitive deliveries these companies make. Retailers are starting to use local warehouse sites, serving fewer locations, but with more technology to manage inventory," noted Wilson.

2006 In Review

How did these trends impact last year's numbers? The U.S. business logistics industry continued to grow at an unprecedented rate, eclipsing 2005's record year by 3.5 percent, Wilson reported. Total logistics-related costs topped out at $1.3 billion and rose from 9.4 to 9.9 percent of the nominal Gross Domestic Product (*see chart, previous page*)–an increase of $130 billion from 2005. Over the past decade, business logistics spend has increased 63 percent.

Despite soaring fuel prices, softening truck capacity conditions, and increased competition, many motor freight carriers reported modest revenue growth, largely a result of passing along surcharges to customers.

As a result, transportation costs were up 9.4 percent over 2005. The motor freight market set the tone for the cargo industry at large: U.S. ports handled an 8-percent increase in TEUs last year; railroads managed a record 9.4 million containers; and air cargo saw freight

UP THE CHAIN
PEOPLE ON THE MOVE

Irvine, Calif.-based **Kia Motors America** has hired **Tom Leimkuhler** (pictured) as vice president, parts. In his new role, Leimkuhler, an auto industry veteran, will oversee all parts and accessories for logistics, inventory management, and retail sales. Leimkuhler was most recently managing director, supply chain management and vice president, parts, at MG/Nanjing Global Motors, where he created and managed the aftermarket parts and supply chain divisions in China, Europe, and the United States.

Dan Brady was named vice president of the aerostructures business sector at **Aurora Flight Sciences Corporation**, a manufacturer of unmanned aerial systems and components based in Manassas, Va. Previously, Brady served as director-global supply chain management at Vought Aircraft Industries, overseeing demand planning and inventory control, commodity management/procurement, and materiel strategy.

Federal Signal Corporation, an Oak Brook, Ill.-based security products and solutions company, has selected **Fred H. Lietz** as vice president and chief procurement officer. Lietz now leads Federal Signal's strategic enterprise sourcing strategy, including global sourcing and commodity management initiatives. Before joining Federal Signal, Lietz was vice president of global procurement and logistics at Andrew Corporation.

Scott A. Storrer has been appointed group president of health care supply chain services for **Cardinal Health**'s pharmaceutical supply chain services business. In his new role, Storrer is responsible for pharmaceutical distribution, specialty pharmaceutical services, nuclear pharmacy services, and Medicine Shoppe franchise operations at the Dublin, Ohio-based pharmaceutical supply chain company.

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Businesses are no longer as confident as they have been executing lean inventory strategies. **Many shippers prefer to keep more product in the supply chain** to accommodate shifting demand.

ton-miles rise 4.6 percent, according to Wilson's report.

But the real emerging story in 2006 was the continuing growth and importance of the warehouse and distribution sector. With inventory carrying costs increasing at a double-digit clip–17 percent in 2005 and 13.5 percent in 2006–it has become clear that businesses are no longer as confident as they have been executing lean inventory strategies. Many shippers prefer to keep more product in the supply chain to accommodate shifting demand.

Wilson also discussed overall 2006 trends by mode. Among the findings:

Air

■ Airfreight revenue grew by $3 billion during 2006, an increase of 7.6 percent–considerably lower than the 17-percent leap one year earlier.

■ Escalating fuel costs, which account for as much as 30 percent of the industry's operating expenses, dampened revenue growth for the year. Still, preliminary figures indicate overall ton-miles are up 4.4 percent over 2006 and have grown 22 percent since 2000.

Trucking

■ Trucking costs increased by $52 billion in 2006, an increase of 8.8 percent over 2005.

■ Soft demand and new equipment purchases–largely a result of the EPA's new emissions and engine standards–increased truck capacity but marginally weakened demand for trucking services. Larger carriers were able to grow their revenue by passing along fuel surcharges to their customers; smaller operators, however, had less leverage to do so as they faced increasing competition in a surplus market.

■ The driver shortage continues to raise concerns among industry experts, despite increased capacity in 2006. Last year, driver turnover in the long-haul segment increased 121 percent and the short-haul sector was not far behind at 114 percent, according to the American Trucking Associations. Drivers are migrating to companies that offer higher wages and substantial benefits.

Rail/Intermodal

■ Rail freight costs increased 12 percent, with revenue for Class I railroads jumping 13 percent.

■ Since 2004, the rail freight industry has increased revenue nearly 30 percent, reflecting the industry's commitment and capacity to meet intermodal demand. For the ninth consecutive year, the railroads have set records for total carloads carried, an indication that growing rail freight demand in the NAFTA corridor continues to take the industry to new heights.

Ocean

■ Maritime and domestic water traffic increased by 7.9 percent in 2006, to nearly $3 billion for the year, augmented by continued ocean freight growth.

■ Aging infrastructure and deferred maintenance are beginning to take a toll on ocean transportation. Diversified sourcing strategies through multiple ports have helped rationalize volume and accommodate growing inbound cargo traffic.

-Joseph O'Reilly

Supply Chain All-Stars

Exhibiting superior supply chain capability and performance is a daily occurrence for the 25 companies selected this year by consulting firm AMR Research for its annual Supply Chain Top 25.

"Companies in this year's Supply Chain Top 25 are able to respond quickly and efficiently to opportunities arising from market or customer demand. They do not simply excel at cutting costs," says Kevin O'Marah, senior vice president of research at AMR Research.

AMR evaluates the companies across basic metrics related to execution–return on assets, revenue growth, and inventory turns, for example. The 25 companies that made the cut this year are:

1	Nokia
2	Apple
3	Procter & Gamble
4	IBM
5	Toyota Motor
6	Wal-Mart
7	Anheuser-Busch
8	Tesco
9	Best Buy
10	Samsung Electronics
11	Cisco Systems
12	Motorola
13	The Coca-Cola Company
14	Johnson & Johnson
15	PepsiCo
16	Johnson Controls
17	Texas Instruments
18	Nike
19	Lowe's
20	GlaxoSmithKline
21	Hewlett-Packard
22	Lockheed Martin
23	Publix Super Markets
24	Paccar
25	AstraZeneca

– Amy Roach Partridge

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WMS: In Demand And In Flux

If you've recently purchased a Warehouse Management System (WMS), you are in good company, as WMS purchases are on the rise.

The worldwide market for WMS solutions is expected to grow at a compounded annual rate of 4.8 percent over the next five years, according to a new study, *Warehouse Management Systems Worldwide Outlook*, from Dedham, Mass.-based ARC Advisory Group.

The WMS market reached $1.07 billion in 2006 and is expected to top $1.4 billion in 2011, predicts the report.

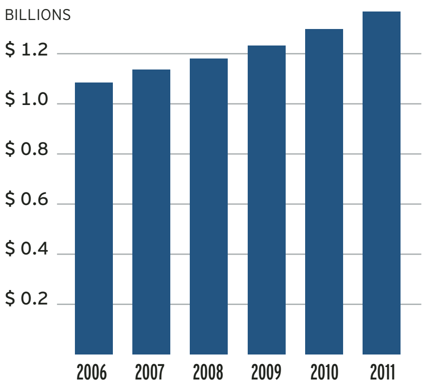
Though the WMS market is mature, it will experience faster growth in the next few years than it has in the recent past, says Steve Banker, service director for supply chain management at ARC.

"The average WMS solution has a lifespan of 11 years. As the years between 1995 (11 years prior to the base year of this study) and 2000 were high-growth years for the WMS market, the market going forward will mirror, on a smaller scale, the previous era's growth," he explains.

In addition, WMS solutions are morphing to incorporate new technologies, shows ARC's research. The increasing use of voice recognition and radio frequency solutions in warehouses, for example, has impacted the development of WMS solutions.

WMS providers have devoted a considerable effort to understanding the warehouse workflows and processes that result from these new multimodal terminals, says Banker. WMS solutions must now be configured to support these data collection methods, as well as multimodal applications. In the future, WMS architecture may

WMS Market: Fast Growth Ahead



SOURCE: ARC Advisory Group

need to treat automatic identification (AutoID) as one layer of the solution so that multi-modal AutoID tasks are supported, he adds.

– Amy Roach Partridge

Meeting Mandates With Technology

Cutting costs has historically been the top priority for supply chain professionals. Most companies today, however, are looking to improve supply chain processes by meeting customer mandates for faster and more accurate fulfillment, according to a new study by Boston-based research firm Aberdeen Group.

Supply chain executives are addressing this need for new approaches and priorities by increasing their spending on supply chain technology in 2007. Five times as many companies plan to increase, rather than decrease, IT spending, shows the report, *The Supply Chain Innovator's Technology Footprint 2007*, which surveyed more than 200 companies at the start of the year. The survey's aim was to explore companies' technology investment plans en route to supply chain improvement.

What technology do most companies plan to invest in?

Inventory management stands out as a top priority, with 57 percent of respondents listing it as their number-one technology pick. "Companies that have not yet refreshed or expanded their use of inventory management technology should put it on their to-do list this year," suggests the study.

Supply chain visibility ranks a close second to inventory management, with 55 percent of participants listing it as the biggest priority for technology investment.

Other interesting findings from the Aberdeen report include:

- Companies looking to create new supply chain innovations are 1.5 times more likely to view globalization as the top driver for supply chain improvements.
- Services-oriented architecture and radio frequency identification technologies are not high priorities for warehouses in 2007.
- Companies are increasingly looking to on-demand software and Web-based applications to address supply chain visibility.
- Forty-one percent of overall respondents–and 77 percent of large enterprises–plan to spend $500,000 or more on logistics technology in 2007.

– Mark Rowan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SUPPLY CHAIN TECHNOLOGY

by Amy Roach Partridge

RFID: A Tale of Two Cities

Break out your high-school summer reading list – we turn to Charles Dickens to analyze the current RFID market.

The current market for RFID supply chain applications reminds me of the opening line of Charles Dickens' *A Tale of Two Cities*. According to RFID vendors, the market is poised for strong growth as active RFID solutions pick up speed, equipment prices begin to drop, and the industry continues to make progress adopting global standards. But RFID end users are still largely hesitant to embrace the technology, citing too-high tag prices, uncertain ROI, and an onerous implementation process.

Best of times, worst of times, anyone?

Some evidence to support the "best of times" view: A substantial number of RFID offerings and capabilities have debuted recently, in a wide range of applications.

The Port of Oakland, for example, announced it will use active RFID technology to meet homeland security requirements. Horizon Services Group, the technology subsidiary of carrier Horizon Lines Inc., is working to create RFID reader infrastructure on U.S. highways to devise a national network for real-time intermodal container tracking. SAP released a new set of RFID technologies that adds product trading and authorization capabilities. And DHL completed a successful pilot using RFID to monitor temperature-sensitive pharmaceutical products during transport; the company plans to bring the service to market in the fall.

The list goes on. News releases boasting RFID product updates, launches, and new partnerships and pilot programs fill my inbox daily.

END USERS: ADOPT OR AVOID?

But who is using these new applications? The tale reads more "worst of times" from the end-user perspective. Three years ago, when the Wal-Mart RFID mandate kicked into effect, forcing its top 100 suppliers to ship cases and pallets of goods tagged with RFID, it seemed a sure bet that shippers would flock to RFID solutions. Following right behind Wal-Mart, the Department of Defense (DoD), Target, and Albertsons also placed RFID mandates in motion.

But what followed was not a mass march

CONTINUED FROM PAGE 41

to adopt RFID, but rather a slow trudge to so-called "slap-and-ship" compliance so as not to lose a major customer. Today, the plan for RFID installation in Wal-Mart distribution centers is behind schedule, expansion plans for Target and the DoD have been delayed, and Albertsons discontinued its pilot, reports AMR Research analyst Lora Cecere in a recent paper, *What We Have Learned From Three Years of RFID Pilots*.

Some shippers are wholeheartedly embracing RFID–retailers broke out as early adopters, along with companies in the automotive and aerospace/defense industries.

NOTES FROM THE FIELD

U.K. retailer Marks & Spencer, for example, began item-level tagging on men's suits back in 2004. Now 120 stores utilize RFID tags on a wide variety of both men's and women's clothing.

In the United States, Best Buy has led the way, having issued a 2004 mandate similar to Wal-Mart's. The retailer is also piloting RFID systems to expedite the process of locating items in storefronts and back rooms, and plans to eventually use a RFID-based automated system designed to eliminate checkout lines. Hewlett-Packard also logs on to RFID–the computer manufacturer first implemented RFID in 2002, now maintains 28 RFID-enabled facilities worldwide, and plans to use 10 million Gen 2 tags in 2007, reports AMR.

Mounting evidence exists, however, that many shippers are generally blasé about RFID, unless a specific mandate forces them to implement it. A recent study from IT industry group CompTIA highlights this. While 84 percent of technology resellers, solutions providers, systems integrators, and consultants surveyed say they will offer RFID products and solutions in the next three years, 65.6 percent report that their customers have yet to implement RFID solutions.

"The results of the survey are reflective of the RFID market, where rosy forecasts about rapid and widespread adoption have given way to the reality of dealing with a technology whose broader deployment has been challenged by equipment and tagging costs, murky and unclear ROI for supply chain applications, and a workforce skills shortage," explains David Sommer, vice president, e-business and software solutions for CompTIA.

WHO'S USING RFID?

I attended a recent Council of Supply Chain Management Professionals (CSCMP) NJ roundtable event, where logistics IT provider CAPE Systems demonstrated its *RFID Tag Locator* technology–a software solution for RFID tag testing, evaluation, location, and usage–to a group of 50 logistics professionals. When the demonstrator asked us who worked for a company that implemented or was planning to implement RFID, only two people raised their hands. In both cases, their companies were complying with Wal-Mart's mandate.

Also, at CSCMP's annual conference last October, interest in RFID seemed minimal. Only a handful of RFID seminars and vendors were on hand, and many shippers cited the familiar woes of high prices and low ROI as prohibitive. When I wrote about this in my November column (*Talking Tech at CSCMP*) I got in trouble with a quartet of RFID supporters working on a book. They argued that strong interest from their client base did not mesh with what I noticed at the conference.

"The truth is that RFID hype is down, but real business is up… Companies are increasingly using active RFID solutions where passive RFID fails to reap benefits… In the manufacturing arena, in particular, RFID is alive and well and providing value," wrote the authors in an e-mail.

Such discussion and debate among industry professionals is common. Even the analysts have mixed opinions about exactly where the RFID market is headed, and its eventual value.

"We originally predicted that RFID would see widespread adoption in 2008. This will not happen," admits Cecere. Instead, AMR now expects the industry to take the next five years to learn and grow through focused, collaborative RFID pilot projects.

When asked what he expected of the RFID market in 2007, Sommer of CompTIA said he sees "strong movement across many industries, taking RFID deployments from the pilot test phase to the full production phase."

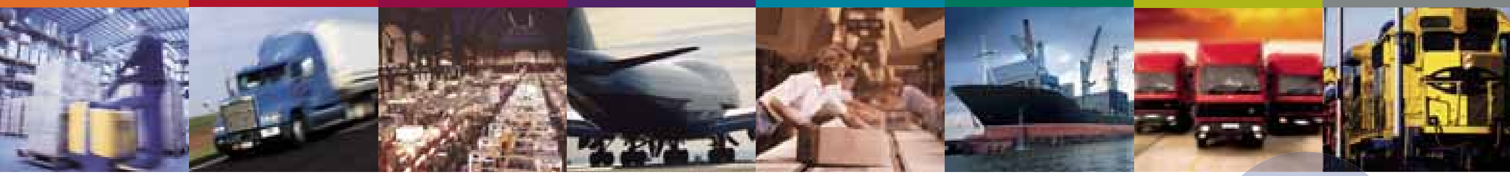
Global consultancy Frost & Sullivan expects the RFID market to stabilize between now and 2009, predicting the market's revenue will nearly triple over the next four years. The firm also estimates the passive RFID tag market will grow to $486.6 million by 2013, from $124.6 million in 2006, citing the Gen 2 protocol for UHF RFID, and increased adoption by retail and military sectors as factors.

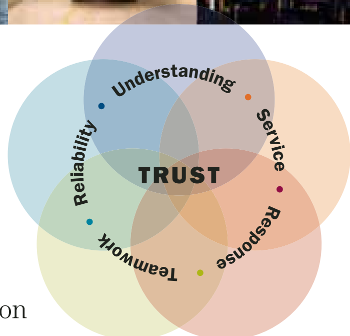
Technology consulting firm IDTechEx, meanwhile, estimates worldwide demand for RFID tags (its report does not specify whether active or passive tags, or both) will reach 240 million units in 2007, rising to more than one billion units per year by 2009. It puts the total global RFID market value–including all hardware, systems, and integration–at a whopping $4.96 billion in 2007.

STILL NO DECISION

What does all this mean for shippers? Do the market predictions, analyst and vendor endorsements, and impressive results from early adopters hold much sway? It is hard to know for sure whether this is the best of times or worst of times. The wait for an official verdict about RFID's prospects for supply chain applications continues.

What is certain, however, is that we'll still have a Dickens of a time determining how RFID can best help manufacturers, retailers, and distributors on their constant quest to balance supply chain optimization with the bottom line. ■





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GLOBAL LOGISTICS

by Amy Roach Partridge

Global Congestion in the Spotlight

Will inadequate transportation infrastructure and congestion negatively impact worldwide economic growth in the years ahead? One transportation leader believes so.

"If our transport infrastructure can't keep pace with the rate of growth, then big question marks hang over the continuation of the kind of economic prosperity that has been delivered this decade," warned Ron Widdows, CEO of Singapore-based container shipping line APL, during the European Conference of Ministers of Transport in June.

This was the latest in a series of high-level alarms sounded by APL and Widdows to warn against overcrowding at seaports, and on highways and railways worldwide. Widdows told his audience of government leaders that transportation infrastructure can't keep pace with the global growth in trade. By 2010, he explained, global container volumes will reach double their 2000 level, but in many of the world's key markets, the transportation infrastructure won't be able to handle the load without negative impact to the flow of goods.

Widdows put forth a call to action for "massive investments to modernize and expand the transport system," urging governments–including the European transportation ministers–shippers, and transportation industry executives to collaborate on solutions. Otherwise, congestion will slow future economic growth rates, add costs to global supply chains, and could lead companies to reconsider their sourcing strategies, he noted.

To illustrate the problem, Widdows pointed to cargo arrival data: in the first quarter of 2007, only 46 percent of container vessels globally arrived at ports on time–the lowest level on record. At European ports, less than 30 percent of vessels arrived on time.

"Because of the highly interconnected and integrated nature of the systems that today service international trade, we need a consistent worldwide approach to implement solutions," said Widdows. "Congestion in any major part of the world's supply chain has global reverberations."

The world's highly connected, but inadequate transportation infrastructure may threaten today's global economic prosperity, cautions Ron Widdows, CEO of container shipping line APL. He advises "massive investments to modernize and expand our transport systems."

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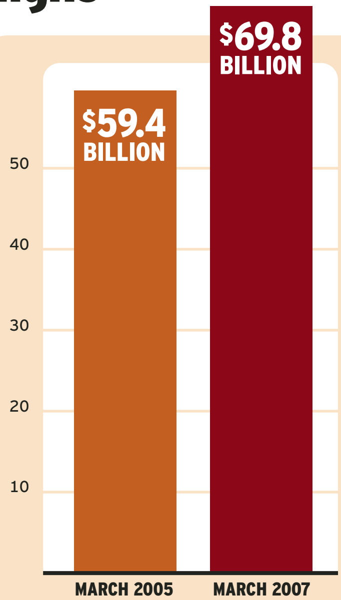
NAFTA's New Trade Highs

The United States, Canada, and Latin America have the potential to form the world's next great trading bloc–as long as the nations move quickly to improve transportation infrastructure and simplify customs requirements.

Such is the opinion of UPS Chairman and CEO Mike Eskew, voiced in June at the U.S. Commerce Department's inaugural Americas Competitiveness Forum, which brings together North American government, private sector, academia, and non-governmental organization leaders to develop strategies for optimizing trade.

"Latin America, home to a half-billion people south of the U.S.-Mexico border, has the potential to be the next hotbed of trade and economic growth," said Eskew. In addition, Latin America's real GDP is expected to grow 4.4 percent annually–a faster rate than Asia (3.6 percent) and the global average (2.8 percent)–making it certain to be a major global trade focus.



March to the Top

Trade using surface transportation between the U.S. and its NAFTA partners reached $69.8 billion in March 2007, **the highest monthly level ever recorded.** This total marks a 17.4-percent increase from March 2005. The NAFTA trade boom should continue as long as the three countries work to simplify Customs processes and improve infrastructure.

17.4% increase in total surface trade (03/2005–03/2007)	**18.7%** increase in imports (03/2005–03/2007)
	15.7% increase in exports (03/2005–03/2007)

SOURCE: U.S. Bureau of Transportation Statistics

The North American Free Trade Agreement (NAFTA) between the United States, Canada, and Mexico already has created the second-largest trading bloc in the world behind the European Union, and accounts for far more trade than the United States conducts with China, the CEO noted.

Recent numbers from the Bureau of Transportation Statistics (BTS) support his assertions: Trade using surface transportation between the United States and its NAFTA partners reached $69.8 billion in March 2007, the highest monthly level ever recorded (*see chart above*). In April, the most recent month for which statistics are available, U.S.-NAFTA trade tallied a solid $65 billion, 5.3 percent higher than in April 2006.

And, since NAFTA's implementation in 1994, trade growth between the United States and its northern and southern neighbors has increased steadily. The value of U.S. surface transportation trade with Canada and Mexico jumped 97 percent from March 1997 to March 2007, with imports growing 110.4 percent and exports increasing 81.6 percent during those 10 years, according to BTS.

But continued, uninterrupted growth among the three nations is not necessarily a sure thing. "Although we're neighbors, we have so many compli-

CONTINUED FROM PAGE 46

cated customs and security requirements in place that it is often easier to import goods from Europe or Asia," Eskew noted at the Americas event.

These trade issues are particularly nettlesome, he said, because they impede the region's built-in advantages, such as geographic proximity. Extensive delays in cross-border shipments between NAFTA partners, for example, threaten the proximity advantage over other hot trading regions such as Asia.

Eskew's advice? U.S. and Latin American governments should take several steps aimed at shoring up trade stability:

- Develop a single, streamlined customs clearance system.
- Identify "trusted shippers" and let them get in the "fast lane" for customs processing.
- Raise the minimum dollar value at which imported goods must receive customs clearance, and separate the release of shipments from the collection of duties and fees.
- Increase spending on transportation infrastructure, particularly the road and rail networks. Latin America spends less than 2 percent of GDP on infrastructure, compared to 3 to 6 percent in China and South Korea.
- Improve the communications infrastructure, both wired and wireless.

Cracking the Case: Asian Air Cargo

Perish the thought, but Asia is lagging–in terms of air cargo volume, that is. Middle East airfreight traffic tops the world in freight ton kilometer growth during the past year, accelerating at a 12.7-percent clip, while the Asia Pacific region plods along at a more pedestrian pace of 4.7 percent, according to a surprising recent report from the International Air Transport Association (IATA).

But in terms of critical mass, Asian–and specifically Chinese–air cargo volume is expanding, along with its airports. Asia Pacific lays claim to five of the top 10 freight airports in the world–Hong Kong, Tokyo Narita, Seoul Incheon, Shanghai Pudong, and Singapore. It also boasts three other Chinese hubs with roughly 20-percent cargo growth since 2005–Shanghai Hong Qiao (22 percent), Guangzhou Baiyun (18.7 percent), and Beijing (17 percent).

Due to low cargo growth at Asian airports such as Tokyo Narita, the Asia Pacific region is no longer tops in air cargo growth. That title now belongs to the Middle East.

So what accounts for the anomaly in IATA's most recent data?

For one, IATA measures airlines by registration region, regardless of where they fly, indicates Mark Smyth, the trade organization's senior economist. "Therefore, some of the growth for Middle Eastern airlines will include, for example, Asia-to-Europe cargo that airlines such as Emirates carry transiting through Dubai," he explains.

Secondly, elsewhere in Asia, cargo volumes are somewhat muffled. Japanese, Taiwanese, and Southeast Asian airports grew slowly last year and in some instances posted declining freight growth: Singapore (3.3 percent); Tokyo Haneda (3.2 percent); Jakarta (2.5 percent); Osaka (0.7 percent); Taipei (0.3 percent); Kuala

(continues on page 51)

GLOBAL SPIN

Late Freight: Much to shippers' disappointment, containerships logged an 11-percent drop in on-time arrivals during the first quarter of 2007 compared to the beginning of 2006, finds a recent survey from Drewry Shipping Consultants. Twenty-three percent of vessels arrived one calendar day late, while another 29 percent were two or more days late, according to the survey, which tracked 2,144 containership and multipurpose liner vessel arrivals operated by more than 60 carriers worldwide. ● **Up and Atom:** Six prototype ports in locations around the world will soon begin scanning shipping containers for nuclear and radiological detections as part of the U.S. Customs and Border Protection's Secure Freight Initiative. The program kicked off last month, scanning containers moving from the Port of Qasim in Karachi, Pakistan, to the United States. ● **Air Cargo Flies Freely:** China will lift virtually all restrictions on U.S. air cargo carriers by 2011 as part of a new bilateral aviation accord between the two countries. The agreement allows U.S. carriers to operate 13 new daily flights to and from China within five years, and permits all-cargo carriers to fly to any city in China. ● **Turn Up the Intermodal Volume:** Despite a slump in other modes, intermodal volume posted a 1.1-percent increase in the first quarter of 2007, according to *Intermodal Market Trends & Statistics*, a report from the Intermodal Association of North America. Volume reached 3.4 million shipments, setting a first-quarter record and continuing a six-year growth pattern. International intermodal traffic grew 2.5 percent during the same period. ● **Kazakhstan Investment – Very Nice:** Thanks to the Kazakhstan government's $1-billion investment in a new railway line and freight station in Khorgos, freight transport volume between China and Kazakhstan is forecast to grow to 25 million tons in 2009, from 12 million tons in 2006. The government is also planning to modernize the Russian border station Ozinki in order to meet the growing demand for rail services from Kazakhstan to Western Russia and Ukraine. ● **FMS Market Heats Up:** The Chinese market for fleet management systems (FMS) will be worth more than $300 million by the end of 2007, predicts global market research firm ABI Research. The growth of regional logistics and transport markets, as well as the 2008 Olympic Games in Beijing and the 2010 World Expo in Shanghai, will trigger increased need for these systems, says ABI. ***—Mark Rowan***

Lumpur (0.1 percent); Manila (-2.6 percent); and Tokyo Narita (-3.5 percent).

"Asia Pacific is a wide and diverse region, so it covers fast-growing markets such as China and India, but also more mature markets such as Japan and Korea," says Smyth.

"Given the large amount of cargo already carried by Japanese, Korean, and Taiwanese airlines, slower growth among these countries has a major dampening effect on the overall Asia Pacific total," he adds.

He also points to other broad trends in global trade that are impacting Asian volumes, including the increased competitiveness of container shipping in terms of time as well as price, the dominance of services in GDP growth for many countries, and the move in manufacturing toward smaller, lighter products.

"Each of these has an impact on the overall freight ton kilometers carried," Smyth concludes.

Pakistan Primed For Logistics Improvements

Pakistan's Prime Minister Shaukat Aziz has become a cheerleader for supply chain efficiency, calling it a key to increasing the country's economic competitiveness. Speaking at a June meeting of high-level government and private-sector officials, the Prime Minister outlined the country's National Trade Corridor (NTC) plan aimed at improving all aspects of its logistics network.

Pakistan's plan to modernize railways and highways, construct new roads, and simplify customs procedures and processes at ports, airports, and borders has reduced cargo clearance times, Aziz reported. In addition, NTC has helped Pakistan speed the movement of goods throughout the region.

The country hopes the continued revamping of its logistics network will lead to greater economic stability, eventually helping to increase foreign investment in Pakistan. During the current financial year, Pakistan garnered a record $6 billion in foreign investment.

The country's pro-logistics stance is also earning kudos from major transportation companies operating within Pakistan, such as Port World Logistics and KGL Transportation Company. Both companies support the NTC program, saying it will help promote trade and business in Pakistan. ■

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IT MATTERS

by Kevin Brady

Visibility: Seeing is Believing

Take a look at this list of avoidable logistics problems: Time wasted manually scheduling shipments and tracking products from channel to channel. Missed opportunities from not knowing the exact quantity of inventory in transit and stock availability. Strained relationships after shipments fail to make their destination on time.

The common element is a lack of visibility, the ability to view product data in real time, all the time. Forward-thinking companies that embrace visibility find it helps patch countless holes in their profit nets.

THE TIME IS NOW

Many companies acted quickly in the past year, moving supply chain visibility from a wish to a must-have. Those championing their company's move toward improved visibility understand that today's global economy lives and breathes in real time, and stale logistics strategies threaten competitive advantage. They recognize the time to demand visibility in the supply chain is now.

Companies that have already adopted supply chain visibility solutions have done more than prevent headaches and cost erosion – they strategically use real-time visibility to one-up their competitors.

Having supply chain visibility helps companies:

- Resolve unpredictable scenarios, such as product trapped in customs, by expediting shipments. This also enables their customers to meet critical sales periods.
- Enhance just-in-time inventory strategies with the ability to respond to market fluctuations and seize market share when others can't see events, much less respond to them.
- Use supply chain transparency to manage excess inventory levels, thereby reducing the risk of erroneous handling, product obsolescence losses, and cash flow impediments.

Given these benefits, why isn't every company investing in systems that provide round-the-clock visibility?

One significant barrier to adopting a strategic visibility solution is the challenge of streamlining multiple management systems. It does little good to implement product visibility in the warehouse but not in transit, or vice versa. Supply chain visibility is only effective in its entirety, which intimidates many companies already juggling multiple applications.

Additionally, visibility systems require new technology as well as the company-wide understanding and adoption of new processes. The significance of this task can be daunting, prompting some companies to remain focused on putting out the very fires visibility would prevent.

CHANGING COMPANY CULTURE

Cultural issues often play a role, too. Companies that have always managed their own supply chains may struggle with the concept of outsourcing to third-party players–even in today's high-tech world. Doing so requires first recognizing the efficiency bar has been raised, then developing the trust and commitment to relinquish less-efficient processes in favor of a lean, robust supply chain system.

Security concerns may also make companies hesitant to opt for transparency. Internet technology has opened the doors to unforeseen accessibility and visibility, but visibility systems must also offer absolute protection.

In the beverage industry, for example, brewers and beverage producers are faced with supply chain challenges that demand visibility. Competitive advantage in the beverage industry comes

CONTINUED FROM PAGE 52

from maintaining a speedy, accurate supply chain.

Many beverage companies base revenue projections on having product in the right place at the right time to meet seasonal peaks such as spring break or ski season. One delayed shipment can cost hundreds of thousands of dollars in lost revenue that cannot be recouped until the next peak season.

With limited shelf-life products, brewers and beverage producers rely on systems that provide the highest degree of flexibility and control. Wholesalers, particularly those who export their inventory, demand visibility so they can control their products' "when, where, and how" without compromising freshness and quality.

Effective visibility requires streamlined solutions across the entire supply chain. Whether a company launches its own visibility system or opts to implement a third-party system, it should heed the following advice:

■ Find an accessible visibility solution. True access only occurs if the system provides these four elements:

1. A secure environment in which to view inventory in motion.
2. The ability to see data from any computer anywhere in the world via a modern web browser.
3. An option for outside users such as trading partners to customize the system to their needs.
4. The ability for authorized users to view company and partner data.

■ For the system to effectively improve transportation management, it must provide real-time visibility during both transit and delivery. Users must be able to employ multiple search functions, as well as schedule customizable reports delivered by e-mail.

■ To enhance warehouse management, the tool must offer inventory visibility at distribution centers, and allow users to view receipts and past shipments, as well as data on pending shipments. Users must be able to filter results and import selected data into commonly used spreadsheet software.

■ The system should also include real-time visibility and tracking of export shipments, as well as visibility of open bookings and sailing dates.

■ Look for a solution that includes IT support available online or by phone.

Whether a company turns to a proprietary visibility solution, or taps into an outsourced option, the impact visibility produces in the supply chain will bring numerous benefits – and a sigh of relief from those formerly tasked with putting out fires. ■

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CARRIERS CORNER

by Doug Grane

Squeaky Wheels Get Political 'Oil'

In March 2007, I was fortunate to travel to Washington, D.C., as a delegation member of the Illinois Trucking Association. I spent several days discussing issues such as diesel prices, alternative energy, taxes, and toll roads with members of Congress. In every instance, these issues directly correlate with the financial well-being of the trucking industry.

My father started Central States Trucking 27 years ago with a vision to provide world-class service, and today our business is thriving. But I believe the trucking industry faces key challenges that may thwart our collective best efforts.

THE DIESEL FACTOR

The biggest issue impacting trucking companies today is diesel prices. Politicians largely worry about how gas prices affect a family of four in their communities. They don't often show concern for truckers who travel 100,000 miles per year, consuming considerably more fuel than the typical SUV.

Due to a lack of federal government action, carriers have been forced to continue fuel surcharges to offset increased diesel costs. Most shippers understand the macroeconomic causes necessitating surcharges, but they don't like them. Truckers don't either. Our company, our customers, and ultimately the American consumer, are saddled with this burden.

In order to alleviate diesel pain, renewable fuels such as ethanol and biodiesel have been proposed. In the Midwest, in particular, an abundance of renewables exists. The industry, however, needs to balance environmentally friendly and cost-effective fuel sources. A national standard on alternative fuels could benefit truckers, shippers, and the environment. We all want to chip in, but the rules of the game need to be fair, up-front, and uniform–clogged engines due to varying state standards don't help anyone.

Another issue currently making the rounds at state and local political levels is tollway privatization. Experience indicates that once this occurs, tolls increase sharply. With privatization, only two parties win–the buyer and the seller. The general marketplace loses in the form of another increase in the cost of doing business and the cost of living.

How safe will these roads be when a private company, under the direction of a waning CEO, feels pressure to focus on quarterly earnings? More importantly, we all know who wins the public safety versus company stock price debate.

One bright spot is evident, however: greater emphasis is being placed on improving state and regional infrastructure. Given that freight volumes are forecast to grow substantially in the near future, short- and long-term planning is essential to ensure that all aspects of the global supply chain–including local thoroughfares and regional highways–are optimized.

FIGHTING FOR CHANGE

Most trucking company owners would agree that as long as taxes and fees continue to rise, earmarking those dollars specifically for infrastructure improvements is critical to their future well-being.

Unfortunately, transportation funds are too often diverted by politicians eager to support other initiatives and pet projects.

The trucking industry faces many hurdles, but complacency is public enemy number-one. Carriers need to be engaged and active in public policy both in their home states and in the nation's capitol. Shippers expect carriers to deliver quality goods at an affordable price, but unfortunately, public policy sometimes gets in the way. The squeaky truck wheel can, and must be heard, to enforce change. ■

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ECODEV

ISSUES AFFECTING ECONOMIC DEVELOPMENT

by Mike Berry

Real Estate, Logistics, and Politics Converge

Legendary baseball philosopher Yogi Berra once said, "90 percent of the game is half mental." In the development world, 90 percent of real estate is half logistics.

As shippers increasingly examine ways to make their global supply chains reliable and diversified, they look to infrastructure improvements to support their plans. Because globalization has added length and multiple transport modes to the supply chain, developers have become increasingly involved in issues that are literally thousands of miles from their projects.

Real estate professionals have had to educate themselves on global trade routes, seaports, rail lines, TEUs, canals, and ocean vessels. They need to understand the effect a congested West Coast port has on a distribution center in the central United States, and how a bottleneck in Iowa or Missouri can disrupt the supply chain all the way back to the ports.

Another realization for today's development executives is that they must work closely with logistics professionals, as well as the public sector at all levels–city, county, state, and federal–to address the country's transportation infrastructure issues.

Infrastructure needs have never been more critical. Inland ports that demand optimal rail, highway, and in some instances, airport connections, have become an integral part of moving goods from overseas.

This trend will continue to grow as U.S. population centers move south and west across the country. Case in point: 24 of the 25 fastest-growing cities with a population of 100,000 or more are now located in the South and Southwest, according to a recent report of population estimates from the U.S. Census Bureau. In addition, seven of the 10 largest U.S. cities reside west of the Mississippi River.

MAKING THE CONNECTION

Developers and logistics professionals alike must help political leaders understand the connection between public investment in transportation infrastructure and economic development. At Hillwood's Alliance development in North Texas, for example, various government entities have spent approximately $324 million in infrastructure improvements over 17 years of development.

The project generated a $28.5-billion economic impact, including $6.1 billion in private investment, more than 25,000 jobs, and nearly a half-billion dollars in property tax revenue.

U.S. Transportation Secretary Mary Peters clearly sees the connection between transportation infrastructure and logistics, as well as its importance to our current economy. The Secretary visits a major logistics hub on the first Friday of every month in conjunction with the government's monthly job-growth announcements. She also led the recently announced initiative to provide unlimited cargo flights between the United States and China starting in 2011.

When knowledgeable political leaders partner with industry, we get the best of both worlds. One successful example is North America's SuperCorridor Coalition (NASCO). This coalition was formed to help address issues related to infrastructure improvements in the region; its mission is to provide secure and efficient routes to move goods throughout the Interstate 35 corridor between the United States, Canada, and Mexico.

As these initiatives show, traditional real estate transactions can no longer be the industry's sole focus. Today's logistics hub and inland port developers must realize their responsibility to work with a variety of entities to help their customers find better, faster, more secure, and less costly means of moving goods to their facilities. ■

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VIEWPOINT

by Gil Carmichael

Getting Government to Understand The New Science of Transportation

A freight transportation revolution has taken place in the past 25 years. Consumer demand, technology, expanding population centers, and vast global enterprises have combined to make intermodal the international standard for moving goods.

Unfortunately, when it comes to U.S. government policy-making, ignorance of intermodal freight transportation is almost universal. The nation's government agencies have not kept pace with intermodal's revolution; have not addressed the nation's capacity concerns; have not dealt effectively with the current energy crisis; and have not been willing to address the need for intermodal education that will meet the transportation demands of the 21st century.

Private industry understands why intermodalism succeeds. Its interconnections, containerization, speed, safety, reliable scheduling, economic feasibility, and fuel efficiency marshal the strengths of each individual transport mode, while avoiding modal weaknesses. Most of all, intermodal is customer-driven–not held hostage by outdated transportation agency thinking.

Continuing ignorance on the part of our public officials leads to bad decision-making and missed opportunities. And this has consequences.

It leads, for instance, to one-dimensional thinking. Federal and state governments still concentrate on infrastructure, but don't pay much attention to how it is actually used–or where the most promising opportunities exist.

This "old infrastructure mentality" causes government agencies to view the modes in isolation, much as they did in the 1950s when the Interstate Highway System–a vertical transportation system–was inaugurated.

SITTING ON THE SIDELINES

Congress continues to manage a wide range of transportation issues as if it were still 1950. Members talk intermodal but vote for traditional highway projects. I hold out little hope for leadership from Capitol Hill. During the intermodal revolution, Congress sat on the sidelines and still does.

Yet our interconnected intermodal system prospers by efficiently unifying modes horizontally. Intermodal works because it moves a ton of freight for every passenger on our transportation network. And, intermodal has succeeded because it is customer-driven and responsive to economic demands. Nearly all these freight gains, unfortunately, are attributable to private sector action and investment–not government.

Simply put, government must realize the need for an improved understanding of the "new science of transportation" if we are to meet the economic demands of a 21st-century infrastructure.

The most important step in advancing freight and passenger intermodal transportation is taking a fresh look at the structure and priorities of government agencies. I propose that the chief executive of each state transportation department have two principal deputies–one to oversee policies and programs associated with freight transportation, the other to do the same in passenger transportation. They would soon learn they have to listen to customers.

Executives of these agencies should have a good working knowledge of intermodal principles because a majority of policy decisions and projects need to be carried out with priority given to intermodal improvements–both freight and passenger. Department of Transportation executives should gain this knowledge either through professional experience in the transportation industry or formal academic training. They won't achieve credibility until they do.

Investing in a horizontal intermodal transportation system is a no-brainer if we want to conserve fuel and keep the cost of goods and services in line. Intermodal investments will pay off if fuel prices rise or fall. The marketplace won't be skewed because energy costs are only one component of the intermodal advantage. If permanent oil shortages are a serious threat, rail can convert to electricity generated from an alternate source. And the rail mode already carries its container freight nine times farther per gallon of fuel than highway modes.

I urge support for a proposed 25-percent tax credit for freight railroad capital investments that would add substantial revenues for capacity expansion and intermodal service enhancements–our nation's greatest transportation challenge. Meeting even predictable near-term business growth requires a much greater commitment from government.

The huge North American rail system has been single-tracked for the past 30 years. This right-of-way, already in place and paid for, carries only 25 percent of its capacity. Returning to double- or triple-tracking rails, with grade separations and GPS controls, would create three times more capacity.

Transportation congestion in the United States has reached critical mass. The huge untapped capacity of North American railroad right-of-way may be the solution. ■

There is a dimension beyond that which is known.

It is a dimension as vast as space
and as timeless as infinity.

It is the middle ground between demand and supply,
between strategy and tactics, and it lies somewhere
between the pit of an enterprise's fears
and the summit of its visibility and knowledge.

WELCOME TO THE 3PL ZONE

by Joseph O'Reilly

IN THIS DIMENSION:

SUBMITTED FOR YOUR APPROVAL...

logistics outsourcing is morphing in ways that businesses and their supply chain partners find increasingly difficult to manage on their own.

For manufacturers and retailers, the converging forces of globalization and growing domestic consumer demand are pushing supply/demand chains to new sourcing and manufacturing locations while pulling greater volumes of inventory through capacity-choked pipelines that wax and wane at market will. Already dazed by spiraling transportation costs, and at the risk of running too lean, businesses are exploring new ways to reinvent their supply chains to build additional flexibility into their networks.

Lacking the scalability and control necessary to handle these initiatives on their own, companies often turn to 3PL partners that can be both visionary and elementary in their approach to managing end-to-end product movement. Shippers seek partners that can take the lead, for example, in finding and engaging contract manufacturers in China, while also helping locate extra capacity stateside.

Successful partnerships raise expectations, and 3PLs are relentlessly charged with finding innovative ways to expand their value proposition to customers both new and old.

In this emerging scenario, the outsourcer and the logistics intermediary rely on each other to explore and engage new supply chain strategies and services as well as enter new markets – while growing their businesses along the way.

Manufacturers and retailers are willing to piggyback on their 3PL's assets and experience to grow market share and expand their global presence; in turn, service providers are keen to drive solution designs up the chain, organically mining new growth opportunities.

Such reciprocity inevitably demands a level of collaboration, imagination, and innovation that takes logistics partnerships beyond the realm of traditional outsourcing to another dimension – one where time and speed are relative, but visibility and accountability are absolute.

There's a signpost up ahead. You're about to cross into *Inbound Logistics*' 3PL Zone.

SIGNPOST #1

Outsourcing Is a Process

To give definition and shape to this new dimension of global outsourcing, *Inbound Logistics* presents a two-fold approach.

First, we engage and drill down on empirical data culled from our annual *3PL Market Insight Survey* to offer one perspective of the market drivers shaping global outsourcing trends. We then marry this analysis with anecdotal case studies of outsourcing best practices in action.

Second, we capture reader insight from our yearly *Top 10 3PL Survey* to identify how and why shippers value 3PL partnerships, thus bringing our 3PL industry focus full circle.

IL's in-depth analysis of the 3PL Zone holds no bounds; neither does outsourcing's growth potential. The U.S. 3PL market continues to expand by leaps and bounds, totaling $102 billion in revenue in 2006.

It's A Good Life

Providers responding to *IL*'s *3PL Market Insight Survey* validate this trend – more than 80 percent indicate at least 10-percent sales growth during the past year, and 36.6 percent report growth in excess of 20 percent. These numbers closely match last year's findings.

Profitability still lags behind sales (63.4 percent of 3PLs report revenue growth exceeding 10 percent compared to 65 percent last year), a reality attributed to rising operational costs, ongoing consolidation in the segment, and, as one 3PL reports, "increased cost pressures from customers that are also under pressure to reduce supply chain costs." 3PL profitability overall,

FIGURE 1

3PLs RESPOND

During your last measurement period, how much did your customer base grow?

SOURCE: *IL* 3PL Market Insight Survey, 2007

AMOUNT OF GROWTH	PERCENT OF RESPONDENTS
+ 20%	**17.1%**
+ 15%	**9.8%**
+ 10%	**26.8%**
+ 5%	**19.5%**
0%	**7.3%**

however, is still impressive.

In 2006, the biggest obstacles 3PL customers faced were reducing costs and accessing capacity, say respondents.

This year, with softening demand for truck capacity and growing acceptance of rising transport costs, 3PLs tell us their customers' top wishes run the gamut from "reducing costs," "vendor management," and "entering new markets" to "global coverage" and "finding new alliance partners."

This shift in attention reflects varying economic conditions and consumer demand, but also points to the fact that 3PLs are ultimately following their customers' lead and absorbing their costs and concerns.

The Hunt

As revenue chases sales growth, service providers are becoming more aggressive in how they grow existing partnerships and target new ones. More than half (53.7 percent) of 3PLs polled specify augmenting their customer base by at least 10 percent during the year (*see Figure 1, above*). This further cements the importance manufacturers and retailers place on outsourcing initiatives.

Respondents attribute this growth to a number of factors. One provider, for example, specifies "a general market increase in outsourcing and new offerings to customers as a result of a recent merger."

Respondents also point to focusing on high-volume customers and vertical markets as means for increasing their customer base. Logistics service providers are capitalizing on existing customers by helping them drive efficiencies further back in the supply chain to enhance their value proposition and organically grow their business.

Interestingly, a number of 3PLs at both extremes of the sales growth spectrum identify "finding customers" as their most important challenge, suggesting that diversifying and growing client rosters is a pivotal strategy for leaders and laggards alike.

An intriguing question arises from this analysis, and it's difficult to ascertain by empirical data alone: how are 3PLs expanding and selling their value proposition to current and potential customers?

The decision to outsource often emerges as a company grows beyond its management bandwidth to properly control logistics and supply chain functions without negatively impacting its own core competency.

The Prime Mover

Transportation management is often a prime target, given its high cost and a general aversion among manufacturers and retailers to sink capital into non-core infrastructure and asset investments. As expected, a lion's share of 3PLs (73.2 percent) report "cutting transport costs" as their customers' top challenge (*see Figure 2, below*).

While businesses are still inclined to outsource transportation-related activities, other strategic initiatives are also closing the distance and turning heads in corporate boardrooms.

Businesses may approach 3PLs with specific transportation and distribution challenges, but these flashpoints often illuminate strategic problems elsewhere in the demand/supply network. Given the fact that transportation costs have become institutionalized – largely as a result of high fuel prices and longer supply

FIGURE 2

3PLs RESPOND

What are your customers' top challenges?

SOURCE: *IL* 3PL Market Insight Survey, 2007

Cutting transport costs	**73.2%**
Technology strategy and implementation	**48.8%**
Reducing inventory	**46.3%**
Business process improvement	**43.9%**
Reducing assets and infrastructure	**41.5%**

chains – and that outsourcers expect more value from their logistics partners, 3PLs are more adroit at helping customers drive efficiencies in other areas of the supply chain.

By example, 3PLs also tell us their customers are concerned about technology strategy and implementation (48.8 percent), reducing inventory (46.3 percent), business process improvement (43.9 percent), and reducing assets and infrastructure (41.5 percent).

Noticeably, "reducing inventory" jumped 14 percent this year and offers a good example of the types of growing pains exacerbated by lengthening and deepening supply chains. By looking at strategies that reduce or better position inventory in the pipeline, follow demand-driven signals, and control inventory movement from point-of-origin, businesses are leveraging their 3PL partners to become savvy supply chain practitioners.

This level of complexity also indicates that companies are equally judicious in how they envision their supply chains and the roles their 3PL partners play within their organizations.

What's In The Box

Case in point: specialized mold manufacturer Siamons International requires its 3PL to support myriad logistics activities. (*Find details on this partnership in* Go Ahead... Pile It On, *page 74*). In its partner, Siamons found a logistics bricoleur capable of not only handling core responsibilities including order processing and product packaging, but also out-of-the-box tasks such as building and shipping in-store product displays.

Outsourcing in the new dimension is no longer simply a quick-fix solution to a tactical problem, but rather a strategic process that identifies areas for improvement, designs solutions, and streamlines these solutions beyond implementation. As part of this emerging dynamic, 3PLs are inclined and equipped to move past day-to-day operational problem-solving to create and execute value-driven initiatives – and customers are beginning to expect this.

The real value-add for Siamons is the collaborative relationship that has developed between the two companies – a relationship that transcends the usual 3PL expectations and is indicative of the new global outsourcing trend.

SIGNPOST #2

The Power of Collaboration

Over the past few years, the 3PL segment has settled into a two-horse race between large, resource-laden intermediaries and smaller niche players that rely on strong customer service to capture market share. Increasing polarization within the industry is pushing medium-sized service providers into the crosshairs of larger 3PLs keen to expand their businesses through new acquisition targets.

3PLs were mixed in their explanations for how they were growing, citing M&A activity, organic growth, and increased sales as the primary reasons. This variety of opinion reflects the bifurcation of the 3PL market.

Large 3PLs can leverage their capital and clout to acquire complementary businesses as well as seek out new growth opportunities by canvassing their customers' customers. A majority of 3PLs indicate they have made or are seeking key business acquisitions in areas such as China, Eastern Europe, Canada, and Mexico to broaden their operational scope.

In addition to growing inbound logistics practices domestically, globalization is a key factor in this shifting cycle, as businesses extend their reach into new markets and develop relationships with myriad transportation, warehousing, and technology partners.

The Changing of the Guard

In less obvious ways, the growing complexity of supply chain management is helping small 3PLs gain market penetration. For one, the sheer size and scope of global supply chains has rendered the idea of a best-in-class global service provider nearly untenable, and logistics companies that specialize in a niche vertical, region, or capability are of value to large and small outsourcers alike.

Increasing complexity is also pressuring logistics companies across all sectors to enhance value-added services beyond core operating strengths, ultimately blurring the distinction between freight carriers, IT developers, consultants, and 3PLs. Small intermediaries that offer stand-alone, specialized service capabilities, and are committed to their core customer base, are more likely to stand out amid this mosaic – especially as some companies migrate away from the "one-stop shop" approach to outsourcing.

3PLs attuned to this shift recognize the strengths and weaknesses of their market position and how they match up with prospective clients' needs. This is reflected in the fact that more than half (51.2 percent) of 3PLs polled in the *3PL Market Insight Survey* believe customers should partner with more than one service provider, while 39 percent feel that a customer should work with only one partner (*see Figure 3, page 70*). The remaining 9.8 percent of respondents say outsourcing strategies are contingent on the customer and the scope of the venture.

Compared to last year's data, more

FIGURE 3

3PLs RESPOND

Should customers partner with one 3PL or more than one?

Use just one	39.0%
Use more than one	51.2%
Depends on situation	9.8%

SOURCE: *IL* 3PL Market Insight Survey, 2007

3PLs identify using one service provider as the route outsourcers should take. This increasing parity presents a striking anomaly: while the majority of 3PLs see multiple 3PL partnerships as a sound outsourcing strategy, citing the necessity to maintain "balance" and "options" in today's unpredictable environment, an increasing number cite the value of having one point of contact over their supply chains.

This difference in opinion may in fact be recognition that some customers prefer having "one throat to choke," or need management simplicity because logistics challenges are growing beyond their capacity to control them. It may also reflect the growing complexity of logistics and supply chain outsourcing relationships.

Either way, such a split could perhaps create a breaking point for service providers as they look to balance their customers' best interests with their own.

In the context of today's global environment, partnering with multiple service providers gives companies greater leverage to benchmark performance, while also holding partners accountable for agreed-upon service requirements. With increasing need for flexibility and reliability – given the inevitable supply chain disruptions and volatility of consumer demand – a roster of 3PL partners provides additional resources and support to scale and adapt sourcing patterns as the need arises.

The growth of outsourcing, in terms of scope and number of providers, consequently has raised the presence and value of fourth-party logistics providers (4PLs) and lead logistics providers (LLPs). But while these specialized service providers have traditionally been used to manage multiple outsourcing partnerships, companies are now driving the 4PL solution design beyond these parameters. (*Read the full story,* Outsourced Logistics: 4Ward Momentum, *page 81.*)

Cleveland, Ohio-based industrial manufacturer Eaton Corporation, for example, decided to rethink its global supply chain strategy three years ago, using LLPs to aggregate control over and visibility into its disparate networks. It currently partners with five primary LLPs to marshal supply chain activities in North America, Europe, and Asia.

Where Is Everybody?

Eaton's goal is to pare down to one provider as prudence and time dicate. This 4PL solution strategy lets Eaton leverage control over protocol where necessary and follow the lead of its 4PLs in emerging markets – all while using feedback from partners to further streamline and organize its global network.

This ongoing progression from a fragmented supply chain management approach to a more centralized LLP-driven model presents another example of how outsourcers and 3PLs, working in tandem, are raising the bar and taking logistics outsourcing to a new stratum of innovation and collaboration.

SIGNPOST #3

Outsourcing's True Value

This push toward collaborative outsourcing partnerships, and the concessions 3PLs and LLPs are willing to make to facilitate these arrangements, indicates that logistics intermediaries are not only mindful of their own limitations, but also the "value add" companies can glean from partnering with multiple specialized players. For outsourcers seeking greater objectivity, customized solution designs, and more effective customer service, this level of cooperation augurs even greater growth for the outsourced logistics industry moving forward.

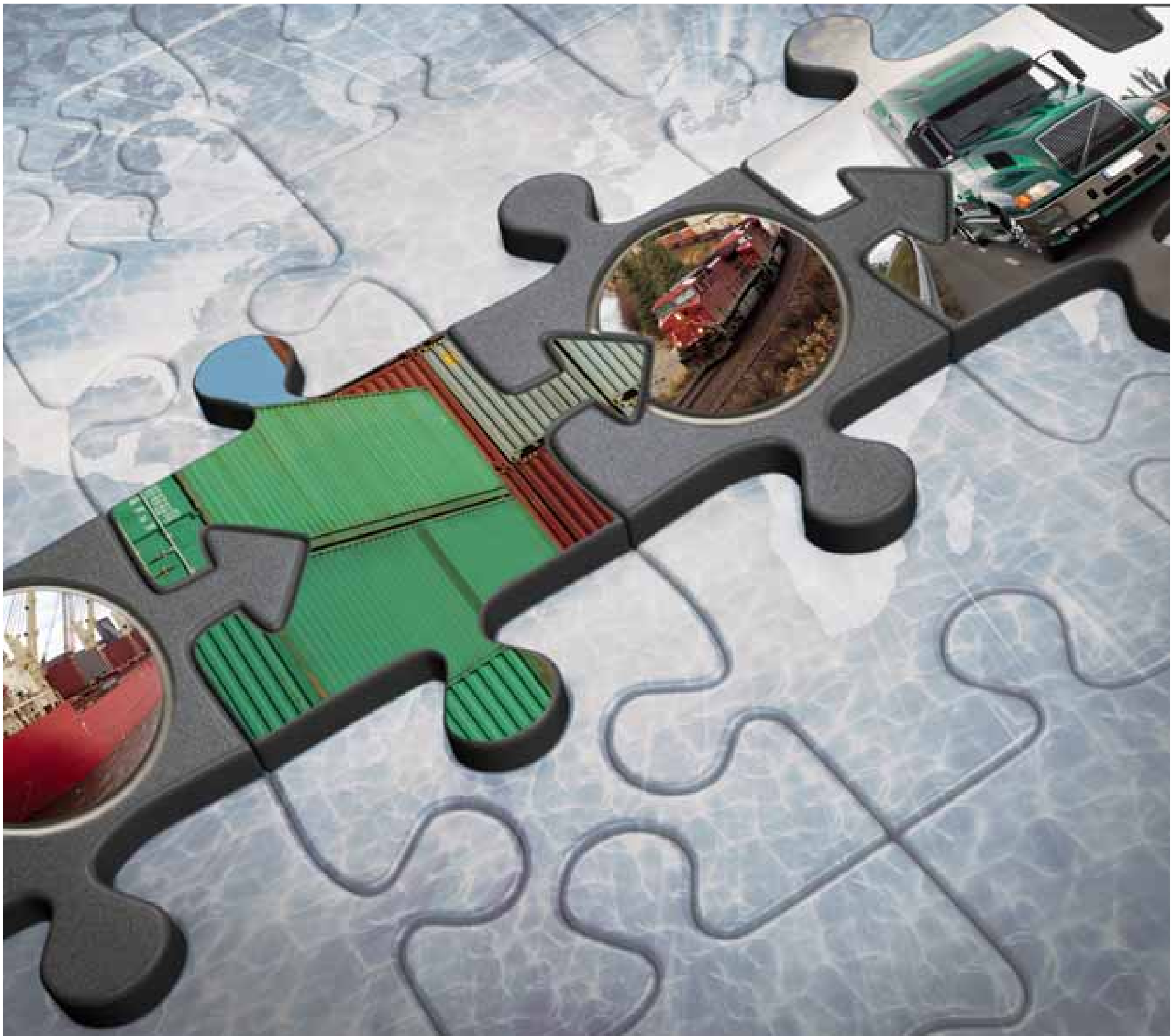
The types of partnerships companies such as Siamons and Eaton are forging with their partners, coupled with empirical data from the *3PL Market Insight Survey*, reveal three emerging trend lines:

1. 3PLs are helping customers execute sophisticated supply chain initiatives beyond simply reducing transportation costs.

2. They are growing their customer bases at an annual double-digit clip, both organically and through strategic acquisitions.

3. Some service providers are looking to add further value for their customers by working collaboratively among themselves.

All in all, telling proof of the exciting new dimension of global outsourcing.



But while 3PLs may see the value of their services and capabilities – and the value of outsourcing in general – in terms of "dollars and sense," outsourcers provide more revealing testimonies to the special relationships that exist with their logistics partners.

Consider, If You Will...

Here's what companies responding to our annual *Reader's Choice: Top 10 3PLs* survey had to say about the merits of their 3PL partners:

- Maple Leaf Bakeries says Total Logistic Control "is not as well known as the bigger players, but does a much better job."
- For YKK AP America Inc., working with Ryder is good for business: "Ryder helps us provide customers with the right product, at the right time, in the right quantity, and in the best quality."
- MeadWestVaco appreciates C.H. Robinson's willingness to go the extra mile: "C.H. Robinson has always been responsive and willing to try different approaches to satisfy customers."
- Unilever trusts Transplace to meet whatever challenges come its way: "Transplace representatives do everything they possibly can to resolve emergencies and last-minute changes. Their everyday execution is great, too."

If a common thread exists among these sentiments it is that 3PLs are going above and beyond their technical expertise and capabilities to meet and exceed the unique service demands of their customers. Such reactions aren't that surprising considering the increasing symbiosis between logistics service providers and their customers.

The 3PL has become an extension of the enterprise, sharing the risks of operating in a time-sensitive, capacity-constrained, cost-conscious environment, while dually reaping the rewards of helping companies match supply to demand and tap new opportunities to grow market share.

As businesses continue to expand offshore interests and streamline domestic distribution networks to flex with shifting market conditions, the demand for service providers that can work in concert with customers and other 3PLs to efficiently integrate disparate supply chain links and expedite the inbound flow of global goods will only increase.

Where manufacturers/retailers and 3PLs will take the outsourcing dynamic beyond the present is difficult to discern, but the pathway is clear: the 3PL Zone is marked by collaboration and innovation. ■

SIGNPOST #4

Inbound Logistics' Annual 3PL Issue

If you're not quite "in the zone" yet, *Inbound Logistics*' jam-packed coverage of the 3PL industry is sure to push you over the edge. We investigate trends in the 3PL market, profile the industry's leading players, and scope out success stories that serve as an example of where companies and their logistics service providers are taking global outsourcing.

PAGE 74 **Go Ahead...Pile It On** A few years ago, 3PLs were most likely found handling basic tasks that a company's supply chain department couldn't get to. Today, 3PLs sit firmly in the driver's seat, managing entire global supply chains, providing advanced logistics technologies, and offering numerous value-added services. Changing domestic and global market conditions have made 3PLs the norm, rather than the exception, for many shipper companies.

PAGE 81 **Outsourced Logistics: 4Ward Momentum** The quest for supply chain reliability, visibility, and manageability has led enterprises to expand their outsourced logistics partnerships – as well to seek the expertise of fourth-party service providers capable of supervising them all. But what is the real role of today's 4PL? How does it differ from a 3PL? *Inbound Logistics* explores the changing dynamics of the 4PL/LLP market.

PAGE 91 **Reader's Choice: Top 10 3PLs** A yearly *Inbound Logistics* tradition: readers vote, *IL* compiles the results, and the best 3PL providers come out on top. *IL* readers boast a broad range of experience based on their buying habits, and that comes into play when they vote to select the best-of-breed in outsourced logistics.

PAGE 99 **3PL Perspectives** Our 2007 *3PL Market Insight Survey* investigating the $102-billion 3PL industry offers readers a chance to gauge the latest trends in the 3PL marketplace, and see if their 3PL has kept pace.

PAGE 112 **Top 100 3PLs** This annual decision support tool provides information on 3PL capabilities and services to help readers evaluate logistics partners. Drawn from hundreds of questionnaire responses, interviews, and research, *Inbound Logistics* editors compile and present the most complete and current information on 3PLs available anywhere. Readers use this resource all year long as they seek to match their needs to the best logistics partners.

PAGE 122 **3PL RFP** Readers match their logistics challenges with the appropriate 3PL by using *IL*'s free RFP service, both in print and online.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3PLs

Today's outsourcers expect 3PLs to offer a wide range of value-added services. 3PLs respond:

"Go Ahead... Pile It On!"

by John Edwards

Andrew Klingel, director of operations for Siamons International, knows what he wants from his 3PL: a bit of everything, most having little to do with transporting and storing products.

Like many logistics managers, he expects his third-party logistics provider–Santa Monica, Calif.-based CaseStack–to take an active role in supporting an array of daily business operations.

"We use CaseStack for a wide range of services, from order processing to product packaging, even building store displays," Klingel says.

These are boon times for 3PLs such as CaseStack; most are enjoying double-digit growth rates. In 2006, slightly more than one-fifth of 3PLs responding to an International Warehouse Logistics Association (IWLA) survey reported revenue increases of 20 percent or more. Another eight percent posted revenue gains of between 15 and 20 percent, while 25 percent experienced sales growth rates of between 10 and 15 percent.

Against this backdrop of healthy revenue gains, 3PLs continue to press for market share growth. Expanding market presence means finding new customers, as well as convincing existing clients to switch allegiances. One way to win new customers is to listen closely to their needs, then offer ready-made solutions, even those not directly related to logistics.

"It's hard for 3PLs to make money on basic services," says C. John Langley Jr., a supply chain management professor at the Georgia Institute of Technology in Atlanta. "That's why more 3PLs are emphasizing value-added services."

Value-added services encompass a variety of offerings. Packaging, picking and packing, labeling and kitting, inventory and control, and assembly and customization are the service areas providing the strongest opportunities for 3PLs, according to the IWLA study.

Keeping Customers Satisfied

Toronto-based Siamons, which specializes in mold control products, views its 3PL relationship as vital to its business success. "The relationship is an extension of our business," Klingel says. "It's critical to customer satisfaction."

CaseStack helps Siamons accomplish tasks faster and more efficiently than if they were handled in-house, Klingel notes. The 3PL provides a range of order-processing services, "handling everything from individual bottles and samples all the way up to full skids, LTL, and full truckload for our larger customers," he explains.

CaseStack also occasionally provides repacking services for Siamons, and builds and ships store displays. CaseStack assemblers take the display parts out of a corrugated box, build the unit, then ship the three-shelf display to the retailer.

"When it arrives at the store, the customer just has to take off the top and put up the sign," Klingel says.

CaseStack doesn't focus exclusively on value-added services, but understands the need to be flexible enough to provide any service a customer requests. "We can handle most value-added services," says Dan Sanker, CaseStack's president and CEO. "It's not always feasible for companies to handle tasks in-house that may come up only once a year, or that require some form of specialized expertise, such as RFID."

Full-Spectrum Service

Value-added services mark the difference between a 3PL that's simply a transportation/warehousing company and one that's a full-spectrum service provider, Sanker notes.

For Klingel, working closely with CaseStack on all logistics issues is key. "CaseStack gets to know our product,

To please demanding customers, 3PLs offer value-added services that go beyond basic logistics management. CaseStack, for instance, provides repackaging services and builds and ships store displays for Siamons, a Toronto-based mold control product manufacturer.

and us personally," Klingel says. The companies' tight relationship comes in handy whenever Siamons faces a new business challenge.

"Any time we face a new issue, we set up a conference call," Klingel says. "CaseStack offers advice on how to handle a situation, based on its experience with other customers facing the same challenges."

Valor and Value

As a Tier II automotive industry supplier, Valor Manufacturing operates in a challenging just-in-time logistics environment. The constant pressure requires the company to demand maximum productivity and efficiency from all its activities and relationships, including its 3PL agreement.

"Valor is a young company, established in 2000 as an importer of automotive exhaust components," says Cindie McGloine, supply chain manager for the firm, which is based in Dundas, Ontario, Canada.

In 2003, after experiencing service-quality problems, Valor terminated its relationship with a Kansas warehouse operator and began scouting for a 3PL that could help it not only move and store products, but assume a variety of value-added responsibilities.

After considering several providers, Valor settled on Evans Distribution Systems, Malvindale, Mich.

Valor relies on Evans for numerous services beyond transportation and warehousing, including repacking, inspection, EDI support, Web site operation, and an interactive inventory system.

"Having Evans perform these value-added functions frees up valuable time to devote to other areas of our business," McGloine says. "This allows us to better utilize our staff."

The arrangement also provides direct financial benefits. "We avoid spending time and money that we would otherwise have to invest in land, rent, building, staff, maintenance, and administrative costs," McGloine says. "This partnership allows us to continue to grow our business."

Evans also serves as "Valor's eyes and ears," says Leslie Ajlouny, Evans' vice president of business development. Valor's products, which are imported primarily from Asia, are frequently subjected to rough handling and contaminated environments before arriving in the United States.

"We visually examine the products just before Valor's customers receive them," Ajlouny says. "We're the last line of defense."

> **"Using a 3PL frees up time and money we would have to invest in land, rent, buildings, staff, maintenance, and administration. We can devote our time to growing the business."**

Such attention helps Evans forge a tight bond with Valor, so tight that the 3PL often becomes involved in the company's decision-making processes.

As Valor faces new challenges, such as the adoption of RFID and other emerging technologies, Evans will be there to help meet them, McGloine says. "As our OEM automotive and Tier I customers embrace new technologies, we will need these added services to keep up with their requirements," she notes.

McGloine credits Evans with helping Valor thrive in a highly competitive market. "Our business has grown exponentially over the past few years," she says. "We are still growing, and we need our 3PL services to grow with us."

Getting in Thick

SimplyThick is a small company with large logistics needs. As the developer and marketer of a food and beverage thickener for people who have difficulty swallowing, the St. Louis-based firm needs a 3PL that understands its specialized product and its importance in customers' daily lives.

"We want to make sure we have the right partners who can get our product out the door according to schedule," says John Holahan, SimplyThick's inventor and founder. "When we choose a 3PL, we look for a good match in size and flexibility, and an understanding of our product."

After parting ways with its first 3PL, a large organization that Holahan says failed to provide the service and attention SimplyThick required, the company went shopping for a new provider. SimplyThick examined several candidates before deciding that TAGG Logistics of St. Louis most closely matched its needs.

"We've worked to develop systems and technologies that work well for both companies," Holahan says. "Everybody at TAGG now knows what SimplyThick is, and how crucial it is to our customers."

In addition to typical 3PL services such as transportation and warehousing, TAGG also provides several value-added processes to SimplyThick, including kitting, packing, and order fulfillment.

"Businesses are outsourcing more, and 3PLs have to be willing to broaden their service offerings," says Gary Patterson, president of TAGG. "We offer one-stop-shopping to companies such as SimplyThick."

For Holahan, TAGG's value-added services mean he doesn't have to worry about every last detail.

"Small companies live and die by sales," he notes. "If we kept a big-time industry veteran on staff who knew how to set up a warehouse and warehouse management system, maybe we could save some money."

But, lacking such a person, SimplyThick's management prefers to avoid the energy drain and distraction of running an in-house warehouse and order fulfillment operation. "Outsourcing allows us to focus on what we're good at," Holahan says.

Companies that ask a 3PL to provide value-added services are, in essence, bringing the provider inside their business. Such a relationship requires a high level of cooperation and trust, demanding that the client and provider work closely together and share knowledge about all facets of business operations.

"Companies need to be able to tell their 3PL things that are kept in confidence," Langley says.

Yet many companies are reluctant to divulge their secrets to people outside their corporate tent.

"There's a perception that if you're not careful, you'll give out some information that will come back to hurt you," Langley says. Yet, if a business doesn't trust its 3PL, the provider will be forced to fill in missing information with estimates and guesses, creating ample opportunities for project failure.

"By keeping information close to your vest, you impair your company's ability to function," Langley says.

Langley admits that businesses may have good reasons for failing to share sensitive information with their 3PL. The client may, for example, be afraid of a 3PL employee with in-depth knowledge of a critical process suddenly jumping to a competitor. "But if you can't share, for whatever reason, you will come up short in terms of the providers' ability to respond," Langley warns.

Holahan agrees. "You've got to find a 3PL you can trust," he says. That trust is built up over time as the partners work together to meet various goals.

Sizing Up Providers

When a business plans to rely on a 3PL for one or more mission-critical services, it's vital to examine that provider from every possible angle–the same way you might size up a potential merger partner.

"Look at the 3PL's goals, and the people working there," Klingel says. "Because a 3PL becomes an extension of your company, you want to know you can work with its people."

The formula for creating a successful value-added services partnership with a 3PL is simple: good chemistry and the right contract, which includes key performance indicators.

It also helps to view potential 3PL partners a little skeptically and not be impressed by marketing collateral. Make sure you examine their real capabilities.

Then you can be confident that no matter what service requests you pile on, your 3PL can handle it. ■

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OUTSOURCED LOGISTICS

What is the real role of today's 4PLs?

How do they differ from 3PLs?

Who's driving the growth of this outsourced logistics niche?

Inbound Logistics *picks up the lead and explores the changing dynamics of the 4PL/LLP market.*

4WARD MOMENTUM

by Joseph O'Reilly

Outsourced logistics partnerships are taking companies to places they've never been before – both in terms of emerging logistics markets as well as the level of supply chain complexity and strategy necessary to meet ever-changing global demands. As businesses become more inclined to partner with multiple niche logistics providers–maintaining expertise in specific verticals, operating regions, or service capabilities–their supply chains are evolving into multi-tiered networks, stratified by numerous transportation and logistics contracts from raw materials procurement to domestic point of consumption.

The role of the fourth-party logistics provider (4PL) and lead logistics provider (LLP) emerged as this trend toward global outsourcing began to outpace the organizational infrastructure available in-house to handle growing offshore networks.

Now, with secondary and tertiary sourcing strategies becoming commonplace, having a single point of contact to properly integrate and manage myriad outsourcing partnerships is of great value: it allows enterprises to divest transportation and logistics activities and better target growth initiatives specific to their core value proposition.

Andersen Consulting (now Accenture) first defined the 4PL concept in 1997 when acting on behalf of a major chemical company that had winnowed its forwarder base from 30 to three. The company left the consultant with the responsibility of managing its remaining core partners.

"The original 4PL concept was designed for businesses with large undertakings," says Brooks Bentz, associate partner for Boston-based Accenture Supply Chain Management. "The idea of using a 4PL was slow gaining traction. Now, as a result of globalization, 4PLs are fast gaining momentum."

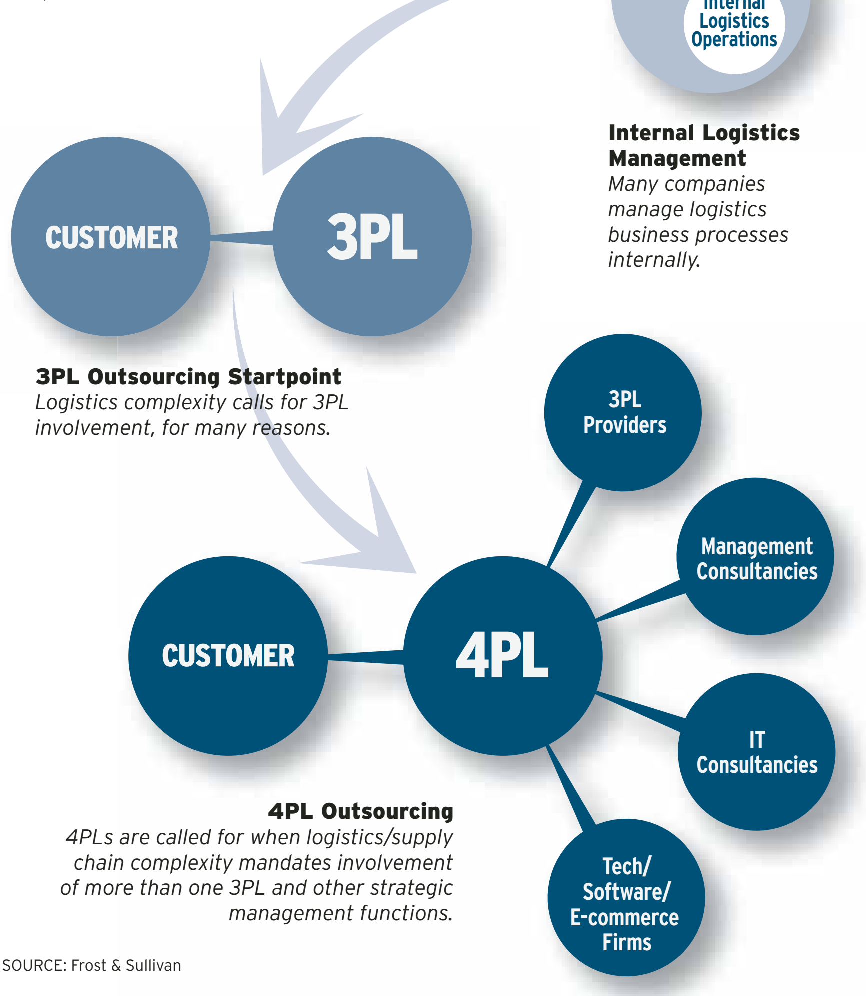
One reason for this growing demand is the simple fact that finding a best-in-class service provider capable of managing a global supply chain is challenging.

"Businesses that outsource logistics find it hard to distill their core interests down to two or even three service providers," says Jim Ritchie, president and CEO of YRC Logistics, a global 3PL based in Overland Park, Kansas.

The 4PL concept has necessarily followed the path of globe-trekking enterprises exploring less expensive and more reliable sourcing and outsourced manufacturing locations–as well as multiple logistics partners. But equally significant, the concept has not remained static and the very nature of a supply chain "management" partner continues to shift course with prevailing global trends.

4PL Business Process Evolution

The continuing growth of logistics and supply chain complexity, given globalization and other business realities, augers well for the increased involvement of 4PLs. Companies want one service provider and one point of contact to do it all.



SOURCE: Frost & Sullivan

4PLs and LLPs: Apples to Apples?

The function of the 4PL is as fickle as the various terms flung around to describe the interface between a customer and its multiple logistics partners–be it a 4PL, LLP, or systems integrator. *(Note: we use the terms 4PL and LLP interchangeably in this article.)*

Bentz doesn't see a difference among the terms, comparing the 4PL model to that of a general contractor that administers niche responsibilities to a team of specialized service providers.

"The 4PL concept has been around in a defacto sense for some time. Logistics service providers such as Exel use subcontractors at different levels to manage their operations," he says.

For others, the 4PL concept is a matter of perspective. "A 4PL takes the lead on advising or making supply chain decisions on behalf of the customer, but does not execute the result of that decision," says Jurrie-Jan Tap, global key account manager for CEVA Logistics, a global 3PL headquartered in Hoofddorp, Netherlands.

In other words, a 4PL is a non-asset-based advisor or integrator. "A 4PL can be paid a management fee or can act as a main contractor. By contrast, an LLP has the same capabilities as a 4PL, but augments that proposition with the ability to use its own assets in concert with subcontracting activities," Tap adds.

How logistics service providers define and contextualize the 4PL/LLP dynamic is perhaps irrelevant because ultimately, the customer's perspective dictates protocol. In fact, the seemingly amorphous parameters within which 3PLs, consultants, and even IT providers act as lead

logistics providers is an indication that standard rules for engagement do not apply. If anything, it is the customer, and not the service provider, taking the lead in defining the role.

The 4PL market is still very much a customer-driven phenomenon rather than a market change agent, acknowledges Bentz. "Logistics and supply chain management is the last part of operations that global companies want to experiment with," he says.

Industrial manufacturer Eaton Corporation's 4PL strategy involves using five primary LLP partners, including CEVA Logistics. LLPs manage all of Eaton's freight, maintain its supply chain data, and provide analysis and alerting.

Eaton Eyes LLPs for SC Redesign

Eaton Corporation began rethinking its global supply chain network three years ago with an LLP model in mind.

"The cornerstone of our strategy was outsourcing to 4PLs so we could gain better control of our transportation management systems, capture data, and drive efficiencies," says Mario Hegewald, director of global logistics for the Cleveland, Ohio-based company.

At the time, the $12-billion diversified industrial manufacturer was using more than 20 3PLs and hundreds of freight carriers to manage its global network. It relied on these partners to keep track of shipment and inventory visibility, which inevitably presented a fragmented and inefficient approach to supply chain operations.

Eaton started its journey toward a new supply chain model by setting the strategy. "We debated whether we should build a robust transportation management group and system in-house or outsource. We chose to outsource," explains Hegewald.

Currently, LLPs manage all Eaton's freight, collecting data on its shipping profile. Eaton then uses this data to continuously optimize its network–locally, regionally, and globally.

Eaton began the LLP bidding process in North America, then moved to Europe, and most recently Asia Pacific, where it partnered with CEVA Logistics to manage its regional supply chain.

"Our goal from the beginning was to make the 4PL strategy work in North America, then move on to other areas. We don't want to be in the business of owning transportation infrastructure because that takes away from our core competency," explains Hegewald.

When bidding, Eaton undertook an extensive RFP/RFQ process, polling prospective service providers about their penetration in specific markets and the types of customers they worked with in those regions. Currently the company uses five primary LLP partners: three 3PLs–Penske Logistics, FedEx Supply Chain Services, and CEVA Logistics–to manage supply chain activities in North America, Europe, and Asia; and two forwarders–Expeditors and UPS–to manage transcontinental freight moves.

With five operating LLPs, Eaton faces an element of fragmentation when it comes to supply chain visibility. Moving product from region to region means handoffs between multiple service providers. "When handoffs occur, we have to identify the LLP operating in that location to drill down on shipment information," Hegewald acknowledges.

The manufacturer also relies on its service providers to maintain data and provide analysis and alerting. But Eaton has plans in place to link up its service providers' data systems with its own data warehouse.

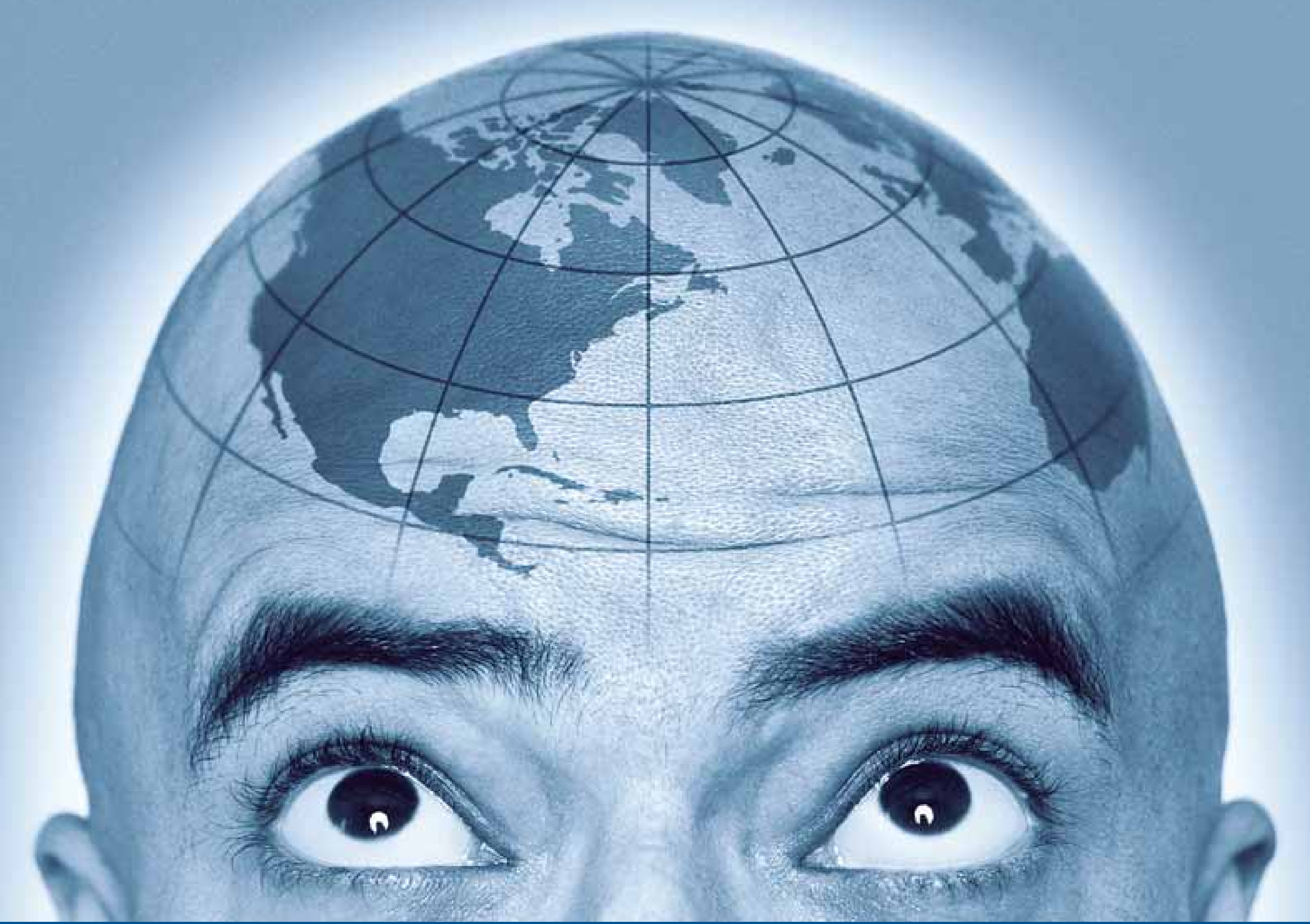
"Currently, customers contact us to get status information and our customer service department taps into our individual providers' systems to get the necessary information. When we manage visibility through a single interface, we will be able to direct customers to that system," notes Hegewald.

The organizational evolution of Eaton's supply chain network in just three years is impressive. Management and control continue to float upward through Eaton's supply chain, as the progression from a loosely aggregated group of 3PLs and service providers to its current interface of five primary LLPs matures.

"We would prefer to have one LLP oversee our entire global operations; we just haven't found one with the right capabilities yet," notes Hegewald. "But we are moving in that direction."

From Tactical to Strategic

Not all businesses have the vision or wherewithal that Eaton demonstrated in redesigning its supply chain network.



Often they are more concerned with putting out tactical fires than sparking strategic initiatives–which is why businesses turn to 3PLs in the first place.

"Outsourcing has traditionally served as a means for companies to unload a non-core activity, managing a commodity-type service–for example, reducing freight spend or inventory carrying costs," says Tom Craig, president of LTD Supply Chain, a Glenmoore, Pa.-based logistics solutions provider that specializes in 4PL services.

Not all outsourced logistics partnerships are alike, of course. Some are purely tactical, relying on asset-based resources; others are more strategic, requiring a thorough and systematic consultative approach. Partnerships generally fall somewhere in between.

But as businesses migrate toward more complex levels of outsourcing, the scope and detail of their supply chain has to change, Craig notes. As such, supply chain initiatives require a different approach.

"A 4PL's job is not merely to move freight inbound into the United States, for example; it's to manage offshore suppliers and make sure they meet appropriate targets. Providers serve a more strategic purpose," he says.

These types of challenges are exacerbated as businesses grow globally, making it more difficult to drive visibility across disparate supply chain links. "When companies lack supply chain visibility, excess safety stock and the need for expedited shipments are inevitable. An LLP can help overcome these issues by creating total visibility, thus allowing the shipper to optimize flows by consolidating shipments," says CEVA's Tap.

When companies consult logistics providers for assistance, it is rare that they have a specific 4PL requirement in mind. "Typically they need specific solutions," says Ritchie of YRC.

While some logistics providers try to be all things to all customers–a difficult, perhaps impossible, task in today's increasingly diversified 3PL mix–providers create greater value by offering the best possible solution. Sometimes this solution requires a collaborative approach among multiple service providers – this process is what evolves into the 4PL dynamic, says Ritchie.

But not all logistics providers are capable of taking a step back and seeing the forest (the outsourcing market) for the trees (customer needs). In the 3PL industry at large, some logistics providers become caught up in driving continuous improvement in day-to-day operations, Ritchie concedes, and do not address strategic ways to properly meet clients' changing needs.

The idea of using a 4PL was slow gaining traction. Now, as a result of globalization, 4PLs are fast gaining momentum.

"The value of a 4PL relationship is that it allows for more strategic angling," he explains.

"4PLs aim to create a strategic value proposition–they reinvent the wheel, they don't only provide a commodity service," says LTD's Craig. "Companies have tactical problems and 4PLs offer strategic solutions."

One company LTD works with, for example, wanted to build a large warehouse to meet distribution needs. After analyzing its network, LTD showed the company that by better managing its supplier base and reducing inventory it could scale back the size of the facility, thereby saving money on capital expenditure while also building more efficiency into the supply chain.

This example further exposes a common misconception about 4PLs: that they simply manage 3PL providers. While this is often true, such contrived definitions fail to address what lead logistics providers are truly capable of accomplishing, Craig suggests.

"Reducing freight costs by 10 percent is not a value proposition, or at best is a weak one. Improving inventory turns by 30 percent or increasing market share by three points are strong value propositions," he says.

The 4PL process, therefore, thrives on taking businesses to the next level of supply chain complexity, or even to emerging offshore logistics markets. Eaton's 4PL network design has served to accomplish both. While the industrial manufacturer outlined specific roles and expectations for its LLPs, it has similarly let them take the lead where appropriate and necessary.

For example, leveraging CEVA's resources helped Eaton generate synergies between existing operations within Asia, and facilitate further growth in the region–which is exponentially more difficult in countries such as China that present considerable cultural and business differences.

"A lead logistics provider with local experience knows how to find the right providers and deal with customs requirements," says Tap.

Targeting Growth Opportunities

Eaton's partnership with CEVA also facilitates developing connections with the 3PL's partners in Asia, which enables Eaton to more easily target, then integrate, business growth opportunities.

"We are just getting started by gathering data in Asia. We want to build our Asian network correctly from the outset," says Hegewald. "Assimilation has been easier because we work with partners. More importantly, we find efficiencies that help us meet our business acquisition strategy when we connect our LLPs with new acquisitions."

CEVA's resources and capabilities in Asia–predominantly in China–were important considerations during Eaton's due diligence process. So was CEVA's ability to create end-to-end visibility through its Matrix IT system and related control tower functionality in Singapore, which serves as the nerve center for CEVA's operations.

Companies often seek a 4PL

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CEVA Logistics (formerly TNT), which acts as both a 3PL and a 4PL, built its reputation in China's automotive logistics market. Now it offers that expertise to companies in all industries that find it daunting to go it alone in Asia.

partner to push logistics targets down the chain. "By appointing a lead provider, the responsibility to achieve savings or improve quality shifts to that provider," explains Tap.

But as with any outsourcing initiative, the stakes are equally high when relinquishing control to a third party–especially when the responsibility amounts to managing a company's entire global supply chain.

The notion of a 4PL arrangement can be troublesome for companies, especially when analyzing costs, says Ritchie. The layering of profit for multiple providers may seem ominous for the outsourcer; and for the service provider, it stresses the importance of bird-dogging strategic value to mitigate these concerns.

"We need to ensure the services we offer and the service providers we manage are right for the present and the future," says Ritchie.

Companies also worry that once they partner with an LLP they inexorably lose leverage over their operations. For Eaton, however, this has not been the case. The company maintains robust relationship management processes to communicate needs and make sure LLPs are compliant, and uses both qualitative and quantitative metrics to ensure its LLPs are acting in its best interests. This also allows Eaton to facilitate bi-directional communication between and among its partners to share best practices and streamline its network.

Staying Flexible

It also has the flexibility to manage and dictate protocol where necessary. "In North America, for example, Eaton maintains important, long-standing relationships with LTL carriers, and we have assigned these contracts to our LLPs. This is not the case for our truckload, rail, and ocean freight. But if we have volume, and decide to hang on to a contract, we can," says Hegewald.

Third-party logistics providers are not without their own concerns about 4PL relationships, especially if a competitor is managing their operations for a customer. 4PLs can hold 3PLs accountable for their performance, and theoretically, businesses can use this oversight to benchmark their outsourcing partnerships. In this way, 4PLs may very well drive and dictate a 3PL's value proposition–perhaps more so than logistics service providers want to admit.

As a result, the new, emerging 4PL dynamic requires 3PLs to develop closer, more collaborative partnerships with both their customers and their peers.

"Some 3PLs see this as a positive shift, because they understand how the services they provide fit into the buyer's strategic and tactical activities. Others view the change negatively because they only focus on containers, truckloads, and pallets," says LTD's Craig.

Market demands inevitably compel 3PLs to reevaluate and reconsider strategies that can push their value proposition forward to meet the needs of cost-conscious customers. Many companies in the transportation, warehousing, and IT sectors have developed value-added services that go well beyond the scope of their core business platforms to attract and secure long-term customer contracts.

But for a growing number of 3PLs, "value-added service" *is* the value proposition; these providers have to look elsewhere to create opportunities for shippers to grow their businesses and streamline their supply chains.

"Moving forward, I hope to see continued focus on the shipper rather than the 4PL," says Ritchie. "We have to continually create economic value for shippers. If that means introducing other service providers into the mix, then that's what we need to do."

If Ritchie's forecast is accurate, then customer expectations of 3PL capabilities may very well fill the 4PL niche in the future –a reality that is certainly true in some cases today.

But companies have also voiced concern about conflicting interests between 3PLs acting as LLPs among their own competitors and logistics service providers opting to leverage their own assets and connections to serve a customer's needs. Some of these doubts have opened the door for non-asset-based consulting firms to capitalize on this market. But Tap doesn't see this as a major impediment down the road.

"Mechanisms exist to protect the interest of customers. Also, providers are often faced with situations where they act as a main contractor, as well as subcontractor on certain projects. It is in the best interest of all market parties to act professionally in these situations because we're likely to meet again," he advises.

Others are less optimistic that 3PLs and consultants have the objectivity or resources necessary to handle companies' evolving LLP demands.

"It is not clear where the new LLPs/4PLs will come from," says Craig. "Large consulting firms do not always possess real-world operating experience managing global supply chains; many 3PLs do not offer the breadth of e-SCM experience from the buyer's side. It is uncertain where shippers will turn–to the 'usual suspects' or by building relationships with a new type of provider."

Craig's critique and prediction may be partial. But it does raise the question of whether the 4PL niche holds potential for a special type of non-asset-based service provider, or whether market growth creates a schism between 4PL and LLP expectations–and perhaps new definitions and roles for each.

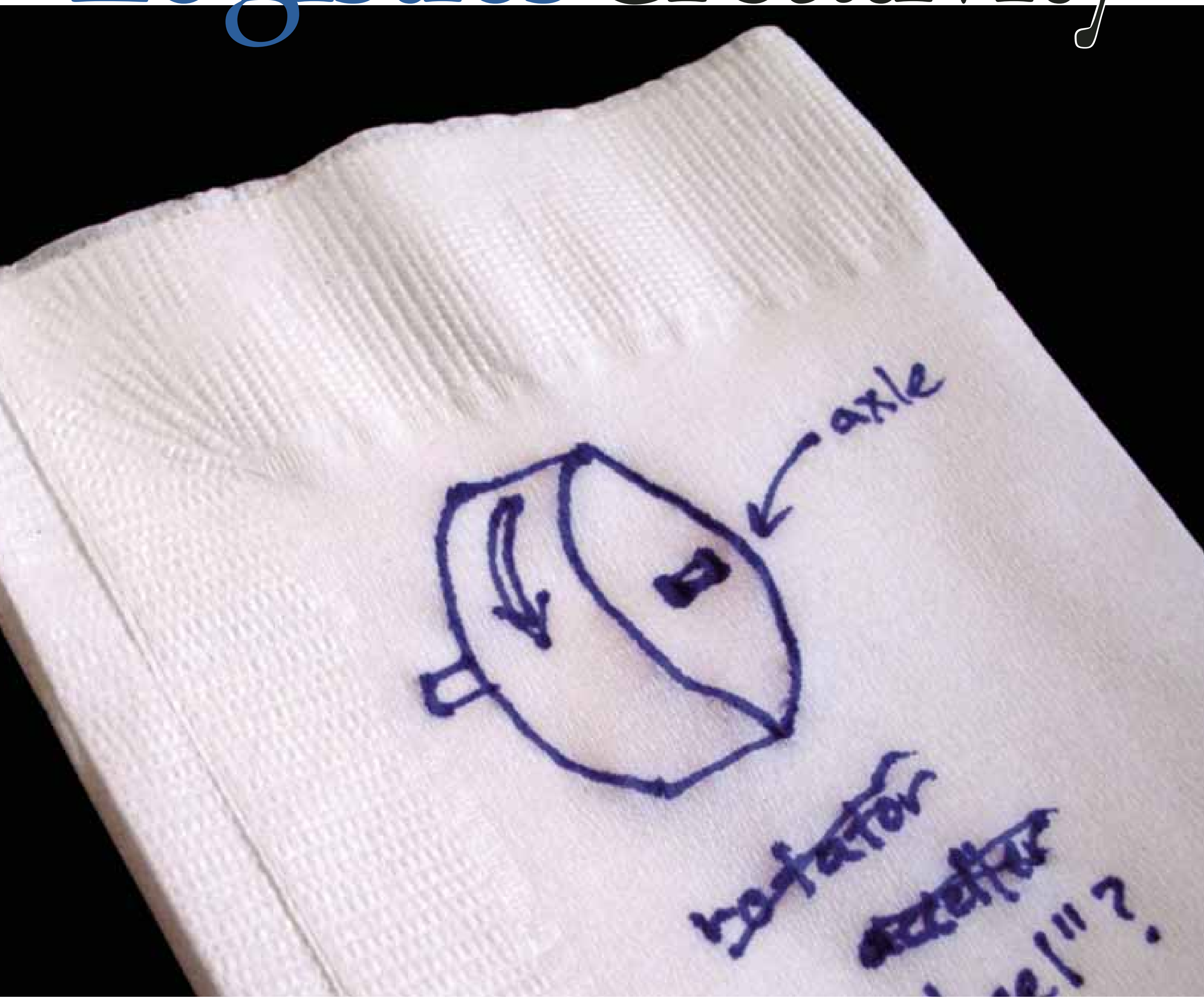
"4PL providers need to add a lot of value to justify the extra costs," notes Tap. "Companies that carefully select one or a few lead providers and make the right contractual arrangements to protect their interests–including gain share programs and continuous benchmarking–will get the best value for their money."

While these questions are probing, their answers lie in the decisions global companies make as they push their supply chains to new extremes.

"Most companies ultimately define relationships with their LLPs on their business models and what they want to accomplish with their supply chain strategies," says Hegewald.

In other words, observes Ritchie, "it's not about the 4PL." ■

LogisticsCreativity



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READERS' CHOICE

THE TOP 10 3PL EXCELLENCE AWARDS

"C.H. Robinson has been a true business partner to our company. Through mutual commitment and collaboration we've reduced costs and improved customer service. That's value."

– **GREG WELLS**, Corporate Transportation Manager, General Cable

"BNSF Logistics puts customer needs first and has gone the extra mile to accomplish their goals for our company."

– **FIYAD Y EL KAZZAZ**, IPM Deployment Manager, Frito-Lay North America

"Schneider Logistics does an outstanding job of helping us serve our customers."

– **ANDREW OWENS**, Procurement Manager, Honeywell Int'l.

"TLC and Exel are good overall providers that deliver strong customer service and cost management."

– **GREG SMITH**, SVP Supply Chain, ConAgra Foods Inc..

***Inbound Logistics* readers selected:**

	1	Ryder
	2	Exel/DHL
	3	UPS Supply Chain Solutions
	4	C.H. Robinson
	5	BAX/Schenker
	6	Menlo
	7	Transplace
	8	Schneider Logistics
TIE	9	BNSF Logistics
TIE	9	Landstar
TIE	10	Penske Logistics
TIE	10	TLC

Reader remarks such as these aren't commonplace, especially given the staggering complexity of today's logistics and supply chain challenges. But some 3PLs inspire this kind of recognition.

When logistics partners consistently go above and beyond expectations to deliver truly remarkable service, our readers let us know about it. We tally the votes and report the results each year in our Readers Choice: Top 10 3PL Awards.

A record-breaking 4,626 votes were cast by this year by transportation managers to CEOs, from small retailers to Fortune 10 companies, and they nominated 391 individual 3PLs. Beyond filling out the survey form, 1,730 readers took the time to share additional praise; the quotes above are just some examples.

The diverse logistics experience of *IL* readers (*see sidebar, right*), lends further credibility to their appraisal of what makes a 3PL worthy of recognition.

Some readers even shared their views on 3PLs in general. "I believe using 3PLs is the way of the future for all transportation needs," says Stacie McWilliams, transportation manager, DirecTV. "Most corporations still do not recognize the importance of a good logistics department, so internal resources are not readily available. The 3PLs I voted for operate in a collaborative environment, constantly offering ideas, solutions, and suggestions for my business."

"Our core competency is manufacturing, not distribution, which made outsourcing to Ryder a perfect solution," says Ben Baker, logistics coordinator, YKK AP America Inc. "Ryder has provided the service that our product and customers expect and demand. We can provide the reality of our own private transportation system without actually going into the trucking business – at a fraction of the cost of acquiring and managing those assets ourselves."

Enough said. Turn the page and help us celebrate this year's Top 10 3PLs, as chosen by *IL* readers.

JOB TITLES	
Corporate Management	38.2%
Supply Chain	18.5%
Transportation Management	20.1%
Logistics	22.5%

SERVICES BOUGHT	
Air Freight	52.7%
Ocean/Intermodal	44.0%
Small Package/Express	61.9%
Logistics Technology	59.5%
Warehousing	64.0%
Global Logistics	44.0%
Motor Freight	75.3%
Rail/Intermodal	43.7%
3PL Services	56.7%
Transportation Equipment	30.4%
Materials Handling Equipment	43.8%
Dock Equipment	9.4%
Logistics Consulting	36.1%

$ SPENT ON LOGISTICS	
More Than $50 Million	12.3%
$10-$50 Million	39.7%
$1-$10 Million	21.8%
Less Than $1 Million	26.2%

READERS' CHOICE

THE TOP 10 3PL EXCELLENCE AWARDS

1 Ryder

WHY THEY WON: Miami-based Ryder possesses a keen sense of who it is – "a partner for the future" – what it provides – "3PL capabilities to serve global organizations" – and where it is headed – helping "medium-sized companies go to the next level," says **Vicki O'Meara**, president. Readers, too, are clear on the company's capabilities, voting for its "relentless customer focus," and "cutting-edge technology." But for Ryan Boccelli, director of logistics, Stonyfield Farm Inc., Ryder's carbon footprint-reducing solutions are the clincher. "Its capabilities are a key contribution to our mission for a healthy planet," he says.

CLIENT ROSTER:

- Toyota
- CVS Caremark
- Carrier Corporation
- Nestle
- Northrop Grumman
- Philips
- General Motors
- Stonyfield Farm Inc.
- ▲ **Hewlett Packard**
- The Home Depot

CASE STUDY | PHILIPS: Philips' consumer electronics products need to arrive at stores on time and damage-free, so Philips requires detailed, end-to-end outbound supply chain management. Since 2001, Ryder's Transportation Management Center has helped plan, route, and execute Philips' shipments across all modes. Ryder also identifies ways to optimize Philips' distribution network, resulting in lower costs and increased visibility. Philips now maintains 99-percent inventory accuracy and consistently gets products where they need to be – sitting pretty on store shelves.

2 Exel/DHL

WHY THEY WON: The Exel/DHL merger created quite a stir in the business community – the combined company is one of the world's largest logistics businesses, with 500,000 employees and nearly $76 billion in annual sales. For outsourcers, though, the global giant still provides a personal touch, offering "exceptional customer focus," "strong cost management," and "a wide range of reliable services," according to *IL* readers. Exel Americas CEO **Bill Meahl** agrees that people are the company's strongest asset. "Our people are outstanding. Exel works hard to provide the right tools to enable customers to be successful – and each year we've seen gains in productivity, cost effectiveness, and our service metrics," he notes.

CLIENT ROSTER:

- DaimlerChrysler
- ▼ **Kellogg's**
- Goodyear
- Wal-Mart
- Unilever
- Kraft
- The Home Depot
- Texas Instruments

3 UPS Supply Chain Solutions

WHY THEY WON: What does Brown do for *IL* readers? "Makes zero mistakes," "drives cost out of our business," and "is always reliable." The Atlanta-based 3PL has long been a Top 10 provider, thanks to its "global assets, carrier relationships, and technology; knowledgeable workforce; and systems that flex for value-added services and cyclical peaks," says Senior Vice President **Bob Stoffel**. Camera manufacturer Nikon concurs. "UPS has helped Nikon respond to the market by extending our ability to turn inventory quickly," says Arnold Kamen, Nikon's vice president of operations and customer services. UPS is also earning points with its simplified Web access for shipping, visibility, and billing information.

CLIENT ROSTER:

- ▲ **Nikon**
- Molex
- Sprint
- Novartis
- Oneida
- Shoes.com
- Becton, Dickinson and Company
- Nestle Purina Pet Care
- Under Armour
- Johnson & Johnson

CASE STUDY | ARTHUR WILLIAM'S INDUSTRIES (AWI): When Arthur William's Industries, a Cincinnati-based distributor of retail store fixtures, began sourcing from Asia in 2005, it needed solutions to improve transportation control, efficiency, and reliability. Enter UPS' Trade Direct Ocean solution. UPS picks up AWI's goods in China, consolidates shipments into one container to reduce freight and brokerage expenses, and handles customs clearance. Upon arrival at the U.S. port, UPS breaks the shipment down into individual orders and distributes them directly to AWI customers. As a result, AWI slashed time to market from 12 to 14 weeks to 9 to 11 weeks, with commitments for direct-to-store delivery.

4 C.H. Robinson

WHY THEY WON: C.H. Robinson is a company with a "can-do, make-it-happen attitude," says one *IL* reader. Making it happen for shippers is what the Eden Prairie, Minn.-based 3PL specializes in, thanks to its "knowledge of local market conditions, 217 worldwide offices, and industry-leading technology," reports **John Weihoff**, CEO. The company recently acquired seven new branch offices in India, and companies offering flatbed truck transportation, and domestic air and expedited services, respectively. Such strategic moves make it valuable to companies such as Ocean Spray. "I consider C.H. Robinson to be a strategic partner, not just a transportation provider," says Mark Sherburne, general manager, produce.

CLIENT ROSTER:

- Wal-Mart
- Anheuser-Busch
- Clorox
- Ecolab
- Fastenal Company
- MackayMitchell Envelope Company
- Ocean Spray
- Hickory Farms

CASE STUDY | MACKAYMITCHELL ENVELOPE COMPANY: Frustrated by sending its shipments into a "black hole," MackayMitchell Envelope Company forged a relationship with C.H. Robinson for freight brokerage services. The company's prior freight broker "lacked information and communication," says Joe Cristoforo, vice president, quality and process improvement. "Not only was truck availability an issue, but once our shipments were picked up, we had no visibility into shipment status." By contrast, C.H. Robinson provides direct communication, feedback, and online tools MackayMitchell couldn't access before. The partnership allows the envelope manufacturer to offer a high level of service to customers, which, says Cristoforo, is the company's number-one priority.

5 BAX Global/Schenker

WHY THEY WON: *IL* readers give the seal of approval to the combined forces of BAX Global and Schenker, saying the new logistics powerhouse "consistently goes over and beyond expectations," and "always provides quotes down to the penny."

Customer satisfaction with German-based Schenker—which provides integrated logistics services—and Irvine, Calif.-headquartered BAX Global's supply chain management and transportation solutions can be credited to "the size and scale of our logistics and transportation networks, industry knowledge, and customer-centric solution designs," says BAX Global President **Joey Carnes**. "We have created a framework of solutions that are globally harmonized and locally delivered."

CLIENT ROSTER:

- BOC Edwards
- Siemens
- Goodrich
- DaimlerChrysler
- NASA
- Microsoft
- Sanmina
- Satair
- Porsche
- USOC

CASE STUDY | SANMINA-SCI: Because it was dealing with razor-thin margins and variable costs, including transportation rates and fuel expenses, global electronics contract manufacturer **Sanmina-SCI** ▶ needed help reducing logistics costs to improve its bottom line. To do so, Sanmina's logistics team works closely with BAX Global, its primary provider for transportation spend at its Asia facility, to find cost-reduction opportunities—with a $200-million transportation spend, even small savings add up. Today, BAX manages Sanmina's warehouse/logistics facilities and provides value-added services such as managing inventory, supplying production lines, and fulfilling orders to customers.

6 Menlo

WHY THEY WON: "The true partnership we share differentiates Menlo from other suppliers," says Greg Schupp, director of operations, Maquet Inc., which works with Menlo to improve supply chain quality and reduce costs. Partnership and collaboration are key operating tenets for the San Mateo, Calif.-based 3PL, as are "aligning each customer's needs with the right supply chain solutions," says **Robert Bianco**, Menlo's president. The company's asset-light business model, application of lean principles, and presence throughout Europe and Asia also give outsourcers a leg up, adds Bianco. What strengths do readers point to? Menlo's "execution and advanced technology," and "best-in-class service."

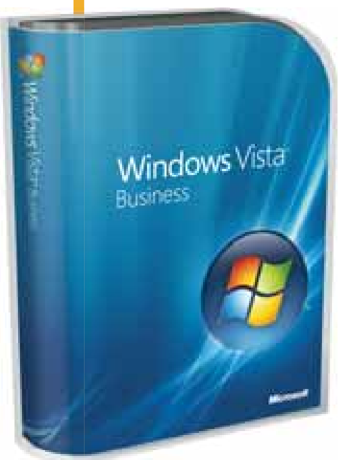
CLIENT ROSTER:

- Cisco Systems
- Dow Chemical
- Embraer
- GM
- ▶ **Hewlett-Packard**
- Maquet
- Network Appliance
- Nike
- Ricoh Electronics
- Starbucks

CASE STUDY | RICOH ELECTRONICS: As a competitor in the crowded photocopier market, Ricoh Electronics needed to manage inventory more effectively. Menlo's winning plan: set up a network of product finishing centers within the regional warehouses it operates for Ricoh to postpone product assembly until orders are received. Ricoh now ships un-accessorized photocopiers to regional warehouses that are stocked with copier add-ons. When orders come in, Menlo associates attach accessories and ship the customized copiers. The partnership helps Ricoh meet three objectives: reduce finished goods inventory, reduce product obsolescence, and improve order fill rate.

7 Transplace

WHY THEY WON: Billing itself as the "3PL & Technology Company," Plano, Texas-based Transplace offers a proprietary on-demand TMS that manages nearly $3 billion annually. "Transplace technology is used to design, optimize, and manage complex supply chains," says **Tom Sanderson**, CEO. Or, as one customer puts it: "Transplace really shines when it comes to tackling the tough stuff." The company isn't only focused on technology, though – it uses its 3PL expertise to "help reduce capital expenses for companies within our network," explains Sanderson. Readers also commend Transplace for its "outstanding human capital" and "ability to bridge the gap between customers and carriers."



CLIENT ROSTER:

- AutoZone
- **Microsoft**
- Del Monte
- DirecTV
- Glatfelter
- Office Depot
- Intertape Polymers
- Sunny Delight
- Cott Beverages
- Rock Tenn

CASE STUDY | DIRECTV: From 1995 to 2001, digital TV provider DIRECTV added 9 million new subscribers – great for the bottom line, bad for logistics efficiency. To reduce product distribution costs, DIRECTV partnered with Transplace for transportation optimization, claims management, and reverse logistics services. By applying Transplace technology, DIRECTV reduced its cost per unit by 20 cents on average, and "experienced tremendous ROI, unparalleled supply chain visibility, and on-time delivery improvements," says Michael Schertz, DIRECTV. The company also gained access to real-time reporting and visibility via Transplace's Web portal.

8 Schneider Logistics

WHY THEY WON: Schneider Logistics has been busy – enhancing its global capabilities by acquiring a freight forwarding company, and "building an increasingly large presence in import deconsolidation and port drayage," says President **Tom Escott**. Add this to "a 15-year track record of supply chain management excellence," and you get happy customers, Escott notes. "We know we will get good service from Schneider. When we ask for anything, Schneider gets it done," says Eugene Galdi, procurement director, logistics and transportation services, Honeywell. *IL* readers agree, pointing to the Green Bay, Wisc.-based 3PL's "outstanding job of helping us serve customers," and "focus on adding value and improving customer operations."

CLIENT ROSTER:

- General Motors Service and Parts Operations
- Ford Customer Service Division
- ArvinMeritor
- Tronox
- KTM
- Thompson
- Nissan
- BP
- Dow
- HON

TIE 9

BNSF Logistics

WHY THEY WON: Readers who voted for BNSF cite its "honesty," "competitive rates," and "ability to solve problems on short notice" as standout factors. The Springdale, Ark.-based 3PL offers solutions ranging "from problematic lanes, equipment, and service requirements on individual transactions to entire supply chain optimization," says **Eric Wolfe**, BNSF's vice president and general manager. The company also invests heavily in technology, as well as operations and support personnel, to keep customers such as tractor manufacturer Montana Tractor satisfied. "BNSF's operations people routinely provide exceptional customer service and are a pleasure to work with," says Scott Finley, Montana Tractor's vice president of supply chain.

CLIENT ROSTER:
- Morton's International
- Ingersoll-Rand
- The Home Depot
- ▶ **Montana Tractor**
- Wal-Mart
- IKEA
- Kohl's

CASE STUDY | AMAZON.COM: Though Amazon is well-known for its e-tailing dominance, the online bookseller struggled with escalating costs, unpredictable service, and a lack of inbound supply chain visibility, resulting in lost sales and low returns. Amazon turned to BNSF Logistics to help redesign its inbound network, and improve pipeline velocity through mode and carrier rationalization. BNSF implemented regional crossdocks – linked geographically to vendors – and now routes consolidated outbound shipments via expedited carriers to ensure rapid transit. In the first six months of the program, BNSF helped Amazon reduce transportation costs 25 percent, enhance supply chain visibility, and improve inventory velocity by 5 percent.

TIE 9

Landstar

WHY THEY WON: Landstar Global Logistics is in the small-business business, says its president, **Jim Handoush**. That means the Jacksonville, Fla.-based company "understands that large and small shippers alike need supply chain solutions, both across the street and around the globe," he explains. Landstar's unique business model – a network of independent transportation and warehouse capacity providers – gives it the flexibility to offer a wide variety of logistics services. "Our agent family really makes the difference. They are experienced transportation service professionals and innovative entrepreneurs focused on serving shipper needs across North America and around the world using Landstar's technology and expansive network of capacity providers," Handoush says. The company added warehousing services last year to its roster of solutions, and now addresses all steps in the supply chain. Readers partner with Landstar because "its customer service is second to none," and it offers "competitive pricing," "the ability to handle loads to any of the 48 states," and boasts "an excellent record for meeting its appointments." For building materials manufacturer ▼**CertainTeed**, in particular, Landstar "acts as a strategic partner and continues to add value to our supply chain," says David Rivers, director of order fulfillment.

TIE

10 Penske Logistics

WHY THEY WON:
For Reading, Pa.-based Penske Logistics, customer service is all about developing configurable solutions. "We offer customized products that precisely fit a customer's needs, instead of making customer needs fit a predetermined solution," says **Vince Hartnett**, president. The formula resonates well with readers, who say that Penske "takes its customer's goals as its own," and "will never over-commit and under-deliver." Over the last year, Penske has taken significant steps to better meet customer needs by enhancing global freight forwarding capabilities, and expanding facilities to accommodate customer growth in North America, South America, Europe, and Asia.

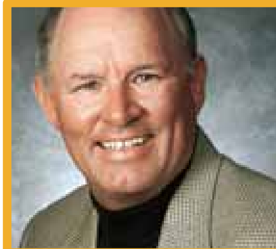
CLIENT ROSTER:
- Merck
- Eaton
- Ford
- Sony
- BMW
- Key Safety Systems
- GM
- **Whirlpool**
- Samsung
- DSM

CASE STUDY | WHIRLPOOL: In 2006, after years of working together, home appliance manufacturer Whirlpool Corporation named Penske its Lead Logistics Provider (LLP), giving it management responsibility for all Whirlpool 3PL partners. As LLP, Penske provides Whirlpool enhanced ability to view suppliers' key performance indicators, and has helped Whirlpool integrate its recent acquisition of Maytag. Penske also assumed responsibility for Maytag's private fleet, saving Whirlpool more than $1 million. "Our close collaboration enables Penske to be an extension of our business operations," says Steve Whalen, Whirlpool's director of supply chain operations. "Just like us, Penske is always looking for new ways to improve efficiency and accountability."

TIE

10 TLC

WHY THEY WON: TLC stands for Total Logistic Control, but it also abbreviates the company's mantra: "Thinking Like the Customer," says CEO **Bob Koerner**. This attitude enables TLC to "match service delivery, performance goals, and continuous improvement programs to our customers' core objectives," Koerner explains. TLC also thinks a lot about technology, focusing on "continued deployment of solutions that better integrate customers' source-to-shelf supply chains," he adds. Customers have noticed. "TLC's technology capability fills in our IT gaps," says one *IL* reader. Others approve of TLC's "customer service, creativity, and breadth of resources," and its "ability to maintain low costs and high service."



CLIENT ROSTER:
- Sara Lee Corporation
- Dean Foods Company
- Rich Products
- The Schwan Food Company
- Kellogg Company
- Kraft Foods
- Lamb Weston
- **Georgia Pacific**
- ConAgra
- Diageo

CASE STUDY | W. NEWELL: W. Newell, a Champaign, Ill.-based distributor of farm-fresh produce, needed a dedicated fleet solution that could provide high-touch/high-service deliveries to five Midwestern states. TLC's solution, a combination of company drivers and owner-operators, has been fully operational for two years. The results? "TLC handles more than 375 loads per week for us, averaging 425 miles per trip. Its 96-percent on-time performance to a 30-minute window makes TLC one of the best 3PL carriers in the business," says Gary Gionnette, W. Newell's COO. Gionnette also values the "special link" TLC drivers have built between W. Newell and its customers.

Inbound Logistics
Market Insight Survey

3PL PERSPECTIVES | 2007

by Joseph O'Reilly

You are now venturing into the deepest end of the outsourcing analysis abyss we call the 3PL Zone. *IL's* annual 3PL Market Insight Survey offers a penetrating perspective into the market drivers governing 3PL growth strategies–in terms of operational scope, as well as the types of services and technologies logistics providers are investing in to meet outsourcers' evolving needs.

Forward-thinking companies leverage 3PL penetration in foreign markets to augment their sourcing networks and strategically map global logistics hotspots to emerging consumer markets.

This year, *Inbound Logistics* collected more than 500 surveys from a wellspring of logistics service providers, ranging from large, global players serving Fortune 500s to small intermediaries serving niche verticals – and all types in between. We also heard from a remarkable 4,626 readers, who discussed their logistics services needs and demands, supplying feedback on nearly 400 specific 3PLs.

Together with our annual *Reader's Choice Top 10 3PLs* (page 91) and *Top 100 3PL Providers* (page 112), the *3PL Market Insight Survey* presents a broad perspective into how the outsourcing industry is evolving, how logistics service providers are taking operational capabilities to a new stratum of sophistication, and most importantly, how they perceive customers' needs and challenges.

Global Services

The efficacy of supply chain expertise is flooding myriad industry verticals from traditional visionaries – notably sectors such as manufacturing (served by 97 percent of 3PLs surveyed), distribution (92 percent), retail (88 percent), and wholesale (66 percent) – to slower adopters such as the service and government niches (*see Figure 1, Industries 3PLs Serve*).

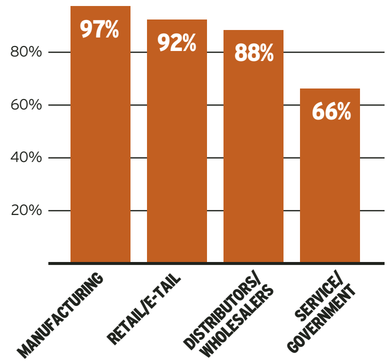
Regardless of industry, globalization continues to shape the arc of outsourcing trends as businesses large and small leverage 3PL expertise and best-of-breed IT capabilities to penetrate and grow their interests in established and new offshore locations.

Nearly half (48.4 percent) of all 3PL respondents offer global services, reflecting a slight increase over last year's data (*see Figure 2, Regions 3PLs Serve*). Forward-thinking companies are not only leveraging 3PL penetration in foreign markets to augment and rationalize their sourcing and manufacturing networks, but also to strategically map these logistics hotspots to emerging consumer markets. 3PLs are slowly investing in IT capabilities that can address these strategic goals, with 18.4 percent offering global expansion services specific to sourcing and selling needs, and 40 percent providing global trade services.

Global 3PLs are approaching their own growth initiatives in two ways: seeking alliance partners that offer complementary service capabilities and operational capacity, and investing in proprietary offices and facilities worldwide.

FIGURE 1

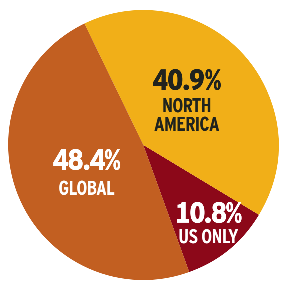
Industries 3PLs Serve



SOURCE: *IL* 3PL Market Insight Survey, 2007

FIGURE 2

Regions 3PLs Serve



SOURCE: *IL* 3PL Market Insight Survey, 2007

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- Short- and long-term storage
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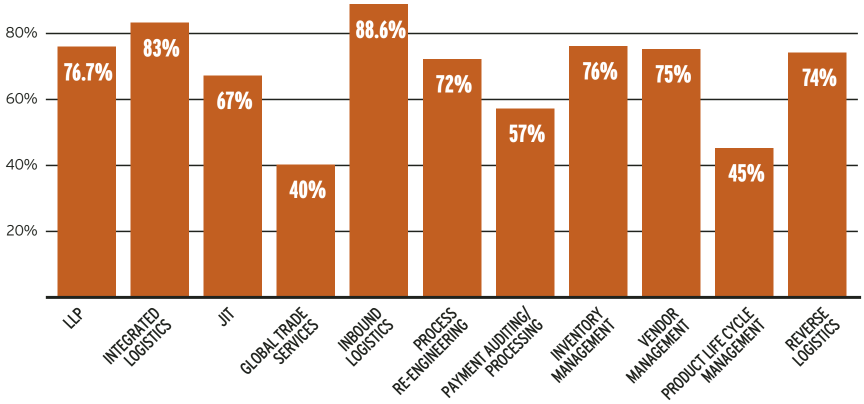
FIGURE 3

Logistics Solutions 3PLs Offer



SOURCE: *IL* 3PL Market Insight Survey, 2007

Many companies now use multiple 3PLs to manage regional operations, niche verticals, or specialized logistics. That creates growing demand for 4PL capabilities.

The majority of 3PLs offering global services are taking the latter approach – 81.3 percent of participants indicate they own facilities outside the United States. Large 3PLs that specialize in ocean and airfreight forwarding are likely to have more offices in more places – 17.3 percent of responding global 3PLs report operating more than 100 international facilities.

Smaller 3PLs are growing their global presence in a more organic way, following specific customers or vendors into new markets, with 36.5 percent of respondents indicating they maintain less than 10 offshore locations. The majority (46.2 percent) of global logistics service providers fall somewhere in the middle, operating between 10 and 100 international sites.

The expansion of global supply chains, and the proliferation of 3PLs capable of managing specific functions and operational areas within the demand/supply network, give manufacturers and retailers an abundance of outsourcing options. Many companies now use multiple 3PL partners to manage and control specific regional operations, niche verticals, or specialized logistics needs.

This trend has accordingly paralleled growing demand for service providers that offer lead logistics and 4PL capabilities – 76.7 percent of respondents report such capacity, a 6.9-percent increase over last year (*see Figure 3, Logistics Solutions 3PLs Offer*).

Offshoot of Offshoring

Offshoring has alternately required companies to reconsider their stateside distribution networks to better integrate the inbound flow of product through import facilities, streamline transportation moves and total landed costs, and better match demand to supply. Varying capacity and congestion concerns at U.S. West Coast ports, in particular, have some stateside consignees routing shipments through Mexico and Canada, and growing NAFTA volumes are contributing to this dynamic.

This trend reflects the fact that 40.9 percent of surveyed 3PLs focus solely on North America, and U.S.-only service providers are shrinking

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> JIT service capabilities are losing some luster as manufacturers and retailers balance the business costs of running lean with customers running out of stock – and running to other 3PLs.

(10.8 percent this year, compared to 13.8 percent in 2006).

The importance of driving supply chain and transportation efficiencies from the point-of-origin has never been greater and has necessarily compelled 3PLs to shape their global solution portfolios with stateside consignees in mind. Inbound logistics and integrated logistics services rank high among service providers, with 88.6 percent and 83 percent respectively offering capabilities in these areas. Both figures represent marked growth over last year's reported data.

Taking Inventory

Companies are also looking to more efficiently rationalize inventory in the pipeline to counter potential supply chain disruptions and shifting consumer demand. The number of 3PLs providing inventory management capabilities (76 percent) reflects a nearly 10-percent increase over last year.

Just-in-time (JIT) strategies and service capabilities, by contrast, are losing some luster (67 percent of 3PLs offer JIT compared to 70.8 percent in 2006) as manufacturers and retailers balance the business costs of running lean with customers running out of stock – and running to other 3PLs.

Demand for sophisticated information technology is expectedly keeping pace with the evolution of strategic supply chain tactics. Logistics service providers are rapidly building their IT capabilities to create value for outsourcers, as well as to help them engage in increasingly complex supply chain initiatives.

Dovetailing technology needs and strategic designs account for growth among 3PLs offering vendor management and product lifecycle management solutions, with 75 percent and 45 percent of respondents providing these forward-thinking solutions – a jump of 14 percent and 8 percent, respectively, from last year.

This upward trend reflects the increasing dependence outsourcers place on their 3PLs to engineer prescriptive solutions that radiate further into the supply chain. Working closer with vendors and suppliers enables stateside shippers to leverage greater control over inventory to help them better forecast volume, control supply as demand varies or when disruptions occur, and reduce total landed costs.

Public and private initiatives aimed at "greening and leaning" the supply chain have similarly heaped pressure on companies to examine ways they can more efficiently manage and control products during their entire lifecycle.

The European Commission, for example, has mandated that European appliance and electronics manufacturers assume responsibility for products after they have outlived their expected use. In time, U.S. manufacturers may face similar directives, placing additional emphasis on product lifecycle management as well as reverse logistics – a service which 74 percent of 3PLs currently offer.

Transportation & Technology

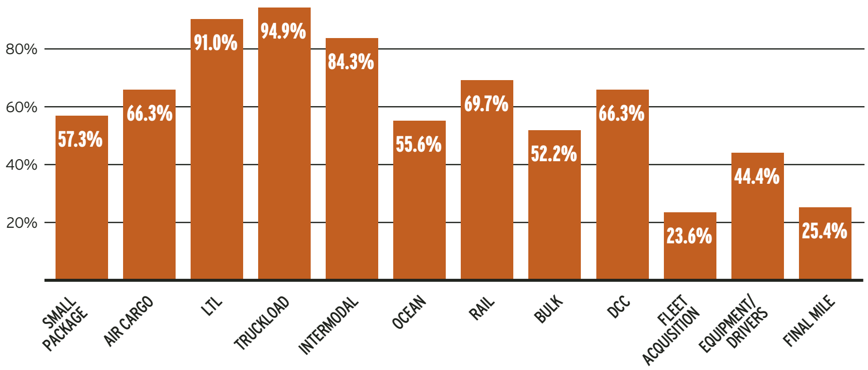
The trials and travails of managing complex freight movement continue to yield growth opportunities for 3PLs with solid track records in transportation management. The uncertainty of fuel prices and truck capacity, and the certainty of fewer drivers and higher equipment costs, inevitably push shippers to outsource non-core transportation activities.

On the domestic front, truckload (TL) and less-than truckload (LTL) services are in high demand, offered by 94.9 percent and 91 percent of 3PLs (*see Figure 4, Transportation Services 3PLs Offer*). Reducing transport spend

Multi-modal logistics services promise to be a boon for 3PLs capable of managing inbound product flow through congested ports with innovative transport solutions.

FIGURE 4

Transportation Services 3PLs Offer



SOURCE: *IL* 3PL Market Insight Survey, 2007

is still a top priority for outsourcers, but with rigid fuel costs and capacity constraints, 3PLs need to look around corners to squeeze out costs.

Fortunately, the railroads have been working on the railroads, and intermodal solutions are becoming a more integral component of the U.S. transportation mix. Compared with last year's data, 3PLs catering to rail (69.7 percent) and intermodal services (84.3 percent) are up 7.3 percent and 3.2 percent, respectively.

In heavily congested areas or where trucks are scarce, shippers can leverage rail/intermodal solutions to access capacity and negotiate cheaper rates by taking long-haul cargo off the highway.

Multi-modal logistics services also promise to be a boon for 3PLs capable of managing inbound product flow through congested ports with innovative transport solutions. The growth and proliferation of inland ports in or near major import locations – many of which are served by both rail and road – offer shippers a more efficient way to transship product to less congested areas where it can clear customs and be consolidated for final distribution.

3PLs are also investing and growing a portfolio of specialized services such as import/export/customs (69 percent), direct-to-store (75 percent), and direct-to-home (48 percent) that facilitate and expedite the inbound movement of products to points of consumption.

When shippers have less leverage in terms of time and modal hand-offs, but have predictable capacity and are willing to pay for it, dedicated contract carriage (DCC) services, which 66.3 percent of 3PLs offer, are another option.

Is Asset-Based an Asset?

Given the difficulties companies often encounter trying to locate capacity, asset-based 3PLs have long touted their leverage in accessing equipment as a major selling point. However, a near equal amount of service providers – 43.5 percent vs. 41.9 percent – identify themselves as "non-asset based" and "both asset- and non-asset based."

Non-asset based 3PLs traditionally bring a more objective approach to securing capacity, which cost-conscious shippers can appreciate. 3PLs that own assets, but are willing to procure outside equipment per customer needs, offer a compromise.

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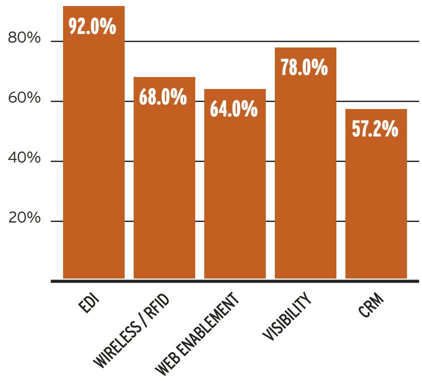
3PLs are pushing the IT investment envelope further to placate shipper concerns over rising freight transport costs. Web enablement is becoming a common 3PL service offering, especially as their customers migrate away from legacy systems.

FIGURE 5

Technology Solutions 3PLs Offer



SOURCE: *IL* 3PL Market Insight Survey, 2007

Just as global strategy and technology go hand in hand, transport-focused 3PLs are investing in mission-critical communication and visibility technologies to expand their value proposition to customers.

Electronic data interchange and visibility technologies remain industry standards, with 92 percent and 78 percent of 3PLs offering these services (*see Figure 5, Technology Solutions 3PLs Offer*). Both numbers reflect marginal growth over last year. Widespread use of these technologies has essentially rendered them mainstream, and shippers have come to expect these types of capabilities as standard applications.

Pushing the Envelope

Inevitably, 3PLs are pushing the IT investment envelope further to placate shipper concerns over rising freight transport costs. Web enablement – which includes e-fulfillment, e-operations, and e-SCM – is becoming a common service offering among 3PLs, especially as their customers migrate away from legacy systems.

Internet-based supply chain solutions present shippers with user-friendly interfaces for enhancing total visibility, streamlining product movement, and forecasting demand – as well the capabilities to share and communicate this information with disparate business partners. Among service providers polled, 64 percent offer solutions in this area.

The emerging promise of sophisticated supply chain technologies such as RFID/wireless and customer relationship management solutions are gradually gaining traction in the 3PL space as well. Shippers have traditionally been cautious about engaging and investing in these innovative, but costly, IT tools. 3PLs are helping to allay some of these concerns, with 68 percent and 57.2 percent offering services in these respective niche technologies.

Warehousing and Distribution

As a result of growing unpredictability and pressure to reduce costs, global companies are diversifying their offshore sourcing and manufacturing operations to create additional flexibility and scalability. This, in turn, means stateside consignees are charged with designing and integrating U.S. distribution networks that properly interface with global networks so they are equally responsive to shifting demand and supply conditions.

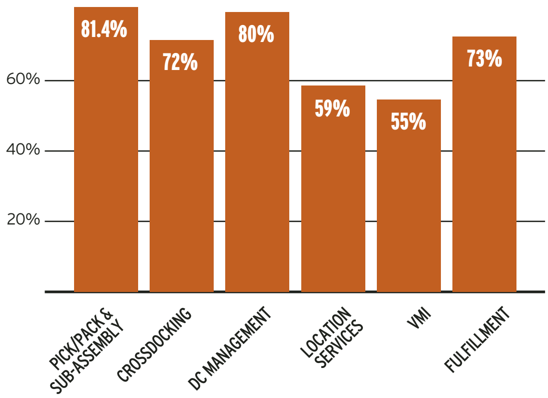
Outsourcing is often the most efficient and economic approach to engineering these strategic changes and third-party logistics providers are increasingly capable of managing warehouse and distribution operations, with 80 percent of providers offering DC management services (see *Figure 6, Warehousing Services 3PLs Offer*).

Faced with the diverging challenges of ensuring supply pipelines remain reliable and viable while reducing total landed costs is no

small task. Resigned to the fact that transportation management processes leave little room for efficiency and cost savings, companies are considering two approaches to rationalizing their global warehousing

FIGURE **6**

Warehousing Solutions 3PLs Offer



SOURCE: *IL* 3PL Market Insight Survey, 2007

As site selection grows increasingly important, companies are leveraging third-party expertise to identify locations suitable for distribution and warehouse facilities.

and distribution networks.

First, companies are looking beyond the four walls to identify how and where they should locate product to best match demand with supply. For some companies this means staging inventory further back in the supply chain and placing more responsibility on their supply partners. As a result, 3PLs offering vendor-managed inventory capabilities are growing in number, with 55 percent providing services in this area.

On the domestic front, companies are leveraging third-party expertise to identify sites suitable for distribution and warehouse facilities.

After choosing an appropriate location, companies are then challenged with finding the best strategy for getting the facility up and running. Should they invest in and build their own? Lease or purchase an existing facility? Or partner with a developer to design and build a new facility for lease? Nearly 60 percent of 3PLs offer location services to address these concerns.

A second approach to optimizing distribution efficiency is reengineering processes and systems within the four walls to expedite product movement and inventory turns. Companies often look to system enhancements including innovative pick/pack and subassembly machinations, or more strategic initiatives such as crossdocking, to increase productivity, reduce errors, and improve the flow of inbound and outbound product movement. Accordingly, 81.4 percent and 72 percent of 3PLs provide solutions and services in these respective operational functions.

Choosing the Top 100 3PLs

Now that you have the inside scoop on the ebb and flow of global outsourcing trends, *Inbound Logistics* takes you straight to the source: our annual *Top 100 3PL Providers* list.

Choosing the Top 100 is never easy, and the responsibility becomes increasingly difficult year after year, as the pace of change and the number of new service providers willing to tempt fate in the 3PL Zone grows.

This year, we streamlined our list from more than 500 companies through a diligent process of collecting and evaluating surveys, personal interviews, and online research. The service providers we selected are companies that offer the diverse operational capabilities and experience to meet readers' unique needs.

Whether you use this index purely as a reference or as a navigational beacon to steer your company into the new dimension of global outsourcing, we hope it puts the market in perspective for you. ■

TOP 100 3PL PROVIDERS | 2007

COMPANY NAME & WEB ADDRESS	PHONE NUMBER	GENERAL INFO: YEARS PROVIDING 3PL SERVICES	GENERAL INFO: ASSET OR NON-ASSET BASED	GENERAL INFO: AREAS SERVED	GENERAL INFO: ISO CERTIFIED	MARKETS SERVED: MANUFACTURING	MARKETS SERVED: RETAIL/E-BUSINESS	MARKETS SERVED: DISTRIBUTORS/WHOLESALE	MARKETS SERVED: SERVICE INDUSTRIES/GOV'T.	SPECIALIZATION	LOGISTICS SERVICES: LLP	LOGISTICS SERVICES: INTEGRATED LOGISTICS	LOGISTICS SERVICES: JIT	LOGISTICS SERVICES: GLOBAL TRADE SERVICES	LOGISTICS SERVICES: INBOUND LOGISTICS	LOGISTICS SERVICES: PROCESS REENGINEERING
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A.N. Deringer www.anderinger.com	802-524-8110	88	N	G		●	●	●	●	Apparel & textiles, transport equipment, furniture & fixtures	●	●	●	●	●	
Access Logistics www.accesslogistics.com	800-879-2732	8	A	NA	●	●	●	●		Small parcel pick/pack	●					●
AFN Advantage Freight Network www.afnww.com	224-515-7035	5	N	NA		●	●	●	●	Food/bev., retail, packaging, automotive, apparel	●	●	●		●	
Agility Logistics www.agilitylogistics.com	714-513-300	20	B	G	●	●	●	●	●	High-tech	●	●	●	●	●	●
AIMS Solutions www.aimssolutions.com	901-850-2605	13	N	G		●	●	●	●	Custom transportation management solutions	●	●	●	●	●	●
AmeriCold Logistics www.americold.net	888-808-4877	21	B	NA		●	●	●	●	Temp-controlled warehousing & transportation	●	●			●	●
APL Logistics www.apllogistics.com	510-272-8000	157	B	G		●	●	●	●	Automotive, electronics/hi-tech, retail/apparel	●	●	●	●	●	●
Artisan/NLM www.artisan-associates.com	313-272-4050	18	N	NA	●	●	●	●		Automotive, pharmaceutical, health care, retail			●		●	●
Aspen Alliance Group www.aspenlogistics.com	800-741-7360	28	A	NA		●	●	●	●	Candy & confectionary, pharmaceuticals	●	●	●		●	●
ATC Logistics www.atcle.com	800-466-4202	12	N	NA	●	●	●	●	●	Wireless, GPS, broadband, recreational & automotive electronics	●	●			●	●
Automated Distribution www.adslp.com	732-287-8900	13	A	NA		●	●	●		POS retail replenishment, footwear, apparel, housewares	●		●		●	●
Averitt Express www.averittexpress.com	800-283-7488	17	B	G		●	●	●	●	All markets	●	●	●	●	●	●
BDP International www.bdpinternational.com	913-523-5955	41	N	G	●	●	●	●		Chemicals, machinery, consumer goods, projects	●	●	●	●	●	●
Bender Group www.bendergroup.com	800-621-9402	62	A	NA		●	●	●	●	General consumer goods	●	●	●		●	●
Big Dog Logistics www.bigdoglogistics.com	713-996-8171	6	B	G		●	●	●	●	Mail & retail distribution	●	●	●	●	●	●

A = Asset based | **N** = Non-asset based | **B** = Both | **US** = Serves U.S. only

					TRANSPORTATION SERVICES											WAREHOUSING SERVICES						SPECIAL SERVICES									IT / WEB SERVICES				
	FREIGHT BILL AUDIT/PROCESSING	INVENTORY MANAGEMENT	VENDOR MANAGEMENT	PRODUCT LIFECYCLE MANAGEMENT	SMALL PACKAGE	AIR CARGO	LTL	TRUCKLOAD	INTERMODAL	OCEAN	RAIL	BULK	DEDICATED CONTRACT CARRIAGE	EQUIPMENT/DRIVERS	FINAL MILE	PICK/PACK/SUBASSEMBLY	CROSSDOCKING	DC MANAGEMENT	LOCATION SERVICES	VENDOR-MANAGED INVENTORY	FULFILLMENT	DIRECT TO STORE	DIRECT TO HOME	IMPORT/EXPORT/CUSTOMS	REVERSE LOGISTICS	MARKETING/CUSTOMER SERVICE	GLOBAL EXPANSION	CONTINGENCY PLANNING	LOGISTICS/TRANSPORT CONSULTING	STAFFING & TRAINING	EDI	WIRELESS/RFID	WEB ENABLEMENT	VISIBILITY	CUSTOMER RELATIONSHIP MGMT.
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NA = Serves North America | **G** = Global

TOP 100 3PL PROVIDERS | 2007

COMPANY NAME & WEB ADDRESS	PHONE NUMBER	GENERAL INFO: YEARS PROVIDING 3PL SERVICES	ASSET OR NON-ASSET BASED	AREAS SERVED	ISO CERTIFIED	MARKETS SERVED: MANUFACTURING	RETAIL/E-BUSINESS	DISTRIBUTORS/WHOLESALE	SERVICE INDUSTRIES/GOV'T.	SPECIALIZATION	LOGISTICS SERVICES: LLP	INTEGRATED LOGISTICS	JIT	GLOBAL TRADE SERVICES	INBOUND LOGISTICS	PROCESS REENGINEERING
BNSF Logistics www.bnsflogistics.com	877-853-4756	5	N	NA	●	●	●	●	●	Chemical, mining, automotive, retail	●	●	●		●	●
C.H. Robinson www.chrobinson.com	800-323-7587	20	N	G	●	●	●	●	●	Transportation, sourcing, information services	●			●	●	
Cardinal Logistics www.cardlog.com	800-800-8293	10	B	US		●	●	●	●	Retail, manufacturing	●	●	●		●	●
CaseStack www.casestack.com	866-828-7120	8	B	NA	●	●	●	●	●	Mid-sized businesses	●	●	●	●	●	●
Caterpillar Logistics www.catlogistics.com	309-266-3591	20	N	G	●	●	●	●	●	Automotive, high-tech, consumer durables, oil & gas	●	●	●	●	●	●
CEVA Logistics www.cevalogistics.com	904-928-1400	10	N	G	●	●	●	●	●	Automotive, media/publishing, industrial/high-tech	●	●	●		●	●
COGISTICS www.cogistics.com	863-647-9389	16	N	G	●	●	●	●	●	Inbound supply chain management	●	●	●		●	●
Comprehensive Logistics www.complog.com	517-819-1119	12	B	NA	●	●	●	●		Automotive, transportation, retail, raw materials	●	●	●		●	●
Corporate Traffic www.corporate-traffic.com	800-787-2334	15	B	NA		●	●	●	●	Retail transportation management	●	●	●		●	●
CRST Logistics www.crst.com	800-767-6915	15	B	NA		●	●	●	●	Van expedited, transportation brokerage	●	●	●		●	
CT Logistics www.ctlogistics.com	216-267-2000	26	N	G	●	●		●		Primary metals, automotive, building products, paper		●	●		●	
CTSI www.ctsi-global.com	901-766-1500	52	N	G	●	●	●	●	●	All markets & industries, including other 3PLs	●	●				●
DSC Logistics www.dsclogistics.com	800-372-1960	47	N	NA	●	●	●	●	●	Consumer packaged goods, health care, electronics	●	●	●	●	●	●
Dupré Transport www.dupretransport.com	800-356-3659	12	B	NA		●	●	●		Dedicated solutions, chemicals, remote inventory management	●	●	●		●	●
Echo Global Logistics www.echo.com	800-354-7993	2	N	G		●	●	●	●	Variety of markets, no market-specific specialization	●	●		●	●	●
EGL Eagle Global Logistics www.eaglegl.com	800-888-4949	11	N	G	●	●	●	●	●	All market industries	●	●	●	●	●	●
Elite Supply Chain www.elitesupplychain.net	866-270-2370	4	B	G		●	●	●		Retail - soft & hard goods		●	●		●	●
Evans Distribution Systems www.evansdist.com	313-388-3200	78	B	NA	●	●	●	●	●	Automotive, chemicals, paper, food & beverage	●	●	●		●	
Exel/DHL www.exel.com	614-865-8500	25	N	NA	●	●	●	●	●	Technology, industrial, chemical, retail	●	●	●		●	●
Expeditors www.expeditors.com	206-674-3400	28	N	G	●	●	●	●	●	Air, customs, distribution, domestic cargo		●	●	●	●	●
FedEx Global Supply Chain www.fedex.com	901-224-2972	18	N	G	●	●	●	●	●	Hi-tech, health care, industrial, aftermarket svc.	●	●	●	●	●	●

A = Asset based | **N** = Non-asset based | **B** = Both | **US** = Serves U.S. only

					TRANSPORTATION SERVICES											WAREHOUSING SERVICES						SPECIAL SERVICES									IT / WEB SERVICES				
	FREIGHT BILL AUDIT/PROCESSING	INVENTORY MANAGEMENT	VENDOR MANAGEMENT	PRODUCT LIFECYCLE MANAGEMENT	SMALL PACKAGE	AIR CARGO	LTL	TRUCKLOAD	INTERMODAL	OCEAN	RAIL	BULK	DEDICATED CONTRACT CARRIAGE	EQUIPMENT/DRIVERS	FINAL MILE	PICK/PACK/SUBASSEMBLY	CROSSDOCKING	DC MANAGEMENT	LOCATION SERVICES	VENDOR-MANAGED INVENTORY	FULFILLMENT	DIRECT TO STORE	DIRECT TO HOME	IMPORT/EXPORT/CUSTOMS	REVERSE LOGISTICS	MARKETING/CUSTOMER SERVICE	GLOBAL EXPANSION	CONTINGENCY PLANNING	LOGISTICS/TRANSPORT CONSULTING	STAFFING & TRAINING	EDI	WIRELESS/RFID	WEB ENABLEMENT	VISIBILITY	CUSTOMER RELATIONSHIP MGMT.
	●	●	●	●	●	●	●	●	●	●	●	●	●			●	●	●	●	●	●	●	●	●	●	●			●	●	●	●	●	●	●
	●		●		●	●	●	●	●	●	●		●				●		●	●		●	●	●	●			●	●		●	●		●	
	●	●	●				●	●	●			●	●	●	●	●	●	●	●	●	●	●	●		●	●		●			●	●	●	●	●
	●	●			●	●	●	●	●	●	●	●	●			●	●	●			●	●	●	●	●				●		●	●	●	●	●
	●	●	●													●	●	●	●	●	●	●		●	●	●			●	●	●	●	●	●	●
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NA = Serves North America | G = Global

TOP 100 3PL PROVIDERS | 2007

COMPANY NAME & WEB ADDRESS	PHONE NUMBER	YEARS PROVIDING 3PL SERVICES	ASSET OR NON-ASSET BASED	AREAS SERVED	ISO CERTIFIED	MANUFACTURING	RETAIL/E-BUSINESS	DISTRIBUTORS/WHOLESALE	SERVICE INDUSTRIES/GOV'T.	SPECIALIZATION	LLP	INTEGRATED LOGISTICS	JIT	GLOBAL TRADE SERVICES	INBOUND LOGISTICS	PROCESS REENGINEERING
		GENERAL INFO				MARKETS SERVED					LOGISTICS SERVICES					
Foreway www.foreway.com	800-836-5106	9	N	NA		●	●	●		Paper, poultry equipment, building supplies	●	●	●		●	●
GENCO www.genco.com	800-378-9671	109	N	NA	●	●	●		●	Reverse logistics, pharma returns recovery	●	●			●	●
Greatwide Logistics www.greatwide.com	972-228-7300	7	N	NA		●	●	●		Dedicated transport, TL management & brokerage, distribution logistics	●	●	●		●	●
Hub Group www.hubgroup.com	630-271-3600	10	B	NA	●	●	●	●	●	Intermodal & highway transportation, logistics		●	●		●	
Hyperlogistics Group www.hyperlog.com	614-497-0800	34	A	US		●	●	●	●	Automotive, retail, medical supply, paper			●		●	
Jacobson Companies www.jacobsonco.com	800-636-6171	39	N	US	●	●	●	●	●	Food & bev., chemical/hazardous, durable goods, CPG	●	●	●		●	●
Kanban Logistics www.kanbanlogistics.com	800-451-7522	23	A	US	●	●	●	●	●	Paper distribution via truck & rail			●		●	
Kane Is Able www.kaneisable.com	570-558-5100	77	A	NA	●	●	●			Consumer product goods	●	●	●		●	
Kelron Logistics www.kelron.com	800-668-3785	15	N	NA		●	●	●	●	Food & bev., plastics, paper	●	●	●		●	
Kenco Logistic Services www.kencogroup.com	423-643-3312	57	B	NA	●	●	●	●		Contract & public warehousing, transportation, SCM	●	●	●	●	●	●
Keystone Dedicated Logistics www.kdlog.com	877-535-7717	8	N	G		●		●	●	Logistics management, international transportation, warehousing	●	●		●	●	
Kuehne + Nagel www.kuehne-nagel.com	201-413-5500	115	N	G	●	●	●	●	●	Air & sea freight, overland distribution, warehousing	●	●	●	●	●	●
Landstar Global Logistics www.landstargloballogistics.com	866-660-1135	12	N	G	●	●	●	●	●	Intermodal, ocean, air freight, SCM, warehousing	●	●	●	●	●	●
LeSaint Logistics www.lesaint.com	877-KNOW-3PL	24	B	G	●	●	●	●		Speciality chemical, retail	●	●	●	●	●	●
Logistics Insight Corp. www.4linc.com	586-467-1500	16	B	G	●	●				Automotive, heavy industrial, large consumer goods	●	●	●		●	●
Logistics Management Solutions www.lmslogistics.com	800-355-2153	11	N	NA	●	●	●	●	●	Chemicals, manufacturing	●	●	●		●	●
Maersk Logistics www.maersklogistics.com	973-514-5187	30	A	G	●	●	●	●	●	Retail, apparel, footwear, furniture, electronics	●	●	●	●	●	●
Mallory Alexander www.mallorygroup.com	901-367-9400	82	N	G	●	●	●	●		Electronics, health care, paper products	●	●	●	●	●	
Megatrux www.megatrux.com	800-374-0929	21	N	G		●	●	●	●	End-to-end logistics with ERP automation	●	●	●	●	●	●
Menlo Worldwide www.menloworldwide.com	650-378-5200	17	N	G	●	●	●	●	●	Automotive, high-tech, CPG, retail, chemicals	●	●	●		●	●
NAL Worldwide www.nalworldwide.com	800-316-6860	19	N	NA	●	●	●	●	●	Communications, retail, health care, technology	●	●	●		●	●

A = Asset based | **N** = Non-asset based | **B** = Both | **US** = Serves U.S. only

					TRANSPORTATION SERVICES											WAREHOUSING SERVICES						SPECIAL SERVICES									IT / WEB SERVICES				
	FREIGHT BILL AUDIT/PROCESSING	INVENTORY MANAGEMENT	VENDOR MANAGEMENT	PRODUCT LIFECYCLE MANAGEMENT	SMALL PACKAGE	AIR CARGO	LTL	TRUCKLOAD	INTERMODAL	OCEAN	RAIL	BULK	DEDICATED CONTRACT CARRIAGE	EQUIPMENT/DRIVERS	FINAL MILE	PICK/PACK/SUBASSEMBLY	CROSSDOCKING	DC MANAGEMENT	LOCATION SERVICES	VENDOR-MANAGED INVENTORY	FULFILLMENT	DIRECT TO STORE	DIRECT TO HOME	IMPORT/EXPORT/CUSTOMS	REVERSE LOGISTICS	MARKETING/CUSTOMER SERVICE	GLOBAL EXPANSION	CONTINGENCY PLANNING	LOGISTICS/TRANSPORT CONSULTING	STAFFING & TRAINING	EDI	WIRELESS/RFID	WEB ENABLEMENT	VISIBILITY	CUSTOMER RELATIONSHIP MGMT.
	●	●	●				●	●	●		●		●	●	●		●	●	●	●		●	●	●		●			●		●	●	●	●	
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		●		●				●	●		●		●	●		●	●	●	●		●	●		●	●					●	●	●	●	●	
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NA = Serves North America | G = Global

TOP 100 3PL PROVIDERS | 2007

		GENERAL INFO				MARKETS SERVED					LOGISTICS SERVICES					
COMPANY NAME & WEB ADDRESS	PHONE NUMBER	YEARS PROVIDING 3PL SERVICES	ASSET OR NON-ASSET BASED	AREAS SERVED	ISO CERTIFIED	MANUFACTURING	RETAIL/E-BUSINESS	DISTRIBUTORS/WHOLESALE	SERVICE INDUSTRIES/GOV'T.	SPECIALIZATION	LLP	INTEGRATED LOGISTICS	JIT	GLOBAL TRADE SERVICES	INBOUND LOGISTICS	PROCESS REENGINEERING
National Retail Systems www.nrsonline.com	877-345-4NRS	31	A	NA	●		●	●		Retail	●	●	●	●	●	●
Network Global Logistics www.nglog.com	800-646-1771	35	A	NA	●	●	●	●	●	Retail, manufacturing	●	●			●	●
New Breed www.newbreed.com	336-232-4117	30	N	NA	●	●	●	●	●	Aerospace, consumer products, defense, medical	●	●	●	●	●	●
Nexus Distribution www.nexusdistribution.com	800-536-5220	27	B	NA		●	●	●	●	Pulp & paper, consumer goods & electronics		●	●		●	●
NFI Interactive Logistics www.nfiindustries.com	800-280-2922	11	A	G		●	●		●	Retail, food & beverage	●	●	●	●	●	●
Odyssey Logistics & Technology www.odysseylogistics.com	203-448-3900	7	N	G		●				Chemical & process industries	●	●		●	●	●
OIA Global Logistics www.oiaglobal.com	800-938-3109	16	N	G	●	●	●			Footwear, apparel, industrial, high-tech, electronics	●	●	●	●	●	●
One Source Logistics www.1sourcelogistics.com	800-591-4666	4	N	G		●	●	●		Retail, systems, transportation	●	●	●	●	●	●
Ozburn-Hessey Logistics www.ohlogistics.com	800-401-6400	56	N	G	●	●	●	●	●	Apparel, electronics & high-tech, food & bev., grocery	●	●	●	●	●	●
Pacer Logistics www.pacerglobal.com	614-923-1400	10	N	G		●	●	●	●	Retail, automotive, durable goods, electronics		●		●	●	●
Panalpina www.panalpina.com	973-254-5735	50	N	G	●	●	●	●	●	Automotive, health care, chemicals, retail, fashion	●	●	●	●	●	●
Pegasus www.plg.cc	469-671-0300	11	N	G		●	●	●	●	Transportation, warehousing, customized solutions	●	●	●	●	●	●
Penske Logistics www.penskelogistics.com	800-221-3040	38	B	G	●	●	●	●		Tech & electronics, automotive & truck, CPG, chemicals	●	●	●	●	●	●
Performance Team www.ptgt.net	562-345-2232	21	B	US		●	●	●		Retail, apparel, consumer electronics, home products	●	●	●		●	●
Port Jersey Logistics www.portjersey.com	609-860-1010	50	N	NA		●	●	●	●	Food, health & beauty aids		●			●	
Priority Solutions Int'l. www.prioritysolutions.com	800-257-4777	24	B	G		●		●	●	Pharmaceuticals/health care distribution	●	●		●	●	●
RK Logistics Group www.rkgllc.com	800-821-7770	22	B	G		●	●	●	●	All vertical markets			●		●	
Ruan www.ruan.com	866-RUAN-NOW	20	B	NA		●	●	●		Retail, dairy, food, grocery, manufacturing, chemicals, furniture		●			●	
Ryder www.ryder.com	888-887-9337	45	B	G	●	●	●	●	●	Automotive, industrial, high-tech, consumer products, retail	●	●	●	●	●	●
Saddle Creek www.saddlecrk.com	888-878-1177	17	A	NA	●	●	●	●	●	Consumer goods, grocery, retail, paper, alcohol, tobacco	●	●	●		●	●
Salem Logistics www.salemlogistics.com	866-800-9129	22	B	G		●	●	●	●	Retail, wholesale, furniture, government	●	●	●	●	●	●

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				TRANSPORTATION SERVICES											WAREHOUSING SERVICES						SPECIAL SERVICES									IT / WEB SERVICES				
FREIGHT BILL AUDIT/PROCESSING	INVENTORY MANAGEMENT	VENDOR MANAGEMENT	PRODUCT LIFECYCLE MANAGEMENT	SMALL PACKAGE	AIR CARGO	LTL	TRUCKLOAD	INTERMODAL	OCEAN	RAIL	BULK	DEDICATED CONTRACT CARRIAGE	EQUIPMENT/DRIVERS	FINAL MILE	PICK/PACK/SUBASSEMBLY	CROSSDOCKING	DC MANAGEMENT	LOCATION SERVICES	VENDOR-MANAGED INVENTORY	FULFILLMENT	DIRECT TO STORE	DIRECT TO HOME	IMPORT/EXPORT/CUSTOMS	REVERSE LOGISTICS	MARKETING/CUSTOMER SERVICE	GLOBAL EXPANSION	CONTINGENCY PLANNING	LOGISTICS/TRANSPORT CONSULTING	STAFFING & TRAINING	EDI	WIRELESS/RFID	WEB ENABLEMENT	VISIBILITY	CUSTOMER RELATIONSHIP MGMT.
	●					●	●	●		●		●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	
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NA = Serves North America | G = Global

TOP 100 3PL PROVIDERS | 2007

COMPANY NAME & WEB ADDRESS	PHONE NUMBER	YEARS PROVIDING 3PL SERVICES	ASSET OR NON-ASSET BASED	AREAS SERVED	ISO CERTIFIED	MANUFACTURING	RETAIL/E-BUSINESS	DISTRIBUTORS/WHOLESALE	SERVICE INDUSTRIES/GOV'T.	SPECIALIZATION	LLP	INTEGRATED LOGISTICS	JIT	GLOBAL TRADE SERVICES	INBOUND LOGISTICS	PROCESS REENGINEERING
Schenker / BAX Global www.baxglobal.com	678-724-4832	20	B	G	●	●	●	●	●	Automotive, high-tech, consumer, retail, aerospace, health care	●	●	●	●	●	●
Schneider www.schneider.com	916-415-9064	15	B	G	●	●	●	●	●	Transport management, domestic & international logistics services	●	●			●	●
ServiceCraft Logistics www.servicecraft.com	800-290-5952	49	B	G		●	●	●		High-tech electronics, shoes/apparel, automotive, food, paper, CPG	●	●	●	●	●	●
Summit Global Logistics www.summitgl.com	201-806-3700	1	N	G			●	●		Garments, footwear, furniture		●		●	●	
TBB Global Logistics www.tbbgl.com	800-937-8224	60	N	G		●	●	●		Small to mid-size companies	●	●	●	●	●	
TLC - Total Logistic Control www.totallogistic.com	800-333-5599	23	B	NA		●		●		Consumer, retail, food, grocery	●	●			●	●
TMSi Logistics www.tmsilog.com	603-373-7235	21	B	US	●	●	●	●	●	DC mgmt., dedicated transportation, small package distribution	●	●	●		●	●
Transfreight www.transfreight.com	888-890-0400	19	B	NA		●				Manufacturing	●	●	●		●	●
TransGroup www.transgroup.com	800-444-0294	21	N	G		●	●	●	●	Domestic & international transportation & logistics	●	●	●	●	●	●
Transplace www.transplace.com	972-731-4500	15	N	G		●	●	●		Consumer packaged goods	●	●		●	●	
Tucker Company www.tuckerco.com	856-317-9600	46	N	G		●	●	●	●	Pharmaceuticals, chemicals, consumer products, government	●	●	●		●	●
Unyson Logistics www.unysonlogistics.com	630-271-3805	13	N	G		●	●	●		Retail, consumer products mfg.	●	●	●	●	●	●
UPS Supply Chain Solutions www.ups-scs.com	800-742-5727	6	B	G	●	●	●	●	●	All markets	●	●	●	●	●	●
UTi Worldwide www.go2uti.com	562-552-9400	5	N	G		●	●	●	●	Automotive, pharmaceuticals, chemicals, fashion, high-tech	●	●	●		●	●
Verst Group Logistics www.verstgroup.com	800-582-6706	10	B	NA	●	●	●	●	●	Food & bev., retail, consumer products	●	●	●		●	●
Wagner Industries www.wagnerindustries.com	816-421-3529	30	B	NA		●	●	●		CPG, retail, paper, food	●	●	●		●	●
Wallenius Wilhelmsen Logistics www.2wglobal.com	201-505-4352	13	B	G	●	●				Automotive, construction & agricultural equipment, project cargo	●			●		●
Weber Distribution www.weberdistribution.com	562-356-6461	84	A	US		●	●	●	●	Retail, food & bev., chemicals, temp.-controlled, paper	●	●	●		●	
Werner Enterprises www.werner.com	800-228-2240	16	B	G	●	●	●	●	●	Retail-focused	●	●	●	●	●	●
Wheels - Clipper Group www.wheelsgroup.com	800-663-6331	15	B	NA	●	●	●	●	●	Automotive, CPG, general manufactured goods, produce	●	●	●	●	●	●
YRC Logistics www.yrclogistics.com	877-232-1845	5	B	G	●	●	●	●	●	Automotive, chemicals, equipment & tool mfg., government, retail				●	●	●

A = Asset based | **N** = Non-asset based | **B** = Both | **US** = Serves U.S. only

				TRANSPORTATION SERVICES											WAREHOUSING SERVICES						SPECIAL SERVICES									IT / WEB SERVICES				
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NA = Serves North America | G = Global

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Materials Handling Update:

Pleasing to the

Today's warehouses and distribution centers are hubs of activity where product is picked, packed, shipped, sorted, and stored via labyrinthine networks of conveyer systems and storage and retrieval mechanisms. With all the bells and whistles of highly automated materials handling installations, the importance of pallets is often lost in transshipment.

The evolution of pallets and their application in warehouse and distribution facilities – more specifically, the way pallet manufacturers customize their products to meet niche client needs – is important for two reasons.

First, businesses are seriously considering investment in pallets as a major materials handling strategic initiative–and, in some cases, even a capital expenditure. Second, for all their simplicity, pallets are forcing businesses to look differently at how they invest in their warehouse from the floor up.

One new consideration, for instance, is choosing between plastic and wood pallets. While the iconic wood pallet remains an enduring part of materials handling logistics, both for storage and for shipping, it does have its limitations.

The introduction of the invasive Asian-long horn beetle into the United States, and its devastating environmental impact on healthy tree populations, has been largely attributed to wooden shipping materials imported from Asia. As a result, U.S. Customs and Border Protection (CBP) requires wooden pallets to be chemically or heat-treated

Before businesses begin tinkering with state-of-the-art conveyor networks and automated storage and retrieval systems, they might want to reconsider the role of the warehouse's most underrated asset – **the pallet.**

Pallet

By Joseph O'Reilly

to prevent further beetle infestation. Many international shippers have switched to plastic conveyances to offset these concerns.

"Wood pallets are a problem in global transportation, so more composite products or cheap plastic pallets are being used. These do not work well in racks because they do not usually have bottom stringers and their strength can be questionable," says Geoffrey Sisko, senior vice president, Gross & Associates, a consultancy based in Woodbridge, N.J.

Wooden pallets also tend to have nails pull apart or shards of wood splinter over time. With constant use, these problems threaten productivity in increasingly automated warehouses.

On the other hand, plastics molding technology has evolved to a point where pallet manufacturers can produce tailored products to meet unique user needs. As a result, innovative and durable plastic pallets, totes, and slip-sheets are increasingly visible in warehouse applications.

"Companies are not always aware of a product's strategic value –in this case, choosing a polyethylene plastic pallet over a wooden pallet," says Kim Kensill, vice president of sales for JECO Plastics, Plainfield, Ind., a pallet manufacturer that specializes in the rotational molding of polyethylene pallets and containers. "They're used to buying wooden pallets for $5, $10, or $15. Plastic pallets can cost as much as $100 and companies balk because they don't understand the value proposition."

Pallets made of rotationally molded polyethylene are among the most durable, and can have a significant economic impact on businesses willing to make a capital investment for the long term.

"Plastic pallets last 10 to 20 years longer than wood pallets," explains Kensill. "A business that spends $200,000 a year on expendable packaging can instead spend $400,000 on plastic pallets and assume no additional capital cost for the next 20 years."

The real value of JECO's service, however, is that it can customize plastic pallets to meet unique demands. Customers present specific application and materials handling problems to JECO and it brings process and technique to bear to develop custom designs using rotation or thermal form technology.

> "For all their simplicity, pallets are forcing companies to look differently at how they invest in the warehouse."

Montreal-based printer Quebecor World, which maintains offices in North America, Europe, and Latin America, currently uses JECO's customized pallets in many of its global operations.

"We use a two-way, 50-inch x 36-inch customized pallet for work-in-process applications," says Bob Behrans, plant manager for Quebecor. "Because we have a short cut-off period, we have to use a different type of pallet customized to our specifications."

Aside from the up-front cost considerations, "after seven turns the plastic pallets have essentially paid for themselves," says Behrans. "And plastic pallets are safer than wood, because they are lighter and don't splinter. They also offer greater product integrity, because stacking on smooth plastic pallets causes less product damage."

These types of efficiencies make Kensill's sales job easier.

"If a company always throws away the bottom quarter-inch of a stack of paper because it impresses on top of a funky pallet, it loses money," Kensill says. "Some companies might accept that as a cost of doing business, but JECO's pallets eliminate that cost.

"Plastic pallets make sense in terms of short- and long-term ROI," he adds.

JECO and other warehouse equipment suppliers realize that their businesses have evolved well beyond simply manufacturing a product, and that customers demand as much in the pre-bid and bidding process as in back-end support.

"We have moved way past offering just materials handling and into consulting, including financial analysis of how customers operate their business," Kensill notes.

Pooling Resources

Another cost-savings alternative is pooling pallets, which allows shippers access to higher quality and better-designed pallets–block and four-way entry designs, for example–as opposed to outdated stringer pallets. Other benefits include expedited loading and

unloading times, as well as increased productivity–and shippers don't have to make costly capital investments.

Orlando, Fla.-headquartered CHEP is a leading player in the pallet and container pooling services sector. It manages the daily movements of more than 280 million pallets and containers in 44 countries and touts Procter & Gamble, SYSCO, Kellogg's, Kraft, Nestle, The Home Depot, Unilever, Hewlett Packard, and General Motors among its customers.

Its pallet pooling service works like this: CHEP issues ready-for-use pallets and containers from its service centers to customers who then load their goods and ship their products through the supply chain. When the shipment reaches the end of the line, the consignee off-loads the goods and returns the pallets or containers to the nearest CHEP service center.

"The main benefit for shippers is that pallet pooling complements the Hours of Service rules. If trailers load faster, and the driver is waiting on the clock, that's an obvious productivity gain," says Per Ohstrom, director of marketing for CHEP USA.

By pooling pallets, shippers can save between $1.50 and $2 per trip, which is substantial considering that buying a low-end stringer pallet costs $8 to $10. "Shippers pay less out of pocket to rent pallets, as opposed to pooling them, but greatly reduce product damage and gain supply chain efficiencies," Ohstrom adds.

Another advantage to pooling pallets is that shippers don't have to worry about maintenance costs, which can accumulate if they need to allocate space and resources in their warehouses for repairs.

Pallet maintenance costs can be substantial if companies have to allocate space and resources in their warehouses for repairs.

Pooling pallets also offers some environmental benefits.

"In a life-cycle comparison, pallet exchange generates 7.5 times more solid waste, consumes 28 percent more total energy, and produces 30 percent more airborne and waterborne emissions than pooling pallets," says Ohstrom. "CHEP pallets are repaired and reused indefinitely, which is very sustainable packaging."

CHEP is also looking to integrate RFID technology into its product line to offer yet another strategic advantage. Some of its largest retail customers are running trials with RFID-equipped pallets, which yield better inventory control and allow supply chains to run leaner. RFID shipments can also be traced more easily in case of a product recall.

"The CHEP Plus ID product offers pallets equipped with an RFID tag placed to provide a 100-percent read. A small department at CHEP works with industry in the development and sales of RFID. It also consults with customers because the process is so new that users have to be educated," says Ohstrom.

By pooling pallets, shippers can save between $1.50 and $2.00 per trip.

Plastic pallet manufacturers such as JECO are already perfecting techniques to embed RFID tags in their pallets.

JECO's unique molding process provides an element of security because no other plastic process can handle RFID. "RFID tags inside an injection mold cannot withstand 1,200 degrees of temperature," Kensill says. "Some security printers are very concerned about tracking their pallets. The

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A PALETTE OF PALLETS

A look at the most commonly used pallets in today's warehouses.

Grocery Industry Four-Way Pallet
A pallet with openings at both pallet ends and along pallet sides sufficient to admit hand-pallet jacks. Full four-way entry pallets are used in the grocery industry only.

Heavy-Duty Stringer Pallet (Notched for Four-Way Entry)
A stringer pallet with openings at both pallet ends and along pallet sides sufficient to admit hand-pallet jacks; a full four-way entry pallet.

Heavy-Duty Two-Way Stringer Pallet
A stringer pallet with un-notched solid stringers allowing entry only from the ends.

Limited-Use Stringer Pallet
A pallet intended for a series of handlings during a single trip from shipper to receiver; it is then disposed.

Perimeter Base Block Pallet
A type of pallet with blocks between the pallet decks or beneath the top deck based around the perimeter.

Premium Panel Deck (Plywood Stringer Pallet)
Pallet constructed with composite or structural panel top deck.

Presswood Pallets
Commonly known as Inca Presswood pallets, made of wood fiber under high heat and pressure with a resin bonding agent. Also considered manufactured wood.

Single Faced Skid
Pallet having no bottom deck.

Single Wing Pallet (with Optional Chamfer on Bottom Boards)
A pallet with the top deck boards extending beyond the edges of the stringers or stringer-boards with the bottom deck boards flush (if present).

Standard Reversible Pallet
A pallet with identical top and bottom decks.

Stevedore Type Double Wing Pallet
A pallet designed for use on seaport shipping docks, normally of heavy-duty, double-wing construction.

SOURCE: Pallet-mall.com

embedded RFID tag gives them confidence that the tag will not be accidentally or intentionally removed or altered."

Companies such as CHEP and JECO play an equal role in helping facilitate RFID integration across the industry at large, enabling companies to test the technology in their supply chains rather than engage in costly and timely pilot projects on their own.

Wood Still Popular

While plastic conveyances are gaining traction in some materials handling applications, wooden pallets are still omnipresent. The per-unit cost of plastic pallets is difficult for some shippers to swallow, especially when there is no guarantee that pallets will return to their owners.

"Because most shippers use 'storage' pallets also as 'shipping' pallets, the plastic pallets never seem to come back–and they are pricey," says Michael Leranbaum, president of Beaver Materials Handling, a North York, Ontario, company that specializes in turnkey warehouse logistics solutions.

The primary advantage of using wood pallets versus plastic or steel is cost, adds Chuck Burke, general manager of SMIco, a Cresco, Iowa-based company that manufactures wood pallets and recycles and reconditions used ones.

The cost differential between wood and plastic is a primary concern especially for small and medium-sized businesses that do not have the luxury or leverage to invest significant upfront capital in floor-level handling equipment.

Many shippers inevitably use pallets for storage. Even if wooden pallets are used during shipping, the cost risk is less than moving product on a $100

The per-unit cost of plastic pallets is difficult for some shippers to swallow because there's no guarantee pallets will be returned to their owners.

plastic pallet that may get lost in transit, suggests Burke.

"Customers using plastic pallets have come to us looking for heavy-duty oak pallets because they last longer. And some shippers value using low-density cottonwood or pine pallets for shipping because they weigh less," he adds.

SMIco is experiencing increasing demand for recycled pallets, which account for about 10 percent of its sales. This presents another economic alternative for cost-conscious shippers.

The nature of the materials handling industry creates a place for different types of pallets–injected molded, rotational molded, and wood. While plastic pallets or pallet pooling might be appropriate for one company, wooden pallets might be more suitable for another.

"For companies moving products domestically without specialized equipment, that won't be damaged easily, wood pallets have a reasonable life – three to four turns. That's when it may make sense to go with wood," acknowledges Kensill.

Pallet Technology Evolves

Increasing automation in the warehouse, however, may very well dictate the future evolution of pallet technology as automated storage, retrieval, and conveyance systems demand durable and precise equipment to carry their loads. As plastic pallet prices come down, pallet manufacturers will likely find more practical uses and demand for their products.

The strength of wood pallets can be questionable.

Another consideration in pallet selection is recognizing integration issues that might arise among supply chain partners. For example, European pallets–which are different from U.S. standards–are increasingly pervasive in the global supply chain. These different pallet specifications create handling problems because they don't fit conventional racks that are optimized for the Grocery Manufacturers Association's (GMA) 48-inch x 40-inch pallet, the defacto standard in the United States.

"Euro pallets will fit in a rack inserted horizontally. However, in a conventional rack with 96-inch openings, only two Euro pallets fit. This wastes about 30 percent of the rack space," Sisko acknowledges. For companies using a mix of GMA and Euro pallets, he recommends racks with 144-inch openings that accommodate four Euro pallets or three GMA pallets, providing more efficient space utilization.

Strategically, Kensill perceives the importance of pallet investment as a central element in today's materials handling environment–and one that companies can ill afford to ignore. It is critical for businesses to plan out all the details–from the warehouse floor up–before they lay pencil to paper in designing and budgeting their warehouse systems.

Otherwise, suggests Kensill, "it's like buying a fancy race car and forgetting about the tires. The car is on your lot but you can't drive it." ■

PUTTING MORE GREEN IN YOUR BOTTOM LINE

Supporting "green" practices is not only good for our environment, it makes good business sense.

In 1995, The Home Depot mandated that its California vendors ship to its distribution centers only using plastic slip sheets instead of wood. After one year the retailer reported that its supply chain saved more than $2 million.

The transition toward plastic pallets and slip sheets has only accelerated in the past decade since environmental initiatives and the expected evolution of materials handling technologies and equipment began to outpace the utility of traditional wooden pallets.

The same value propositions exist now as then, though the stakes have been raised by a growing number of public and private interests that are working toward creating a cleaner and greener supply chain.

Ventures such as the Environmental Protection Agency's SmartWay Transport, an innovative partnership between the U.S. government and the freight community, has helped steward industry toward a new approach to managing the supply chain during a product's entire lifecycle – from raw-material procurement through to aftermarket support, reverse logistics, and recycling. The effort, which touts companies such as Dell, Lowe's, JC Penney, Nike, IKEA, Wal-Mart and The Home Depot among its members, aims to reduce 66 million metric tons of carbon dioxide (CO_2) emissions, 200,000 tons of nitrogen oxide emissions, and 150 million barrels of oil annually by 2012.

While the politics of green stewardship have been gaining traction for some time, the realization that supply chain management and environmental compliance go hand in hand is just beginning to take hold and grow.

BE GREEN, SEE GREEN, GO GREEN

Emerging acceptance of the role supply chain initiatives can play in driving environmental compliance has opened the door for innovative material handling solutions – especially those that are flexible and scaleable enough to meet changing transport requirements while also accommodating industry and enterprise protocol for green policies. Who better to steer global businesses toward a greener operational blueprint than a business whose legacy grew out of the recycling industry.

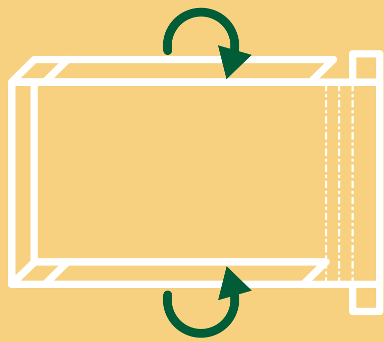
Totally Green Manufacturing Inc. brings to bear its own pedigree in the plastics recycling business to drive the design and application process of its featured "Green Pallet," notes Hy Elster, president and CEO of the Boca Raton, Fla-based company. As the lightest pallet on the market today, the Green Pallet offers shippers and consignees a glimpse of what may very well be the composite of tomorrow's warehouses and distribution facilities.

"We have been in the business of recycling post-consumer HDPE and PET bottles and regrind since 1980. The recycled plastics industry is very competitive and we saw an opportunity to move one step further, to go full circle, by creating a recycled plastics

GREEN PALLET ASSEMBLY IN 4 EASY STEPS

1 Starting at the back, fold up the back side and pre-fold the corners.

2 Fold up both sides and secure the back corners with plastic rivets.



The Green Pallet offers shippers and consignees a glimpse of what may very well be the composite of tomorrow's warehouses and distribution facilities.

product that serves green initiatives," says Elster.

Over the years, he has seen many variations in the freight handling business, especially in the import/export area. The latest changes regarding the ban of standard non-fumigated wooden pallets coming into American and European ports – a result of invasive beetle infestation on pallets originating in Asia – has created a market niche for an inexpensive and recyclable lightweight plastic pallet.

Concerns about wood pallet durability have been afloat for some time, but the price point for plastic alternatives often left businesses sticking with traditional solutions rather than sinking capital in equipment that might get lost in shipment. But times are changing and Totally Green Manufacturing Inc.'s go-to-market strategy presents freight movers with an innovative design solution that is both economic and environmental. The Green Pallet and plastic rivets are all 100-percent recyclable, making it a popular choice for environmentally conscious companies.

"Today most major corporations have a recycling coordinator and environmental programs in place. These companies openly talk about their commitment to conservation. Our 100-percent recyclable plastic pallet helps these companies achieve their goals," reports Elster.

WHAT GREEN CAN DO FOR YOU

Appropriate for boxed, uniform freight of any weight, Totally Green Manufacturing Inc.'s Green Pallet is an ideal materials handling solution for shippers transporting consumer goods such as apparel, liquor, and other commodities.

It is designed for double-stacking full pallets, advises Elster: "You place an inverted

3 Fold up the front side and secure corners with plastic rivets.

4 Keep in mind that a standard forklift can be used from all four sides.

Green Pallet on top of the bottom pallet and place the second pallet on top."

The Green Pallet is specifically intended as a one-way pallet for export use, so warehouse users would still need a conventional pallet for storing freight in a facility. But Totally Green Manufacturing Inc. is also developing a plastic storage pallet that will complement its transport product.

After conducting his own market research, Elster reports that shippers and consignees can save more than 10 percent in freight costs and move 10 percent more freight per truckload using the slip sheet plastic pallets. This means users can turn cargo quicker and reduce inventory carrying costs as well as space traditionally allocated for storing conventional pallets

As a value-added service, the company will go the extra mile to customize its solution to meet unique shipper needs.

"We can come in and measure freight specifications or demo the Green Pallet process for customers; or they can send over some empty boxes and we can customize the pallets specific to their cargo," says Elster.

Aside from these practical applications, the Green Pallet can save shippers and freight handlers an additional load of aggravation. Here's how:

SAVES MONEY–The Green Pallet costs less than fumigated wood pallets and reduces shipping costs by increasing product load weight – an average truckload uses 1,200 to 2,000 pounds of wood or conventional plastic pallets versus as little as 40 pounds using the Green Pallet.

SAVES SPACE–Shippers can save 50 percent more space than fiber sheets, and 95 percent more space than wooden pallets or conventional plastic pallets. The Green Pallet can be customized to fit any size load requirements.

SAVES TIME–Material handlers no longer have to dispose of broken or shoddy wood pallets, repair jagged edges or rusty nails, or deal with soggy fiber sheets.

SAVES CARGO–Lightweight, easy to lift and stack, and resistant to tearing, the Green Pallet has a non-slip surface on both sides that ensures maximum grip.

SAFER FOR THE ENVIRONMENT–Totally Green Manufacturing Inc.'s Green Pallet eliminates the need for pallet exchange, is impervious to moisture and bacteria, and is 100 percent recyclable.

ADVANTAGES

- Made from 100% recycled plastic
- No wood disposal costs
- Easy to assemble
- Weighs only 3.5 lbs.
- Pallets lay flat until you are ready to use them, so they do not take up valuable warehouse, truck, or container space
- Costs substantially less than any other plastic or (fumigated or heat treated) wooden pallet on the market
- Eliminates the need for fumigated wooden pallets when shipping to the United States, Europe and China, with more countries added to the list daily
- No expensive equipment to buy or time-consuming training course

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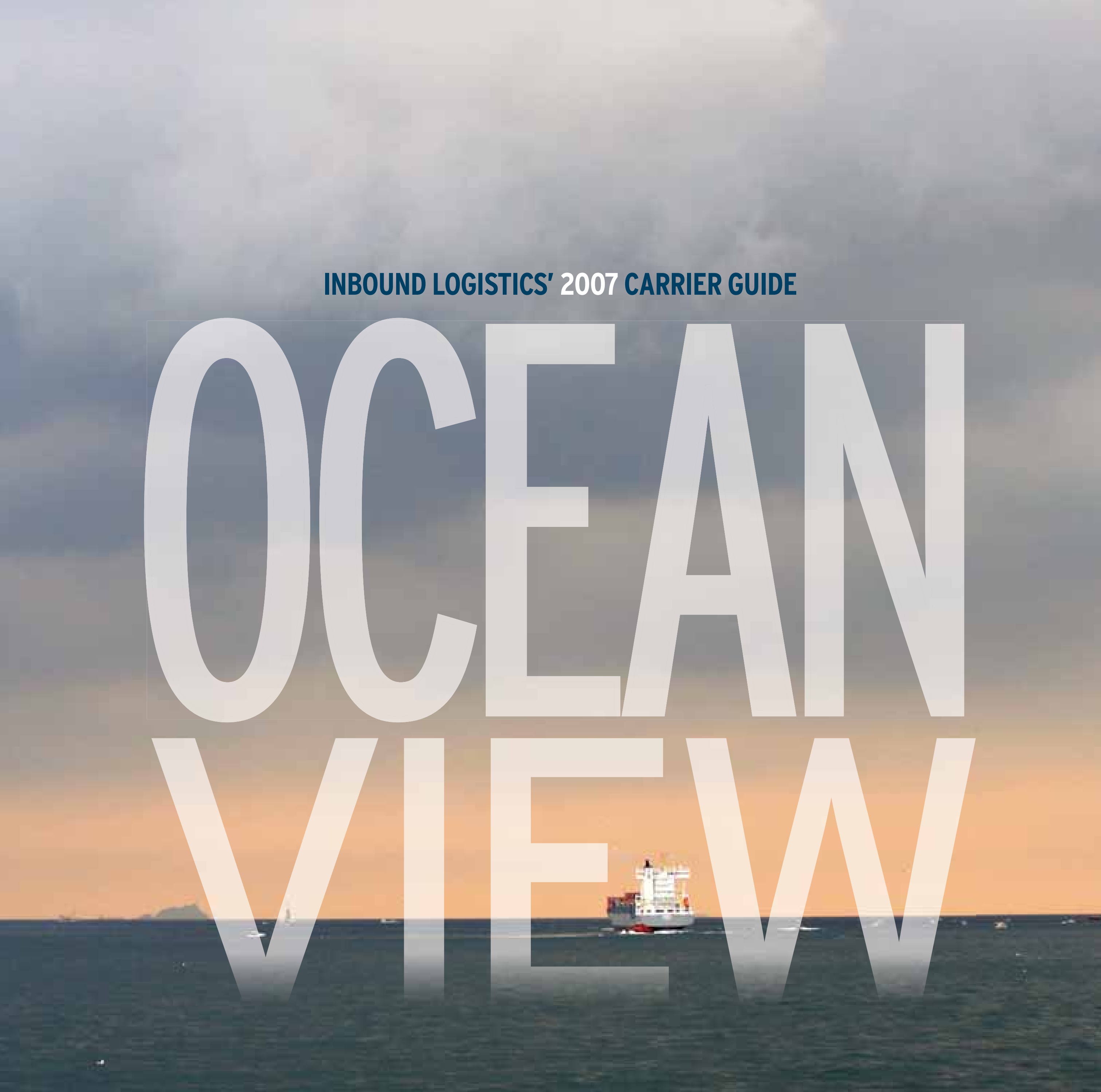
The GREEN PALLET



INBOUND LOGISTICS' 2007 CARRIER GUIDE

OCEAN VIEW

Ocean carriers are casting off in new directions, offering their demanding global customers a wide range of service expansions and updating their arsenal of web tools to keep tech-savvy shippers happy.

Heeding the call for efficient, timely, and cost-effective transportation, ocean carriers have been busy adding sailings to new markets; cutting transit times; expanding offerings to include specialty services such as ocean/LCL delivery or on-demand heavy-lift; and bulking up their fleets with modernized, environmentally friendly vessels. Carriers are also focused on expanding web services, and they now routinely offer capabilities such as online track and trace, shipment booking and rate requests, bill of lading data, downloadable sailing schedules, and customized reporting.

Inbound Logistics sets its sails on some of the industry's top players with this roundup of ocean freight carriers.

APL

800-999-7733
www.apl.com

PARENT COMPANY: Neptune Orient Lines
LOGISTICS DIVISION: APL Logistics

APL is a global container transportation provider offering more than 60 weekly services and nearly 300 calls at more than 90 ports in Asia, Europe, the Middle East, and the Americas. The company combines intermodal operations with technology and e-commerce solutions.

WEB TOOLS: Customizable sailing schedules, shipment booking, shipment instructions submission, bill of lading proofing and printing, real-time shipment status tracking, custom shipment reporting for online viewing or e-mail delivery, instant payment for container charges.

FLEET SIZE: 113 vessels

CUSTOMER AWARDS: Goodyear – Best Shipping Line in Latin America, 2006; JCPenney – 2006 Supply Chain Award; Target – Vice President's Award for Service Excellence, 2006.

WHAT'S NEW: APL Logistics has joined forces with Con-way Freight to create OceanGuaranteed^{SM} – a combined ocean/truck less-than-containerload (LCL) service with day-definite deliveries and a money-back service guarantee. OceanGuaranteed delivers LCL shipments from Asia to any address in the continental United States within five business days after the vessel arrives on the West Coast.

Atlantic Container Line

800-ACL-1235
www.aclcargo.com

PARENT COMPANY: Grimaldi Group

Celebrating 40 years of service, ACL is a specialized carrier of containers, project and oversized cargo, heavy equipment, and vehicles. It boasts the world's largest combination Ro/Ro containerships. Headquartered in Iselin, N.J., with offices throughout Europe and North America, ACL makes weekly service calls at Baltimore, Norfolk, New York, Halifax, Liverpool, Antwerp, Bremerhaven, and Gothenburg. ACL offers four transatlantic sailings each week.

WEB TOOLS: Web visitors can track and trace cargo, submit online shipping instructions, and request bookings and rates.

FLEET SIZE: 10 vessels

CUSTOMER AWARDS: Lloyd's Loading List – Star Performer 2006 for transit times and schedule reliability on the North Atlantic Route; 3M's 1T1 award for quality and excellence; *Canadian Transportation & Logistics* Carrier of Choice Award.

WHAT'S NEW: Container and Ro/Ro services between North America and West Africa, and oversized cargo service to the Mediterranean, Middle East, Australia, South America, Far East, and South Africa.

China Shipping

888-712-7811
www.chinashippingna.com

PARENT COMPANY: China Shipping Group Company

China Shipping offers container transportation and related services including storage, transshipment, customs arrival manifest filing, and intermodal on-carriage. The company services various ports around the world, and boasts an impressive number of connections within China.

WEB TOOLS: Tracking/tracing, EDI, eBrochure, sailing schedules.

FLEET SIZE: 151 vessels

CUSTOMER AWARDS: Lloyd's Loading List – Shipping Line of the Year; regional customer service awards for Far East and North America routes.

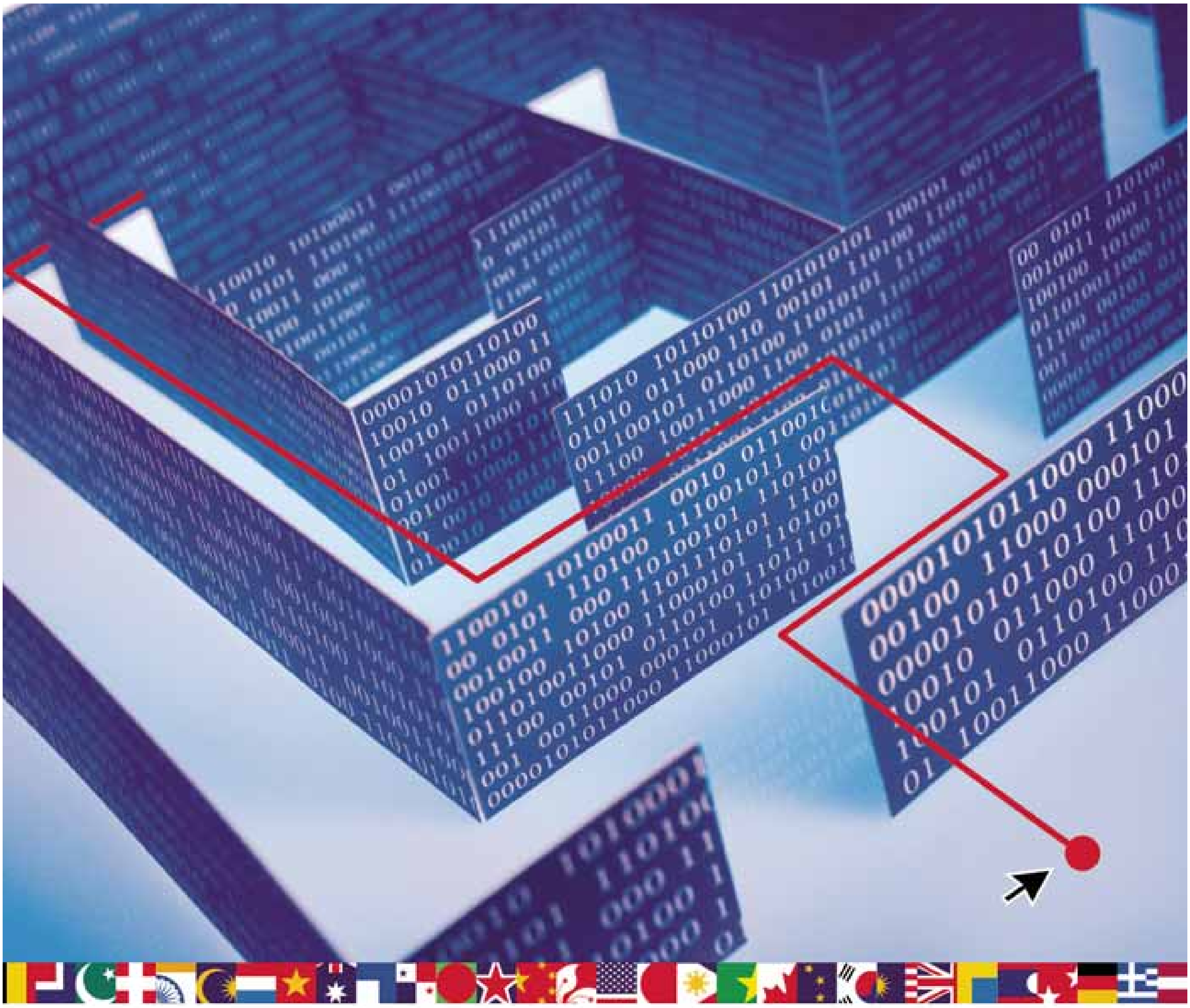
WHAT'S NEW: Trans-Pacific, Trans-Atlantic, Mediterranean, North Europe, China Pearl River Delta, and China Yangtze River Delta services.

Crowley

800-CROWLEY
www.crowley.com

PARENT COMPANY: Crowley Maritime Corporation
LOGISTICS DIVISION: Crowley Logistics

Jacksonville, Fla.-based Crowley Maritime Corporation, founded in San Francisco in 1892, provides diversified transportation and logistics services in domestic and international markets. It operates four lines of business: liner services; logistics services; petroleum services; and marine services. Crowley's broad range of services includes towing and transportation, ship assistance and escort, energy support, salvage and emergency response, vessel management, and petroleum and chemical transportation, distribution, and sales.



WEB TOOLS: Track and trace, tariff retrieval, e-bill of lading registration, 24-hour manifest schedule, downloadable shipping documents, booking, rate requests.

FLEET SIZE: 280 vessels

CUSTOMER AWARDS: Toyota Logistics Service Awards for Outstanding Customer Service and Quality; Sears Partner in Progress; Payless ShoeSource International Partnership Award.

WHAT'S NEW: Crowley's Speed-to-Market program leverages the proximity of Central America and the Caribbean with frequent, direct vessel services for apparel and reefer shippers and others seeking to get products to market faster.

Evergreen Line

201-761-3000
www.evergreen-line.com

PARENT COMPANY: Evergreen Group
LOGISTICS DIVISION: Evergreen Shipping Agency (America) Corp.

Evergreen was founded in 1968 by Group Chairman Dr. Chang Yung-fa. In the 40 years since, it has developed into a global carrier, sporting one of the industry's newest fleets. Most recently, Evergreen's carriers – Evergreen Marine Corp. (Taiwan) Ltd., Italia Marittima S.p.A., Evergreen Marine (UK)

Ltd., and Evergreen Marine (Hong Kong) Ltd. – signed a joint service agreement to adopt a unified common trade name, Evergreen Line, for international marketing purposes.

WEB TOOLS: Integrated e-commerce services via Evergreen's ShipmentLink portal; enhanced e-reports available to all customers, with new functions including event-driven notification, tracking reports, and statistics to help manage and monitor shipments.

FLEET SIZE: 150+ vessels

CUSTOMER AWARDS: Best Shipping Line-Intra Asia, Asian Freight and Supply Chain Awards 2006; Corporate Social Responsibility, Humanitarian, Educational and Environmental Efforts – *International Shipping Magazine* 2006; E-commerce Excellence award, LOG-NET, 2003 and 2004.

WHAT'S NEW: Evergreen's new S-type Greenship vessels incorporate environmental features that surpass the requirements of new and soon-to-be-introduced international regulations.

Hamburg Süd

973-775-5300
www.hamburgsud.com

PARENT COMPANY: The Oetker Group

Hamburg Süd specializes in marine transport and logistics, with a focus on containerized temperature-sensitive cargo shipping. Company services link North America, South America, Europe, the Mediterranean, Asia, India, Pakistan, and Australia/New Zealand.

WEB TOOLS: Online booking, cargo tracking and tracing.

FLEET SIZE: 139 vessels

CUSTOMER AWARDS: Eastern Canadian Freight Forwarders Top Ocean Carrier; Central Canadian Freight Forwarders Top Ocean Carrier.

WHAT'S NEW: Hamburg Süd upgraded its Trident service to weekly rotation earlier this year. The stand-alone service links Australia/New Zealand, the East Coast of North America, and North Europe.

Hapag-Lloyd

617-984-0300
www.hapag-lloyd.com

PARENT COMPANY: TUI AG

For more than 150 years, Hapag-Lloyd has linked continents, countries, and cultures. A player in the global door-to-door container transport industry, the company handles complex logistics packages along the transportation chain, delivering a comprehensive range of shipping services. Hapag-Lloyd operates 330 sales offices in more than 100 countries.

WEB TOOLS: Tracking and tracing, interactive scheduling, freight rates, downloadable sea waybills.

FLEET SIZE: 144 vessels

CUSTOMER AWARDS: Canadian International Freight Forwarder Association – HL Carrier of the Year Nordatlantik; awards from the New York New Jersey Foreign Freight Forwarders and Brokers Association and the Port of Montreal.

WHAT'S NEW: Hapag-Lloyd constantly enhances and optimizes its service offerings to guarantee shippers fast, flexible links. Hapag-Lloyd 's service to Australia, for example, was recently expanded and now offers faster transit times.


Components from China.
Finished goods from Mexico.
Deadlines from Illinois.
Don't Blink. Your profit margin is on the line. Quickly tailor solutions to manage your customers' complex logistics environments – and still meet your own financial goals. Eliminate the barriers to bottom line success. Only Sterling Commerce has business solutions designed to adapt to global transportation demands and constantly changing customer requirements. So you can meet mandates like paperless billing, order visibility, and regulatory changes. See how at www.sterlingcommerce.com/transportation
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Horizon Lines

877-678-SHIP
www.horizonlines.com

PARENT COMPANY: Horizon Lines Inc.

Horizon Lines is a leading Jones Act container shipping and integrated logistics company, operating 21 U.S.-flag vessels on routes linking the continental United States with Alaska, Hawaii, Guam, and Puerto Rico. Horizon Lines also owns Horizon Services Group, an organization with a diversified offering of cargo management and tracking services for shippers, carriers, and other supply chain partners.

WEB TOOLS: Online booking, tracking, tracing, and payment applications that allow customers to create customized reporting, event notification, and e-mail or threshold activity alerts.

FLEET SIZE: 21 vessels

CUSTOMER AWARDS: 2006 Toyota Logistics Excellence; 2006 Lowe's Platinum Carrier.

WHAT'S NEW: Two new Horizon Lines initiatives include an RFID solution that provides real-time shipment visibility for shippers; and reconfigured Pacific services that improve schedule integrity and space availability for shipments between the United States and Hawaii, Guam, the Mariana Islands, and Micronesia. Horizon also recently took delivery of five new 2,824-TEU containerships; the final ship, *Horizon Tiger*, made its maiden call in Tacoma, Wash., on July 6, 2007.

Hyundai Merchant Marine

877-7-HYUNDAI
www.hmm21.com

LOGISTICS DIVISION: Harbor & Logistics Department

Beginning with three Very Large Crude Carriers (VLCCs) in 1976, Hyundai Merchant Marine has strengthened its competitiveness by operating as a container carrier, gas carrier, tramper, tanker, general cargo, and special product carrier. HMM maintains a global network comprising four regional headquarters, 23 subsidiaries, 68 branch offices, and six overseas offices.

WEB TOOLS: Booking, tracking, and bill of lading services.

FLEET SIZE: 120 vessels (including chartered vessels)

CUSTOMER AWARDS: Four consecutive Global Partnership Carrier awards from SONY Supply Chain Solutions Inc.

WHAT'S NEW: Liner services such as a U.S. East Coast service, and an Intra Asia service between Vietnam, Thailand, and China.

Intermarine

504-571-1126
www.intermarineusa.com

PARENT COMPANY: Intermarine, LLC

New Orleans-based Intermarine provides worldwide ocean transport and inland heavy haul services for breakbulk, specialized project, and heavy lift cargo. The company also operates offices in Houston, Caracas, Buenos Aires, Shanghai, and Seoul.

WEB TOOLS: Company information, weekly sailing schedules.

FLEET SIZE: 26 vessels

CUSTOMER AWARDS: 21st Asian Freight & Supply Chain Awards, Best Shipping Line – Project Cargo.

WHAT'S NEW: Intermarine's latest service offering comprises a route between China, Japan, and Korea and the Persian Gulf and India. It also now provides on-demand heavy-lift service between the entire Asian north coast to the Arabian Gulf nations in the West and all points in between. Using up to nine vessels capable of 400- to 500-metric-ton self-sustained lifts, this new service is designed to meet the needs of new oil and gas facilities in the Middle East, as well as power generation plants in Southeast Asia, and various other global infrastructure development projects.

Maersk Line

973-514-5187
www.maerskline.com

PARENT COMPANY: A.P. Moller-Maersk Group
LOGISTICS DIVISION: Maersk Logistics USA

The A.P. Moller-Maersk Group, headquartered in Copenhagen, Denmark, operates offices in more than 125 countries. In addition to worldwide container shipping and logistics services, the A.P. Moller-Maersk Group is engaged in exploring and producing oil and gas, shipbuilding, and aviation. It also offers transportation and maritime services to the U.S. government.

WEB TOOLS: Online booking, shipping instructions, bill of lading printing, tracking and tracing reports, customs clearance, rate search and request, live chat 24 hours a day, Monday-Friday.

FLEET SIZE: 550 vessels

CUSTOMER AWARDS: 2006-07 Origin Cargo Manager of the Year – Wal-Mart.

WHAT'S NEW: Direct U.S. Southwest/West Coast service to Australia and New Zealand with calls in Sydney, Melbourne, and Auckland, New Zealand. The service includes a 14-day transit from Long Beach to Auckland.

Matson

800-4MATSON
www.matson.com

PARENT COMPANY: Alexander & Baldwin Inc.
LOGISTICS DIVISION: Matson Integrated Logistics

Matson has been serving the Pacific since 1882 and is a leading U.S.-flag carrier. Matson serves Hawaii, Guam, and Micronesia and offers a weekly service from Ningbo and Shanghai to Long Beach. Matson's logistics subsidiary, Matson Integrated Logistics, provides multimodal transportation services throughout North America.

WEB TOOLS: Online booking, shipment tracking, supply chain event management, vessel schedules, downloadable shipping documents, tariff retrieval, exception-based management tools, billing documents.

FLEET SIZE: 17 vessels

CUSTOMER AWARDS: Supplier of the Year – General Motors, 2006; U.S. Coast Guard Benkert Award for Environmental Excellence, 2006.

WHAT'S NEW: Matson now offers a premium, expedited, guaranteed service on its China–Long Beach Express route. It is also partnering with J.B. Hunt to offer China customers a through service that includes ocean and inland transportation combined with transload services on a single Matson bill of lading.

MOL

800-OK-GATOR
www.molpower.com

PARENT COMPANY: MOL Ltd. (Mitsui O.S.K. Lines)
LOGISTICS DIVISION: MOL Logistics (U.S.A.) Inc.

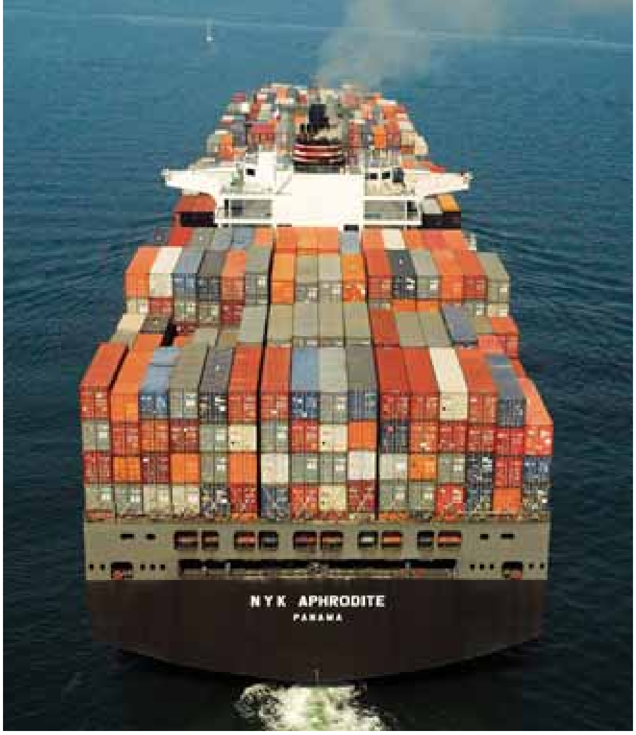
MOL operates a diverse network of global liner and logistics services, including weekly Transpacific, Transatlantic, Americas, and Asia-Europe services. Its North American arm, MOL (America) Inc., is a wholly owned subsidiary of MOL Ltd. (Mitsui O.S.K. Lines), a global, multi-modal shipping company.

WEB TOOLS: Online booking requests and shipping instructions; bill of lading searching, viewing and printing; global shipment tracking; reports; sailing schedule.

FLEET SIZE: 805 vessels

CUSTOMER AWARDS: 2006 Distinguished Service Provider – Limited Logistic Services (transportation arm of specialty retailer Limited Brands); 2006 Carrier of the Year – Rayonier Inc.; 2006 Carrier of the Year – Michaels Stores Inc.

WHAT'S NEW: Services including ESX, which covers the East Coast of North America and Southern China via the Panama Canal; IAX, sailing from the U.S. East Coast to India and the Middle East via the Suez Canal; and SZX, serving the U.S. East Coast, South/South East Asia, and the Middle East via the Suez Canal.



NYK

888-695-7447
www.nykline.com

PARENT COMPANY: Nippon Yusen Kabushiki Kaisha
LOGISTICS DIVISION: NYK Logistics (Americas) Inc.

Founded in 1885, Nippon Yusen Kaisha (NYK Line) is a $16-billion global transportation company that employs nearly 48,000 people worldwide. The company maintains 240 offices in 27 countries, warehouses on every continent, and harbor operations in Asia, North America, and Europe.

WEB TOOLS: Rate inquiry, customized reports, booking, bill of lading processing, shipment alerts.

FLEET SIZE: 709 vessels

CUSTOMER AWARDS: Ministry of Land, Infrastructure, and Transport Award at the 16th annual Earth Environment Awards; 2006 Best Samsung Electronics Partner Award.

WHAT'S NEW: All-water U.S. East Coast service from Asia.

OOCL

888-388-OOCL
www.oocl.com

PARENT COMPANY: OOIL (Orient Overseas International Ltd.)
LOGISTICS DIVISION: OOCL Logistics (USA) Inc.

One of Hong Kong's most recognized global brands, OOCL operates integrated international container transportation, logistics, and terminal companies. The carrier provides integrated logistics and containerized transportation services for global shippers, with a network that encompasses Asia, Europe, North America, and Australasia.

WEB TOOLS: Full shipment cycle visibility through OOCL's Web site and CargoSmart portal.

FLEET SIZE: 71 vessels

CUSTOMER AWARDS: 3M Carrier of the Year 2006; CIFFA Outstanding Ocean Service; Computerworld Smithsonian Institute Award; Green Flag Award from Port of Long Beach.

WHAT'S NEW: Five fast-transit, all-water services from Asia to the U.S. East Coast, with direct India-to-U.S. East Coast service.

Senator Lines

+49-421-3083-0
www.senatorlines.com

PARENT COMPANY: Hanjin Shipping

Headquartered in Bremen, Germany, independent international container shipping company Senator Lines offers an integrated ocean and intermodal transportation network as well as customized transportation solutions. Since January 2007, the carrier's optimized schedule includes 12 total liner services.

WEB TOOLS: Schedules, rates and surcharges, booking, bill of lading, cargo tracking, and access to INTTRA and GT Nexus.

CUSTOMER AWARDS: CIFFA Forwarders Choice Award 2006–Best Ocean Carrier Middle East.

WHAT'S NEW: ESX, a Europe-to-South America service.

Yang Ming

201-222-8899
www.yml.com.tw

PARENT COMPANY: Yang Ming Marine Transport Corporation
LOGISTICS DIVISION: Yes Logistic Corporation

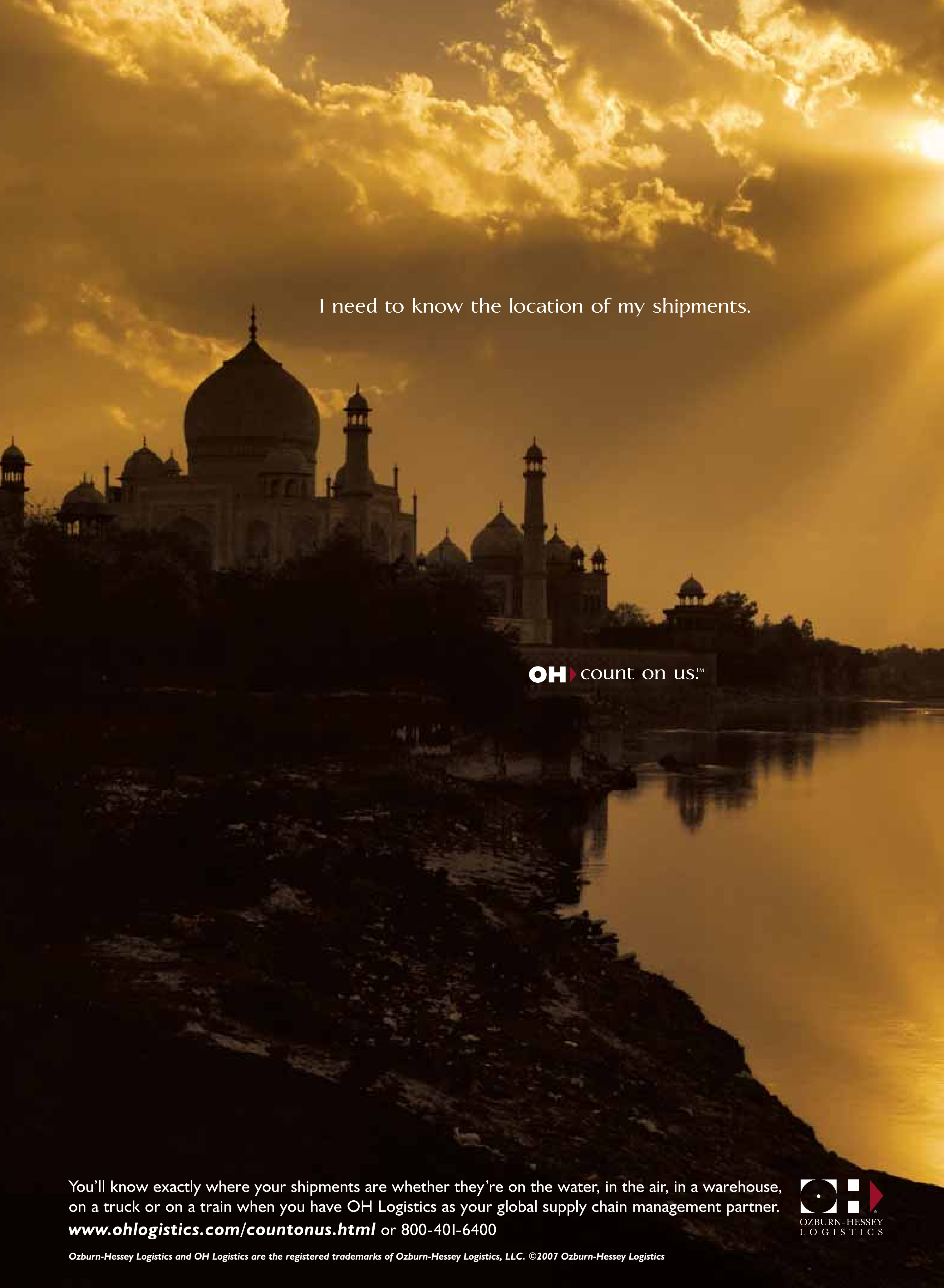
Established in 1972, Yang Ming operates a fleet of 94 vessels, of which containerships are the main service force. Yang Ming transports more than 2.4 million TEUs a year, and practices a management philosophy of "Teamwork, Innovation, Honesty, and Pragmatism."

WEB TOOLS: Scheduling, vessel tracking, shipment track and trace, and booking.

FLEET SIZE: 91 vessels

CUSTOMER AWARDS: Beall's International Carrier of the Year 2006.

WHAT'S NEW: An upgraded China-Mediterranean Route (CMX) service, which extends direct access to the Japanese market through the CKYH alliance (a partnership between carriers COSCO, K Line, Yang Ming, and Hanjin). The upgraded CMX service keeps its original calling ports and further extends service coverage to Osaka and Tokyo, providing the first CKYH Alliance service directly between the Mediterranean and Japanese markets.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OH count on us.™
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GLOBAL LOGISTICS SPOTLIGHT

DUBAI

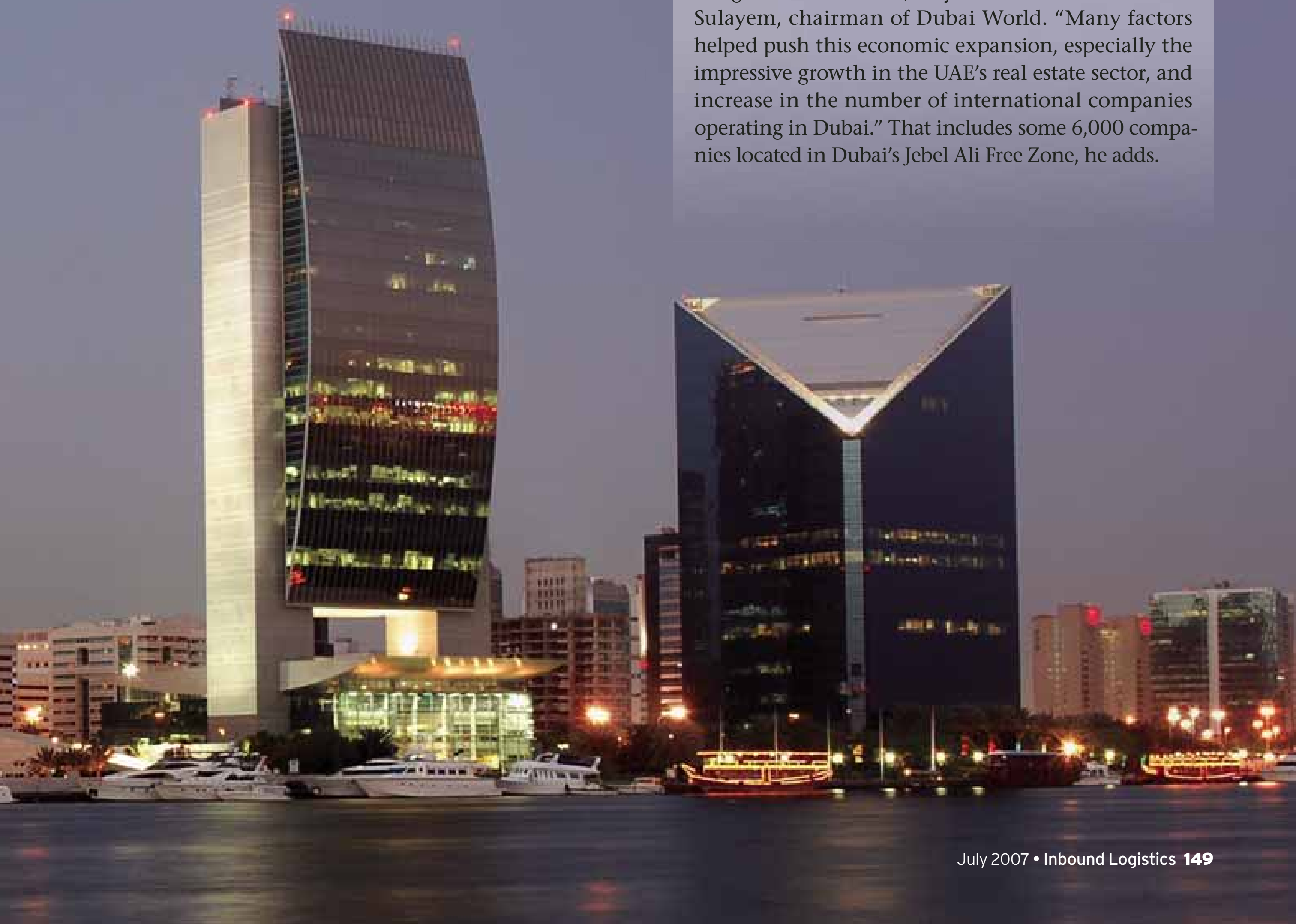
FLYING HIGH

With constant new development, soaring air cargo growth, and a busy port system, Dubai is shaping up to be the crown jewel of logistics in the Middle East.

BY JOSEPH O'REILLY While the Middle East's cash crop has traditionally been oil production – a factor that has contributed both to the economic prosperity of some countries and the geopolitical volatility of others – increasingly, Middle Eastern nations such as the United Arab Emirates (UAE) are targeting transportation and distribution activities to grow trade prospects and compete with other emerging global logistics markets.

The UAE, and its prize city Dubai in particular, have started to diversify, focusing on economic development beyond the oil industry. Non-oil foreign trade in the UAE rose nine percent during 2006, from $130.6 billion to $142.5 billion, according to Dubai World, a Dubai-based real estate holding group.

"These results reflect the Emirates' rapid economic growth in a short time and what it can achieve in the global trade arena," says H.E. Sultan Ahmed bin Sulayem, chairman of Dubai World. "Many factors helped push this economic expansion, especially the impressive growth in the UAE's real estate sector, and increase in the number of international companies operating in Dubai." That includes some 6,000 companies located in Dubai's Jebel Ali Free Zone, he adds.



On top of this encouraging development, the World Trade Organization's latest national report lauds the UAE's progress toward liberalizing trade.

"The UAE's generally liberal and increasingly diversified economy, importance of trade to its economic performance, relatively low border barriers to trade, and growing economic power make it an increasingly important supporter of the multilateral trading system," the report states.

The real driver and change agent for the Emirates' transitioning economy is its converging air and ocean freight capabilities. And if the country's present development is any indication of its future promise, global businesses will soon be cashing in on Dubai's value as a major intermodal transshipment location.

إمارة دبي AIR CARGO: SOARING WITH DEMAND

Surprisingly the Middle East, not Asia, is currently the fastest-growing air cargo region in the world. Recent year-over-year data from the International Air Transport Association (IATA) reveals that airfreight traffic growth is trundling toward the Middle East (up 12.7 percent from last year), not the Far East (up 4.5 percent), as current trade winds might suggest.

Dubai International Airport's cargo volume is growing at a rapid 12.5-percent clip, according to Airports Council International's 2006 top 50 air cargo airports index. It also currently ranks 18th in the world and first in the Middle East. Some of this growth can be attributed to increasing Asia-to-Europe cargo traffic, says Mark Smyth, senior economist for IATA. "Dubai's growth as a major cargo hub reflects the growth of Middle East airlines in long-haul cargo," he observes.

As further evidence of this trend, Middle East air cargo carriers such as Emirates and Qatar Airways, and Dubai International Airport as a result, are expanding at a heady rate. In April 2007, Emirates SkyCargo announced another record-breaking year (*see sidebar, page 154*) in overall cargo tonnage, and Qatar Airways leads a list of emerging Middle Eastern cargo carriers that are quickly flying up the ranks of global airlines.

In total, the Middle East is home to seven carriers – Emirates, Qatar Airways, Saudi Arabian Airlines, Gulf Air, Etihad Airways, El Al, and EgyptAir – among the world's top 50 in terms of international scheduled freight tons carried, according to *World Air Transport Statistics,* an IATA publication. By comparison, the United States claims five carriers on that list, including global expediters FedEx and UPS.

Growing air cargo capabilities are matched by the area's expanding warehousing and distribution facilities, enhancing Dubai's reputation as a pivotal transshipment location. The gem of its emerging logistics facilities is the Dubai Cargo Village, a hub that comprises 82,000 square feet of ground space, with 27,000 square feet allocated for cargo handling and 26,000 square feet for storage. The cargo facility is adjacent to a staging area where four Boeing 747 freighters can be loaded or unloaded simultaneously. Since the Dubai Cargo Village debuted in 1991, the facility has regularly expanded – it can now accommodate more than 450,000 tons of cargo annually.

MIDDLE EAST TAKES FLIGHT

The Middle East is home to five of the 20 countries forecast to achieve the highest air cargo average annual growth rate (AAGR) from 2005-2009.

COUNTRIES*	AAGR 2005–2009
China	14.4%
Qatar	**12.5%**
Sri Lanka	12.2%
Macao	11.6%
Korea, Republic of	10.7%
Malaysia	10.0%
Mexico	9.9%
India	9.7%
Czech Republic	9.7%
Oman	**8.9%**
Turkey	**8.6%**
Russian Federation	8.5%
Argentina	8.1%
Indonesia	8.0%
Azerbaijan	7.8%
Pakistan	7.3%
UAE	**7.3%**
Japan	6.9%
Thailand	6.9%
Kuwait	**6.6%**

*Countries shipping more than 10,000 tons of air freight. Source: International Air Transport Association

Middle Eastern countries such as the United Arab Emirates (UAE) are working to diversify their economies away from oil; one new focus is logistics and transportation. 3PLs such as Dubai-based GAC Logistics are expanding to keep up with growth and demand.

Thanks to increased trade with countries such as China and India, demand for ocean freight capacity in the United Arab Emirates is on the rise. The country boasts two ports – Dubai and Khor Fakkan – ranked in the global top 50 for container volume.

While Asian/European trade is a primary factor driving air cargo growth in the Middle East, growing consumerism in cities such as Dubai is also contributing to this freight phenomenon.

"The Middle East today is one of the fastest-growing regions in the world," observes Jamshed Safdar, senior vice president of marketing for Emirates Shipping Line, a Dubai-based ocean carrier. "This economic boom is primarily driven by oil revenues, as well as organic business growth, which are being reinvested within the region itself.

"Construction, too, has outpaced general growth predictions. This, in turn, has provided increased prosperity to the local populace, resulting in greater consumption and well being," he adds.

إمارة دبي OCEAN FREIGHT: GOING THE DISTANCE

Growing in tandem with this appetite for consumer goods are trade links with countries such as India and China. By example, the Middle East is currently India's top export destination for a burgeoning consumer electronics sector. Exports reached $175 million in 2005-06, an increase of 96 percent over the previous year, according to the Electronics and Computer Software Export Promotion Council (ESC).

As far as growing trade reciprocity with China, 63 percent of respondents to a recent China supplier survey, *Middle East Export Opportunities*, cited the Middle East as the next "hot" export market for Chinese-manufactured goods. The report, authored by consultancy Global Sources, polled exporters from mainland China, Hong Kong, and Taiwan to evaluate their current and potential trade activities in the Middle East.

Moreover, the survey's findings back strong manufacturer support for China government targets to double Middle East trade – set to reach (US) $100 billion in 2010, up from (US) $51.3 billion in 2005.

This growth bodes well for UAE's emerging seaport network. Currently, it features two ports among the world's top 50 in terms of container volume, with Dubai ranked ninth (7.6 million TEUs) and Khor Fakkan, on the UAE's east coast, landing at 47 (1.9 million TEUs). The development of Free Trade Zones in and around the UAE's growing port facilities–it now maintains 32 –have similarly helped facilitate and expedite foreign trade with China and the United States, and other areas.

Global ocean freight carriers are taking notice of the UAE's growth as well. Last year, Emirates Shipping Line launched its inaugural sailings, with the Middle East trade lane as the focal point of its development strategy. Maersk Line, the world's largest ocean container shipper, credits Middle East business with 10 percent of its total trade volume, according to Marc Gijsbrechts, Maersk CEO for the Middle East.

In 2007, the ocean carrier expects the Middle East to grow faster than any other market in its network and predicts that by 2009 Maersk Middle East alone will handle the same volume that all of Maersk Line handled globally 10 years ago.

One reason for this expected freight volume surge is the Middle East's increasingly balanced import/export market. In Dubai, for example, over the past three decades the freight import/export balance has shifted from a ratio of 6:1, to a ratio approaching parity. As of 2004, import volume stood at 618,996 tons of freight versus 522,154 tons of exports, according to the Global Cargo Village.

A balanced overall import/export market in the Middle East–which has primarily been an import-driven surplus market–will require countries and companies to invest in necessary equipment as the market progresses from surplus to deficit. This trend

heralds even greater opportunities for ocean carriers such as Maersk and Emirates that are fast making waves in the region.

إمارة دبي 3PLs: ALLURING TERRITORY

As the region's infrastructure and service capabilities continue to expand, global 3PLs are following. Their path offers a clue to the emerging transportation and logistics potential of Dubai, the UAE, and the Middle East.

Itasca, Ill.-based SEKO recently set up a regional facility in Dubai to marshal growing air, ocean, and ground operations throughout the UAE. Following suit, German service provider Schenker entered into a joint venture with Al Naboodah, a locally owned manufacturing and investment company, to better coordinate activities in the Middle East and East Africa.

Dubai is also home to GAC Logistics, a global third-party logistics provider that has played a vital role in the region's development. With offices throughout the Gulf, its services and facilities have helped provide the logistics and transportation backbone to facilitate industrial and infrastructure development projects in Dubai.

Bill Hill, group vice president of logistics services for GAC, sees Dubai's logistics potential only expanding, especially with the planned development of Dubai Logistics City and a new cargo airport 25 miles outside Dubai at Jebel Ali. Both facilities will be part of Dubai World Center, a proposed 87-square mile project that will feature an international airport – with the current combined capacity of London's Heathrow and Chicago's O'Hare – as well as a number of sector-specific business offerings including aviation, logistics, commercial, residential, and recreation.

"Development policies such as the Dubai Airport Free Zone, the proposed cargo airport in Jebel Ali, and Dubai Logistics City have made Dubai an appealing site for companies wanting to allocate portions of their global supply chain here," Hill says.

One major concern surrounding Dubai's continuing growth, however, is the instability of the Middle East in the wake of the Iraq war, and the continuing threat of global terrorism. Justifiably, questions about security and safety abound. Yet equally important from a supply chain perspective, transportation and logistics infrastructure development is progressing in spite of, and perhaps as a result of, the ongoing conflict.

"The continued massive inflow of capital and the magnitude of multi-billion-dollar construction projects are ongoing in the Gulf, indicating that the war did not dampen investors' confidence in the region," notes Hill.

In addition, the war's resulting demand for food and services, humanitarian aid, materials for reconstruction, and military logistics remains, giving logistics service providers a role to play in moving essential goods and materials into the region.

These concerns notwithstanding, the UAE's location and logistics potential are difficult to ignore.

Leveraging on the Emirates' multi-modal connectivity, companies gain access to a vast geographical area and markets with different demographics. Dubai is a gateway not only to the Gulf Coast countries and Levant, but also to the global market. A three-hour flight will give a company access to more than two billion people.

For global businesses looking to stay ahead of the curve, two billion people is an investment well worth banking the future on. ■

Emirates SkyCargo Flies With Demand

The Middle East's flagship airline, Emirates, is pushing its cargo operations full throttle as demand for capacity in the region continues to accelerate.

Emirates SkyCargo recorded strong growth across its entire network during fiscal year 2006-07, carrying a record 1.2 million tons of cargo while surpassing the previous year's best by 13.5 percent, according to The Emirates Group's annual report. The Emirates Group comprises Emirates Airline, Dnata, and several other subsidiary companies.

Overall, cargo revenue topped out at $1.5 billion, a 19-percent increase over 2005-06, and contributed 20 percent to the airline's transport revenue – one of the highest contributions of any airline in the world with a similar fleet.

Dnata, Emirates' ground handling services arm, similarly matched the carrier's growth. In its 48th year of operation, Dnata remains at the heart of the rapid traffic growth at Dubai International Airport, handling 535,132 tons of cargo (up six percent) during the 2006-07 fiscal year. Dnata revenue mirrored cargo growth as gross income ballooned 16.5 percent to $565 million during the period.

Its profits of $98 million represent an increase of 11 percent compared to last year's $88 million, despite ongoing construction and expansion projects at Dubai Airport.

As a result of this unprecedented growth, Emirates SkyCargo is making considerable investments in its cargo carrying capabilities. In addition to 10 Boeing 747-8 freighters currently on order, it has signed a lease agreement with TNT Airways for a Boeing 747-400ERF that began operations in May. It also contracted for another two aircraft from Guggenheim Aviation. These two aircraft are expected to debut in late 2007 and spring 2008, respectively. In total, Emirates SkyCargo carries freight on 102 aircraft, including nine freighters, to 89 cities globally.

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HOSPITALITY LOGISTICS

Supply Chains Made to Order

Welcome to hospitality logistics, where five-star supply chain management helps keep customers happy. Thanks for reading, and enjoy your stay.

by Lisa Terry

MISSED DELIVERY APPOINTMENTS, PRODUCTS HELD UP IN CUSTOMS, AND SHORT shipments are disruptions supply chain managers often contend with. But for Royal Caribbean Cruise Lines, any one of these snafus can mean the ship has sailed–literally–without the food, beverages, and supplies critical to its guests' experience for the next seven days.

Complicating daily management tasks for the 34-vessel cruise line operator's 225-strong supply chain organization is the fact that essential freight must be coordinated to arrive in a foreign port to meet a tight nine-hour loading window. If it doesn't, the company risks jeopardizing its most important mandate: customer satisfaction.

"Ask warehouse employees what our mission is, and they will tell you it is not moving freight, it is all about the guest experience," says Laura Luff, director of logistics and material control for Royal Caribbean.

That sentiment permeates the hospitality industry, whose bread and butter is delighting the customer. That is why hospitality operators' capital investments tend to focus on products, services, and systems that enhance the guest experience–and not always on back-end infrastructure that gets those goods to the ships, hotels, restaurants, and other destinations where they are consumed.

This is particularly true for small organizations: seven out of 10 of the nation's 935,000 restaurants are single-unit operations. And, of the 47,590 hotel properties in the United States, 58 percent offer fewer than 75 rooms, according to the National Restaurant Association and the American Hotel & Lodging Association.

GAINING VISIBILITY *and* CONTROL

Technology has further differentiated small hospitality companies that struggle to manage their supply chains with limited resources and budget from large, multi-unit chains that can afford to invest in solutions to gain visibility and control.

Many multi-unit chains have begun taking charge of the procurement process, using technology to manage sourcing back to raw materials suppliers and even buying futures on the commodity market.

Myriad business model variations exist among hotels, restaurants, resorts, casinos, and cruise ships. As a result, sourcing operations can encompass a few hundred or thousands of SKUs. Purchasing in the hospitality industry is further complicated by the fact that many businesses face fragmented management operations – which can include franchisees and individual owner/operators – as well as managing multiple brands under one corporate umbrella.

Common industry sourcing and procurement challenges include maverick local buying, and a lack of centralized processes to ensure that purchases and deliveries meet contracted pricing, brand, and quality standards. Proprietary distributor ordering systems and non-standardized product descriptions also lead to waste. It is not uncommon, for instance, for a chain to learn it purchases the same size ketchup bottles under multiple product descriptions.

"That lack of control, coupled with the volume of product that hospitality companies manage, causes them to lose money that should go to the bottom line," says Pat Welch, COO of Adaco Services, Williamsville, N.Y., a software provider to the hospitality industry. "Companies lose money when they fail to take a proactive approach to procurement."

Subway Restaurants, along with its Independent Purchasing Cooperative–a procurement group run by franchisees–was an early innovator in the movement to gain control of the sourcing process, and the trend has spread to other large enterprises. Increasingly,

hotels and restaurants employ spend management, procurement, audit/compliance, and inventory systems to gain visibility into, and control of, purchasing.

Hilton Hotels is among those hospitality companies that have transformed their approach.

"Ten years ago, we were behind the curve compared to other hospitality companies. Now, we are close to cutting-edge," says Don Miller, regional director of supply management for Hilton.

The worldwide hotel chain manages procurement through its Beverly Hills, Calif., office, and six regional affiliate locations. The procurement group aggregates buying into national contracts for its various brands, and enables local providers where it makes sense to do so. Hilton cuts deals directly with suppliers, then negotiates markups with the distributors that handle warehousing and delivery.

"It's important to control the whole supply chain," Miller says. Now, the company is tackling the integration of international procurement, brought on by its reacquisition of Hilton International in 2006.

SPEND *and* SAVE

Effective spend management helps Hilton control and monitor what individual sites buy and pay, then ensures compliance. Its hotel properties access a Web-based e-procurement system to view product catalogs specific to their brand and location. The third-generation system manages orders and electronic approvals, as well as inventory. As supplies arrive at individual hotel locations, managers receive data from the system – ensuring that, say, sirloin contracted at $10.99 a pound isn't charged at $11.99.

Standardizing purchases also provides large chains such as Hilton more consistent product quality and safety, notes Adaco's Welch.

Some spend management systems extend into the kitchen, ensuring that recipes parse out ingredients at the expected rate, and helping chefs modify them to ensure both flavor and economy. The systems also place controls around previously inexact processes such as calculating liquor consumption at banquet bars.

Hospitality companies are also starting to take control of transportation spend.

"Most contracts treat transportation as a

Ensuring A Moveable Feast

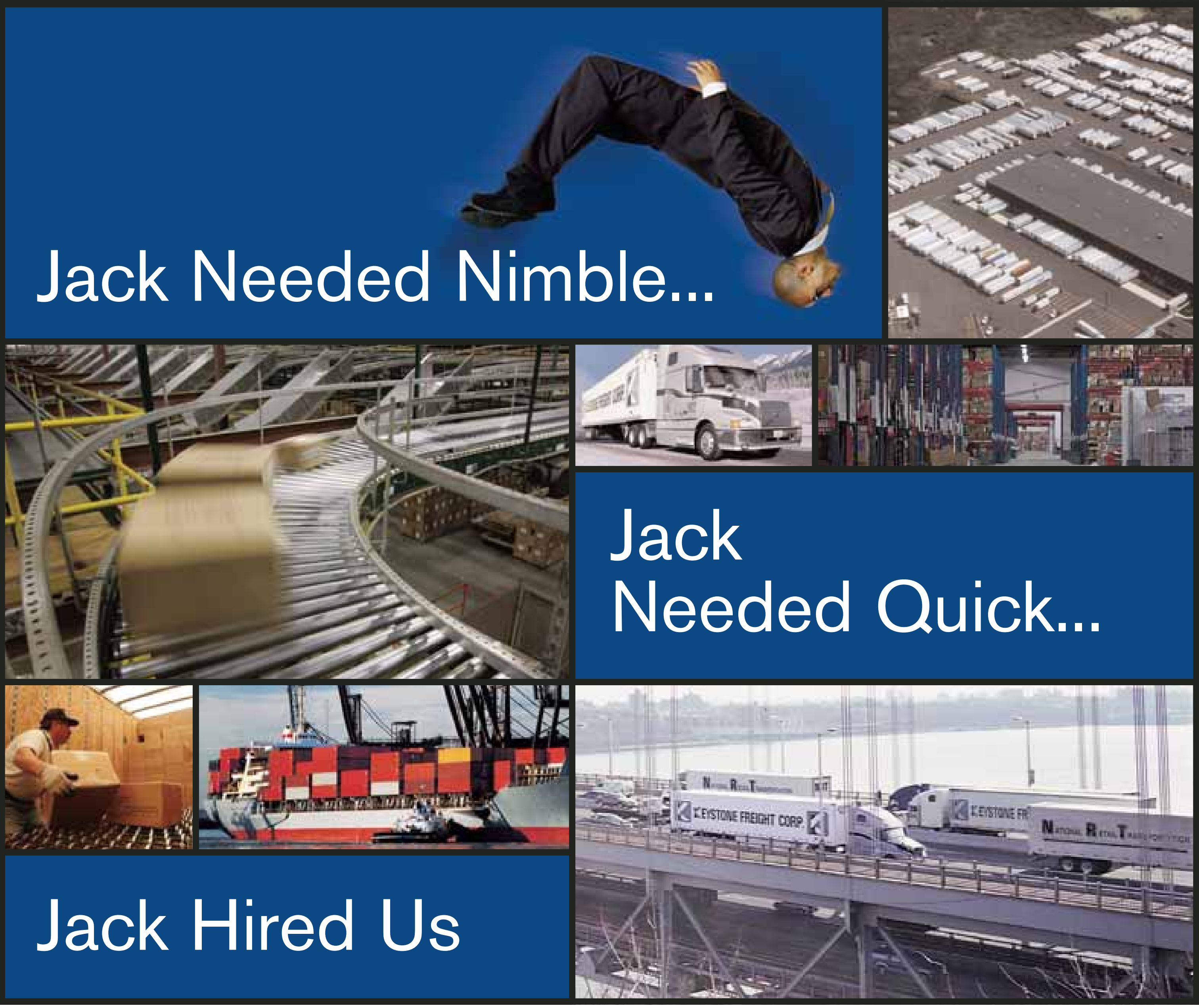
For Royal Caribbean Cruise Lines, the typical challenges of hospitality sourcing are complicated by the fact that its "properties" move from country to country, and sometimes out of satellite communication range. That means multiple sets of regulations and port practices, varying product quality and pricing, and plenty of contingency planning to ensure supply continuity.

"No matter what we do, we face risk," says Laura Luff, director of logistics and material control for Royal Caribbean. "We will source local products if necessary; we've even chased a vessel with a feeder ship to deliver critical supplies."

To help avoid crises at sea, Royal Caribbean's supply chain staff provides early input into proposed itineraries in order to schedule at least one loading port into the plan. The company locks in buying decisions 40 days in advance, cross-docking some goods and storing others in the cruise line's 500-SKU Miami warehouse. Items such as linens, bedding, and souvenir goods are shipped from China and routed directly to one of the ships' ports. Inventory must also accommodate the seasonality of the cruise business.

The supply chain group has devised many of its own sourcing systems, including one to deliver goods to ports. Every item that moves on and off the ships must comply with stringent Homeland Security procedures. If a repairman needs to come on board with a tile cutter, for example, that equipment must be cleared through customs.

Adopting supply chain software to manage these processes on land and on board is challenging due to the ships' unique mobile and legal status. Royal Caribbean is currently seeking a transportation management system, for example, but any system it chooses will require significant reconfiguration.



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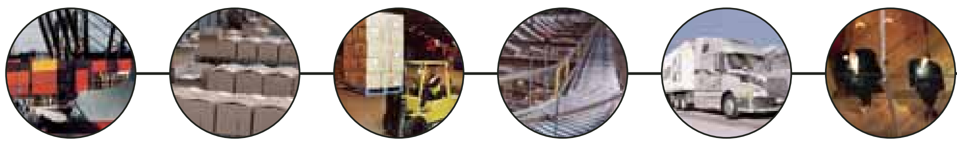

P O W E R F O R S U P P L Y C H A I N S

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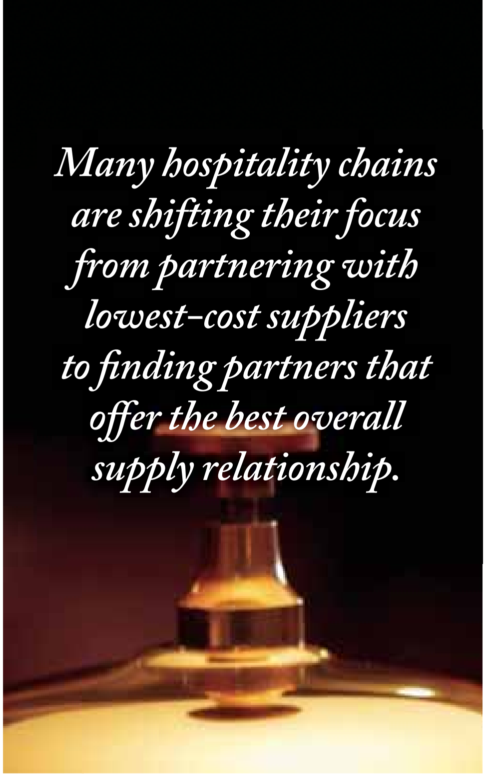
markup of the landed cost. But if the company doesn't have access to landed cost data, how does it know it is paying the right price?" asks Jeff Smith, vice president of marketing at foodservice software developer Instill Corp., Redwood City, Calif.

Hospitality operators look to companies such as Instill to provide transportation information as part of spend management, or work with distributors to receive that information, he adds.

Others turn to third-party logistics providers to manage the movement of raw ingredients and supplies. Pizza chain Papa John's, for example, uses UPS Supply Chain Solutions to coordinate its inbound distribution network, delivering cheese, dough, pepperoni, and tomato sauce to its more than 3,000 stores in a timely and streamlined fashion. Its partnership with UPS SCS helps Papa John's optimize distribution and guarantee product freshness.



Hospitality companies often embrace third-party solutions and services when growth spikes and business becomes too complex to control internally. Outsourcing also can help hospitality businesses that must comply with differing sets of brand sourcing requirements.

FINDING *the* ROI

Enterprises employing spend management, procurement, audit/compliance, and inventory systems typically save two percent to five percent of their total spend, says Instill. While that sounds like a low number, it can have a big impact.

"When companies spend millions of dollars, cutting costs by half a cent per dollar adds up to a lot of money," says Rupert Spies, senior lecturer, Cornell School of Hotel Administration, Ithaca, N.Y. "For companies operating with thin margins, such savings are even more important."

Though hospitality companies are making gains by utilizing technology, the industry still lacks standard application programming interfaces to reduce the cost of integrating technology solutions, says Tina Stehle, vice president and general manager of Agilysys Hospitality Solutions, a Boca Raton, Fla.-based hospitality software provider. New delivery models such as Software as a Service, however, help make implementation more accessible to smaller entities.

"The hospitality industry is particularly risk averse, and Web-based software solutions allow businesses to get their feet wet with technology," Smith says. These solutions will greatly impact technology adoption in the hospitality industry, he predicts.

The improved visibility and inventory control these tools deliver also feeds better forecasts.

"If Red Lobster or Darden Restaurants does a poor job forecasting sales, it will run out of food immediately because it buys specialized goods that aren't always readily available," says Spies. Small operators generally fail to conduct proper forecasting, he says, even though today's point-of-sale systems can produce the required data.

PUSHING *the* ENVELOPE

Cutting-edge hospitality chains are reaching beyond inventory control systems to spend intelligence tools, which help gather, rationalize, and analyze historic and real-time purchasing information. Tapping the real-time inventory capabilities of these applications enables operators to closely monitor and respond to demand swings, and helps them rate distributors and manufacturers on service quality. These tools ensure that supplies neither build up nor deplete, and next-generation applications will automate the actions required to resolve such issues.

Integrating inventory management and business intelligence applications with Web services to deliver real-time data is another increasingly common IT request from hospitality operators, Stehle adds.

Such real-time data is particularly helpful for ensuring food safety. Restaurants and hospitality businesses are exploring new ways to ensure traceability and safe handling of food from field to table.

"Restaurants today face an increased need to assure customers that they know where food comes from," says Spies. Certification, controls, and spot checks are also common now, he adds. Because of these issues, many hospitality chains are shifting their focus from partnering with lowest-cost suppliers to finding partners that offer the best overall supply relationship.

For some large hospitality operators, gaining control means delving even further back in the supply chain and getting involved directly with commodities.

"If a company routinely buys huge quantities of cheese or beef products, for instance, hedging can help stabilize prices," says Spies. Some companies go further still: New York City caterer Great Performances purchased a farm to guarantee a direct supply of seasonal fruits and vegetables.

Such innovative practices are becoming more commonplace in the industry, as chains move to adapt to a changing marketplace and keep up with customer demand.

While the hospitality industry is still considered not quite bleeding-edge when it comes to adopting the latest supply chain thinking and technologies, large enterprises are starting to close the gap. By adopting new tools and processes, the industry is solidifying its belief that truly satisfying guests means taking a trip back to the basics – sourcing quality food, beverages, supplies, and services. ■

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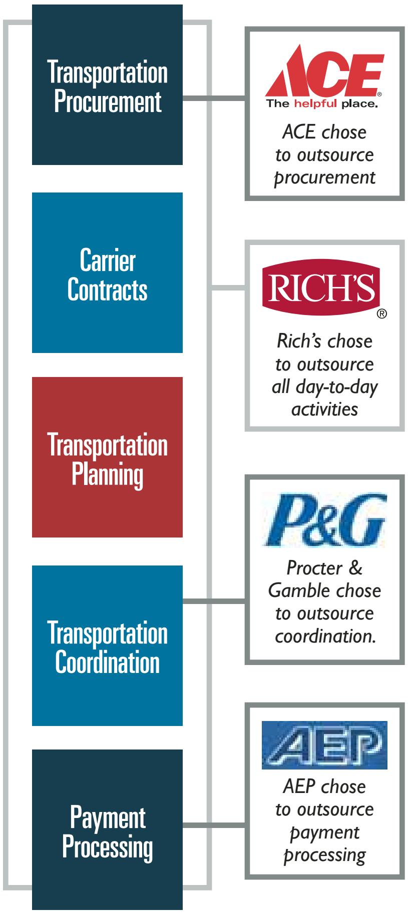

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MANAGED TRANSPORTATION SERVICES:

Leveraging a New Logistics Model for Competitive Advantage

Leading companies today are finding that while transportation management is not one of their core competencies, it is a critical component of their overall competitive advantage. These enterprises are migrating toward a new business model—called managed transportation services (MTS)—that allows them to outsource non-core activities while maintaining other key logistics functions in-house, along with control over carrier relationships. For these companies, the MTS model is providing a new competitive advantage.

A New Model for Transportation Management

Many companies have discovered that outsourcing their entire transportation management function can result in giving up too much control and may be cost prohibitive. Retaining key functions within the company (carrier relationships, routing guide maintenance, accessorials payment decisions, visibility and control over utilization, etc.) may be the preferred solution, and the new managed transportation services business model provides that option.

Managed transportation services allow the outsourcing solution to be tailored to a particular company's business objectives. Companies can outsource functions that may not be core competencies while still retaining oversight of their transportation operation and strategic carrier relationships.

The core of this new model is an on-demand transportation management solution with its network of carriers, suppliers, and other trading partners combined with business process management services. **The following case studies demonstrate how companies working with LeanLogistics Managed Transportation Services (LLMTS) are already driving significant value by leveraging the MTS model.**

CASE STUDY: Rich Products

Rich Products Corporation, a leader in the food service industry, has an extensive distribution network that encompasses over 60 locations, including 17 plants, 35 other production locations, and five regional distribution centers. Some of the network locations were managed by third parties, and there was no consistency in processes or procedures. Procurement was performed by Corporate Management, and a third-party handled freight payment.

Rich's decided to outsource the daily management of transportation operations in order to centralize and standardize its processes, but to retain strategic control of its carrier relationships. Rich's chose LLMTS to centralize command and control of its transportation processes.

LeanLogistics manages daily operations for all locations: consolidation, optimization, carrier selection, and capacity commitments; tendering freight to carriers; monitoring carrier performance; leveraging the network to obtain additional carrier and capacity options; and reviewing unanticipated accessorials and payment anomalies.

Rich's views managed services as the model of the future for transportation solutions, replacing both traditional third-party logistics providers and software solutions. Transportation is now managed with better technology, providing better coordination and control, and at a lower cost.

CASE STUDY: ACE Hardware

ACE Hardware felt it was an opportune time to put its entire network up for bid. Ace issued a national RFP for transportation procurement and employed LLMTS to provide both the RFP and staff to manage the process. LeanLogistics created the RFP rate structure to meet Ace's requirements. LeanLogistics also benchmarked its On-Demand TMS® network of over 4000 carriers against the Ace network and identified 400 new carriers that Ace had not used previously.

The benefits of issuing a national RFP were threefold—ACE standardized accessorials charges, aligned itself with more (and new) asset-based carriers, and secured capacity commitments across its network. Benchmarking its rates in On-Demand TMS® allowed Ace to validate and reduce its costs.

CASE STUDY: Procter & Gamble

Procter & Gamble's objective was to improve performance on lanes with coverage and capacity problems. P&G implemented the On-Demand TMS® Supply Chain Monitor (SCM) and employed an LLMTS project team to implement visibility and best practices throughout its transportation processes.

This project team used the SCM to communicate process failures both to P&G and to its carriers throughout the cycle from Carrier Acceptance to Load Delivery. The team identified root causes of issues and recommended process improvements to increase performance, provided proactive communication to P&G Customer Service, and ran daily reports to manage timeline defects. The result was an increase in on-time delivery performance from 94 to 97 percent.

CASE STUDY: AEP

AEP, a major supplier of plastic packaging film products, determined it could reduce costs in the transportation payment process by bringing it in-house. This would provide tighter control and eliminate third-party charges.

AEP selected LLMTS to transition from outsourced payment to the WebSettle® component of On-Demand TMS®. The LLMTS project team consisted of an administrator, a payment coordinator, and a load planner who set-up business rules, planned daily activities, and ensured proper carrier selection and payment. The team also mandated strict carrier compliance to established guidelines and deadlines for submitting accessorials.

AEP was able to move painlessly from outsourced to in-sourced settlement. They gained significant control over carrier selection and payment processes, reducing carrier costs significantly. The LLMTS team managed the transition, training the new AEP staff and their carriers. They provided expertise and knowledge transfer that resulted in significant time and cost savings.

Market-leading MTS

LeanLogistics is the leading MTS provider, with its LLMTS offering. This flexible model allows companies to customize their solutions, to gain control and acquire advanced transportation functionality, and to achieve a competitive advantage.

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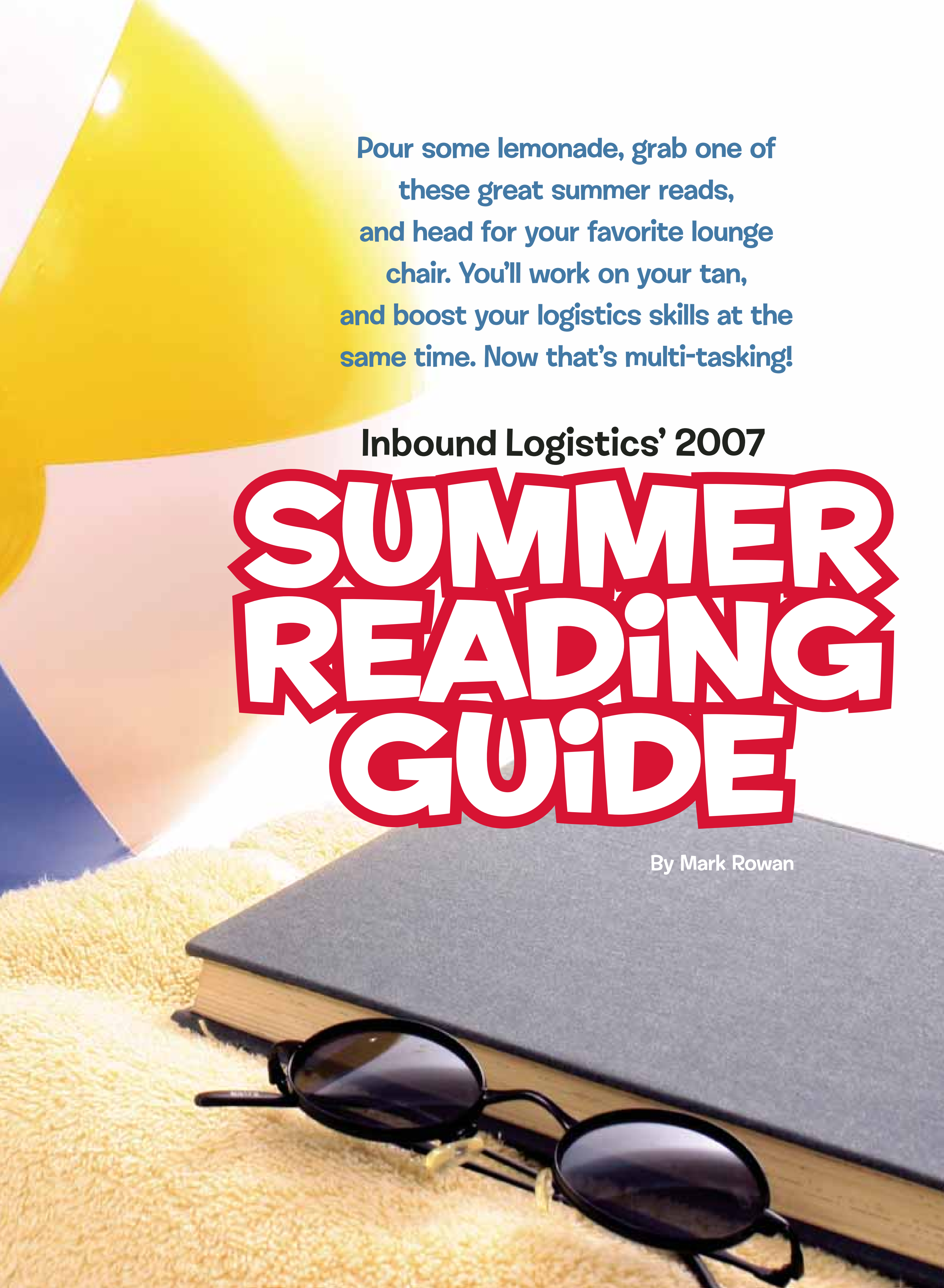

Pour some lemonade, grab one of these great summer reads, and head for your favorite lounge chair. You'll work on your tan, and boost your logistics skills at the same time. Now that's multi-tasking!

Inbound Logistics' 2007

SUMMER READING GUIDE

By Mark Rowan

SUMMER READING GUIDE

Kiss Theory Goodbye **By Bob Prosen**

Forget the books that *tell* you how to improve your business, and pick up a book that *shows* you how. *Kiss Theory Goodbye* is all about results. This reader-friendly, step-by-step guide to running your business better, faster, and for greater profit leaves management theory at home and gives you the tools for positive results.

KEY TAKEAWAYS: Take notes. You can immediately apply the easy-to-follow, step-by-step tactics outlined here to boost your business.

FOR DETAILS: *www.bobprosen.com*

Driving Change: The UPS Approach to Business

By Mike Brewster and Frederick Dalzell

Everyone knows UPS, but not everyone knows what happens behind its doors. Until now. Brewster and Dalzell gained unprecedented access to "Big Brown," its workers, and its archives, and present it all in *Driving Change*. UPS's story is absorbing in its own right, but the lessons learned from dissecting the company will have most businesses itching to mimic UPS's approach to success.

KEY TAKEAWAYS: Any business can learn from one of the best. Discover the "rules of the road" and learn how UPS conquered obstacles in the past, and plans to drive growth in the future.

FOR DETAILS: *www.hyperionbooks.com*

China Business Handbook 2007 **By DHL**

Doing business with an unfamiliar country can leave you lost and with plenty of questions. In the 10th edition of its *China Business Handbook*, DHL answers those questions with accessible information on everything China – from basic facts on the economy and legal system to hiring local staff and finding property. This year's edition adds new chapters on logistics, as well as time- and money-saving business travel advice.

KEY TAKEAWAYS: Whether you already operate in China, or plan to in the future, you'll find this handbook full of practical knowledge and business facts to help you stay informed.

FOR DETAILS: *www.alaincharles.com*

Cocktail Economics **By Victor A. Canto**

Canto started "cocktail economics" – the idea of applying economic theory to everyday scenarios – when he was devising a way to get his students interested in the subject. In his book, Canto uses simple, plain-English explanations and real-world analogies to reveal exactly how the economy affects markets and how to "read" business cycles. Among the topics covered: using elasticity to invest in the right industries and companies; investing internationally in the age of globalization; anticipating the impact of regulations and taxation; and more.

KEY TAKEAWAYS: Canto shows you how to identify business cycle changes that will have the biggest impact in the market, and explains how to act accordingly.

FOR DETAILS: *www.ftpress.com*

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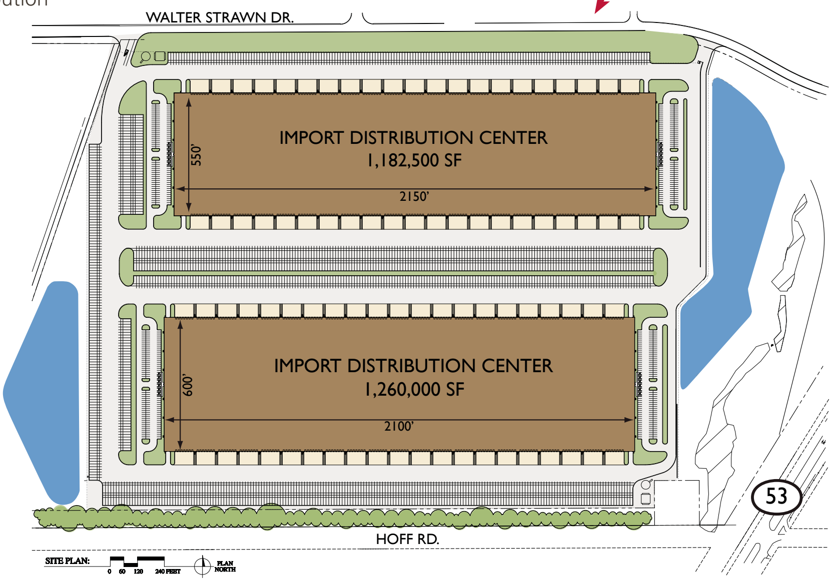

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The Future of Equipment Leasing

By Jeffrey Taylor

Equipment leasing expert Jeffrey Taylor takes the reader for a ride through history and into the future of equipment leasing. From Reagan to Enron, Taylor dwells on the missteps of the past to determine what is in store for tomorrow. After all is said and done, Taylor predicts, large public leasing companies will be left out of the future of equipment leasing, while small and mid-sized businesses will flourish.

KEY TAKEAWAYS: The book stresses business ethics as it dissects Enron, Tyco, and WorldCom. Taylor suggests that ethics standards must change in order for equipment leasing companies to survive after a whirlwind of corporate controversy.

FOR DETAILS: *www.koganpage.com*

Uncommon Carriers **By John McPhee**

You may have picked up a book about freight transportation before. But have you read one about the people who literally make the business move – the drivers, the pilots, the captains? John McPhee travels from Atlanta to Tacoma with a driver and his 18-wheel chemical tanker; floats up the Illinois River in a vessel "four times longer than the channel is wide;" navigates the same path Henry Thoreau did 164 years earlier in his book *A Week on the Concord and Merrimack Rivers*; spends time in a UPS super hub in Louisville International Airport; hitches a ride on a coal train; and attends ship-handling school.

KEY TAKEAWAYS: McPhee's sharp and stylish look into the people that make it happen will leave you wondering what other great stories are out there among your workers and the transportation partners you regularly do business with.

FOR DETAILS: *www.fsgbooks.com*

Supply Chain Saves the World

By AMR Research

Saving the world could save you money, proclaims supply chain research firm AMR Research. The book points to Wal-Mart and Home Depot, two of the first companies to respond during Hurricane Katrina; the economic connection between global powers preventing costly wars; and innovation in technology to solve the energy crisis as examples of how the supply chain makes the world a better place, and nets companies profit by doing so.

KEY TAKEAWAYS: AMR uses field research and previous work with clients to define a variety of sensible tools that can be applied to develop demand-driven supply networks, which can improve your company and the world.

FOR DETAILS: *www.amrresearch.com*

RFID Strategic Implementation and ROI

By Charles Poirier and Duncan McCollum

The book addresses the question of whether radio frequency identification (RFID) is the "next big thing" or just a blip on the radar. Survey says: business growth and improvement aided by the use of RFID should be implemented, and soon. If you're still hesitant about the technology, keep turning the pages – the authors walk you through the advantages and potential problems of RFID.

KEY TAKEAWAYS: After reading about RFID and its benefits, take a look at the book's step-by-step roadmap for RFID implementation. Follow the success of the case studies presented in the book and apply it to your business.

FOR DETAILS: *www.jrosspub.com*

SUMMER READING GUIDE

Improving Production with Lean Thinking

By Javier Santos, Richard A. Wysk, and José M. Torres

Santos, Wysk, and Torres come together to focus on facility design, material flow, and work environment enhancements. While this book is intended to be used in the classroom, a little self-teaching for readers looking to understand and apply lean manufacturing techniques certainly doesn't hurt.

KEY TAKEAWAYS: If your facility faces a layout challenge, or you're worried that you're not optimizing your space or your workers, check out the six easy steps for improving layout design.

FOR DETAILS: *www.wiley.com*

Retailing Logistics & Fresh Food Packaging

By Kerstin Gustafsson, Gunilla Jönson, David Smith, and Leigh Sparks

These four authors give the fresh food supply chain the serious attention it deserves. Constant and rapid changes due to retailer control and the consumer's growing desire and need for fresh foods create new supply chain challenges, and the book makes for a delicious read on how packaging logistics is adapting to these changes and overcoming obstacles.

KEY TAKEAWAYS: Whether or not you're involved specifically in the fresh food supply chain, the lessons learned from the packaging logistics industry can be applied to other supply chains as well.

FOR DETAILS: *www.koganpage.com*

A Time For India

By Dan Ellens and Lakshmi Srinivas

More pleasure than business (hey, it's summer!), this book takes readers along on Dan Ellens' ride, which brought him and his family to India where he developed the Webb India project for materials handling firm Jervis B. Webb. *A Time for India* is filled with humorous cultural misunderstandings and discoveries the businessman and his family experienced while adjusting to life in an unfamiliar country.

KEY TAKEAWAYS: The unique cultural experiences Ellens encounters is the highlight, but India's history and customs are certainly noteworthy, especially for those considering doing business with the country.

FOR DETAILS: *self-published*

Understanding and Interpreting Chinese Economic Reform

By Jinglian Wu

The book ends with this sentence: "In the 21st century, China is too important to be ignored or misunderstood." That statement becomes even more of a reality for those doing business with the country. From the 1978 Chinese economic reform to the present, Professor Wu gives readers an inside look at the Chinese economy and where it is headed.

KEY TAKEAWAYS: Wu's outline for the continued growth and stability of China's economy promises a smooth ride for companies considering business opportunities in the region.

FOR DETAILS: *www.swlearning.com/professional.html*

Have a favorite logistics book that other readers would benefit from? Share your picks with us for a future *Summer Reading Guide.* E-mail: editor@inboundlogistics.com

CALENDAR

YOUR LOGISTICS **DATEBOOK**

Sept. 10-13, 2007, Military Logistics Summit, Adelphi, Md. Join the "who's who" of military logistics at the Institute for Defense and Government Advancement's leading event for senior-level defense logistics professionals. Discussions will center on how to modernize and transform logistics systems; reset equipment and supplies; and maximize resource efficiency. The summit aims to help military thought leaders and decision-makers implement the latest strategies and program initiatives to ensure the flexibility and preparedness of the military's future.

800-882-8684
www.militarylogisticssummit.com

Sept. 17-19, 2007, LogiPharma 2007, Philadelphia, Pa. LogiPharma presents three days of idea exchange on the challenges and issues surrounding pharmaceutical supply chain management. This must-attend educational forum from Worldwide Business Research attracts supply chain professionals interested in new technologies that can contribute to supply chain sustainability and cost efficiency. LogiPharma kicks off with the distribution and transportation management forum on Sept. 17, followed by the pharmaceutical supply chain summit, Sept. 18-19.

888-482-6012
www.logipharma.com

Sept. 18-19, 2007, RFID Europe 2007, Cambridge, England. Now in its eighth year, global technology consultancy IDTechEx's RFID Europe covers fast-growth RFID sectors, offering high-level market insight. Attendees will hear the experiences of leading RFID users such as Ahold, IATA, BP, Marks & Spencer, and Sony, and explore the full range of technologies from printed RFID to smart tickets and cards, real-time locating systems, and sensor networks.

+44(0)1223-813703
www.idtechex.com/rfideurope

Sept. 20-21, 2007, Supply Chain & Logistics Conference and Exposition, Dubai, United Arab Emirates. Hosted by the International Supply Chain Education Alliance, this year's exposition takes place in Dubai, a fast-growing logistics and transportation hub. Managers from major multinational organizations can attend the conference to network with and learn from global supply chain leaders. More than 100 logistics vendors will also be on hand to demonstrate their products and services in the "demo alley."

800-817-9083
www.iscea.com

Sept. 24-27, 2007, LogiChem 2007, Scottsdale, Ariz. LogiChem, a leading chemical logistics and supply chain conference, offers practical insights for chemical manufacturers and distributors. The conference, developed by Worldwide Business Research, aims to help chemical logisticians structure efficient end-to-end supply chains; effectively streamline and connect global inventory management systems; integrate the supply chain with business objectives to drive accountability, profitability, and effectiveness; and collaborate with suppliers and customers for increased forecasting accuracy and responsiveness to demand changes.

888-482-6012
www.wbresearch.com/logichemusa

Oct. 3-4, 2007, Benchmark NOW!, Chicago, Ill. Distribution executives attending this unique two-day session will walk away with a strategic performance plan for their companies, based on benchmark comparisons. This fast-paced course from the Warehousing Education and Research Council (WERC) teaches the "how" and the "what" of benchmarking through two options: bring your company data so you can actively apply a real benchmarking effort, or use mock data provided by WERC to learn the benchmarking process and apply it later.

630-990-0001
www.werc.org

Oct. 21-23, 2007, APICS International Conference & Expo, Denver, Colo. The 2007 Association for Operations Management (APICS) International Conference & Expo is the premier event for supply chain and operations management professionals. This year's conference will focus on the importance of vision as it pertains to individuals, organizations, and the industry. Attendees can choose from more than 100 educational sessions covering a variety of logistics and operations management topics.

888-889-4674
www.apics.org

Oct. 29-31, 2007, Parcel Forum, Rosemont, Ill. The fifth annual Parcel Forum is the only event covering the entire small-shipment supply chain. This year, the forum offers an increase in peer-to-peer case studies presented by companies such as Google, Sprint, CDW Corporation, Bakers Footwear, and Regis Corporation. Attendees get a unique opportunity to look under the hood of these leading companies to learn the secrets of their supply chain success.

203-378-4991
www.parcelforum.com

Nov. 7-9, 2007, Air Cargo Americas 2007 Trade Show, Miami, Fla. Developed in 1991 by aviation leaders, The Air Cargo Americas International Congress and Exhibition is the largest air cargo exhibition in the Western Hemisphere. This year's show offers industry executives a chance to exchange information, develop strategies to enhance the air cargo industry's growth, and view the latest products and technologies.

305-871-7910
www.aircargoamericas.com

DCSOLUTIONS

by Amanda Loudin

Bean There, Returned That

A new materials handling system helps L.L. Bean meet its 100-percent satisfaction guarantee and offer many happy returns.

Building its business around high-quality outdoor equipment and clothing, L.L. Bean's sales channels include seven retail stores, one dozen outlet stores, the Internet, and its nearly 100-year-old catalog. But it's not just the product that Bean built its reputation on – it's also the retailer's 100-percent satisfaction guarantee.

The roots of that guarantee trace back to 1912, when Leon Leonwood Bean designed the Maine hunting shoe and advertised its benefits to hunters by distributing a three-page flyer. While Bean quickly sold 100 pairs of shoes, the majority of customers returned them when the rubber bottoms separated from the leather tops. Determined to make his customers happy, Bean refunded their money, fixed the problem, and forged ahead. The rest, as they say, is history.

Today, L.L. Bean continues to guarantee its products, allowing customers to return any item that doesn't measure up. It also works hard to make the returns process as quick and easy as possible, and lives by the philosophy, "everything must go right."

While that kind of service makes customers happy, it also presents myriad challenges to the company's logistics operations. L.L. Bean shipped 48 million units last year, of which six million were returned. During the holiday season, the returns department braces for an 18-fold increase in volume. On its busiest day last year, the department processed 47,000 individual returns.

REACHING HIGHER

L.L. Bean places such a high priority on returns that it established a special reverse logistics center at its distribution campus in Freeport, Maine. The facility, which measures 135,000 square feet, houses a staff of 500 processors who handle customer returns and exchanges. About 85 percent of returned items include a refund request, while 15 percent require an exchange. Returns services also include repairs.

In 2006, L.L. Bean decided that the reverse logistics center's 15-year-old materials handling and processing sys-

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tems were in line for an upgrade. "Every year we look for ways to improve our processes," says Barb Wood, senior manager, returns operations for L.L. Bean. "Last year, we focused on the material flow."

One method the company considered was to centralize package opening upon receipt. As the concept moved into the pilot stage, L.L. Bean sought feedback from its reverse logistics center employees. That's when the process began to "morph into something more," says Wood. "We decided to try the idea of dedicating single employees to handle each account every step of the way, eliminating non-value-added steps in the process."

With this fairly detailed homegrown solution in the works, L.L. Bean looked for a partner that could provide the equipment needed to get the job done, along with the engineering expertise to implement the processes. "We considered three different vendors," says Wayne Steele, L.L. Bean's industrial engineering supervisor, "and selected VARGO Companies."

VARGO Companies is comprised of three strategic companies located in Ohio, California, and Texas, and specializes in system integration, software solutions, and materials handling equipment. It set itself apart from the other vendors L.L. Bean considered because it presented a solution that would increase the retailer's flexibility to meet the challenge of flowing product to 160 processors, and ensure minimum work-in-process. VARGO developed a simulation model that spelled out, in detail, how the system would work.

"VARGO's methodology was different than other vendors we considered," says Steele. "The intelligence within the equipment was higher, and the documentation was in place to back it all up."

L.L. Bean approached VARGO with well-defined objectives. "The company knew what it wanted, but wasn't sure how to get there," says Carlos Ysasi, vice president of systems engineering for VARGO.

CONTROLLING THE RIVER

L.L. Bean's most pressing challenge was controlling product flow. "A river of product was rushing in the door, and the company had no control over how it was delivered to the processors," says Ysasi. "So VARGO took control of the product flow to provide L.L. Bean the right amount of product at the right time."

VARGO's solution incorporates a dual-loop system controlled by flow meters and proportioning dividers. Automatically delivering product avoids delays caused by processing workloads, and ensures that all workstations receive product on time.

At the center of the process are VARGO's dynamic workflow control system and product distribution conveyors. As returns come in the door, "spreaders" convey them to workstations. Automatic speed control transfers product via a "waterfall" that cascades product from one conveyor to another.

Using an expected workforce-staffing estimate for each product loop, the system automatically measures product volume in each loop, and quickly adjusts to workforce changes. L.L. Bean achieves this optimized work-in-process distribution by monitoring workflow and estimated workforce to ensure the product-processing loops are continually in balance.

Now, as a product comes in the door, one associate can handle it from the time it is picked off the conveyor belt to be scanned, processed, and prepped, to the time it is sorted to a tote and placed back on the conveyor for reintroduction into L.L. Bean's inventory.

STICKING TO THE SCHEDULE

L.L. Bean scheduled the implementation for the time of year when the volume of returns is low, and finished just in time for the peak holiday season. "We used a phased-in approach to replace the old system," says Steele. "We were able to stay on track with the planned schedule, and the physical install took a total of three months."

"While returns were still being processed with the legacy system, we were installing the new system, and training employees for the switch," says Ysasi. "It was a complicated transition but we made sure to keep communications open between both teams."

Today, 80 percent of returns can be processed with one touch to reduce re-handling, a big change from the old days. Within the first few months of using VARGO's system, L.L. Bean's productivity jumped. Employees who formerly processed 16.5 units per hour now handle 18 per hour, a number that Steele expects will increase during peak season.

Cost savings have been high as well–the simple act of shaving seconds off processing each return leads to hundreds of thousands of dollars in labor savings. By eliminating two handoffs, the company also has improved merchandise operations and maintained "first in, first out" returns processing.

The improvement that pleases Barb Wood the most, however, is the reduction in injury rates. "We've brought injuries down by 50 percent," she says. "The employees have been very happy with the system, a change that is usually tough on them. They are excited about their new work space and process improvements."

In addition, L.L. Bean is pleased with the ROI it expects from the new technology. While it costs about $14 million annually to run the returns department, the company considers it money well spent because keeping customers happy pays off in spades.

The key to the success of the new returns processes is that Bean listened to its employees. "Our returns center employees led us to this solution," Wood points out. "The solution appears very simple, but the intelligence behind it is what makes it work."

In the future, L.L. Bean may add a third loop to its two new ones. But for now, the company is as satisfied as its customers with the new returns system. ■

A Competitiveness

Bayport is projected to triple the container capacity of the Port of Houston. Providing efficient and cost effective service to customers, it uses the most modern fleet equipment to date in the industry.

B Meeting demand

By the end of 2007, Bayport is expected to have reached a capacity of 400,000 TEUs. At full buildout Bayport's peak capacity will be 2.34 million TEUs.

C Respecting the environment

Bayport opened as a ISO 14001 facility, setting a new stands for stormwater, noise, and emissions for Gulf Coast container facilities.

the PORTfolio

Located in the industrial complex along the Bayport Ship Channel and adjacent to Galveston Bay, the Port of Houston Authority's Bayport Container Terminal accessibility to rail and highway transportation system will make it a preferred port of call. Bayport's additional phases will be built incrementally over the next several years.

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L.I.T. TOOLKIT

by Merrill Douglas

Hassle-Free Electronic Invoicing: Now That's Hot

HVACR wholesaler heats up efficiency with a cool electronic invoicing system.

Whether your company brings in products from suppliers or ships them to customers, at some point an invoice changes hands. And if your company's invoices change hands literally–stuffed into envelopes, dropped in the mail, and removed at the other end–many technology firms stand ready to relieve your paper-handling burden.

Companies that want to import electronic invoices directly into their enterprise resource planning (ERP) systems can utilize relatively simple technical solutions, says Shan Haq, director of product management at Transcepta, an electronic invoicing provider in Aliso Viejo, Calif. The hard part is persuading more than a few vendors to send digital bills.

"If a company aims to receive 90 percent of its inbound invoices electronically, it must penetrate its supplier list," says Haq. Convincing any but the largest suppliers to get on board with electronic invoicing, though, can be a major challenge.

"Small companies often don't see the benefit of investing in electronic invoicing solutions. Nor do they have the resources to do so," notes Haq.

Getting those small vendors to join the game is a major thrust behind Transcepta's Electronic Invoicing Community, a network of buyers and sellers that use Transcepta as a hub for billing transactions. Although it markets this trading network to both buyers and sellers, to gain the critical mass necessary to benefit both communities, Transcepta places special emphasis on the supply side. Its strategy: make the technology simple and attractive for vendors to install and use.

TAKE IT EASY

"My experience with IT is that nothing is ever easy. But Transcepta proved an exception," says Kathy Kalmbach, owner of four Johnstone Supply heating, ventilation, air conditioning, and refrigeration (HVACR) wholesale outlets in California's Central Valley.

Kalmbach's stores in Fresno, Salinas, Merced, and Visalia, are part of Johnstone Supply, a 300-store cooper-

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ative. As a "cooperative franchise," her business operates the stores under the Johnstone name, and purchases most of its inventory from the co-op, but Kalmbach owns and runs her business independently.

Kalmbach started working with Transcepta not to accommodate a large customer, but to make her own operation more efficient. That desire gained special urgency this year as the business expanded from two stores to four.

"We hope the main store can continue to provide support functions for the two new stores, and my goal is to accomplish that with as few hires as possible," Kalmbach says.

She originally considered developing electronic invoicing capability in-house. "But I never tackled that project because it involved software enhancements I didn't have time to undertake," she says.

Instead, Kalmbach began using Transcepta's Electronic Invoicing Community in March 2007. It was worth a try because the relationship came with no strings. "It did not involve a contract and I did not have to pay any up-front fees," she explains.

EDI NOT FOR EVERYONE

Transcepta designed its Electronic Invoicing Community for buyers and sellers such as Johnstone Supply that can't benefit from either electronic data interchange (EDI) or Web-based invoicing systems. For large trading partners, EDI offers a viable way to exchange invoices. But many companies find that technology too difficult and expensive.

Some buyers use e-invoicing solutions to establish online portals where small suppliers submit invoices. That's fine for vendors that send out only a few invoices per month. But for companies sending hundreds or thousands of invoices, it is not practical to key all those billing details into a Web page, Haq says.

On the buyer side of its Electronic Invoicing Community, Transcepta often works with one of several third-party firms that sell accounts payable workflow software. That partner determines which data format the buyer's ERP system needs, and decides which electronic transmission method Transcepta should use to deliver that data.

SEALING THE DEAL

Once the format is settled, Transcepta begins signing the buyer's suppliers onto the network – a sales effort on its part. One incentive Transcepta employs to seal the deal is to make implementation as painless as possible.

> **Transcepta's technology lets it install vendors over the phone or Web. It doesn't have to go on-site to install software; and vendors usually are up and running in about one hour.**

"Our technology allows us to install vendors over the phone and over the Web," Haq says. "We don't have to go on-site and install software; we typically have vendors up and running in about one hour."

Vendors agreeing to use the service simply download a driver for what Transcepta calls a "virtual printer" and use it to transmit a sample invoice. Transcepta then configures an electronic version of that invoice, which provides the information it needs to deliver invoices electronically to the buyer – in whatever format the buyer specifies – via file transfer protocol or another transmission method.

To bill the customer, vendors use their regular software–a sophisticated ERP system or simple Quickbooks, Excel, or Word files–to produce invoices just as they always have. But instead of sending those invoices to a physical printer, vendors select the virtual printer to send them to Transcepta.

Besides making the process easy for vendors, Transcepta sweetens the pot by offering value-added services. For example, although Transcepta might first approach a vendor on behalf of one of its major customers, that vendor might want to automate the invoicing process for other customers as well. Some of its customers likely cannot receive invoices via direct electronic transmission. But they might be happy to receive them via e-mail or fax, while others continue to insist on postal delivery. For the vendor, keeping those preferences straight could entail a good deal of work.

Transcepta helps vendors avoid that confusion. Vendors hit "print" and transmit their entire invoice stream to Transcepta. It then determines which buyers should receive their invoices via direct electronic transmission, e-mail, fax, or postal services. It uses a mailing house to deliver paper copies.

GETTING THEIR FEET WET

Many vendors get their feet wet with the service by outsourcing to Transcepta the delivery of hard-copy invoices. That service first attracted Kalmbach and her Johnstone Supply stores. Soon, though, Transcepta started to approach Johnstone's customers about converting invoice transmission to e-mail or fax.

Kalmbach sent her first invoices through Transcepta at the end of March, and soon after, Transcepta started the campaign to wean customers from postal delivery. The company worked with Kalmbach to switch almost 50 percent of its customers from post to either e-mail or fax transmission, in fewer than 30 days, she notes.

Kalmbach pays 29 cents for each invoice sent electronically or via e-mail. Transcepta's charge for sending invoices by fax or postal mail varies, depending on volume.

"Our pricing is less expensive than a stamp considering the effective transactional price," Haq contends.

THE PRICE IS RIGHT

Buyers that use Transcepta to import invoices into their ERP systems can choose from several pricing models. Some license the software; some pay in advance for a certain number of inbound invoices; some pay as they go based on transaction volume.

Implementation for those buyers is more complex than for their suppliers. "If a company uses a workflow system and it merely wants to transact invoices electronically, implementation can be relatively quick," Haq says.

But if the company needs to implement workflow functionality as well, the project can take many months, he adds.

Converting her customers from postal to e-mail or fax invoice transmission helped Kalmbach cut costs, because Transcepta charges less for those two methods than for postal delivery. In addition, outsourcing the invoice delivery process freed up two employees who previously spent a full day each month dealing with statements, Kalmbach notes. Those employees now can spend time making sales, rather than stuffing envelopes.

Because her company no longer mails invoices, Kalmbach plans to toss her $200-a-month postage meter when it reaches the end of its lease. "I'm replacing it with a $20-a-month machine," she notes.

For customers using the e-mail or fax options, who want to be billed more than once each month, the four-store business can now send invoices every morning. "I expect this to shorten our payment cycle," Kalmbach says.

In the future, her customers will also be able to use Transcepta's Web site to pay invoices under an automated clearinghouse service.

THE PAPER CHASE

With all the effort Transcepta has poured into automating the payment side of the buyer-seller transaction, it is possible that the company will one day apply its expertise to taking paper out of other supply chain transactions, such as purchase orders.

"Right now, however, Transcepta is laser-focused on perfecting invoicing," Haq says. ■

TECHUPDATE

THE LATEST | IN LOGISTICS TECHNOLOGY

DHL

WHAT'S NEW: Virtual warehouse service with new point-to-point tracking for U.S. importers.

THE VALUE: The new shipment visibility enhancement is available to companies using DHL's Global Forwarding Consolidated Distribution Service (CDS), a U.S. import service that reduces brokerage fees and shortens delivery times for shipments originating in Asia, Europe, and Latin America. The new Web-based service provides point-to-point tracking for shipments as they pass through DHL's freight network. With CDS, bulk shipments sent from overseas can be broken down and inducted directly into the DHL U.S. Express or Global Forwarding network for final delivery to the end consumer, bypassing time-consuming warehouse stops.

www.dhl.com
800-CALL-DHL

hardware

Numina Group

WHAT'S NEW: A sensor, scanner, and scale system that simultaneously captures a shipment's dimension and weight information.

THE VALUE: Numina Group's *Cube3* system uses in-line parcel dimensioning to determine the most cost-effective transportation mode. Through the solution's Open Systems software interface, users can easily integrate the information from *Cube3* with their transportation management or shipping manifesting systems. In addition to boosting transportation efficiency, the system provides data that allows for warehouse space optimization.

www.numinagroup.com 630-343-2600

partnerships

Descartes Systems Group and LBMX Inc.

WHAT'S NEW: A renewed technology alliance.

THE VALUE: LBMX, which provides group solutions including EDI services for buying groups, purchasing co-operatives, franchisors, and their members, has renewed its logistics messaging subscription to Descartes Global Logistics Network (GLN). The GLN service allows for seamless connectivity between customers and trading partners. GLN also helps companies such as LBMX track inventory, optimize fleet performance, and meet regulatory requirements.

www.descartes.com 800-419-8495
www.lbmx.com 877-429-5269

TECHUPDATE

THE LATEST IN LOGISTICS TECHNOLOGY

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To learn more, contact these companies directly. Remember to mention this issue date and page to get the right information.

Danaher Motion and Sky-Trax

WHAT'S NEW: A collaboration to develop the industry's first indoor collision avoidance system.

THE VALUE: Danaher Motion and Sky-Trax are co-developing a collision avoidance system for use on AGVs, forklift trucks, and other free-roaming or guided vehicles. The vehicles are equipped with Sky-Trax's Indoor Positioning System, which determines each vehicle's precise position and instantaneously broadcasts it to other vehicles in order to forewarn drivers or AGVs of impending collisions.

www.danahermotion.com ✆ 540-633-3400

www.sky-trax.com ✆ 866-927-4927

rfid/wireless

Identec Solutions

WHAT'S NEW: A satellite-assisted RFID tag.

THE VALUE: With a read/write range in excess of 500 meters, Identec's GPS Tag utilizes satellites in combination with RFID to chart an asset's specific location and movement. The GPS Tag can be activated at any time, with a reader providing easy access and reduced infrastructure.

www.identecsolutions.com

✆ 866-402-4211

WhereNet Corp.

WHAT'S NEW: The *Multimode IV* active RFID asset tag.

THE VALUE: WhereNet, a Zebra Technologies company, offers a new RFID tag that supports both ISO 24730 and IEEE 802.11-based real-time location system applications. The tag provides constant asset visibility, and the degree of location accuracy can be set to match the user's specific business requirements.

www.wherenet.com ✆ 800-490-2261

ADT Security Services

WHAT'S NEW: An RFID cart to provide mobility in the warehouse.

THE VALUE: The Sensormatic RFID Mobile Cart brings RFID readers to the tags instead of passing tags through stationary readers installed at warehouse doors. With an on-board battery lasting up to eight hours, the mobile cart has the potential to reduce costs and increase inventory efficiency in the warehouse.

www.adt.com ✆ 866-SHOP-ADT

StarTrak Systems

WHAT'S NEW: *ReeferTrak* solutions are now integrated with Carrier Transicold's truck, trailer, and railcar refrigeration units.

THE VALUE: Using StarTrack's integrated cellular, satellite, and radio frequency solutions, Carrier Transicold customers can, through wireless communication, remotely access the complete two-way microprocessor protocol for Carrier's refrigeration units. Customers are provided real-time capabilities, such as observing set point and operating temperatures, fuel levels, alarm events, and maintenance information.

www.startrak.com ✆ 973-993-1760

FKI Logistex

WHAT'S NEW: A new sortation subsystem.

THE VALUE: FKI Logistex's *UniSort MXT* software module boosts existing DC capacity, eliminating the need for costly expansion of space, equipment, or personnel. The subsystem raises sorter throughput by maximizing product density without the machine wear caused by increasing sorter speeds. The PC-based upgrade can be applied to new or existing systems.

www.fkilogistex.com

✆ 877-935-4564

CONTINUED FROM PAGE 184

To learn more, contact these companies directly. Remember to mention this issue date and page to get the right information.

web

OceanSchedules.com

WHAT'S NEW: OceanSchedules.com is now available in Spanish.

THE VALUE: This free online search service for shippers and forwarders, which lists more than five million voyage records, now offers a Spanish-language site. Its navigation works exactly as it does in English. Future plans call for Portuguese and Chinese versions.

www.oceanschedules.com ✆ **973-265-2272**

National Logistics Management (NLM)

WHAT'S NEW: Tier Nth service provides quick access to nearly 200 qualified ground carriers.

THE VALUE: NLM's Tier Nth service offers on-demand solutions for managing time-critical ground expedited shipments. Shippers from large manufacturers to small business owners can use Tier Nth to access NLM's vast carrier network. The Web-based system is easy to use and inexpensive to operate.

www.nlmi.com ✆ **313-272-6009**

ClearOrbit

WHAT'S NEW: Upgraded version of the Web-based, end-to-end Enterprise Returns Management (ERM) solution.

THE VALUE: Version 4.1 features improved functionality, enhanced configuration, and a new returns dashboard for real-time visibility. Designed for medical device, high-tech, and industrial manufacturers, ERM 4.1 manages the entire returns lifecycle, allowing for the recovery of inventory and dollars lost to inefficient returns management operations.

www.clearorbit.com ✆ **800-324-5143**

Boomi

WHAT'S NEW: The first full on-demand integration service.

THE VALUE: Boomi On Demand makes it possible for companies to link any combination of Software as a Service (SaaS) and on-premise applications without installing new software or hardware. While solutions exist to replicate data between a limited number of SaaS applications and on-premise databases, the Boomi On Demand offering is the first complete integration solution delivered in an on-demand model. Users can securely build, deploy, and manage integrations directly from the Web using only a browser.

www.boomi.com ✆ **800-732-3602**

Intermec

WHAT'S NEW: The CN3 mobile computer, certified for AT&T's wireless voice and data networks.

THE VALUE: Intermec's CN3 offers AT&T wireless business customers a rugged mobile delivery tracking solution that provides accurate, optimized route planning; intelligent dispatch; real-time tracking of pickup and delivery information; signature capture; GPS location; and navigational capabilities along with driver voice and data communications. The CN3 runs on Windows Mobile 5.0 and supports Cisco Compatible Extensions.

www.intermec.com
✆ **800-755-5505**

software

INTTRA

WHAT'S NEW: The opening of a global service center in Singapore.

THE VALUE: INTTRA, an e-commerce platform that enables shippers, forwarders, and carriers to conduct e-business and track ocean shipments electronically, has created a base for operations in Singapore. The new office serves as the company's global service center for finance and information technology.

www.inttra.com ✆ **973-263-5100**

QuestaWeb

WHAT'S NEW: An addition to the *TradeMasterQW* product line.

THE VALUE: QuestaWeb's new *QW Integration and Communication* module has a cross-format integration interface that automates and connects business processes – including ERP systems; external compliance databases; and supplier, financial institution, 3PL, importer/exporter, and foreign trade zone operator business applications – across the supply chain, effortlessly and seamlessly. The module can be used with either SQL or Oracle database systems.

www.questaweb.com ✆ **908-233-2300**

McLeod Software

WHAT'S NEW: An upgraded version of McLeod's enterprise transportation management system.

THE VALUE: The new features of *LoadMaster Version 8.1* can help improve a motor carrier's ability to manage business processes for optimum efficiency and profitability.

CONTINUED FROM PAGE 186

To learn more, contact these companies directly. Remember to mention this issue date and page to get the right information.

Some new features include a recurring orders scheduler, roundtrip functionality, and a local mileage table. McLeod also offers interfaces with CarrierWeb, Teletrac, and Qualcomm's HOS and T2 trailer tracking systems.

www.mcleodsoftware.com ✆ 877-362-5363

NetSuite

WHAT'S NEW: The launch of NetSuite 2007.0.

THE VALUE: This integrated enterprise software suite for growing and mid-sized businesses offers new features that make automating complex operations and processes simpler and less expensive than traditional solutions. The software can manage orders, forecasts, quotas, and commissions on a per-country basis in local currency.

www.netsuite.com ✆ 650-627-1000

RedPrairie

WHAT'S NEW: The use of consumer demand signals to help companies optimize people and products across retail and supply chain networks.

THE VALUE: RedPrairie's solutions enable point-of-sale demand signals to trigger and forecast inventory and workflow demand across the expanded supply chain. By capturing demand signals, retailers maximize opportunities to fulfill consumer demand, and align tasks and labor to provide the best consumer experience possible, resulting in increased revenues.

www.redprairie.com ✆ 800-990-9632

XTRA Lease

WHAT'S NEW: Custom features for XTRA's trailer tracking solution.

THE VALUE: Dormant and idle trailers could become more scarce for fleets using leased trailers, thanks to a new set of trailer tracking features launched by XTRA Lease. With new custom landmarking tools and the ability to isolate dormant trailers at these landmarks, users now have more ways to impact fleet productivity and minimize idle trailer time. Other new features – emergency tracking and enhanced options for pinging trailers and monitoring cargo and door sensor events – improve fleet visibility and tighten security.

www.xtra.com ✆ 800-325-1453

Sterling Commerce

WHAT'S NEW: A product that addresses the full lifecycle of service contracts.

THE VALUE: Sterling Service Contracts administers and automates the entire lifecycle of service, subscription, and other duration-based offerings. The product can help companies deliver a better buying experience to their customers and partners by addressing the complexities of selling and post-sales management.

www.sterlingcommerce.com ✆ 800-299-4031

Aldata

WHAT'S NEW: A PDA extension of Aldata's voice-directed logistics solution.

THE VALUE: The G.O.L.D Vocal system is now available in a PDA environment. This extension allows for a wider choice of operator terminals, and improves the potential for new business processes based on multimodal applications integrating voice and other data management methods.

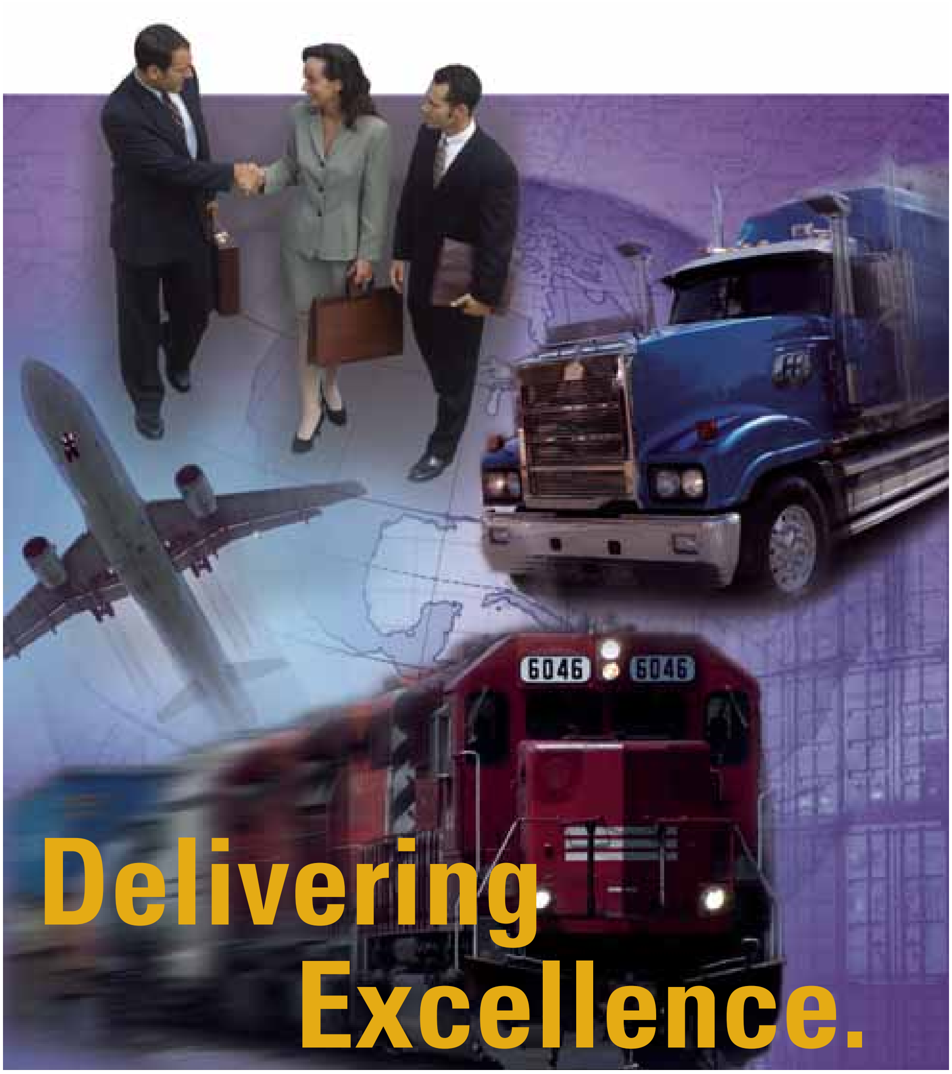
www.aldata-solution.com ✆ 404-720-2037

GT Nexus

WHAT'S NEW: Integrated trade and financial services delivered on demand.

THE VALUE: GT Nexus Trade gives companies, their trading partners, and their banks a single, industry-neutral platform to automate the global procure-to-pay process. The new capabilities support a range of advanced supply chain finance strategies to reduce costs and improve working capital efficiency across the supply chain.

www.gtnexus.com ✆ 866-GTNEXUS


6046
6046
Delivering
Excellence.

NEWSERVICES

YOUR BUSINESS LOGISTICS RESOURCE

NYK

WHAT'S NEW: A 200,000 deadweight tonnage bulk carrier.
THE VALUE: Nippon Yusen Kaisha (NYK) will use its new vessel, *Ocean Prometheus*, to transport coal from Australia to Dangjin, the site of Korea East-West Power Co.'s (EWP) power station. The carrier serves EWP under an 18-year contract. *Ocean Prometheus*, built by Universal Shipping Corporation, is the largest coal carrier in the world operating under a long-term contract.

www.nykline.com
✆ 888-695-7447

Hyster Company

WHAT'S NEW: A reach truck designed to boost distribution center productivity.
THE VALUE: The new ZR Reach Truck uses state-of-the-art technology to achieve faster acceleration, lift, and lowering speeds. The truck is equipped with a CANbus communication system, which provides real-time diagnostics. Other features include electric power steering, automatic brake operation, and multiple programmable vehicle modes.

www.hysteramericas.com
✆ 800-HYSTER-1

Lufthansa Cargo Group

WHAT'S NEW: Direct service to and from Shenzhen (People's Republic of China) out of Frankfurt.
THE VALUE: The new non-stop service flies three times weekly. The flight connects Europe's largest airport with the heart of Asia's major industrial center. Lufthansa operates Jade Cargo International's 747-400ER freighter on this service route.

www.lufthansa-cargo.com
✆ 800-LHCARGO

DHL

WHAT'S NEW: Expanded facility at Japan's Kansai International Airport.
THE VALUE: The larger facility enables DHL to meet continued strong business growth in Japan. Equipped with state-of-the-art features such as customs clearance and bonded warehouse facilities, the new gateway will provide a significant boost to international trade, as well as to the air express and logistics industry in Kansai.

www.dhl.com ✆ 800-CALL-DHL

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To learn more, contact these companies directly. Remember to mention this issue date and page to get the right information.

Totally Green Manufacturing Inc.

WHAT'S NEW: A cost-saving, environmentally friendly plastic slip sheet pallet.

THE VALUE: Reduce shipping costs, save warehouse space, and eliminate wood disposal with Totally Green Manufacturing's new plastic slip sheet pallet. The Green Pallet is made from 100-percent recycled plastic detergent bottles, and takes up much less space than traditional pallets–optimizing warehouse space and allowing for more product to be shipped per load. The pallet also costs substantially less than other plastic and wooden pallets on the market.

www.thegreenpalletcompany.com
866-924-8472

CMA CGM and The New World Alliance (TNWA)

WHAT'S NEW: All-water service from major Chinese export hubs to key destinations on the U.S. East Coast via the Panama Canal.

THE VALUE: The new service enables CMA CGM and TNWA to offer comprehensive port coverage and competitive transit times from Central and South China to Savannah and New York. The weekly service deploys eight vessels, ranging from 3,500 to 3,800 TEUs, operating on a 56-day rotation. The New World Alliance members are APL, Hyundai Merchant Marine, and Mitsui O.S.K. Lines.

www.cma-cgm.com 31 (0)4 88 91 90 00

UPS

WHAT'S NEW: UPS's "green fleet" expands with 50 hybrid electric delivery trucks.

THE VALUE: The new trucks, operating in Atlanta, Dallas, Houston, and Phoenix, join roughly 20,000 low-emission and alternative-fuel vehicles already in use by UPS. The 50 new vehicles are expected to reduce fuel consumption by approximately 44,000 gallons over the course of a year, and should reduce the amount of C02 gases released annually by 457 metric tons.

www.ups.com 800-PICK-UPS

Echo Global Logistics

WHAT'S NEW: The acquisition of Mountain Logistics.

THE VALUE: Echo Global Logistics, a technology-driven transportation management outsourcing firm, has acquired Mountain Logistics, a Utah-based third-party logistics provider. The acquisition gives Echo a West Coast presence to better serve its carrier and customer base.

www.echo.com 800-354-7993

FCLCARRIER

WHAT'S NEW: Service between the United States/Canada and Afghanistan.

THE VALUE: FCLCARRIER calls major ports on both the east and west coasts of the United States and Canada, with service to Afghanistan via transshipment from the Port of Karachi, Pakistan. The company moves breakbulk, hazardous, and project cargo. All freight is shipped under an FCLCARRIER bill of lading, and cargo is handled on a port-to-port basis or trucked to inland destinations.

www.fclcarrier.com 215-389-9801

CargoGulf

WHAT'S NEW: An Asia-U.S. East Coast trade route.

THE VALUE: NVOCC operator CargoGulf now runs a new all-water service, with Sunday vessel departures offering 26-day transit times from Singapore to New York. The company's dedicated feeder system ensures all Asian cargo outside Singapore arrives in time to make the weekly U.S.-bound connection. Cargo arriv-

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To learn more, contact these companies directly. Remember to mention this issue date and page to get the right information.

ing in New York is then transported to destinations throughout the United States.

www.cargogulf.com ✆ +65-6226-1613

Old Dominion Freight Line

WHAT'S NEW: A service center in Cedar Rapids, Iowa.
THE VALUE: The 30-door facility, located on a four-acre site, improves Old Dominion's coverage in the state and customers in the area can expect earlier deliveries. Old Dominion now delivers nationwide coverage within the Southeast, South Central, Northeast, Midwest, and West.

www.odfl.com ✆ 800-235-5569

Emirates Shipping Line

WHAT'S NEW: The Gulf Indian-Subcontinent Africa Service (GIA) and the Africa Far-east Asia Service (AFA).
THE VALUE: The new GIA offering provides direct scheduled weekly service from the Indian subcontinent and the Middle East to East Africa. The AFA service offers connections to East Africa's two major ports from China and Southeast Asia. Emirates has deployed six 1,100-TEU capacity vessels for both services.

www.emiratesline.com ✆ 971-4-3318222

MacAndrews

WHAT'S NEW: Reefer Express Service, offering a cost-competitive alternative to truck transportation from Southern Spain to the UK.
THE VALUE: The UK-based subsidiary of CMA CGM, MacAndrews launched its first sailing in June, and plans to upgrade frequency from once weekly to twice weekly in 2008. The four-day door-to-door service to the UK offers an alternative to road transport for shippers in the Iberian fresh produce business.

www.macandrews.com
✆ 020-7220-6100

U-Freight

WHAT'S NEW: The signing of a strategic cooperative agreement with Guangzhou Baiyun International Airport, Southern China.
THE VALUE: Under the agreement, U-Freight commits to moving a significant volume of air freight through the airport annually, while the airport allows U-Freight to operate 24 hours a day with simplified customs clearance.

www.ufreight.com ✆ 718-656-4103

Weber Distribution

WHAT'S NEW: The acquisition of a 100,000-square-foot facility to serve as a Northern California hub.
THE VALUE: The temperature-controlled facility sits adjacent to the major rail lines and is situated near Sacramento and San Francisco, only 85 miles from the Port of Oakland. This location allows Los Angeles-based Weber Distribution to provide a range of cross-dock and pool distribution-related services.

www.weberdistribution.com
✆ 877-624-2700

TCM

WHAT'S NEW: Pneumatic lift trucks.
THE VALUE: TCM has introduced a new series of pro-pneumatic lift trucks. The trucks' Tier 3-compliant engines are powerful and fuel efficient, with very low emissions. They also run cooler and quieter than other lift trucks due to improved engine compartment airflow and redesigned oil suction circuits. Other new features include stronger masts, high-precision hydraulic control valves, and improved operator safety.

www.tcmusa.com ✆ 866-216-7840

AIT Worldwide Logistics

WHAT'S NEW: Expanded international service coverage to include the Middle East, specifically Iraq.
THE VALUE: AIT Worldwide Logistics now offers the necessary transportation solutions, compliance regulations, and documentation shippers require when transporting cargo to the Middle East. This airport-to-airport service, with available door delivery, is met by priority air, consolidated air, and air charter.

www.aitworldwide.com ✆ 800-669-4248

Target Logistic Services and Sameday Right-O-Way

WHAT'S NEW: Target Logistics Canada, a strategic partnership between the two companies.
THE VALUE: Target Logistics Canada, a new cross-border partnership, this summer introduced regularly scheduled transport services from any point in the United States to any destination in Canada. Carson, Calif.-based Target operates 37 terminals within the United States. Sameday Right-O-Way, based in Mississauga, Canada, is a subsidiary of Day & Ross and runs 36 offices in Canada.

www.targetlogistics.com ✆ 800-283-8888
www.sameday.ca ✆ 877-726-3329

Seaboard Marine

WHAT'S NEW: Second weekly sailing from Miami to/from Panama and Costa Rica.
THE VALUE: Seaboard Marine has added a LO/LO vessel, the *Seaboard Pride*, for the second sail-

CONTINUED FROM PAGE 194

To learn more, contact these companies directly. Remember to mention this issue date and page to get the right information.

ing on this service. A growth in exports from the United States to Panama and Costa Rica, and in refrigerated imports from Costa Rica, spurred the addition. Each vessel in the service now follows a 14-day rotation composed of two loops.

www.seaboardmarine.com
305-863-4444

FedEx

WHAT'S NEW: Next-business-day domestic express service in China.

THE VALUE: This new domestic service connects businesses both within China and around the world, and serves China's growing market with next-business-day, time-definite delivery service to 19 cities, and a day-definite service to more than 200 cities throughout the country. Second- and third-tier cities benefit from the increased domestic reach.

www.fedex.com 800-GO-FEDEX

Exel

WHAT'S NEW: A Drug Enforcement Administration (DEA)-certified pharmaceutical vault for the storage, packaging, and order fulfillment of Class II narcotics.

THE VALUE: Exel's new facility, located in central Pennsylvania to serve the northeastern United States, is a dedicated, secure storage area for Class II narcotics and offers a range of support services. All product handling is done within the facility's secured vault area, which includes segregated and secured spaces for staging, loading, unloading, and shipping.

www.exel.com 614-865-8500

PHH FirstFleet

WHAT'S NEW: A predictive modeling service.

THE VALUE: PHH FirstFleet's new service predicts which drivers' behaviors are likely to cause accidents by evaluating driver and vehicle histories. The service helps prevent collisions by developing a model specific to each trucker's business needs, operations, and systems. Online reports of drivers ranked from high to low risk, and the associated risk factors for each driver, are available to users.

www.phhfirstfleet.com 877-FF4-TRUCK

Southeastern Freight Lines

WHAT'S NEW: Service centers in Sherman, Texas, and Texarkana, Ark.

THE VALUE: The addition of these service centers allows Southeastern Freight Lines to serve all of Oklahoma, as well as additional cities in Texas and Arkansas. Founded in 1950, Southeastern is a privately held trucking company specializing in next-day and second-day service in the Southeast and Southwest.

www.sefl.com 800-637-7335

Global Terminal and Hamburg Süd

WHAT'S NEW: The consolidation of all liner services for the New York region with Global Terminal.

THE VALUE: Global Terminal previously handled Hamburg Süd's weekly service to South America's East Coast, but has added two more services–another to South America's East Coast and one to South America's West Coast. The consolidation into a single terminal location streamlines the delivery and pickup of cargo throughout the New York region.

www.global-terminal.com 201-451-5200

Kerry-Lynden

WHAT'S NEW: The addition of service to Australia.

THE VALUE: Lynden Air Freight and Kerry Logistics have added Australia to their international forwarding and logistics coverage. Their Seattle-based joint venture company, Kerry-Lynden, now reaches nearly 40 countries, including Canada, Mexico, and U.S. territories such as Puerto Rico and Guam. The Australia service includes coverage in major hubs such as Sydney, Melbourne, Adelaide, Brisbane, and Perth.

www.laf.lynden.com
800-825-3255

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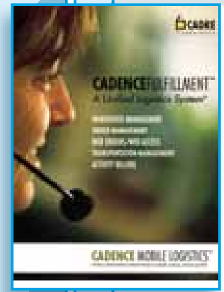
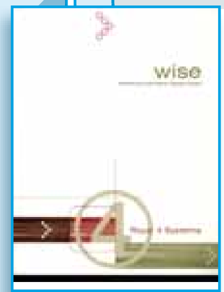


Need help managing a broad range of facilities, activities, and assets? **Cadre Technologies** offers *Cadence*, a unified logistics system that not only provides the ability to manage inventory, orders, accounts, and transportation, but also gives web access to your customers so they can search product catalogs, build and place orders, check order status, and locate inventory. Request your free brochure to find out more.

www.cadretech.com
866-252-2373

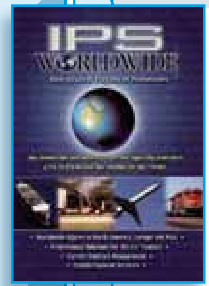


Royal 4 Systems, a software company based in Long Beach, Calif., can improve your distribution center's operations by minimizing costs and increasing productivity through its *WISE* management system. *WISE* runs on all popular operating systems and can interface with almost any database management system. The biggest benefit? The user defines all significant details regarding warehouse operations. Find out more by requesting this free brochure.

www.royal4.com
562-420-9594

How does saving 25 percent or more on fuel and travel time sound? With **InterGis'** *Visual Control Room* you can make it happen by optimizing routes, organizing records, and managing operations. *Visual Control Room* lets you know precisely what is happening with your business minute-by-minute, and automates your most time-intensive management tasks. Want to learn more? Request this free brochure today.

www.intergis.com
860-496-4900



Some freight payment companies tack on additional charges for their services, but **Integrated Payment Solutions (IPS) Worldwide** offers an easy scheduling fee – one price per transaction. IPS effectively analyzes and negotiates rates and contracts for its clients, while quickly identifying and analyzing transportation trends using domestic and international data. The details are in this free brochure.

www.ipsww.com
386-672-7727

The **On-Point Group** believes companies must restructure their supply chains into demand networks to meet flexibility and speed requirements. In this free brochure you'll see how On-Point delivers the analytical base required to form customer-centric demand-network solutions with these results: a 10-percent cash flow increase, a reduction in total inventory, a decrease in network costs, and a 40- to 60-percent drop in network time.

www.on-pointgroup.com
330-335-2387

Satisfying customers while increasing revenue is unquestionably a top priority. **Manhattan Associates** can help you accomplish these goals with its Integrated Planning Solutions, which balance supply and demand by optimizing planning and replenishment. Send for this free brochure to learn how Manhattan Associates can make your job easier and serve your customers better.

www.manh.com
770-955-7070

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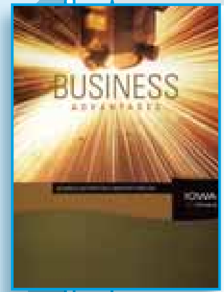


Iowa is perfectly positioned in the global economy and its business climate has never been more favorable – companies doing business in Iowa enjoy one of the nation's most business-friendly atmospheres. Find out more about how the **Iowa Department of Economic Development** works with businesses to bolster the economy and position the state for growth in this free informational brochure.

www.iowalifechanging.com
800-245-4692

Core e-business solutions provide an unparalleled mix of software and professional services, bringing best-in-class supply chain systems within reach of small and mid-sized companies. Core provides cutting-edge solutions, innovative deployment, outstanding service, and measurable results. See how Core can transform your warehouse operations into a profitable, adaptable logistics hub; request this free brochure today.

www.coreebusiness.com
201-791-8900

Sage Software's *Sage MAS 90* and *Sage MAS 200* Enterprise Resource Planning systems can propel your company to a more productive and profitable future. The software can be expanded to accommodate your company's requirements as you grow. In this brochure, you'll find information on the systems' 25 modules and hundreds of industry-specific add-ons to customize your business needs.

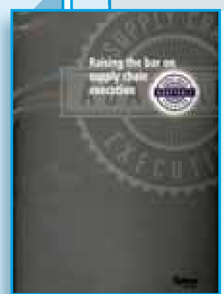
www.sagesoftware.com
800-854-3415

Trendset is focused on results: reducing your company's transportation costs by developing flexible technology applications with totally customized data reports. Trendset also offers *TrendTools*, a web portal of solutions – available exclusively to customers – that automates literally hundreds of traditionally manual tasks. All the information you need is available in this free brochure.

www.trendsetinc.com
864-297-9255

QlikView simplifies the creation of visually interactive, multi-dimensional analysis of corporate databases and systems by using next-generation, in-memory technology. QlikView takes advantage of 64-bit multi-core hardware platforms so thousands of users can access up to billions of data records. View the details in this free brochure.

www.qlikview.com
888-828-9768



Forward-thinking companies entrust **HighJump Software** to power their supply chains. HighJump simplifies the art and business of creating, selling, and moving products across global networks. In this brochure, you'll see how online grocer SimonDelivers uses HighJump's *Warehouse Advantage* solution to ensure customers receive high-quality products through just-in-time inventory processes that maintain product freshness.

www.highjump.com
952-947-4088

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TRADESHOWEXPRESS

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When companies look for a comprehensive planning and scheduling software solution, they often look no further than **Paragon Software Systems**. Send for this brochure to find out how Paragon extended its strategic and tactical planning capabilities with the launch of *Territory Optimizer*. This new module enables logistics and field service companies to divide delivery or service regions into compact zones with balanced workloads.

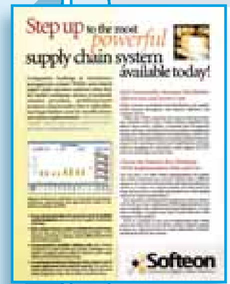
www.paragonrouting.com
631-439-6875

A free brochure from **S3 Group** describes the *Operation Assessment* service, which provides an impartial analysis of current warehouse or distribution operations and identifies potential opportunities for improvement. At the end of the assessment, the client receives the results, with low-cost tactical actions that can be implemented both immediately and over the long term.

www.s3groupinc.com
770-248-1239

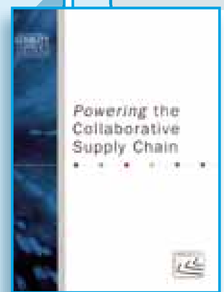
Foresight's *Transaction Insight* business activity monitoring solution enables your business managers and partner companies to capture and act on business intelligence about critical transactions. You'll appreciate the system's speed, breadth, and flexibility, but you'll choose it because of Foresight's support, customer service, and reputation. Set your sights on this free brochure.

www.foresightcorp.com
888-500-0800



The Warehouse Management System market can be confusing to companies looking for supply chain execution decisions. This brochure can help. It describes **Softeon's** *SCflex* supply chain execution solution suite, which is rich in functionality and improves distribution performance. Softeon deploys its systems quickly, with a minimum amount of stress and pain.

www.softeon.com
703-356-8727



Performance-driven enterprises using **Logility's** *Voyager* solutions find ways to leave competitors in the dust first by integrating data, then by integrating business processes, and finally by uniting supply chain partners into a single, seamless global value chain. Logility gives companies this type of power; to tap in, request this free brochure today.

www.logility.com
800-762-5207

SMC³ is the foremost provider of development and integration solutions for shippers and carriers. Whether you are procuring transportation services or supplying them, SMC³ can show you how to save time and money for a higher return on investment. Ready to start saving? Send today for this informational brochure.

www.smc3.com
770-486-5800

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TRADESHOW EXPRESS

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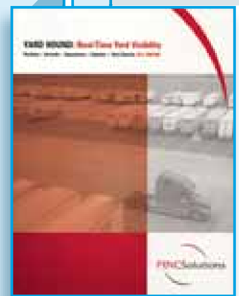
Infor delivers business-specific software to enterprising organizations needing supply chain, transportation, and warehouse management solutions. Infor's solutions help businesses of all sizes adapt to the ever-changing global marketplace. With more than 70,000 customers, Infor is redefining what businesses expect from a software provider. Want more Infor-mation? Request this free brochure.

www.infor.com
800-260-2640

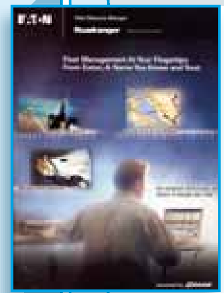


Manage your yard in the most efficient way with *Yard Hound* from **PINC Solutions**. *Yard Hound* provides real-time yard visibility so you know what trailers are in the yard, where they are located, how long a specific trailer has been at its location, who put it there, and what time that trailer enters and exits the yard. *Yard Hound* also allows you to gauge the temperature of refrigerated trailers. You will find all the details in this free brochure.

www.pincsolutions.com
510-845-4900

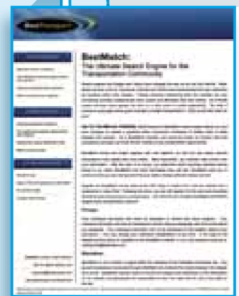
Echo Global Logistics is a results-oriented transportation management firm that provides superior cost-saving technology and services. Echo's transportation management solution can help your company cut costs thanks to its proprietary access to transportation market data, custom-built world-class technology, massive nationwide carrier network, and negotiating power. The details are all in this free brochure.

www.echogl.com
800-354-7993



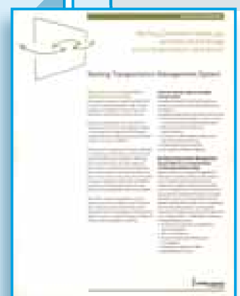
Eaton and **@Road** have teamed up to provide the *Fleet Resource Manager*, an integrated solution that helps improve productivity, maximize daily vehicle and driver management, reduce field operating costs, and improve customer service quality. As you'll see in this brochure, the technology has the capability to reduce driver miles and minimize idle time, while flagging unauthorized vehicle use and wirelessly transmitting vehicle diagnostic data.

www.roadranger.com
800-826-4357



BestMatch, the ultimate transportation search engine, allows access to a growing online community of best-of-class shippers and carriers. This search engine, provided by **BestTransport**, gives members the power to conduct real-time transactions and gain up-to-the-minute visibility to new transportation opportunities. Find out more about this on-demand service by requesting a free data sheet.

www.besttransport.com/bestmatch
867-741-2378



Looking for a smarter way to manage transportation? Send for this brochure from **Sterling Commerce**, describing its Transportation Management System. Sterling's TMS provides on-demand, web-based access to a collaborative logistics network of more than 6,400 carriers. Sterling's TMS can help you reduce shipping costs and errors, access timely carrier information, and increase speed to market.

www.sterlingcommerce.com
614-793-4041

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White Paper Digest

Industry experts amass supply chain management best practices and skill sets, and invest in new research and evaluation tools. Now you can benefit. *Inbound Logistics* has selected this collection of whitepapers that will give you a jump on important supply chain issues. For more information on any of these whitepapers, visit the web sites listed below.

Servigistics

TITLE: ***Strategic Service Management: The Final Frontier***
LENGTH: *10 pages*
DOWNLOAD: *www.servigistics.com/resource_center/white_papers/*
SUMMARY: The customer experience has become as important as ever for companies looking to expand their profits. No longer can post-sale service be considered a chore, as service margins outweigh product margins by 30 to 200 percent. Strategic Service Management (SSM) can help businesses gain customer loyalty, which creates a competitive advantage that is hard to duplicate. As this whitepaper shows, SSM isn't a new technology to simply implement; it is a fresh, customer-centric way of thinking.

Blue Sky Logistics

TITLE: ***Supply Chain Visibility Solutions Pave the Way for Continual Performance Improvement***
LENGTH: *5 pages*
DOWNLOAD: *www.blueskylogistics.com/bsl/2007/05/continual_impro.html*
SUMMARY: Every company tries to stay one step ahead of the competition by continually improving performance, and supply chain visibility solutions make up an essential part of that equation. Remember, you can't augment what you can't see. Effective supply chain visibility is something that must be executed daily to keep competition at bay. In this whitepaper, you'll discover how to make supply chain visibility solutions effective.

Paxar Americas

TITLE: ***Bottom-Line Improvement Through Mobility***
LENGTH: *8 pages*
DOWNLOAD: *www.paxar.com/pathfinder/documents/bottom%20line%20 Improvement%20through%20mobility%20-%20white%20paper.pdf*
SUMMARY: Reducing costs while improving productivity sounds close to impossible. This whitepaper reveals how that concept is possible by implementing mobile printing technology in the distribution center. A case study reviews a hypothetical DC and how items and data move within; then looks at the same center using mobile printing. The productivity impact is clear.

Share your whitepaper with *IL* readers!

WhitePaper Digest is designed to bring readers up-to-date information on all aspects of supply chain management. We're building a database of SCM whitepapers, and you can help. E-mail us with whitepaper recommendations: editorial@inboundlogistics.com.

WhitePaperDigest

Trincon Group

TITLE: ***A Purpose-Driven Career***
LENGTH: *8 pages*
DOWNLOAD: *www.trincon.com/report/career_path_white_paper.pdf*
SUMMARY: Are you having trouble hiring and retaining quality drivers? According to this whitepaper, you may be to blame. There is hope, however. Trucking companies need to come to terms with the fact that they are responsible for creating meaningful career paths for drivers. It is up to company owners to solve the problem of retention by attracting and keeping the best drivers through rewards and promotions. Learn how in this whitepaper.

Katzscan

TITLE: ***Supply Chain Fraud***
LENGTH: *16 pages*
DOWNLOAD: *www.supplychainfraud.com*
SUMMARY: The words "supply chain fraud" are scary, but don't run and hide. This whitepaper suggests confronting the possibility of fraud in your supply chain before an audit comes around. It also dissects supply chain fraud: how it impacts a company, what causes it, how to detect it, and who is involved. Educate yourself on the concept and become proactive in sniffing out fraud in your supply chain.

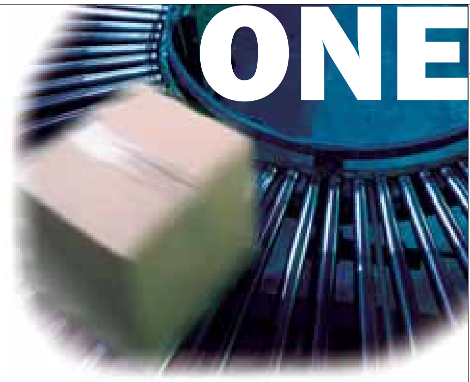
Looking to run a lean supply chain? Read this UPS SCS whitepaper and get your inventory in motion with distribution bypass strategies.

UPS Supply Chain Solutions

TITLE: ***Inventory in Motion: A Direct Alternative to Global Fulfillment***
LENGTH: *8 pages*
DOWNLOAD: *www.ups-scs.com/solutions/whitepapers.html*
SUMMARY: Eliminating or at least minimizing inventory can reap cost reductions and simplify fulfillment. Most companies, however, can't match supply and demand flawlessly enough to run such a lean operation. This whitepaper examines strategies for operating a leaner supply chain using a distribution bypass, direct-to-store approach to global fulfillment. Find out the risks and rewards, and determine whether these options are right for your company.

Software Solutions Unlimited

TITLE: ***Why Best Practices in Freight Audit and Payment?***
LENGTH: *4 pages*
DOWNLOAD: *www.ssui.com/tw*
SUMMARY: Part one of a five-part series titled "Best Practices in Freight Audit and Payment" tackles the issue of why best practices are vital to gaining optimal results from service providers. The whitepaper directs freight payment outsourcers to find a freight audit and payment partner that supports best practices. The partner should meet as many of your objectives as possible – especially the most important ones for your company.



White Paper Digest

Avery Dennison

TITLE: ***Tracking Reusable Metal Shipping Containers Using Passive RFID***
LENGTH: *8 pages*
DOWNLOAD: *http://www.morerfid.com/list.php?subdetail=case&action=list&doc_type=1&display=RFID*
SUMMARY: This whitepaper examines RFID tags in action on large steel shipping containers. Are hard tags durable enough to track containers through their lifetime? Are simple print RFID labels suitable as shipping labels? The results are in, and the answer to both of those questions is "yes." The tags tested performed very well – most were readable 100-percent of the time. The report concludes that RFID technology has advanced significantly for certain applications.

TradeBeam

TITLE: ***Commodity Classification in International Trade***
LENGTH: *4 pages*
DOWNLOAD: *www.tradebeam.com/downloads/whitepaper_international_trade.pdf*
SUMMARY: Shippers need to comply with myriad laws and requirements before importing or exporting cargo – it is no wonder companies constantly battle shipment delays and disruptions. This whitepaper examines import/export challenges and analyzes software solutions that can streamline those processes and reduce the risk of human error.

Intermec and the U.S. Coast Guard teamed up on a new solution for marking legacy assets, explained in this whitepaper. See how the solution can help streamline your record-keeping.

Intermec

TITLE: ***A Practical Approach to Applying UID Marks to Legacy Assets***
LENGTH: *6 pages*
DOWNLOAD: *www.intermec.com/learning/content_library/white_papers*
SUMMARY: Interested in the challenges of marking legacy assets? Read this white-paper to learn what is required of a marking system, understand the available options for your company, and discover a new solution developed by Intermec and the U.S. Coast Guard for marking in-service assets. The paper concludes that unique identification is the best way to streamline record-keeping, cut down on lost goods, and save time.

Manhattan Associates

TITLE: ***How to Convert Inventory From Cost to Competitive Advantage***
LENGTH: *6 pages*
DOWNLOAD: *www.manh.com/library/read_whitepapers.html*
SUMMARY: The growth of global supply chains and contract manufacturing, as well as more dynamic product life cycles and multi-channel distribution, are pushing traditional inventory management practices toward obsolescence. Companies are adopting new inventory management technologies and processes to reduce inventory, while still steadily increasing customer service. The results of an Aberdeen Group study, which finds that many companies are actively re-evaluating inventory management processes and technology, are detailed in this whitepaper.

VICS Bill of Ladings

WhitePaperDigest

Learn how supply chain design increases competitive advantage in this whitepaper from Optiant.

Newgistics

TITLE: ***If the Shoe Doesn't Fit...***
LENGTH: *2 pages*
DOWNLOAD: *www.newgistics.com/downloads/whitepapers.php*
SUMMARY: The Internet is a great tool for selling products, but what happens when you sell goods that need to be touched and tried on? Road Runner Sports, a multi-channel retailer of running shoes, discovered these challenges the hard way. Road Runner had trouble handling shoes and apparel returned by customers who needed different sizes. Customers sent orders back, but Road Runner's customer service staff had no idea when new products would arrive. Find out how the company solved its returns dilemma by downloading this whitepaper.

Optiant

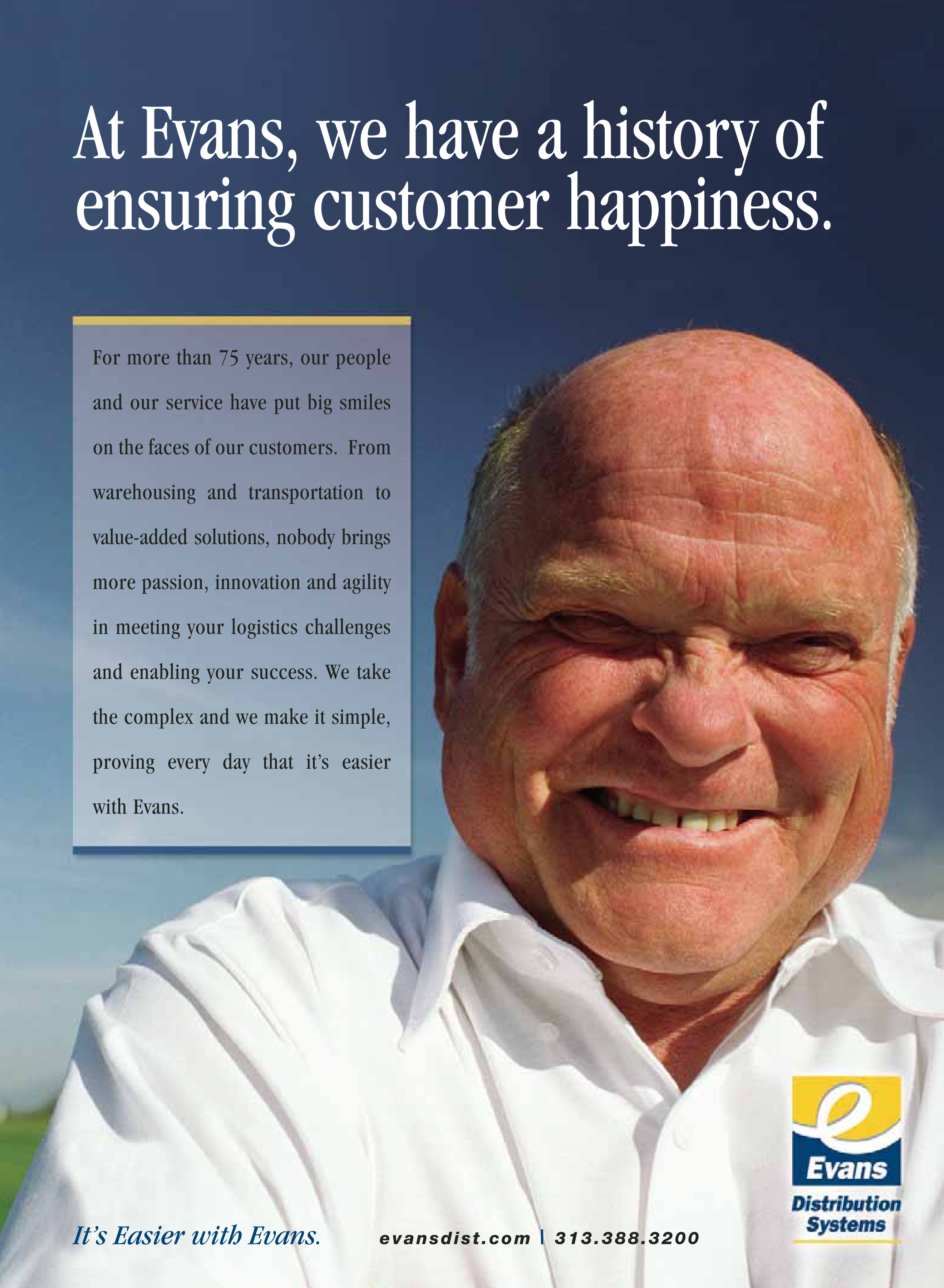
TITLE: ***Changing the Basis of Competition with Supply Chain Design***
LENGTH: *15 pages*
DOWNLOAD: *http://www.optiant.com/component/option,com_docman/task,cat_view/gid,54/Itemid,94/*
SUMMARY: Supply chain design accounts for intricacies and interdependencies across the whole supply chain, and allows companies to fully understand the financial impact of their supply chain decisions. What can supply chain design do for you? This whitepaper delves into the benefits. Actively designing supply chains can change the competitive landscape. Earlier adopters have already taken advantage of this; have you?

Paxar Americas

TITLE: ***New GS1 2D Matrix Symbology Support***
LENGTH: *4 pages*
DOWNLOAD: *www.paxar.com/products/barcodeRFID/documents/newGS12Dmatrix-symbology-whitepaper.pdf*
SUMMARY: The organization GS1 was created to explore bar-code options to meet worldwide standards. Three new bar-code symbologies are presented in this whitepaper: Aztec code, GS1 DataBar, and GS1 Composite Symbology. Aztec is an update from older bar codes; it can sustain major damage around the edges and still be readable. GS1 Databar, formerly RSS, carries more information than the current EAN/UPC bar code, which is important as companies look to track larger amounts of data. The GS1 Composite boasts a linear component for primary data, and an adjacent component for supplementary data. Discover which one suits your needs.

Navesink Logistics

TITLE: ***Advance Shipping Notice (ASN)***
LENGTH: *12 pages*
DOWNLOAD: *www.navesinklogistics.com/whitepaper/file_download.asp*
SUMMARY: Companies using or planning to use ASN – an Electronic Data Interchange transaction that provides data in advance so receiving companies can correctly plan receipt processing and workloads – can gain from reading this whitepaper. It examines the benefits of ASN and how it can best be utilized, as well as where the industry is headed with regard to ASN and gaining knowledge through electronic data transmission.


At Evans, we have a history of ensuring customer happiness.
For more than 75 years, our people and our service have put big smiles on the faces of our customers. From warehousing and transportation to value-added solutions, nobody brings more passion, innovation and agility in meeting your logistics challenges and enabling your success. We take the complex and we make it simple, proving every day that it's easier with Evans.
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3PD • www.3pd.com

3PD makes more than 4.7 million residential, business, and job site deliveries every year – all with the help of more than 1,500 highly qualified, uniformed delivery teams and a fleet that's 1,500 vehicles strong. 3PD is also one of the only last-mile logistics providers with an extensive national network already in place. 3PD's presence in every major market in the lower 45 states (as well as Alaska) enables them to meet nearly every domestic delivery need you might have, all with award-winning service levels.

3PL Central • www.3plcentral.com

Introducing a WMS built exclusively for third-party logistics providers and public warehouses. Increase productivity, reduce costs, and enhance your customer service with 3PL Warehouse Manager™, the first on-demand warehouse management system created for small and mid-size public warehouses. 100-percent Web-based 3PL Warehouse Manager requires no investment in software or IT resources, and can start transforming your business from the moment you subscribe. To learn how much money, time, and effort 3PL Warehouse Manager can save your firm, try it free for 30 days. Visit the Web site now to get started.

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A.N. Deringer • www.anderinger.com

A.N. Deringer Inc. is a leading provider of international logistics services including freight forwarding, warehousing and distribution, customs brokerage and consulting, cargo insurance, duty drawback, and meat inspection. Deringer combines 33 U.S. offices with a global agency network to facilitate the movement of cargo throughout the world. Visit A.N. Deringer on the Web at www.anderinger.com.

Agility Logistics • www.agilitylogistics.com

Let Agility manage the details of your international transportation. Choose from an array of highly configurable air and sea freight options, and road freight services that span Europe, the Middle East, North Africa, and Central Asia with more than 1,000 scheduled, weekly departures. Agility offers global expertise in commodity classifications and local government rules and regulations to ensure rapid clearance of your products through customs.

Aspen Alliance Group • www.aspenlogistics.com

The Aspen Alliance Group provides global brand name partners with a competitive advantage through high-quality customized, integrated, cost-effective logistics services. We offer customer-focused solutions in contract and public warehousing, transportation, and value-added services with a special emphasis on temperature-controlled environments. Our superior service is driven by leading-edge technologies, which provide timely flow of information to manage complex supply chain environments.

BAX Global • www.baxglobal.com

The integration of Schenker AG and BAX Global has created a new global logistics and transportation solutions powerhouse. Enviable rankings in strategic industry mobility and logistics service sectors include: No. 1 in European land transport, No. 2 in worldwide air freight, and No. 3 in worldwide ocean freight, and No. 3 in integrated heavyweight freight in North America.

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Bender Group • www.bendergroup.com

Bender Group is a customer-centered logistics and consulting partner that helps you transform problems into profits. For more than a half-century, the Bender Group of companies has offered a full range of logistics services, providing the functions you need for the efficient, effective storage and flow of your products to your customer. Bender Group's solutions will help you enjoy the benefits of your own distribution center with no capital investment, or improve the supply chain you already have. Let us know how we can help you grow.

Big Dog Logistics • www.bigdoglogistics.com

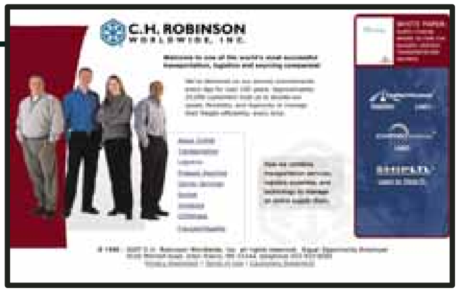
Big Dog specializes in designing customized solutions for customers who want more than a cookie-cutter approach. Big Dog provides and manages shipments, warehousing, sorting, staging, and delivery with precise timing that reduces costs and keeps critical parts, spares, and finished goods moving at the pace of your business. The company has established a track record of exceptional customer service by focusing on creative logistics solutions and consistent service quality across every customer's network. Find out more on Big Dog Logistics' Web site.

Bilkays Express • www.bilkays.com

From dedicated contract service to distribution, logistics, and EDI, Bilkays Express sets the standards in shipping by which all others are judged. Businesses throughout the Northeast depend on Bilkays' accurate, on-time delivery for all their shipping needs. Why? Because Bilkays gets the job done better for less by maintaining a modern state-of-the-art fleet so you can be sure your shipments are on the road to an on-time delivery.

C.H. Robinson • www.chrobinson.com

As one of the world's largest third-party logistics companies, C.H. Robinson Worldwide offers a wide range of customized global transportation, logistics, and supply chain management solutions. CHRW's relationships with truck, rail, ocean, and air carriers mean more equipment options and greater flexibility to bring freight to market. The company's logistics experts can create a logistics strategy that streamlines transportation flow. Besides creating custom solutions for inbound, outbound, and warehousing requirements, CHRW offers a full line of value-added logistics services.



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Cardinal Logistics Management Inc. • www.cardlog.com

Cardinal Logistics Management is one of the nation's fastest-growing 3PLs, warehousing, and dedicated delivery providers. Cardinal offers customers integrated transportation and warehousing services including: asset-based dedicated contract carriage; home and jobsite delivery; warehousing/inventory management; supply chain modeling; and logistics management. Solutions are highly customizable and may include dedicated equipment, drivers, contractors, management, and technology for the exclusive use of that customer. Privately held and headquartered in Concord, N.C., Cardinal's customers include: KraftMaid Cabinetry, Office Depot, Mill's Pride, Hughes Supply, CHEP, and more. For information, please visit us at www.cardlog.com.

CEVA Logistics • www.cevalogistics.com

CEVA Logistics, a leading global logistics company, designs, implements, and operates complex supply chain solutions on a national, regional, or global scale for medium to large enterprises. With 38,000 dedicated professionals, CEVA manages more than seven million square meters of warehouse space and operates an extensive global network with facilities in 30 countries worldwide. The company's Matrix™ product is a centrally hosted, integrated suite of supply chain technologies that enables CEVA to manage complex domestic and global supply chains. For more information on CEVA's products and services, visit them on the Web at www.cevalogistics.com.

Corporate Traffic • www.corporate-traffic.com

At Corporate Traffic, customer relationships begin with a relevant analysis of your supply chain, followed by a proposal of fully-integrated, value-added services, customized for you. These can include contract carriage, third-party logistics, warehousing/distribution, financial services, and user-friendly information technology. Corporate Traffic has the resources, network, and technology to deliver the goods. A double priority of customer success and customer satisfaction keeps Corporate Traffic in the fast lane, especially with the manufacturing and retail industries. Every customer knows Corporate Traffic's pledge of safe, timely, and cost-effective service. Find out for yourself by visiting this Web site.

Dupré Transport LLC • www.dupretransport.com

Dupré is a $100-million, asset-based 3PL based in the Gulf South. Our logistics solutions are designed for your specific needs. You save time and money, and experience world-class execution. We work to understand your business and measure how our system meets your expectations. With specific emphasis in the chemical, consumer products, and beverage industries, our unique solutions provide expertise in the following areas: dedicated fleets, transportation management/brokerage, materials handling, and reverse logistics. Experience Dupré. We meet your needs.

EGL Eagle Global Logistics • www.eaglegl.com

Whether your supply chain extends across town, across the country, or around the globe, EGL Eagle Global Logistics can deliver solutions with proven value. This leading provider of freight transportation, logistics, and supply chain management services–with a global infrastructure, and personnel and facilities in more than 100 countries–is widely acclaimed for innovative technology, exceptional customer service, and superior quality performance. Its extensive worldwide network, experience, and expertise provide comprehensive transportation and logistics services that bring together thousands of suppliers, plants, and customers every day throughout North America and the world.

Elite Supply Chain • www.elitesupplychain.net

Elite Supply Chain is a woman-owned business that specializes in warehousing, distribution, and repackaging. Elite provides a variety of value-added services–inbound product receipts, planning and distribution, fulfillment, and communications–to satisfy your specific operational-support requirements. With its vast network of resources, and four satellite warehouses located throughout the United States and China, Elite Supply Chain is dedicated to providing you with the right service to meet your warehousing, distribution, and repackaging needs.

Evans Distribution Systems • www.evansdist.com

Evans Distribution Systems has been enabling customer success for more than 75 years. Evans provides warehousing, transportation, packaging, quality inspection, and complete 3PL management services for a variety of industries. Through its experience, flexibility, and innovation, the 3PL proves to its customers that "it's easier with Evans." Let Evans provide you with all the information you need to meet your logistics challenges.

FMI International • www.fmiint.com

FMI, a Summit Global Logistics Company, strives to provide integrated transportation solutions with service that's as close to perfection as possible. FMI INTERNATIONAL provides national and international logistics services, warehousing and distribution; FMI EXPRESS provides nationwide linehaul services to retailers and manufacturers; FMI TRUCKING provides local and regional trucking services to the Northeast and New York City metro areas; FMI INTERNATIONAL CORP. (WEST) provides local and regional trucking services to the Los Angeles Basin area; and FASHION MARKETING provides floor-ready services to retailers nationwide.

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The Hyperlogistics Group • www.hyperlog.com

The Hyperlogistics Group provides everything you need to manage your logistics efficiently–people, distribution locations, equipment, training, consultation, and expertise. We form working partnerships with our customers by integrating their values, systems, and people with ours. Partnership means that we provide services on exactly the same basis that any other operating unit of their company would. Customers can buy one or all of those services, but pay only for what they need. Our core warehousing and storage operations still provide all management services and continually enhance The Hyperlogistics Group's ability to provide the best logistics services possible.

Jacobson Companies • www.jacobsonco.com

We are seven integrated operating companies–Jacobson Warehouse Company, Jacobson Arthur Wells Group (Food Logistics), JacobsonWilpak Packaging Company, Jacobson Transportation Company, Jacobson Logistics Company, Jacobson Staffing Company, and Jacobson Investment Company. Together, we serve the needs of leading manufacturing companies, providing full-service, seamless solutions to the complexities of supply chain management and helping clients achieve a greater return on assets. Whatever your needs, our empowered employee-owners are ready to put our ISO-certified methods to work for you.

Kane 3PL • www.kane3pl.com

For three decades, Kane 3PL has provided innovative logistics solutions for premier supply chain management. We routinely handle order fulfillment; furniture, fixtures, and equipment (FF&E); operational strategy and effectiveness (OS&E); reverse logistics; warehousing; transportation and freight management with our own personnel and equipment in conjunction with a nationwide network of strategic partners. Best of all, Kane 3PL lets you focus on managing your core business – while we focus on logistics management.

Kelron Logistics • www.kelron.com

With its shipping and integrated supply chain expertise, network of elite logistics carriers, and ability to ship across all modes of transport throughout North America, Kelron is a leading transportation management solutions provider with demonstrated capability across all industry sectors. Through an innovative and proven 3PL operating model using Internet-enabled technology, Kelron delivers industry-leading on-time performance; extended North American reach; single-source transportation planning, execution, and ongoing management; and improved efficiencies across all aspects of your supply chain. Celebrating 15 years in business in 2007, Kelron designs its solutions for the challenges and opportunities unique to each client.

Landair • **www.landair.com**

At Landair, we put everything we've got into making sure you see results. From truckload and dedicated services to logistics, warehousing, and distribution services, we can custom-tailor a solution that fits your specific needs – making your company more efficient and more productive. We call it "Solutions From the Ground Up."

Landstar Global Logistics • **www.landstar.com**

Landstar Global Logistics, a safety-first transportation services company, provides complete logistics services throughout the United States, Canada, and Mexico. Landstar Global Logistics' extensive brokerage network increases customer options as it brings a wider array of equipment options to handle the toughest transportation challenges. With innovative use of Internet technology, Landstar Global Logistics communicates in every medium, from the most sophisticated satellite tracking systems to the simplest pagers. That means customers know where their shipment is every step of the way, with every carrier selected. You'll find complete details on our Web site.

Lansdale Warehouse • **www.lansdalewarehouse.com**

Lansdale Warehouse, a family-owned-and-operated public warehouse located in Lansdale, Pa., specializes in helping clients solve their warehousing needs. Since its founding in 1958, Lansdale Warehouse has furnished comprehensive logistical services in a public and contract environment to both national and international customers who require access to Eastern U.S. markets. Lansdale Warehouse's facilities include more than 475,000 square feet of storage capacity in five centrally located buildings. Find out more by visiting this Web site.

LeSaint Logistics • **www.lesaint.com**

Visit our newly revised Web site, and learn how to put LeSaint Logistics' 3PL KnowHow™ to work for your business. As a Top 100 3PL provider, LeSaint Logistics has the expertise, experience, flexibility and service performance to power your supply chain. LeSaint delivers intelligent warehousing, fulfillment, and transportation solutions–supported by advanced logistics IT–to manage your supply chain, streamline efficiencies, and boost your bottom line. At LeSaint, we make it our business to know your business. We deliver high-performance logistics solutions designed to meet your unique needs, measuring key performance indicators for continuous improvement of our processes. Log on today.

Lily Transportation Corp. • www.lily.com

Lily provides dedicated contract carriage for companies that have time-, temperature-, or customer-sensitive deliveries. Utilizing the Lily Platform for Continuous Improvement allows the service provider to track, report, and take action – based on data – to continuously improve delivery results. Some customers: Whole Foods Markets, Lindt Chocolates, VersaCold, Legal Sea Foods, and NAPA. Our people, process and knowledge deliver exceptional results.

Logistics Management Solutions (LMS) • www.lmslogistics.com

Logistics Management Solutions (LMS) offers TOTAL, a Web-enabled TMS that significantly reduces overall transportation costs, can be implemented–and producing results–within 90 days, offers a low-cost point of entry, and easily integrates into existing ERP systems. Many of our clients, including BASF and Monsanto, are using TOTAL to significantly cut their transportation costs. Contact us: 1-800-355-2153.

Logistic Dynamics Inc. • www.logisticdynamics.com

Logistic Dynamics Inc. (LDI) is one of the fastest-growing 3PLs in the Northeast. LDI provides reliable and cost-effective full truckload, LTL, and intermodal services to manufacturers, distributors, and shippers of all sizes throughout the United States, Canada, and Mexico. LDI understands and appreciates that customers attach their good name to every shipment they send, and is committed to treating customer freight as if it were its own. Its reputation for honesty, reliability, and on-time deliveries is second to none; that is why companies choose LDI.

Logistics Insight Corp. (LINC) • www.4linc.com

Logistics Insight Corporation Inc. (LINC) was formed specifically as a single-source logistics service provider to design, manage, and operate both dedicated and integrated distribution systems. LINC has extensive experience in automotive and other related industries, and offers various services including (but not limited to) all modes of transportation, sequencing, sub-assembly, order fulfillment, warehousing, and white-glove delivery service. LINC provides a distribution system solution that enables companies to rapidly and efficiently move goods through the supply chain. LINC has a full-service network throughout North America, combined with strong alliances capable of providing solutions globally.

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Lynden • www.lynden.com

Lynden designs and implements management systems for the efficient flow and storage of material and related information. Lynden is experienced in just-in-time applications, quick response deployment, customized information systems, and hands-on, multimodal transportation management. The Web site provides information on all of Lynden's 3PL and transportation services, as well as its e-commerce capabilities, including a free demo.

Maersk Logistics • www.maersklogistics.com

At Maersk Logistics, we combine our international transport and logistics experience, innovative information technology, worldwide reach, and strong local operations to help you improve the effectiveness and efficiency of your supply chain. To cater to your unique needs, we offer decades of industry-leading supply chain experience in the retail, wholesale, apparel, electronics, refrigerated goods, consumer health care, and furniture industries. Our worldwide infrastructure includes over 20.6 million square feet of strategically located warehousing and consolidation space in Asia and Europe. Our acclaimed visibility solutions, offering end-to-end supply chain visibility, blended with our experience, bring you a truly effective product.

Menlo Worldwide • www.menloworldwide.com

Some of the toughest, most complex logistics challenges in the world are met with customer-specific IT solutions – engineered, installed, and managed by Menlo Worldwide. When it's time to cut waste and cost from your supply chain, think Menlo Worldwide. To learn more, visit us at www.menloworldwide.com.

NAL Worldwide • www.nalworldwide.com

NAL Worldwide is a specialty logistics service provider focused on solving complex supply chain problems. Our thought leadership around solution deployment is specially tailored to fit the needs of highly time-sensitive programs. NAL delivers logistics solutions for communications, health care, technology, and retail. For more information please contact us at 800-316-6860 or visit us at www.nalworldwide.com.

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National Retail Systems • www.nrsonline.com

National Retail Systems has been the leading force in integrated retail supply chain success since 1953. From source to shelf, NRS delivers logistics solutions that reduce costs, reduce time to market, and drive real bottom-line results. NRS does this by exploring new technologies that give customers real-time supply chain visibility; expanding facilities and fleets to provide the finest transportation and distribution services; building state-of-the-art consolidation facilities that integrate supply chains from source to shelf; and investing in modern equipment and experienced people.

New Breed • www.newbreed.com

New Breed is a third-party logistics company that brings new levels of visibility and control to complex logistics operations. We combine methodical analysis of your material flows with the intelligent application of systems to reduce and automate process steps–across your supply chain or in your distribution center. Some of the world's most respected companies rely on New Breed minds to streamline logistics operations in support of manufacturing, distribution, returns, refurbishment & repair, and service parts logistics.

Nexus Distribution • www.nexusdistribution.com

Even the most demanding customers will find solutions that meet their needs with Nexus Distribution, a third-party logistics provider specializing in full-service, client-specific solutions. Nexus' dedication to teamwork, technological advancement, and customer satisfaction–combined with a collaborative effort among its people, technology, and location–has made the company a trusted provider of third-party logistics worldwide for more than 25 years. Details are available on the newly redesigned Web site.

Norvanco International • www.norvanco.com

In a commoditized service area there is a different vendor–a vendor that offers true port-to-shelf services. That vendor is Norvanco International, an outsourced service provider of key fulfillment functions. Norvanco lets you concentrate on growing your business while it attends to your back-room needs by meeting and exceeding your performance standards in all critical operational areas. Norvanco offers companies large and small the services of a diverse and talented logistics team that works as your partner to facilitate the continuous, error-free movement of goods from point of origin to the end recipient.

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Odyssey Logistics & Technology • www.odysseylogistics.com

Odyssey Logistics & Technology combines deeply skilled industry professionals with a leading technology solution to provide multimodal logistics management services to the chemical industry and other process manufacturers. Odyssey Logistics & Technology enables these companies to outsource any part of the management and transportation of their raw materials and finished goods. They achieve cost savings through reduced transportation and infrastructure costs, measurable customer service and process improvements, and improved data quality and management.

OIA Global Logistics • www.oiaglobal.com

Experience true global supply chain management with OIA Global Logistics, a leading logistics provider and supply chain management company. As a single-source logistics provider, OIA has the expertise necessary in this global economy–providing packaging, transportation, international trade compliance, warehousing/distribution, and order management for its clients. In addition to an excellent reputation in the footwear and high-tech industries, the company offers real-time visibility to shipments, inventory, and orders, enabling companies to be more responsive to customer delivery demands. With its extensive network of offices strategically located throughout the world, OIA has the global footprint and customer support necessary for success.

OOCL Logistics • www.oocllogistics.com

As a world-class provider of innovative logistics and supply chain services and solutions, OOCL Logistics has an extensive network of 100 offices in 32 countries around the world. Providing advanced customer-specific solutions through its IT technology and value-creating services in supply chain management, OOCL Logistics' extensive service network and platforms allow you to make *All the Right Moves* for your business. Going global? OOCL Logistics' International group focuses on serving customers with global sourcing and supply chain management needs. The group creates value through innovative end-to-end international logistics services.

Ozburn-Hessey Logistics • www.ohlogistics.com

Ozburn-Hessey Logistics was founded in 1951 and has evolved into a full-service supply chain management solutions provider. Our International Services, Contract Logistics, and Transportation Services groups offer comprehensive supply chain solutions that span the globe. Contact us at 877-401-6400 or www.ohlogistics.com.

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Pacer Logistics • www.pacerglobal.com

Through its Ocean World Lines and RFI companies, Pacer offers premium international door-to-door shipping solutions with real-time global visibility via new Web-based shipment tracking systems. Pacer is price-competitive, yet superior in customer service response, capacity, and customization. Check out the Pacer portfolio of logistics services, including domestic and international intermodal, ocean carrier services, ocean and airfreight forwarding, and customs brokerage.

Panther Expedited Services • www.pantherexpedite.com

Panther is the largest independent, non-asset-based provider of ground expedite, air, and specialized transportation services in North America; providing single-source, time-critical solutions and offering direct service to and from customer locations in the United States, Canada, and Mexico. Panther offers premium logistics services, providing customers with advanced web-based technology including real-time tracking updates, equipment availability, and on-line load tendering.

Pegasus Logistics Group • www.pegasuslogistics.com

Based in Grapevine, Texas, Pegasus Logistics Group is the market leader in time-definite, domestic transportation services. Leveraging a flexible network of partners, Pegasus delivers customer-focused solutions in transportation and warehousing, enhanced with proprietary and customer-centric technology.

Performance Team • www.ptgt.net

Performance Team (formerly The Triangle Network) is the only thing that should come between your products and your customers. For 30 years, Performance Team has been offering its expertise to the retail and manufacturing industries with a broad range of supply chain services including: trucking, distribution, logistics, and fulfillment. Through five domestic hubs, 3 million square feet of warehouse space, and a fleet of more than 200 trucks, Performance Team's skilled team of 1,500 nationwide employees processes approximately $60 billion in wholesale goods. See why Performance Team annually earns a reputation as the premiere trucking, consolidation, and distribution company in the United States; log on to www.ptgt.net.

IN THIS SECTION:
3PLs

Port Jersey Logistics • www.portjersey.com

Port Jersey Logistics, the largest public warehouse/trucking/logistics provider in the Port of NY/NJ, offers Foreign Trade Zone services at its Port Newark/Elizabeth Marine Terminal Tyler Distribution warehouse. The FTZ allows a shipper to reduce, defer, and, in some cases, eliminate U.S. Customs duties. Storage, distribution, labeling, repacking, inspecting, assembly–all available. Check our Web site for more information. Call Dave Peters at (908) 355-8300 for assistance in analyzing your operation and potential savings.

ProTrans International • www.protransintl.com

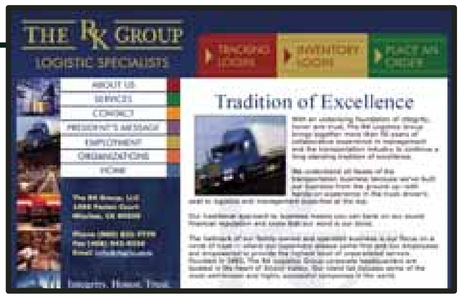
ProTrans' customers are given complete visibility of their materials while having the flexibility of customized services that meet their unique needs. Enjoy the simplicity of having one contact manage your entire supply chain. ProTrans' diverse offerings include: land/air/ocean transportation, consolidation, inventory management, customs brokerage, network optimization, carrier management, freight bill and audit, route management, and supply chain network management.

PSS Warehousing & Transportation • www.pssdist.com

A leader in warehousing, storage, transportation, and distribution since 1983, PSS is the Northeast's premier services provider. Fortune 500 companies have come to rely on PSS for its expertise in grocery distribution, reverse logistics, transportation, and packaging services. Achieving this goal has taken continuous investments in technology, equipment, and facilities, which has paid off by keeping PSS at the forefront of every aspect of warehousing and transportation. Go online and discover the PSS service advantage for your company.

RK Logistics Group • www.rkgllc.com

The RK Logistics Group brings together more than 50 years of collaborative experience in management and the transportation industry to continue a long-standing tradition of excellence. RK Logistics understands all facets of the transportation business because it built its business from the ground up–with hands-on experience in the truck driver's seat to logistics and management expertise at the top. The hallmark of this family-owned-and-operated business is a focus on a circle of trust–where customers always come first and employees are empowered to provide the highest level of unparalleled service.



IN THIS SECTION:
3PLs

Ruan • www.ruan.com

Let Ruan Logistics Management improve your supply chain, with the tools and expertise not only to move your freight but also to take it to another level. From the most qualified people and the latest information technology to proven process knowledge and centralized logistics capabilities, Ruan has the resources to serve you and your customers. Ruan handles carrier negotiation, route optimization, carrier management, claims management, freight payment, auditing and reporting, and is committed to solutions that can reduce cycle time and inventory, enhance time to market, improve customer satisfaction, and–of course–bolster your profitability.

Schenker • www.schenkerusa.com

The integration of Schenker AG and BAX Global has created a new global logistics and transportation solutions powerhouse. Enviable rankings in strategic industry mobility and logistics service sectors include: No. 1 in European land transport, No. 2 in worldwide air freight, and No. 3 in worldwide ocean freight, and No. 3 in integrated heavyweight freight in North America.

TMSi Logistics • www.tmsilog.com

TMSi, an award-winning 3PL provider, has differentiated itself through a performance-driven culture resulting in sustainable cost savings and improved service levels. TMSi can optimize your enterprise's supply chain by providing distribution network modeling, long-term facility planning, and operations consolidation. TMSi and its clients identify performance markers such as time to market, inventory turns, profitability goals, and other Key Performance Indicators (KPIs) to monitor the supply chain's performance. For more information on TMSi, call 603-422-0777 or visit www.tmsilog.com.

Torus Freight Systems • www.torusfreight.com

When you connect with Torus, you truly connect with Canada. Through its dedicated team of experienced customer service professionals, Torus provides flexibility, personalized care, and cost-effective transportation solutions. A direct service approach reduces handling and improves LTL and TL transit times. Through distribution centers in Toronto and Vancouver, Torus is well-positioned to handle storage, inventory control, pick and pack, and movement of product to any point in Canada. Connect with Torus, Connect with Canada!

IN THIS SECTION:
3PLs

Total Logistic Control • www.totallogistic.com

Total Logistic Control (TLC) delivers exceptional value in the design, implementation, and operation of logistics systems. TLC provides end-to-end supply chain services, including supply chain planning, contract manufacturing/packaging, transportation services, multi-temperature warehousing, logistics management services, and supplier management/procurement. The company has received the Top Ten Provider of Logistics Excellence award for six consecutive years. TLC is a shareholder in ITLX, a minority business enterprise specializing in logistics services. TLC is also a subsidiary of C2 Inc., publicly traded on the NASDAQ under the symbol CTOO. The company is headquartered at 8300 Logistic Drive, Zeeland, MI 49464.

TransGroup Worldwide • www.transgroup.com

Staying on top of the competition means you need a strong transportation/logistics partner that can guarantee "bigger, better, faster," plus provide personalized service and solutions for success. TransGroup's access to all commercial/cargo flights and surface options provides more flexibility than you ever thought possible. TransGroup is also a forerunner in logistics IT, with systems and tools that allow goods and information to flow efficiently. In today's business environment, your customers demand on-time service and flexible scheduling. TransGroup understands, and delivers your success.

Transplace • www.transplace.com

Transplace provides comprehensive transportation and supply chain services to a variety of Fortune 1000 companies. Using the Transplace Dense Network Efficiency℠ (DNE) logistics platform, Transplace focuses on increasing transportation and logistics efficiency for both shippers and carriers. With a track record of proven value to clients, Transplace has grown by providing a wide variety of services that can meet the specific supply chain needs of any shipper. Whether you need coverage of a single shipment, or complete supply chain design and management, Transplace can provide your solution. Visit the Web site for more detailed information.

Tucker Company • www.tuckerco.com

Experiencing truckload capacity problems? Receive steady waves of truckload equipment – from dry vans to flatbeds, refrigerated to specialized equipment – with Tucker Company. Experiencing problems implementing an inbound freight management program? We get the job done, under budget and fully controlled. Tucker Company operates one of America's oldest freight brokerages. In our 43rd year, we co-founded the TIA, and are active members of TCA, NITL, SC&RA, NASSTRAC, and CSCMP. We are always interested in sales agents, reps, or those selling brokerages/3PLs.

Unyson Logistics • **www.unysonlogistics.com**

Unyson Logistics provides the technology and resources to help businesses drive costs out of their supply chains. We do this by creating logistics solutions where our customers own and drive the process jointly, with us, in unison. Combining the stability and resources of our $1-billion-plus parent company, Hub Group Inc., with this uniquely collaborative approach, Unyson surrounds customers with 360 degrees of measurable, strategic value–what we call The Y Factors: unity, opportunity, visibility, velocity, technology, delivery, capability, flexibility, stability, and integrity.

Weber Distribution • **www.weberdistribution.com**

If you're looking to improve your company's supply chain, look no further than Weber Distribution. For more than 80 years, we've provided companies with the finest warehousing, transportation, value-added and distribution services. We are close to the ports of Los Angeles and Long Beach, so consider us your one-stop location for 3PL services; public/contract warehousing; comprehensive transportation, including transloading/cross-docking; order assembly; and pick/pack. In fact, we are the largest provider of 3PL services to Wal-Mart customers in Southern California and work with such well-known brands as Coca-Cola North America, Fuji Photo Film USA, and Ocean Spray. Please visit our Web site or call us today at 877-624-2700.

Wheels Group • **www.thewheelsgroup.com**

In this era of vendor consolidation, Wheels Group concentrates on providing a full spectrum of integrated products and services from a single source. Innovative and non-traditional approaches to supply chain management include: domestic and international transportation services; third-party logistics; supply chain consulting, optimization, and reporting; contract warehousing and distribution; technology systems and process development, and much more. For details, visit the Web site.

AIR/EXPEDITED

ICAT Logistics Inc. • **www.icatlogistics.com**

ICAT Logistics is the leading provider of worldwide logistics and expedited freight services. We base every decision on our core values: integrity, loyalty, commitment, and passion. We strive to help all those we touch to grow more profitable through their interaction with ICAT. Our customized services will meet your shipping needs, and our experienced customer service and operations specialists are available around the clock to offer immediate response times and proactive communication. One Call, Right Solution…*DONE*!

IN THIS SECTION:
Air/Expedited – Associations

Panther Expedited Services • www.pantherexpedite.com

Panther's North American network of air freight and air charter providers delivers the flexibility to move time critical shipments within any time frame. Our proprietary technology optimizes rate and routing information based on shipment parameters, and our air freight network is carrier-neutral, meaning the cost savings are passed on to you. One-time exclusive-use air charters are also available.

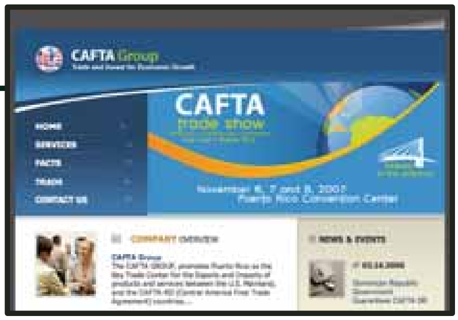
Quick International Courier • www.quickintl.com

At Quick International Courier, we are dedicated to making sure your global shipments get to wherever they are going, on time and intact. Quick's industry-focused teams handle everything from mission-critical documents and packages to high-value items and dangerous goods, 24/7/365. Our wide range of transportation options–from next-available-flight, to secure hand-carry, to warehousing and third-party logistics–enables us to meet your needs with unmatched speed and reliability.

Viking Logistics • www.viking-logistics.com

Since 1961, Viking's network has served the specialty freight needs of companies across the United States and around the world by providing expedited and special handling services for high-value items and sensitive equipment. Air freight, air-ride vans, two-man teams, oversized freight, white glove, same-day deliveries, and convention logistics are just some of the many solutions Viking provides for its customers. How can Viking help your company? Visit the Web site today to learn more about its wide range of services.

ASSOCIATIONS



The CAFTA Group • www.caftagroup.com

The CAFTA Group promotes Puerto Rico as the key trade center for the export and import of products and services between the United States and CAFTA (Central America Free Trade Agreement) countries. Other CAFTA countries include Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua. The CAFTA Group is the first consultingcompany to target CAFTA trade opportunities.

AUTO ID

ID Label Inc. • www.warehouselabels.com

ID Label designs, manufactures, and distributes a broad range of high-quality, technically innovative, preprinted bar-code labels and signs for a variety of warehouse applications. From retro-reflective signs to warehouse bin location labels, ID Label specializes in laminated variable information, sequential bar codes, consecutive numbers, and multi-color process.

CONSULTANTS

S3 Group Inc. • www.s3groupinc.com

S3 Group Inc. is a premier consulting firm, providing supply chain strategy, solutions, and services to the retail and distribution industries. Our services expertise includes strategic planning, operational best practice assessment, process re-engineering, system selection and implementation, upgrades, development, integration, testing, training and maintenance programs. S3 can also implement Voice Directed Work and RFID. We have built a blue-chip client base for systems from Manhattan Associates, Oracle, SAP, RedPrairie, Yantra, JDA, and JDE.

DISTANCE LEARNING

Sullivan University • www.sullivanelearning.net

Sullivan University Global e-Learning now offers you the opportunity to earn your Bachelor of Science in Business Administration with a concentration in Logistics and Distribution Management (BSBA) completely online. Advance your career in the logistics industry now, with a curriculum that is designed and taught by experienced logistics professionals. With e-Learning courses that are flexible, convenient, and available 24/7 wherever you have Internet access, Sullivan University is the right choice.

DUTY DRAWBACK

Dutycalc • www.dutycalc.com

Dutycalc has provided duty drawback solutions to the industry since 1981. The company designs, develops, and implements management support systems for the import, export, and brokerage communities. Whether your needs are software or service, Dutycalc, the leading drawback company with more than 200 systems implemented throughout the United States, is the logical choice. Visit Drawback Central online for your entire drawback needs, including articles, tips, discussion, links, and various e-tools.

IN THIS SECTION:

Education – Logistics IT

EDUCATION

Elmhurst College • www.elmhurst.edu/scm

Elmhurst College offers the Chicago area's only graduate program in supply chain management. In this program, you'll gain a sound technical foundation and hone skills that are absolutely critical for today's professional: communication, negotiation, team building, information technology, analytical thinking, working in diverse business environments, and sound business decision-making. All course work maintains a balance between current theory and its real-world application.

FULFILLMENT

Ingram Micro Logistics • www.ingrammicrologistics.com

Ingram Micro–a $31.4-billion Fortune 100 company and global leader in technology, distribution, and supply chain services–provides services to more than 1,400 manufacturers and 170,000 resellers in more than 100 countries around the world. Ingram Micro Logistics, the logistics engine behind Ingram Micro, has exhibited over 25 years of industry-leading expertise in delivering best-in-class logistics solutions, strong global alliances, exceptional economies of scale, and a solid focus on reducing costs in the supply chain. Services include retail and e-commerce ful-fillment, transportation management, order management, customer service, returns processing, kitting, and accounts receivable management.

Velocity Express • www.velocityexpress.com

As America's only national ground shipping provider dedicated exclusively to time-definite regional delivery, Velocity Express meets the regional delivery needs of companies across multiple industries. Logistics and delivery services offered by Velocity Express include: small package delivery, pallet delivery, dedicated delivery, on-demand delivery, home delivery, and supply chain solutions.

LOGISTICS IT

Dutycalc • www.dutycalc.com

Dutycalc has provided duty drawback solutions to the industry since 1981. The company designs, develops, and implements management support systems for the import, export, and brokerage communities. Whether your needs are software or service, Dutycalc, the leading drawback company with more than 200 systems implemented throughout the United States, is the logical choice. Visit Drawback Central online for your entire drawback needs, including articles, tips, discussion, links, and various e-tools.

eShipGlobal • www.eshipglobal.com

eShipGlobal is an on-demand shipping solution, which provides companies a complete and customizable solution to manage every aspect of the shipment lifecycle – from contract negotiation to shipping execution to payment settlement. Our customers get real savings with our solutions tailored to their business needs. eShipGlobal provides on-demand shipping solutions to organizations looking to reduce shipping costs, improve business processes, and achieve a higher level of service quality across the business.

myLogistics Inc. • www.mylogisticsinc.com

myLogistics™ provides quality technology solutions designed to meet the unique logistics needs of our customers. Our core products, based on more than 15 years of development experience, include: routing, scheduling and optimization; Web-native TMS functionality; and fleet management including Automatic Vehicle Location (AVL) and online GPS tracking. In addition, a full-service mobile solution can be fully integrated to complement these services. Our comprehensive, yet affordable, offerings are driving immediate, real savings and efficiencies today with a number of top companies.

Sterling Commerce • www.sterlingcommerce.com

For more than 30 years, Sterling Commerce has helped Fortune 500 organizations and smaller companies integrate internal and external business processes to improve performance. Our transportation and logistics software experts can build collaborative, multi-enterprise processes and communities for your organization just as we have for many others in the food logistics sector. Sterling Commerce is an AT&T (NYSE:T) company.

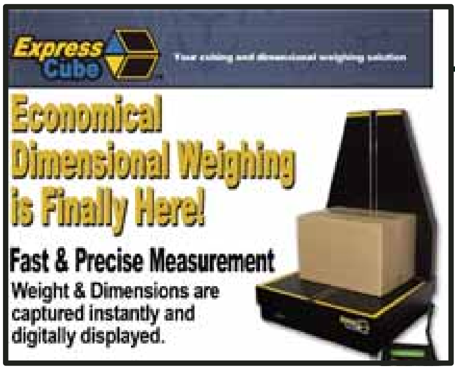
TMW Systems • www.tmwsystems.com

Maximize asset utilization, lower operating ratios, reduce empty miles, and increase driver retention with TMW Systems' dispatch and logistics trans-portation solutions. More than 1,500 common carriers, 3PLs, brokerages, and private fleets use TMW's solutions–including TMWSuite, TruckMate, and TL2000–to gain efficiency by better managing their assets as they interact within the supply chain. TMW manages a multitude of functions for the thousands of trucks and drivers that travel the roads each day. See how TMW can go to work for you; visit the Web site for details, or call 800-401-6682.

IN THIS SECTION:

Materials Handling – Transport Mgmt.

MATERIALS HANDLING



ExpressCube • www.expresscube.com

ExpressCube is a low-cost solution for acquiring dimensional weight (cubing) and actual weight of a box or parcel. ExpressCube utilizes passive infrared sensor arrays that provide reliable and accurate measurements of a box. In seconds, ExpressCube collects cube and weight data that can be sent to mainframe or PC hosts (ERP, WMS, TMS, IATA, etc.). This data is commonly used to maximize the use of storage space, make more accurate storage slot assignments, identify proper carton sizes in order picking, determine optimal load planning and pallet stacking configurations, slotting, inventory management, DIM Weight using DIM factor, and calculate dimensional-based freight charges.

PALLETS

Totally Green Manufacturing • www.thegreenpalletcompany.com

Totally Green Manufacturing offers The Green Pallet, the lightest, most inexpensive, and environmentally friendly pallet on the market today. Supporting "green" practices is not only good for our environment, it makes good business sense. Besides the immediate freight, storage, and disposal savings, and the cost of the pallets themselves, think of the millions of trees you could save. Our pallets are made from 100-percent recycled plastic and are easy to assemble. Put more green on your bottom line!

TMS

TMW Systems • www.tmwsystems.com

Maximize asset utilization, lower operating ratios, reduce empty miles, and increase driver retention with TMW Systems' dispatch and logistics transportation solutions. More than 1,500 common carriers, 3PLs, brokerages, and private fleets use TMW's solutions–including TMWSuite, TruckMate, and TL2000–to gain efficiency by better managing their assets as they interact within the supply chain. TMW manages a multitude of functions for the thousands of trucks and drivers that travel the roads each day. See how TMW can go to work for you; visit the Web site for details, or call 800-401-6682.

TRANSPORT/FREIGHT MGMT.

Echo Global Logistics • www.echo.com

Echo Global Logistics is a results-oriented transportation management firm providing superior cost-savings technology and services for companies ranging from small enterprises to the Fortune 100. Echo's transportation management solution delivers cost savings through proprietary access to unparalleled transportation market data, custom-built world-class technology, a massive nationwide network of carriers, and the negotiating power resulting from massive spend on behalf of Echo's clients. Echo's focus is on offering concrete, tangible savings to all our clients, and ensuring increased service levels that derive from the Six Sigma process integrity on which Echo's transactional engine has been built.

Panther Expedited Services • www.pantherexpedite.com

Panther is the largest independent, non-asset based provider of ground expedite, air, and specialized transportation services in North America; providing single-source, time-critical solutions and offering direct service to and from customer locations in the United States, Canada, and Mexico. Panther offers premium logistics services, providing customers with advanced web-based technology including real-time tracking updates, equipment availability, and on-line load tendering.

TRUCKING

Panther Expedited Services • www.pantherexpedite.com

Panther is the largest independent, non-asset-based provider of ground expedite, air, and specialized transportation services in North America. Panther provides single-source, time-critical solutions and direct service to and from customer locations in the United States, Canada, and Mexico. Additional ground services include: immediate vehicle availability, cargo vans to 53-foot air-ride equipment, and onboard Qualcomm satellite tracking systems.

YARD MANAGEMENT

PINC Solutions • www.pincsolutions.com

PINC's yard management product, *Yard Hound*, sets DC and yard managers' minds at ease every minute, every day. A vigilant guardian of yard efficiency, *Yard Hound* provides current and accurate information on the location of trailers, yard trucks, and other assets, making it invaluable to ongoing yard management quality. This passive RFID-based solution eliminates both extensive hardware infrastructure and manual intervention. It ensures greater accuracy, higher efficiency, and substantially reduced operating costs. Find out more by visiting the Web site.

RACO Industries
www.racoindustries.com/yard-management-systems.htm

RACO Industries' *Yard Director*™ Yard Management System is a Web-based mobile application designed to provide control, compliance, asset visibility, and efficiency for your trucking yard through real-time tracking and reporting on vehicle locations and contents. Through real-time tracking and reporting by mobile scanners via a Web-based application, your security, driver, and yard management staff can locate and track critical information about each vehicle that enters one of your facilities. Contact RACO Industries for more information at 800-446-1991.

American Business Conferences

The First US Carbon Footprint Event To Set Out Roadmaps For Rationalizing, Planning & Establishing Cost-Effective Carbon Reduction Programmes

CARBON FOOTPRINT CONSUMER PRODUCTS

Presenting The 2nd Event In Our International Series Of Carbon Footprint Supply Chain Events

Understanding The Business Case for

Measuring and Reducing Your Carbon Footprint

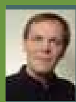
Across Operations And The Supply Chain

The Inaugural Summit For US Retailers & Consumer Product Manufacturers On the Practical Tools, Knowledge & Key Measurements Required To Initiate Carbon Reduction Programmes & Mitigate Future Climate Change Legislation

September 13-14 2007
Marriott Chicago Midway, Chicago

Practical Pre-Conference Workshop Wednesday September 12 2007:

How To Grow Your Business While Reducing Your Carbon Footprint



Workshop facilitated by Eric Olson, Vice President, Advisory Services, Business for Social Responsibility

Sponsor: SmartWay Transport Partnership — Getting There With Cleaner Air

"Excellent content and speakers with practical tools. I'm thrilled that it will be coming to the US. We'll be there for sure!"
NANCY HIRSHBERG, VP NATURAL RESOURCES, STONYFIELD FARM INC.

For further information visit www.carbonfootprint-consumerproducts.com

Expert Speaker Panel Featuring Contributions From North America's Top Brands & Retailers

Betsy Cohen
VP for Sustainability
Nestlé Purina

Ben Packard
Director of Environmental Affairs
Starbucks Coffee Company

Chuck Bennett
VP, Earth & Community Care
Aveda

Wayne S. Evans
VP of Procurement
DHL

Neel Bradham
VP, Business Development
Interface, Inc

Dave Newman
Head of Global Sustainable Logistics
Nike

Dave Guernsey
Corporate Environmental Affairs Program Manager
UPS

Dr Michael Walsh
Executive Vice President
Chicago Climate Exchange

Dave Stangis
Director, Corporate Responsibility
Intel Corporation

Brian Glazebrook
Manager of Supply Chain Social Responsibility
Cisco

Erin Meezan
Director of Sustainable Development
Interface, Inc.

Bryan Lembke
Senior Manager, Sustainability
Pepsico

Andrea Asch
Manager of Natural Resources
Ben & Jerry's

Ryan Boccelli
Director of Logistics
Stonyfield Farm, Inc.

Paul Comey
VP of Environmental Affairs
Green Mountain Coffee Roasters

Buddy Polovick
Chief Shipping Coordinator
EPA Smart Way Transport Partnership

Allison Hannon
Corporate Engagement & Research
The Climate Group

Dr. Mark C. Trexler
Director
EcoSecurities Global Consulting Services

Ellen W. Feeney
VP Responsible Livelihood
WhiteWave Foods Company

Tim Smith
Senior Director, Business Development & Market Research
Shaklee Corporation

Edward A. Klein
VP Environmental Affairs
Tetra Pak, Inc.

Ensure You Attend This Unique And Timely Event To:

- Understand Why Reducing Your Carbon Footprint Is Crucial To Your Business
- Learn How To Measure And Set The Most Accurate And Efficient Reductions Within Your Internal Operations And Across Your Supply Chain
- Examine The Cost Benefits Of Carbon Offsets vs Carbon Reduction Programmes To Identify The Greatest Impact On Business Sustainability

Lead Media Partner: CSRwire — The Corporate Social Responsibility Newswire

Media: inbound logistics — The Magazine for Demand-Driven Logistics

Partners: BSR; Sustainable Business Alliance Chicago; GreenBlue

Call: (1) 800 721 3915   Fax: (1) 800 714 1359   Email: info@american-business-conferences.com

Day One Thursday September 13, 2007

www.carbonfootprint-consumerproducts.com

08.00 Coffee and Registration

08.45 Chairman's Opening Remarks – Defining "Carbon Footprinting" & "Carbon Neutrality" Into Clear & Actionable Business Terms

Assessing the context for thinking about Carbon Footprints? Where has this issue come from since it started more than a decade ago and where is it going? Carbon footprinting as such is not the objective, it is to change the way companies do business, to educate employees and consumers and set the stage for effective policy on climate change. How do all these things fit together?

Why Take Action? Demonstrating The Benefits Supporting A Business Case For Measuring Your Carbon Footprint

OPENING KEYNOTE PANEL SESSION

THINKING WIDE ABOUT THE OVERALL BUSINESS BENEFITS ASSOCIATED WITH REDUCING YOUR CARBON FOOTPRINT

09.00 Why Take Action To Measure Carbon Reduction In The Absence Of Regulation – What Are The Economic, Environmental And Risk Management Benefits?

- Why managing your carbon footprint is important
- Demonstrating the key economic, environmental and risk management benefits
- Examining the interplay between the latest business thinking and the emerging state, regional and possibly future federal legislation
- Defining the key stakeholders – consumers, retailers, manufacturers, the supply chain players

Betsy Cohen, *VP for Sustainability,* **Nestlé Purina**
Ben Packard, *Director of Environmental Affairs,* **Starbucks Coffee Company**
Chuck Bennett, *VP, Earth & Community Care,* **Aveda**

09.35 Followed by 10 Minutes of Q & A

RATIONALE 1 - MANAGING REGULATORY RISK

09.45 Making Sense Of The Latest Regulatory Trends To Predict The Most Likely Future Legal Framework Over The Next 5–10 Years

In the US, the regulatory framework is currently led by individual US states. With such a divergence of requirements, this session will help companies plan for the future through a detailed analysis on the key developments on the horizon.

- Analysing the existing and emerging systems in place today
- How are companies preparing for a carbon-constrained world
- What is the interplay with emerging policies and businesses
- The role of standardization and price discovery on the emerging emissions market

Dr Michael Walsh, *Executive Vice President,* **Chicago Climate Exchange**
Timothy D. Juliani, *Markets & Business Strategy Fellow,* **Pew Center on Global Climate Change**

10.05 Followed by 5 Minutes of Q & A

RATIONALE 2 - EVALUATING THE COST EFFICIENCY SAVINGS

10.10 Demonstrating The Cost Efficiency Benefits Of Reducing Your Carbon Footprint

- Integrating an energy efficient carbon strategy into the business and economic planning
- How to maximise and realize cost benefits through more efficient processes and products
- Motivating employees to stimulate creativity & the value of carbon footprinting throughout the business

Dave Stangis, *Director, Corporate Responsibility,* **Intel Corporation**

10.30 Followed by 5 Minutes of Q & A

RATIONALE 3 - BRAND EQUITY

10.35 How Superior Carbon Efficiency Performance Builds Brand And Reputation

- Capping into the intrinsic value to the brand
- Investing in the future with a carbon conscious mentality
- Building internal alignment

Ellen W. Feeney, *VP Responsible Livelihood,* **WhiteWave Foods Company**

10.55 Followed by 5 Minutes of Q & A

11.00 Networking Break and Exhibition

PANEL SESSION

11.30 Comparing The Payback Of Genuine Carbon Reduction Programs vs Carbon Offsetting

- Evaluating the business benefits and acceptance of prestigious and cost effective offsets vs realistic and direct emission reduction
- Comparing the payback of carbon reduction in the supply chain vs carbon offsetting initiatives
- Analyzing investment data to indicate the most beneficial way of spending your money
- Considering the "intangible" PR benefits of offsetting and measuring the impact on the brand

Facilitated by **Dr. Mark C. Trexler,** *Director,* **EcoSecurities Global Consulting Services**
Paul Comey, *VP of Environmental Affairs,* **Green Mountain Coffee Roasters**
Erin Meezan, *Director of Sustainable Development,* **Interface, Inc.**
Björn Fischer, *Managing Director,* **3C The Carbon Credit Company LLC**

12.20 Followed by 10 Minutes of Q & A

12.30 Lunch and Exhibition

How To Get Started! Defining A Reference Point To Focus Your Carbon Footprint Reduction Investments

2.00 Defining The Scope For Measuring The Boundaries Of Your Carbon Footprint Internally & Across The Supply Chain

- Determining the current size of your footprint
- Calculating carbon reduction through your business' direct emissions from operations & logistics or via indirect emissions across the supply chain
- Evaluating where to mark the boundaries against the potential returns across different distribution & energy networks and your specific product environment
- Understanding the priorities of the consumer if they expect to see the carbon reductions in the finished product
- Positioning the carbon message to the consumer in a simple and easily understandable manner

Dave Newman, *Head of Global Sustainable Logistics,* **Nike**

2.20 Followed by 5 Minutes of Q & A

PRACTICAL CASE STUDY

2.25 Setting Up Systems And Decision Making Processes For Measuring Your Carbon Footprint

- Outlining the initial start-up costs and payback periods for the expected cost efficiency benefits
- Understanding the costs of developing data management systems
- Communicating the message across the organisation
- Starting the process of engaging the supply chain

2.45 Followed by 5 Minutes of Q & A

MANUFACTURING OPERATIONS CASE STUDY

2.50 Transferable Principles For Measuring The Carbon Footprint Of Your Key Manufacturing Processes

- Identifying the areas with the biggest carbon impact with the greatest potential for energy reduction
- Financial incentives for energy efficiency
- The benefits of using renewables suited for your location
- Practical steps for defining a reference point for carbon reduction within manufacturing operations

Andrea Asch, *Manager of Natural Resources,* **Ben & Jerry's**

3.10 Followed by 5 Minutes of Q & A

Identifying Your Strategic Leverage Points In The Supply Chain

3.15 Applying The "Lowest Hanging Fruit" Concept To Your Supply Chain – Focusing Your Communication Efforts To Maximise Carbon Reduction Impact

- Assessing your priorities - deciding where in the supply chain to apply your efforts
- Identifying best practice on engaging upstream as well as downstream
- Developing mechanisms for reporting results
- Demonstrating the cost efficiency drivers and environmental benefits

Allison Hannon, *Corporate Engagement & Research,* **The Climate Group**

3.35 Followed by 5 Minutes of Q & A

3.40 Networking Break and Exhibition

Day Two **Friday September 14, 2007**

PANEL SESSION

4.10 Designing Carbon Emissions Out Of The Supply Chain - Practical Strategies For Engaging Your Supply Chain To Disclose Commercially Sensitive Data

- Overcoming data ownership issues to promote a genuine commitment to carbon reduction across the supply chain
- Working with soft and hard targets

Tim Higgs, *Environmental Engineer,* **Intel Corporation**
Brian Glazebrook, *Manager of Supply Chain Social Responsibility,* **Cisco**
Leann Speta, *Director of Supply Chain Social/Environmental Responsibility Program,* **Sun Microsystems**

4.40 Followed by 10 Minutes of Q & A

4.50 Building Business Relationships With Trading Partners, Retailers, Manufacturers And Carriers To Find The Specific Leverage Point To Deliver Hard Reduction Targets

- Evaluating the different carbon reduction options and targeting the areas with the lowest carbon intensity to ensure the greatest carbon reductions – are these sectors the most attainable too?
- Identifying why the size, history and nature of the business relationships in those key areas is also important
- Establishing clear baseline figures and what the trade-offs will be for cost vs. quality for each measurement to identify the priority areas of the business for reducing emissions
- Setting goals and targets with suppliers and working for future best practices

Eric Olson, *Vice President, Advisory Services,* **Business for Social Responsibility**

5.20 Followed by 10 Minutes of Q & A

MATERIALS PROCUREMENT CROSS-FERTILIZATION CASE STUDY

5.30 Developing Systems For Measuring The Sustainability Of Your Materials Procurement Processes – Identifying The Key Metrics

- Where do you start? How do you start?
- Examining the sustainability of key materials – defining the key metrics

Neel Bradham, *VP Business Development,* **Interface, Inc**

5.50 Followed by 5 Minutes of Q & A

5.55 Close Of Day One Followed By Networking Drinks In The Exhibition

Day Two September 14, 2007

08.30 Coffee and Registration

09.00 Chairman's Welcome To Day Two and Recap of Day One

LOGISTICS PANEL SESSION

09.10 Optimising Efficiency Within Distribution & Logistics Networks To Reduce Carbon Emissions

- Gaining clarity on the cost efficiency and carbon effectiveness of new vehicle and route optimization technologies
- How different transportation strategies can have an impact on reducing CO_2 from transport
- Examining carbon impact and financial costs of different fuel types
- Introducing hybrid technologies or bio-fuels to reduce carbon emissions further
- Minimizing the amount of empty miles that transportation providers go to fill up the trucks quicker

Facilitated by
Buddy Polovick, *Chief Shipping Coordinator,* **EPA Smart Way Transport Partnership**
Wayne S. Evans, *VP of Procurement,* **DHL**
Dave Guernsey, *Corporate Environmental Affairs Program Manager,* **UPS**
Ryan Boccelli, *Director of Logistics,* **Stonyfield Farm, Inc**

10.00 Followed by 10 Minutes of Q & A

10.10 Improving Transportation and Supply Chain Efficiency While Reducing Your Carbon Footprint

- Quantifying the baseline to judge the degree and direction of improvement
- Aligning distribution locations with production and customer demand
- Maximizing the efficiency of the dedicated fleet

Ryan Boccelli, *Director of Logistics*, **Stonyfield Farm, Inc**
Mark Swenson, *VP, Business Development,* **Ryder Logistics**

10.30 Followed by 5 Minutes of Q & A

10.35 Defining A Baseline For Measuring Different Transportation Modes

- Practical steps for defining the scope across container shipping and rail
- Defining the geographical regions of your operations
- Assessing the degree of your control over transportation modes or whether you need to collaborate with others

11.00 Followed by 5 Minutes of Q & A

11.05 Networking Break and Exhibition

11.35 Developing Collaborative Data Management Systems To Gather The Most Accurate Information and Save On Inventory In Transportation

- Understanding all of each unit of freight movement to identify the baseline
- Compiling a loading report to discover what the baseline is to understand the actual current footprint
- Sharing more demand information - what kind of data, industry-specific or geographic data? CPFR
- Partnering with the service providers to choose low carbon intensity alternatives - green renewable and hybrid technology

Raj Sapru, *Manager, Advisory Service,* **Business for Social Responsibility**

12.05 Followed by 10 Minutes of Q & A

12.15 Defining Best Practice For Measuring The Carbon Footprint Within The Refrigerated Distribution Environment

- Analysing set point optimisation of systems
- Refrigerant choice
- Life cycle cost analysis of synthetic vs natural refrigerants

Andy Campbell, *Head of Refrigeration UK,* **TESCO**

12.35 Followed by 5 Minutes of Q & A

12.40 Lunch and Exhibition

2.00 Understanding What The Utilities Can Do To Help Lower Your Carbon Footprint

- Why the utilities are important – the role they play
- Offering energy incentives or premiums to customers
- How to set up renewable energy programmes
- Overcoming difficulties of establishing a footprint calculator

2.20 Followed by 5 Minutes of Q & A

Understanding The Need To Demonstrate And Carefully Position Carbon Footprinting To The Consumer

HOW DO YOU EXPLAIN THE CARBON IMPERATIVE TO CONSUMERS?

2.25 Making Carbon Labelling Real For Consumers - Understanding Consumer Perception And Priorities To Maximize Business Benefit

- Why carbon labeling is important for consumers and which products are of prime importance
- Assessing the consumer reaction to product price increases as a result of products being carbon friendly
- Clarifying how consumers perceive one carbon friendly product offering from another

Tim Smith, *Senior Director, Business Development & Market Research,* **Shaklee Corporation**

2.45 Followed by 5 Minutes of Q & A

2.50 Networking Break and Exhibition

3.20 Optimizing Packaging To Reduce The Carbon Impact

- Evaluating the business case for more sustainable packaging
- Analyzing the life cycle costs
- Approaches that will motivate the supply chain to seek out optimized packaging and to reduce food waste entering the household garbage

Edward A. Klein, *VP Environmental Affairs,* **Tetra Pak, Inc.**

3.40 Followed by 5 Minutes of Q & A

3.45 Lowering The Carbon Quantities In Materials & Packaging To Reduce The Carbon Footprint & Engage The Consumer

- Ensuring the package system adds value across product protection, consumer functionality and environmental performance
- Evaluating the environmental benefits of using different types of materials
- Developing consumer insights to influence communications and purchase behaviour

Bryan Lembke, *Senior Manager, Sustainability,* **Pepsico**

4.05 Followed by 5 Minutes of Q & A

4.10 Chairman's Closing Remarks and Close of 2007 Summit

CARBON FOOTPRINT CONSUMER PRODUCTS

Measuring And Reducing Your Carbon Footprint: A Roadmap To Achieving Cost Efficiency Benefits And Supply Chain Collaboration

Breaking down the complexities of carbon footprint reduction into easy to follow steps…

With rises in the costs of fuel and widespread media coverage on the threats of global warming, reducing your carbon footprint is increasingly at the forefront of the sustainability agenda for retailers and consumer product manufacturers. Together with the potential for standards and upcoming regulation in the US, the whole value chain must start thinking about how to effect and deliver carbon reductions within their life cycle costs as a serious commercial and environmental proposition, if they have not already done so.

Yet, where do you start? With so much uncertainty about what a carbon footprint or even a carbon-rated product is, there is a primary need to define the concept and understand why measuring your carbon footprint is important, what it is exactly and how to even embark on such an initiative, whether in the first instance it is being eco-efficient and lowering greenhouse gas emissions within your own operations, or whether it is mapping out the baselines across your supply chain and setting targets to make the greatest carbon reductions as cost-effectively as possible.

The Carbon Footprint Consumer Products Summit is the first ever conference to demonstrate the business case for measuring your carbon footprint. After dissecting the WHYS the event will then show you how to get started, literally taking you step by step to define a reference point for your carbon reductions investments, both internally and across the supply chain.

American Business Conferences

American Business Conferences is a division of London Business Conferences Limited, a UK-based company specializing in hosting industry-specific global summits for end-users of new technologies, including government, research and private sector organizations. Our mission is to combine the traditional values of program integrity and quality as well as excellent customer service with outstanding value for money.

The Carbon Footprint Consumer Products Summit follows the Carbon Footprint Supply Chain Summit, which was organized by London Business Conferences and attracted over 200 international delegates across the Retail, Product Manufacturing, Transportation and Logistics and Packaging sectors. The Carbon Footprint Consumer Products Summit is part of a series of Carbon events staged internationally by both sister divisions, including the Carbon Footprint Construction Summit and Carbon Footprint Finance Summit.

Supported by:

SmartWay℠ Transport Partnership — Getting There With Cleaner Air

SMARTWAY TRANSPORT PARTNERSHIP

Higher energy costs and the need for reduced carbon footprints are encouraging shippers and freight carriers to find new ways to optimize the transportation networks in their supply chain. The SmartWay Transport Partnership addresses these concerns with an innovative public-private initiative focused on improving the fuel efficiency of goods movement. Participating companies are benchmarking their current freight operations, identifying technologies and strategies to reduce their carbon emissions, documenting emissions reductions and projecting future improvement.

In doing so, these Partner companies are demonstrating to customers, clients, and investors that they are taking responsibility for goods movement emissions throughout their supply chain. SmartWay Transport Partners are leaders in their industries, demonstrating their commitment to corporate social responsibility and sustainable business practices. Partners who demonstrate superior environmental performance qualify to use the SmartWay logo to enhance their visibility as good corporate citizens, working to reduce their carbon footprint.

Who Will Attend?

Senior Retail Experts including: Vice Presidents for CSR, Heads of Environmental Affairs, Health, Safety & Environment Directors, Directors of Sustainability

Leading Directors from Consumer Product Manufacturers including: VPs of Sustainable Development, Heads of Natural Resources, Directors Environmental Stewardship, Corporate Affairs Directors

Top Logistics & Transportation Providers: Directors of Procurement, Vice Presidents Business Development, Directors of Supply Chains

Key Packaging Directors and Suppliers: Marketing Directors, Sustainable Packaging Directors, Heads of QA, Energy Managers

PRE-CONFERENCE WORKSHOP

Wednesday September 12, 2007

09.00 – 12.30

How To Grow Your Business While Reducing Your Carbon Footprint

Businesses are already being affected by climate change and the challenge is how to respond in a way that makes sense for your company. Through interactive discussions and practical case study examples the workshop will focus on the following key questions:

- What are the components of a smart corporate strategy for companies that are serious about climate change?
- How does carbon footprinting support the understanding of a spectrum of options that includes energy efficiency, offsetting and a shift to renewables?

Workshop Moderator

Eric Olson
Vice President,
Advisory Services
Business for Social Responsibility

Eric joined BSR in January 2005 with fifteen years of work in the consulting field, including significant experience both in supply chain management and issues related to sustainable development. Eric leads BSR's growing advisory services practice delivering consultation on the design of successful CSR strategies, and the integration of those strategies into core business practices at BSR's member companies and other clients.

Most recently Eric served as Vice President, Advisory Services, with The Natural Step in San Francisco, where he led that organization's work to deliver advice and counsel to a broad range of companies on sustainability matters. Prior to that he served as a Vice President at the Boston Consulting Group, and was a Partner and Founding Member of the Mitchell Madison Group, a global consultancy focused on strategic sourcing and supply chain management.

Eric currently serves as Board President for the Climate Neutral Network.

CARBON FOOTPRINT CONSUMER PRODUCTS

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CSRwire
The Corporate Social Responsibility Newswire

CSRwire is the leading source of corporate social responsibility ("CSR") press releases, reports, news, and information.

"CSR" is defined as the integration of business operations and values whereby the interests of all stakeholders - including investors, customers, employees, the community, and the environment - are reflected in the company's policies and actions.

The company distributes full-text news releases through its syndication network, News Alerts, Web site, RSS feeds, news aggregators, "send to friend" feature, and search engines.

CSRwire reaches a global audience of journalists, corporate executives, analysts, investors, public relations and advertising professionals, academics, and activists in over 200 countries.

CSRwire Members range from Fortune 500 companies to NGOs, from investment funds to mission-driven organizations - all interested in communicating their corporate citizenship, sustainability, and socially responsible initiatives.

Material carried via CSRwire covers such issues as corporate governance, socially responsible investing (SRI), business ethics, diversity, philanthropy, the environment, human rights, and community development.

CSRwire's parent company, Meadowbrook Lane Capital, LLC has been described as a 'socially responsible investment bank' by the Wall Street Journal. The company specializes in turning values into valuation while concentrating on succession issues for mission driven companies. We are a carbon neutral company committed to sustainable environmental and business practices.

inbound logistics
THE MAGAZINE FOR DEMAND-DRIVEN LOGISTICS

Inbound Logistics mission is to provide today's business logistics managers with the information they need to speed cycle times, reduce inventories, and use logistics expertise to get closer to their markets and customers. Through the use of inbound logistics techniques, readers discover and create wealth for their companies by matching demand signals to supply and aligning their business process to support a demand-driven logistics philosophy. IL readers serve a number of strategic functions acting change agents across their organizations, and use supply chain practices to drive efficiencies that impact their customers, vendors and within their own companies. Inbound Logistics Magazine provides the informational resources to enable that process.

B S R

Since 1992, **Business for Social Responsibility (BSR)** has been providing socially responsible business solutions to many of the world's leading corporations, such as Coca-Cola, Starbucks, HP, Time Warner, GE, Disney, Sony and more. Headquartered in San Francisco and with offices in Europe, China and Hong Kong, BSR is a business membership organization that serves its 250 member companies and other Global 1000 enterprises. Through advisory services, convenings and research, BSR works with corporations and concerned stakeholders of all types to create a more just and sustainable global economy. As a non-profit business association, BSR is uniquely positioned to promote cross-sector collaboration in ways that contribute to the advancement of corporate social responsibility (CSR) and business success. For more information, visit www.bsr.org.

SUSTAINABLE BUSINESS ALLIANCE CHICAGO

The Chicago Sustainable Business Alliance serves a growing community of businesses in the Chicagoland area that strive for economic success while reducing their environmental footprint and contributing positively to social well-being. This mission is served primarily through facilitated peer-based learning, networking, resource dissemination, promotion and advertising, and other programs.

GreenBlue

GreenBlue (www.greenblue.org) stimulates the creative redesign of industry by focusing the expertise of professional communities to create practical solutions, resources, and opportunities for implementing sustainability. GreenBlue supports the practical realization of a positive future for economic and industrial systems:
… that purify air, land, and water.
… that use only current solar income.
… that generate no toxic waste.
… that align economic, social, and environmental benefit.
… whose materials replenish the earth or can be infinitely recycled.
… whose products contribute to the beauty and abundance of life.
GreenBlue asks: How can we design, prototype, and realize this positive future? GreenBlue asks this question in specific contexts and industry sectors to reveal practical design and business opportunities. GreenBlue achieves success through industry sector-based partnerships that convene stakeholders, establish ambitious objectives, and develop practical design tools and resources to achieve meaningful change.

Engage Senior Decision Makers On The USPs Of Your Carbon Reduction Solutions

Exhibition Plan - Marriott Chicago Midway

The exhibition showcase will provide the opportunity for vendors to demonstrate their technology solutions in an informal setting. Unlike a traditional large exhibition or trade show you will gain access to the strategic decision makers at a time when the attendees are relaxed yet focused on discussing the solutions to their key business issues.

For further information on exhibiting please call (1) 800 721 3915 or email info@american-business-conferences.com

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Understanding The Business Case for Measuring and Reducing Your Carbon Footprint Across Operations And The Supply Chain

2 DAY CONFERENCE SEPTEMBER 13-14 2007

YES ✔ I would like to register the delegate(s) below for the 2 day conference Understanding the Business Case For Measuring and Reducing Your Carbon Footprint Across Operations And The Supply Chain

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☐ 2 day conference plus pre-conference workshop plus 3 nights accommodation:	$2767.00
☐ Pre-conference workshop only plus 1 nights accommodation:	$798.00
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* Accommodation will be a single occupancy room at the Marriott Chicago Midway (Guests are responsible for their own travel arrangements). Please note an additional 16.5% local taxes will be added to the portion of your delegate fee relating to your hotel accommodation' Delegate places with accommodation inclusive are subject to availability only.

Accommodation Nights Required

☐ Wednesday 12 September

☐ Thursday 13 September

☐ Friday 14 September

Additional nights accommodation/double occupancy rooms available on request and depending on availability.

Please call (1) 800 721 3915 to arrange.

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Proven Railcar Management Solutions keeping customers informed of the location, status, and ETAs of critical inventory.

The Customer

Louisiana Pacific (LP) is one of the leading manufacturers of premium building products in North America with 2005 sales in excess of $2.6 billion. Headquartered in Nashville, Tennessee, LP produces products that build America's homes at 29 manufacturing plants throughout the United States, Canada, and Chile. Committed to a solid corporate foundation, innovative, ethical, and safe business practices, and popular products, LP is known across the building industry for its quality, dependability, and consistency as a respected company with good people.

The Situation

Supply chain management in a security-rich, post 9/11 world places more emphasis on tracking inventory—making the availability of accurate data more critical. LP found it difficult to obtain key movement information when they needed it to make production and transportation decisions quickly. LP also recognized tracking rail cars was crucial to managing their investment in private equipment. They needed a solution that would integrate transportation and location information directly into their internal system so they could use one tool, with no additional training.

The Solution

Transentric's ShipmentVision Proactive Monitoring provides for:

- Collection of CLM and carrier status information
- Status information, including manual upgrading of data for those events not automatically received
- Identification of shipment issues and exceptions by the Transentric Customer Service team
- Notification of unsolved issues
- Late shipment arrival notification
- Car return ETAs
- Exception reporting geared to fit LP's daily operational processes
- Analytical reports that help LP to ensure accuracy and availability of private equipment

One tool = ShipmentVision. Integrating accurate, real-time data, and custom reporting into LP's internal system means no training required.

Product Overview

ShipmentVision delivers **accurate, real–time data,** and **custom reporting** for rapid decision support.

- Unique programming logic provides dynamic, "Smart" ETAs that are calculated as new movement events are captured for shipments en route.
- ShipmentVision personnel review events for accuracy—updating data while interfacing with customer service personnel at the railroads for current status information on delays and bad orders.
- Keeping pace with the daily demands of today's supply chain industry, ShipmentVision's custom reports allows users to quickly identify key information and "manage by exception," while also providing historical reports to prompt review of past performance.

Integrating clean and complete data in the desired timetable—whether real–time, hourly, or daily—and into any application or system is at the core of all Transentric solutions.

The Results

Problem solved. Another happy customer. Louisiana Pacific (LP) retrieves quality rail data to better manage their fleet without leaving their internal system of choice.

With Transentric's ShipmentVision, LP is:

- **Identifying potential shipment management issues**
- **Resolving issues before customers are impacted**
- **Finding creative solutions to ensure supply chain fluidity**
- **Supporting long term goals with past performance reports**
- **Ensuring decisions are made with accurate data**

Integrating accurate, real-time data into their internal systems and leveraging the support of the ShipmentVision team. Transentric…making it simple for our customers to do what they do best.

For more information about Transentric visit our website @ www.transentric.com or give us a call @ 1-800-877-0328

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THE LAST MILE

Contingency Planning:

When supply chain disaster strikes, will you be prepared?

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How you spend the next 8 hours depends on whether or not you have a supply chain contingency plan in place.

Fortunately, most of you do. Fifty-five percent of industrial buyers surveyed recently by Thomas Industrial Network *(see "Numbers for Thought" below)*, have already developed a contingency plan–or have begun to create one.

Log on to *www.inboundlogistics.com/contingency* and give us the hourly play-by-play for how you would handle this situation. We'll publish your answers in an upcoming issue.

NUMBERS FOR THOUGHT:

Survey respondents who are developing a supply chain contingency plan identify the following vital components:

- **Identify critical materials and services and who supplies them: 37 percent**
- **Perform risk assessment of suppliers: 23 percent**
- **Build contingency into routine day-to-day operations: 23 percent**
- **Set recovery time objectives: 15 percent**