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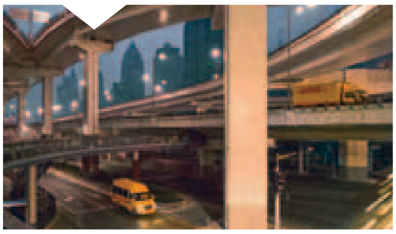

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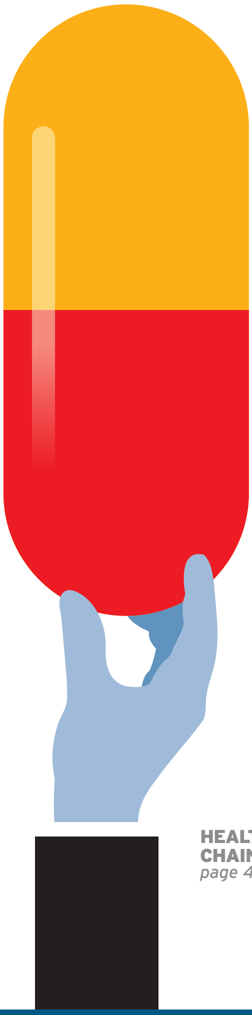

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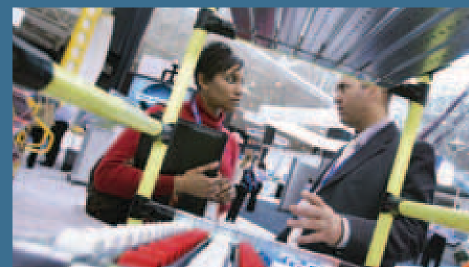

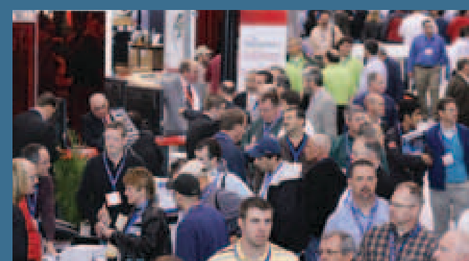

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CHECKINGIN

Keith Biondo

@Home With Demand-Driven Logistics

I recently got into a discussion with a reader about the most important developments in logistics during the past decade. "Mainstreaming of the term 'logistics' by UPS ranks right up there," he said.

"Civilians" just don't understand what you do, the complexity of the challenges you face, or the intelligence, dedication, and hard work you put into the seamless–and almost magical, instantaneous–appearance of whatever product they want when they want it. But that is changing.

Remember the scene in *The Wizard of Oz* when Toto reveals the truth behind the magic and the Wizard commands, "Pay no attention to the man behind the curtain!"? UPS, with its ubiquitous "We Love Logistics" commercials, has pulled back the curtain and introduced the consuming public to the importance of logistics in their lives and the economy.

Readers of this magazine know how important it is to use speed and reliability to hit delivery windows. It's important to consumers, too.

UPS is trying to mainstream that concept with a new service called UPS My Choice. The service, started on Oct. 3, 2011, "helps avoid the disappointment and hassle of missing a home delivery by empowering the consumer to take control of UPS deliveries the day before arrival," according to UPS. Demand-driven at home?

UPS My Choice offers consumers the same type of control inbound logistics practitioners require by "increasing the likelihood of a successful delivery on the first attempt by providing delivery alerts, specific delivery time frames, reroute options, visibility tools, and electronic delivery release." All of this can be accomplished via desktop, tablet, or smartphone.

There are two levels of service, My Choice and My Choice Premium, both with fees attached. Phone, email, or text alerts arrive one day in advance, providing the confirmed delivery window (two or four hour). Consumer "inbound logisticians" can even reroute shipments in transit–for example, to the office, another residence, or the local UPS store for pickup later.

Given the continued growth of direct-to-home shipments, despite the economy, UPS expects the service to grow. It is already popular with retailers such as QVC, "because it allows consumers to get their deliveries on the first attempt," says UPS Chief Marketing Officer Alan Gershenhorn. No doubt that also helps with customer service, loss, and returns expenses.

Businesses have sought to link demand signals to supply, and orient operations to support that logistics philosophy. Visibility technology such as this acts as a force equalizer, enabling companies, large or small, to have the control required to drive world-class supply chain operations. Now consumers have the power, too.

The world is truly becoming our warehouse. ■

inbound logistics

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STAFF

PUBLISHER Keith G. Biondo
publisher@inboundlogistics.com

EDITOR Felecia J. Stratton
editor@inboundlogistics.com

ASSOCIATE MANAGING EDITOR Catherine Harden
charden@inboundlogistics.com

SENIOR WRITER Joseph O'Reilly
joseph@inboundlogistics.com

ASSOCIATE EDITOR Perry A. Trunick
ptrunick@inboundlogistics.com

CONTRIBUTING EDITORS
Merrill Douglas • Dan McCue
Amy Roach Partridge • Deborah Ruriani

CREATIVE DIRECTOR Michael Murphy
mmurphy@inboundlogistics.com

SENIOR DESIGNER Mary Brennan
mbrennan@inboundlogistics.com

PRINT/WEB PRODUCTION MANAGER Shawn Kelloway
production@inboundlogistics.com

PUBLICATION MANAGER Sonia Casiano
sonia@inboundlogistics.com

CIRCULATION DIRECTOR Carolyn Smolin

SALES OFFICES

PUBLISHER: **Keith Biondo**
(212) 629-1560 • FAX: (212) 629-1565
publisher@inboundlogistics.com

WEST/MIDWEST/SOUTHWEST: **Harold L. Leddy**
(847) 446-8764 • FAX: (847) 305-5890
haroldleddy@inboundlogistics.com

Marshall Leddy
(763) 416-1980 • FAX: (847) 305-5890
marshall@inboundlogistics.com

MIDWEST/ECONOMIC DEVELOPMENT: **Jim Armstrong**
(314) 984-9007 • FAX: (314) 984-8878
jim@inboundlogistics.com

SOUTHEAST: **Gordon H. Harper**
(404) 350-0057 • FAX: (404) 355-2036
south@inboundlogistics.com

MOBILE, AL: **Peter Muller**
(251) 343-9308 • FAX: (251) 343-9308
petermuller@inboundlogistics.com

NORTHEAST: **Rachael Sprinz**
(212) 629-1560 • FAX: (212) 629-1565
rachael@inboundlogistics.com

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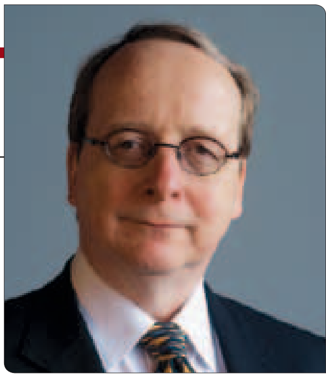

[INPERSPECTIVE]

BY PERRY A. TRUNICK
Associate Editor, *Inbound Logistics*
ptrunick@inboundlogistics.com

Are You Certifiable?

Deciding what role supply chain and logistics certifications and designations play in the hiring process is enough to drive you crazy.

Many fields quantify professional qualifications through industry-accepted designations earned by passing a certification or licensing exam. The logistics and supply chain management sector is blessed–or cursed–with a multitude of such certifications.

The abundance of certifications can be very confusing for recruiters and human resources (HR) professionals; they might be certifiable for treatment after trying to make sense of it all. But, it isn't necessarily any easier for hiring managers trying to find the right supply chain skills and talent for a specific position.

In my first article about careers in logistics and supply chain management, back more years than I care to remember, I marveled at the diverse backgrounds of logistics professionals holding the top jobs. They had earned degrees in everything from geology to advertising, and everything in between–or they had no degree at all. But one thing they had in common was that they had not started out pursuing a logistics, transportation, or distribution career. They came to the field almost by accident, became fascinated, and stayed.

Over the years, I've heard repeated the three characteristics that make a good supply chain management professional. Analytical skills, problem solving, and communication are the skills most senior supply chain managers are seeking in middle- and entry-level hires.

If hiring managers have studied supply chain management or obtained a professional certification, they can use their personal experience to gauge the qualifications of job applicants. If I have a CPIM certification from the Association for Operations Management, for instance, I know the content and rigor of the curriculum and exam.

But, what does it mean when an applicant has earned a CPSM certification from the Institute for Supply Management? How do I advise HR to screen applicants when both professional certifications enhance a job applicant's qualifications? And what happens if I mention CPIM certification to HR but neglect to mention CPSM? Do I miss interviewing some highly qualified applicants?

There is another challenge when hiring for a supply chain position: the university experience. Which university, which degree, which program? And what about that talented applicant with a degree in an unrelated discipline who has some logistics experience?

It's human nature to go with what we know. And, if I share with the HR department my perception of the top logistics schools or degree programs, who am I excluding?

And now there's a new kid on the block: the SCPro certification just announced by the Council of Supply Chain Management Professionals. Don't look for it to appear on resumes yet, but its developers say they have worked to make the certification multidiscipline and relevant.

As a military veteran, I would be remiss if I didn't add the challenge of translating military experience into civilian equivalents–or just adding some positive weight to a veteran's application.

Despite the rise of supply chain management degree programs, indications are that the profession is facing a talent shortage. The need is more critical on some levels and in some specialties than others. Schools, colleges, universities, and professional associations are working hard to provide resources.

You can help guide that process. Tell me your biggest concerns or solutions, and let's get the dialog started. ■

DIALOG

LETTERS TO THE EDITOR

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editor@inboundlogistics.com
or send snail mail to
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Revised cover shows one-way traffic only!

Cover Story

The cover of your safety issue (September 2011) is a bit of a contradiction. It is my understanding that traffic circles are all one-way, moving to the right so that all traffic exiting the road completes right-hand turns. Your illustration shows two-way traffic; therefore, some traffic must engage in left-hand turns to exit the circle. Any left-hand turns from a traffic circle would defeat the safety aspect of the traffic circle.

When you attempt to focus on safety, I recommend that any future illustrations comply with safe travels in mind.

—**Michael A. Reynolds,** Northwest Arkansas

Editor's note: Thanks to Michael and all the readers who pointed out our gaffe. We revised the cover on our Web site and digital edition.

The Costs of Compliance

I read with interest your August 2011 article *Is U.S. Manufacturing Coming Back?* Great article with some very good reasons for moving factories back to the United States. A conspicuous area of cost savings was not mentioned, however: compliance.

It is difficult to calculate the cost savings of having a U.S. factory instead of a foreign factory. By operating a factory in the United States, and assuming all U.S. parts and components (that would be a bit of a stretch), a company would not have to deal with the compliance costs of Customs-Trade Partnership Against Terrorism, Importer Security Filing, Generalized System of Preferences, Importer Self Assessment, and other compliance processes enforced by U.S. Customs and Border Protection.

Food for thought.

—**Dennis Heck,** Customs Compliance Manager, Yamaha Corp. of America

Outsourcing: A Last Resort

In response to your article *Is U.S. Manufacturing Coming Back?* (August 2011), I say reshoring must become the rallying cry to ensure the future of America. Outsourcing product should be used when there is no available capacity in our country. Today's high unemployment and public protests against greed are factors to consider in the decision to reshore. The time for Made in the USA is now.

—**Scott Lefcourt**

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@ILMagazine—3PL Perspectives 2011—required reading for #3PLs. bit.ly/pwGe4K

PradSam Pradheep Sampath
CSCOs are getting a seat at the table RT @ILMagazine: The Rise of the #SupplyChain Executive—Inbound Logistics: bit.ly/npvvxG

antonyfrancis50 Antony Francis
@ILMagazine got it right—building bench strength is as critical as succession plans—can replace leavers or quickly operate new business

10TIPS

STEP-BY-STEP SOLUTIONS

Increasing Warehouse Productivity

Warehouse efficiency promotes productivity, which is essential to customer satisfaction. Jason Minghini, senior director, best practices, at Chattanooga, Tenn.-based third-party logistics provider Kenco Logistic Services offers the following tips for creating more efficient, productive warehouse operations.

1 **Communicate effectively.** Clearly communicating to workers your organizational goals and the processes to achieve them is one key to effective warehousing operations. When managers fail to create an environment of open and clear communication, employee productivity suffers, resulting in high turnover and wasted resources.

2 **Standardize your processes** by reducing potential variation in areas such as unloading, accounts payable, shift scheduling, and facilities management. Standardization saves time and money, and reduces errors.

3 **Measure what matters** for continuous improvement in your processes. If an outcome is not important to customers and shareholders, don't waste time measuring it. One 3PL-managed distribution center for a major U.S. manufacturer adopted a work measurement program to gauge and report warehouse performance at the employee level. The facility increased productivity by 10 percent and reduced labor costs by 11.3 percent.

4 **Determine what drives processes** to ensure the proper causal connection between outcomes and enablers. Key performance indicators reflect the past; standardization and error proofing are the answer to productivity now.

5 **Use the DMAIC method** to understand the "why" of your operations, not just the "how." This five-step approach (Define, Measure, Analyze, Improve, and Control) reduces costly process variations. The backbone of Six Sigma methodology, DMAIC ensures sustained, defect-free performance and highly competitive costs.

6 **Involve, align, and empower your associates.** The people who do the work every day are process experts who know how to reduce or eliminate waste. Aligning your managers and staff to a company culture committed to inquiry, responsibility, partnership, and customer satisfaction can significantly impact warehouse productivity.

7 **Educate your leadership** to ask the right questions, gather necessary information, make decisions, and take appropriate, corrective action. This is vital to improving processes, products, and services.

8 **Create a robust training program** that incorporates cross-training. Break a job down and present the operation to new associates. Allow them to test their performance before releasing them to the process. This is more effective than the traditional sink-or-swim method.

9 **Incorporate the use of TAKT time** to achieve a steady fulfillment flow with standardized work instructions. By specifying the maximum cycle time allowed to produce a product in order to meet demand, TAKT time allows you to set targets by showing operators exactly where their work output should be at any given point.

10 **Look at variation, not just averages,** to increase productivity. This is the heart of Six Sigma: reducing variation—or variance—to make a process more stable and predictable. Find a significant measure that reflects your process, then reduce the variability of that process as much as possible. ■


GEODIS
wilson

READER

PROFILE

as told to Merrill Douglas

Ryan Gellert is vice president, supply chain management at Black Diamond Equipment, a mountain sports products company. Headquartered in Salt Lake City, Utah, Black Diamond operates manufacturing and distribution facilities there and in Southeast China; a sewing plant in Calexico, Calif.; a marketing office in Yokohama, Japan; and a sales, marketing, and distribution operation near Basel, Switzerland.

RESPONSIBILITIES:

Global demand planning, sales and operations planning, global procurement, logistics, and in-house customer service.

EXPERIENCE:

Managing director, Black Diamond Equipment Asia; senior director supply chain management, Black Diamond Equipment.

EDUCATION:

Univ. of N.C., BSBA, finance, 1994; Florida Inst. of Technology, MBA, contract management, 1996; S.J. Quinney College of Law, Univ. of Utah, JD, 2005.

Ryan Gellert: Climbing High

WHILE FINISHING WORK ON MY MBA IN 1995, I MOVED west for the snowboarding, and soon got into rock climbing as well. I applied for an operations job at Black Diamond (BD) because I wanted to work in an industry that was connected with one of my passions.

When BD offered me a job in the warehouse, I figured they must have been looking at the wrong application. But they told me that even if I started out packing boxes, I'd get a chance to network my way into bigger opportunities. And that was absolutely true. Within two months, I was working on a project with the vice president of operations, who is still my boss today.

After four years in various positions at Black Diamond, I decided to leave in 2002 to attend law school. I got interested while doing some law-related volunteering with the homeless population and prisoners. I also wanted a chance to step away and figure out my next career move. I spent three years at school, including one summer in Europe and one in China.

Based on that experience, I decided I'd like to work in China for a few years. So when the CEO of BD offered me a chance to come back and do just that, he got my attention. After finishing law school in 2005, I moved to China full time to launch Black Diamond Asia.

Helping BD put that business in place is my proudest career accomplishment. I started out alone: I had a

The Big Questions

Who were your early influences?

Growing up as a surfer and skateboarder in a Florida beach town, I got to know people who built their careers around doing things they loved. One of my first bosses, a skateboard manufacturer, was a lifelong skateboarder and surfer. People like that had a strong impact on my decision to work at Black Diamond.

Scariest career decision?

Leaving Black Diamond in 2002 to attend law school. It gave me a chance to re-evaluate my career. It also helped me develop some skills that serve me well now, such as the ability to take a lot of diverse information, boil it down to its essence, and communicate it clearly.

How do you recharge your batteries when you're not working?

I spend as much time as I can with my family and friends. I go rock climbing, cycling, and snowboarding. I also try to make one or two international climbing trips each year, such as my recent trips to Jordan and Mongolia.

Near-term travel plans?

Iceland is high on the list of countries I'd like to see with my wife and son, and I'd like to go climbing in Mali and Croatia soon.

hotel room, a laptop computer, a company credit card, and a three-quarters-baked business plan.

By January 2006, we had a business license, a site location, and a small staff. By April, we were starting to assemble product. For a company our size, what we accomplished was ambitious, and it gives us a strong competitive advantage.

I returned to Salt Lake City in 2010 to take on my current role overseeing the global supply chain. Now that I'm no longer in Asia, staying plugged into that operation is the trickiest part of my job. It literally keeps me up at night because of conference calls and other communications across 15 time zones. The challenge doesn't so much involve making the calls or sending the e-mails as it does staying aware of what's going on in the Asia operation.

BD went public in May 2010, and we set some ambitious goals that we're fueling through organic growth in existing product categories and new ones, plus acquisitions. Currently, our biggest project is branching out from technical hard goods into technical apparel.

That means working with new suppliers for components, branded materials, and cut-and-sew. They work differently than our suppliers on the hard goods side. It also means moving into a new geographic region and developing new systems for managing the workflow.

One factor that sets Black Diamond apart from our competitors is the breadth of product we offer, combined with our singular focus. Many competitors either offer a more narrow range of outdoor equipment or divide their focus between equipment for sports and industrial applications. We're proud to say that we focus entirely on sports. ■

THE MISSING PIECES IN YOUR SUPPLY CHAIN PUZZLE

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THE SUPPLY CHAIN IN BRIEF

GREEN SEEDS

CN purchased 200 EcoTherm containers to help reduce energy consumption in the temperature-sensitive intermodal market. The railroad also acquired 25 EcoRide chassis, which weigh 15 percent less than conventional chassis and are equipped with aerodynamic features such as side skirts and low-rolling resistance tires. Containers delivered on EcoRide chassis consume eight to 11 percent less fuel than containers delivered on traditional chassis.

The Massachusetts Port Authority and the **U.S. Environmental Protection Agency** established a program that incents truck owners servicing Conley Container Terminal to replace older vehicles with ones that are 2007 emission compliant or newer. With a $500,000 EPA Diesel Emissions Reduction Act grant, a total of $1.5 million will be available to provide truck owners with 50 percent of the replacement cost – up to $25,000 – of older trucks that are a primary source of port-related air emissions.

PTG Logistics, a national provider of logistics and dedicated contract carriage services, ordered 70 SmartWay-certified 2012 Model Great Dane Composite Plate Trailers, continuing its investment in technology that improves fuel efficiency and reduces its carbon footprint.

Greatwide Logistics Services, a transportation and third-party logistics services provider, deployed three alternative-fuel vehicles in its fleet. Traveling more than 250,000 miles a year, the fleet will support Greatwide's Nordstrom Ontario operations and is expected to reduce 118 tons of carbon and 422 tons of CO_2 emissions per year, saving approximately 38,000 gallons of fuel annually.

UP THE CHAIN

Elizabeth (Betsey) Nohe joined **Morton Salt Inc.** in the newly created role of vice president, supply chain. Nohe leads Morton Salt's supply chain function across all company operations in the United States, Canada, and the Bahamas. Nohe joins Morton Salt from McCormick & Company, where she held logistics, warehousing, customer service, procurement, IT, and internal consulting positions.

Mary E. Blair was appointed senior vice president, supply chain management for **Accuride Corporation,** a leading supplier of components to the commercial vehicle industry. Blair is responsible for Accuride's global activities in the areas of strategic sourcing; logistics; supplier quality and development; and inventory control and planning.

SEALED DEALS

ProTrans International Inc. signed a multi-year agreement to provide third-party logistics and transportation consolidation services to **International Automotive Components (IAC) Group**, Southfield, Mich. ProTrans utilizes its CORE supply chain management program, which focuses on control, visibility, and reporting, for IAC.

Global specialty chemicals company **Elementis Specialties Inc.** selected 3PL **Transplace** to handle its domestic transportation management, including carrier management, truck tendering, and freight bill reconciliation.

The Bollore Group subsidiary **SDV** chose the *Warehouse Management* and *Extended Enterprise* *eManagement* solution components of **Manhattan Associate's** SCOPE portfolio to support logistics and flow-through processes in approximately 70 warehouses.

Network security company **Palo Alto Networks** selected **Flash Global Logistics** to handle its aftermarket services. Flash Global will manage the company's global spare depots that include mission-critical product replacements as well as reverse global logistics.

▼ **Maui Jim Inc., a premium polarized sunglasses maker, partnered with distribution consulting and systems integration firm FORTE for supply chain technology, process, systems, and facility automation solutions to support its five-year strategic growth plan.**

m&a

Chemical bulk tank truck company **Quality Distribution Inc.'s** wholly-owned subsidiary, Boasso America Corporation, entered into a definitive agreement to acquire **Greensville Transport Company,** a leading provider of ISO tank container and depot services with access to ports in Virginia, Maryland, and South Carolina. The acquisition enables Quality Distribution to boost customer service and quickly expand its geographic coverage.

TotalTrax Inc., the new company formed via the July 2011 merger of Rush Tracking Systems and Sky-Trax Inc., acquired the equipment monitoring product line of **ShockWatch Inc.** As an integrated company, TotalTrax will continue to offer individual products, as well as integrated solutions that include safety compliance, fleet management, asset tracking, and reporting tools.

recognition

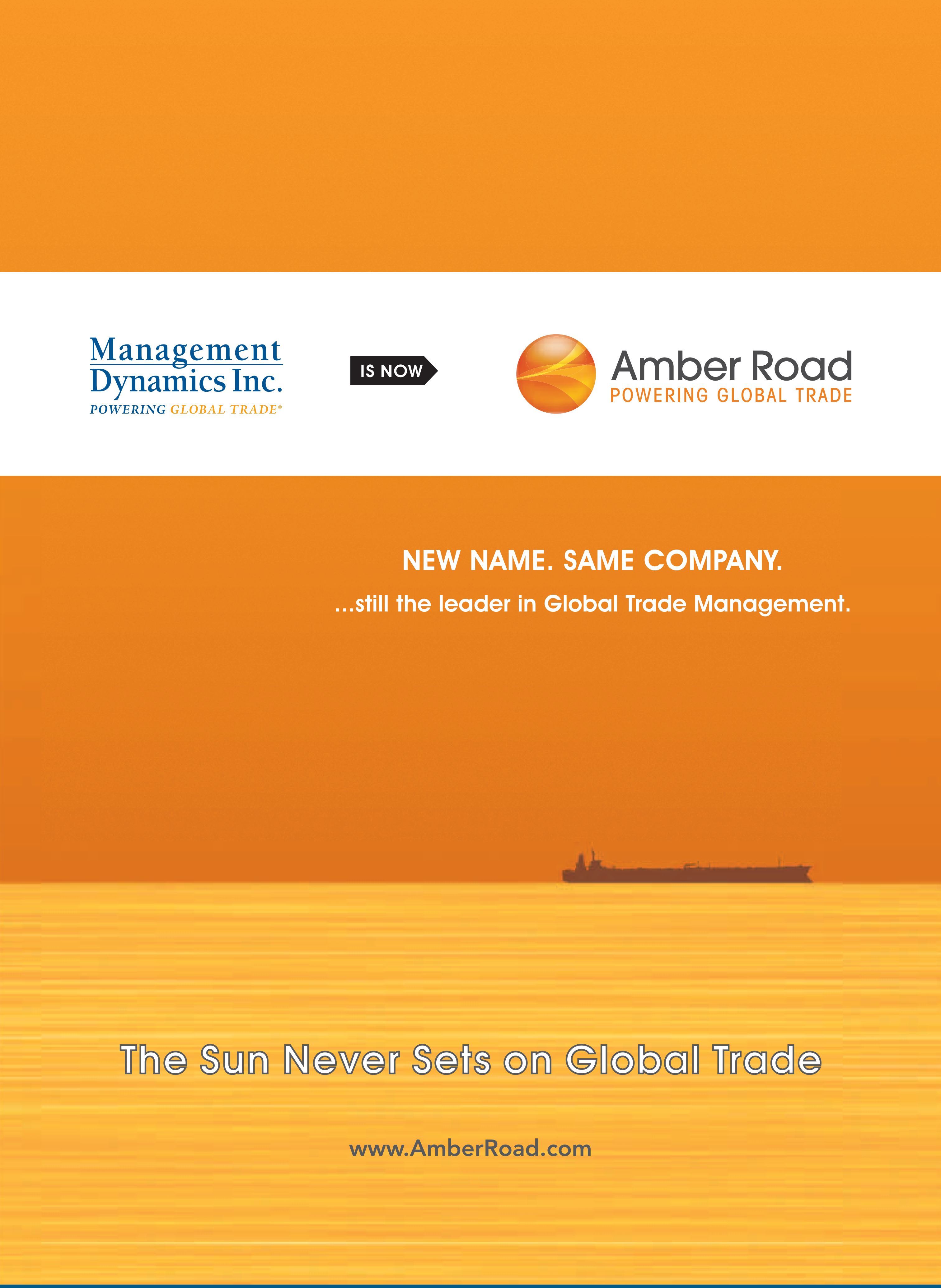
Al LaCombe *(center)* accepts safety award from John Joines, Great West Casualty *(l.)* and Tom Boelkel *(r.)*, president and COO of Dupré.

▲ **Alfred LaCombe,** logistics director of safety and training for third-party logistics provider Dupré, received the **2011 American Trucking Associations (ATA) National Safety Director of the Year** award. The ATA recognized LaCombe for outstanding professional qualifications, safety programs, and achievements.

Mitch England, corporate vice president of C.R. England, was recognized as one of six **SmartWay Champions** by the **Environmental Protection Agency's SmartWay program.** EPA recognized individuals and teams from SmartWay partner companies who have contributed significantly to creating and implementing green initiatives within their companies.

Hyster Company was named **Supplier of the Year** by **ZF Group North American Operations,** a global automotive supplier for driveline and chassis technology with 117 production companies in 26 countries. Hyster was selected as the winner for indirect material and services.

Memphis-based 3PL **Mallory Alexander International Logistics** was recognized with the **GATE Award** for excellence in global trade. The award honors companies working to expand Tennessee's role in global markets.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TRENDS

SHAPING THE FUTURE OF LOGISTICS

Urbanization Shapes Supply Chain Innovation

by Joseph O'Reilly

With the global population expected to soon surpass seven billion, urbanization is an inevitable reality and challenge for supply chains. Where consumerism is concentrated, infrastructure and capacity are often constrained, making it difficult to move product in and out of congested areas.

"For the first time in history, more than half of the world's population lives in cities and metropolitan areas. Rapid urbanization is shifting the locus of global economic power," according to a recent Brookings Institution study, *Global Cities: The Drivers of Economic Growth*.

In China, for example, the urban population has reached the 50-percent mark, up from 20 percent in 1982, reports the Washington, D.C., public policy think tank. In India, more than 350 million people now live in cities, and that number is expected to reach 590 million by 2030. Similar demographic shifts are happening elsewhere around the globe.

One key takeaway is that shippers, carriers, and service providers are operating in an increasingly urban environment, and therefore have to adapt transportation and distribution strategies accordingly.

It is this impetus that recently led DHL to introduce a new global solutions and innovations (DSI) division that is spearheading a "City Logistics" competition.

The contest invites businesses, academics, politicians, public authorities, and citizens to share ideas and recommendations for implementing sustainable logistics solutions in populated, urban

DHL challenges supply chain professionals to rethink the logistics network in urban areas and come up with creative approaches to sustainable, global, and efficient transportation.

areas. Encouraging the use of creative and strategic thinking, DHL is seeking innovative ideas that will help reduce traffic congestion, promote green urban living, improve urban logistics, and deliver efficient transport solutions.

The DHL open innovation competition focuses on three primary categories:

1. Logistics efficiency in urban areas. How can the flow of goods and services be improved in and out of urban environments?

2. Green city and urban living. What defines a truly green city and what does it take to become one? What are the key challenges cities face in the future, and what kinds of regulations must they adapt to face these challenges?

3. Digital logistics. What IT solutions can improve logistics with respect to warehouse management and traffic management and prediction?

The competition's objective is to drive innovation, then share best practices among shippers and partners in cities around the world.

"Our 30 electric and 50 hybrid electric green delivery fleet in New York City is one example of best practices in city logistics, as are some of the technologies we use for route management," says Robert Mintz, manager of communications for DHL Express.

DHL has also been piloting new projects and services in other parts of the world. For example, it operates urban consolidation centers in Mexico City and London; rolled out Smart Truck technology in Germany and India; and developed a Packstation solution in Germany that provides 24/7 self-service parcel collection and dispatch.

Have a great idea for the City Logistics contest? Entry details are here: www.citylogistics-ideacontest.com

Ford Focuses On Green

Ford Motor Company has more than tripled the size of its greenhouse gas emissions collecting and reporting program in an effort to better understand and measure suppliers' carbon footprints.

The automotive manufacturer is surveying the energy use and carbon emissions of 128 global suppliers (up from 35 in 2010) that account for nearly 60 percent of its $65 billion annual purchases. The expanded group includes suppliers that provide vehicle production parts and components, information technology, and logistics services.

One key finding from the 2010 responses was variability in supplier readiness to measure and report greenhouse gas emissions—80 percent of respondents track their carbon emissions, while 50 percent externally report their emissions. Feedback provided insight into risk management opportunities for the broader automotive supply base.

In addition to establishing a baseline for its own supply chain carbon footprint, Ford is helping the automotive industry and Tier 1 suppliers develop a guideline for estimating, collecting, and reporting manufacturing facility-based greenhouse gas emission data as part of the Automotive Industry Action Group (AIAG). Beyond that, the manufacturer is one of two automotive companies (along with Rolls-Royce) participating in the Carbon Disclosure Project, a global partnership that aims to standardize green best practices across multiple industries.

3PLs Focus On Long-term Growth

The state of the global outsourcing industry is a tale of three continents, with North American 3PLs faring better than their European counterparts and Asian service providers catching up to speed at pace, according to the *18th Annual Survey of Third-Party Logistics Providers*, sponsored by Penske Logistics and authored by Dr. Robert Lieb, professor of supply chain management at Northeastern University.

The study analyzes responses from 36 3PL CEOs across North America, Europe, and Asia-Pacific whose companies were responsible for generating approximately $58 billion in revenue in 2010.

Key takeaways from this year's survey include:

- 3PLs experienced improved economic conditions in 2010, with 88 percent of companies surveyed in North America meeting or exceeding their revenue projections, compared with only 50 percent in 2009.
- In Europe, economic conditions continue to be challenging for third-party logistics companies. Only 55 percent of surveyed companies are meeting or exceeding their revenue growth projections for the year. By contrast, 90 percent of Asian 3PLs hit their forecasts.
- Growth projections are most optimistic in Asia, with companies expecting to grow 15.8 percent in the next year, compared to 10.8 percent in North America, and 8.4 percent in Europe.
- Twenty-five percent of North American 3PL CEOs report that some customers experienced a loss of sales in Japan due to the tsunami and earthquake in the region. Thirteen percent of European CEOs cite similar experiences. The disasters in Japan impacted half of surveyed 3PLs in Asia.

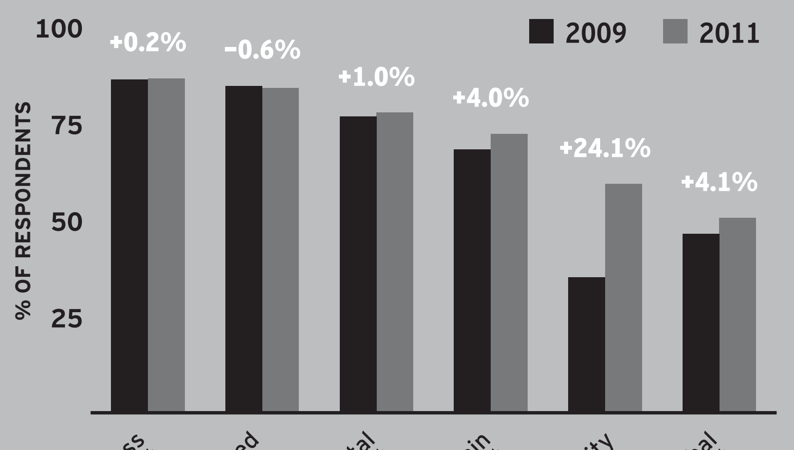
Manufacturing Supply Chain Excellence

Three quarters of U.S. manufacturers see supply chain management (SCM) as important for the next five years, according to *The Next Generation Manufacturing Study* commissioned by the American Small Manufacturers Coalition, a trade association based in Washington, D.C.

However, the study, which surveyed 824 manufacturers, also finds that despite its increasing importance, only 29 percent of companies believe they are at or are progressing toward world-class SCM status.

In addition, the study reveals a significant split in the quality of supply chain management between small and large organizations. Twenty-five percent of small manufacturers–businesses with less than $10 million in annual revenues–say they are at or nearing world-class status, compared with 41 percent of large organizations (those with annual revenues in excess of $100 million).

Importance to Your Organization's Success Over the Next 5 Years



Source: *The Next Generation Manufacturing Study*

Truckers Move Onward, Upward

Despite an uncertain economy and sluggish consumerism, motor freight carriers have shown signs of progress in 2011, according to TransCore's second-annual *Carrier Benchmark Survey*. Carriers' monthly revenue was $1,607 (10 percent) higher per truck on average than in 2010, reports the Portland, Ore.-based load board/freight solutions company.

The increase is primarily due to a corresponding 10-percent uptick in per-mile rates. Among other survey highlights:

- For-hire carriers found 20 percent more of their freight on load boards in 2011 than in 2010.
- The average length of haul declined 2.6 percent year over year, from 903 to 880 miles one way.
- Empty miles declined by an average of one percent.

The Great Lakes Stakes

The Great Lakes are still great, says a new survey, as shippers seek new transport options to cut costs and reduce carbon emissions.

The legend of the *Edmund Fitzgerald*, a freighter that sank during a storm on Lake Superior in 1975, has come to symbolize the fate of the Great Lakes shipping industry–a once-thriving trade swallowed by globalization. But the Great Lakes-St. Lawrence Seaway navigation system is still a relevant part of the U.S. economy, according to a new study conducted by Pennsylvania-based trade consultant Martin Associates, on behalf of U.S. and Canadian shipping and government authorities.

The study finds that maritime commerce supports 227,000 jobs and contributes $14 billion in annual personal income, $34 billion in business revenue, $6 billion in local purchases, and $5 billion to federal, state/provincial, and local tax revenues.

North American farmers, steel producers, construction firms, food manufacturers, and power generators depend on the 180 million tons of raw materials and finished products that are moved annually through the system. More importantly, especially as U.S. shippers explore intermodal options that reduce transportation spend and carbon emissions, marine shipping saves companies approximately $3.6 billion per year in transportation costs compared to other land-based alternatives.

"This report validates what we have long contended–that the Great Lakes-Seaway navigation system is vital to the continued prosperity of the region," says Steven A. Fisher, executive director of the American Great Lakes Ports Association. "A multitude of maritime jobs–on land and at sea–work together to help ensure that goods and services are enjoyed by a vast customer base."

GLOBAL

THE WORLD AT A GLANCE

by Joseph O'Reilly

Ban on Night Flights: The Sound of Silence

Frankfurt's night skies will become noticeably quieter between 11 p.m. and 5 a.m. if a 2012 Federal Administrative Court hearing upholds a provisional cargo flight ban that went into effect on Oct. 30, 2011.

Lufthansa Cargo has been a leading voice in an industry effort to publicize the importance of night flights at Frankfurt Airport. But this advocacy appears to have fallen on deaf ears after the regional administrative court in Hesse responded to noise complaints by the public with a decision to ban all after-hours freighter activity. The repercussions for the German logistics sector may echo much farther.

Frankfurt Airport recently opened a $1-billion fourth runway, which connects to the rest of the airport by taxiways crossing a highway and high-speed railway. The enhancement will increase capacity from 82 to 90 aircraft per hour.

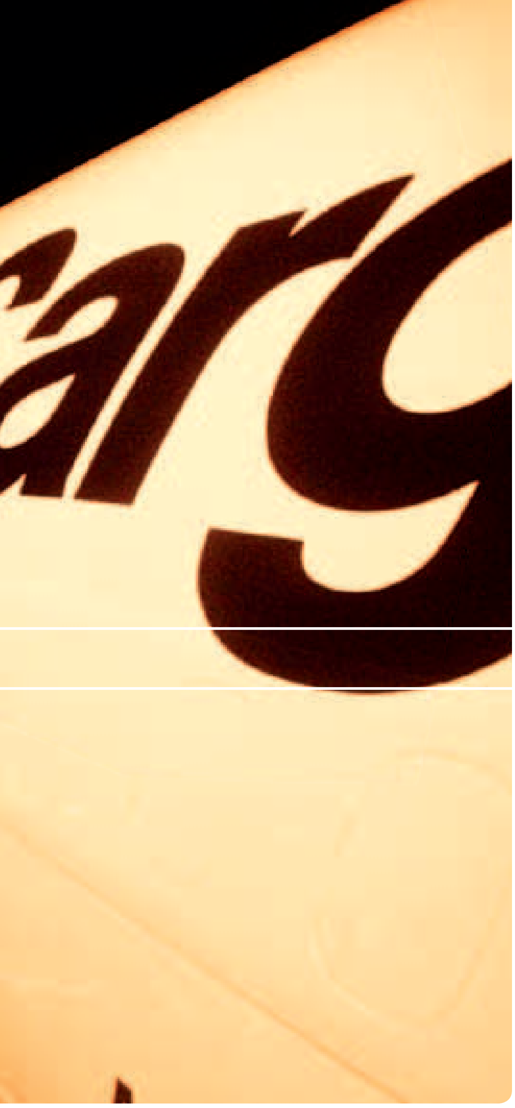
The expansion won government approval despite opposition from local residents, but a shock ruling in October now leaves Lufthansa Cargo re-evaluating cargo options out of its hub. As it is, the night flight ban affects about 30 percent of the carrier's freighter activity, forcing it to restructure 80 percent of its services. Lufthansa has shifted flights to daytime, canceled others outright, and is working to re-route some services through Cologne/Bonn Airport. This adds another move–trucking freight to alternative debarkation points.

"We have an offer that is much worse than before," says Nils Haupt, director of communications, Lufthansa Cargo. "Our North Atlantic flights do not currently fly at night and have to leave 12 hours later in the afternoon. It's a significant weakness compared to competitors because we can't offer the night jump–leaving late at night and arriving early in the morning in the United States."

If the ban becomes permanent, Lufthansa stands to lose up to 50 million euros. But the greater concern is the impact on German industry.

"Frankfurt is the world's seventh-largest cargo airport and the only one among the world's top 10 with a night-flight ban," he adds. "This heavily influences Germany's role as a top export nation and one of the world's biggest economies."

The ban puts Germany at a competitive disadvantage. Companies will consolidate around cargo-friendly airports, and forwarders will chase that freight. There is also



A ban on night flights forced Lufthansa Cargo to revamp 80 percent of its schedules on short notice.

increasing competition from Mideast transshipment hubs.

Lufthansa Cargo has little recourse realigning its network because so much of its "belly business" is tied to Germany's top passenger hub. Some investments in assets and facilities may be repurposed elsewhere or scrapped altogether.

Haupt expresses mixed optimism whether the Leipzig Federal Administrative Court will overturn the ban. But if the decision is upheld, one thing is certain.

"Freight finds its way," he says. "If shippers need a night flight out of Europe, they will no longer go to Frankfurt. They will go to Amsterdam, Paris, or Madrid. Frankfurt will lose significance."

TIACA Holds Court Over EU Emissions Scheme

The International Air Cargo Association (TIACA) is lobbying international businesses and governments to bring about a review of the European Union's (EU) Emissions Trading Scheme (ETS). The move follows the EU Court of Justice's decision that including aviation in the scheme is compatible with international law.

TIACA has previously proposed suspending the program's implementation in favor of developing a global agreement on aviation carbon emissions by the International Civil Aviation Organization (ICAO). This approach, it believes, is in keeping with the recommendations of The Kyoto Protocol, which gave ICAO the authority to set international aviation's greenhouse gas policy.

TIACA also highlighted a number of key concerns about the ETS to the commissioner, stating it is in violation of international law and treaties. Not only would the scheme impose massive new taxes on aviation, it is also unlikely to improve the environment–providing evidence of how the scheme might encourage airlines to fly less-direct routes and therefore increase aviation carbon emissions, the association says.

European 3PLs Face Integration Risk

Consolidation and expansion has been rampant in the U.S. third-party logistics (3PL) market over the past few years, with various companies divesting, acquiring, and concentrating resources and assets in efforts to identify growth areas and strengthen core transportation and logistics activities.

The trend is equally visible in Europe. But given the challenges of integrating companies across different borders, cultures, and operating protocols, European 3PL acquisitions present a much greater risk.

For example, Somerset-based British 3PL Wincanton recently sold its European business to German rival Rhenus, marking the end of an era for British logistics companies that once dominated the continental outsourcing market.

Only two large UK logistics companies remain–Wincanton and Stobart–neither of which will have substantial operations in Europe. Wincanton's divestiture enables it to focus on developing opportunities in the UK market, where it has scale and sees significant potential for profitable growth.

Wincanton, which serves a who's who of homegrown British companies such as Sainsbury's, WH Smith, Marks and Spencer, and Comet, entered the European market through the purchase of P&O Trans European in 2003, expanding its network with barge, road transport, and contract logistics operations on the mainland.

The move was precipitated by the knowledge that UK manufacturing and retail clients' supply chains were becoming increasingly cross-border. But the company was never able to fully consummate the acquisition, and failure to integrate resources torpedoed further expansion efforts.

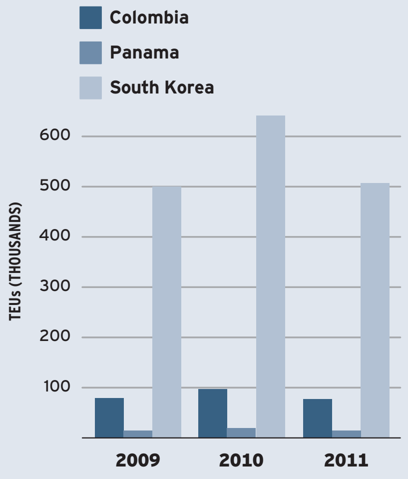
Race Across The Border

The new U.S.-Mexico cross-border trucking program, which will provide Mexican carriers permanent authority after an 18-month grace period, is off and running. But the Owner-Operator Independent Drivers Association (OOIDA), which supports independent owner-operators in the United States, criticizes the program.

The first Mexican permit for cross-border operations was delayed after the OOIDA raised concerns over a carrier's safety record and drivers' English fluency. The association has similarly voiced opposition to the manner in which a second "pilot phase" is being rolled out, with Mexican carriers receiving credit served toward the 18-month trial period.

Trio of Trade Agreements Signed Into Law

October 2011 marked a major milestone in the international trade community as President Obama signed into law three long-awaited trade agreements with Colombia, Panama, and South Korea. The agreements are expected to increase job growth, as well as lower barriers to trading with the three countries. The graph illustrates the trend of U.S. imports with those countries for the past three years.



Source: Zepol Corporation

Thai Floods Precipitate Parts Drought

Flooding across central Thailand leaves car and computer manufacturers uncertain about when crucial parts will be available again.

Floods in Thailand are raising supply chain concerns for computer manufacturers and automotive companies as they assess the extent of disruptions in the kingdom.

Apart from the human death toll, more than 14,000 factories have ceased operations, displacing 660,000 workers. Thailand produces one-quarter of the world's hard disk drives, and serves as the Southeast Asian production hub for Japanese carmakers.

Western Digital, the world's largest maker of hard disk drives, reports that its December 2011 quarter revenue will fall 60 percent from one year ago. Meanwhile, Toyota has suspended production of its Camry and Prius vehicles in the country.

Thailand's floods may also limit the supply of components used in Mac computers, according to Apple CEO Tim Cook. "Our primary exposure is on the Mac because the number of drives or drive components that are sourced in Thailand is a significant portion of the total worldwide supply of drives," he said.

But, because Apple uses flash drives exclusively for some of its products, most industry observers expect PC manufacturers such as HP and Dell will face the brunt of component shortages and higher prices.

Julian Keeling is CEO at Consolidators International Inc.,
310-649-6160 • *julian@cii-usa.com*

VIEWPOINT

by Julian Keeling

Shipper's Choice: One Freight Forwarder or Many?

Many shippers rely on forwarders as key building blocks in creating and implementing a logistics program. Some use a single forwarder or third-party logistics provider to forge and maintain supply chain links. Others choose a multi-forwarder approach. Which is best for your team?

GOING SOLO

Advantages of using a single forwarder include:

■ **Accountability.** Mistakes can be more easily pinpointed when they emanate from a single source. More importantly, errors can be corrected with far greater speed and with a minimum of finger pointing.

■ **Concentrated freight booking.** With one forwarder handling all the shipper's cargo, contract goals can be met more easily. Cost savings are maximized when using the forwarder's preferred air and ocean carriers.

■ **Integrated technology tools.** Coordinating technology between a shipper and a single forwarder is easier, faster, and less expensive than integrating multiple agents' systems into a shipper's IT operation.

■ **Single service standard.** Service levels invariably differ among forwarders. With a single source, the shipper generally obtains consistent service throughout its supply chain.

■ **Centralized billing.** Processing vendor payments, adjusting charges, and correcting billing mistakes is far simpler when dealing with one forwarder rather than multiple agents, particularly if international invoices are involved.

THE MORE THE MERRIER

Advantages of using two or more forwarders include:

■ **Greater experience and knowledge.** No single forwarder has all the answers. One consolidator may have superior knowledge of local suppliers, and a better feel for an area's business climate. Another forwarder on the shipper's logistics team may have close and long-standing relationships with local management at air carriers and shipping lines.

■ **Meeting the shipper's diverse needs.** Within shipper organizations, particularly those that are multi-national, separate operating units are common. These units require particular knowledge and experience in moving their products. One division may need substantial heavyweight or breakbulk shipping. Another may use intermodal transport for most of its cargo. With a multi-agent approach, the shipper benefits from forwarders' specific skills.

■ **Creating competition among forwarders.** Shippers with multiple consolidators on their logistics team can exert leverage for additional services and price concessions.

■ **Reducing vulnerability.** With many forwarders handling its cargo, the shipper has back-up if one is not meeting planned logistics objectives.

■ **Greater geographical coverage.** Even the largest forwarders can't be in all places. They have a finite number of offices. With two or more agents, the shipper's local coverage expands. There is less need for independent agents who may be of varying quality.

GETTING THE RIGHT FIT

Before building a logistics team, shippers should know exactly what they need. Do they want a simple transaction from Point A to Point B handled by a single forwarder? Or do they need a total logistics package from inventory control to customs brokerage capabilities requiring multiple forwarders? Defining these requirements will help shippers build a team that fits. ■

Ralph Lieberthal is principal,
transportation and logistics, Motorola Solutions,
847-576-5000 • *ralph.lieberthal@motorolasolutions.com*

ITMATTERS

by Ralph Lieberthal

RFID and Supply Chain Visibility: You Can't Manage What You Can't See

Smart companies are striving to reduce costs, improve service, and increase return on investment throughout the supply chain. Automation-based solutions can play a crucial role in meeting those goals, and many organizations consider radio-frequency identification (RFID) technology a major force in transforming global supply chain automation and visibility.

It's hard to manage what you can't see. End-to-end visibility helps streamline the supply chain by promptly detecting, reporting, and resolving operational anomalies. It also allows shippers to track assets and shipment status in real time, with maximum traceability.

RFID increases equipment, inventory, and business process visibility. It also increases efficiency by optimizing business processes and automating asset and inventory management.

The technology also streamlines data-capture procedures and increases accuracy by eliminating error-prone manual processes, and helps reduce labor costs. It provides real-time, up-to-date information across the entire supply chain.

RFID solutions can help lower operating costs, increase distribution center throughput, maximize on-time deliveries, and improve customer service and satisfaction.

RFID AT WORK

Automated systems have helped many companies optimize asset and inventory management in internal or closed-loop solutions in which RFID tracks assets, such as vehicles, equipment, and returnable transport items, which stay within the company. Here are two examples:

- An international rail company operates intermodal terminals where shipping containers are moved between rail lines and truck chassis. Because private truckers use the equipment on a per-diem basis, the company needs 100-percent accuracy to ensure 100-percent revenue capture. A closed-loop RFID tracking system cut cycle times almost in half.
- In a large production facility, eight different departments were requesting daily trailer moves. Trailer location, re-handling, and multiple moves wasted significant resources. The company installed a complete RFID system with fixed readers at gates and handheld readers for faster, more accurate automated yard management, cutting total costs by six percent.

RFID is evolving in many intriguing directions. Companies are increasingly interested in using active RFID tags as sensors to ensure food safety by monitoring temperatures in different areas on refrigerated trailers. When an area gets too warm, the tag automatically notifies the driver and master control so they can remedy the situation. RFID sensors also help ensure traceability in the event of a recall.

MOVING FORWARD

Other advanced transportation uses include placing RFID tags inside gas tanks to automatically record the amount of fuel dispensed and charge the transaction to the system, eliminating the need for drivers to carry credit cards or cash. In addition, RFID tags and readers can help lower costs and reduce CO_2 emissions by helping to optimize routing and reduce the number of costly re-deliveries.

RFID technologies can play an important role in helping shippers and logistics service providers gain visibility into the global supply chain. ■

Steve Vinsik is vice president of enterprise security, Unisys Corporation,
202-349-3866 • *steven.vinsik@unisys.com*

SCSECURITY

by Steve Vinsik

Strengthening International Cargo Security

The global supply chain is only as strong as its weakest link. Shippers and service providers face a dynamic security landscape subject to government regulations and evolving risks. They need to focus on identity verification as a key first step to strengthening cargo security.

Positively identifying who is sending a package provides vital data. Not every government and shipper can afford advanced biometrics, such as the Transportation Worker Identification Credential, but locations accepting packages for delivery can easily check the identity credentials presented by the shipper. Inexpensive card readers can verify driver's license validity by examining security features such as holograms and raised lettering.

Countries that don't require this type of credential validation, or companies that can't meet this requirement, should not be permitted to be part of the trusted supply chain. Those organizations should be subjected to additional scrutiny and security measures to validate shipment legitimacy—even if it increases transit time.

While intelligence data gathering and trusted shippers are vital for cargo security, physical security issues also need improvement. At some cargo facilities in the United States and elsewhere, the division between the secure side and public side of a facility is a painted line in the middle of the floor.

Priority must also be given to introducing new technology that can screen cargo for threats. Freight forwarders and carriers should be required to implement an integrated approach to controlling potentially weak security links in the delivery process.

INTERNATIONAL COOPERATION

Analysis tools, when combined with targeted cargo screening, help identify suspicious shipment patterns. Countries around the world should expand the sharing of intelligence tools and standardized data to obtain the visibility needed to detect and stop terrorist activities on the horizon.

International standards could be implemented to improve the detail reported to Customs agencies globally, and ensure shipment data accompanies cargo from booking through delivery.

This level of visibility would include details of the cargo's booking, movement, handling, storage, consolidation, and loading/unloading. Integrating these details into intelligence systems would create more secure cargo handling and movement.

SETTING STANDARDS

Today's carriers, airports, and sea ports are under more pressure than ever to handle increasing cargo volumes, manage congestion, address changing customer needs, and thrive in the midst of intense competition.

Shippers, governments, and other trading partners must play their role, too, by expediting security data standard creation and adoption to help manage this daunting task. Once security data can be made actionable, governments should establish improved information sharing practices to get intelligence to the front lines quickly.

It's all possible with today's technology. We just need greater cooperation across national and organizational boundaries. ■

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THE FAS
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Technology helps turbo-charged expedited carriers move goods for shippers with an extreme need for speed.

by Amy Roach Partridge

In the adrenaline-fueled, high-stakes world of expedited deliveries, excuses don't go over well. Shippers who choose expedited services have an urgent need for their freight to be in the right place at the right time, so if a provider misses a delivery window, the ramifications can be explosive.

Take the example of a tire retailer planning a weekend sale. Rather than incur the costs of stocking extra inventory and taking up valuable floor space to meet expected customer demand, the retailer will likely contract with an expedited provider to deliver tire shipments in time for the sale. If the provider fails to get the inventory there on Friday, the retailer will face the wrath of tire-less customers over the weekend.

Con-way equips all trucks with Qualcomm units so drivers can communicate with the operations center, which uses the information to track shipments.

When it comes to expedited transportation, it's fast—or furious. So how do expedited providers ensure that they can offer quick, on-time deliveries and continue to meet shipper needs throughout the life of those shipments? Increasingly, the answer is technology.

Expedited providers have widely embraced technology. As a result, internal systems that help carriers plan and manage their expedited business; mobile solutions that enable surface and airfreight operators to communicate while shipments are in transit; route optimization and navigation software; and customer-facing solutions offering tracking and tracing capabilities, have become commonplace.

"Technology is a must-have for expedited shipments. Shippers will not use an expedited carrier that doesn't at least utilize a Qualcomm system in their tractor-trailers," says Paul Simmons, vice president, Team Expedited for Green Bay, Wis., trucking company Schneider National, referring to the popular in-cab system that many providers use to communicate with drivers on the road.

The range of available technologies differs from provider to provider, but technology increasingly helps expedited carriers keep freight moving at full speed. For shippers, the key benefits these technologies bring include receiving more effective and proactive customer service; better on-time delivery rates; and the peace of mind that comes with improved cargo security.

So what exactly are today's expedited providers offering when it comes to technology? *Inbound Logistics* checked in with five leading expedited carriers to see what technologies they are utilizing and offering to freight buyers—and what shippers can expect to gain from these high-tech investments.

CON-WAY TRUCKLOAD: TECHNOLOGY AS SAFETY NET

WHEN YOU PROMISE ON-TIME expedited service that is "second to none"–as Con-way Truckload President Herb Schmidt describes his expedited offering, which makes up 15 to 20 percent of the company's business–you need to make sure you can back up that claim. For Con-way, technology serves as that backup. "We utilize a variety of technologies as a safety net to make certain we are delivering the service we say we will," Schmidt explains.

The company's technology safety net begins with Qualcomm units in every truck that allow two-way data interchange between Con-way drivers and the company's centralized operations center—open 24/7/365—in Joplin, Mo. Data transmitted through the Qualcomm units flows into the operations center and, thanks to Con-way's proprietary internal software, transmits the information to rolling ETA screens so dispatchers can monitor driver progress.

"We track every load in our system from origin to destination, and if a driver begins to run behind schedule, we see a warning on the screens in our ops center," Schmidt explains. "We contact the driver to see what is going on, and we can notify the customer if there will be any delays."

Con-way planners use another operations screen to ensure that any trailer decoupled from a tractor—over a holiday or a weekend, say—is re-dispatched within a predetermined time. The company also relies on internal technology solutions to determine if it has the proper lane density to accept an expedited shipment in the first place.

"You have to have a Plan B when you're moving expedited goods. You can't rely on delivering a shipment in a lane where you can't recover the load if there is mechanical failure or driver illness," Schmidt says. "We need to make sure we have a lot of trucks in those lanes so if an exception does occur, the nearest truck is not 250 miles away."

Con-way also utilizes route optimization and navigation software. But while the carrier uses these tools to suggest routes and fuel stops, the drivers—who work in teams for expedited deliveries—decide the final route. Schmidt has not yet found a commercial navigation and routing system that doesn't run into pitfalls, such as sending a driver under a bridge that is not tall enough to accommodate a truck.

The company has also switched drivers from manual to electronic logs as a way to monitor hours of service and improve driver safety. The logs also provide a benefit for shippers, because the data allows Con-way to know at all times the number of hours a driver has available. "It prevents us from accepting a load that could put a driver out of compliance and potentially delay the shipment," says Schmidt.

Next up on the provider's tech list are two tools that will improve customer service capabilities: selective geofencing—its planners are automatically notified if a trailer strays outside a preferred route—and tracking devices embedded in trailers to provide extra safety for high-value loads. Schmidt expects to have both technologies in place in 2012.

Con-way also uses technology to make its expedited data available directly to shippers via a Web portal where they can watch their loads move across the country. The portal can be customized to specific shippers' needs and most shippers access the site to get regular updates, Schmidt notes.

"But many of our customers don't bother with it because they know we are monitoring every load and will contact them if there is a problem," he explains. "Shippers don't want to spend a lot of time watching loads—they want the provider to do that, and to pick up and deliver on time as promised. If we can't do it, they will find someone else who can."

FEDEX CUSTOM CRITICAL: UNIFIED TECHNOLOGY YIELDS RESULTS

MAKING GOOD ON ITS OLD SLOgan "Relax, It's FedEx," FedEx Custom Critical uses a wide range of technologies to retain tight control over its expedited shipping options. The company maintains a unified technology backbone that provides support across all its expedited offerings, which include surface, air, and white-glove services.

"Our internal system allows us to reach across all the FedEx companies to determine the best option to meet a shipper's expedited needs," explains Jason Frederick, managing

A centralized technology system lets FedEx leverage its extensive expedited network, giving shippers the best transport options.

director of operations for FedEx Custom Critical, based in Green, Ohio. Through its Expedited Freight Services (EFS) tool, FedEx Custom Critical can quote shippers on several different expedited options to see which time and cost parameters make the most sense.

"EFS also allows us to see where we can book space on FedEx trucks or planes," he adds. "It keeps all the information under one umbrella, and lets us be sure we can deliver what we promise to shippers."

Using advanced planning technology also helps the company understand where its assets are, where its customers are shipping to and from, and how to marry that information. "It is very difficult to always have trucks located exactly where a shipper needs them, so we use our technology to be as efficient as we can, and try to plan as best we can to provide quality service to our customers," says Frederick.

In addition, FedEx's unified technology helps it better serve shippers when issues do occur. If a load begins as a regular shipment via FedEx Freight but runs into bad weather, for instance, a customer service agent can intervene by transferring that shipment to the Custom Critical division, and expediting delivery. "We can navigate electronically through all our divisions to give shippers the most up-to-date information possible," Frederick notes.

The company also employs technology to provide what Frederick calls "custodial control" over its shipments. Using satellite- and cell-compatible Qualcomm units in each truck, FedEx Custom Critical monitors shipments continually and proactively contacts shippers and consignees if a delivery is running more than 15 minutes late.

Custom Critical also uses the Qualcomm units to send audio and video messages to its 100-percent owner-operated fleet, to track drivers' hours-of-service status, and to provide origin and destination addresses and directions.

"We've seen great efficiency gains from the built-in navigation system," Frederick says, noting the company's nearly 99-percent on-time rate. "And, we can ping drivers through Qualcomm to determine their location so we can communicate to shippers exactly where a truck is at all times."

To better serve verticals such as the pharmaceutical industry, where temperature-sensitive expedited shipments are the norm, FedEx Custom Critical uses AmeriScan units in all its temp-controlled trucks. The units monitor the temperature in the trucks and communicate the data to Custom Critical servers, ensuring that shipments remain in specified temperature ranges during transit. Shippers can track temperature data online, and, upon delivery, can receive a printout showing temperature information throughout the life of the shipment—critical information for FDA compliance, Frederick notes.

Ultimately, FedEx Custom Critical views technology as a competitive advantage and a way to boost shipper satisfaction. "We continue to look for new technologies that will update our business and improve the expedited service we can offer to shippers," Frederick says.

OLD DOMINION FREIGHT LINE: HIGH-TECH MEANS HIGH VISIBILITY

"IF EXPEDITED CARRIERS DON'T HAVE THE TECHnology offerings that shippers need to help manage their supply chains and customer expectations, then they simply cannot deliver a fully integrated expedited solution," says Chip Overbey, senior vice president of marketing, pricing, global, and strategic development for Old Dominion Freight Line.

Delivering that fully integrated expedited solution is key for the Thomasville, N.C.-based carrier, which offers a wide range of expedited specialties, including guaranteed, on-demand, white-glove, trade show, and airfreight services.

"Technology also allows us, as a provider, to manage internal systems effectively and stay ahead of the communication curve," Overbey adds.

One way Old Dominion does that is by giving shippers ample access to shipment information via its secure ODFL4ME portal. Shippers can log on to originate and track

Navigation systems in each truck let FedEx Custom Critical monitor shipments continually and notify shippers and consignees if a delivery runs more than 15 minutes late.

Technology allows Old Dominion to provide daily on-time deliveries, guaranteed deliveries within normal transit times, and time-specific deliveries, including air service, tailored to shipper needs.

an expedited shipment, create documents and specialized reports, and send and manage shipment communications.

Old Dominion also provides expedited shipment data in numerous formats that are compatible with shippers' legacy systems, transportation management system products, and other software solutions. "Many shippers like to have freight information fed electronically to their system so they can update their own internal reporting," explains Overbey.

The carrier also utilizes a slew of what it calls "operational technologies" that help support the communication, visibility, and planning of its expedited operations. The lineup includes handheld computers that drivers use to capture real-time information during pickups and deliveries; a Descartes routing system that helps reduce transit times; RFID tags that help the company monitor equipment location and freight movement; and a dock yard management system that transmits the status of any shipment moving through Old Dominion's system at any given time.

"Our state-of-the art technology enables us to manage equipment and shipments more efficiently while consistently providing shippers with on-time, safe service and access to real-time information so they can deliver on the promises they have made," Overbey notes.

SCHNEIDER NATIONAL:

TECHNOLOGY PLUS PROCESSES EQUALS SECURITY AND SATISFACTION

SCHNEIDER NATIONAL TAKES A SLIGHTLY different approach when it comes to the importance of technology in expedited shipping. The carrier, which utilizes a two-driver team for every expedited delivery, views technology as a way to enhance service safety and reliability–but knows that technology alone is not enough.

Two drivers, one truck, and a sense of urgency is how Schneider National describes its expedited service for time-critical shipments and high-value loads.

"What allows us to best serve shippers is the way we use our technologies internally. Technology is great, but without good processes, procedures, and execution, it may not mean a whole lot," explains Paul Simmons, vice president, Team Expedited. "We couple our advanced technology capabilities with disciplined processes around how we manage the business."

Before an expedited freight shipment goes out, for instance, team leaders, drivers, and customer service representatives have a discussion to make sure everyone understands the details of the delivery.

In addition, data collected from the customer on each shipment is sent to drivers via the Qualcomm units in Schneider's trucks, and is visible to dispatch and customer service groups at headquarters, as well as to driver managers, who are located in the field.

"Our driver managers are held accountable for understanding where their drivers are and what is happening with each load," Simmons notes. "And because we all use the same tool and see the same information, it is easy to communicate about shipments and be proactive if we need to notify shippers."

Schneider also takes that communication directly to customers, offering an online portal where shippers can access tracking and tracing information on expedited shipments.

Simmons views the team-driver approach as another smart process that works hand-in-hand with technology to ensure safety for high-value expedited loads. "Safety is a huge focus for shippers. Having two drivers in the truck means when they stop to refuel or use the restroom, the cargo is never left unattended," he explains.

In-cab technology delivers a variety of electronic tools to improve driver safety, productivity, and e-mail connectivity.

On the technology side, Schneider uses Qualcomm units in the trucks and tracking devices on each truck and trailer so it knows where its drivers, assets, and cargo are at all times. "If a truck is stolen and disconnected from the trailer, we have an easy way of finding the trailer," Simmons says. "We have recovered pilfered loads due to our trailer-tracking technology.

"Having technology that allows us to communicate at any time with the driver in the truck and lets us track where every tractor is, gives shippers a level of comfort and awareness that their product is in safe hands and that we will pick up and deliver on time without loss or damage," he adds.

Schneider also utilizes the popular electronic on-board recorders to log driver hours and information, which again helps the company boost safety—for drivers and for shipments. In addition, Simmons says the company constantly evaluates new security technologies such as high-tech trailer locks and tracking devices to be sure it can offer shippers the most updated security tools.

UPS: TECHNOLOGY ACROSS MODES

WHO HASN'T SHIPPED OR received a package via UPS? The company's integrated approach to technology means that the experience for individual consumers and multinational corporations shipping expedited freight across the globe is pretty much the same.

"We continue to invest substantially in technology to make the shipper experience seamless," says Scott Aubuchon, director of international airfreight marketing at UPS. "Whether they ship a letter or a 1,000-pound pallet—via ground or air—shippers can access the same options, service, and technology."

That integrated approach to technology appears throughout UPS' numerous expedited options, which include express, time-definite, and critical services for surface freight; and express and critical airfreight options. Regardless of the expedited option a company selects, it can access the Atlanta-based delivery giant's wide lineup of customer-facing shipping systems.

Options include *WorldShip*—a downloadable software application that allows users to book shipments, generate shipping labels, and send e-mail notifications; *ConnectShip*, a more advanced solution for multi-carrier expedited shipping; and *CampusShip*, a secure, Web-based shipping system that lets companies with multiple facilities ship documents, packages, and heavy freight from any location and offers shipment data that integrates with a company's backend systems and processes. In addition, users can book and track single expedited shipments via UPS Internet Shipping.

These customer-facing technologies also help UPS gain internal efficiencies. "Our solutions automate the shipping process for shippers, and generate notifications internally to our systems so we know when a new order has been created, and when shipments are ready for pickup," says Aubuchon.

Once an expedited pickup order is initiated, UPS' internal

UPS' integrated technology systems do everything from identifying space requirements on a truck to notifying the consignee at the shipment's final destination.

operational systems kick-start the various behind-the-scenes tasks that go into every shipment, such as identifying space requirements on a truck or a plane; dispatching a driver; and notifying the appropriate party at the arrival destination. Once an expedited shipment is in motion, additional technology keeps things moving smoothly.

The ubiquitous handheld devices that UPS drivers carry—officially known as Delivery Information Acquisition Devices (DIADs)—communicate a plethora of information back to UPS.

"As soon as a driver picks up the freight and punches the information into the DIAD, we know its exact size and weight," explains UPS Freight spokesperson Ira Rosenfeld. "So before the driver gets back to the terminal, we've already planned how we will load the truck, where we will place the shipments, and how we will move them as quickly as possible."

"Meanwhile, as a shipment moves from the shipper's dock to our operation to the airport, those become milestones that are visible in our tracking and tracing systems," Aubuchon adds.

Expedited shippers can log on to the UPS Web site for tracking and tracing information, or can use Quantum View, UPS' Web-based visibility platform that gives users visibility to both inbound and outbound shipments, as well as customs brokerage and scheduling information.

"Quantum View gives shippers a dashboard for small package, airfreight, ground, and ocean shipments; they gain visibility to exactly where their shipments are at all times through that portal," explains Aubuchon.

Companies sending expedited shipments via UPS can also use mobile technology solutions to track shipments, receive rate quotes, and find UPS shipping locations. The company offers downloadable mobile apps for BlackBerry, iPhone, and Android, as well as a mobile Web site with the capability to create and track shipments, and estimate rates and transit times.

"Ultimately," Aubuchon notes, "our goal is to use technology to enhance expedited shipping and make the process as seamless and efficient as possible for shippers, who depend on expedited transportation to remain competitive in their own business." ■

Who's Who

in Airfreight Forwarding

The airfreight industry continues to adapt and grow in the face of economic crisis, cargo security threats, natural disasters, and changing supply and demand patterns. Airfreight forwarders are positioned in the middle of this fluid global airfreight network.

Shippers, carriers, and consignees rely on their forwarding partners to access and book capacity, streamline shipment documentation and Customs compliance, preserve visibility, secure chain of custody, and provide additional value-added logistics capabilities.

To connect airfreight buyers with forwarders that can meet their business demands, *Inbound Logistics* editors compiled this list of some leading service providers – ranging from small, non-asset-based agents to global integrators – to help shippers explore airfreight partners that meet their unique requirements.

Who's Who

in Airfreight Forwarding

COMPANY NAME / WEB ADDRESS	PHONE	ASSET- OR NON-ASSET-BASED*	AIR FREIGHT SERVICES: CUSTOMS CLEARANCE	COMPLIANCE *	HEAVY FREIGHT	HAZMAT	DOOR-TO-DOOR	PERISHABLE	OVERNIGHT	NEXT FLIGHT OUT	CHARTER	HIGH VALUE	OTHER SERVICES: OCEAN	CUSTOMS BROKER	CONSOLIDATOR	LOGISTICS
Agility www.agilitylogistics.com	714-617-6300	B	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
AIRSCHOTT www.airschott.com	703-471-7444	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
AIT Worldwide Logistics www.aitworldwide.com	800-323-6649	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
AN Deringer www.anderinger.com	888-612-6239	N	✈	✈	✈	✈	✈	✈	✈	✈		✈	✈	✈	✈	✈
Associated Global Systems www.agsystems.com	516-627-8910	B	✈	✈	✈	✈	✈		✈	✈	✈	✈	✈	✈	✈	✈
BDP International www.bdpinternational.com	732-572-2248	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
C.H. Robinson Worldwide Inc. www.chrobinson.com	800-323-7587	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
CEVA Logistics www.cevalogistics.com	800-888-4949	N	✈	✈	✈	✈	✈	✈	✈	✈	✈		✈	✈	✈	✈
Concert Group Logistics www.cglship.com	630-795-1300	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈		✈	✈
Dachser Transport of America www.dachser.com	516-561-7800	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
Damco USA www.damco.com	973-514-5126	N	✈	✈	✈	✈	✈	✈		✈	✈	✈	✈	✈	✈	✈
DB Schenker www.dbschenkerusa.com	800-225-5229	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
DHL Global Forwarding www.dhl-dgf.com	800-426-5962	N	✈	✈	✈	✈		✈	✈	✈	✈			✈	✈	✈
EA Logistics www.ealogistics.com	800-863-5948	N	✈	✈	✈		✈		✈	✈	✈	✈	✈			✈
Expeditors www.expeditors.com	206-674-3400	N	✈	✈	✈	✈	✈				✈	✈	✈	✈	✈	✈
FedEx www.fedex.com	800-463-3339	B	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
Geodis Wilson www.geodiswilson.com	877-469-0510	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈		✈
Hassett Air Express www.hassettair.com	800-323-9422	A			✈		✈		✈	✈	✈	✈	✈			
Hellmann Worldwide Logistics www.hellmann.net	305-406-4500	B	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
IJS Global www.ijsglobal.com	203-504-9760	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈

✱ KEY:
Asset- or Non-Asset-Based: A = Asset-based; N = Non-asset-based; B = Both
Compliance: Shipments comply with government, security, and trade regulations
Documents: Shippers can book/create customs or import/export documents online

VALUE-ADDED SERVICES AND SPECIALTIES	WEB SERVICES				CERTIFICATIONS
	RATE QUOTES	REAL-TIME TRACKING	DOCUMENTS *	OTHER WEB SERVICES	
Chemicals, project logistics, fairs and events		✈	✈	E-government solutions	ISO, IATA, C-TPAT, Lean, Six Sigma, Hazmat
Customs brokerage, duty drawback	✈	✈		Shipment tracking	ISO, IATA, C-TPAT, Hazmat
In-home, pharmaceuticals, government, automotive, energy, oil and gas	✈	✈	✈	EDI, purchase order and inventory management	IATA, SmartWay, C-TPAT, Hazmat
Purchase order management		✈	✈	Purchase order management	C-TPAT, IATA, Hazmat
Customized logistics solutions	✈	✈		Shipment tracking, export compliance portal	IATA, SmartWay, C-TPAT, Hazmat, TAPA
All services relating to international air freight	✈	✈	✈	Global reporting system	ISO 9001:2000, C-TPAT, DGAC, Six Sigma, ACC Responsible Care
Supply chain consulting, managed TMS		✈		Global trade resources, quote requests, shipment tracking	IATA, SmartWay, C-TPAT, Hazmat
Contract logistics, end-to-end solutions, consulting and solutions design		✈	✈	Shipment scheduling and booking, forms, online payments	ISO, IATA, SmartWay, C-TPAT, Lean, Six Sigma, Hazmat
Time-critical, hotshot, LTL, FTL, asset recovery, trade show	✈	✈		Shipper's letter of instruction	IATA, SmartWay, C-TPAT, Hazmat
Food logistics, chemical logistics, contract logistics					
Supply chain development, consulting		✈		Email alerts, GPS tracking	ISO, IATA, SmartWay, C-TPAT, Lean, Six Sigma, Hazmat
Logistics management, warehousing, European rail, ground	✈	✈	✈	Shipment scheduling and booking	ISO, IATA, SmartWay, C-TPAT, Hazmat
Express services, warehouse management	✈	✈		E-billing, pickup and booking requests	ISO 9001:2000, TAPA
Oversize shipment logistics, trade show services, rollout, warehousing	✈	✈	✈	Shipment quotes and tracking	IATA, SmartWay
Distribution, insurance, order management, project cargo		✈	✈	Quote monitor, shipment booking	ISO 9000
Time-definite, expedited services	✈	✈	✈	Pickup scheduling, POD capture, claims, reporting	
Integrated supply chain solutions		✈	✈	Time and price information, electronic booking	ISO, IATA, C-TPAT, Hazmat, CCSF Facilities
Full ground options	✈	✈		Online pickup requests, custom tracking and report detail, EDI	ISO, SmartWay
Road freight, contract logistics, e-commerce		✈		Shipment tracking	C-TPAT, TSA, AES, ISO 9001, ISO 14001
Trade consulting services, project cargo and management	✈	✈	✈	Online reporting, purchase order management	ISO 9000:2000

Who's Who
in Airfreight Forwarding

COMPANY NAME / WEB ADDRESS	PHONE	ASSET- OR NON-ASSET-BASED*	AIR FREIGHT SERVICES: CUSTOMS CLEARANCE	COMPLIANCE *	HEAVY FREIGHT	HAZMAT	DOOR-TO-DOOR	PERISHABLE	OVERNIGHT	NEXT FLIGHT OUT	CHARTER	HIGH VALUE	OTHER SERVICES: OCEAN	CUSTOMS BROKER	CONSOLIDATOR	LOGISTICS
Kuehne + Nagel www.kuehne-nagel.com	201-413-5500	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈		✈
Lynden International www.lynden.com	800-926-5703	N	✈	✈	✈	✈	✈		✈	✈	✈	✈	✈	✈	✈	✈
Mach 1 Global Services www.mach1global.com	480-921-3900	N	✈	✈	✈		✈		✈	✈	✈	✈	✈	✈	✈	✈
MIQ Logistics www.miq.com	877-232-1845	N	✈	✈	✈	✈	✈		✈	✈	✈	✈	✈	✈	✈	✈
OIA Global www.oiaglobal.com	503-736-5900	N	✈	✈	✈	✈	✈		✈	✈	✈	✈	✈	✈	✈	✈
Panalpina www.panalpina.com	973-683-9000	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
Panther Expedited Services www.pantherexpedite.com	866-347-2101	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
Pegasus Logistics Group www.pegasuslogistics.com	469-671-0300	N	✈		✈	✈	✈		✈	✈	✈	✈	✈	✈	✈	✈
Phoenix International www.phoenixintl.com	800-959-9590	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
Pilot Freight Services www.pilotdelivers.com	610-891-8100	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
Priority Worldwide Services www.priorityworldwide.com	410-766-7470	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
Radiant Logistics** www.radiantdelivers.com	800-843-4784	N	✈		✈	✈	✈	✈	✈	✈	✈	✈		✈		✈
SEKO Logistics www.sekologistics.com	630-919-4800	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
Service By Air www.servicebyair.com	888-466-9722	N	✈	✈	✈		✈		✈	✈	✈	✈	✈	✈	✈	✈
Team Worldwide www.teamww.com	800-527-1168	B	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈		✈
TransGroup Worldwide Logistics www.transgroup.com	800-444-0294	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈		✈
UniGroup Worldwide Logistics www.ugwwlogistics.com	800-374-9635	B	✈	✈			✈		✈		✈	✈	✈	✈		✈
UPS www.ups.com	800-PICK-UPS	B	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
US Express Freight Worldwide www.usexpressfreight.com	301-683-9000	B	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈
UTi Worldwide www.go2uti.com	562-552-9400	N	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈	✈

**Includes Adcom Worldwide, Distribution by Air, Airgroup

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Documents: Shippers can book/create customs or import/export documents online

VALUE-ADDED SERVICES AND SPECIALTIES	WEB SERVICES: RATE QUOTES	WEB SERVICES: REAL-TIME TRACKING	WEB SERVICES: DOCUMENTS ✻	WEB SERVICES: OTHER WEB SERVICES	CERTIFICATIONS
Temperature-sensitive cargo, insurance, just-in-time delivery, emergency and relief logistics	✈	✈	✈	Order management integration	ISO, IATA, C-TPAT, Lean, Six Sigma, Hazmat, Cargo 2000, Environtainer QEP
Supply chain management, scheduled Alaska service, trade show, home delivery			✈	Reporting, invoicing	ISO, IATA, SmartWay, C-TPAT
Warehousing, total supply chain management, pool distribution, expedited services		✈		Shipping forms and instructions	ISO, IATA, SmartWay, C-TPAT, Women's Business Enterprise (WBE)
Project logistics, transportation management, truckload brokerage, contract logistics, warehousing, fulfillment, DC bypass	✈	✈		International shipping tools, domestic shipment management	IATA, SmartWay, C-TPAT, Hazmat
Packaging, warehousing and distribution support	✈	✈	✈	Shipment tracking and documents	ISO, IATA, C-TPAT
End-to-end supply chain management solutions, intercontinental air/ocean freight	✈	✈	✈	EDI	ISO, IATA, SmartWay, C-TPAT, Lean, Six Sigma, Hazmat
Expedited ground, elite services	✈	✈	✈	Shipment tracking	ISO 9001:2008, IATA, SmartWay, C-TPAT, Hazmat, FMC, NVOCC
Warehousing, white glove, global routing center		✈	✈	Shipment scheduling, reporting	IATA, SmartWay, Hazmat
Ocean freight, textile logistics, vendor management	✈	✈	✈	Shipping documents and tools	C-TPAT
Government and automotive services, home delivery, inbound logistics, merge and deliver	✈	✈	✈	Email alerts, EDI	ISO, IATA, SmartWay, C-TPAT, Hazmat, TAPA, ITAR
Project cargo, warehousing and inventory control, packing and crating	✈	✈	✈	Quote request, forms and documents	IATA, SmartWay, C-TPAT, Hazmat, CCSF
Warehousing and distribution, transborder services, finished goods distribution	✈	✈	✈	Shipment tracking	ISO, IATA, C-TPAT, SmartWay, Hazmat
Customized logistics solutions, global fulfillment, contract warehousing	✈	✈	✈	Shipment tracking, e-commerce	ISO, IATA, SmartWay, C-TPAT, Hazmat
Ground shipping services, trade show, healthcare, furniture, CPG, white glove	✈	✈	✈	Quote request, warehousing tools	IATA, SmartWay, C-TPAT
Domestic surface transport, warehousing and distribution	✈	✈		Online payments, shipping forms	IATA, SmartWay, C-TPAT, Hazmat
Full-service domestic and international transportation and logistics solutions	✈	✈	✈	Pickup scheduling, tracking, POD and inventory management, EDI	ISO 9001:2008, SmartWay
Project management, IT relocation	✈	✈	✈	Quote requests, tracking	ISO, IATA, C-TPAT
Consolidation, transload/crossdock, DC bypass, hand carry, ground freight, rail intermodal	✈	✈	✈	Paperless invoicing for international airfreight shipments, pickup scheduling	ISO, IATA, SmartWay, C-TPAT, Hazmat
Trade show logistics, priority same-day service, dedicated trucking	✈	✈	✈	Pickup scheduling, shipping forms	IATA, Hazmat, Air Forwarders Association
Freight management, contract logistics		✈	✈	Pickup scheduling, tracking	ISO, IATA, SmartWay, C-TPAT, Six Sigma

Information supplied by forwarders. Where data was not provided, historical and Web site information was used.

HEALTHCARE SUPPLY CHAIN COSTS:

A TOUGH PILL TO SWALLOW

Organizations all along the healthcare supply chain are taking a dose of smarter procurement and logistics practices to cure high costs and treat ailments in other areas of the business.

by Merrill Douglas

TALK WITH ANYONE IN THE HEALTHCARE INDUSTRY, and before long you'll hear the same four-letter word: cost. Governments, insurance firms, and patients all are clamoring to bring prices for medical services under control. Squeezed by changes such as lower Medicare and Medicaid reimbursements, healthcare providers are looking for every possible way to cut expenditures. Key among those efforts is the drive to save money on procurement.

Three major groups comprise the healthcare supply chain:

1. **Producers:** companies that make pharmaceuticals, medical devices, and healthcare supplies.
2. **Intermediaries:** wholesale distributors and group purchasing organizations (GPOs), which help bring healthcare products to the marketplace.
3. **Providers:** hospitals, medical practices, and large integrated delivery networks (IDNs).

Leaders in each segment are grappling with how to take costs out of the healthcare supply chain. They're also running up against other challenges, such as the need to comply with complex government regulations and find sources of revenue as products and markets mature. All this is forcing industry players to devise new ways of doing business.

Here's a look at some major issues confronting each segment of the healthcare supply chain today, and the strategies that organizations are using to negotiate this new terrain.

PAIN FOR PRODUCERS

Healthcare manufacturers face a range of supply chain concerns, according to the 2011 *Pain in the (Supply) Chain Survey* (*see chart, right*). Published by Atlanta-based supply chain solutions provider UPS, the survey polled senior executives at 250 pharmaceutical, biotech, and medical device manufacturers in the United States, Europe, and Asia.

One big issue emerges from the fact that makers of branded pharmaceuticals will soon see patents expire on many of their most successful products. Facing losses as competitors rush in with generic equivalents, pharma companies are looking for alternative ways to boost their earnings, says John Menna, director of strategy for healthcare at UPS.

"Healthcare manufacturers are reinventing themselves," Menna says. This transformation involves entering new lines of business, such as animal health and over-the-counter medication, and moving into biopharmaceuticals—large-molecule products such as hormones, derived largely from humans and animals rather than compounded from chemicals.

Market pressures, too, are pushing healthcare manufacturers to devise new strategies. Along with competition, pressure from government and private insurance programs is forcing manufacturers to charge less than they used to for their products. Also, patients these days are more discriminating. They expect more choice, demand evidence that treatments really work and, to some extent, also demand lower prices. Ever-more-complex government regulations add further pressure.

As healthcare manufacturers find it harder to thrive at home, they're seeking opportunities in other regions of the world. "They're looking at the emerging global middle class, primarily in Asia," Menna says.

Diversification into new product lines and markets generates fresh supply chain challenges. A pharma company expanding into biotech, for instance, may find that those products require special handling, such as temperature regulation during transport. Not only must shippers keep the product within the required range, but they must prove to regulators that they have done so.

A Western company targeting markets such as China and India must rethink its global logistics network. "It has to extend into geographies that the company hasn't served in the past," Menna says. "And each new geography has different regulatory requirements and regulating bodies."

One way to address those concerns is to work with a third-party logistics (3PL) company that offers a global network, including facilities designed specifically for healthcare products.

SEEKING EFFICIENCY

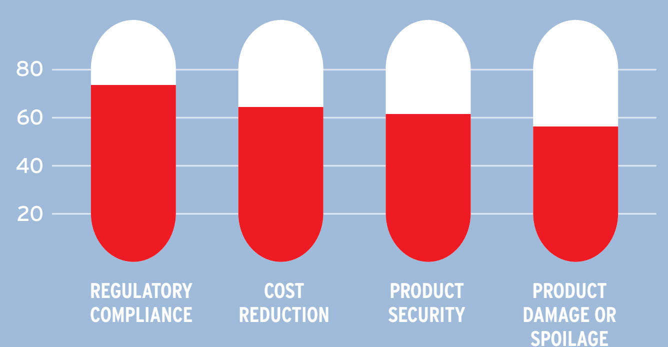
While many healthcare manufacturers are working to diversify their product lines and target markets, cost pressures are also forcing those companies to operate more efficiently. For Cook Medical, a producer of healthcare devices based in Bloomington, Ind., the key to efficiency is centralization.

Cook manufactures its devices and runs distribution centers (DCs) in the United States, Europe, China, Japan,

U.S. Healthcare Manufacturers' Greatest Supply Chain Challenges

Top executives at 250 pharmaceutical, biotech, and medical device manufacturers report that regulatory compliance—with its potential fines and lawsuits–is the supply chain challenge that sends their blood pressure soaring. But they are almost as anxious about achieving cost reductions, with 64 percent expressing concern about the issue.

"Concerned" or "Very Concerned" (% of respondents)



Source: 2011 *Pain in the (Supply) Chain Survey*, UPS

Healthcare device producer Cook Medical relies on centralized supply chain operations to efficiently distribute its products globally.

and Australia. It also uses a third-party DC in South Korea. In the past, several employees at each DC worked full-time to analyze demand in the region and determine how much of each product to stock.

As part of a recent drive to consolidate its operations, Cook has developed a software solution, the Inventory Ordering Priority System (IOPS), to manage those replenishment decisions automatically and globally. "Now one person at our North American distribution center orders product for all the distribution centers every day in less than one hour," says Rusty Burns, Cook's vice president of global logistics and purchasing.

Cook's factories still source many of their materials regionally, but the company plans to centralize that function as well. "Part of our supply chain initiative is writing a global software package for everything from procuring raw materials to distributing the finished product," Burns says.

One reason Cook is trying so hard to reduce supply chain costs is a provision in the Affordable Care Act—the U.S. healthcare reform legislation—that imposes a 2.3-percent excise tax on medical devices. Cook estimates that this tax will take a $17-million bite from its revenues. Better efficiency in the supply chain can help to compensate for that loss.

ALTERNATIVE TREATMENTS

Besides centralizing, Cook is working with vendors and customers to define further opportunities to economize. For example, it's identifying customers who will agree to take deliveries via one-day ground service rather than overnight air.

"We've had a lot of success with that strategy in the United States," Burns says. The switch saves millions of dollars, and Cook shares the savings with customers. The company is also developing more efficient packaging, and consolidating shipments to cut transportation costs.

In addition, Cook's supply chain team hopes to make the company more efficient by working with a smaller vendor pool. "In the past, we had a lot of suppliers doing the same thing," Burns says. "We've tried to consolidate and use only the ones that offer the best service and resources."

But the myriad regulatory protocols that Cook must follow make vendor consolidation a challenge. For example, in one country, Cook must report every manufacturer that contributes materials to a product. In another country, any time Cook makes a change to a product—including a switch to a different vendor for a material—it must report that alteration.

Cook can't sell a device until it has jumped all these regulatory hurdles. So if company officials decide to start buying the tubing in a stent from Vendor B instead of Vendor A, Cook might have to wait a long time for some governments to green-light the change.

If Cook gains approval in one country, it might use a new bill of materials for the product in that market, while using the old bill in countries where approval is pending. "If it's a big cost savings, we'll entertain that approach," Burns says. "If not, we'll just wait."

Along with the pressure to reduce costs, another big change for Cook involves the way it promotes products to healthcare providers.

"In the past, the sales relationship with our customer was typically a rep reaching out to a physician," Burns says. Today, Cook's sales reps increasingly find themselves discussing their wares with supply chain managers who work for the providers or for middlemen—distributors and GPOs.

To make those relationships more productive, Cook has added a team called Healthcare Business Solutions to its sales organization. "We're working with customers on the initiatives we can take to save money and create efficiencies throughout the supply chain," Burns says. "And it's paying off."

UNITED WE SAVE

The intermediaries that entered the picture for companies such as Cook perform several roles in the healthcare supply chain. GPOs—organizations that are usually owned by groups of hospitals and IDNs—negotiate contracts with vendors on behalf of their members. By aggregating the buying power of many healthcare organizations, they negotiate lower prices than one provider—especially a small one—could get on its own.

GPOs do not buy products themselves; they simply issue catalogs that their members use to order from vendors. By contrast, healthcare distributors, like their counterparts in other industries, buy wholesale and sell at retail to end users.

These days, though, both kinds of middlemen offer more, including supply chain services. GPOs, for example, collect data to help healthcare providers make sound sourcing decisions. "They play an integrated role with the hospital to make sure the right product is delivered to the right place at the right time," says Curtis Rooney, president of the Health Industry Group Purchasing Association (HIGPA), a Washington, D.C., trade organization.

Because GPOs are owned by their members, they share many of the supply chain concerns that keep healthcare administrators up at night, Rooney says. Cost is first among them.

GPOs serve as advisors, helping to disseminate best practices. "They provide various ways to make healthcare departments more safe and effective, reduce the number of errors, and promote patient safety efforts," Rooney says.

They also help providers save money not just by delivering lower prices, but also by identifying products that produce better outcomes. Switching from one product to another might help a hospital cut its patient infection rate, for example. That can save the hospital far more than a simple switch from a more expensive product to a cheaper one.

GPOs also help healthcare providers save money by extending the life of large capital items. "Instead of spending $1 million on the latest CT scan, facilities are starting to spend $200,000 to refurbish their existing equipment," Rooney says. GPOs help providers negotiate service contracts on such equipment.

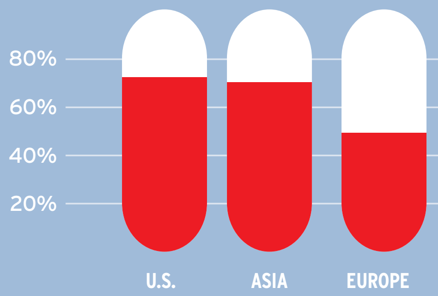
"Price counts in this business," says Todd Ebert, president and chief executive officer of St. Louis-based GPO Amerinet. "A GPO needs to negotiate the best prices it can for its members, but there are a number of other ways organizations can help their customers."

Vital Statistics

Source: 2011 *Pain in the (Supply) Chain Survey*, UPS

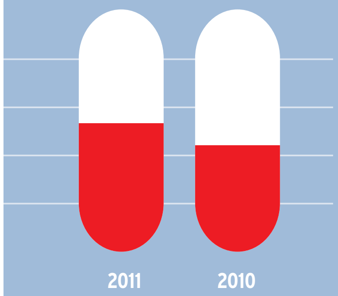
Managing supply chain costs is one of pharmaceutical, biotech, and medical device manufacturers' greatest concerns—especially in the United States (1). Although less than half of those firms' executives report success in addressing the issue globally (2), nine percent more of them have made gains over last year (3).

1. Supply chain cost management is a much bigger concern in the U.S. and Asia than in Europe.



2. Managing costs ranks as one of the top issues companies are unsuccessful in addressing globally.

3. 53% of U.S. companies report success in addressing supply chain cost management issues versus only 44% in 2010.



The first is to offer at least two sources for any given product, so there's always a sound, but less expensive, alternative.

Another way Amerinet helps members save money is through its auditing service, which ensures the prices on vendor invoices match the prices on their contracts. "Before the invoice is received at the facility, we run it through our databases and identify any errors," Ebert says. "Usually we can correct errors before the product hits the account the next morning."

The search for savings has also spurred GPOs such as Amerinet to deal in a kind of product that they used to avoid: "physician preference items" (PPIs) – high-end products such as orthopedic implants, heart valves, pacemakers, and other items that physicians traditionally have chosen on their own.

To make a case for a more cost-effective product in this category, Amerinet gathers a C-level hospital executive, the head of the clinical practice in question, a nursing leader, and other key players to walk through the data and examine the alternatives. "We'll guarantee an 18- to 24-percent savings on orthopedic implants, cardiology implants, and spinal implants," Ebert says.

Healthcare distributor Owens & Minor also provides materials handling, warehousing, and transportation services, passing savings to vendors.

OPPORTUNITY IN THE MILLIONS

While GPOs help their members obtain lower prices for products, another kind of healthcare middleman saves providers money by removing costs from logistics operations.

"The hospital industry's supply chain has been extremely inefficient," says Craig Smith, president and CEO of healthcare distributor Owens & Minor in Mechanicsville, Va. "There are millions of dollars' worth of opportunities to improve efficiency in individual healthcare systems."

Owens & Minor sells brand-name products from 1,200 manufacturers, as well as a private-label product line. Buying from a distributor simplifies procurement; it lets the provider receive many products from many vendors in a single shipment, then pay on a single invoice, says Trudi Allcott, Owens & Minor's director of investor and media relations. Owens & Minor sells directly to providers and through GPO contracts.

Besides selling and delivering healthcare products, Owens & Minor offers supply chain services to healthcare providers. For example, it works with vendors to develop replenishment models that fit providers' needs, which often means making frequent deliveries and breaking large orders into smaller units for distribution throughout the provider's building or campus.

"We put the products in totes and deliver them to the facility," Smith says. "Then they're taken to the floors or departments in small volumes."

Administrators want limited amounts of product to arrive once or twice a day, because healthcare facilities don't have much storage space. "Closets and warehouses don't generate revenue," he notes. Providers prefer to outsource inbound product storage.

Another trend is a greater push toward standardization. As large healthcare systems acquire smaller ones, they want to ensure all their operating units are buying the same products, in a limited range.

"Our customer might say, 'I'm buying nine different types of gloves. Let's standardize on one glove,'" Smith explains. "From 60 stockkeeping units in a glove line, let's standardize on one glove and three sizes."

Besides providing supply chain services to healthcare providers, Owens & Minor has started serving as a 3PL to product manufacturers, particularly to companies selling high-dollar PPIs. Traditionally, manufacturers have sold PPIs directly to hospitals, not through distributors.

Outsourcing to 3PLs saves vendors money, which is important because GPOs, providers, and third-party payers have forced those vendors to reduce their profit margins. Five years ago, a vendor might have sold a certain PPI for $3,000. Today, the price might be $1,500 – but it still costs the same $1,000 to make, sell, and deliver that product.

Providing materials handling, warehousing, and transportation services allows Owens & Minor to cut expenses dramatically for some larger vendors.

CHANGING OLD HABITS

For healthcare providers today, the hot supply chain topic is cost-effective utilization, according to Ed Smith, chief supply chain officer at the University of Mississippi Medical Center (UMMC) in Jackson.

Campaigns to drive down prices on medical supplies probably have achieved all they can. "The way that supply chain management can affect cost now is to get involved in consumption practices," he says.

UMMC encompasses six health professions schools, four hospitals, a medical group with more than 450 physicians, and a world-renowned research center.

Ed Smith's team procures all supplies except pharmaceuticals for the entire campus. Ninety percent of those procurement dollars are spent on supplies for the hospitals.

To save money on supplies, UMMC needs to change old habits that might waste only pennies in each instance, but add up to serious dollars. "Hospital workers are used to opening a pack of sterile gloves because it's convenient, but it's a non-sterile procedure," Ed Smith explains. Or someone might open a suture tray kit, take out the scissors to use, and discard the rest.

Lack of supply standardization also leads to waste. Supply chain managers need to persuade staff on nursing floors and in procedure rooms to use the most effective products available at the best prices, while maintaining a high standard of care.

Most healthcare organizations approach this challenge through their value analysis departments, which examine the total cost of the products they use. "We evaluate the products and consider how we can influence the surgeons to use something else that will get the same clinical outcome," Ed Smith says. "In a way, we counteract what the sales reps say."

CALLING IN A SPECIALIST

To give the value analysis department the clout it needs to get physicians' attention, UMMC recruited a registered nurse with both surgical experience and an MBA degree to head the team.

When the value analysis team recommends a product, it doesn't always favor the one that sells at the lowest unit cost. "On several occasions, we have proven that a more expensive product saves money," Ed Smith says.

For example, last year the team advocated for a particular port-a-cath device that cost 30 percent more than the device UMMC was currently using. Other hospitals had found that when they switched to the pricier product, patients recovered faster and could go home sooner.

"If it costs us $1,900 a day to have patients sitting in the hospital, and we can get them out one day earlier, then that product, even though it costs more, saves on the bottom line," Ed Smith says.

The value analysis department always bases its decisions on hard evidence. "We do the research," Ed Smith notes. "We ensure the product supports a standard of care across the healthcare industry, or has been recognized and is becoming the new standard of care."

Along the entire supply chain, participants maintain that their major goal is to give healthcare professionals top-quality products for patient care. Maintaining those high standards while making healthcare more affordable is a tough pill to swallow.

H.O.W.
HELP ON THE WAY

Need to know the best way to evaluate a 3PL partner? Improve maritime cargo security? Manage peak season variability?

HOW

HELP IS ON THE WAY!

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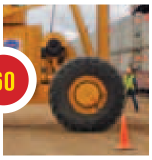
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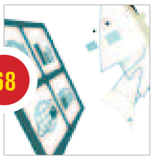
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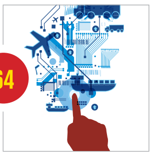

Managing transportation and logistics details in an increasingly complex world is no small task. So *Inbound Logistics* is here to show you HOW. Over the past five years, we have paired reader feedback and industry expertise to provide practical and instructive "how-to" guides that address tactical and strategic supply chain fundamentals. We are incrementally building a library of industry best practices to help readers turn interrogatives into imperatives.

The next seven installments appear on the following pages:

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What specific "how-to" would you like us to cover? Let us know: **editor@inboundlogistics.com.**

How to Ship in Alaska

The "last frontier" can be a daunting place for shippers moving freight unless they select the right airfreight forwarders to work with. Alaska is twice the size of Texas and has 640 square miles of land for every mile of paved road.

When waterborne transport isn't an option, freight moving in and out of Alaska goes by air. Shippers work closely with forwarders and carriers to book capacity and ensure seamless hand-offs between modes. Given the variety of cargoes that need to fly–ranging from time-sensitive medical supplies and over-dimensional oil field equipment to perishable seafood–companies need to identify specific shipment needs and align them with asset and service requirements.

Shippers selecting carriers in Alaska need to assess several criteria:

Experience. Because so many variables complicate transport in Alaska–notably weather and geography–a partner's track record in the market is critical. Planning for supply chain exceptions is standard operating protocol, and airfreight intermediaries possessing years of experience and industry connections with marine lines, trucking companies, and loyal customers can make shipping to and from Alaska much easier.

Intermodal Connections. Most freight in Alaska moves via intermodal, so any hiccup in transport can create domino-like delays throughout the entire shipment cycle. Tracking product across modes and communicating status to shippers and consignees is important. Transportation flexibility is a necessary luxury, but shippers rely on forwarders to determine what freight should move where and how, assessing cost and service variables that may dictate one mode over another.

Timing. Alaska's size, lack of road infrastructure, and extreme seasons place a premium on timing. Service frequencies change during the year and by mode, so shippers count on their airfreight partners to coordinate transportation moves accordingly. Different shipment types require diligent attention to scheduling. Fresh-caught salmon bound for restaurants in Seattle and just-in-time oil field equipment deliveries to the North Slope have unique transportation requirements. Forwarders can help match modes to expedite one shipment or slow another so that it arrives when it's supposed to. Missing transportation windows–too late or too early–can be costly oversights.

Specialized Handling. Given the sometimes sensitive and unwieldy nature of cargo flying within Alaska, it is vital that forwarders and carriers have the right cool chain and bulk freight capabilities in terms of training, handling, and equipment. They also need the right facilities in place to store, stage, and inspect freight as it moves through the supply chain.

Flying Fish

Alaska's commercial fishing industry presents a snapshot of the different challenges shippers, airfreight forwarders, and carriers encounter moving product in and out of the state.

- Geoduck clams, which are harvested in Southeast Alaska, are considered a delicacy in Japan, Korea, and especially China. After the clams are harvested, they are transported to Anchorage for air transshipment to China–live. Making sure global shipments arrive on time and intact at appropriate jump-off points between modes is critical to preserving the chain of custody for perishable cargo moving long distances.

- Commercial fishing boats have to pull their quota within tight time constraints, so whenever there is a need for a replacement engine or service part, forwarders and carriers have to make the right decisions fast. It may be an expedited, mission-critical delivery to the dock in the middle of the season or just-in-time replenishment for a spare part. Certain locations such as Dutch Harbor, a key fishing port in the Aleutian Islands, may only be served by one or two carriers with limited schedules or capacity. Forwarders need to understand regional service requirements and transportation frequencies when they coordinate pickups and book space.


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How to Balance Export Demand

While much has been said about the United States' anemic manufacturing sector and the stress it places on sustainable economic growth, agriculture exports are booming. The United States remains a net exporter of food and delivers half the world's grain supply. In 2010, China became the largest export market for U.S. agriculture with soybeans, cotton, wood, grains, and seafood dominating the trade. That growth is expected to continue.

Shifting global trade dynamics and emerging export markets with explosive growth potential present U.S. growers and other industries with new challenges—as well as opportunities to create more efficient solutions.

In strong Midwest agriculture markets such as North Dakota, shippers have few transportation options. Many are limited to bulk railcar service to the West Coast, where commodities are containerized and shipped via steamship line to customers in Asia.

Demand for containerized control at point of origin helps reduce touches and facilitates handling in the domestic supply chain. There has never been enough eastbound volume into rural areas such as North Dakota, however, to justify the time and cost necessary to reposition assets from a high-volume container destination such as Chicago.

When drilling companies began tapping North Dakota's rich oil field reserves—which coincidently lie below the state's vast wheat fields—a few years ago, a new import demand was born.

Frac sand is used during oil and gas drilling operations to improve production flow from oil and gas wells. The manufactured frac sand is a ceramic proppant that is sourced and transported from Asia in containers. As demand for this commodity grew, a regional container network emerged that could support asset needs for both drilling and agriculture industries.

Working with the railroads and oil exploration companies, logistics intermediaries established services to deliver containerized frac sand eastbound from Asia, then reposition the containers to transport agricultural commodities back to Asia. This solution created balanced import and export customer demand to establish the appropriate level of container capacity in the market to support consistent, trainload quantities and service.

Multiple transportation options are available to transport frac sand into the North Dakota market, so logistics providers can pace inbound container volume to match forecasted export container demand. If, for example, more frac sand is coming in than grain moving out, some inbound containers from Asia can be transloaded into boxcars and hopper cars. North Dakota isn't flooded with too much container capacity, and shippers avoid needless demurrage charges.

Taking Advantage of Shared Solutions

The North Dakota regional container network's success, and accelerating demand for U.S. agriculture products, bodes well for other regions where complementary import and export container demand can coalesce into shared transportation solutions. Converting some railcar movements to container trains creates more flexible capacity for bulk freight commodities. These types of closed-loop networks also accelerate container turns, greatly improve asset utilization, and ultimately drive further economy.

How to Improve Maritime Cargo Security

When U.S. Customs and Border Protection (CBP) introduced the Customs Trade Partnership Against Terrorism (C-TPAT) initiative in the aftermath of Sept. 11, it gave government, shippers, carriers, port authorities, and other transportation and logistics intermediaries a platform to build better security protocol into the supply chain.

As a consequence, shippers today are taking cues from CBP and making concerted efforts to share and apply security best practices throughout their organizations and supply chains. In fact, some are making voluntary C-TPAT certification a compliance requirement among partners.

Apart from applying for C-TPAT membership, here are six steps companies can take to shore up their supply chains.

1. Use Checklists. C-TPAT requires companies to "conduct periodic spot-checks to ensure all procedures are being performed." One way shippers can address this is by employing checklists. Steamship lines use this approach when sweeping a vessel for potential security breaches, examining internal/external compartments, and reviewing shipboard training programs. Shippers can engage a similar step-by-step process within their facilities to ensure a shipment's chain of custody remains intact.

2. Stay Alert. Monitoring the work environment, especially on the waterfront, is critical to any maritime security program. Some steamship lines routinely and randomly inspect containers in transit to keep shippers, suppliers, and other intermediaries on their toes. If breaches arise, they can use this information to identify the problem's root and develop solutions to prevent future compromises.

3. Maintain Seals. C-TPAT requires partners' shipped containers to have high-security seals that meet ISO PAS 17712. Making sure delivered containers remained sealed is an important consideration in the supply chain.

Containers with seal security issues should not be allowed to continue their movement until the discrepancy is researched and resolved. Stopping the container as close as possible to the point of discovery makes it easier to identify the nature of the problem. Proper action may involve applying a high-security seal, requiring a shipper to verify the contents and add a seal, or refusing to lade a container on its next means of conveyance.

4. Ship Through a CSI Port. Before there was C-TPAT, there was the Container Security Initiative (CSI). CSI is designed to push the security border beyond America's shores to foreign ports. It consists of four key elements:

- Using advanced intelligence to identify and target containers that may pose a threat.
- Pre-screening suspicious containers while they are still overseas.
- Using technology to quickly pre-screen suspicious containers.
- Employing smart containers.

5. Security Training and Awareness. C-TPAT specifically requires that "a security awareness program should be established and maintained...to recognize and foster awareness of security vulnerabilities to vessel and maritime cargo."

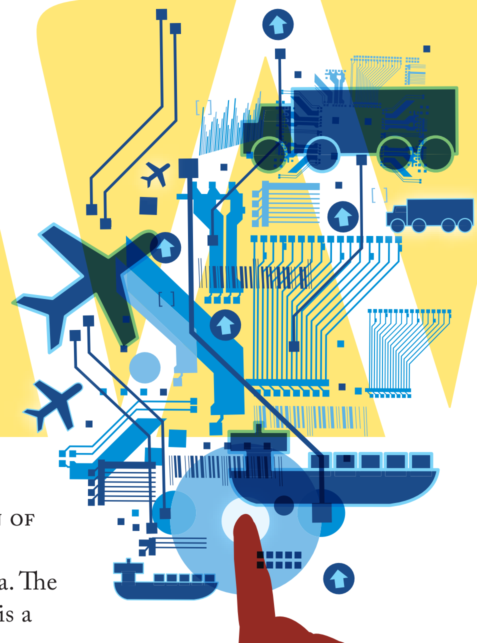
Companies can enhance security knowledge and execution by implementing training programs—whether off-the-shelf online courses or home-grown exercises that are specific to job requirements.

6. Read CBP's Handbook. U.S. CBP has a list of guidelines and best practices shippers can use to improve security within their own organizations.

Inclusive Company

Companies that may apply for U.S. C-TPAT certification include:

- U.S. importers of record
- Rail, sea, and air carriers
- U.S. marine port authority and terminal operators
- U.S. airfreight consolidators, ocean transportation intermediaries, and non-vessel-operating common carriers
- U.S./Canada highway carriers and U.S./Mexico highway carriers
- Mexican and Canadian manufacturers
- Select foreign manufacturers
- Licensed U.S. customs brokers



How to Benefit from SaaS TMS

Emerging technology platforms are accelerating the maturation of transportation and logistics solutions, particularly those that enrich and empower the user community by integrating partners and aggregating data. The Software-as-a-Service (SaaS) transportation management system (TMS) is a prime example.

SaaS TMS is a single-instance, multi-tenant environment where customers and their partners access a shared solution via the Internet. Transportation feature functionality is comparable to other hosted or on-premise solutions. What makes SaaS unique, however, are the intangible benefits that exist by being part of a community as opposed to simply working siloed within the four walls of an organization.

Once a carrier is in the network, it is connected to all appropriate partners. With hosted or on-premise applications, the carrier has to integrate with each user separately. This intuitive connectivity creates competitive advantage in a number of ways:

Cost Structure. SaaS is sold as a service, not a product, which increases and accelerates a user's return on investment as it moves from implementation to integration and finally optimization. There are no costly upgrades.

Scalability. In transportation management, scalability can be as simple as having immediate access to additional carriers already in the network. SaaS allows users to more easily flex to demand; onboard new customers, carriers, and suppliers; or add and upgrade services on demand.

Accessibility. With more partners integrated on a single platform and more data streaming across the network, individual users benefit by having access to more robust and accurate information. Reporting and benchmarking performance data provides business intelligence that can be shared among all users in the network to create additional value.

Visibility. Because partners are all in the same environment, visibility is that much greater. Real-time communication is enhanced. Every party knows what is happening, when, and why. And visibility extends to data that enables more accurate and robust performance metrics.

Collaboration. With greater visibility, businesses can share information faster and more efficiently. Vendors, carriers, and shippers can collaborate to work across each other's networks, sharing transportation assets and creating economies of scale.

Shippers can leverage SaaS TMS to unleash rapid and significant change throughout the organization. For example, consider a retailer that is managing inbound transportation, but has problems with visibility and wants to reduce inventory and increase supply chain flow without expanding facilities.

By bringing carriers and vendors onboard a SaaS TMS platform, the retailer can track shipments in the supply chain. With greater visibility to demand and supply, it can reduce safety stock. Inventory reduction, in turn, increases supply chain velocity and throughput—all of which reduce warehousing and transportation costs. That's the power of SaaS.

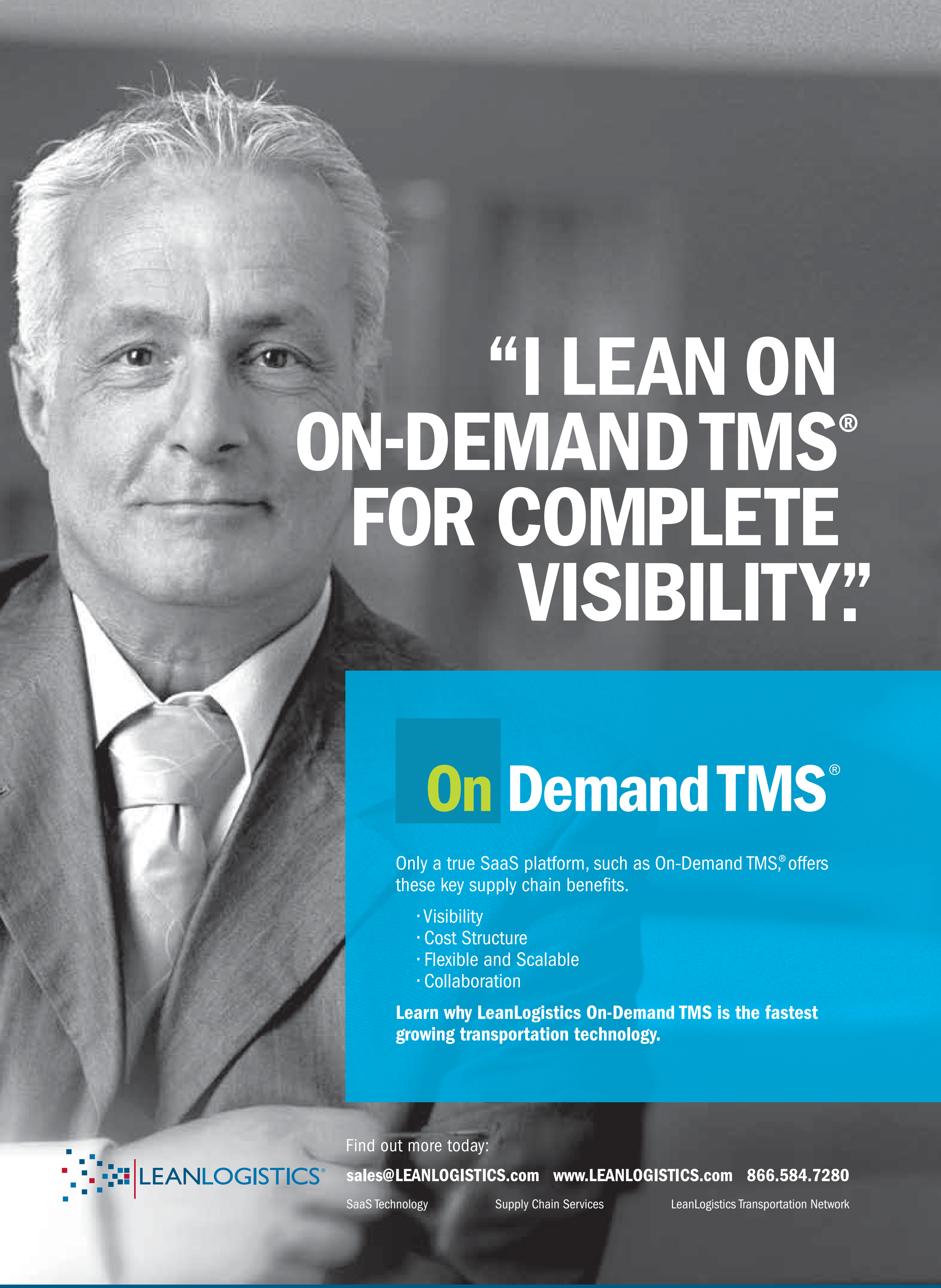
SaaS Stands Out

With so many different technology platforms and hybrid variations on the market, it is important for shippers to know what makes SaaS unique from other deployment models.

SaaS: The technology runs on a platform and the customer accesses it via the "cloud." SaaS supports a multi-tenant network that allows multiple business partners to integrate on the same platform.

HOSTED: Technology is accessed on demand, much like SaaS, but does not have a multi-tenant architecture, therefore requiring separate implementations for each user, and integrations for each carrier.

ON-PREMISE: Technology is installed and runs on the customer's hardware, requiring administrative resources and additional cost for databases and infrastructure.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How to Manage Peak Season Variability

August is usually the busiest time of year for global manufacturers, retailers, steamship lines, and transportation and logistics intermediaries as they begin ramping up inventories and capacity to manage the holiday freight surge. In 2011, however, a sluggish economy, continuing changes in consumer buying habits, and leaner ocean carrier fleets conspired to toss peak season tradition aside.

Economic uncertainty has tempered consumer spending, leaving manufacturers and retailers hesitant to trigger orders and stockpile inventory against fluctuating demand forecasts. The retail gift card phenomenon continues to push the holiday buying season into January as consumers redeem their credit.

Steamship lines are also making waves by arbitrarily taking capacity out of the market and idling vessels—a trend that began in 2009. In effect, they are reducing operational costs while artificially stimulating demand.

The sum effect? The 2011 peak season never materialized. Steamship lines introduced peak season surcharges and still ran below full capacity. They delayed, then discounted premium rates. Some waived surcharges altogether.

Now shippers are preparing for a new reality: peak season variability.

Dealing with Doubt

Many global ocean shippers have been conflicted about what to do. Some have decided they will no longer sign service contracts until the market evens out—especially after discovering the service contracts they signed during the previous cycle were 10 percent higher than the spot market.

When peak season surcharges first went into effect more than a decade ago, they followed a pattern. Large steamship lines set the rate in July and August, then smaller carriers discounted accordingly. When capacity dropped below a certain quota, the steamship lines reduced their surcharges and everyone else followed suit. It was a constant tug of war as the market fluctuated up and down. Eventually supply and demand balanced out.

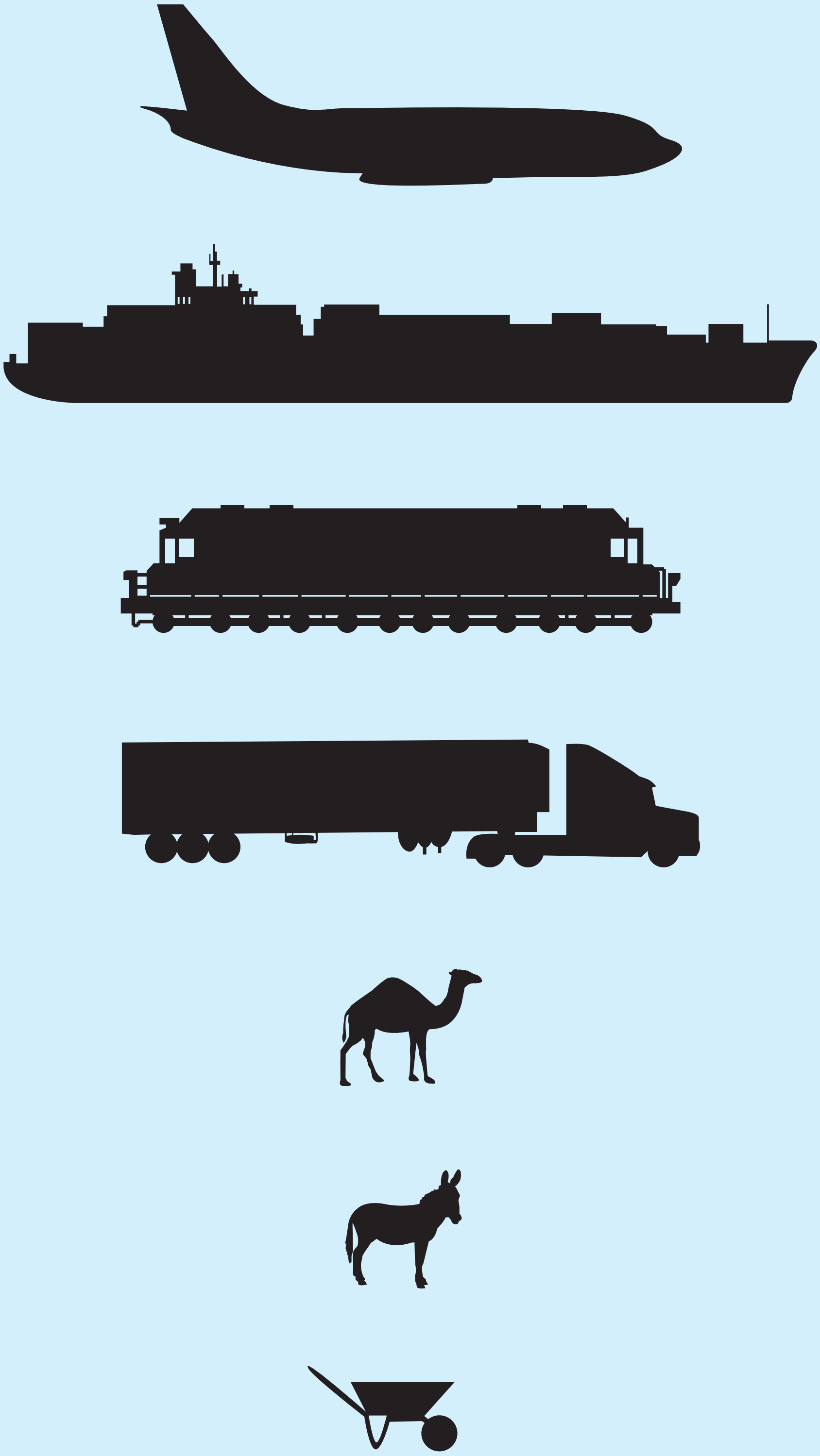
Larger companies—the Walmarts of the world—have little to worry about. They carry so much volume that they are treated accordingly. Most receive capacity guarantees. If cost, capacity, or customer service becomes an issue, Tier I companies have no shortage of suitors.

Tier II importers, moving between 1,000 to 10,000 twenty-foot equivalent units (TEUs) each year, need to plan better. Keeping tabs on market dynamics through various media outlets is key. There are also online tools such as Zepol that allow shippers to find out how many containers competitors are bringing in and with whom. Market intelligence creates pricing leverage when shippers negotiate with carriers.

Tier II companies also leverage partnerships with non-vessel operators (NVOs) and third-party logistics providers to indirectly book freight with steamship lines. A shipper that is moving 7,000 TEUs a year may tender 5,000 TEUs to a steamship line, then split the remaining 2,000 TEUs between two NVOs to create additional flexibility.

Smaller Tier III shippers have to be even more creative. Many can't work directly with ocean carriers, and have to rely on intermediaries to find space. They may work exclusively with one NVO, or specify forwarders that deal with one steamship line or with a specific commodity type.

Some will sign a smaller service contract with an ocean carrier, then give the lion's share to an NVO. Others may split volume among multiple intermediaries—although this is not a preferred strategy. The purpose of an NVO, especially if a shipper isn't locked into a service commitment, is to leverage volume for better pricing. Tendering 90 percent of business to one intermediary and 10 percent to another provides flexibility while ensuring better economies of scale.



How to Evaluate a 3PL Partner

Shippers, carriers, and even small intermediaries increasingly rely on third-party logistics (3PL) service providers to manage non-core logistics and supply functions, access capacity, and tap technology capabilities. 3PLs create value by pushing the envelope and helping customers reduce costs through tactical improvements, and enhance overall supply chain performance with strategic business process enhancements.

Making the decision to work with a 3PL is often predicated by a need—transportation capacity and costs, seasonal warehousing, or global complexity, among others. But as outsourcing partnerships mature, customers need to routinely assess performance and set new goals.

Many 3PLs proactively demonstrate return on investment. It's in their best interest to expand the value proposition and grow the relationship. But it doesn't hurt for customers to ask where functional outsourcing can take their business.

Getting to the C.O.R.E.

Here are four factors companies should consider when assessing 3PL performance:

1. Control. 3PLs generally control transportation and distribution capacity, directly or as a broker. They liaise on customers' behalf when contracting with carriers, forwarders, and other intermediaries. But customers need to exert control, as well.

One of the most common reasons 3PL partnerships fail is poorly defined expectations. Scope creep occurs when control is lax. Outsourcers need to assertively communicate objectives and concerns, and constantly benchmark key performance indicators (KPIs) that are most important to them—not their service provider.

A 3PL may be providing world-class service, but unless a customer measures that data and compares it with contractual or industry standards, it will never know.

2. Optimization. One way 3PLs create value is by helping customers optimize existing transportation and logistics functions. They do so by collecting and distilling mass amounts of data to granular-level detail, analyzing it, and identifying anomalies and redundancies. They can then address specific process fixes—for example, steering customers toward establishing a core carrier group or enforcing inbound routing guide compliance among suppliers.

Or they may uncover strategic systemwide improvements upstream and downstream in the supply chain that turn problems into new opportunities to drive greater efficiency and economy. With so much change and variability in the supply chain, optimization is a recurring process. When pre-determined goals are met, new objectives should be created.

3. Reporting. Reporting is the key to understanding and recognizing 3PL performance, good or bad. Knowing where goods are in real time is an important part of this process, and 3PLs should provide shipment visibility and process information.

Customers need to dictate which status reports are most critical to their needs so they can view performance as it relates to their terms, not the service provider's. Using the right metrics may help companies determine if they are striking the right balance between service and cost.

3PLs will collect, archive, and analyze historical reports to identify improvement areas, alert customers to real-time or recurring problems, and explore opportunities where they may be able to gain further efficiencies and economies.

4. Execution. When it comes to execution, 3PLs should strive for continuous improvement – and customers should expect it. If a service provider is responsive to customer priorities—whether it's controlling specific KPIs, optimizing functions, or reporting data—and executes according to plan, there should be obvious gains in terms of customer service, efficiency, cost savings, and innovation. Then the evaluation process begins anew.

There are no short cuts to creating great work. Each effort requires vision, talent, originality and desire. At ProTrans, we approach each 3PL opportunity as a new challenge. No off-the-shelf applications here. Using our CORE discipline, we focus on control, visibility and reporting so that your logistics solution can fully benefit from our daily experience in the network resulting in better capacity optimization, timing and overall transportation management. Let us paint you a picture of unique opportunities. It just might turn out to be, well, a masterpiece. Give us a call at 888.776.8726 or see us online at www.protrans.com.

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How to Ensure Successful Transportation of Your Project Cargo

When it comes to transporting over-dimensional or heavy-lift cargo—whether it's equipment bound for Alberta oil fields or turbine components for an Iowa wind farm—transportation and logistics demands are infinitely greater because they are unique to each situation.

The complexity of moving unwieldy cargo as quickly and economically as possible requires collaborative partnership, attention to detail, and constant communication across the supply chain. From pre-planning through execution, shippers and their supply chain partners need to consider several factors to ensure project cargo moves without a hitch:

Customs and regulations. Taxes and duties vary from country to country, as do inspection requirements and documentation. Conducting local market research determines the financial implications of procuring particular components in different countries.

Public relations. Moving project cargo on shared roads often raises public safety and environmental concerns. Even the slightest perception that communities will be impacted deserves attention. An open dialog among all parties involved can help assuage potential PR problems before they flare up.

Cargo design. Transportation can sometimes dictate how a product is manufactured—for example, whether it is delivered as one unit or produced in multiple parts and assembled on-site. Project cargo buyers can conduct transportation analysis and create routings before equipment is even sourced or manufactured.

Mode optimization. Transit times and requirements vary widely for road, rail, air, ocean, or inland barge. Transportation specialists with in-country knowledge can advise on length, width, height, and weight restrictions that may necessitate using one mode of transportation over another.

Change orders and delivery timelines. Any changes or delays in material sourcing plans or production and delivery can produce unintended consequences. Changing sourcing locations can increase lead times and transportation costs, for example. Shippers and service providers need to plan for potential problems and build flexibility into the project cargo move.

4 Steps to Project Logistics Success

1. SEEK OUT TRANSPORTATION ADVICE. Work with a team of transportation professionals, a consultant, or a transportation provider with a proven track record in large infrastructure projects to provide expert advice regarding risk and liability, in-country specialization, and knowledge of equipment and local haulers.

2. ALLOW LEAD TIME TO COORDINATE TRANSPORTATION DETAILS. Successful project cargo moves require planning and due diligence. This can include determining whether to buy and ship a unit intact or produce it in pieces and assemble on-site; developing route surveys; and creating detailed bids, execution plans, documentation, and on-site project management details.

3. DEVELOP CONTINGENCY PLANS. When moving project cargo, variability is an expectation, not an exception. Shippers need to keep tabs on weather conditions, road construction schedules, and any other type of difficulty that could arise, and be ready to execute pre-determined back-up plans at a moment's notice.

4. INCORPORATE PAST EXPERIENCE. Working with project logistics specialists allows shippers to gain valuable insight from previous endeavors, tap local knowledge, as well as benchmark performance and identify economies and efficiencies for future moves.

HAIR GEL
Italy
BLACKBOARD
United States
COFFEE
Colombia
CREAMER
Netherlands
CAFÉ CUP
China
HOOK
India
INBOUND LOGISTICS
1
WINNER
TOP 3PL 2011

Set to **Soar**

When it comes to handling air cargo, these airport facilities are just plane great.

Air cargo represents a $60-billion business responsible for transporting 35 percent of the value of goods traded internationally, according to the International Air Transport Association. This vital segment of the global supply chain relies on airport facilities with the infrastructure and capacity to handle shipments safely and efficiently. The following profiles highlight six U.S. airports that are first-class all the way.

SOURCE: Data provided by airport authorities and Airports Council International

Louisville International Airport houses Worldport, UPS's global air hub.

Seattle-Tacoma

International Airport (SEA)

U.S. Airport Cargo Volume Ranking **#19**

www.portseattle.org/seatac

TOTAL CARGO VOLUME (2010): 262,829 tons

DOMESTIC FREIGHT: 168,648 tons

INTERNATIONAL FREIGHT: 94,181 tons

MAJOR AIRLINES & FORWARDERS:

- FedEx
- Alaska Airlines
- Delta Air Lines
- China Airlines
- Korean Air
- EVA Air
- Cargolux
- United Airlines
- Lufthansa
- British Airways

AIR CARGO FEATURES: Daily non-stop service to 75 domestic and 21 international destinations; three runways ranging from 8,500 to 11,901 feet long.

CARGO SERVICES & FACILITIES: 680 square feet of leasable space in 15 airside buildings; more than three million square feet of aircraft ramp space; on-site federal inspection services including U.S. Customs and Border Protection, U.S. Department of Agriculture, Food and Drug Administration, and Transportation Security Administration.

TRANSPORTATION INFRASTRUCTURE: Close proximity to two major West Coast seaports; convenient access to Interstate 5.

EXPANSION PROJECTS AND POTENTIAL: More than 200 acres of land for airport-related logistics park development.

NOTABLE FACT: The Clean Airport Partnership recognized Seattle-Tacoma International Airport as one of the nation's greenest airports.

Indianapolis

International Airport (IND)

U.S. Airport Cargo Volume Ranking **#8**

www.indianapolisairport.com

TOTAL CARGO VOLUME (2010): 1.04 million tons

DOMESTIC FREIGHT: 1.01 million tons

INTERNATIONAL FREIGHT: 32,445 tons

MAJOR AIRLINES & FORWARDERS:

- FedEx
- Cargolux
- Mountain Air Cargo
- Southwest Airlines
- US Airways

AIR CARGO FEATURES: Three runways ranging from 7,600 to 11,200 feet long.

CARGO SERVICES & FACILITIES: The Greater Indianapolis Foreign Trade Zone provides warehousing and logistics services.

TRANSPORTATION INFRASTRUCTURE: Proximity to Interstates 70, 465, and 65; intermodal rail access within five miles; five railroads serve the area.

EXPANSION PROJECTS & POTENTIAL: By 2040, IND will handle a projected 1.9 million tons of cargo annually.

NOTABLE FACT: IND is home to the world's second-largest FedEx Express operation.

Miami International Airport (MIA)

U.S. Airport Cargo Volume Ranking **#4**

www.miami-airport.com

TOTAL CARGO VOLUME (2010): 1.99 million tons

DOMESTIC FREIGHT: 222,808 tons

INTERNATIONAL FREIGHT: 1.77 million tons

MAJOR AIRLINES & FORWARDERS:

- UPS
- Centurion Air Cargo
- LAN Cargo
- Tampa Cargo
- American Airlines
- Arrow Air
- FedEx
- Linea Aerea Carguera
- Atlas Air

AIR CARGO FEATURES: 3.8 million square feet of aircraft parking space; four runways ranging from 8,600 to 13,000 feet long.

CARGO SERVICES & FACILITIES: 17 warehouses provide 2.7 million square feet of space; the MIA Cargo Clearance Center houses U.S. Customs and Border Protection, the Food and Drug Administration, and the Fish and Wildlife Service.

TRANSPORTATION INFRASTRUCTURE: The Port of Miami, Interstate 95, and the nation's largest privately held free trade zone are located nearby.

EXPANSION PROJECTS & POTENTIAL: A 32,000-square-foot expansion of LAN Cargo's cold storage facility was completed in 2010. A 300,000-square-foot cargo warehouse facility and office complex for Centurion Air Cargo broke ground this year and is scheduled for completion at the end of 2012.

NOTABLE FACT: MIA's Animal and Plant Health Inspection Service Facility is the only U.S. Department of Agriculture facility in the country to house the Veterinary Services and Plant Protection and Quarantine Service's import and export operations, inspection station, and air cargo work unit in one complex.

Dallas/Fort Worth International Airport (DFW)

U.S. Airport Cargo Volume Ranking **#11**

www.dfwairport.com

TOTAL CARGO VOLUME (2010): 708,732 tons

DOMESTIC FREIGHT: 380,748 tons

INTERNATIONAL FREIGHT: 327,984 tons

MAJOR AIRLINES & FORWARDERS:

- UPS
- FedEx
- American Airlines
- EVA Air
- Cathay Pacific
- China Airlines
- DFW Cargo
- Korean Air
- Singapore Cargo
- Lufthansa

AIR CARGO FEATURES: DFW is four hours or less by air from every major North American market, with nonstop service to more than 170 destinations worldwide; ramp parking for 11 747-400 aircraft; seven runways.

CARGO SERVICES & FACILITIES: Almost three million square feet of cargo facilities on-site; 24-hour Customs clearance; Foreign Trade Zone 39 includes a 21-acre business park, two cargo distribution centers, and the airport's general-purpose public warehouse.

TRANSPORTATION INFRASTRUCTURE: Located at a transshipping crossroads with air, road, and rail access to major international markets; shipments leaving the airport via truck can reach 98 percent of the U.S. population within 48 hours or less.

EXPANSION PROJECTS & POTENTIAL: More than 5,200 acres of land available for commercial development, including five business/logistics parks.

NOTABLE FACT: 98 percent of all international perishable shipments are cleared within two hours by the U.S. Department of Agriculture; most other shipments clear Customs within four hours of arrival.

O'Hare International Airport (ORD)

U.S. Airport Cargo Volume Ranking
#6

www.ohare.com

TOTAL CARGO VOLUME (2010): 1.57 million tons

DOMESTIC FREIGHT: 522,042 tons

INTERNATIONAL FREIGHT: 1.05 million tons

MAJOR AIRLINES & FORWARDERS:

- United Airlines
- FedEx
- American Airlines
- Nippon Cargo
- Lufthansa
- China Airlines
- Cathay Pacific
- UPS
- China Cargo Airlines
- Japan Airlines

AIR CARGO FEATURES: More than one dozen cargo carriers serve ORD; non-stop flights to more than 200 U.S. cities.

CARGO SERVICES & FACILITIES: 400 acres of cargo-related development, with more than three million square feet of existing warehouse/distribution facilities on airport property. Ramp space for 25 wide-body freighters, including B747-8F capabilities. All federal agencies, including U.S. Customs and Border Protection, U.S. Department of Agriculture, and the Transportation Security Administration have offices on-site.

TRANSPORTATION INFRASTRUCTURE: Direct access to multiple railroad hubs and six interstate highways.

EXPANSION PROJECTS & POTENTIAL: Starting in 2013, Chicago's O'Hare expects to add, in phases, more than 50 acres of cargo-related development, with approximately 750,000 more square feet of facility space and B747-8F parking in the northeast area of the airfield.

NOTABLE FACT: O'Hare has two main cargo areas. The Southwest Cargo Area receives 80 percent of the airport's all-cargo flights. The North Cargo Area is the original airport facility, built in 1942 to manufacture Douglas C-54 transport aircraft for World War II.

Louisville International Airport (SDF)

U.S. Airport Cargo Volume Ranking
#3

www.flylouisville.com

TOTAL CARGO VOLUME (2010): 2.4 million tons

MAJOR AIRLINES & FORWARDERS:

- UPS
- FedEx
- Southwest Airlines
- Air Cargo Carriers

AIRCRAFT FEATURES: Three runways ranging from 7,250 to 11,890 feet long, and more than 62,000 linear feet of taxiways.

CARGO SERVICES & FACILITIES: An airfield-accessible cross-dock cargo complex consists of a 55,600-square-foot, 23-bay cargo building; a five-acre aircraft parking ramp; and a two-acre airside staging area. U.S. Customs and Border Protection's SDF facility oversees 29 foreign trade zones and several bonded warehouses.

TRANSPORTATION INFRASTRUCTURE: Located at the intersection of I-65 and I-264, with access to two public inland ports and 48 private terminals on the Ohio River, as well as three Class I railroads.

EXPANSION PROJECTS & POTENTIAL: SDF is constructing Taxiway A, a west parallel taxiway to the West Parallel Runway; it will accommodate the largest and newest long-range commercial aircraft.

NOTABLE FACT: SDF is home to Worldport, UPS's global air hub, which handled 2.3 million tons of cargo in 2010.

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Casebook | by Dan McCue

Getting a Handle on Transportation Costs

Plumbing fixture manufacturer TOTO Global Group taps a third-party logistics provider to benchmark freight spend.

For nearly all of its 94-year history, plumbing fixture manufacturer TOTO Global Group relied on steady, organic growth and sound management to build a supply chain that reliably supported $5.1 billion in annual sales and the movement of more than 60 million plumbing fixtures worldwide.

The onset of the global recession in 2008, however, drove TOTO Global Group to begin considering logistics operations improvements.

"A crisis mode prevailed at the time," recalls Sean Pope, senior manager for transportation logistics at TOTO USA, the North American division of the Kitakyushu, Japan-based firm. "Market pressures included capacity constraints, new carrier safety regulations, and fuel costs, which rose dramatically just as the economy was slowing down.

"With these factors in mind, we wanted to concentrate our energies, particularly when we put out bids for transportation and logistics services," he adds.

TOTO USA had never issued a traditional annual logistics network bid before, but by 2010, the company realized it had an opportunity to cut transport costs.

"Our goal was to contain costs while maintaining great service," Pope says. "However, we weren't sure how actively we should pursue transportation bids for 2011. We didn't usually put the entire network out to bid every 12 months; we'd typically focus on small subsets of the business throughout the year.

"There was also great uncertainty about supply and demand," he continues. "After considering all the factors, we decided the best way to make sure we were on solid ground was to do some benchmarking of our transport costs."

> **"Our goal for the benchmarking project was to contain transportation costs while maintaining great service."**
>
> –**Sean Pope,** senior manager for transportation logistics, TOTO USA

DEFINING NEEDS

TOTO USA operates two distribution centers in North America–one in Georgia, the other in California–from which it serves a customer base of 2,500 shipping points in the United States and Canada. It relies primarily on truckload shipments to reach these customers, but also uses intermodal and less-than-truckload (LTL) services.

"We began to analyze transportation services that encompassed the three modes," Pope explains. "We wanted to implement a benchmarking system to understand where we fit into the market, in terms of our transportation spend.

"Benchmarking also helped us validate what we were doing well, and identify areas we could improve," he adds.

Pope and his staff decided to outsource the benchmarking project and began to consider different options in the second quarter of 2010. Selecting a provider took about six months.

While many providers had strong truckload analysis offerings, TOTO USA chose Frisco, Texas-based third-party logistics provider Transplace's market-driven benchmarking services because it believed the company's technology would be particularly helpful in looking at LTL data.

TOTO USA also wanted to work with a company that valued collaboration.

"In today's environment, it's important to find a partner that's a cultural fit," Pope explains. "We felt Transplace would take the time to understand our business."

TOTO USA provided Transplace with data such as freight spend over a period of months, by mode, with line-level details and bill of lading data for all commodities.

"A lot of the work took place on the front end," explains Pope. "We discussed our business needs and what we were trying to do. Given those parameters, Transplace helped us understand what data we needed to provide to develop our goals."

In order to validate the benchmarking system, TOTO USA asked Transplace to provide preliminary results, which it then matched against data it knew to be true.

"Not only were we able to validate our spend in each transportation mode, but we were also able to validate the freight we had for each of our commodities," Pope says.

Plumbing fixture maker TOTO USA's freight costs ran hot and cold until it tapped into a third-party benchmarking system.

AN INTERPRETIVE COMPONENT

The benchmarking services TOTO USA contracted for comprised four main elements:

1. Analyze current market data, gathered through the Transplace TMS, Transplace-managed procurement events, and other alliance information sources.

2. Compare similar carrier selection styles.

3. Compare current supply chain costs to industry standards.

4. Compare TOTO USA's supply chain networks to other companies in the same industry.

Transplace presented the benchmark data with a breakout of carrier rates ranging from high to low, based on TOTO USA's needs and industry comparisons. The report included categories describing aggressive market rates and realistic rates that would meet TOTO USA's goals.

"Before we started our analysis, TOTO USA told us how they would use the data, how much volume they had, and how concentrated their procurement efforts were," says Ben Cubitt, senior vice president, consulting and strategic services, Transplace.

"Those elements determine whether a company is closer to the aggressive rate or the general market rate," he continues. "Context is important."

In addition to measuring the effectiveness of sourcing and procurement, the data also supports network optimization, modeling hypothetical distribution centers in areas where TOTO USA doesn't currently have operations. The data provides an estimate of transportation rates in that city or region.

Transplace also analyzes the data to help TOTO USA make transportation decisions. "We provide input on factors that could affect TOTO USA's freight rates," says Brent Hudspeth, senior director of consulting and strategic services, Transplace.

One such factor is TOTO USA's drive to incorporate sustainability efforts not only into its products, but also into everything from its manufacturing and waste management practices to its supply chain. In 2010, for example, the manufacturer added expedited carrier UPS's carbon-neutral shipping program to its energy-efficient supply chain.

A primary factor in TOTO USA's decision to adopt UPS's initiative is that the program is verified and certified by independent third-party testing companies, a process that TOTO USA employs to validate its own high-efficiency products and environmental sustainability programs.

"TOTO USA wants to ensure its products are handled by a carrier that shares its conservation and green supply chain philosophy," says Cubitt.

THE DATA DELIVERS

Armed with the benchmarking provided by Transplace, TOTO USA issued a bid for transportation services in 2011. "The outcome of that bid process was exactly in line with what the benchmark data told us," Pope says.

"That was exciting, but we've gotten something else out of the project, as well," he continues. "By creating the data set, we were able to develop a new internal standard for how we maintain our information and how we will handle future data mining. We made process improvements in addition to achieving a higher confidence level in our transportation spend and strategy."

Thanks to its benchmarking data, TOTO USA now enjoys achievement overflow. ■

3PLs

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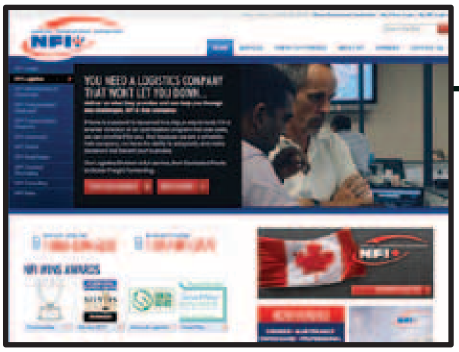

NFI • www.nfiindustries.com

Founded in 1932, NFI offers a variety of integrated supply chain services to help businesses manage, grow, and succeed in today's marketplace. The company is one of the largest privately held third-party logistics providers in North America. NFI divisions include Warehousing and Distribution, Logistics, Transportation, Intermodal, Canada, Real Estate, Contract Packaging, Transportation Brokerage, Trailer Leasing and Storage, Solar, Global, and Consulting services. NFI is an EPA Smartway Transport and WasteWise Partner.

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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 and ocean transportation; consolidation; inventory management; customs brokerage; logistics optimization; carrier management; transportation procurement; route execution; and supply chain network management.

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3PLs • Air/Expedited

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AIR/EXPEDITED

AirNet • www.airnet.com

As the third-largest air cargo airline in the United States, AirNet is the leading provider of expedited and specialized transportation solutions. AirNet is proud to specialize in small-package delivery, with flexible and secure handling and delivery options. Whether you need your shipment delivered overnight or within a matter of hours, our team is ready to meet your shipping needs. Our Solutions Specialists will work with you to customize a plan to get your package where it needs to be, when it needs to be there. Learn more about our small package air cargo services.

Alaska Air Cargo • www.alaskacargo.com

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Geodis Wilson • www.geodiswilson.com

With 5,500 people and a global network, Geodis Wilson is one of the world's largest freight management companies, serving customers with integrated supply chain solutions that deliver cargo by sea and air. The company's expertise, value-added services, and e-services enable you to streamline the flow of goods. We also make your supply chain more transparent and easier to manage. A self-reliant network of offices, and air and ocean hubs in more than 50 countries, ensures that your cargo flows efficiently and consistently across the world.

Lynden • www.lynden.com

Over land, on the water, in the air – or in any combination – Lynden has been helping customers solve transportation problems for almost a century. Operating in such challenging areas as Alaska, Western Canada, and Russia, as well as other areas around the globe, Lynden has built a reputation of superior service to diverse industries.

Southwest Airlines Cargo • www.swacargo.com

Southwest Airlines Cargo provides expedited air cargo services for shippers who need fast, friendly, and reliable service. Southwest is unique to the air cargo industry thanks to its people, who consistently provide exceptional customer service, and a flight schedule that is unmatched, allowing for expedited delivery to destination.

ECONOMIC DEVELOPMENT

City of West Memphis, Arkansas • www.westmemphis.com

Welcome to the economic development information center for West Memphis, Arkansas. The city's central location and superior access to highway, rail, river, and air transport have made it a high-performing location for companies that distribute both OEM supplies and consumer products. High-performing West Memphis facilities also owe much of their efficiency to the low cost of doing business in the city.

EDUCATION

Bellevue University • www.business.bellevue.edu

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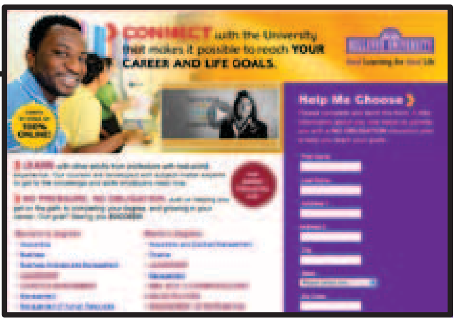

GLOBAL TRADE

HSBC • www.us.hsbc.com

In the future, there will be no markets left waiting to emerge. Even as soon as 2050, 19 of the top 30 economies by GDP are forecast to be countries that HSBC describes as "emerging." Building strong connections is the key to making your international expansion a success. To build these strong connections, you need a truly international bank. HSBC Trade and Supply Chain teams are on the ground in the major and emerging trading economies, speaking the languages, knowing the people, and getting business done. Visit the Web site for more information.

LOGISTICS IT

LeanLogistics • www.leanlogistics.com

LeanLogistics meets the needs of major shippers of goods with its far-reaching, true Software-as-a-Service (SaaS) technology – On-Demand TMS®. Customers reduce their transportation cost and increase efficiency with a typical payback of less than one year. Dozens of companies have selected On-Demand TMS® to address challenges such as obtaining carrier coverage, managing ever-changing networks, controlling inbound freight, creating continuous-move opportunities, and settling freight bills quickly and accurately.

OCEAN/INTERMODAL

COSCO • www.coscon.com

China Ocean Shipping (Group) Company (COSCO), the national flag carrier of the People's Republic of China, is one of the world's premier full-service intermodal carriers. The company utilizes a vast network of ocean vessels, barges, railroads, and motor carriers to link the international shipper with the consignee. COSCON's 20 main-line services connect over 100 ports worldwide to reach more direct ports of call than any other carrier in the world, with weekly, fixed-day service to many destinations. The AUM-Pendulum Service's direct ports of call include Tokyo, Qingdao, Shanghai, Yantian, Hong Kong, Charleston, Norfolk, New York, Boston, Valencia, Naples, Genoa, and Barcelona.

TRUCKING

Ryder • www.ryderscs.com

Ryder provides end-to-end supply chain, warehousing, and transportation solutions including: third-party logistics (3PL), fleet management, RFID operations, reverse logistics, supply chain management, transportation management/freight management, truck rental, truck leasing, warehousing, lead logistics provider, lead logistics manager, service parts operations, and distribution center management.

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.

KIVA Systems

TITLE: ***Creating a Distribution Powerhouse: Why Rapid Deployment Matters***

LENGTH: *7 pages*

DOWNLOAD: *www.kivasystems.com/2011/inboundlogistics_sept2011*

SUMMARY: Ask yourself this: what would your opportunity costs be if your distribution operations could not accommodate changes in volumes, product assortments, or delivery timelines? The speed to deploy materials handling, add capacity, and change operations is critical for long-term success. Fast system deployment can be the difference between kicking the competition out of the water and limiting your growth. Read this whitepaper to learn how to create a distribution powerhouse.

Kewill

TITLE: ***GTM Best Practices Survey: Balancing the Growth Of Global Trade and Regulations***

LENGTH: *16 pages*

DOWNLOAD: *http://bit.ly/vMw1zk*

SUMMARY: This informative report is based on responses from 800-plus logistics and export professionals in an industry survey on the state of global trade management. The report also provides industry benchmark data on the preparation time and error rates for export documentation, denied party screening, and license determination. Focus areas of the report include:

- How shippers need to prepare for Export Control Reform
- How shippers can prepare for these changes
- Ways to mitigate compliance risk
- Automated Export System filings

Management Dynamics

TITLE: ***Globalization – Linking Supply Chain Transformation To the Profit and Loss Statement***

LENGTH: *22 pages*

DOWNLOAD: *http://bit.ly/tsOHh2*

SUMMARY: This report from the Aberdeen Group looks at how 56 companies with active C-level involvement are approaching the global expansion of their supply chains relative to their peers. It is intended to serve as a decision framework for supply chain transformations that yields positive net contribution to the company's bottom line.

Ryder

TITLE: ***Lean Guiding Principles for the Supply Chain – Principle 4: Short Lead Time***

LENGTH: *12 pages*

DOWNLOAD: *www.ryder.com/supplychain_resources_lean-guiding-principles.shtml*

SUMMARY: Ryder's Lean Guiding Principles are the foundation for operational excellence in all its customers' warehouses. Principle 4 is Short Lead Time: improving quality and profitability with a steady flow of inventory arriving exactly when it's needed. Implementing short lead time ensures that a facility can meet increases in customer demand without having to ramp up resources. This results in significant savings, ultimately strengthening the company's bottom line. Learn more by downloading this free whitepaper.

Panasonic Solutions Company

TITLE: ***Improving Customer and Driver Satisfaction with Mobile Technology***

LENGTH: *2 pages*

DOWNLOAD: *http://bit.ly/nMVd5k*

SUMMARY: Labatt Food Service is a San Antonio, Texas-based distributor of food and food-related products to restaurants in Texas, Oklahoma, and New Mexico. The company is widely recognized in the food service distribution industry as an innovative, customer-focused, and high-energy leader. In 2008, Labatt decided to use technology to improve driver satisfaction and delivery efficiency. After exhaustive research, the company selected the Panasonic Toughbook® U1 running on the AT&T mobile broadband network as their solution. Since adopting the solution, Labatt has seen process efficiency improvements and a reduction in fuel consumption. And, driver turnover has been cut in half.

Purolator International, Inc.

TITLE: ***Border Hassles That Can Put the Canadian Market Out of Reach: What Your Business Should Know***

LENGTH: *18 pages*

DOWNLOAD: *bit.ly/qb06a7*

SUMMARY: This whitepaper discusses regulatory and logistical hurdles U.S. businesses must be aware of when shipping across the U.S./Canadian border. These challenges must be understood and addressed as part of the cross-border experience. Transporting goods into Canada is a complicated process. Regulations and protocols are constantly changing and U.S. businesses must entrust their Canadian-bound shipments to a qualified logistics provider that ensures shipments are afforded every trade enhancement, priority clearance review, and duty/tax reduction to which they are entitled.

MATERIALS HANDLING

ORBIS Corporation

The BulkPak plastic collapsible bulk container extends unit load capacity, reduces return transportation costs, and increases warehouse space savings. The reusable 3x4-foot containers are made of high-density polyethylene to withstand harsh conditions, protect products, and resist pests, mold, and fungus. Available in four heights, BulkPak containers are suitable for transporting automotive components; bearings; hardware; industrial equipment and metal; plastics and rubber parts; resin/powder; and tools.

www.orbiscorporation.com 888-307-2185

▲ Materials Handling: Kardex Remstar

Kardex Remstar's Shuttle Vertical Lift Module (VLM) storage technology automatically locates and retrieves stored items when workers push a button or scan a bar code. The VLM comprises an enclosed system of vertically arranged trays, an extraction platform, and a series of computerized controls that delivers items to an ergonomically positioned workstation.

www.kardexremstar.com 800-639-5805

EXPEDITED

UPS

UPS Air Freight's Paperless Invoice enables shippers to increase efficiency by integrating order processing, shipment preparation, and commercial invoice data. It then transmits that data in advance of the shipment to customs offices worldwide, reducing the manual errors that sometimes accompany paper documentation. The tech-enabled service prevents shippers from submitting incomplete paperwork, the main cause of delay for international deliveries.

www.ups.com 800-PICK-UPS

SOFTWARE

4Front Engineered Solutions

The *4SIGHT Yard and Dock Management System* combines RFID, GPS, and sensor technologies to provide real-time yard and loading dock visibility, full automation, and optimization from the time a vehicle approaches the inbound gate to the time it exits the outbound gate. *4SIGHT's* event-management capabilities and alerts improve trailer coordination and turn time.

www.4SIGHTSolution.com 866-691-1377

Wireless Matrix

The new release of *FleetOutlook* fleet tracking software features increased work order visibility through updated Gantt charts; detailed filtering to show only specific vehicle or driver categories; at-a-glance driver activity and communication status; and drag-and-drop group messaging to in-cab personal navigation devices. A new mobile app helps fleet managers view and update data on the go.

www.wirelessmatrix.com	888-843-8554

CargoSmart Limited

A new interactive application, Schedule Reliability, helps shippers and logistics service providers view and download ocean carrier performance reports. The data, which is also available on CargoSmart's iPhone sailing schedule application, allows shippers to view carriers' overall on-time performance or drill down to view service and port details.

www.cargosmart.com	877-541-6625

3PLs

Zenith Global Logistics

To meet increased demand for warehousing, less-than-truckload, and home delivery services in Texas and the southwest United States, furniture supply chain specialist Zenith Global Logistics relocated its Dallas hub, expanding its size by more than 25 percent and providing more than double the trailer parking capacity.

www.zenithcompanies.com	800-937-3876

Graybar

A new branch in Lafayette, Ind., serves 11 counties in west central Indiana. The 10,000-square-foot facility provides electrical, communications, and data networking product distribution, and related supply chain management and logistics services.

www.graybar.com 800-GRAYBAR

Select Express

New York City-based Select Express added a hub in Miami to provide warehousing, distribution, fulfillment, home delivery, and assembly services to corporations, major retailers, and healthcare providers across the country.

www.selectexp.com 866-939-7737

Fidelitone Logistics

A new regional support center in Kent, Wash., offers warehousing and last-mile delivery to shippers servicing the Pacific Northwest. The facility expands Fidelitone's North American presence to 30 operations.

www.fidelitone.com 425-207-0369

▲ Intermodal: Norfolk Southern

A new double-stack rail service connects the Port of Virginia with Greensboro, N.C., transporting primarily textile, furniture, retail, chemical, and agricultural products. Operating six days a week, the service is supported by two ocean carriers and offers shippers an alternative to the truck market out of ports in South Carolina and Georgia.

www.nscorp.com 855-NORFOLK

Sunset Transportation

A new regional office in Des Moines, Iowa, offers transportation management, logistics, supply chain solutions, and freight payment services.

onthemove.sunsettrans.com 800-849-6540

MOBILE DEVICES & APPS

Honeywell

The Xenon 1900 Color and cordless 1902 Color scanners allow users to capture color images and scan high-contrast color bar codes, eliminating the need for multiple image capture and storage devices.

www.honeywellaidc.com 800-582-4263

Cheetah Software Systems

The next generation of the Cheetah Mobile transportation management solution, currently for the Android platform, connects field workers with dispatch, customer service, management, and customers in real time via two-way messaging, dynamic ETA updates, and proof of delivery verification including bar-code scanning, signature capture, and photos.

www.cheetah.com 888-CHEETAH

INTERMODAL

Con-way Multimodal

A new 1,600-square-foot facility in Bentonville, Ark., provides third-party carrier services for over-the-road, intermodal, flatbed, heavy haul, and specialized shipments.

www.con-way.com 800-755-2728

Schneider National

Schneider National launched Canada Direct, an intermodal Canadian border-crossing service for North American shippers. The service reduces transit time from the southwestern United States to Canada by one day.

www.schneider.com 800-558-6767

ABF Freight System Inc.

ABF introduced Ocean LTL, a single-contact, expedited less-than-containerload/less-than-truckload supply chain solution for shippers who import from manufacturing centers in China, Hong Kong, and Taiwan.

www.abfs.com 800-610-5544

TRUCKING

Dayton Freight Lines

A new Mentor, Ohio, less-than-truckload service center located on 10 acres off Interstate 90 provides access to service areas in Ohio and Pennsylvania. Dayton Freight Lines offers one- or two-day delivery from its 41 service centers in 11 Midwestern states.

www.daytonfreight.com 855-617-6589

CRST International

CRST International announced its new Temperature Controlled Team service, which uses team drivers to expedite temperature-controlled truckload cargo. The carrier purchased 50 trucks and added 100 new drivers to support the service, with plans to add 75 more trucks in the first quarter of 2012.

www.crst.com 800-736-CRST

▶ Printers: Brother Mobile Solutions

The RuggedJet mobile printer is designed to withstand exposure to six-foot drops, water, and dust, making it suitable for printing delivery receipts, inventory reports, and invoices in warehousing and route delivery applications. The printer supports Bluetooth technology or WiFi connectivity, with WLAN security for mobile applications.

www.brothermobilesolutions.com 800-543-6144

RESOURCE CENTER

11.11

INBOUND LOGISTICS WORKS FOR YOU!

3PLs

- **BNSF Logistics** pg. 61
BNSF Logistics offers safe, secure, and cost-effective multi-modal transportation services and solutions around the globe.
www.bnsflogistics.com 866-722-9678

- **C.H. Robinson Worldwide Inc.** pgs. 10–11
Rely on C.H. Robinson Worldwide to guide you through creating an inbound program, from identifying freight allowances to converting sales terms to helping you manage vendor relationships.
www.chrobinson.com/outsourceit 800-323-7587

- **Geodis Wilson** pg. 13
Geodis Wilson provides shippers with integrated solutions and unrivaled customer service, including air freight at different speeds for an optimal balance between time and cost.
www.geodiswilson.com 877-469-0510

- **Kenco Logistic Services** pg. 23
Kenco Logistic Services bends over backward to solve your ever-changing challenges.
www.kencogroup.com 800-758-3289

- **Landstar** pg. 16
Landstar provides supply chain solutions and complete global and domestic transportation services to provide the missing pieces in your supply chain puzzle.
www.landstar.com 877-696-4507

- **Lynden** pg. 29
Lynden's exclusive Dynamic Routing makes it easy to change routing between modes to meet your delivery requirements.
www.lynden.com 888-596-3361

- **NFI** pg. 67
No matter what you need picked up and delivered, NFI will get it there.
www.nfiindustries.com 877-NFI-3777

- **ProTrans International** pg. 69
ProTrans International focuses on control, visibility, and reporting so your logistics solution benefits from better capacity optimization, timing, and overall transportation management.
www.protrans.com 888-776-8726

- **Ryder Supply Chain Solutions** Cover 2
Powerful, integrated, source-to-shelf solutions for the food, beverage, and consumer packaged goods industries are now part of the Ryder Supply Chain Solutions portfolio.
www.ryderscs.com 888-887-9337

- **UniGroup Worldwide Logistics** pgs. 26–27
Whether you are moving cargo domestically or managing an entire supply chain, UniGroup Worldwide Logistics maintains a global network of resources to show you the way to seamless, dependable, and efficient solutions.
www.ugwwlogistics.com 877-545-8080

- **Werner Enterprises** Cover 3
When your shipping and transportation needs require state-of-the-art solutions, Werner Enterprises understands the newest innovations in business practices, including intermodal services.
www.werner.com 800-228-2240

Air Cargo

- **AirNet** pg. 48
AirNet's customized shipping solutions leverage the most extensive transportation network available to offer you unmatched scheduling flexibility with the latest departures and earliest arrivals.
www.airnet.com 888-888-TIME

- **Alaska Air Cargo** pg. 59
GoldStreak Package Express is the best option for all your time-sensitive shipments. Reach more than 19 destinations in Alaska and more than 80 cities across the United States through same- or next-day delivery.
www.alaskacargo.com 800-225-2752

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  With fast, friendly, and reliable service, Southwest Cargo ships your items from Point A to Point B on the same day. Let its award-winning employees handle your shipping needs.
  www.swacargo.com 800-533-1222

Events

- **Georgia Foreign Trade Conference (GFTC)** pg. 33
  GFTC discussion panels are driven by the biggest challenges and opportunities impacting global trade. Meet industry leaders and share best practices in Sea Island, Ga., Feb. 5-7, 2012.
  www.gaforeigntrade.com 888-645-7304

- **MODEX 2012** pgs. 3, 72
  MODEX 2012, Feb. 6-9, 2012, in Atlanta, Ga., is the newest manufacturing, distribution, and supply chain expo. MODEX 2012 will feature the best solutions and innovations the industry has to offer.
  www.modexshow.com 800-345-1815

- **SMC³ Jump Start 2012** pg. 56
  Discover supply chain strategies and gain valuable insights at this event, sponsored by SMC³, in Atlanta, Ga., Jan. 16-18, 2012.
  www.smc3conference.com 952-442-8850

Financial Services

- **Citibank** pg. 5
  Citibank's experienced bankers have been helping companies thrive for 200 years. By providing resources and sharing expertise, they can help your business reach new milestones.
  citi.com/commercialbank 855-224-CITI

Lift Trucks

- **Landoll Corporation** pg. 55
  Landoll Corporation specializes in lift truck solutions for narrow aisles, allowing users to maximize available storage.
  www.landoll.com/mhp 800-428-5655

Logistics IT

- **Amber Road** pg. 19
  Management Dynamics is now Amber Road. New name. Same company. Still the leader in global trade management.
  www.amberroad.com 201-935-8588

- **LeanLogistics** pg. 65
  Only a true SaaS platform, such as On-Demand TMS, offers the key supply chain benefits of visibility, cost structure, flexibility, scalability, and collaboration.
  www.leanlogistics.com 866-584-7280

- **Magaya Logistics Software Solutions** Cover 4
  Magaya's supply chain solution manages the entire scope of your logistics operation.
  www.magaya.com 786-845-9150

Mobile Communications

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  Sprint Direct Connect makes communicating with drivers so easy, it's like you're sitting shotgun.
  www.sprint.com/directconnect 8-SPRINT-BIZ

Ocean

- **COSCO Americas Inc.** pg. 63
  COSCO is dedicated to providing environmentally sound practices, the latest in logistics technology, and a growing list of ports, ships, services, and schedules ready to serve shippers.
  www.cosco-usa.com 800-242-7354

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- **Georgia Ports Authority** pg. 51
  As the Southeast's premier port, the Port of Savannah has the services, access, and location to give you an edge.
  www.gaports.com/transittimes 912-964-3880

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- **Transera** pg. 71
  Transera, a C.H. Robinson company, specializes in complex logistics for global project freight forwarding. Its staff are experts in transporting cargo for the oil and gas, mining, energy, North American wind farm, and high-value, over-dimensional machinery industries.
  www.transera-intl.com 800-323-7587

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- **Binswanger** pg. 15
  Binswanger is now offering a 538,500-square-foot distribution facility located on 71 acres in South Bend, Ind.
  www.binswanger.com/southbend 404-892-4100

- **GP Desarrollos** pg. 31
  From site selection to property management, GP Desarrollos offers full service supported by local market knowledge and insight to facilitate your operations requirements in Mexico.
  www.grupogp.com.mx 866-540-4520

- **West Memphis, Arkansas** pg. 42
  In West Memphis, unmatched shipping access instantly puts the world at your fingertips, while dramatically lower utilities and taxes combine to put the emphasis on your bottom line.
  www.westmemphis.com 870-732-7500

Trucking

- **Saia** pg. 81
  Saia uses Customer Service Indicators to help improve the quality of service to shippers.
  www.saia.com 800-765-7242

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THE LAST MILE

Cargo Theft Leaves President Obama Speechless

The threat of cargo vehicle theft is an unfortunate fact of life for shippers and carriers, and even the most closely guarded fleets are occasionally vulnerable. The recent theft of a truck carrying President Obama's podium and teleprompter proves that today's enterprising criminals can sometimes outsmart even presidential security forces.

No classified information was on the truck, which was stolen on October 17, 2011, from a hotel parking lot near Richmond, Va., but its cargo was valued at approximately $200,000. The audio equipment, podiums, and presidential seals were to accompany the president on a three-day bus tour to Virginia and North Carolina.

Despite the theft, the tour proceeded as planned, and the truck was later recovered. It's unclear whether the thieves had targeted the vehicle or were unaware they were stealing the president's equipment. The Defense Information Systems Agency will investigate further.

IT CAN HAPPEN TO THE BEST OF US Worldwide, cargo theft has been steadily building into a $30 billion-a-year liability, the FBI reports. The United States' contribution is about half of that. ■ There were 747 reports of stolen freight in 2010, representing a loss of $171 million. ■ California had more than twice the number of reported thefts as any other state, followed by Texas and Florida. ■ The highest theft rate in 2010 occurred in February. ■ The most frequently stolen products were electronics, food, and clothing. Pharmaceutical thefts were relatively few by comparison, but the losses were of greater value.

SOURCE: 2010 Data Analytics ForeCast Report, National Insurance Crime Bureau