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THE MAGAZINE FOR DEMAND-DRIVEN LOGISTICS • SEPTEMBER 2007

ANNUAL TRUCKING ISSUE

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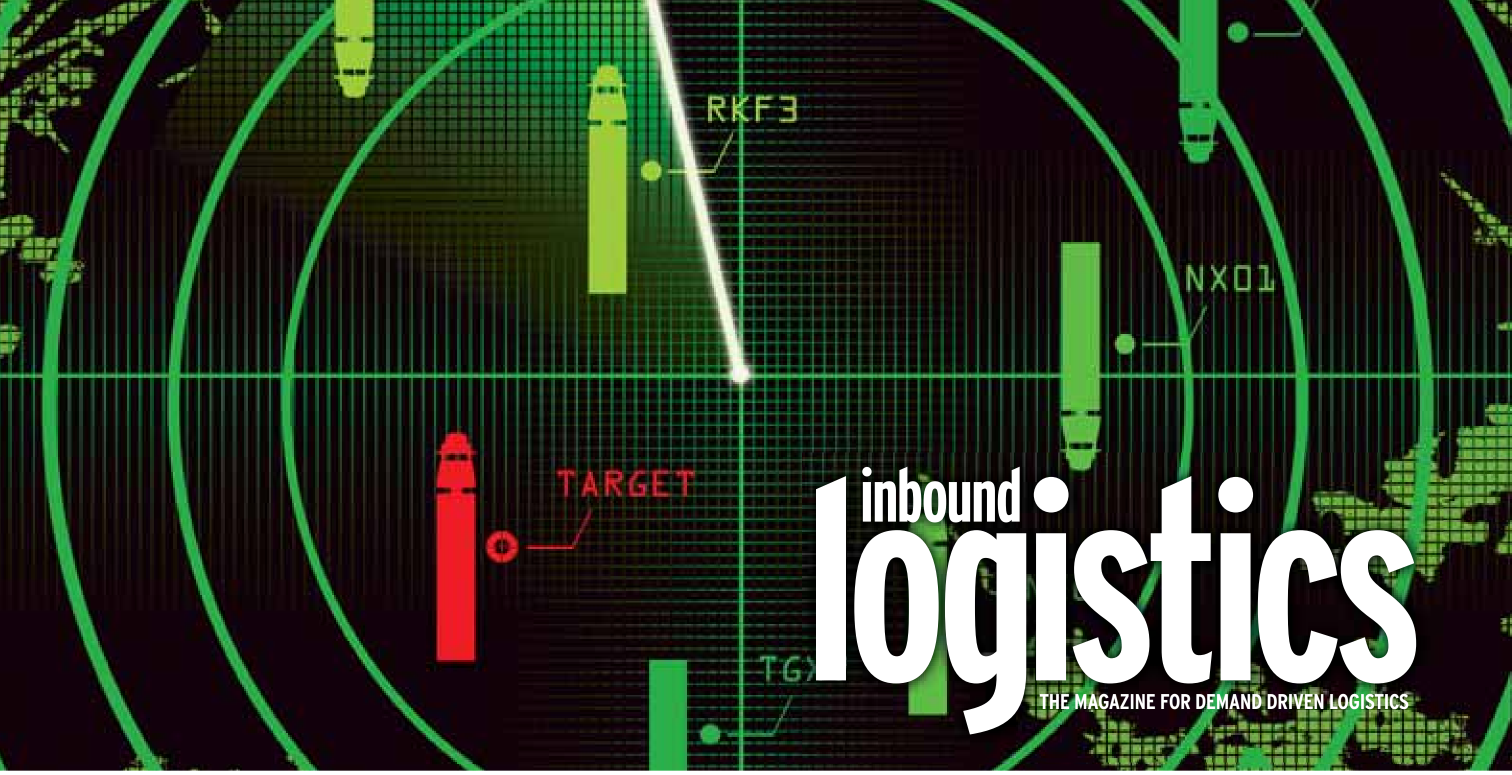

INBOUND TRAFFIC CONTROL
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inbound logistics
THE MAGAZINE FOR DEMAND DRIVEN LOGISTICS

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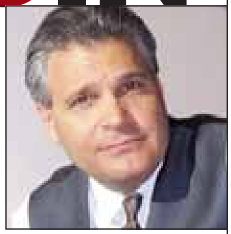
INBRIEF

THE LAST MILE
page 128

INDEPTH

CHECKINGIN

Keith Biondo



by Keith Biondo | **Publisher**

Managing Inbound: The Time Is Right

Most readers of this magazine know the value of managing the inbound flow. "But most companies would readily admit they have less control over inbound shipments than outbound shipments," notes Dan Cushman, chief marketing officer, Werner Enterprises.

That is changing, according to readers interviewed for this annual trucking issue. By managing inbound, companies aim to speed and reduce inventory, better align demand signals to supply, reduce touches and related costs, and combine inbound and outbound shipments with fewer carriers to gain better pricing and service.

The capacity crunch of the past few years has added a new dimension to managing inbound–finding space. "When capacity was very tight, our customers said, 'Vendors use multiple carriers to ship freight to us, and we don't capture it. If we got involved in inbound routing, we could capture that capacity demand and optimize it across all our vendors. We could eliminate deadhead miles or half-filled trailers, and everyone wins,'" says Werner's Jim Schelble.

Managing the inbound flow gives you more touch points to work with your carrier to help rationalize equipment and driver use – not only to find capacity, but to share in the financial rewards that optimization creates. Besides helping carriers optimize, you can also boost their operating ratio by taking away freight in lanes that are not profitable, and matching that freight with carriers who are looking for that business. Having the "big picture" of your inbound/outbound flow creates more opportunities for "freight engineering" with your carrier.

Now that the capacity crunch has eased in some areas, many have the inclination to revert back to buying on price because of the so-called "soft market." "When capacity was tight, it was all about partnerships. Now it's all about price," says the president of one mid-sized carrier I recently spoke with. "What happened to all those partnerships?"

While it is true that having an abundance of capacity keeps rates lower, and that gives some more inertia to doing business on price only, having plenty of capacity gives you an opportunity to do something else, too–finally commit to fully gaining control of your inbound flow.

Here's why. When capacity was tight your management bandwidth was most likely tied up with getting capacity that you really needed. Some of that management mind share can now be focused on the complex task of unbundling all the transportation costs from your inbound shipments.

Here's another reason. When capacity is tight you have fewer choices, or at least a more difficult task in finding space, making a new inbound initiative more complex. Having beaucoup capacity gives you greater flexibility to really rock. The time is right to manage inbound. ■

inbound logistics

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DIALOG

LETTERS TO THE EDITOR

Hiding in Plain Sight

While reading John Edwards' excellent and informative article *Go Ahead…Pile It On (July 2007)*, the accompanying picture on page 76 caught my eye. As a safety and security professional, I immediately noted that access to the only visible fire extinguisher is blocked, and the dock door is not closed completely.

With the level of oversight most organizations experience from OSHA, FDA, DOT, etc., these situations can easily lead to fines, penalties, or worse.

Yes, these are minor infractions, and easy to overlook in an environment such as pictured where everything appears neat and organized; but it does illustrate that in every organization there is always potential for improvement. Opportunities to address issues that add to our employees' and organizations' well-being – as well as the bottom line – are often hiding in plain sight.

Matt Prowse, United Natural Foods Inc.

Tipping Point?

I was really impressed by the *2007 Global Logistics Guide* (March 2007) and I think it may prove useful for a piece of charity work I am doing, which involves assessing the distribution challenge facing a distributor of a vaccine in the developing world.

In seeking to grasp the TIP Quotient, I understand the source of data for Transportation Infrastructure and IT Competency. However, I am having trouble understanding the basis or source of data for "People Power: The strength and expertise of homegrown logistics talent."

I would appreciate any further guidance you could give me on the source and basis for this measure.

Chris Robson, via email

Joseph O'Reilly replies: The third component of the TIP Quotient – People Power – is arguably the most subjective given the lack of comprehensive data that benchmarks labor productivity on a global scale.

One way to approach this is by looking at cultural variants. For example, a U.S. company that is looking to set up a new distribution facility will find the path of least resistance in countries that share similar customs and language. English-speaking countries, or those that have a diverse cultural base and/or an established logistics education curriculum in their universities, present an added value to enterprising companies. English is the common differentiator, particularly in logistics, and as such, enterprises will migrate toward countries that require as little cultural assimilation as possible.

Another important part of this quotient is the role of government in stewarding progressive or regressive trade policies and economic reforms. Governments such as China are really leveraging the power of their people to drive change while others, notably France, are losing foreign investment because their people wield too much power dictating liberal labor laws.

So in calculating "people power," *Inbound Logistics* takes into consideration language and cultural commonalities, as well as the development of logistics and supply chain education and government leadership necessary to support grass-roots logistics growth.

Dean's List

We just received the annual 3PL issue, which is an excellent resource. With respect to Keith Biondo's on-target *Checking In*, I would add that the two most important "engines" driving 3PLs are technology and globalization. Unless someone believes that these "engines" will significantly slow down or stop, then 3PLs of all tiers will continue to grow exponentially.

Frank R. Breslin,
Dean
Institute of Logistical Management

READER PROFILE

by Merrill Douglas

LIFETIME STATS

NAME: Jim Calo

TITLE: Chief supply chain officer, since 2006

COMPANY: Under Armour, Baltimore

PREVIOUS EXPERIENCE: Certified public accountant, troubled company consultant, Coopers and Lybrand; divisional controller, vice president of operations, Polo Ralph Lauren; senior vice president of operations, Nautica Enterprises, VF Corporation, Sportswear Coalition

EDUCATION: AA in management, 1984, and BA in accountancy, 1984, Bentley College; MBA, Carnegie Mellon University, 1989

Under Armour's Over Achiever

Active people look to Under Armour's clothing, footwear, and sports gear to help them stay at the top of their game. Since last October, Jim Calo has been giving Under Armour a similar boost. As the Baltimore firm's first chief supply chain officer, Calo spends much of his time with the operations team, scouting for processes that don't perform as well as they could and turning them into winners.

Take the garment manufacturer who needed a 98-day lead time to deliver product. "We wanted to reduce that to 60 days, then 45, and ultimately 30," Calo says. So early this year, he and his team started placing orders with that supplier weekly instead of monthly.

With smaller, more frequent orders, the garment maker–and, in turn, the fabric mills and trim manufacturers he relies on–can deal more efficiently with customer demand fluctuations. "It's easier for them to make up for a 10-percent swing on a small number," Calo says.

Calo started his career as an accountant, but an early job at a Polo Ralph Lauren factory in Lawrence, Mass., steered him toward a career in supply chain management. Although his mandate was to manage the books, when he expressed a desire to get more involved in the business, the facility's general manager was grateful for the help.

"He let me work with him in different areas," Calo says. "I was given an opportunity to support customer service, IT, shipping, and the fabric department." When Polo Ralph Lauren closed that plant, Calo moved to Greensboro, N.C., to support one of its distribution centers.

One challenge Calo faces at Under Armour stems from the fact that most of its clothing–known for managing body temperature and wicking away moisture–consists of man-made fab-

The Big Questions

What do you do when you're not at work?
Whenever I can, I spend time with my wife and kids.

Ideal dinner companion?
Apart from the family members and friends who are my true ideal dinner companions, I'd say Bobby Orr. It's not just because he played for the Boston Bruins, but because he had a reputation–and still does in Boston–for being an outstanding guy. He is a true team player and a humble individual, both great qualities.

What's in your briefcase?
A laptop cord; reading material; family photos; DVDs of our sales presentation; my passport; Under Armour catalogs, because someone always asks for one; a calculator; new Under Armour sunglasses; and an electrical adaptor for travel.

Company motto?
"Universal guarantee of performance." Universal means we don't make non-performance products. Every Under Armour product does something for you; it makes you better.

If you didn't work in supply chain management, what would be your dream job?
I'd be a professional athlete. It could be in any sport–baseball, hockey, football, golf. I like them all.

rics. Import fees on these products are higher than on the largely cotton apparel lines sold by Calo's past employers, Polo Ralph Lauren and Nautica/VF Corp.

"On some products, the duty runs as high as 32 percent," Calo says. So an item that costs $3 to manufacture in Asia actually costs Under Armour $4 with the duty included. One possible solution is "bringing products closer to the United States under the CAFTA and NAFTA treaties, which can reduce costs," he says.

As he works to fine-tune Under Armour's supply chain operations, Calo seeks more transparency between the company and its suppliers. Calo's plan is for Under Armour to commit to providing a certain volume of business to a supplier. In exchange, the supplier would calculate its prices based on mutually agreed metrics, without a lot of negotiation.

As one step toward greater transparency, Under Armour is developing a Web-based system to provide complete technical specifications for products, so suppliers can get all the information they need to develop bids without exchanging myriad e-mails.

"Changes to the specs are highlighted as soon as they are made," Calo says. "So the manufacturer doesn't have to go through the whole package again to determine what might have changed."

Calo is excited by the kind of partnerships companies can attain through greater openness, "where you extend your company into your suppliers' operations," he says. "Suppliers, in turn, would forge similar bonds with their own vendors.

"This network is set up as though your company owns it, but it doesn't," he explains. "It's virtually vertical." ■

10TIPS

STEP-BY-STEP SOLUTIONS

by Deborah Catalano Ruriani

Selecting a DC Location

With the growth in global trade, deciding where to locate your distribution centers is an increasingly challenging process. Dr. Jeffrey Karrenbauer, president and co-founder of INSIGHT Inc., offers these tips for selecting the best sites.

1 **Evaluate your supply chain network and create a plan.** Look at what you are doing now and where you want to be in five, 10, or 20 years. Evaluate alternative operating strategies and their associated impact. Create a strategic business plan and consider land requirements: will you need to expand and do you have enough land?

2 **Understand your site requirements and throughput volumes.** Prepare accurate estimates of your inbound and outbound shipments, number of SKUs, peak inventory levels, value-added processes, and reverse logistics requirements. Determine how much inventory you need to carry to get products to market quickly.

3 **Consider hiring a consultant.** If you don't have the internal resources or qualifications to tackle site selection alone, hire an expert. The local Chamber of Commerce, industrial park developers, banks, and real estate service companies can guide you to the right site selection consultant.

4 **Know the labor force in a potential location.** Is there sufficient labor? Don't just opt for cheap labor; experienced labor is more important. Check how wage structures compare among various locales. You want this workforce to have a good work ethic, and to welcome learning and training.

5 **Will executives relocate?** Consider the desirability of housing and the environment around the facility location. Will your executives want to relocate there? Investigate with a good real estate agent.

6 **Consider tax advantages.** You want favorable business tax advantages for foreign investments at the state and local government levels within the United States. You also want to minimize import taxes for raw materials and expensive capital equipment, as well as export duties. The tax consequences of a site decision, and the financial incentives proffered by state or local governments, might factor into the equation, perhaps even influencing how the deal is financed.

7 **Thoroughly examine the region's economic stability.** Choosing a state that is not economically stable could impact your entire operation. You may not be able to purchase the goods and services to operate that facility properly.

8 **Examine the infrastructure carefully.** Adequate and reliable transportation resources, along with good highways, airports, and seaports, ensure that products can be delivered to meet customer service requirements.

9 **Select close proximity to your customers and/or suppliers whenever possible.** Transportation costs are 50 to 60 percent of total distribution costs, so factor in the additional transportation expenses you'll incur if your new facility is farther away from those in your value chain. Consider purchasing a software package to examine alternate scenarios.

10 **Employ a real estate attorney.** Once you identify and agree on the desired location, hire an experienced real estate attorney to establish a suitable acquisition of the land, building and equipment, and draft the appropriate contracts. ■

TRENDS

NEWS & EVENTS | SHAPING THE FUTURE OF LOGISTICS

by Amy Roach Partridge

Hot Topic Q&A: Short-Sea Shipping Begins to Make Waves

Long adopted by Europe, short-sea shipping–defined as the shipping of cargo for moderately short distances or to nearby coastal ports–is making waves in North America as a viable alternative to ground and air transportation. As highways and airports grow closer to bursting at the seams, short-sea vessels, which typically follow a coastline, cross a channel, or travel an inland body of water, offer a less-populated route for getting goods to the point of consumption.

Short-sea shipping may also help hurdle looming congestion and capacity issues. By 2020, domestic freight volumes will total 22.5 billion tons – almost a 10-million ton increase from 1998, according to a study done by the Freight Analysis Framework – and current railroad and highway capacity will become inadequate to handle such volume.

Short-sea shipping boasts the ability to reduce overall transportation costs and road congestion, increase national transportation capacity, lower energy consumption per ton of freight transported, and maintain a more positive environmental impact in terms of pollution and safety, say supporters. Why, then, hasn't this seemingly no-brainer idea gained more traction?

Inbound Logistics recently discussed the obstacles and payoffs of short-sea shipping with Chuck Raymond, CEO of Charlotte, N.C.-based ocean carrier Horizon Lines. Raymond, also a board member of non-profit industry group The Transportation Institute, has been an outspoken short-sea shipping advocate since 2003.

IL: Why is now a good time for companies to seriously consider short-sea shipping as a viable option?

CR: Over the next decade, our nation faces a near doubling of container imports to more than 30 million TEUs. It is impractical to consider building our way out of the looming inland infrastructure crisis, a move that would require thousands of costly miles of both highway and rail track construction. Instead, using existing waterways, short-sea shipping will improve the flow of trade and help alleviate congested intermodal gateways. The nation also gains an environmental benefit from taking trucks off congested highways, and using ocean transportation, which continues to be one of the most cost-effective and environmentally friendly transport modes.

IL: Why aren't more companies exploring short-sea shipping?

CR: We have some legislative hurdles to cross to make deployment of a short-sea service for containers commercially viable. As currently constructed, the Harbor Maintenance Tax (HMT)–a federal tax imposed on shippers based on the value of goods being shipped through ports–serves as a clear disincentive for a coastwise service

Chuck Raymond, CEO of Horizon Lines, remains a devoted proponent of short-sea shipping.

CONTINUED FROM PAGE 15

because it means cargo arriving in the United States incurs a double taxation hit. HMT creates a competitive disadvantage for Jones Act operations as compared to truck and rail cargo movements. I believe Congress understands this issue and will work on repealing HMT this year.

IL: What other obstacles impede short-sea shipping's popularity? How can companies overcome them?

CR: We need to create an amendment to the HMT exempting intercoastal shipments. With immediate changes to the HMT this year, we could begin to test the East Coast/Gulf Coast short-sea shipping market as early as next year. The Title XI loan guarantee program is critical to the development of a short-sea shipping solution for the United States and all Jones Act trades. We need to make the program user-friendly to promote the growth and modernization of the U.S. merchant marine and U.S. shipyards.

IL: Who becomes the big winner if short-sea shipping takes off?

CR: The nation as a whole will be the big winner. Congested ports and intermodal gateways add cost: any logistics professional can provide examples of what even a half-day delay means to margins and the bottom line when moving raw materials to finished products. And, these impacts trickle down to both investors and consumers. The nation also gains from short-sea shipping's added safety, security, and environmental impacts, as well as avoiding the tax implication Americans would face in absorbing the levels of new highway construction necessary to handle the projected volumes.

IL: How does inland short-sea shipping compare with short-sea shipping up and down the coast? What are some of the challenges?

CR: Each program has its own set of challenges. The inland short-sea shipping model works well for bulk and barge operations. Shipping ocean containers via inland waterways, however, does present some challenges with cranes and other infrastructure required at interior points to help facilitate efficient transfers. The coastal model claims the benefit of existing infrastructure and port conditions; allowing for deep-water ports to shuttle containers to a large number of more shallow-water ports using existing assets.

– Mark Rowan

IT Vendors Face New Challenges

Companies' desire to better manage supply chain events and make informed logistics and transportation decisions based on reliable data has led to an increase in the global supply chain management (SCM) software and services markets. New analysis from consulting firm Frost & Sullivan reveals that revenues in this market totaled $6.5 billion in 2006, and are estimated to reach $11.64 billion by 2013.

"The growing need to provide suppliers and management with early warnings based on data obtained from internal enterprise resource planning and other supply chain management systems acts as a major driver for the uptake of supply chain solutions," notes Dushyant Mehra, Frost & Sullivan research analyst and author of the report, *World Supply Chain Management Software and Services Markets*.

Event management and performance management applications are emerging as competitive tools because they help companies manage highly complex supply chains by reducing lead time and cost, explains Mehra. As a result, applications that help coordinate supply chain activities will likely play a key role in the near future. These applications help companies detect, diagnose, and resolve performance glitches before they become expensive problems.

This increasing need for integrated solutions, however, represents a key challenge

UP THE CHAIN
PEOPLE ON THE MOVE

Matthew Schron has been promoted to general manager of **Jergens Industrial Supply**, a division of Jergens Inc., and Ohio's largest stocking distributor of metalworking products. In his new position, Schron, who has been with Jergens for 14 years, is responsible for the company's entire business operations. ■ **Warner Bros. Interactive Entertainment** has promoted **Ron Scott** *(pictured)* to senior vice president, worldwide sales and distribution. In his new role, Scott focuses on building a state-of-the-art, direct-to-retail games business for Warner Bros. Home Entertainment in all major global markets. He is also responsible for engaging and managing the company's distribution partners. ■ Among the senior management changes at **Spectrum Brands Inc.**, **Andreas Rouve** has been appointed managing director, Europe. Rouve assumes responsibility for supply chain management, sales, and marketing for batteries and personal care in that region, in addition to his current role as the division's senior vice president and chief financial officer. ■ **Scot M. McLeod**, currently vice president operations for **Quidel Corporation**, a leading provider of rapid point-of-care diagnostic tests, has been promoted to senior vice president, operations. McLeod has served as vice president, operations for the company since 2001, having responsibility for the San Diego manufacturing facility's performance. ■ **InnerWorkings Inc.**, a leading provider of print procurement solutions, has named **Brian Carlson** vice president of procurement. Carlson is responsible for managing the company's sourcing efforts and supply chain management. Most recently, he served as senior manager in charge of A.T. Kearney's Print Category Solutions group, where he helped clients implement process improvements and cost-saving measures.

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Russ Krueger
Agility Sr. VP,
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CONTINUED FROM PAGE 16

for supply chain vendors. Due to rising supply chain complexities, the supply chain planning, execution, and coordination components need to function together to achieve supply chain optimization, the report shows.

Supply chain vendors will be required to pay greater attention to product customization and supply chain visibility, says Mehra. Because transparency of goods in the supply chain represents a critical factor in maintaining optimal inventory levels, supply chain visibility continues to gain significance.

Likewise, customization is slowly gaining pace due to increasing demand from cost-conscious customers.

U.S. Ports Rev Up The Economy

If you've been to a U.S. port recently, you undoubtedly witnessed a place of high activity. Thanks to the boom in imports from overseas manufacturing and sourcing, U.S. ports are posting tremendous growth, and having a lasting impact on the national economy. Last year, U.S. deep-draft seaports and seaport-related businesses generated approximately 8.4 million American jobs and added nearly $2 trillion to the economy *(see chart, right)*, finds a new study conducted for The American Association of Port Authorities (AAPA) by Martin Associates, a Lancaster, Pa.-based business consulting service.

"The tremendous growth in overseas trade volumes moving through our ports in the past decade has been a huge boon to the American economy," says Kurt Nagle, president and chief executive officer for the AAPA. "The jobs these imports and exports create are spread throughout the country, not just in port cities, making them a vital part of our nation's economic fabric."

The study combined 2006 U.S. port cargo statistics with thousands of port-sector interviews to examine aspects of port life ranging from jobs and wages to business and tax revenues. Here are some interesting findings:

- Of the more than 8.3 million Americans working for ports and port-related industries in 2006, nearly 7 million were employed by firms involved in handling imports/exports, such as retailers,

Ports Generate Economic Impact

JOBS	
Port Sector	
Direct	507,448
Induced	630,913
Indirect	306,289
Subtotal:	**1,444,650**
Importers/Exporters	
Direct, Induced/Indirect	6,952,651
Total Related Jobs:	**8,397,301**
WAGES/SALARIES (Billions)	
Port Sector	
Direct	$25.30
Induced/Consumption	$69.50
Indirect	$12.30
Subtotal:	**$107.10**
Importers/Exporters	
Direct/Indirect/Induced	$207.40
Total:	**$314.50**
ECONOMIC OUTPUT (Billions)	
Port Sector	
Direct	$71.10
Local Purchases	$26.30
Subtotal:	**$97.50**
Importers/Exporters	
Direct/Induced/Indirect	$1,879.00
Total:	**$1,976.40**
TAXES (Billions)	
Port Sector	
Direct	$8.30
Induced/Indirect	$26.80
Subtotal:	**$35.00**
Importers/Exporters	
Direct/Induced/Indirect	$67.80
Total:	**$102.80**

**Totals may not add due to rounding

CONTINUED FROM PAGE 18

wholesalers, manufacturers, distributors, and logistics companies.

■ Businesses providing goods and services to U.S. seaports directly and indirectly paid $314.5 billion in total wages and salaries. Of this total, $207.4 billion came directly from businesses involved in handling international waterborne commerce. And, port-sector businesses generated a high rate of economic output–business revenues and the value of the goods and services they provided totaled nearly $2 trillion in 2006.

■ In 2006, 507,448 Americans held jobs such as terminal operators, longshoremen, freight forwarders, steamship agents, ship pilots, tug and towboat operators, chandlers, and warehousemen, as well as jobs in the dredging, marine construction, ship repair, trucking, and railroad industries. These direct port-sector jobs supported another 630,913 induced jobs due to purchases of food, housing, transportation, apparel, medical, and entertainment services.

■ Port-sector workers earn, on average, about $50,000 a year–$13,000 more per year than the National Average Wage Index, as computed by the Social Security Administration.

Small Companies, Big Concerns

What are small distribution and wholesaling companies worried about today? Taxes, the general state of the economy, and energy/fuel costs were their three leading concerns during the second quarter of 2007, according to the latest Small Business Research Board (SBRB) study.

Not surprisingly, foreign competition also ranked high on the list for the owners of distribution and wholesaling businesses who responded to the nationwide SBRB poll, which was co-sponsored by small and medium-size business consultancy International Profit Associates (IPA).

The quarterly poll also measures small distributor and wholesaler interest in expanding operations over the next 12 to 24 months. Only 31 percent of respondents intend to expand during this period; of those, 21 percent plan to provide additional services, 20 percent would expand current locations, and 19 percent wish to add locations.

The business owners cite improving staff training as the key to productivity improvements over the next 12 to 24 months. Improving automation, adding staff, and increasing automation or technology rank second through fourth.

"Distribution and wholesaling companies are always striving to increase productivity. They will be placing emphasis on improving staff training and upgrading their business systems in order to meet their optimistic revenue expectations and still maintain or grow their profitability," says Gregg M. Steinberg, president of IPA.

Top 5 Business Concerns, Q2 2007

While small distribution and wholesaling companies share many concerns with other U.S. small businesses, they are more worried about foreign competition than health care costs.

Concerns of all U.S. Small Businesses

1. Taxes
2. Economic conditions
3. Energy/fuel costs
4. Other
5. Health care costs

Concerns of Distribution/ Wholesaling Companies

1. Taxes
2. Economic conditions
3. Energy/fuel costs
4. Other
5. Foreign competition

Logistics Help Wanted

Experienced logistics professionals looking for jobs are in luck–they are very much in demand these days, reports Don Riemenschneider, senior recruiter for executive search firm Lucas Group, Supply Chain & Logistics. Because supply chain and logistics has become a more highly recognized and implemented function in recent years, these positions are experiencing record growth across nearly every industry, finds Lucas Group.

"Companies are beginning to realize the importance and necessity of establishing some version of supply chain organization," says Riemenschneider. "Logistics positions, such as warehousing, distribution, and transportation no longer suffice alone. The interlink between all facets of the supply chain are just as important, from the product development and procurement functions through the delivery of the product to the end user. As a result, certain positions are experiencing faster growth."

As with nearly all things supply chain today, globalization plays a key role. Individuals with global sourcing experience–particularly those familiar with foreign factories and capabilities, and those who can create working relationships between domestic purchasers and foreign producers–are most desirable. Specialized managers, especially those familiar with import/export, international logistics, customs brokerage, and supply chain integration, are also seeing job growth, says Riemenschneider.

The need for diversity in logistics positions means roles are changing–women and minorities are becoming a larger part of the supply chain and logistics workforce.

"The supply chain world is changing dramatically. Companies should embrace these changes, or they will find themselves at a competitive disadvantage," notes Riemenschneider. ■


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GLOBAL LOGISTICS

by Amy Roach Partridge

Global Commerce: Talking the Talk

While it seems that every supply chain is global these days, many companies are struggling to "go global" effectively. Navigating language barriers, cultural differences, and brand consistency can be challenging for even the most globally minded companies.

One particularly troubling variable is making sure that the customer experience is consistent across all languages–and U.S. companies are not faring well in this aspect, finds new research from Forrester Consulting.

In fact, fewer than one-quarter of U.S. companies are able to offer a consistent online customer experience in multiple languages, the report shows. Compared to European marketers, half as many American marketers say that their brand values are well represented in all their supported languages. As a result, only 24 percent of U.S. marketers say that their customer experience is consistent across all languages, compared to 54 percent in Europe.

Overall, language and translation issues are cited by 37 percent of the survey's total respondents as the main barriers to effective global management. Another 35 percent list cultural differences as the top concern.

Considering these stumbling blocks, global commerce has become a double-edged sword for many U.S. companies, says Chris Boorman, chief marketing officer for SDL, a U.K.-based global information management firm that commissioned the study.

"The fact that so few U.S. companies have effectively managed their brands internationally–despite acknowledging foreign culture as such a big stumbling block–reveals real pessimism on the part of American business," he notes. "U.S. enterprises accept the difficulties presented by foreign markets, but seem unwilling to make the strategic decisions that are imperative for global commerce success."

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Deck the Ports With Retail Traffic

Though most of us only recently said goodbye to summer, the nation's major retailers are already thinking about the winter holidays. To protect against unforeseen supply chain disruptions and ensure their goods are on the shelves for the all-important holiday shopping season, retailers are preparing for the peak shipping climate earlier than ever.

As a result, traffic at the nation's major retail container ports is expected to top last year's record high for three months in a row beginning in August, according to the monthly *Port Tracker* report from the National Retail Federation (NRF) and consulting firm Global Insight.

August totals should exceed the record set last October; September will be slightly slower than August, but will still top last October; and this October will set another new record, *Port Tracker* predicts.

The report estimates the following cargo totals for the next three months: 1.56 million TEUs for August, up 5 percent from August 2006 and beating last October's record of 1.51 million TEUs; 1.52 million TEUs in September, up 2.1 percent from last September; and 1.57 million TEUs in October, traditionally the busiest month of the year, a 4.1-percent increase from one year ago and a new record.

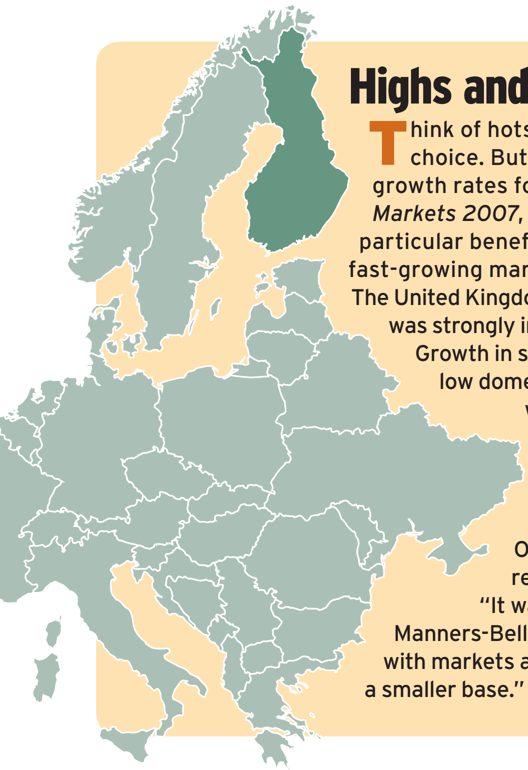
"This pattern of new records being broken early shows that retailers are bringing holiday season merchandise into the country sooner than in the past," explains NRF Vice President and International Trade Counsel Erik Autor.

Despite the heavy volume, most retail ports are operating without congestion. U.S. ports covered by *Port Tracker* – Oakland, Tacoma, and Seattle on the West Coast; New York/New Jersey, Hampton Roads, Charleston, and Savannah on the East Coast, and Houston on the Gulf Coast – are all currently rated "low" for congestion. Though *Port Tracker* recently rated the ports of Los Angeles and Long Beach as "moderate" because of a possible office clerical union strike, the threat has been resolved, and the ports have returned to their previous "low congestion" rating.

Ensuring Success In the UAE

One nation generating a lot of attention within the transportation world is the United Arab Emirates (UAE). The UAE–and the city of Dubai in particular–has become a leading marketing and trans-shipment hub for multinational companies serving the Middle East and North Africa. Thanks to its location on the border of the Gulf of Oman, the Persian Gulf, Saudi Arabia, and Oman, the UAE is strategically placed as a regional hub and gateway between Europe and Asia.

U.S. imports into the UAE reflect this ideal location: imports grew nearly 41 percent from $8.5 billion in 2005 to $11.9 billion in 2006, making the UAE



Highs and Lows in European Contract Logistics

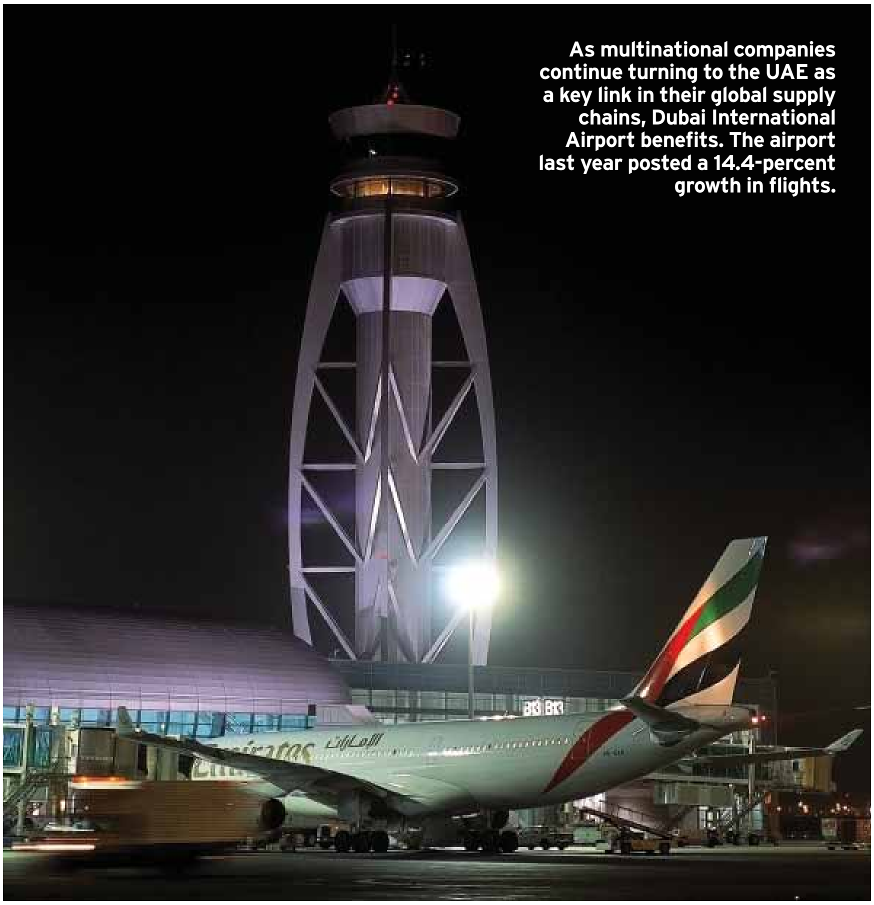
Think of hotspots for European contract logistics and Finland is not likely to be your first choice. But surprisingly, the Nordic region boasted some of Western Europe's highest growth rates for contract logistics in 2006, according to *European Transport and Logistics Markets 2007*, a report from UK-based research organization Transport Intelligence. Finland in particular benefited from increasing trade with Russia, and is positioning itself as a gateway to fast-growing markets in the East.

The United Kingdom also fared well in the contract logistics market last year. Its above-average showing was strongly influenced by positive international logistics activity, and domestic demand growth.

Growth in some of Western Europe's more developed nations, however, was slower. In Germany, low domestic demand resulted in below-average growth despite buoyant imports and exports, while Spain experienced a reversal of the factors that had driven growth in its contract logistics market—strong domestic consumption made up for relatively low levels of international trade. The Netherlands also suffered from weak domestic demand, but benefited from global trade due to its popularity as a location for European distribution centers, finds the report.

Overall, the contract logistics market in Western Europe grew 6.7 percent in 2006 to reach $66.7 billion.

"It was another strong year for the contract logistics industry in Europe," notes John Manners-Bell, chief analyst at Transport Intelligence. "Most countries experienced solid growth, with markets at the periphery of the region enjoying the most significant development, albeit from a smaller base."



As multinational companies continue turning to the UAE as a key link in their global supply chains, Dubai International Airport benefits. The airport last year posted a 14.4-percent growth in flights.

the top U.S. export destination in the Middle East, according to the National U.S.-Arab Chamber of Commerce.

As businesses increasingly export to the UAE or establish the country as a key link in their global supply chains, what are some trends and issues that companies should keep in mind to succeed in the region? Len Casley, general manager of JPMorgan in Dubai, offers the following tips for incorporating the UAE into your global supply chain.

■ **Educate key players on export controls.** Nearly 25 percent of all goods imported into the UAE are then re-exported to regional markets. As a result, companies using the UAE as a transshipment hub may face high fines or penalties if goods are re-exported to countries or individuals that appear on international restricted party lists. In the United States, fines to companies violating export regulations–unintentionally or otherwise–have reached the $100-million mark. Be sure the key supply chain players in your organization are aware of these fines.

■ **Stay current on regional trade regulations.** Because regional trade challenges, trends, and regulations change quickly, it is often challenging to remain up to date. One key is to obtain real-world insight into actual Middle East trade challenges and how other companies are addressing these issues.

■ **Leverage free-trade agreements.** The UAE is currently pursuing free-trade agreements (FTAs) with the European Union, Australia, New Zealand, and Japan; and is negotiating a bilateral FTA with the United States, bringing both challenges and opportunities to companies conducting business in the region. The complexity associated with understanding and leveraging FTAs requires devoted expertise, resources, and technology. It is essential for companies to identify people within their organization who can focus on FTA issues and opportunities.

■ **Choose the right supply chain partner.** A local supply chain/logistics expert with regional knowledge can help companies navigate the UAE's economic landscape. Look for a partner possessing processes and systems that aid in employing state-of-the-art and regulatory-compliant trade operations. In addition, finding a partner with regional expertise is key to understanding local rules and regulations; properly assessing appropriate trade lanes; selecting qualified service providers; and outlining activities that reduce risk, improve compliance, and streamline the flow of regional cross-border shipments.

RFID Eyeing Bright Future

Though nagging doubt about RFID's future persists among some naysayers, recent developments in the global RFID market suggest the technology isn't going anywhere. And RFID's potential is particularly robust in China, according to new research from technology consulting firm IDTechEx.

For the first time, China has become the world's largest market for RFID by value. In 2007, East Asia's RFID spend will reach $2.7 billion, and the majority of this–$1.9 billion–will come from China, shows the *RFID in China 2007-2017* report. China is spending the bulk of these funds on a 900-million-people national ID card system to be implemented prior to the 2008 Olympics.

The country is also spending $.25 billion on other RFID tags and systems, largely related to transport, cash replacement, and secure access cards *(see chart, next page, for additional RFID applications in China).*

Though China's spending on RFID

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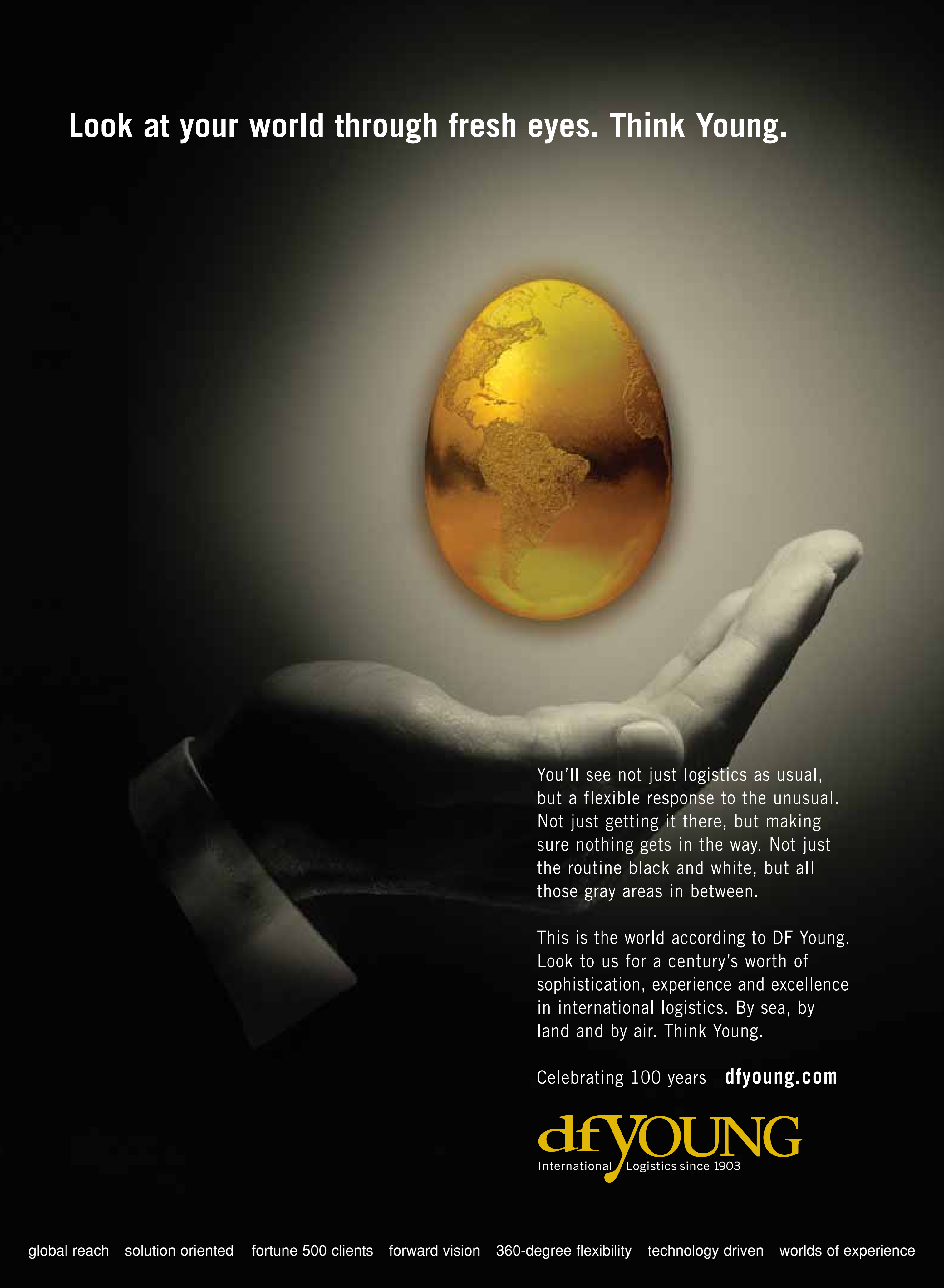
RFID's Potential in China

END USER	CATEGORY	APPLICATION	ANNUAL TAG VOLUME
Food and Drug Administration	Financial security safety	Anti-counterfeiting drugs	1 billion+
Major appliance manufacturers	Manufacturing	Production line management	Hundreds of millions
China Post nationwide rollouts	Land and sea logistics, postal	Mailbag tracking	100 million
Major seaport rollouts	Land and sea logistics, postal	Container tracking	Tens of millions
Chinese Army	Military	Logistics	Tens of millions
Alcohol	Retail consumer goods	Anti-counterfeiting alcohol	Tens of millions
Major motorbike manufacturers	Manufacturing	Production line management	10 million+
Major car manufacturers	Manufacturing	Production line management	Millions
Container manufacturers	Manufacturing	Container yard management	2 million+

will likely sink below the United States and Japan once it completes its ID-card program, predicted RFID growth in sectors such as supply chain applications, transportation, manufacturing, and the military will likely make up for this drop within 10 years, the report predicts.

Of RFID suppliers in China, the leading 12 companies account for $722 million of the Chinese RFID market size in 2007, finds IDTechEx. Many suppliers are involved in the ID card project, but China also is home to leading RFID suppliers to the semiconductor and chip design industries.

In addition, global companies are eyeing China's RFID growth for their own market potential – Texas Instruments, STMicroelectronics, Infineon, EM Microelectronics, and Atmel, for example, are investing in China's RFID market. ■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CARRIERS CORNER

by Kevin Snobel, CMILT, P.LOG

Helping Truckers Survive and Flourish

What is the biggest challenge facing carriers today? Pick one: the driver shortage, fuel prices, insurance costs, new equipment costs, shipper and consignee demands, customs delays, border delays, technology demands. And the list goes on and on.

Ask our company that question and we'd answer "drivers." Insurance companies want us to only hire drivers who have three years of experience. Some insurance companies do not recognize overseas work as driving experience. Others let us recruit drivers from overseas.

CULTURE CLASH

I recently attended a seminar sponsored by an insurance company. The key takeaway was this: a carrier's culture has to change before it can change the driver. When people emigrate to North America from other countries, they bring with them the will to work. The hardest adjustment is the mentality change required to work within the North American infrastructure. Carriers who don't clearly communicate their ideas, or try to do everything on their own, will go the way of the dinosaur.

On the other hand, should carriers turn over their equipment and set new drivers upon the unsuspecting public simply because they have experience? No, not until carriers do due diligence. We need to check new drivers' background, credit history, driving history, medical history, and previous employment history – all within the constraints of the Personal Information Protection and Electronic Documents Act (PIPEDA).

Who pays for all this? Who pays when carriers are requested to drop their equipment and return at a later date to pick it up? Who pays when goods move in-bond? Who pays when a driver is delayed at Customs? Who pays to help defray the costs of installing and running C-TPAT-compliant software? Who pays to help defray the cost of being an ACE-compliant company? Who pays the added costs involved in staying ahead of security concerns on both sides of the border?

The carriers.

Yet some shippers and consignees continue to push the market into a downward spiral through high-pressure rate negotiations.

To the reasonable shippers and consignees, as some of the larger companies are, the trucking industry says, "thank you." Your goods will make it to market and you have agreed to pay accordingly. Reputable carriers, load brokers, third-party logistics providers, and 4PLs will continue to flourish and grow, while the ones knocking on your door trying to save you $5 or $10 will not last. Somewhere along the line, loyalty has to be rewarded.

WHY AREN'T WE CHARGING?

Recently, one of the many transportation companies we deal with every day instituted an ACE surcharge, a fee the U.S. government is charging all carriers that cross the border. But one shipper who uses that transportation company refused to pay the surcharge, and has ceased using the carrier's services.

When the carrier asked why it wouldn't pay the surcharge, the shipper replied, "No other carrier is charging it, why are you?"

The carrier responded to the customer this way: "We do not tell you what to charge for your product or the costs involved." But the carrier's second question was directed to the trucking industry: "Why are all the other carriers *not* charging a surcharge to offset the costs of ACE-compatible computerization, C-TPAT security regulations, fast certification, new hours-of-service regulations, and training, retraining, and updating drivers, office staff, and equipment?"

When both shippers and consignees realize that everything they require of their carriers has an inherent cost

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involved, they are willing to pay accordingly. That will help good carriers, who are in it for the long term, to flourish and survive. So-called load brokers, who take the money and run, do not have surety bonds, do not care about the legalities of transportation law, put more terms and conditions on the dispatch sheet to the carrier than the trouble it is worth to move the load, will not.

So much freight moves between Canada and the United States every day that the companies and carriers doing business there need to cooperate better, self-regulate more efficiently, and increase information flow. They also need to monitor and adjust credit in a timely and efficient manner.

What can carriers do as an industry? First, operate safer, within the confines of the law. Second, don't extend credit to 3PLs or 4PLs just because they hang out a shingle and say they are in business. Credit is not automatically granted, it's a privilege that has to be earned. Third, exchange information on others within our industry.

Yes, trucking is difficult and requires long hours. But it is also exciting, challenging, and rewarding.

The old saying, "when in Rome do as the Romans do" is one we should take to heart. Why? Because all owners, managers, supervisors, drivers, dispatchers, dock workers, accounts payable/accounts receivable departments, and administrative support staff only want one thing: respect. Carriers who communicate this from the top down will grow, and continue to grow.

Let's continue to grow, prosper, and flourish as an industry by getting back to basics. The trucking industry may not be the most glamorous, or the most high-tech. We may have trouble attracting workers. Anyone who has been employed in this industry for more than a few years may leave it, but once trucking gets in their blood they always come back. Yes, it is difficult and requires long hours. But it is also exciting, challenging, and rewarding.

We should welcome anyone wanting to break into our industry with open arms. We should welcome the recommendations of anyone who has information that can help us operate smarter, more efficiently, and more effectively. And we should help in any way possible those institutions that want to educate or train transportation industry workers. ■

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ITMATTERS

by Anil Nair

Data Fuels the Supply Chain

When struggling to implement international supply chain management software, it helps to focus on the importance of clean and usable data. Failing to get good data into and out of your supply chain management IT system is like filling a Lamborghini with nail polish remover and expecting it to win the Grand Prix.

How do you get quality supply chain data? Start with your technology platform.

Major global supply chains involve many partners with independently developed IT systems, using myriad data formats, as well as different codes for locations, countries, and currencies. Even if you wrap your arms around all that, partners, codes, and formats all change over time, making supply chain information management grubby, complicated, and messy.

Many companies deal with the problem by insisting that all partners adhere to their format and codes. That's one way to alienate partners and ensure that software implementation takes forever.

A much better approach is to make sure you have a flexible technology platform that can accept different formats; deal with different partners sending different codes that mean the same thing; and handle formats and codes that change over time.

Other important dimensions to your technology platform's flexibility go beyond formats and codes. You may have standardized the data you receive from partners for all supply chain events, but what if it gets delivered in a different order–say, purchase order information comes in *after* the packing list? You need a system that can park information somewhere until it can link to other, more recent data.

KEYS ARE KEY

Then there are "keys," which are the reason why you are asked for a SSN or a phone number when you go to a video store. You need a technology platform that can deal with different partners identifying documents using different keys. One partner might identify a shipment with a TA number, while another chooses a combination of bill of lading and container number. Solutions that have assumptions about these keys buried in programming code are inflexible. Look for technology that lets you configure the keys by document type and partner.

Lastly, you need to consider your technology platform's ability to configure the data and documents you receive with the actual business process that triggered them. For example, does a set of dates defining a ship window mean that you can't invoice for any merchandise delivered after midnight on the last date? Or does it mean that's the broad window a supplier should aim for?

Getting your data platform right puts you in a position to monitor data quality in a smart way, but it's just the beginning. You need to implement processes to monitor and resolve issues as they arise. You should be running weekly and monthly reports to measure the data in your system: What percentage of locations were not mapped? What percentage of updates came too late? Are you getting accurate, complete, and timely messages?

These additional processes and attention incur costs that are usually not factored into the system's initial price or implementation. It requires a dedicated team that might stretch your in-house capabilities. But an on-demand supply chain vendor can provide this data service for you.

Whatever you choose, remember that you need good fuel in your car, and you need good data in your supply chain management system. ■

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VIEWPOINT

by Brendon Lowe

What North American Retailers Can Learn From Their European Counterparts

On a recent trip to a local grocery store, I noticed the organic produce section had doubled in size. I also noted the challenges this expansion presents to the retailer–the produce section had to be redesigned, produce bags specifically for organic foods had to be developed, and a little band with the word "organic" hugged each individual fruit and vegetable.

All this change underscored the reality that retail continues to be the most dynamic business in the world. But how will U.S. retailers stay ahead of ever-fluctuating market drivers?

When it comes to product traceability, workforce management, and merchandising, European retailers are, in many ways, far ahead of their U.S. counterparts. Some advancements are the direct result of legal, political, labor, and cultural factors that they have grappled with for decades–challenges we are starting to see in this country. Others are the result of pure innovation.

Three challenges are emerging in the United States that European retailers have already tackled. Their experience and innovation can show U.S. retailers how best to succeed.

1. Food safety and traceability legislation. Recent large-scale food scares in the United States have put food safety in the public eye. Currently, U.S. regulations surrounding food safety are poorly designed and difficult to enforce. History indicates, however, that the food scares of the 1990s had a tremendous impact on Europe legislation and increased food safety measures may not be far off for the United States.

2. Rising labor costs. The United States has long enjoyed lower labor costs than the EU. Lower labor costs, however, have led to a lag in the adoption of critical store and DC automation technologies that reduce required labor hours.

U.S. retailers have instead relied heavily on hiring part-time employees, a strategy with limited long-term viability considering that the minimum wage is on the rise. Rather than add labor, retailers need to implement strategies such as perpetual inventory and computer-assisted ordering, which have helped European retailers free up labor from time-consuming tasks to make them available for more customer-centric functions. They have also reduced the need for costly, skilled labor by automating inventory management tasks so they can be performed by the less-costly labor force.

3. Market segmentation. During my trip to the store, I also noticed the people shopping around me – young, old, black, white, Asian, Hispanic – each with unique shopping needs and habits.

The one-size-fits-all approach to retailing that was successful for retail giants in the 1980s and 1990s cannot be successful in a society with rapidly changing demographics. European retailers have a long history of creating and managing multiple store formats and assortments, and have had great success in meeting and profiting from the demands of local markets ripe with diversity.

With leading U.S. retailers experimenting with smaller-store formats and re-arranging stores to match the geographic and demographic tastes of their locations, and top European retailers entering the U.S. market, U.S. retailers must begin to pay more attention to market segmentation. Efficiently capturing and analyzing customer and sales data to ensure the right products are on the right shelves at the right prices will be key to success.

With the technology available to bring U.S. retailers in step with their European counterparts, there's no reason this country should lag behind–or why it can't take the lead–in retail innovation. ■

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3PLLINE

by Vicki O'Meara

Take a Deep Breath Before Diving Into Global Outsourcing

Over the past two decades, production pioneers at automotive and high-tech companies turned outsourcing into a baseline capability, significantly enhancing profitability and productivity.

Today, manufacturers of all sizes in every industry are properly exploring outsourcing options as they grapple with the urgent need to reduce costs, enhance profitability, and increase competitiveness.

This is especially true in North America, where anxiety over low-cost/high-quality foreign competition and rising labor costs is forcing manufacturers to take a deep breath and dive headlong into outsourcing, ready or not.

OPEN-HEART SURGERY

The lure of lower costs in a range of countries with impressive emerging production capabilities may be too great to ignore. Serious complications can arise, however, when a company rushes into the corporate open-heart surgery that we know as global production and supply chain management.

This process typically requires far greater planning, technology, new competencies, and simultaneous integration capabilities than the domestic-oriented production and distribution processes that they often replace. At worst, entering into a changeover without proper expertise and planning can result in a severe production disruption. At best, it can leave substantial savings on the table and fail to optimize the benefits.

Outsourcing production to other countries is a complicated process that lengthens the supply chain, involves more partners, requires complex management, and increases the possibility of potential disruptions. Logistics and inventory costs will rise, but opportunities for efficiency gains, especially as the supply chain matures, exist.

Successful outsourcing requires that you engage internal stakeholders – sales, marketing, human resources, and customer service – in the plan, as well as suppliers and logistics providers. Having a strong team in place early in the process directly impacts the success or failure of your outsourcing operation.

Manufacturers should take a comprehensive look at their operations and objectives, and plan carefully before taking the outsourcing plunge. Technology and communications are critical components of integrating, coordinating, and managing the physical supply chain and IT is a critical foundation of planning. IT implementation is complex because it involves many systems. A qualified logistics provider, however, should be able to integrate the systems and create a seamless, consistent, and robust communications infrastructure among all partners, allowing for the dynamic operation of the entire supply chain from the point of customer order to the delivery of product.

FINDING THE BALANCE

Other cost and process challenges to evaluate are finding flexible and strategically located warehousing with the right capacity, and understanding how to balance supply and demand, product lead times, and inventory levels because global outsourcing lengthens the time between ordering and product delivery.

High-quality, technologically advanced warehousing can reduce inventory costs and increase added-value opportunities for manufacturers. Inventory levels usually rise for outsourced manufacturers, but they can offset much of this additional cost with skillful demand, production, and supply chain management. Collaborate with all partners in the supply chain.

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If logistics providers are notified of orders as soon as they are placed, for example, then they can optimize capacity, which helps drive cost savings. Logistics providers, utilizing their comprehensive networks, can transition imports seamlessly from international line hauls to warehouses to domestic distribution. This helps maintain a consistent supply of product to the customer as the supply chain transitions from domestic to international.

Managing cross-border regulatory issues and procedures is a core competency for experienced logistics companies, and can help ensure the safety and security of the supply chain and its partners. Logistics providers have large networks to manage infrastructure inadequacies and the knowledge and applications to assist companies in managing the increased complexity of outsourced manufacturing.

Culture also has emerged as a critical factor in learning the attitudes and working methods of the manufacturing country. Logistics providers possess local market expertise and in-country cultural experience. With this knowledge, they can advise and support businesses through the transition and help them gain their own expertise.

EXPECTING THE UNEXPECTED

Like any well-thought-out plan, something can go wrong inadvertently, especially when charting unknown waters. A domestic supply chain requires far less specialized knowledge to operate than an international supply chain. That's why manufacturers, in collaboration with their logistics providers, should develop a comprehensive contingency plan. Contingency planning is critical to outsourcing's long-term cost and efficient operation.

Take it from the automotive manufacturers – outsourcing can yield great benefits if it is comprehensively planned and managed. You can achieve a supply chain that runs efficiently if you engage the help of qualified logistics providers early in the planning process. They are key sources of knowledge, experience, and support in the outsourcing planning and implementation process.

Global logistics providers have the specialized skill set to negotiate goods across borders every day, flawlessly, with partners of different cultures. They will be qualified outsourcing partners when you are ready to take that deep breath and dive headlong into global outsourcing. ■


JZM8
KLG5
RKF3
TARGET
TGX7
DXB4
MDZ1

Inbound Traffic Control

Tracking inbound transportation used to fly under shippers' radar screens. Today, however, companies as large as Pepsico and as small as Pamida know the position of every shipment headed their way. by Lisa Harrington

The concept of managing inbound transportation began to garner acceptance in the early 1980s, when leading companies sought to gain better control over their transport spend. The problem was, control was decentralized in functional silos and shared by companies and their vendors. Controlling inbound required a strategic view.

Complicating the challenge, "shippers' transportation activities were balkanized. A company might use inbound rail, inbound truck, inbound ocean, outbound truck, outbound rail, and outbound ocean," recalls Brooks Bentz, a partner with consulting firm Accenture.

Often these functions were not centralized, so inbound might have been managed by the headquarters logistics group, and outbound managed at the distribution center level. "That was illogical," he adds.

"No matter what business you're in, freight comes in and freight goes out," Bentz continues. "Managing it holistically makes more sense. When you put all your transportation business out to bid simultaneously, carriers can see the complete picture and offer better rates. You can develop your carrier base as a network of capacity that delivers the best price and service, at the best cost for carriers."

When Pamida separated from ShopKo in 2005, the retailer was left without a transportation management system. It decided to outsource distribution to third-party logistics provider Werner Enterprises. It also uses Werner's Web-based TMS to manage inbound freight.

Taking a holistic view of managing freight also opens new opportunities for competition. With the ability to evaluate multiple price tiers and service options, you might discover rail lanes that you hadn't thought of using, and shift truck to rail.

"And, when capacity is tight, you can still drive improvements by moving the right freight with the right carriers," Bentz says.

As part of this trend toward treating freight holistically, companies began to take inbound transportation management away from their vendors. But it's still a patchwork quilt of control.

"Today," reports Bentz, "some companies control 98 percent of their inbound. They pay the freight, do the routing, pick the carriers. Other companies–even large ones–only control a small portion of their inbound transportation."

A TALE OF TWO COMPANIES

PepsiCo and Pamida couldn't be more different. PepsiCo is a world leader in convenience foods and beverages, with 2006 revenues of more than $35 billion and 168,000 employees. Pamida is a small-format regional retailer that operates 207 stores throughout the U.S. Midwest.

But both companies share something in common–they actively manage their inbound motor freight transportation.

Barry Mulkay, director of procurement/carrier operations for PepsiCo, procures all inbound and outbound transportation for the company's U.S. domestic movements.

PepsiCo spends approximately $1.6 billion annually on domestic transportation. "Transportation procurement is centralized, but not managed in a vacuum," Mulkay says. "We work closely with every business unit–Quaker Oats, Tropicana, Gatorade, Pepsi Cola, and FritoLay–to develop the best capacity, service, and cost solutions."

In the past, the company's transportation costs were often built into the price of the raw materials. Today, however, the majority of PepsiCo's inbound transportation costs are "unbundled."

"We worked with the material procurement teams to unbundle freight costs so we could fully understand and differentiate the cost of transportation," Mulkay explains. "For purchases where the costs are not unbundled, we still know the price of the transportation."

As part of the unbundling process, PepsiCo uses an inbound routing guide to dictate to vendors which carriers they will use. The carriers bill PepsiCo directly for their services.

"Unbundling transportation costs has been an evolutionary process," Mulkay notes. "We are still working to get some products unbundled. In some cases, we have to wait until a contract expires.

LEAVE IT TO THE EXPERTS

"PepsiCo people are experts in buying all our needed raw materials," he adds. "Quaker Oats, for example, has experts who buy plastic bottles for Gatorade. While they're geniuses at buying the bottles, they are not as knowledgeable about transportation–what it costs to ship bottles and caps from origin to the manufacturing facilities.

"The buyers would negotiate on the bottle price, pressuring vendors to reduce their prices, arguing that the cost of plastic had declined so the delivered price should be lower. The

"More companies are trying to wrap their arms around better managing their inbound. They are **moving farther upstream in their purchasing relationships** to control a much larger percent of that freight."

– **Dan Cushman,** chief marketing officer, Werner Enterprises

vendors would respond that transportation costs had increased, so they had to boost the bottles' overall delivered price," Mulkay says.

The PepsiCo and Business Unit transportation teams offered to help on the transportation side of this equation. They compared the vendors' quoted transportation costs against PepsiCo's benchmarked rates and current market conditions.

"We found some vendors were playing material costs against transportation costs, and vice versa," Mulkay says.

That's when PepsiCo decided to let the transportation experts manage freight costs, and the materials experts manage product procurement. "Most major U.S. companies are moving in this direction," Mulkay adds.

MANAGING THE WHOLE

When it comes to managing transportation, PepsiCo does not differentiate between inbound and outbound.

"We manage them the same way," Mulkay says. "It's our job to ensure an uninterrupted flow to the entire supply chain. That means all shipments – finished goods and raw materials – required by our manufacturing facilities, co-packers, distribution centers, and customers arrive on time at the least landed cost."

PepsiCo services 450,000 customers domestically, and supports and supplies more than 200 manufacturing facilities and co-packers. The company delivers to approximately 1,600 distribution centers across the United States, and processes three million transactions annually while delivering about two million loads.

While PepsiCo uses every transportation mode, truckload (TL)–which includes private and dedicated fleets, and point-to-point core carriers–is king. All the business PepsiCo delivers travels almost one billion miles annually, "and that's just domestically," Mulkay notes.

PepsiCo's guiding principle is: "What the customer requires is delivered!" To live by this principle, Mulkay's team has its own goal: to "own" everything that moves.

PepsiCo's transportation management system (TMS) optimizes all inbound and outbound material flows to ensure Mulkay's team makes the right mode selection–whether private or dedicated truck fleets, point-to-point trucking, or intermodal service.

"The TMS runs multiple optimizations at the speed of light, and connects information to create a tour where we pick up a load from a supplier, deliver it to a plant, then pick up a load from the plant or nearby facility. It repeats the process of picking up and delivering loads," Mulkay explains.

PepsiCo's TMS contains all the rate and cost information to help Mulkay and his team compare private fleet, dedicated fleet, and point-to-point motor carrier options. It solves for the most cost-efficient options available, and won't connect a load to a tour unless it can meet the load's delivery time requirement.

"Some components of our inbound transportation might be different from

FritoLay vendors, suppliers, and plant facilities enter inbound and outbound shipments into Werner Enterprises' Web-based TMS. The system analyzes freight parameters and assigns the mode, carrier, and cost. The TMS also monitors shipments for acceptance and compliance by FritoLay's core carrier community.

"We want to help make the best transportation decisions for the company," Mulkay explains. "We act as consultants and execute for anyone in the organization who has any kind of transportation need."

outbound, but that's insignificant," insists Mulkay. "We manage transportation to our customers' needs. That boils down to when they need to ship the product and when they need to receive it."

Sophisticated TMS tools and new Web capabilities offer increased visibility to transportation information. Shippers are now less dependent on carriers or reporting services to provide data.

Mulkay's group applies its expertise to providing customers with transportation options so they can choose the service and cost that best suits their needs.

"We consider all the options," Mulkay says. "Our first priority is to ensure that we maintain an uninterrupted flow to our supply chain. The second priority is to ensure that we do that at better-than-market competitive prices."

Twice each year, PepsiCo benchmarks its freight rates against other large U.S. retailers to determine what it is paying for certain origin-to-destination pairs, and to ensure it gains leverage for its transportation spend. It also uses the benchmark information to negotiate with carriers and service providers.

"Because of the size of our domestic transportation spend, we expect to get extremely competitive pricing," Mulkay notes.

PepsiCo has had a core carrier program in place for 10 years, and values the relationships it has established with those carriers.

"We enter partnerships for the long term, and prefer our carriers to share our mission," Mulkay says. "We do everything we can to maintain appropriate relationships with our partners. If they have a service issue, for example, it becomes our issue as well, and we try to help them solve the problem.

"It's more difficult to replace a carrier than it is to help them solve a service problem," he adds.

PepsiCo maintains a weekly service scorecard on all its carriers. At least once or twice a year, the transportation teams conduct face-to-face meetings with carriers to review past performance and future opportunities.

"Carriers may have seen us do things that are wasteful and can bring them to our attention so we can reduce or eliminate them," Mulkay says. "Or they may have ideas on how to join some pick-up and delivery pairs with other shippers to eliminate empty miles."

One of PepsiCo's core carriers is Werner Enterprises, Omaha, Neb. Werner has implemented PepsiCo's proprietary TMS application for the FritoLay division, and extended its Web-based TMS to FritoLay vendors, suppliers, and plant facilities.

These stakeholders are able to enter their inbound and outbound shipments into the system. The Werner TMS then analyzes the shipments' parameters – including pickup and delivery schedules and altitude routing – and assigns the mode, carrier, and cost. The Werner TMS monitors these shipments for acceptance and compliance by the core carrier community. The Werner TMS also provides reports on shipment service levels and costing for trend analysis and provider scorecarding.

PAMIDA GETS A MAKEOVER

In 1999, ShopKo Stores Inc., a Fortune 500 company headquartered in Green Bay, Wis., purchased Pamida and began operating the company as a separate division.

ShopKo is a big box retailer; Pamida is not (stores average 18,000 to 32,000 square feet). Thus, Pamida struggled with an inefficient inbound distribution network that was based on a big box model.

In 2005, Sun Capital Partners Inc. acquired ShopKo and decided to run its two retail operations as separate entities.

"My job was to break Pamida away

> "Because real-time shipment information is readily available, both **inbound and outbound partners can see what's happening** on the other end."
>
> – **Pat Lemons,** vp operations, Yellow Freight

"Most companies would admit they have less control over inbound freight than they do over outbound."

– **Dan Cushman,** chief marketing officer, Werner Enterprises

from ShopKo," recalls Ken Sutton, director of logistics for Pamida Stores. "When we did that, Pamida was left without a transportation management system. So we decided to outsource distribution to a third-party logistics provider, Werner Enterprises. We underwent an extreme makeover."

As part of its distribution overhaul, the retailer developed a vendor partnership manual, which includes detailed routing instructions for all FOB Collect shipments to Pamida facilities. Pamida's traffic department must individually authorize all deviations from these standard routing instructions prior to shipment. Pamida buyers are not authorized to issue routing instructions.

Each evening, the retailer downloads its vendor purchase orders (POs) to Werner's Web-based transportation management system. Vendors then log on to the Werner TMS application to enter their purchase orders, which are validated against the PO file database. The orders are optimized and routed.

CONSOLIDATE FREIGHT

Werner's system coordinates inbound shipments coming from multiple vendors and routes them through a consolidation pool point, and consolidates shipments on multi-stop truckload, intermodal, or less-than-truckload, reducing Pamida's total delivered cost and increasing velocity.

"This system provides benefits," Sutton reports. "We reduced order turnaround time by two weeks. In the past, we weren't delivering to our stores weekly, now we are."

Pamida is also now more aware of how its merchants are buying, and tries to apply supply chain logic to their purchases.

"For example, our buyers were purchasing chairs from a vendor in Mississippi in lots of 160, but only 130 chairs fit on a trailer," Sutton says. "So they were ordering one truckload and one less-than-truckload shipment. We changed the purchase order quantity to 130, and unit costs dropped considerably. The LTL shipment was about half the cost of the TL move, but we were only picking up 30 more chairs."

Both PepsiCo and Pamida rely on a sophisticated TMS to manage their inbound transportation and carriers effectively.

"Today's highly sophisticated TMS make inbound freight management significantly easier," notes Pat Lemons, vice president operations, Yellow Freight Corp. "The TMS tools and new Web capabilities have provided new transparency to information and eased shipper dependence on carriers or reporting services to provide data."

This real-time availability of timely information for both shippers and consignees "has elevated everyone's game," Lemons asserts. "Partners are more honest with each other, and, because information is readily available, both inbound and outbound can see what's happening on the other end."

This information-intensive service presents a unique challenge to motor carriers trying to serve two customers–the shipper and the consignee.

"Their needs are so different, but we have to satisfy both," Lemons says.

On the inbound side, large shippers might operate their own TMS with sophisticated capabilities. These shippers typically trap large amounts of inbound freight, for the most part based on purchase orders they issue.

"That creates an unusual requirement for us as an LTL carrier because we use a PRO or shipment number to track freight," Lemons says. "The PRO number seldom matches up with the purchase order number. So we adapt our systems to trap that information and correlate the two types of data.

"Receivers typically unload those large freight volumes–full trailerloads–by PO, so a reconciliation has to take place to get everything cleared," Lemons adds.

While companies have made great strides in managing inbound transportation services and carriers more effectively, "most would readily admit they have less control over inbound freight than they do over outbound," says Dan Cushman, chief marketing officer, Werner Enterprises.

LOOK OUT THE WINDOW

"To manage outbound freight, all they have to do is look out the window and they can see it leaving the dock," he says. "But with inbound, they are the recipient, and for a long time had no visibility into what was coming in or what it cost.

"But in the last five years," Cushman explains, "more companies are trying to wrap their arms around better managing their inbound. They are moving further upstream in their purchasing relationships to control a much larger percent of that freight."

Companies are trying to integrate their vendor communities to work with carriers to deliver inbound goods at the lowest overall cost and highest service solution, according to Jim Schelble, executive vice president sales and marketing for Werner.

"In the past few years, when capacity was very tight, customers were saying, 'vendors are using any number of carriers to ship their freight to us, without us ever capturing that information. If we got involved in the inbound routing, we could capture that capacity demand and optimize it across all our vendors. We could eliminate deadhead miles or half-filled trailers, and everyone wins.'

"That's where the industry is heading," Schelble concludes. "Companies are driving out transportation inefficiency because they have visibility into what's moving. They are gaining inbound traffic control." ■

Lily clients say the nicest things about the company named after mom.

"I wanted to thank you and make you aware that the entire Lily team provided Whole Foods with outstanding service during Thanksgiving, our busiest time of the year. It is really a credit to your people that made this happen. Whole Foods broke records in product movement through the Cheshire DC each progressive day this week. We service 34 stores from Maine to NJ that get multiple deliveries around the clock.

The additional equipment and drivers Lily provided to satisfy a spike in volume of 50% in a 2 week period was conquered by some special efforts from the Lily Team. In addition, Lily supplied the stores with temporary straight trucks and trailers to work out of for a couple of weeks.... The number of loads and drivers kept changing throughout the days and Lily not only met the challenge and kept it together but we had minimal issues surrounding deliveries. In fact we received several kind notes and words of praise from our stores on the flexibility we had to overcome, and on any issues that arose to keep our service levels high.

Again, thanks for a job well done from all of us at Whole Foods Market, North Atlantic Region."

Rick Ballard, Associate Facility Team Leader, Whole Foods Market, North Atlantic

"I second Rick's appreciation for a job extremely well done. I can't tell you what a pleasure it is to have record volumes of products moving to our stores as smoothly as it has. It is a credit to your excellent planning, preparation and organization. Have a great holiday."

David Doctorow, VP Purchasing & Distribution, Whole Foods Market, North Atlantic

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SPECIALIZED CARRIERS

And Now for Something Completely Different

From traversing the tundra…

…to White Glove residential deliveries…

...the last mile is the most important.

by Gregory DL Morris

Somewhere out there right now an 88-foot-long, 43-foot-high, 41-foot-wide, 275,000-pound flue-gas scrubber tower sits on a heavy-lift ship en route from Map Ta Phut, Thailand, where it was fabricated, to the Port of New Orleans. When it reaches the United States, it will be transloaded onto a barge and hauled against the current and under the bridges to a refinery up the Mississippi River. Once there, it will be lifted off the barge and inched inland to the spot where it will be installed.

All in a day's work for TransGroup Worldwide Logistics, Seattle, Wash., one of the highly specialized third-party logistics providers that handle "project cargo."

Romance might be gone from the open highway, but there is increasing business to be won where the road is not long and straight, or where there is no road at all. As sophisticated logistics practices have narrowed the competitive advantage between local and national operators, and as railroads have recaptured significant long-distance business, some line-haul truckers are turning to complicated operations requiring specialized equipment to differentiate themselves and to build long-term business.

Such services encompass a wide array of operations. Some major mainline highway haulers are pushing into the first and last mile, equipping conventional dry van trailers with specialized cargo handling equipment. Other regional players are moving to second-generation power and trailers, custom-made new to replace general service units modified for specialized conditions such as poorly maintained highways or temperature extremes.

Specialized or project cargo falls into three general categories:

- **Special services,** which usually cover value-added operations in handling conventional freight.
- **Special conditions,** which usually cover both conventional and unusual freight in unconventional circumstances.
- **Special cargo** can be long, tall, heavy, or delicate—even if it moves only 100 miles down an interstate highway.

Specialized services have grown quietly, but are becoming important profit centers for third-party logistics companies. To be sure, specialized equipment is more expensive to buy or build and maintain. And while 3PLs can charge more for them, specialized services are not necessarily a major source of premium profit. The importance of specialized equipment and services is that they build long-term customer loyalty and often generate new volumes of non-specialized traffic.

Players say there is no way to quantify the volume of specialized or project cargo; the market is too fragmented. But the growth of TransGroup's project division illustrates its potential.

"TransProject was established nearly four years ago with one employee–me–and grossed 2 million the first year." says Sue St. Germain, director of projects for TransGroup. "We are on track to gross $25 million to $30 million this year. We now employ a staff of 11, and are actively recruiting new people."

Therein lies one complication of project freight. The expense of acquiring and operating specialized equipment, and of training drivers, may be obvious. But for a carrier or a specialized logistics firm to be successful, it needs highly trained workers at every level.

"It is a difficult hiring market for all carriers," says St. Germain, "but it is even more difficult for us. A mistake can be devastating for a customer. So we maintain very stringent requirements for joining the company, then train up from there."

Another complication is insurance. "Our carriers drive into working refineries or power plants, and onto construction sites," says St. Germain. "Some operators with the equipment we need do not have the necessary insurance. So we established a process to qualify new trucker partners."

Getting carriers involved is often one of the last steps in the process.

"We often start working with customers when they are still trying to get the bid," she says. "We support the bidding process, and advise them on everything from purchasing to fabrication to engineering studies of roads and bridges along the projected route. By the time the client gets the bid, our work is often half completed."

In one recent case, TransGroup moved 60 turbine blades for a wind farm from a fabricator in North Dakota to the Port of Duluth, Minn., where they were shipped overseas. TransGroup got the bid the Friday before Independence Day, and had two weeks to complete the job.

"Each blade measured 122 feet long," recalls Shirley Castaing, TransGroup's senior project manager. "We found a way to put two blades, rather than just one, on each truck, and that made all the difference. But it was still a 24/7 job for two weeks."

While TransGroup owns and operates some specialized trucks, it does not have turbine carriers, and no one company had enough.

"We had to pull in assets from four different truckers," she says. "That is the advantage TransGroup brings. If the client had to canvass the industry for the assets, the project might never have been completed. We formed the task force, contracted with the motor carriers, and chartered the ships. We also worked with the carriers overseas to get the blades to their final destination."

While moving turbine blades, refinery units, or power-transmission equipment is the high-profile and high-growth end of the specialized cargo business, slightly less exotic – but still specialized – hauling is also showing significant growth.

When it comes to moving oversized freight, or handling complicated logistics operations, shippers increasingly turn to specialized providers such as TransGroup Worldwide Logistics, which handled this complex move in Astoria, New York.

Lightening the Load

One simple form of specialization is lightening a standard trailer so it can carry extra weight.

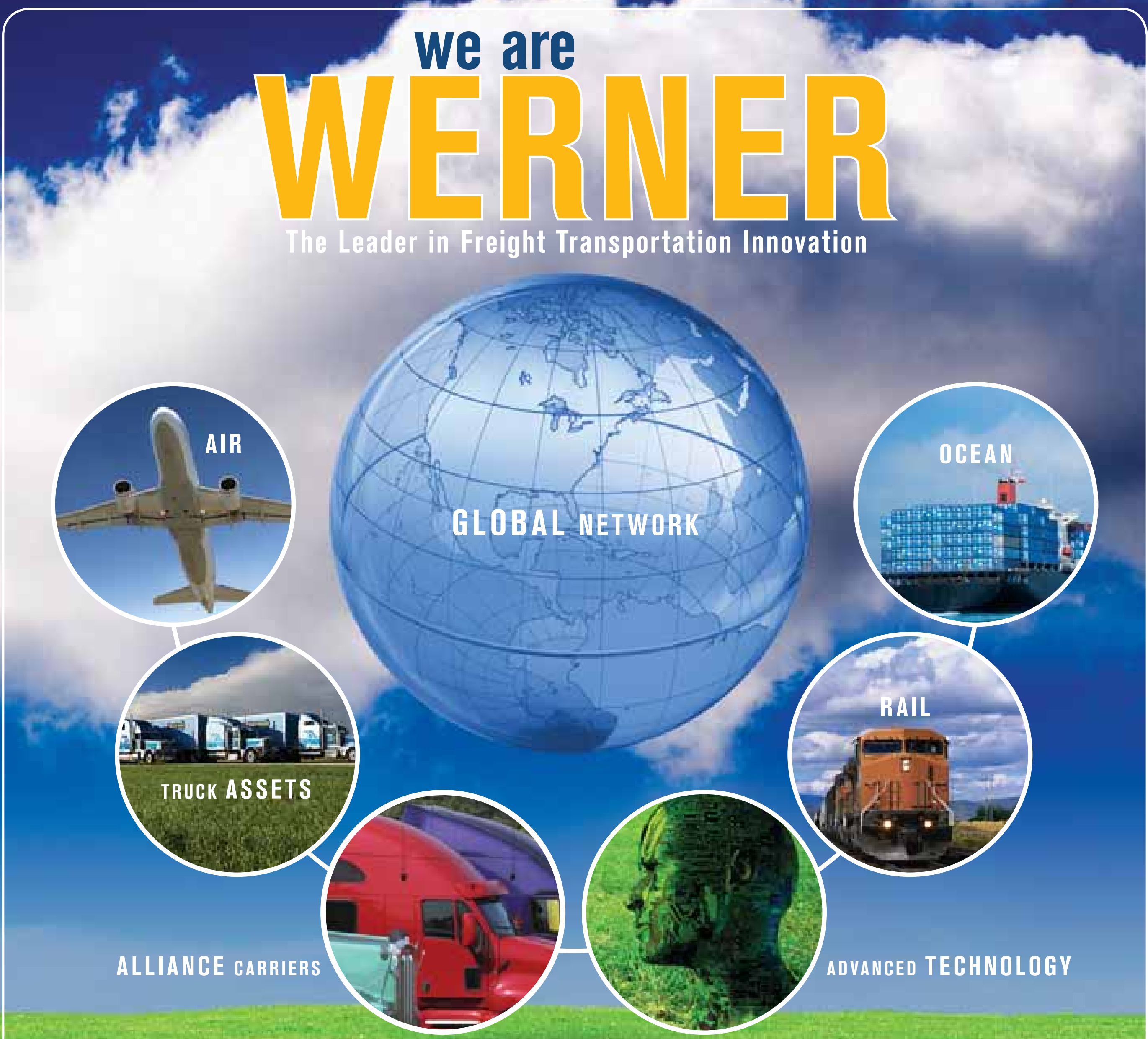
"It's more likely to cube out a standard 53-foot trailer before weighting it out," says Brad Hicks, vice president and general manager of delivery services for J.B. Hunt, Lowell, Ark. "But if the shipment consists of soda or beer, you can reach the maximum gross weight before the trailer is filled.

"We lighten the trailers through modifications such as aluminum wheels. Instead of the traditional 42,000 to 44,000 pounds of payload, we can get 48,000 to 50,000 pounds," Hicks says.

In J.B. Hunt's dedicated division, specialized vehicle business is a strong growth center, and in the past few years has increased to about 40 percent of total dedicated work, Hicks says.

Dedicated usually refers to a single client – and that represents the desirable long-term business. But it also refers in some cases to dedicated lanes, regions, or types of service attracting enough customers to justify equipment and driver training investments.

"The capital investment can be considerable," says Hicks, "so we need a partnership, or at least the expectation of a partnership. While it can be just a transactional arrangement in a dedicated region or with certain equipment, we prefer a three-year contractual agreement. If that's in place, we will acquire or modify any type of equipment.



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J.B. Hunt's dedicated division handles creative equipment and services, such as residential deliveries. The carrier doesn't just make the delivery, it goes into the home and uncradles, unpacks, places, and plugs in the merchandise.

"For example, we have a fleet of dump trucks," Hicks adds. "Most people would be surprised to learn that J.B. Hunt runs dump trucks."

The logic is that specialized services and equipment have become one of the few differentiators left in the industry. "Any carrier can haul a truckload of cereal on a 53-foot dry van," says Hicks. "But the dedicated division handles the creative equipment and services."

Losing Weight

Vehicle weights are also being reduced to accommodate the addition of forklifts or lift gates that facilitate self-loading and unloading. "We use lift gates for residential deliveries," Hicks says. "A lot of transportation has moved toward lower volumes with higher frequency. For more traditional cargo, we have seen growth in 'last-mile, white-glove' service, where we don't just make the delivery, but go into the residence, uncradle, unpack, place, and plug in the merchandise."

Other specialized carriers extend the same logic even further. Some operate full-length flatbed trailers with boom cranes – not just little hoists for unloading, but cranes capable of delivering pallets of lumber to the roof of a six-story townhouse under construction or renovation. In addition to added lift gates and forklifts, trailers are also being equipped with electric pallet jacks for deliveries to sites without a forklift.

Some specialized carriers that handle furniture delivery and other high-value merchandise have developed a modular system of "demountable" half-length trailers. These trailers are loaded as a normal full-length dry van would be for the line haul from manufacturer or port of entry. But then the halves or "pups" can be dropped separately onto their own struts, where they are picked up by a 20-foot straight-job chassis for the delivery.

This modular system requires specialized demountable vans and dedicated chassis, and enables direct deliveries when no cross-dock is available or when reloading is not an option.

Another popular modification is to retrofit conventional 53-foot trailers with adjustable but permanent horizontal load-bearing bars in the sidewalls. Called captive beams, they allow the truck to double-stack irregularly shaped or sized pallets that otherwise could not be so loaded.

"The retrofit can be expensive," admits Hicks. "But it works well for cross-dock operations where ordinarily you would lose cube."

One important factor that any operator or logistics provider must consider when offering specialized services or equipment is driver training. Given the shortage of skilled truck drivers, time out of service for training is a major factor in the success of a specialized or dedicated operation.

"Drivers become multi-skilled operators," says Hicks. "They also become customer-service representatives of the manufacturer and the seller, as well as the carrier. J.B. Hunt works with clients and equipment manufacturers to train drivers on safety and customer service."

Facing the Competition

On the national level, Hunt competes with other major carriers as well as local and regional operators. "We face competition from the larger companies on easier business, but for the more specialized services our competition comes primarily from local companies," Hicks says.

"Regardless of the competition, we are motivated to go after specialized business because the tougher the service, the more you endear yourself to customers," he adds. "The more integral you are to their operations, the harder you are to replace."

The growth in Internet commerce has also spurred an increase in specialized services. Take hot tubs, for example. Hot tubs, or spas, used to be sold by local businesses in each community. Today, a consumer in Maine can order a spa from a company in California, and the spa itself is manufactured in Georgia. A specialized carrier driver can handle the trip from pickup to delivery, including placement and connection in the consumer's home.

Sometimes the route, rather than the manifest, dictates the specialized services. Just ask Lynden Transport, Seattle, Wash., a full-service logistics operation specializing in handling truckload, LTL, flatbed, and temperature-controlled shipments to and from Alaska.

The lanes Lynden travels are anything but mundane. Any homeowner in a U-Haul can drive from Houston to Dallas, but Dallas to Edmonton is a considerable challenge. And Edmonton to Prudhoe Bay, Alaska, is seriously specialized haul – essentially mainline long-haul service over unimproved roads with precious few fuel or repair options and radical swings in temperature and weather. Lynden also handles shipments from Los Angeles and the Pacific Northwest to Alaska by road, barge, and marine roll-on/roll-off vessel.

Lynden's service has grown to the point where the company has just taken delivery of its first custom-built "tundra trucks." The new units, which cost about $400,000 each, include complete weatherization and full sleeper cabs, and can handle trips from Prudhoe Bay to West Barrow. Lynden has put two units into service, and four more are on order.

Traveling the Tundra

The competition comes from rollogons with big, bulbous tires that can roll over the tundra, even without snow. "Lynden's sweet spot is ice and compressed snow. Without the big tires, tundra trucks can move a little faster and be more cost effective," says Alex McKallor, president of Lynden Transport.

In this case, cost effective is a relative term. "Driving 500 miles on a dirt road is brutal on the equipment," says McKallor. "It's like sandblasting it with rocks." The Houston-to-Prudhoe run is the longest on the continent, McKallor notes, and is done with two-driver teams using conventional equipment as far as Fairbanks.

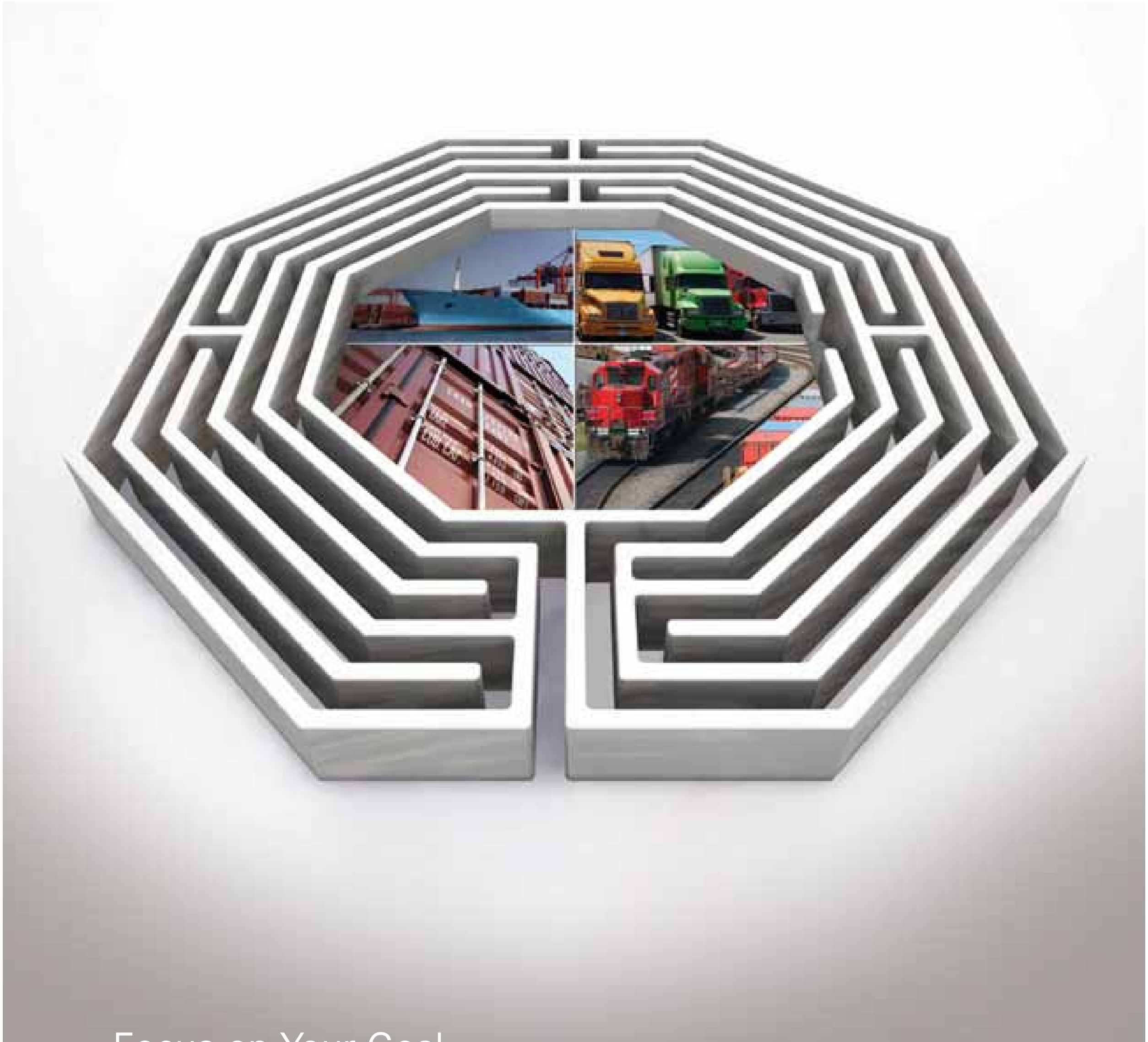
While McKallor agrees with other specialized carrier executives that long-term partnerships with shippers are the goal, he warns that being indispensable can place heavy demands on equipment and personnel.

"Last winter we handled about three or four times our usual level of business thanks to leaks and operational problems along the Alaska Pipeline," he says.

As a multimodal operator Lynden has also been the go-to carrier for extraordinary movements. For instance, the company recently moved the huge components of a refinery expansion from the fabricator in Bellingham, Wash., to Kenai, Alaska, acting as logistics planner and road carrier, and working with a charter firm for the marine move. The components were landed on the beach at Kenai, and moved down the road more than five miles to the Tesoro refinery.

"This was a tough job," notes McKallor. "Some of those components measured 30 feet wide and 30 feet high, and weighed 250 tons. The whole move took one month – two weeks on the water, then another two weeks from the beach to the refinery."

Just another reason why, when the going gets tough, the tough turn to specialized carriers. ■



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INBOUND LOGISTICS

TRUCKING PERSPECTIVES 2007

AN IN-DEPTH LOOK AT MOTOR CARRIERS AND THEIR CUSTOMERS

Having options is always a good thing. And in today's domestic freight fray, over-the-road shippers, more than anyone else, understand the importance and value of building flexibility into their networks to accommodate expected and unexpected fluctuations in customer demand and carrier capacity. Given the past difficulties of finding space and managing freight costs, transport buyers rely on motor carriers and third-party intermediaries to extend operational flexibility beyond the loading dock.

A softening market, however, due to a downturn in the U.S. housing market and growing consumer pessimism has resulted in a surplus of equipment and capacity and decreasing consumer demand. And now, U.S. shippers are grateful for the opportunities and options they have available, as they become more judicious and strategic in selecting carriers and negotiating rates.

For the time being, this buyer's market is also forcing motor carriers to further accent their value and enhance their value proposition by investing in and developing innovative services and technologies to best serve both their core interests and customer demands.

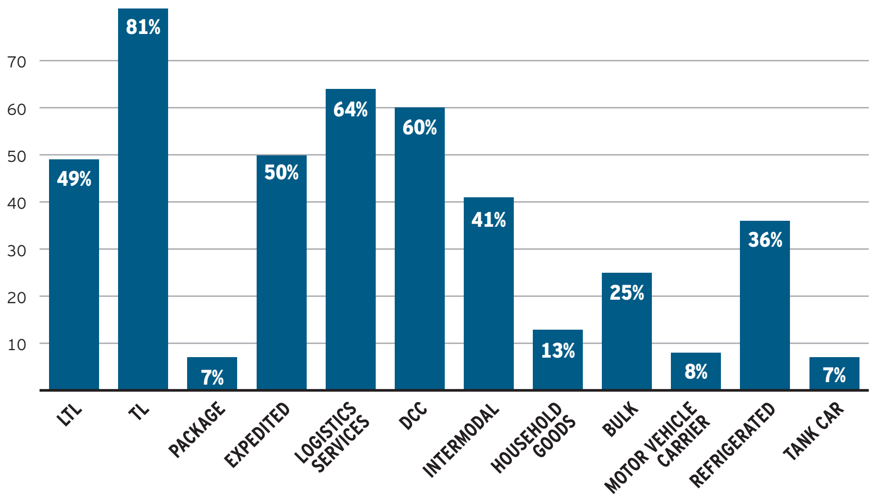
To give definition and shape to this shifting market, as well as a roadmap for where carriers are taking shippers and where shippers want to go, *Inbound Logistics*' presents a two-tiered approach: our Motor Freight Market Insight Survey (MIS) and our annual Top 100 Motor Carriers list. The Motor Freight MIS captures the perspective of both shippers and carrier interests.

First we polled motor freight carriers to see how they are expanding their service portfolios, geographical coverage, and IT capabilities to anticipate and meet the unique and diverse demands of their transportation customers.

Second, we canvassed the shipper community, asking them to identify and comment on the challenges they face in today's market, as well as the opportunities that have surfaced in a buyer's market and how they are harnessing their carrier and intermediary partnerships to drive transportation innovation and efficiency within their respective enterprises.

Complementing this end-to-end panorama of the U.S. domestic freight market is our annual Top 100 Motor Carriers list. This in-depth "who's who" database of U.S.

Figure 1. Truckers provide varied services



SOURCE: Inbound Logistics Motor Freight Market Insight Survey, 2007

over-the-road freight carriers presents a snapshot of the industry's leading players, as well as a benchmark for the services and capabilities transportation buyers need to consider when looking for new partners or evaluating current ones.

CARRIER PERSPECTIVES

Concurrent with last year's data, shippers continue to dictate how carriers go to market and expand existing service portfolios with innovative technologies, logistics capabilities, and new coverage areas. Unlike 2006, however, motor freight companies have considerably less leverage passing along fuel surcharges and other operating expenses to their customers.

As a result, over-the-road carriers have been looking to expand their businesses. Across the board, an overwhelming majority of trucking companies indicate they increased sales – 48 percent show an increase of five percent, and 26 percent show an increase of 10 percent. Freight carriers are expanding their sales initiatives by targeting new customers, with 70 percent indicating they grew their client roster by at least five percent *(see Figure 6, page 64)*.

What is striking, however, given the efforts carriers are making to sell their services to new customers, is how little they are recouping in terms of net profit. The costs of operating in a soft buyer's market, and increased competition among carriers, resulted in a considerable discrepancy on the balance sheets–only 16 percent of respondents indicate revenue surpassing five percent, and a whopping 63 percent report break-even numbers or profit loss.

Carriers cite myriad reasons for these increased operating expenses, with 74 percent indicating "rising driver-related costs," 79 percent saying "price pressure from customers/competition," 53 percent citing "rising fuel costs," 53 percent

Figure 2. How carriers communicate with drivers

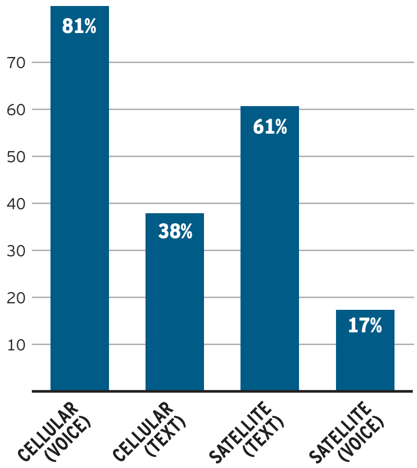
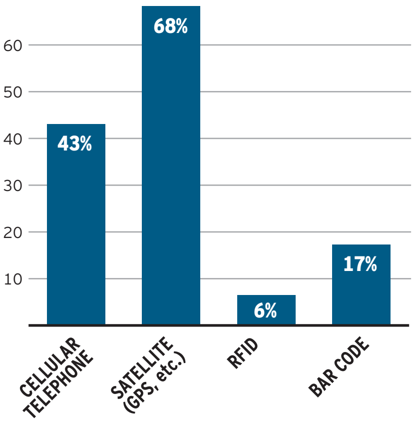


Figure 3. How carriers capture track and trace information



SOURCE: Inbound Logistics Motor Freight Market Insight Survey, 2007

noting "increasing insurance costs and liabilities," and 21 percent saying "new equipment mandates." That carriers face increased pressures from competitors is quite clear, but smaller players with less clout are finding the marketplace especially difficult to navigate.

Smaller carriers and owner operators have traditionally had less leverage passing along fuel-related costs to their customers. In today's marketplace and unlike their customers, they have even fewer options.

When capacity was lean and truck rates were high, shippers invariably played the "partnership" card to facilitate and manage these difficulties. But now that capacity is flush, they are turning to the carriers that offer the lowest rates–which places additional pressures on smaller players without the critical mass and leverage of big carriers. As one trucking company executive commented: "Freight levels are the lowest we've seen in years. It's just not there."

While pricing has become increasingly important to savvy shippers, carriers are perhaps challenged even more with expanding their value proposition beyond the norm. For trucking companies that are specifically trying to keep current shipping clients happy, the need to grow and expand service offerings is obligatory.

To point, 81 percent of carriers polled provide truckload services, with nearly half offering LTL competencies as well (*see Figure 1, page 58*). As the difficulties in managing end-to-end supply chains become more challenging to shippers, carriers are developing their capabilities beyond just transportation. Value-added offerings such as logistics services are increasingly important to logistics-savvy shippers and consignees, and carriers are meeting the challenge, with 64 percent reporting capabilities in this niche area.

The obstacles of operating in a global marketplace, specifically the demand placed on businesses in the last few years to find alternative strategies and means to deliver product reliably and economically, has forced motor freight companies to expand their service offerings in niche transport responsibilities as well. Shippers are turning to intermodal solutions, mixing rail, road, and water services where possible

to achieve better value. Carriers are responsive to these needs, with 41 percent providing intermodal capabilities.

One way carriers offset pricing pressure is to leverage their IT capabilities to enhance value for existing and prospective customers. Transportation buyers understand the pricing pressures trucking companies face with increased competition, but will still want more "bling for their buck."

And given the democratization of Internet technology, small and large carriers alike can leverage savvy investments in communication and data capture hardware and necessary back-end systems to interface with in-cab systems and create a better network for sharing and communicating real-time shipment data.

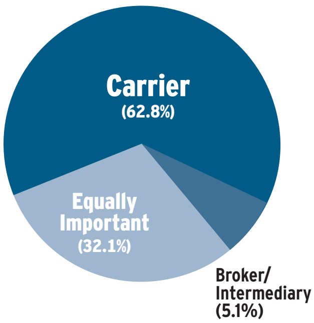
In terms of communicating with truck drivers, cell phones are all the rage with 81 percent of respondents reporting their use, while satellite text (61 percent), cellular text (38 percent), and satellite voice (17 percent) follow suit *(see Figure 2, page 60)*. For capturing data and tracking shipments, 68 percent of carriers report using satellite devices such as GPS units, while 43 percent rely on cellular phones, and 17 percent and 6 percent, respectively, leverage bar codes and RFID *(see Figure 3, page 60)*.

The growing acceptance and use of satellite-based technologies means carriers can convey mission-critical information to shippers and consignees from nearly anywhere in the United States. And transportation buyers are increasingly demanding carriers provide them with regular updates on shipment status, exceptions, and delivery confirmation–75 percent of carriers indicate sending e-mail alerts to identify freight status. This means that motor freight companies also need to have sufficient Web-based capabilities that allow customers easy access to important shipping information and resources.

According to our polling, 76 percent of carriers offer Web-based track and trace capabilities; more than half provide activity management reports and online claims filing; and 44 percent have pricing and routing information on their Web site.

Following on a trend seen elsewhere in the logistics and transportation sectors, carriers are still overwhelmingly wary about investing in RFID technology, with only 11 percent of respondents acknowledging support and competency at the SKU level, and 42 percent reporting that it was a future initiative. By contrast, 31 percent of carriers offer bar-code support, and another 31 percent indicate they intend to offer capabilities.

Figure 4.
Which is more important to you, your relationship with your carrier or with your broker/intermediary?



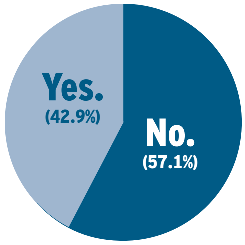
SOURCE: Inbound Logistics Motor Freight Market Insight Survey, 2007

If shippers continue to warm to RFID technology, which industry pundits have been speculating about for some time, carriers may be equally cautious about investing in an emerging technology and a potentially obsolete one.

Carriers ultimately go where their customers go, and as globalization continues to place additional pressures on inbound specifiers, U.S. consignees have increasingly looked north and south of the border for cheaper and more reliable options to move product inbound from Asia.

Figure 5.
Did you switch carriers recently?

SOURCE: Inbound Logistics Motor Freight Market Insight Survey, 2007



As a result, the importance of coordinating freight transportation between Canada, the United States, and Mexico has only increased. Among carriers surveyed, 32 percent operate throughout North America, with 35 percent serving the United States only, 25 percent targeting the United States and Canada only, and 1 percent offering service between the United States and Mexico only. Compared to past years, there appears to be more parity among carriers serving these niche geographic regions.

Of the surveyed carriers who serve the United States only, 58 percent offer truck services nationwide, while 29 percent and 13 percent provide regional and multi-regional coverage respectively. Seven percent report international coverage.

SHIPPER PERSPECTIVES

While transport buyers may have the flexibility of being more discrete in how they vet prospective carrier partners, they, too, face increasing pressures from shareholders and customers to grow market share and enhance service requirements. With consumer demand waning, shippers need to be even more adept at integrating domestic demand chains with offshore supply networks and finding carriers capable of going the last mile and the extra mile.

Over the past few years, increasing costs and lessening capacity demanded shippers work more collaboratively with their carriers. Transport buyers invariably had two options: either develop better working relationships with their





partner carriers, or find brokers capable of managing negotiations and arrangements on their behalf.

Perhaps resisting the urge to add another link in the domestic chain, shippers overwhelming value direct communication with truckers, with 63 percent of respondents reporting their relationships with carriers are most important, 32 percent indicating their relationships with broker/intermediaries and carriers are equal, and only five percent siding with brokers/intermediaries exclusively *(see Figure 4, page 62)*. Value-added services carriers offer also strengthened customer relationships.

THE VALUE OF RELATIONSHIPS

Still, even with a soft market, freight transport buyers find value in third-party relationships that many entered into when capacity and cost constraints began impeding their own ability to properly handle transportation management responsibilities in-house.

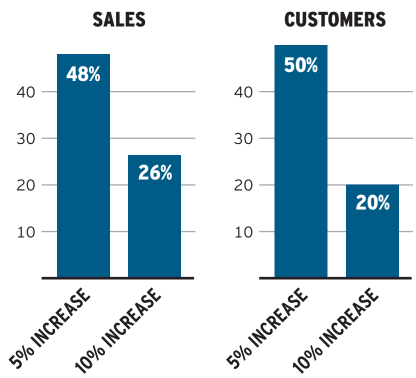
Seasonality and demand-driven dynamics inevitably require a benchmark to be effective and ensure that the customer is getting the appropriate value for level of service rendered. Smart shippers are bound to keep and maintain relationships with brokers and intermediaries even during flush times. There is similar efficacy, now that freight volumes have lessened, to leverage brokers to pick up backhaul capacity in markets where there is a considerable imbalance in inbound and outbound freight moves.

Carriers, in turn, are helping shippers maximize their networks by working more closely with them to share gains.

Clearly, carriers that are unable to live up to quality and service requirements are in a much more vulnerable position than just one year ago when customers had less leverage finding space.

To point, in 2006, less than 40

Figure 6. Reported increases in sales and customers, 2006



SOURCE: Inbound Logistics Motor Freight Market Insight Survey, 2007

percent of shippers polled acknowledged switching carriers. This year, 43 percent reported changing carrier partners (*see Figure 5, page 62*).

In a soft market, pricing can be a determinant, especially if a buyer is diligent in the rate negotiation process. Some of this discrepancy can be attributed simply to natural movement in a loose market. But carriers today are equally cognizant that any failure to meet agreed-upon shipment deadlines could also contribute to a lost contract. Among shippers that dropped carriers for new ones, 50 percent cited service issues, 40 percent indicated price considerations, and 10 percent went looking for more reliable capacity.

Shippers identified numerous reasons for switching carriers, including:

- Failure to live up to contract terms and insufficient supply.
- Inability to make pickups on a regular basis.
- Better capacity and pricing opportunities.
- Continuing need to improve core carrier group.

When asked what would be the "last straw" that would make them consider dropping a carrier, shippers were mixed in their responses. Among their reasons: multiple instances of service failures, overbooking capacity, "back selling" their customers, and damaged goods.

As these comments suggest, shippers by and large still value service and quality over cost because ensuring a product is always delivered on time is difficult to place a value on.

For some savvy shippers, now is also the time to reevaluate logistics and supply chain strategies, and leverage carrier partners and their capabilities to facilitate this. By example, a flush market presents an ideal context for shippers to master control of their inbound logistics processes, unbundle freight that vendors control, save money, create even more options, and ultimately harness greater control over transportation management processes. ■

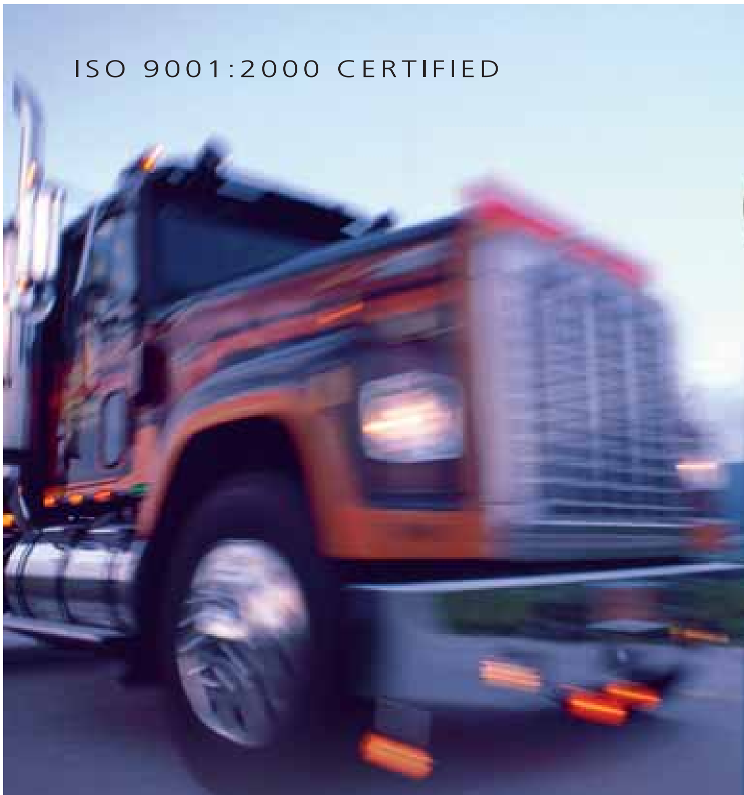
THE TOP 100 MOTOR CARRIERS 2007 »

Our Top 100 Motor Carriers list is a good place to shift gears, slow down, and take account of the motor freight carriers paving the road for innovation and change within the trucking industry. *IL* editors pared down this year's roster by evaluating more than 200 surveys, as well as conducting personal interviews via phone and e-mail.

The Top 100 list presents a uniform guide that celebrates the diversity of the U.S. motor freight market, ranging from large LTL and TL carriers with global inroads to regional owner/operators that specialize in last-mile delivery.

Together, the Motor Freight Market Insight Survey and Top 100 Motor Carriers list present a holistic perspective of the trucking industry, from demand to supply, and all points in between.

ISO 9001:2000 CERTIFIED



UTSI

Universal Truckload Services, Inc.

Universal Truckload Services

- A recognized leader in the transportation industry
- Transportation and logistic services within the United States, Canada, and Mexico
- Universal Truckload Services (NASDAQ-UACL) provides solutions for truckload customers, brokerage, and intermodal, both domestic and international

TRUCKLOAD SERVICES

Specialized logistics solutions based on the unique handling and scheduling demands of manufacturers. Current fleet features flatbeds, vans, hotshots, and equipment operating in heavy haul and overdimensional business.

BROKERAGE SERVICES

Freight Brokerage to carrier network throughout the U.S.A. Our agents offer freight solutions to third party transportation providers, shipper owned and operated private fleets, as well as motor carrier fleets.

INTERMODAL SUPPORT

Storage, repair, and maintenance services for international customers through various U.S. ports and cities. Local and over-the-road transport provided for delivery to rail and steamship containers at railhead or port.

WAREHOUSING SERVICES

Working directly with our customers, our warehousing solutions include inventory management activities to support customer-specific manufacturing or distribution requirements. Cross-docking and other value-added services also available.

Call toll-free 800-233-9445 or 586-920-0154 or visit

www.goutsi.com

CrossRoad carriers | ETI | Great American Lines Inc. | LTI | MASON DIXON | MDII | NYP & Associates | UACL

The Group operates under the brand names CrossRoad Carriers, Economy Transport, Great American Lines, Louisiana Transportation, Mason Dixon Lines, Mason Dixon Intermodal, NYP & Associates and Universal Am-Can. Universal Truckload Services offers transportation and logistics solutions throughout its network of carriers from local, regional, national, and international markets.

Searching for trucking alternatives, or want to open a dialog with a quality carrier on a strategic level? Need extra capacity from time to time, or just longing for a long-term relationship with a carrier partner providing stability and reliability? Or maybe you need a solid regional performer that can plug into your existing network and still give you the pipeline visibility you are used to. *Inbound Logistics'* Trucking RFP/RFI can help.

What is the Trucking RFP/RFI? It's your opportunity to have motor freight experts look at your specific trucking challenges and needs, and give you free, no-obligation advice, solutions, and information specific to your request. You'll get information not about the companies listed here, but about solutions to the specific challenges you describe in the space below. Ask your questions, you'll get answers.

Your request is totally confidential. Fax this RFP/RFI to *Inbound Logistics* at 212-629-1565. For faster service, you can make your request online: www.inboundlogistics.com/rfp.

NAME TITLE

COMPANY

ADDRESS

CITY, STATE, ZIP

PHONE FAX

E-MAIL

My motor freight challenge is: (attach separate sheet if necessary)

FAX TO THESE LEADERS AT 212-629-1565

- ❑ AFN–Advantage Freight Network
- ❑ Averitt Express
- ❑ Bilkays
- ❑ Con-Way Freight
- ❑ Covenant Transport
- ❑ CRST
- ❑ Dart Advantage
- ❑ FedEx
- ❑ FMI International
- ❑ Jevic
- ❑ Landair
- ❑ Landstar Global Logistics
- ❑ Lily Transportation
- ❑ Lynden
- ❑ National Retail Systems
- ❑ Old Dominion Freight Line
- ❑ Panther Expedited Services
- ❑ Penske Logistics
- ❑ Ryder
- ❑ Ruan
- ❑ Schneider National
- ❑ Universal Truckload Services
- ❑ Velocity Express
- ❑ Werner Enterprises

TOP 100 MOTOR

PRIMARY TYPES OF SERVICE

COMPANY NAME / WEB ADDRESS	PHONE	OPERATING AREA(S)	LTL	Truckload	Package	Expedited	Logistics Services	DCC	Intermodal	Household Goods	Bulk	Motor Vehicle Carrier	Refrigerated	Tank Car	White Glove	Final Mile
A. Duie Pyle www.pyleco.com	800-523-5020	US/Canada only	●	●		●	●									
AAA Cooper www.aaacooper.com	334-671-3153	US only	●					●								
ABF Freight System www.abf.com	479-785-8700	North America	●	●		●	●		●	●	●		●	●	●	●
Advantage Transportation www.backhauler.com	800-964-1209	North America	●	●		●	●	●	●		●	●	●			
Alvan Motor Freight www.alvanmotor.com	800-632-4172	US/Canada only	●													
Anderson Trucking Service www.ats-inc.com	800-328-2307	North America		●		●	●	●								
Arnold www.arnoldtrans.com	800-285-1810	US only		●												
Arrow Trucking Co. www.arrowtrucking.com	800-759-2009	North America		●		●	●	●		●	●					
Averitt Express www.averittexpress.com	800-283-7488	North America	●	●	●	●	●	●	●				●			
Barr-Nunn Transportation www.barr-nunn.com	515-371-2252	US only		●		●		●								
Bison Transport www.bisontransport.com	800-GOBISON	North America		●	●	●	●	●	●	●	●	●	●			
Boyd Bros Transportation www.boydbros.com	800-633-1502	US/Mexico only		●		●	●	●								
Bulkmatic Transport Co. www.bulkmatic.com	219-972-7630	North America									●					
Cardinal Logistics www.cardlog.com	704-786-6125	US/Canada only					●	●								●
Cargo Transporters www.cgor.com	828-459-3206	US only		●												
Carlile www.carlile.biz	253-874-2633	US/Canada only	●	●	●	●	●	●	●	●	●	●	●	●		
Celadon Trucking Services www.celadontrucking.com	800-CELADON	North America		●			●	●								
Central States Trucking Co. www.cstruck.com	630-595-9876	US only				●	●	●	●							
Challenger Motor Freight www.challenger.com	800-265-6358	North America	●	●		●	●	●	●				●			
Con-way Freight www.con-way.com/freight	734-769-0203	North America	●					●								

CARRIERS 2007

*CLAIMS RATIO	Net claims payout divided by total revenue
*FLEET SIZE	Tractors only, does not include trailers
DNR	Did Not Report

								Technology Services: Driver Communication				Technology Services: Visibility Capture				Technology Services: Online / Web Services				
								Cellular		Satellite										
SPECIALIZATION	OPERATING RATIO	CLAIMS RATIO*	ON-TIME DELIVERY	FLEET SIZE*	NUMBER OF TERMINALS	UNION STATUS	PUBLIC OR PRIVATE	Voice	Text	Voice	Text	Cell Phone	Satellite	Bar Codes	RFID	Web Track/Trace	E-mail Alerts	Web Pricing/Routing	Logistics Web Tools	SKU/Pallet Bar Codes
Industrial & chemical	DNR	.34%	99.2%	635	14	N	PRIV			●	●		●			●	●	●	●	
Regional LTL	94.3%	.61%	97.0%	2,200	81	N	PUB	●	●							●	●	●	●	
National & international transportation solutions	92.5%	.93%	DNR	4,000+	290	U	PUB									●	●	●	●	
Third-party logistics	DNR	2%	98.6%	DNR	27	N	PRIV	●	●		●	●	●			●	●	●	●	
Industrial & commercial	99.0%	.26%	98.8%	375	14	U	PRIV	●	●					●		●	●	●	●	●
Dry van, pad wrap, flatbed, furniture consolidation	92.0%	DNR	DNR	1,200	8	N	PRIV				●		●			●	●	●	●	
Regional & dedicated TL services	DNR	.01%	98.0%	1,550	6	N	PUB	●			●		●			●				
Oilfield and oilfield-related products	97.0%	DNR	DNR	1,400	6	N	PRIV	●			●		●			●	●	●		
All markets	DNR	DNR	DNR	4,300	100	N	PRIV				●		●	●		●	●	●	●	
Dry van freight - consumer products, building materials	91.0%	DNR	99.0%	680	3	N	PRIV	●			●		●			●	●			
Paper, refrigerated & dry goods	94.0%	.38%	96.0%	900	5	N	PRIV				●		●	●	●	●		●	●	●
Steel, building materials, cable, pipe, tubing, lumber	93.0%	.80%	99.5%	1,006	6	N	PRIV	●			●		●			●	●		●	
Rail-to-truck transfer	95.4%	1%	95.0%	473	42	N	PRIV				●		●				●			
Dedicated, warehousing, technology, logistics mgmt.	94.0%	.30%	99.5%	1,802	124	N	PRIV	●	●	●	●	●	●	●		●	●		●	●
Dry van	98.0%	DNR	98.0%	450	1	N	PRIV				●		●			●	●			
Transportation	95.0%	<0.5%	95.0%	200+	10	N	PRIV	●	●	●	●	●	●	●		●	●	●	●	●
Transportation to/from Mexico	92.0%	DNR	98.0%	2,900	15	N	PUB	●			●		●			●			●	●
FAK	DNR	DNR	96.0%	200	2	N	PRIV	●	●								●			
Consumer goods, auto parts, food & beverage, hazmat	DNR	.92%	98.5%	1,500	6	N	PRIV				●		●			●	●	●	●	●
DNR	95.0%	.97%	98.0%	7,786	460	N	PUB	●			●			●		●	●	●	●	

Information supplied by trucking companies. Where data was not provided, historical and web site information was used.

TOP 100 MOTOR

COMPANY NAME / WEB ADDRESS	PHONE	OPERATING AREA(S)	LTL	Truckload	Package	Expedited	Logistics Services	DCC	Intermodal	Household Goods	Bulk	Motor Vehicle Carrier	Refrigerated	Tank Car	White Glove	Final Mile
			PRIMARY TYPES OF SERVICE													
Covenant Transport Group www.covenanttransport.com	800-974-8332	US only		●		●	●	●					●			
CR England www.crengland.com	801-972-2712	US only	●	●					●				●			
Crete Carrier Corporation www.cretecarrier.com	800-998-8000	North America	●										●			
CRST International www.crst.com	800-204-9607	North America				●	●	●								
Daily Express www.dailyexp.com	800-733-2459	US/Canada only					●									
Dart Transit www.dart.net	800-366-9000	US only				●	●	●	●							
Daylight Transport www.dylt.com	800-468-9999	North America	●			●	●									
Dayton Freight Lines www.daytonfreight.com	937-415-1715	US/Canada only	●			●	●									
Epes Carriers www.epescarriers.com	336-665-1553	US only	●	●		●	●	●					●			
Estes Express Lines www.estes-express.com	804-353-1900	International	●			●	●	●	●						●	●
Evans Network of Companies www.evansdelivery.com	570-385-9048	US only				●	●	●	●				●			
FedEx Custom Critical customcritical.fedex.com	800-762-3787	US/Canada only				●							●		●	
FedEx Freight www.fedex.com	866-393-4585	International	●			●	●					●				
FedEx Ground www.fedex.com	800-GO-FEDEX	North America			●											
FFE Transportation Services www.ffeinc.com	800-569-9200	North America	●	●			●	●	●				●			
FLS Transportation Services www.flstransport.com	800-739-0939	US/Canada only	●			●	●		●				●			
FST Logistics www.fstlogistics.com	614-529-7900	US only	●			●	●	●					●		●	
Gainey Corporation www.gaineycorp.com	800-859-4072	US/Canada only				●		●			●		●			
Givens Transportation www.givens.com	800-446-8195	US only	●			●	●	●	●							
Gordon Trucking www.gordontrucking.com	800-426-8486	US/Canada only				●	●	●	●	●			●			

CARRIERS 2007

***CLAIMS RATIO** Net claims payout divided by total revenue
***FLEET SIZE** Tractors only, does not include trailers
DNR Did Not Report

SPECIALIZATION	OPERATING RATIO	CLAIMS RATIO*	ON-TIME DELIVERY	FLEET SIZE*	NUMBER OF TERMINALS	UNION STATUS	PUBLIC OR PRIVATE	TECHNOLOGY SERVICES: DRIVER COMMUNICATION – CELLULAR – Voice	CELLULAR – Text	SATELLITE – Voice	SATELLITE – Text	VISIBILITY CAPTURE – Cell Phone	Satellite	Bar Codes	RFID	ONLINE / WEB SERVICES – Web Track/Trace	E-mail Alerts	Web Pricing/Routing	Logistics Web Tools	SKU/Pallet Bar Codes
Food & beverage, paper & packaging, manufacturing	98.3%	.18%	97.0%	3,675	11	N	PUB	●	●		●		●			●	●			
Refrigerated truckload shipments	DNR	DNR	DNR	2,600	6	N	PRIV	●			●	●	●			●	●	●	●	
Dry van freight services	93.3%	DNR	DNR	3,900	22	N	PRIV									●		●		
Expedited, steel, brokerage	DNR	.45%	98.0%	3,333	17	N	PRIV	●	●	●	●		●			●	●		●	
Construction, energy, farm	92.5%	1.4%	98.5%	350	11	N	PRIV	●	●			●				●				
General commodities, retail, personal products	95.7%	1.7%	98.5%	2,800	5	N	PRIV	●			●		●			●	●	●	●	
Consumer electronics	91.8%	.01%	97.6%	DNR	3	N	PRIV	●	●		●	●	●	●		●	●	●	●	●
General commodities	89.6%	.40%	98.5%	900	40	N	PRIV	●	●	●	●	●	●	●		●	●	●	●	
Truckload	94.4%	DNR	DNR	1,200	10	N	PRIV				●					●				
All services	DNR	DNR	97.6%	6,329	186	N	PRIV	●				●		●		●	●	●	●	●
Containerized freight	DNR	DNR	98.5%	1,350	65	N	PRIV	●												
Expedited, general commodities, hazmat	DNR	DNR	98.0%	1,400	DNR	N	PUB	●	●		●		●			●	●	●	●	
LTL	DNR	DNR	DNR	14,000	470	N	PUB	●	●							●	●	●	●	●
Small package	85.5%	DNR	DNR	2,800	500	N	PUB									●	●	●		
Refrigerated	94.2%	.20%	97.0%	1,600	21	N	PUB	●	●		●		●			●	●	●	●	
Retail, paper, steel, auto, CPG	DNR	.01%	99.2%	385	17	N	PRIV	●	●		●	●	●		●	●	●	●	●	●
Pharmaceuticals, retail, foodstuffs	93.6%	.30%	97.4%	105	4	N	PRIV	●	●		●		●			●	●	●	●	●
Blanket wrap, dry van, flatbed, refrigerated	93.6%	.001%	97.8%	2,200	12	N	PRIV				●		●			●	●		●	
Mass merchandising, automotive	DNR	.60%	99.1%	DNR	3	N	PRIV	●			●						●		●	●
Consumer goods, paper, building materials	DNR	.10%	96.0%	1,400	7	N	PRIV	●			●		●			●	●			

Information supplied by trucking companies. Where data was not provided, historical and web site information was used.

TOP 100 MOTOR

COMPANY NAME WEB ADDRESS	PHONE	OPERATING AREA(S)	LTL	Truckload	Package	Expedited	Logistics Services	DCC	Intermodal	Household Goods	Bulk	Motor Vehicle Carrier	Refrigerated	Tank Car	White Glove	Final Mile
Groendyke Transport www.groendyke.com	800-843-2103	North America									●					
Heartland Express www.heartlandexpress.com	800-451-4621	US only		●												
Highland Transport www.highlandtransport.com	905-513-2014	US/Canada only						●	●							
Interstate Distributor Co. www.intd.com	800-426-8560	North America		●		●	●	●	●				●			
J.B. Hunt Transport Services www.jbhunt.com	800-643-3622	North America						●	●							●
Jevic Transportation www.jevic.com	888-GOJEVIC	US/Canada only	●			●										
KLLM Transport Services www.kllm.com	800-925-5556	North America		●			●	●					●			
Knight Transportation www.knighttrans.com	602-269-2000	US only					●	●					●			
Landstar www.landstar.com	800-872-9400	North America	●			●	●	●	●		●	●	●			
Lily Transportation www.lily.com	800-248-5459	US only					●	●								
Lynden Transport www.lyndentransport.com	206-575-9575	US/Canada only	●						●				●			
Marten Transport www.marten.com	800-395-3000	US/Canada only				●	●	●	●			●	●			
May Trucking Co. www.maytrucking.com	800-547-9169	US only		●				●					●			
Mayflower Transit www.mayflower.com	800-283-5732	International	●			●	●			●					●	
Megatrux Transportation www.megatrux.com	909-652-5035	North America	●			●		●	●							
Melton Truck Lines www.meltontruck.com	918-234-8000	North America		●												
Mercer Transportation www.mercer-trans.com	800-626-5375	US/Canada only		●												
Milan Express www.milanexpress.com	731-686-7428	US/Canada only	●			●		●								
Miller Transporters www.millert.com	601-922-8331	US/Canada only									●					
National Retail Systems www.nrsonline.com	877-345-4NRS	International	●				●	●	●	●						●

CARRIERS 2007

***CLAIMS RATIO**	Net claims payout divided by total revenue
***FLEET SIZE**	Tractors only, does not include trailers
DNR	Did Not Report

SPECIALIZATION	OPERATING RATIO	CLAIMS RATIO*	ON-TIME DELIVERY	FLEET SIZE*	NUMBER OF TERMINALS	UNION STATUS	PUBLIC OR PRIVATE	TECHNOLOGY SERVICES: DRIVER COMMUNICATION: CELLULAR: Voice	CELLULAR: Text	SATELLITE: Voice	SATELLITE: Text	VISIBILITY CAPTURE: Cell Phone	Satellite	Bar Codes	RFID	ONLINE / WEB SERVICES: Web Track/Trace	E-mail Alerts	Web Pricing/Routing	Logistics Web Tools	SKU/Pallet Bar Codes
Petroleum, chemicals, acids	DNR	DNR	99.8%	982	34	N	PRIV				●		●							
Consumer goods, retail, food, paper/plastic	78.2%	.003%	98.5%	DNR	11	N	PUB	●			●						●			
General freight, automotive, beverages, chemicals	DNR	DNR	98.0%	600	5	Both	PRIV	●	●	●	●	●	●			●	●	●	●	
Specialized services	DNR	DNR	DNR	2,500	10	N	PRIV				●		●				●			
Retail, food & beverage, building materials	88.8%	.32%	99.0%	12,000	21	N	PUB	●			●		●			●	●	●	●	●
Manufacturing, chemical/ hazmat, retail, trade show	DNR	.005%	98.0%	1,200	11	N	PRIV	●	●		●	●	●			●	●	●	●	●
Perishables, low-altitude routing	DNR	DNR	98.0%	1,800	7	N	PRIV									●		●		
General commodities	79.0%	DNR	98.3%	3,661	35	N	PUB				●		●			●	●			
Manufacturing, retail, distributors/wholesale	92.4%	DNR	DNR	9,205	DNR	N	PUB	●	●		●	●	●			●				
Leasing, equipment rental	DNR	DNR	DNR	DNR	DNR	N	PRIV	●	●								●			
Retail, oil field, building materials	DNR	<.01%	85.0%	150	21	Both	PRIV	●	●					●		●	●		●	●
Food & beverage, pharmaceutical	92.1%	.60%	98.0%	2,552	5	N	PUB	●			●		●			●	●		●	
High-cube dry vans, refrigerated fleets	DNR	1.25%	98.0%	925	6	Both	PRIV				●		●			●	●		●	
Pad wrap, high-value, trade show/exhibit, artwork	92.2%	.29%	99.9%	DNR	417	Both	PRIV	●	●	●	●		●			●	●		●	
General commodities	90.0%	1%	99.0%	225	8	N	PRIV	●	●	●	●	●	●	●	●	●	●	●	●	●
Steel, HVAC, building materials	DNR	.001%	98.0%	1,000	6	N	PRIV	●			●		●			●	●			
Building materials, metal products, machinery	93.4%	.004%	98.1%	2,012	85	N	PRIV	●	●								●			
General LTL	97.5%	1.25%	97.8%	1,200	37	N	PRIV	●					●			●		●	●	
Bulk	98.3%	.01%	99.1%	410	17	Both	PRIV				●		●			●	●			
Retail	DNR	.50%	99.0%	2,200	31	Both	PRIV	●	●	●	●	●	●	●		●	●		●	●

Information supplied by trucking companies. Where data was not provided, historical and web site information was used.

TOP 100 MOTOR

COMPANY NAME / WEB ADDRESS	PHONE	OPERATING AREA(S)	LTL	Truckload	Package	Expedited	Logistics Services	DCC	Intermodal	Household Goods	Bulk	Motor Vehicle Carrier	Refrigerated	Tank Car	White Glove	Final Mile
New Century Transportation www.nctrans.com	609-265-1110	US/Canada only	●			●		●					●			
New Penn www.newpenn.com	800-285-5000	US/Canada only	●			●										
NFI National Freight www.nfiindustries.com	800-922-5088	US/Canada only					●	●	●				●			
Oak Harbor Freight Lines www.oakh.com	253-288-8300	US only	●													
Old Dominion Freight Line www.odfl.com	800-235-5569	North America	●	●		●	●		●			●				
Panther Expedited Services www.pantherexpedite.com	800-685-0657	North America				●							●			
Paschall Truck Lines www.ptl-inc.com	800-626-3374	US/Mexico only		●			●									
Penske Logistics www.penskelogistics.com	800-221-3040	International	●				●	●	●	●	●	●	●		●	●
Pitt Ohio Express www.pittohio.com	412-232-3015	US only	●			●										
Prime Inc. www.primeinc.com	800-848-4560	North America		●		●	●	●			●		●	●		
Quality Distribution www.qualitydistribution.com	800-282-2031	North America									●					
R&L Carriers www.gorlc.com	800-543-5589	North America	●			●	●									
Roadway www.roadway.com	800-257-2837	North America	●			●	●						●		●	●
Roehl Transport www.roehl.net	800-826-8367	US/Canada only											●			
Ruan www.ruan.com	866-RUAN-NOW	North America					●	●			●		●			
Ryder www.ryder.com	888-887-9337	North America	●		●	●	●	●	●	●	●		●			●
Saia www.saia.com	800-765-7242	US only	●			●										
Schneider National www.schneider.com	800-558-6767	North America				●	●	●	●		●		●			
Shevell Group www.shevellgroup.com	908-965-0100	US/Canada only	●			●	●	●								
Southeastern Freight Lines www.sefl.com	800-637-7335	US only	●			●										

PRIMARY TYPES OF SERVICE

CARRIERS 2007

***CLAIMS RATIO**	Net claims payout divided by total revenue
***FLEET SIZE**	Tractors only, does not include trailers
DNR	Did Not Report

								TECHNOLOGY SERVICES												
								DRIVER COMMUNICATION				VISIBILITY CAPTURE				ONLINE / WEB SERVICES				
								CELLULAR		SATELLITE										
SPECIALIZATION	OPERATING RATIO	CLAIMS RATIO*	ON-TIME DELIVERY	FLEET SIZE*	NUMBER OF TERMINALS	UNION STATUS	PUBLIC OR PRIVATE	Voice	Text	Voice	Text	Cell Phone	Satellite	Bar Codes	RFID	Web Track/Trace	E-mail Alerts	Web Pricing/Routing	Logistics Web Tools	SKU/Pallet Bar Codes
Chemicals, foodstuffs, consumer commodities	92.5%	.26%	98.0%	1,200	3	N	PRIV	●			●		●			●	●	●	●	
Industrial, retail, hazmat, freezables	94.2%	DNR	DNR	1,000	25	U	PUB	●	●			●		●		●	●	●	●	
Food & beverage, retail	DNR	.001%	98.2%	2,762	30	N	PRIV	●		●	●		●			●	●			●
General commodities	98.0%	.90%	97.9%	550	33	Both	PRIV				●		●			●	●	●	●	●
LTL	90.3%	1%	97.8%	4,527	178	N	PUB							●	●	●	●	●	●	●
Expedited & elite services	94.0%	1%	98.9%	500	DNR	N	PRIV	●					●			●		●	●	●
Dry van	95.3%	0.10%	96.2%	1,390	6	N	PRIV				●		●			●	●			
Auto, chemical, pharma/ healthcare, electronics	DNR	DNR	DNR	2,200	DNR	Both	PRIV	●	●	●	●	●	●			●	●	●	●	●
Wholesale non-durable goods, general commodities	94.5%	.64%	98.0%	679	21	N	PRIV	●	●				●			●	●	●	●	●
Refrigerated, flatbed, tanker	88.6%	1%	98.7%	2,427	3	N	PRIV	●			●	●	●			●				
Liquid & dry bulk	93.8%	.80%	98.0%	3,500	160	Both	PUB	●	●		●	●	●			●	●	●	●	
Hazmat, express jet	DNR	DNR	DNR	13,000	DNR	N	PRIV	●	●			●	●			●	●	●		
Manufacturing, retail, government, exhibit/trade show	DNR	DNR	DNR	8,500	340	U	PUB	●	●		●	●				●	●	●	●	
Building, metal & paper products, retail	92.8%	.01%	98.4%	1,850	10	N	PRIV				●		●			●	●			
Retail, manufacturing, food & grocery, metals	DNR	DNR	99.4%	3,984	150	Both	PRIV	●	●		●	●	●			●	●		●	●
3PL and supply chain management	DNR	DNR	DNR	56,100	821	Both	PUB	●	●	●	●	●	●			●	●		●	●
General commodities	95.9%	.40%	96.0%	3,392	151	N	PUB	●	●			●		●		●	●	●	●	●
Retail, manufacturing, bulk specialty chemicals	DNR	DNR	97.0%	15,500	15	Both	PRIV				●	●	●			●	●	●	●	●
Retail, electronics, manufacturing, chemicals	DNR	.09%	98.0%	3,040	34	Both	PRIV	●	●		●		●			●	●	●	●	●
General commodities	91.0%	.77%	98.6%	2,400	74	N	PRIV				●		●			●	●	●	●	●

Information supplied by trucking companies. Where data was not provided, historical and web site information was used.

TOP 100 MOTOR

PRIMARY TYPES OF SERVICE

COMPANY NAME / WEB ADDRESS	PHONE	OPERATING AREA(S)	LTL	Truckload	Package	Expedited	Logistics Services	DCC	Intermodal	Household Goods	Bulk	Motor Vehicle Carrier	Refrigerated	Tank Car	White Glove	Final Mile
Standard Forwarding www.standardforwarding.com	800-447-2012	US only	●													
Stevens Transport www.stevenstransport.com	972-216-9000	North America		●									●			
Superior Bulk Logistics www.superiorbulklogistics.com	800-654-7707	North America					●	●	●		●					
Swift Transportation www.swifttrans.com	602-269-9700	North America		●			●	●	●				●			
Transport Corp. of America www.transportamerica.com	651-686-2500	North America				●	●	●	●	●	●		●			
Trimac Transportation www.trimac.com	800-877-9374	North America									●					
U.S. Xpress www.usxpress.com	423-510-3000	North America	●			●	●	●	●							
United Van Lines www.unitedvanlines.com	800-283-5749	International	●		●	●	●	●	●	●	●	●	●		●	●
Universal Truckload Services www.goutsi.com	586-920-0154	North America					●	●	●				●			
UPS Freight www.upsfreight.com	800-333-7400	North America	●			●	●	●	●							
USA Truck www.usa-truck.com	800-USA-TRUCK	North America		●			●									
USF Glen Moore www.usfglenmoore.com	800-848-9695	North America				●		●								
USF Holland www.usfholland.com	800-456-6322	US/Canada only	●			●										
USF Reddaway www.usfreddaway.com	800-395-7360	North America	●			●										
Vitran Corporation www.vitran.com	416-798-4965	US/Canada only	●			●	●		●				●			
Ward Trucking www.wardtrucking.com	800-458-3625	US only	●				●	●								
Werner Enterprises www.werner.com	402-895-6640	North America				●	●	●	●				●			
Willis Shaw Logistics www.willisshaw.com	479-248-7261	US only					●	●					●			
Wilson Trucking www.wilsontrucking.com	540-949-3200	US only	●			●		●	●							
Yellow Transportation www.myyellow.com	800-610-6500	North America	●			●	●						●		●	●

CARRIERS 2007

*CLAIMS RATIO Net claims payout divided by total revenue
*FLEET SIZE Tractors only, does not include trailers
DNR Did Not Report

SPECIALIZATION	OPERATING RATIO	CLAIMS RATIO*	ON-TIME DELIVERY	FLEET SIZE*	NUMBER OF TERMINALS	UNION STATUS	PUBLIC OR PRIVATE	TECHNOLOGY SERVICES: DRIVER COMMUNICATION – CELLULAR		– SATELLITE		VISIBILITY CAPTURE				ONLINE / WEB SERVICES				
								Voice	Text	Voice	Text	Cell Phone	Satellite	Bar Codes	RFID	Web Track/Trace	E-mail Alerts	Web Pricing/Routing	Logistics Web Tools	SKU/Pallet Bar Codes
Manufacturing	96.6%	.03%	99.0%	350	15	U	PRIV	●				●				●	●	●	●	●
Irregular route refrigerated TL	DNR	DNR	DNR	2,100	14	N	PRIV			●	●		●				●	●		
Chemicals, food grade bulk commodities	DNR	DNR	98.4%	1,200	52	Both	PRIV	●			●		●			●				
Truckload	90.7%	.50%	97.5%	18,044	35	N	PUB				●		●			●	●			●
Grocery products, home/ office furniture & supplies	96.2%	.01%	98.4%	1,421	12	N	PRIV	●			●		●			●	●		●	
Chemicals, industrial gases, cement, sand, coal	94.6%	.10%	98.9%	3,800	110	Both	PRIV	●	●	●	●									
TL, time-definite delivery, FAK	95.5%	.09%	98.0%	7,698	12	N	PUB	●			●		●			●	●	●	●	●
Household goods, high-value, trade show	DNR	DNR	99.8%	DNR	450	Both	PRIV	●			●		●			●			●	
Steel, machinery, furniture, auto parts	DNR	DNR	DNR	4,000	764	N	PUB	●		●	●	●	●						●	
General commodities	DNR	1.50%	97.0%	6,211	204	Both	PRIV	●								●	●	●	●	
Truckload	DNR	DNR	DNR	2,400	7	N	PUB			●	●		●			●	●	●	●	
General, industrial, hazmat	94.2%	DNR	DNR	850	2	N	PUB	●	●			●	●			●	●		●	
Industrial, retail, hazmat, freezables	94.2%	DNR	DNR	5,400	80	U	PUB	●	●			●		●		●	●	●	●	
Industrial, retail, hazmat, freezables	94.2%	DNR	DNR	2,200	91	Both	PUB	●	●			●		●		●	●	●	●	
LTL, logistics	94.7%	DNR	97.7%	2,292	127	N	PUB	●	●			●		●	●	●	●	●	●	●
All	95.0%	.50%	98.0%	600	22	N	PRIV	●	●	●	●	●	●			●	●	●	●	●
General commodities	89.7%	<1%	99.0%	9,000	12	N	PUB	●		●	●		●			●	●	●	●	●
Refrigerated, frozen food	DNR	.19%	97.2%	710	4	N	PRIV				●						●			
General commodities	DNR	.68%	99.3%	1,100	43	N	PRIV	●				●		●		●	●	●	●	
Manufacturing, retail, government, chemical/hazmat	DNR	DNR	DNR	9,000	336	U	PUB	●	●		●	●				●	●	●	●	

Information supplied by trucking companies. Where data was not provided, historical and web site information was used.

The cost-savings benefits of outsourcing freight bill payment and audit are well-documented. But it's the decision-support data these third parties provide that delivers the real payoff.

GO FIGURE!
Freight Payment Services

Shippers say it costs an average of $10 to process a freight bill internally, according to an Aberdeen Group report, *Winning Strategies for Transportation Procurement & Payment*, February, 2007.

A freight payment outsourcer can do it for one-tenth that amount.

That no-brainer math has been a major reason shippers turn to freight payment providers to handle bill auditing and payment. Such activity falls outside most shippers' core competency and requires considerable staff.

But it's the ability to provide information, not just reduce overhead, that's currently driving growth in the freight payment outsourcing industry.

"It's more about providing business analytics," says Adrian Gonzalez, director, Logistics Executive Council, for ARC Advisory Group. "Through the use of spreadsheets and online tools, freight payment companies provide good business analytics to shippers, enabling them to look at how their costs break down and where variability is coming from."

Approximately 55 percent of shippers currently outsource to freight payment providers, according to the *11th Annual Third Party Logistics Study* by Capgemini. That percentage will grow as shippers catch on to the impact such value-added services have on their business, predicts Clifford Lynch, author, consultant, and principal of C.F. Lynch & Associates. Providers are racing to compete on the sophistication of their technology and the insights it can provide.

Mining for Minutiae

To a billing clerk, the occasional address correction fee from a parcel carrier may not be particularly noticeable. But a well-oiled analysis tool may turn up the fact that a bad customer ZIP code is amounting to thousands of dollars each month in fees.

"Those details fall through the cracks unless thorough analysis uncovers them," says Gonzalez.

Or, analysis may uncover potential economies by scrutinizing traffic lane patterns for truckload shipments. Shipment data analysis can uncover new cost-cutting opportunities and drive future procurement and contracting activities.

Respondents to the Aberdeen Group *Winning Strategies* survey say they want "better quality information and improved visibility to exact audit and payment criteria from their

Add Up

outsourcing providers." Companies report they can shave an average of 8.8 percent off their overall freight budget by using a more sophisticated procurement or payment/audit system, whether in-house or outsourced, according to the report.

Leading freight payment providers are investing in powerful transportation management systems and other tools that they can provide piecemeal to shippers as they need it. "With this approach, shippers don't have to invest in 10 applications when they only need two," says Lynch. "Freight payment providers can offer a menu of modules," with charges built into shippers' transaction fees.

While some shippers have begun to invest in their own freight transportation management systems and brought freight bill payment in-house, others are finding a better value in purchasing transportation management services à la carte, or combining an in-house TMS with outsourcing for the back end of the transportation cycle.

A freight payment/supply chain provider's value-added information services may include freight data consolidation, EDI, manual entry, imaging, freight bill processing, bill convergence, dispute resolution, carrier selection, order management, event management, shipment tracking, pre- and post-freight bill audit, claims management, and load optimization, as well as benchmarking, modeling, and dashboards. Freight payment providers can make real-time data available via a Web portal, and integrate with shippers' back-end systems.

The Right Formula

Shippers use freight bill providers in myriad ways. Some combine their services with internal capabilities, and those of 3PLs and other supply chain providers, to hit on the right formula for cost cutting and control.

Even those companies that have moved to self-payment of freight bills – negotiating rates with carriers and generating their own payments based on proof of delivery rather than waiting for an invoice – are using freight payment providers to make the calculations or to generate the check. Freight payment outsourcers run the gamut from small shippers to multinational firms, and across all vertical markets.

"Unlike other logistics services, outsourcing freight payment demonstrates a clear return on investment," says Lynch. "As industry tries to get more lean, freight bill payment is one place they can look."

Maximizing the benefits freight payment providers can offer, however, requires diligence on the part of the shipper. A rash of bankruptcies and less-than-honorable business practices uncovered in 2003 left some wary of trusting third parties with their freight payment cash, but it also served to weed out poorly managed operations, notes Lynch.

Still, shippers are advised to thoroughly vet potential freight bill payment partners.

"I recommend that shippers research their potential partner's experience and the resources they have to support the business, check out their financial stability, and make sure they're able to operate in the different regions your company operates in," says Gonzalez. He also advises talking to current customers who can point to real benefits.

Even shippers who process their own freight bills are beginning to turn to outsourcers who can demonstrate secure process controls to ensure Sarbanes-Oxley compliance. "Shippers need a clear and accurate picture of financial accounting," says Gonzalez. "It's crucial for compliance."

Technology offerings vary among freight bill payment providers, so shippers must ensure their chosen partners can furnish the reporting and analysis tools they're seeking.

Moving from paper-based to EDI and other electronic freight bill payment processes also helps boost payment accuracy and reduce the administrative load, no matter who handles the payment reconciliation process.

"The learning curve is still moving in this industry," says Lynch. "Many companies are just now catching on to the advantages of outsourcing freight bill payment and audit."

Still not convinced? The following case studies illustrate the benefits that leading freight payment providers bring to outsourcers.

NATIONAL TRAFFIC SERVICE

Service Plus Software

You may know that National Traffic Service invests thousands of dollars in creating and upgrading its state-of-the-art carrier rating software to support its industry-leading freight audit and payment services. What you may not know is that the same software is available to those who choose to process their payments in house.

That's just the tack WestPoint Home, a 200-year-old premier manufacturer and marketer of bed and bath home fashions, took to manage the 2,000 to 3,000 truckload and less-than-truckload invoices it processes each month.

"The majority of our clients want freight audit and payment as a service, but some companies still choose to manage freight bills in-house," says Garry Oswald, vice president, sales and marketing for National Traffic, Amherst, N.Y.

WestPoint had tried outsourcing freight bill payment to another provider, "but it didn't work out well," notes Denisa Bell, freight payment supervisor for WestPoint. "We book directly to our general ledger, and it was hard to get other people to understand how invoices need to be processed."

But the company still needed to replace its manual operations, which were managed by two full-time staffers. So it made sense to invest in a system that could efficiently manage payments and include the latest technical developments and updates, such as fluctuating carrier rates and fuel surcharges. National Traffic Service's mainframe system processes 800,000 freight bills each week, representing more than $40 million in freight expenses for its 200-plus outsourcing clients. The company's PC-based freight payment solution includes the same capabilities.

WestPoint's wish list included EDI capability, quality training and support, sophisticated reporting, and seamless integration with its current in-house accounting and shipping systems.

"National Traffic Service's *TrafficPro* software is report-friendly," says Bell. "We can easily pick a field and define records." Other query types include carrier, account code, customer, vendor, and shipping lane.

WestPoint uses reporting to benchmark, forecast, and analyze all aspects of its logistics expenses to discover cost-cutting opportunities at its facilities – the same methodology National Traffic used to save its customers more than $40 million in potential overcharges last year.

"We can tell in minutes how many times a vendor ships to a facility or a customer, and consolidate those shipments," Bell says. With the system automatically matching payments to invoices, Bell and her colleagues can spend their time addressing exceptions and performing analyses.

"The freight bill payment company we used previously charged us by volume," she says. "Some weeks we paid more, some less. With this system, we know exactly what our costs are." National Traffic also sets up EDI relationships on behalf of *TrafficPro* users.

Shippers choosing in-house payment can also benefit from National Traffic's 51 years of experience by tapping into the same technology used to process their own bills – performing less work, saving money, and accessing a complete database of logistics information for future reporting, trend analysis, and carrier negotiations.

GO FIGURE!

Freight Payment Services Add Up

CASS INFORMATION SYSTEMS

Leveraging Data for Insight

The secret to controlling freight costs is knowing how freight dollars are being spent. Using a third-party freight bill audit and payment provider is one way to easily attain visibility to freight spending across the entire company.

That was the strategy behind Rock-Tenn Company's decision to turn to Cass Information Systems, St. Louis, Mo.

"We had just centralized our freight management processes and wanted to gain a better understanding of freight spend and manage rising costs," says Chris Cavin, director of transportation for Rock-Tenn, a packaging firm that maintains 85 sites, all making their own shipping choices for lanes across the United States using individual accounting systems and codes.

"We wanted a complete understanding of freight spend, and the impact of lane usage and fuel costs," Cavin adds.

Cass software was already in place at five plants the company had acquired, and came out on top through Rock-Tenn's RFP process. Rock-Tenn also liked Cass' extensive reporting tools with customized views providing deep insight into shipping patterns and sources of excess cost.

Shippers also find such records helpful in attaining Sarbanes-Oxley compliance.

"As a publicly traded bank holding company, we are subject to Sarbanes-Oxley and other regulatory institutions requiring additional audits and security," says Tom Zygmunt, manager of marketing and business development for Cass. "That's a big difference between Cass and other providers."

Cass developed a customized solution, including a 100-page report documenting Rock-Tenn's processes, standard operating procedures and rules of engagement. It integrated its services with Rock-Tenn's financial software, creating a three-way match for every invoice. "We communicate with the trading partner, they send back a tender, we send it to Cass, who rates it and sends it to us," Cavin explains.

Cass handles both truckload and LTL payments for Rock-Tenn, as well as parcel – a growing area of interest for many customers. Cass is also expanding its international services for domestic companies operating in Europe.

The project unified Rock-Tenn's business processes and established EDI invoicing and payment relationships with 25 percent of its carriers to date. "We knew we'd save in bill processing costs, but our main objective was to standardize and improve processes," Cavin says. "The cost savings are definitely there, and the audit savings easily cover what Cass charges us."

The implementation made it easier for Rock-Tenn to deploy a transportation management system, integrated with the Cass system. "Cass does a good job developing technology specifications for new processes, and advising us on industry best practices," Cavin says.

Rock-Tenn is more than pleased with the Cass system since its implementation in December 2006, and particularly with the standardization of business processes and enterprise view of shipping activity. "It has been a great tool for us," Cavin says.

CT LOGISTICS

A Wide Breadth of Solutions

Shippers often need help managing the auditing and processing of freight bills. But many also need help finding ways to drive those costs down and make more intelligent supply chain decisions.

Those needs are behind the full-service approach at CT Logistics, whose three divisions – The Commercial Traffic Company, a third-party freight audit and freight payment firm; Commercial

GO FIGURE!
Freight Payment Services Add Up

Transportation Services, which develops, sells, and supports its *FreitRater* software; and Commercial Transportation Management Services Inc., a 3PL offering on-site freight under management, inbound freight coordination, control, and dispatching. The company is based in Cleveland, Ohio.

Chalfant Manufacturing, a mid-size manufacturer of loading dock equipment, faced just those sorts of challenges. Chalfant ships LTL to its dealer and end-user customers across the United States, but volume wasn't high enough to qualify for favorable carrier rates.

The company was already using CT Logistics to provide pre-audit and payment services for its shipments, so it was the logical choice to help Chalfant negotiate better rates. Chalfant enrolled in CT Logistics' TranSaver co-op buying program that lets companies leverage their collective freight tonnage and revenue to obtain premium discounts and rates. CT maintains relationships with 24 carriers who bid on the combined business.

Along with freight audit and payment, the quick-response bid service means CT saves the manufacturer considerable freight costs. Pre-audit and freight payment customers have historically saved more than $6.50 per one dollar of service fees paid, based upon audit savings, duplicate payment detection, and administrative time, which amounts to a 550-percent return on investment.

Such a broad array of services means CT Logistics customers can attain these savings in the way that makes the most sense. For example, some choose to outsource freight payment, while others elect to perform this function in-house. CT Logistics enables these customers to buy the same *FreitRater* software they use internally, the way they want to buy it: licensing it, hosting their own instance of the software at CT's data center, or providing software via the application services model, for example. *FreitRater* software customers typically recognize a quick two to three month ROI on their initial software investment based upon the use of the system's Least Cost Carrier rating and routing capabilities.

"The spectrum of how much or how little service we provide is up to the client," says Allan Miner, president of CT Logistics. "We're not a cookie-cutter company. We customize processes to fit each client's needs."

CT also offers access to its transportation management systems, relieving customers of the cost of purchasing the software while enabling them to seek favorable carrier rates.

Clients such as Chalfant also access very detailed reporting to better anticipate and control their freight bills. Demand is also up for analysis of accessorials and data mining to better understand spending and pinpoint areas for improvement.

The pre-audit and payment processing services also cleanse shipment data, so clients get an accurate picture of their costs. "Clients tell us they see a two-percent savings after due diligence," Miner says. CT Logistics also offers consulting services to further drive savings, rounding out the company's full-service product suite.

TECHNICAL TRAFFIC
Maintaining a Tight Focus

Eighty percent of Technical Traffic customers come to the freight pre-audit and payment firm after trying another provider. Few leave, and it's not uncommon for those who do to come back.

The difference comes from a laser-like focus on the job at hand. "We have no ties to a third party, we're not interested in controlling freight or influencing payment, we're not brokers," says John N. Mecchella, Esq., president of Technical Traffic, based in Congers, N.Y. "Under Sarbanes-Oxley, that's a conflict of interest." The company is compliant with the SAS 70 auditing standard.

Instead, the company has 185 employees, including nine full-time programmers focused on pre-audit, reasoning that quality pre-audit

negates the need for post-audit.

The high level of scrutiny that helps Technical Traffic execute on that mission appeals to Scholastic Corporation, New York, which needed to improve its visibility and management of freight bills for parcel shipments to international containers.

"We worked closely with Technical Traffic to put controls and measures in place to address those issues," says Scott Eber, director of global logistics for Scholastic. Technical Traffic devised a custom solution to meet Scholastic's needs, including Internet reporting designed to meet the publisher's specs.

"We use the Web site religiously for reporting and analysis of freight bill patterns," says Eber. Scholastic also occasionally uses Technical Traffic's benchmarking service to confirm that it is attaining the best possible rates for its shipments.

Customization extends to payments; payments to carriers are never commingled with those of another client and are timed according to individual needs. Each account is assigned to a processing team that consists of a supervisor, senior and assistant team leaders, and audit, clerical, and data entry personnel. This team is charged with the responsibility of not just paying a customer's freight bills, but also understanding their unique needs.

Another distinguishing feature is the legal perspective that Mecchella brings to Technical Traffic's clientele, helping them understand that transportation remains a regulated industry. Mecchella also seeks to help them gain a deeper understanding of issues such as contracts, which need to be structured in specific ways. Services may include drafting of the addendum.

In addition to legal advice, Technical Traffic offers customers a variety of logistics consulting services, both domestic and international. Technical Traffic's in-house transportation attorney enables the company's heavy emphasis on regulatory law.

Technical Traffic clients typically save three percent to five percent on freight bills. But perhaps the biggest benefit is alleviating the burden of staying educated on freight payment issues and how to best process them.

nVISION GLOBAL

Tapping a Global Footprint

As business grows increasingly global, so too must the reach of freight audit and payment firms. Maintaining a physical presence across the globe is a priority for nVision Global Technology Solutions, which has rebranded from its prior identity, TSI Logistics, to place that emphasis front and center.

As an international company, telecomm giant Alcatel-Lucent shares that perspective. The company's Enterprise Solutions Division does heavy volume with Hong Kong and maintains a large export business, in addition to domestic traffic. Alcatel-Lucent taps all modes – from air to ocean to LTL and parcel – and needs a freight audit and payment firm that can support that breadth.

The ability to analyze costs is essential to clients such as Alcatel-Lucent. To enhance that capability, nVision, McDonough, Ga., recently debuted a powerful, state-of-the-art iDashboard that includes global mapping, so users can see graphic representations of their supply chains, then drill down into maps to activate reports and graph trends.

"It gives you the whole picture – a snapshot of what is going on that week," says Omar Jubran, Alcatel-Lucent's logistics manager. "You can look at freight expenses from all angles, and determine your heaviest, most expensive lanes. Then you can import as a PDF or Excel file and create reports."

Such capabilities help nVision Global stand apart, Jubran says. "Any company can do freight payment. But nVision provides the tools to dissect and examine my costs in many different ways."

iDashboard enables clients to gain a full view of their transportation expenses and patterns, allowing them to streamline and optimize their supply chains, from major mode change decisions to finding out the company is shipping separately, overnight, to two floors in the same building. Solutions are customized to each client's specific needs.

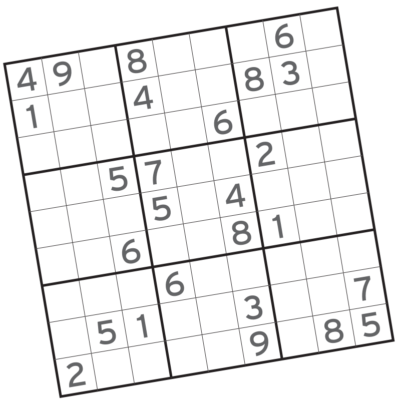
nVision also provides consulting services. Jubran is currently engaging the firm to advise on open bidding to freight forwarders and carriers, helping the company do rate comparisons. Consulting services also include benchmarking, rate negotiation, warehouse location studies, and load planning and optimization. In addition, the company offers brokerage services, loss and damage claim software, and modeling applications to enable clients to do what-if scenarios related to transportation history or payment. nVision Global also markets logistics and supply chain software.

"Some companies using various freight payment providers have this data segmented," says Keith Snavely, vice president of sales for nVision Global. "We're a single source for all data, so companies can better optimize their supply chain with a more global view."

"Savings are a big part of the solution," says Jubran. "In the freight business a carrier can quote a rate, but that's just part of the price. The rest are accessorial charges. nVision controls the charges via contracts with carriers, and if a rate seems out of the norm, they get backup paperwork or seek my approval before payment."

nVision Global also prides itself on a high level of customer service, which it maintains by catering to a relatively small roster of 120 clients. It's a goal Jubran can attest has been reached.

"nVision Global is highly refined and responsive. Its people excel at providing the data I need," Jubran says.



DCSOLUTIONS

by Amanda Loudin

Remember The Alamo Group's Inventory Tracking Success

The Alamo Group realizes Texas-sized returns after installing a new wireless inventory control system.

The Alamo Group is not a household name, but most people have seen its products in use at one time or another. The company is a leader in the design, manufacture, and distribution of high-quality equipment for right-of-way maintenance and agriculture. The product mix includes tractor and truck-mounted mowing equipment, excavators, street sweepers, snow removal equipment, and parts.

Alamo, based in Seguin, Texas, was founded in 1969 and has grown rapidly through the acquisition of numerous companies. Currently Alamo employs more than 2,290 workers, and produces and assembles products in 16 facilities worldwide.

The Alamo Group's main distribution center in Seguin, Texas, served as the pilot site for the wireless inventory tracking system.

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A SMART CHOICE. **By implementing ICS Inc.'s *RF-Smart* wireless, mobile, and RFID software solution, The Alamo Group, which designs, makes, and distributes agricultural equipment, has boosted employee productivity. The system allows workers to conduct shipping, receiving, picking, and inventory transactions wirelessly.**

Alamo products are marketed and sold through independent dealers.

MANUAL LABOR

While the company's business model has been a successful one, its distribution operations have not keep pace. An older, paper-based system kept Alamo from tracking inventory in real-time, and slowed down operations. In addition, the manual system increased the potential for human error. It was time to modernize.

"With the manual system, our distribution center workers walked around carrying print-outs to direct them," says Keith Vinyard, Alamo's vice president of IT. "We wanted to streamline processes and make sure employees were working as productively as possible."

Alamo is comprised of many different divisions and several distribution centers. Its main DC, located at the Texas headquarters, would eventually serve as the pilot site for a new system.

One of Alamo's most important goals was to move from batched data entry to real-time data collection in order to provide up-to-the-minute information on inventory, sales order picking and shipping status, work-order status, and other peripheral data collection capabilities. While many technology vendors provide these features, Alamo needed a provider that could integrate directly with its JD Edwards' ERP system.

"Only a few systems fit our needs, but we were able to find one that provided all the features and integration we wanted," says Vinyard.

That solution is *RF-Smart* from ICS Inc., based in Jacksonville, Fla. *RF-Smart* is a brand of wireless, mobile, and RFID software solutions designed specifically for the JD Edwards ERP system, making it a good fit for Alamo.

ALAMO GETS RF-SMART

Alamo selected *RF-Smart*'s manufacturing and distribution suites. The product's adaptability to the company's

growth, along with its low total cost of ownership, were just two factors that gave it the edge over other packages.

"Part of Alamo's growth has come through well-managed acquisitions," says Vinyard. "*RF-Smart*'s flexibility helps us to prepare for and easily address those transitions."

Another priority in selecting the right package was finding one that would allow the company to easily "take ownership" once the implementation was completed.

"Alamo was looking for an easy-to-use product that its people could take responsibility for after we left," explains Randy Patrick, customer advocate executive at ICS.

Before ICS began the formal implementation process at Alamo's 250,000-square-foot DC in Texas, several Alamo employees traveled to ICS to learn the system. "We wanted to be able to take over quickly after implementation, so training our people at ICS made sense," explains Vinyard.

Implementing the ICS product required only minor "cosmetic" changes on the front end in order for it to integrate smoothly with Alamo's system. "It was a smooth process," Patrick says.

Adding to the Mix

The Alamo Group is not a company that sits still. Over the past several years, it has shifted into major growth mode, accomplishing some of that growth through a series of acquisitions. "Alamo is always looking for companies with the potential to complement the ones we already have," explains Keith Vinyard, vice president of IT. "We also look for companies that can give us a good geographic presence."

Alamo also tries to continually offer customers a broader range of products. Over the past several years, Alamo has added GRADALL, VacAll, Nite-Hawk, and Henke domestically; its European division has expanded with the addition of TWOSE and Spearhead, among other companies.

Adding new companies poses challenges from a technical standpoint. "Every company is different," says Vinyard. "We try to adapt what the company does, and fit it into our existing systems whenever possible."

Generally, Alamo tries to integrate new domestic acquisitions into its ERP system, along with the new ICS system. "The biggest part of the integration is mapping where they are to where we are," says Vinyard.

With each new acquisition, Alamo also has to consider whether or not to use the new company's existing DC. "Sometimes we'll incorporate new companies into our DC system," says Vinyard, "but sometimes we leave their distribution as is. It depends on where they are located, what products they carry, and what makes the most sense."

CONTINUED FROM PAGE 91

Vinyard agrees. "Some minor issues arose along the way, but we handled them easily," he says. "One example was that we hadn't implemented our wireless network prior to the installation, so we had to work around that."

In addition, just prior to going live, Alamo made another acquisition. "We had to help them get the new division on board, but that wasn't a big issue," says Patrick. "We did the install, then worked with Alamo for an additional three or four weeks on the pilot, gradually increasing the number of processes migrating to the new system."

In all, Vinyard estimates that the pilot implementation took about two months. Since going live at that facility, Alamo has continued to roll out *RF-Smart;* a total of seven facilities in the United States are currently online with it.

"The rollout has been easy," Patrick says. "Once we implemented the system in the main DC, we were able to send our people out to implement the other facilities rather quickly."

WELL WORTH IT

Alamo began operations with the ICS system using about 15 wireless handheld devices from Psion Teklogix, along with several wireless printers. The system allows for manual entry through a Web browser as well, and additional keyboard wedge scanners round out the new equipment.

The ICS system allows Alamo to conduct shipping, receiving, picking, and inventory transactions in a wireless format. While it is still too early in the process to report any hard numbers, Alamo reports several improvements since making the change.

"We have been able to substantially boost inventory accuracy," says Vinyard. "We now have real-time, accurate information to work with, and that has also led to improved customer service."

In addition to achieving its goals with the new product, Alamo has been "discovering new ways to use it," Vinyard says. The Alamo staff has embraced the new technology as well, recognizing that the system makes everyone more efficient.

Moving forward, Alamo has two more acquisitions on tap to include in the implementation. "We still have to get the new companies online with the ERP system," says Vinyard. "We're also in the process of upgrading the ERP, so that slows us down slightly. But we anticipate an easy rollout once that is completed."

Looking back, having more people trained on the system earlier on might have made the process even faster and easier, Vinyard says. "But overall, migrating to the new system has been an easy process, and we're happy with the results," he adds. ■

L.I.T. TOOLKIT

by Merrill Douglas

Arrow Hits Replenishment Target

Arrow aims at One Network's platform to recharge its automated replenishment program, and hits the customer service bull's eye.

Arrow Electronics aims at the heart of its customers' needs. Rather than wait until manufacturers place orders for new product, the Melville, N.Y.-based electronic components distributor discovers what customers require almost before they know it themselves.

Since 1995, Arrow has offered the Customer Automated Replenishment System (CARES) to monitor the inventory of certain components at customer sites. As soon as a part runs low, the system triggers a fresh shipment.

Last year, Arrow moved CARES to a new platform, developed by One Network Enterprises, Dallas. As a result of that move, CARES now is easier to implement and maintain, and it provides additional functions. The enhanced technology also opens the door to new applications for Arrow in the future.

Since its inception, CARES has run on a computer in each customer's manufacturing plant. The software hadn't had a major upgrade in years, and it didn't provide all the functions Arrow wanted. Also, officials at Arrow no longer wanted to ask customers to load the software on their own computers.

"We wanted to convert to a system customers could access over the Internet," says Robert Martin, Arrow's director of supply chain solutions.

Arrow had considered building a new system in-house. But officials ultimately decided they could reach their goals faster and more economically if they called in help.

"Rather than starting from scratch, we wanted a vendor that had already developed the software," Martin says.

ONE NETWORK STANDS OUT

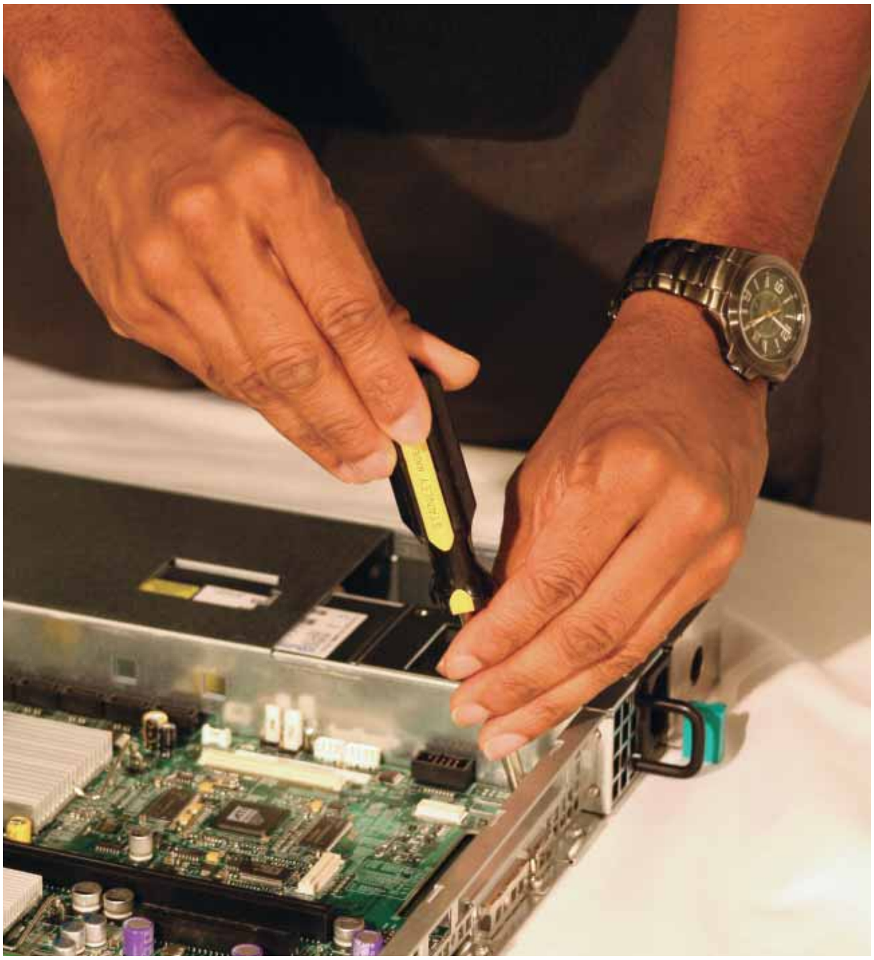
Narrowing down an initial list of 15 contenders through an extensive procurement process, Arrow targeted One Network. The solution's cost and quality, and One Network's personnel, were deciding factors, Martin says.

One Network also stood out because its solution offered many functions that Arrow wouldn't use right away, but might want to tap in the future. "Many other systems we considered were more

CONTINUED FROM PAGE 95

narrowly defined," Martin notes.

Building a network to manage replenishment and other supply chain functions was not a novel prospect for One Network. Founded in 2002, the software vendor has created several electronic communities that automate transactions and allow collaboration among trading partners.



TAKE CARE. Electronic components distributor Arrow Electronics offers customers the CARES automated replenishment system. As soon as a component runs low, the system triggers a new shipment, so customers always have the products they need.

In the retail sector, for example, One Network operates a community that manages inbound transportation for about 25 percent of the food transported in the United States.

"One Network manages the inbound transportation and schedules distribution with buyers – retailers – and carriers," says Greg Brady, chairman and chief operating officer of One Network.

The system automatically tenders loads to carriers and schedules pickups and dropoffs, including loading dock appointments. Companies with supermarket operations on this network include Safeway, Kroger, Publix, Hannaford, and Food Lion.

One Network also operates a network that the U.S. Department of Defense uses to replenish ammunition for the Marine Corps, Brady adds.

Customers use CARES in connection with either a kanban or min/max replenishment technique. In a kanban system, an assembly worker takes parts from a bin until it's empty. Then the worker scans a bar code on the empty bin, and starts pulling from a backup bin. The scan prompts CARES to transmit an order for a new bin-load of parts to take the backup position.

In the case of min/max, the system keeps track of how many parts a worker uses, and when inventory falls below a certain mark–say, 100 parts–it triggers a replenishment.

After the contract was signed in early 2006, One Network officials got to work defining Arrow's requirements. System development took about six months, and the system has been up and running for about one year.

AN EASY MOVE

Migrating customers from the old platform to the new one was easy. "Because the system is Web-based, almost all the implementation can be done remotely," Martin explains.

Arrow gave each customer a bar-code scanner and a password for accessing the network via the Web. It also uploaded data such as part numbers, bin quantities, and bin sizes, and it set permissions for different users, giving them access only to the screens they are allowed to view.

Operators use handheld scanners to keep track of inventory as they work. Periodically, they insert the scanners into holsters to upload the saved data to the network.

The network now accommodates 325 companies, including Arrow, and about 60 original equipment manufacturers and other suppliers that serve those OEMs. Arrow has always allowed its customers to use CARES with other suppliers, including competing electronics distributors, as well as vendors in other markets. "Customers can use the system for their nuts and bolts supplier or their plastic supplier," Martin notes.

As more OEMs bring in more suppliers, participation on the new network has snowballed. "The more suppliers on the network, the more OEMs say, 'Why would I do anything else? All my suppliers are already on this system,'" Brady says.

Besides eliminating the need to install and maintain software locally, the move to One Network provides Arrow with several other advantages.

"First, the system gives all supply chain partners access to critical information, such as inventory levels and actual demand, at any time via the Internet," Martin says.

In addition, it supports new functions, such as the ability to use the system for multiple manufacturing locations and multiple manufacturing cells within one location.

CARES on the One Network platform also is also suited to the global manufacturing environment because it supports multiple currencies and languages.

For Arrow, one big benefit stems from the fact that One Network has automated some of its processes.

"Orders are automatically fed into our system upon receipt," Martin says. "We don't have to ask somebody to create a sales order manually. The system has increased efficiency for us, as well as for our customers."

In the future, Arrow plans to use One Network to gain further visibility into the supply chain. "We want to anticipate problems proactively, rather than waiting until a customer needs a part and we don't have it," Martin explains.

Officials at Arrow are starting to discuss new ways they might put One Network to work. In the long term, Arrow might use the network to address the needs of a broad segment of its customer base.

"More immediately, we're thinking about how we can apply the software specifically to our most sophisticated customer's complex supply chain issues," Martin says.

One goal might be to gain a more complete view of parts consumption, both by Arrow's customers and, in turn, by *their* customers.

"We could see when customers sell the end product that contained our components, and gain visibility into how those components move through their manufacturing process, as well as through their logistics channels," Martin says. "And we could get inventory information as well.

"This visibility would allow Arrow to do a better job managing their inventory pipeline, to make sure we meet their demands, and that they won't run out of parts," he adds. "Then, conceivably, we could take that back to our suppliers, so they could get visibility to certain customers."

From the way it targeted the One Network solution, it's clear that Arrow CARES about its customers. ■

TECHUPDATE

THE LATEST | IN LOGISTICS TECHNOLOGY

NetSuite

WHAT'S NEW: The ability to run business operations using the Apple iPhone.
THE VALUE: The new SuitePhone capability allows customers to log in to their NetSuite accounts on iPhones so they can manage their business and logistics operations while they are away from their offices. Back-office users also can remotely access financial information such as invoicing and accounts receivable.

www.netsuite.com/suitephone
650-627-1000

software

Prophesy Transportation Software

WHAT'S NEW: Enhanced truck fleet maintenance software.
THE VALUE: *FleetTrax Premier 2008* offers the same functionality as the original version, but with these new features: assigning vehicles to one or more sites; tracking parts, core, and tire returns; a report browser window for quick report selection and configuration; and a Quick Work Order wizard, which allows users to quickly record vehicle maintenance.

www.mile.com 800-776-6706

Oracle

WHAT'S NEW: The wide availability release of *Demantra 7.1.1.* demand planning and management solutions.
THE VALUE: This software solution gives companies the ability to accurately predict demand, shape profitability for their products, and proactively manage complex global supply chains. The new version supports Oracle Fusion Middleware, and boasts improvements in planner productivity, data loading and export, and data security.

www.oracle.com 800-ORACLE1

BridgeNet Solutions

WHAT'S NEW: A global visibility software solution.
THE VALUE: BridgeNet's *Xonar* software is a network spend data analytics and planning solution that uses advanced optimization technology to manage complex global supply chains. Because it allows for the quick analysis and assessment of global transportation requirements, it is particularly beneficial to large companies with decentralized global logistics networks.

www.bridgenetsolutions.com
312-492-7500

John Galt Solutions

WHAT'S NEW: A point-of-sale forecasting module.
THE VALUE: The module helps companies match supply to demand by creating a forecast of consumer demand that can be compared to retailer/wholesaler forecasts for channel demand. The new POS forecasting module makes it easy to incorporate consumer buying patterns captured in point-of-sale data into an overall supply chain plan.

www.johngalt.com 312-701-9026

DHL

WHAT'S NEW: A software tool provides the ability to ship directly from various popular applications.
THE VALUE: *ShipRush* integrates with business software applications Microsoft Outlook, QuickBooks, and eBay so customers can ship directly to contacts within those applications without re-keying address data in a different shipping system. *ShipRush* allows for greater accuracy by eliminating the need for copy and paste.

www.dhl-usa.com/shiprush
800-CALL-DHL

FastPic Systems

WHAT'S NEW: Inventory management and control software with a simple interface.
THE VALUE: The *FastPic4* solution improves storage and retrieval efficiency without the need for extensive programming support. Companies

To learn more, contact these companies directly. Remember to mention this issue date and page to get the right information.

already using the SAP warehouse module can easily move information between the SAP system and *FastPic4*. The software allows for more productivity and order processing efficiency, while reducing item handling and improving inventory accuracy.

www.fastpicsystems.com
207-854-8663

Management Dynamics

WHAT'S NEW: A Web-native application that helps manage global trade.

THE VALUE: Version 14 of *Trade Collaborator* allows companies to manage import and export compliance and trade agreements. The application fully automates related party transactions, which account for a good part of today's trade. Three integrated modules automate and provide visibility to the global clearance process.

www.managementdynamics.com
201-935-8588

Supply Chain Consortium

WHAT'S NEW: An online benchmarking tool.

THE VALUE: The *Strategic Assessment Dashboard* allows users to compare operations to their entire industry, to specific parts of their industry, and to supply chains in other industries. The new *Dashboard*'s updated interface allows users to gauge supply chain performance, and highlights multi-year trends as best practices evolve.

www.supplychainconsortium.com
919-855-5424

Argent Global Services

WHAT'S NEW: The *VantageRPM* labor management system.

THE VALUE: *VantageRPM* allows companies to calculate manpower requirements and track operating performance across facilities down to the individual associate and activity. With productivity reporting, manpower planning, and utilization tracking features, the system provides users with essential tools for managing operations and optimizing productivity and labor utilization.

argentglobal.com 800-731-6388

web

Trade Tech

WHAT'S NEW: An online application that meets Mexico's new 24-Hour Rule Advance Manifest System (AMS).

THE VALUE: Trade Tech developed this cargo security filing solution to address Mexico's customs requirement that all manifests be filed electronically 24 hours prior to cargo loading. The application saves shippers, freight forwarders, and ship operators time and money.

www.tradetech.net 425-837-9000

Central Transport

WHAT'S NEW: Real-time Web access to delivery receipts.

THE VALUE: Central Transport has changed the electronic format of receipts to enable customers to view all key delivery information, such as signatures, through the Web. Customers also receive accurate and timely delivery information, as well as an easier way to obtain proof of delivery. The paperless receipting process also cuts down on driver paperwork.

www.centraltransportint.com
800-4-CENTRAL

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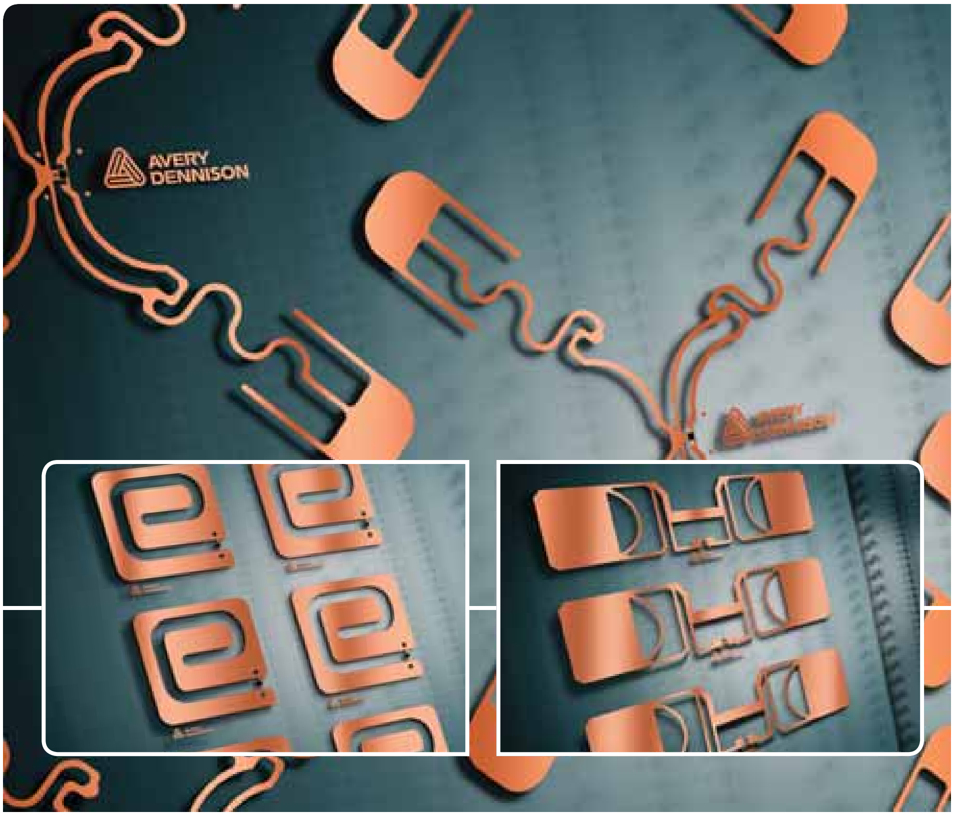

Avery Dennison
WHAT'S NEW: Three new RFID inlay designs.
THE VALUE: AD-430 Inlay, AD-630 Inlay, and AD-813 Inlay are all EPC Class 1 Gen 2- and ISO 180006 C-compliant and can be read across the range of global RFID frequency bands. AD-430 is designed to fit within a 4-inch by 1-inch label and is suited for RF-friendly, metal, and liquid contents. AD-630 can be read in any direction (face-on or edge-on) and designed for a 3-inch by 3-inch or 4-inch by 6-inch label. AD-813 is designed for small, item-level applications and sized to fit in a 1-inch by 1-inch label.
www.averydennison.com
626-304-2000

rfid/wireless

BlueBean
WHAT'S NEW: An RFID solution kit.
THE VALUE: BlueBean's RFID Simple Dock Door Solution Kit includes a BlueBean RFID Simple Dock Door portal, RFID reader, antennas, and accessories. The RFID Simple Dock Door Solution Kit contains everything needed to RFID-enable a dock door or choke point, making it easy to track assets and manage inventory.
www.bluebeanrfid.com
800-966-7343

Accu-Sort Systems
WHAT'S NEW: A comprehensive auto-ID handbook.
THE VALUE: *Auto ID in the Material Handling Industry* presents an overview of technologies used in auto-ID systems. Introductions to bar-code scanning, camera technology, and RFID are among the topics covered. The handbook is available in print and PDF formats.
www.accusort.com 800-BAR-CODE

Metalcraft
WHAT'S NEW: An RFID windshield tag.
THE VALUE: Designed to deliver long read range for companies automating vehicle access control to secure warehouse areas and other applications, Metalcraft's RFID windshield tag uses a passive KSW windshield RFID inlay. The 4-inch x 1-inch label can be read at a range of more than 18 feet, and through windshields.
www.idplate.com 800-437-5283

SAVR Communications Inc.
WHAT'S NEW: A high-precision active tag with DGPS and Wi-Fi.
THE VALUE: SAVR Communications has developed the first high-precision differential GPS tag capable of utilizing Wi-Fi or mesh networks for data backhaul. The SAVR SENTRY 500-D provides visibility to high-value assets, and to processes utilizing existing wireless networks, without the need for traditional RFID reader infrastructure.
www.savrcom.com 972-659-1626

Confidex
WHAT'S NEW: RFID tags to support automotive industry applications.
THE VALUE: Confidex has introduced two new passive UHF EPC Generation 2 RFID tagging solutions: the Confidex Corona and the Confidex Cruiser. The tags provide discrete visibility of high-value, work-in-process items in demanding automotive manufacturing environments.
www.confidex.net 609-605-0670

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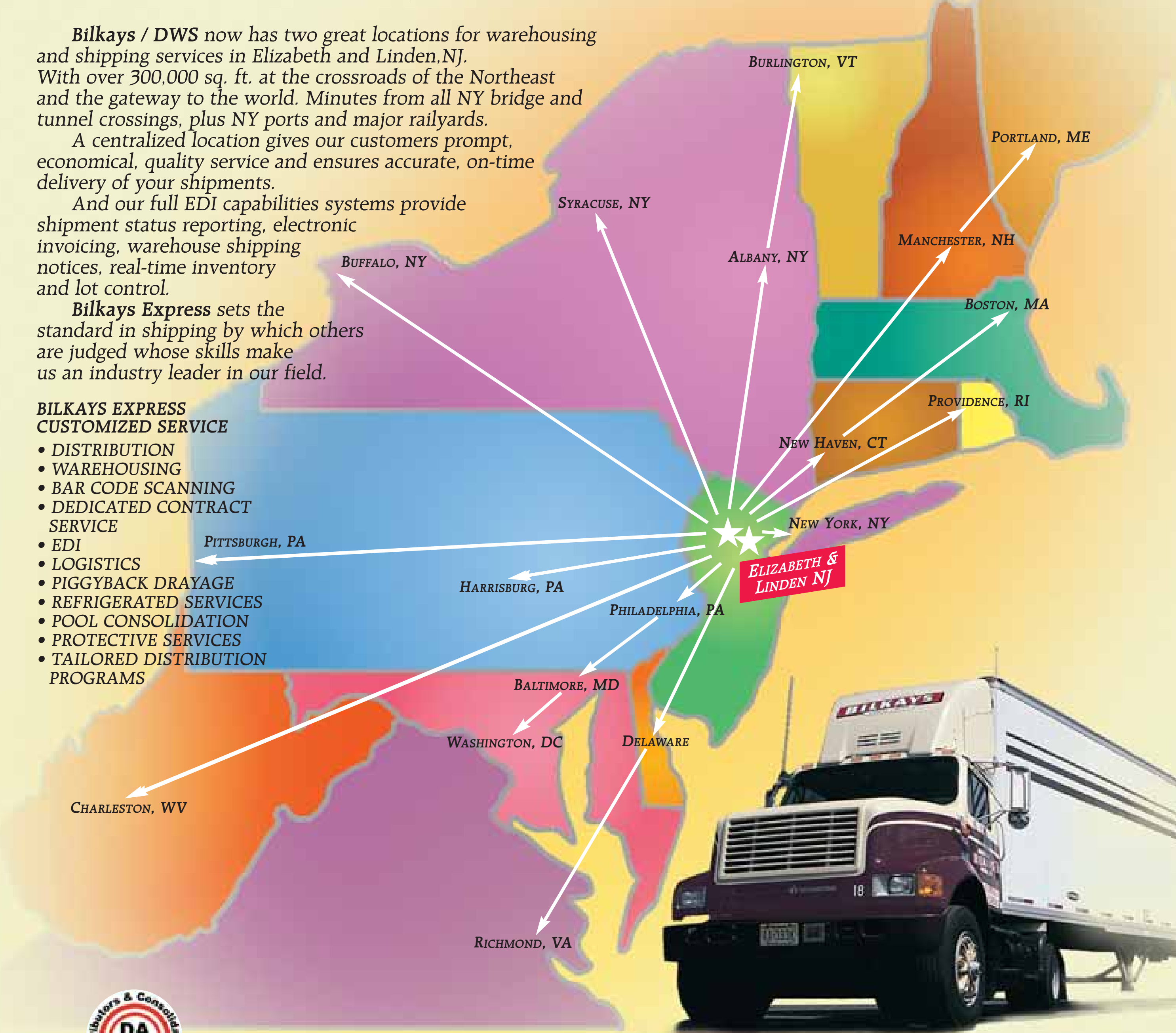

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NEWSERVICES

YOUR BUSINESS LOGISTICS RESOURCE

Carrier Transicold

WHAT'S NEW: Industrial-strength cargo security devices.

THE VALUE: These four new rugged locking systems provide a first line of defense against theft. Sealock is a single-use device for trucks and trailers; Enforcer is an adjustable and reusable lock made of chrome-plated steel that fits around trailer keeper bars; Enforcer Air Cuff encases the air valves in the tractor cab; and the Enforcer king pin lock prevents unauthorized hook-ups for dropped trailers.

www.trucktrailer.carrier.com
800-CARRIER

China Ocean Shipping Company (COSCO)

WHAT'S NEW: Calls at the new container terminal in British Columbia, Canada.

THE VALUE: COSCO is the first carrier to stop at the Port of Prince Rupert, Maher Terminal's new container terminal. COSCO and Canadian National Railway Company (CN) provide rail service from the terminal to various North American markets. The partnership gives COSCO customers access to CN's on-dock, high-capacity, double-stack rail network. Use of the new port cuts transit time to some Midwest destinations by two to three days in comparison to current West Coast services.

www.cosco-usa.com 800-967-7000

Toyota Material Handling

WHAT'S NEW: An AC pallet truck line.

THE VALUE: The walkie pallet truck, tow tractor, center control rider pallet truck, and end control walkie/rider pallet truck are all part of Toyota's new 8-Series product line. All trucks feature a powerful AC drive system that allows for more battery life and maintains a high level of performance throughout the work cycle. The AC drive motors have no springs, brushes, or wearable parts, which reduces maintenance.

www.toyotaforklift.com 800-226-0009

Hamburg Süd

WHAT'S NEW: Upgraded service between Asia and Australia/New Zealand.

THE VALUE: The expanded Hamburg Süd network includes five new 1,800-TEU chartered vessels, which replace five smaller ships. Each ship features 400 reefer slots and allows for more ports of call to service seasonal customer requirements. Hapag-Lloyd and Tasman Orient Line are partners on a slot-charter basis.

www.hamburg-sued.com 973-775-5300

TydenBrammall

WHAT'S NEW: A cargo bolt seal for C-TPAT shippers.

THE VALUE: The Cargo Bolt II seal ensures security and tracking accuracy that complies with the C-TPAT program for cross-border shipments. The bolt's solid steel shank is thicker and stronger than most bolt seals in its price range, and the steel bolt and lock body are zinc-plated to resist corrosion.

www.tydenbrammall.com 260-665-3176

Wallenius Wilhelmsen Logistics

WHAT'S NEW: A stake in North China's largest Ro/Ro terminal.

THE VALUE: The $98-million terminal, located in the Port of Tianjin, is a three-way venture among Wallenius Wilhelmsen, Tianjin Port Stock Co., and Nippon Yusen Kabushiki Kaisha. The terminal is designed to handle 500,000 vehicles a year and incorporates two Ro/Ro berths for cars, as

To learn more, contact these companies directly. Remember to mention this issue date and page to get the right information.

Thermo King

WHAT'S NEW: A forced-air heating unit for freeze protection intended for temperature-sensitive cargo.

THE VALUE: The new Heat King unit uses a diesel-powered engine to heat liquid coolant in a radiator coil while a blower forces air across the coil and into the cargo area. The unit allows for safe, efficient, and dependable heat inside the trailer or container, no matter how cold it is outside and without using engine heat.

www.thermoking.com
952-887-2200

well as high and heavy Ro/Ro equipment and static cargoes. The terminal plans to open one berth by the end of the year, and the entire terminal by October 2008.

www.2wglobal.com **201-307-1300**

Pittsburgh Logistics Systems (PLS)

WHAT'S NEW: Truckload van service for general commodities.

THE VALUE: The new service provides shippers access to PLS' nationwide network of more than 3,500 carriers and service shippers on a load-by-load basis. PLS offers a suite of logistics services including outsourced logistics management, inbound transportation management, on-demand transportation management systems, brokerage, and consulting services.

www.pghlogistics.com **724-709-9000**

IJS Global

WHAT'S NEW: The launch of company-owned operations in South Korea.

THE VALUE: The new location in Seoul, South Korea, handles air and ocean imports and exports, distribution and warehousing, customs brokerage, domestic transport, project cargo, and vendor-managed inventory services. The company's expansion into Seoul marks its eighth location in Asia.

www.ijsglobal.com **203-504-9760**

TransGroup

WHAT'S NEW: The opening of an office in Norfolk, Va.

THE VALUE: Seattle-based TransGroup, a full-service logistics company, has opened a new office in Norfolk. The TransGroup-ORF office provides warehousing and distribution, local cartage services, and domestic and international transportation.

www.transgroup.com **757-464-1212**

NEWSERVICES

CONTINUED FROM PAGE 103

Agility

WHAT'S NEW: A global network expansion to Australia.
THE VALUE: Agility, a global provider of integrated supply chain solutions, has expanded its presence in Australia by incorporating LEP International in Australia, LEP International in New Zealand, and the related project logistics company Pan Orient Shipping Service. Agility has been working with LEP International in both the Australian and New Zealand markets for 60 years. Pan Orient has partnered with Agility on many major projects, especially in the mining industry.

www.agilitylogistics.com ✆ **404-806-3600**

Saia

WHAT'S NEW: A reduction in transit times from key terminals to the company's Southern California facility.
THE VALUE: Saia, a less-than-truckload carrier, has reduced its transit time by one day to and from select facilities. Saia customers moving freight between Fontana and Orange, Calif., and various facilities in North Carolina, Texas, and Virginia, all receive a one-day improvement in delivery times.

www.saia.com ✆ **800-765-7242**

APL

WHAT'S NEW: Suez Express service from South Asia to the U.S. East Coast.
THE VALUE: APL's new weekly service addresses global freight congestion and provides fast ocean transit times from Asia to the U.S. East Coast through the Suez Canal. The Suez Express service provides four U.S. ports of call, and connects nearly all of South Asia to the United States by feeder service.

www.apl.com ✆ **800-999-7733**

SEKO

WHAT'S NEW: Three dedicated, guaranteed charter flights a week from Hong Kong to Chicago.
THE VALUE: SEKO now offers connecting service from Chicago's O'Hare International Airport to final destinations. This new air cargo agreement was created in anticipation of increased supply chain management demands during the approaching peak shipping season. SEKO also handles pickups in Hong Kong and at O'Hare Airport, customs brokerage, and final distribution through its network of local offices.

www.sekoworldwide.com ✆ **630-919-4800**

Priority Solutions International

WHAT'S NEW: The opening of a full-service Minneapolis station.

Massachusetts Port Authority

WHAT'S NEW: Direct service to the Port of Boston from Halifax.
THE VALUE: Eimskip, an Icelandic steamship company, has introduced the New England Canada Short Sea Service (NECA Express), which calls at Conley Container Terminal in South Boston every Monday and brings more options for New England shippers. The service helps eliminate truck congestion on U.S. interstate and Canadian highways, and gives shippers access to more than 100 ports around the world.

www.massport.com
✆ **617-568-5000**

To learn more, contact these companies directly, and mention this issue date and page.

THE VALUE: The facility offers a broad range of logistics and transportation services, ranging from international air and ocean freight to "hot shot" and deferred three- to five-day transportation. The 35,000-square-foot climate-controlled facility provides warehouse and fulfillment services, with real-time tracking and a highly secured chain of custody.

www.prioritysolutions.com ✆ **800-257-4777**

Labelmaster

WHAT'S NEW: Updated editions of regulatory publications.

THE VALUE: The newest Regulatory Compliance Solutions catalog published by Labelmaster features new editions of Early 49 CFR; consolidated hazardous materials regulations; an emergency response guidebook; and A.I.R. Shipper, a shipper-friendly publication covering international air regulations for shipment of dangerous goods.

www.labelmaster.com ✆ **800-621-5808**

Averitt

WHAT'S NEW: The opening of a supply chain solutions facility on the Mexico border.

THE VALUE: The new 30,000-square-foot facility in Pharr, Texas, allows for greater speed to market and supply chain efficiency. The facility is located less than one mile from the Pharr Reynosa International Bridge, and four miles from the U.S./Mexico border, which allows Averitt to process freight and transload goods for nationwide distribution faster than before.

www.averittexpress.com ✆ **800-AVERITT**

Evergreen and Wan Hai Lines

WHAT'S NEW: The introduction of enhanced service between Japan and Thailand.

THE VALUE: Evergreen Marine Corp. (Taiwan) Ltd. and Wan Hai Lines Limited have begun a fixed-day weekly express service from Hong Kong. The Japan-Thailand Express Service provides direct calls at each port in the rotation: Hong Kong-Tokyo-Yokohama-Osaka-Kaohsiung-Hong Kong-Ho Chi Minh-Laem Chabang-Hong Kong. Evergreen provides two 900-TEU vessels; Wan Hai Lines provides one 900-TEU ship.

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

Hyperlogistics Group

WHAT'S NEW: A central Ohio facility at Rickenbacker Global Logistics Park.

THE VALUE: Hyperlogistics has become the first company to locate in the new Intermodal Campus at the Rickenbacker Global Logistics Park. Plans call for a new 407,000-square-foot warehouse, fulfillment, and distribution facility. The site's strategic location, adjacent to the new Norfolk Southern Intermodal Terminal within Foreign Trade Zone #138, will increase overall freight capacity and reduce delivery costs. Additionally, the new Rickenbacker Parkway is designed to handle overweight containers, allowing importers to move more freight on fewer containers.

www.hyperlog.com ✆ **800-533-0716**

SAS Cargo

WHAT'S NEW: Expansion of an air cargo terminal in Gothenburg, Sweden.

THE VALUE: A 5,000-square-meter expansion of SAS Cargo's current terminal at the Gothenburg-Landvetter Airport, scheduled for completion at the end of 2008, will provide air cargo shippers high levels of efficiency, quality, and security. The cargo terminal expansion is the result of an agreement between SAS Cargo's handling company – Spirit Air Cargo Handling – and Nordic Airport Properties.

www.sascargo.com ✆ **+45 2322 6733**

3PLS

Advantage Transportation Inc. • www.backhauler.com

Advantage Transportation and its affiliated companies have provided customers with industry-leading transportation expertise for more than 70 years. This financially strong, stable, and growing company has helped countless organizations like yours move their products throughout the United States and Canada. Advantage Transportation has the capability to provide you with custom-tailored solutions to fit your supply chain needs. This multi-modal company has offices strategically placed throughout the nation dedicated to providing seamless logistics solutions at local, regional, and national levels.

AFN-Advantage Freight Network • www.afnww.com

Advantage Freight Network focuses on customer needs, and applies analysis and ingenuity to find the answers that no one else can. AFN takes pride in providing customers and carriers with unmatched proactive and responsive customer service. That means you can rely on a collaborative partnership. AFN thinks around corners and moves beyond traditional resolutions to better manage your supply chain challenges. If you are looking to expedite a single piece of freight cross-country, set up dedicated routes, or just want to manage your supply chain more efficiently, talk to AFN today.

Agility Logistics • www.agilitylogistics.com

Let Agility manage the details of your international transportation. Choose from an array of highly configurable air and sea freight options, and road freight services that span Europe, the Middle East, North Africa, and Central Asia with more than 1,000 scheduled, weekly departures. Agility offers global expertise in commodity classifications and local government rules and regulations to ensure rapid clearance of your products through Customs.

FMI International • www.fmiint.com

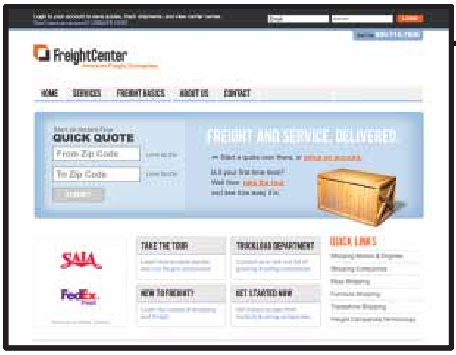
FMI, a Summit Global Logistics Company, strives to provide integrated transportation solutions with service that's as close to perfection as possible. FMI INTERNATIONAL provides national and international logistics services, warehousing and distribution; FMI EXPRESS provides nationwide linehaul services to retailers and manufacturers; FMI TRUCKING provides local and regional trucking services to the Northeast and New York City metro areas; FMI INTERNATIONAL CORP. (WEST) provides local and regional trucking services to the Los Angeles Basin area; and FASHION MARKETING provides floor-ready services to retailers nationwide.

WEB_CITE CITY

www.inboundlogistics.com/web_cite

IN THIS SECTION:

3PLs



Freight Center • www.freightcenter.com

Compare rates from top carriers for free and save up to 70 percent on freight with American Freight Companies' new service at www.freightcenter.com. By negotiating discounts with the nation's largest truckers and freight companies, as well as hundreds of regional, local and independent freight carriers, American Freight is able to provide access to hundreds of approved trucking companies, freight companies, common carriers and motor freight carriers serving the United States. Services include trucking and freight shipping for single items, pallet freight, LTL, TL, partial freight loads, and container freight. There are no size, location, or destination restrictions. Freight rates are provided free, instantly and without obligation.

Kelron Logistics • www.kelron.com

With its shipping and integrated supply chain expertise, network of elite logistics carriers, and ability to ship across all modes of transport throughout North America, Kelron is a leading transportation management solutions provider with demonstrated capability across all industry sectors. Through an innovative and proven 3PL operating model using Internet-enabled technology, Kelron delivers industry-leading on-time performance; extended North American reach; single-source transportation planning, execution, and ongoing management; and improved efficiencies across all aspects of your supply chain. Celebrating 15 years in business in 2007, Kelron designs its solutions for the challenges and opportunities unique to each client.

Landair • www.landair.com

At Landair, we put everything we've got into making sure you see results. From truckload and dedicated services to logistics, warehousing, and distribution services, we can custom-tailor a solution that fits your specific needs–making your company more efficient and more productive. We call it "Solutions From the Ground Up."

Logistic Dynamics • www.logisticdynamics.com

Logistic Dynamics Inc. (LDI) is one of the fastest growing, privately held 3PLs in the United States. LDI provides reliable and cost-effective full truckload, LTL and intermodal services to shippers both large and small throughout the United States, Canada and Mexico. At LDI, we understand and appreciate that customers attach their good name to every shipment they send, and we are committed to treating customer freight as if it were our own.

National Retail Systems Inc. • www.nrsonline.com

Since 1953, National Retail Systems Inc. has pioneered many of the retail logistics processes considered cutting edge today. The company operates a national network of logistics assets focused on one goal: delivering efficient, reliable distribution and transportation services to America's leading brands. The NRS service offering includes full truckload and LTL transportation; distribution and warehousing; pool point services; consolidation; store delivery; and seamless factory-to-store solutions from China through an exclusive joint venture with Sinotrans called SinoNRS.

Port Jersey Logistics • www.portjersey.com

For more than 50 years, Port Jersey Logistics has been the number one choice for transportation, warehousing, and distribution on the East Coast. Port Jersey operates modern, state-of-the-art warehousing space, as well as in-house trucking and logistics services. Along with our wide array of value-added services and first-class customer service team, Port Jersey Logistics is your one-stop shop for all of your supply chain needs.

Ryder • www.ryder.com

Ryder provides a variety of leading-edge supply chain, warehousing, and transportation services including: 3PL, 4PL, fleet management, RFID operations, reverse logistics, supply chain management, third-party logistics, transportation management/freight management, truck rental, truck leasing, warehousing, lead logistics provider, lead logistics manager, service parts operations, and distribution center management.

AUTO ID

SATO America Inc. • www.satoamerica.com

SATO is a pioneer in the Automatic Identification and Data Collection (AIDC) industry, and the inventor of the world's first electronic thermal transfer bar-code printer. It revolutionized the bar-coding industry by introducing the Data Collection System (DCS) & Labeling concept–a total bar-code and labeling solution providing high-quality bar-code printers, scanners/handheld terminals, label design software, and consumables. SATO is one of the first in the industry to introduce a complete, multi-protocol EPC-compliant, UFH RFID solution. Turn to SATO for all your bar-code and RFID printing needs.

IN THIS SECTION:
Ocean/Land - Freight Bills

EXPEDITED OCEAN/LAND

Matson • www.matson.com

Matson is a leader in Pacific shipping and most noted for its long-standing service to Hawaii, Guam and Micronesia. Matson's China–Long Beach Express offers premium, expedited service from Ningbo and Shanghai to Long Beach, including a guaranteed expedited service option to many U.S. destinations. Its subsidiary, Matson Integrated Logistics, is one of the nation's leading logistics providers, with expertise in all aspects of U.S. mainland transportation: truck, rail, and air.

FREIGHT BILL AUDIT/PAYMENT

AIMS Logistics • www.aimslogistics.com

AIMS Logistics, a global freight payment and transportation management company, offers customized solutions and personalized customer service in each of its four divisions: AIMS Payables provides custom freight audit and payment solutions; AIMS Europe provides freight payment solutions for European locations; AIMS Solutions provides custom transportation management services; and AIMS Express offers nationwide truckload services and dedicated operations, truckload management, and brokered truckload services. For an overview of AIMS' business units, please visit the web site.

Cass Information Systems • www.cassinfo.com

Cass is an information services company with a primary focus on transaction processing in the area of payables and payables-related services. Cass performs transaction processing at the highest levels in an integrated, efficient, systematic approach using proven core competencies: data acquisition, data management, information delivery, and financial exchange. Since its founding in 1906, the Cass organization has continually renewed and reinvented itself in response to a changing and challenging marketplace. Find out more at the Cass web site.

CT Logistics • www.ctlogistics.com

CT Logistics is a multi-faceted organization comprised of three distinct, yet closely related companies. Its core strength and expertise is centered on freight audit and freight payment as well as rating solutions. The Commercial Traffic Company (CT) is a third-party freight audit and freight payment company that performs pre-audit, freight payment, and post-audit services for hundreds of organizations dispersing billions of dollars annually for freight costs. Its premier service offering, AuditPay, capitalizes on the robust functionality of FreitRater™ to benefit client companies wanting a precise pre-audit and payment process performed.

IN THIS SECTION:
Freight Bills - Forwarders

Freightgate • www.freightgate.com

The Freightgate team has developed and supported Internet solutions for the logistics community since 1994. After pioneering shipment tracking and tracing, the first multi-modal online freight exchange, and the Web service-enabled PLTX platform, Freightgate is continually evolving to ensure that customers enjoy a competitive advantage in every facet of the logistics management lifecycle–procure, optimize, execute, monitor/control, and audit/pay. PLTX provides a fully modular, scalable and integrated solution that adapts to the business needs of enterprises and service providers.

National Traffic Service • www.natraffic.com

National Traffic Service is a leader in the freight audit and freight bill payment industry. It uses the latest technology, carrier rating programs, and information processing systems to perform the fastest, most accurate, and most complete freight audit in the industry today. Superior freight payment services, maximum freight bill audit savings, reduced internal administrative expenses, extensive Internet reporting tools, a wide variety of reporting formats, and UPS and FedEx parcel audits are just some of the significant advantages National Traffic Service customers have at their disposal. Find out more by logging on to the web site.

nVision Global • www.nvisionglobal.com

nVision Global offers complete Web-based freight bill audit and payment software, capable of capturing from 24 to 110 pieces of information from carrier freight bills and other related documents. Date verification is performed automatically to ensure the accuracy of crucial information on your freight bills by cross-referencing against bills of lading, purchase orders, and others. Pricing audits are also performed to verify freight bill prices based on your own negotiated carrier pricing agreements. Freight charges are also itemized to include accessorial charges and other shipping expenses. Tolerances based on dollar amounts or percentages can be set, and multiple allocations of accounting codes are possible.

FREIGHT FORWARDERS

Panther Expedited Services • www.pantherexpedite.com

Panther Expedited Services is the largest independent provider of ground expedite, special handling and air options for critical freight. With on-demand, single-source solutions, Panther offers direct service to and from any location in the United States, Canada, and Mexico. Through a combination of state-of-the art technology and unsurpassed customer service, Panther has developed a reputation for industry leading on-time performance.

GLOBAL TRADE

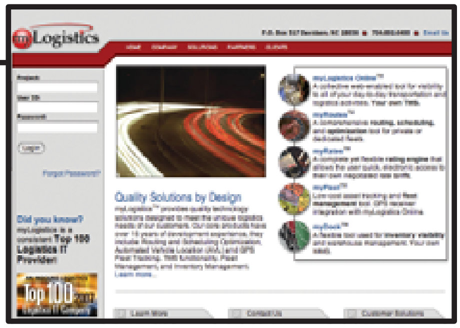
Werner Enterprises • www.werner.com

Werner Enterprises is a premier transportation and logistics company, with coverage throughout the United States, Canada, Mexico, and China. Werner maintains its global headquarters in Omaha, Neb., with offices throughout North America and China. Werner is among the five largest truckload carriers in the United States, with a diversified portfolio of services. Werner's Value-Added Services portfolio includes freight management, truck brokerage, intermodal, and freight forwarding. Werner, through its subsidiary companies, is a licensed U.S. NVOCC, U.S. Customs Broker, Class A Freight Forwarder in China, licensed China NVOCC and TSA-approved Indirect Air Carrier.

LOGISTICS IT

myLogistics Inc. • www.mylogisticsinc.com

myLogistics™ provides quality technology solutions designed to meet the unique logistics needs of customers. Its core products, based on more than 15 years of development experience, include: routing, scheduling and optimization; Web-native TMS functionality; and fleet management including Automatic Vehicle Location (AVL) and online GPS tracking. In addition, a full-service mobile solution can be fully integrated to complement these services. Our comprehensive, yet affordable, offerings are driving immediate, real savings and efficiencies today with a number of top companies.



OCEAN/INTERMODAL

Matson • www.matson.com

Matson is a leader in Pacific shipping and most noted for its long-standing service to Hawaii, Guam, and Micronesia. Matson's China–Long Beach Express offers premium, expedited service from Ningbo and Shanghai to Long Beach, including a guaranteed expedited service option to many U.S. destinations. Its subsidiary, Matson Integrated Logistics, is one of the nation's leading logistics providers, with expertise in all aspects of U.S. mainland transportation: truck, rail, and air.

REVERSE LOGISTICS

Ingram Micro Logistics • www.ingrammicrologistics.com

Ingram Micro–a $31.4-billion Fortune 100 company and global leader in technology, distribution, and supply chain services–provides services to more than 1,400 manufacturers and 170,000 resellers in more than 100 countries around the world. Ingram Micro Logistics, the logistics engine behind Ingram Micro, has exhibited over 25 years of industry-leading expertise in delivering best-in-class logistics solutions, strong global alliances, exceptional economies of scale, and a solid focus on reducing supply chain costs. Services include retail and e-commerce fulfillment, transportation and order management, customer service, returns processing, and kitting.

IN THIS SECTION:

Site Selection – Transport Mgmt.

SITE SELECTION

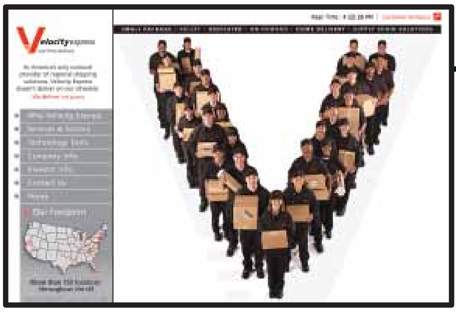
Binswanger • www.binswanger.com

Binswanger is a global real estate organization uniquely positioned to provide a full range of cross-border services, including site selection. Its exceptional knowledge of states, communities, individual property owners, developers and the transactions they are willing to structure, enables Binswanger to analyze and compare the best alternatives available.

TVA Economic Development • www.tvaed.com

TVA's GIS-based Web site helps businesses and site selection consultants identify the best properties available in the 80,000-square-mile TVA region. Search for available properties and buildings, find demographic data, and download maps at TVAsites.com. Your source for economic development information and services in the seven-state TVA region is TVAed.com.

SUPPLY CHAIN MANAGEMENT



Velocity Express • www.velocityexpress.com

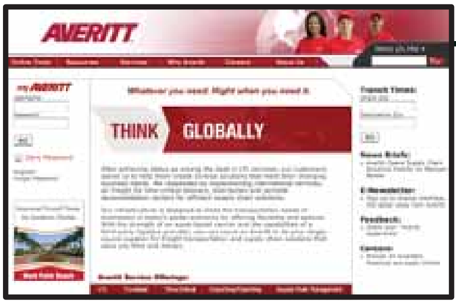
Velocity Express Real Time Delivery. As America's only national ground shipping provider dedicated exclusively to time-definite regional delivery, Velocity Express meets the regional delivery needs of companies across multiple industries. Logistics and delivery services offered by Velocity Express include: small package delivery, pallet delivery, dedicated delivery, on-demand delivery, home delivery and supply chain solutions.

TRANSPORT/FREIGHT MGMT.

Arcline (2000) Inc. • www.arcline2000.com

Arcline (2000) Inc. develops advanced dispatch management software solutions for the transportation industry. Our objective and commitment is to provide a complete business solution for truck fleets and freight brokers that is reliable, easy to use, and affordable. We pride ourselves as being Partners for the Future with our clients; and employ a customer-driven development approach. Contact us now to schedule a personalized, online demonstration and inquire about our in-house financing and leasing.

TRUCKING

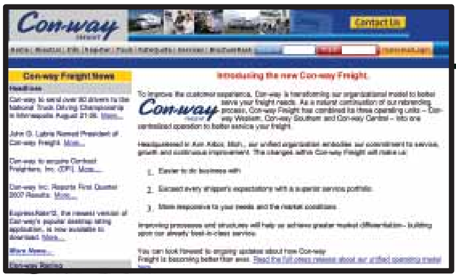


Averitt Express • www.averittexpress.com

Averitt Express is a full-service freight transportation and logistics provider, offering the best in LTL, expedited, truckload, dedicated, logistics, and international transportation services. Averitt operates more than 80 service centers and serves more than 50,000 direct points throughout the Southern United States, Canada, Mexico, and the Caribbean. Averitt also provides international transportation services to 100 different countries and more than 300 international destinations. See what Averitt can do for you, visit the web site today.

Bilkays Express • www.bilkays.com

Bilkays Express sets the standards in shipping by which all others are judged. Businesses throughout the Northeast have come to depend on Bilkays' accurate, on-time delivery for all their shipping needs. Why? Because we get the job done better for less by maintaining a modern state-of-the-art fleet so you can be sure your shipments are on the road to an on-time delivery. We provide overnight delivery to the greater New York, New Jersey, and Connecticut metropolitan areas. In addition, Bilkays provides extended overnight and second-day delivery to all of New England and the Middle Atlantic region. Find out more about how Bilkays can meet your transportation needs by visiting its web site.



Con-way Freight • www.con-way.com/freight

Con-way Freight provides day-definite less-than-truckload freight delivery throughout the continental United States, Hawaii, Alaska, Puerto Rico, the Caribbean, Canada, and Mexico. With more than 450 locations, the company provides next-day direct service to more locations than any single LTL carrier in North America. To learn more about Con-way Freight, visit us at www.con-way.com/freight.

Covenant Transport • www.covenanttransport.com

Covenant Transport Inc. is one of the 10 largest truckload carriers in the United States and operates the industry's largest fleet of team-driven tractors. Covenant offers just-in-time and other premium transportation services, focusing on longer lengths of haul and selected traffic lanes to enhance equipment utilization, improve operating efficiency, and deliver the equipment availability demanded by major shippers. Track loads, locate trailers, and find out more by visiting the Covenant web site.

IN THIS SECTION:
Trucking

CRST • www.crst.com

When it comes to today's complicated supply chain environment, it's important to look at the big picture. Through its six divisions, CRST provides a broad array of transportation solutions, including Van and Flatbed as well as brokerage and transportation management services. CRST's Operating Divisions are made up of CRST Logistics and CRST's asset-based Carrier Group, which consists of CRST Van Expedited, CRST Malone, CRST Premier, CRST Dedicated Solutions and CRST Capacity Solutions. For more information, visit www.crst.com.

Erb Group of Companies • www.erbgroup.com

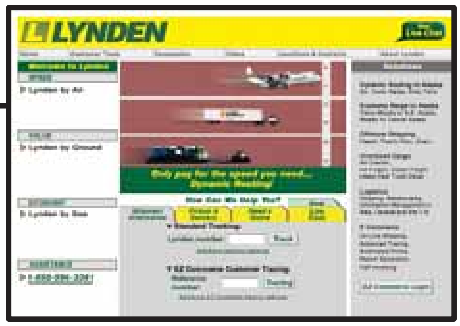
The Erb Group of Companies developed from a one-man operation in 1959 to an industry leader that currently employs over 1,200 staff and 140 owner/operators across a network of 10 terminals. Customers rely on Erb transportation for the smooth delivery of time- and temperature-controlled products to more than 24,000 consignees throughout most of Canada and all 48 continental states. Whether you visit the web site as a customer, potential employee, or just a curious guest … take some time to get to know Erb–the refrigerated transportation specialists.

Lily Transportation Corp. • www.lily.com

Lily provides dedicated contract carriage for companies that have time-, temperature- or customer-sensitive deliveries. Utilizing the Lily Platform for Continuous Improvement allows Lily to track, report, and take action based on data to continuously improve delivery results. Some customers: Whole Foods Markets, Lindt Chocolates, VersaCold, Legal Sea Foods and NAPA. Our people, process, and knowledge deliver exceptional results.

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.



IN THIS SECTION:
Trucking

Old Dominion Freight Line • www.odfl.com

Old Dominion Freight Line is a Super Regional motor carrier serving both regional and interregional markets. Check out its web site for online features including company information, chairman's message to keep you up to date on Old Dominion activities, transit times, class rates, pickup requests, employment opportunities, the latest international services, and a customer secured area. By providing these online features, Old Dominion reinforces its commitment to becoming the premier transportation company in the industry.

Ruan • www.ruan.com

At Ruan, we understand what moves business: ideas. It's a matter of vision, creativity, innovation and strong partnerships. In terms of transportation services, it's about moving goods or materials to where they need to go, when and how it's most efficient and profitable. This is what we've delivered for our customers, day in and day out, since 1932. Find out why the right partner can drive costs out of your supply chain–call 866-RUAN-NOW or visit our Web site–ruan.com.

Schneider National • www.schneider.com

Schneider National is more than just truckload services, it's the leading provider of premium truckload and intermodal services. Schneider National creates transportation solutions for customers using the broadest portfolio of services in the industry. Schneider National has several divisions that provide transportation and transportation-related services: One-way Truckload, Dedicated, TruckRail, OptiModal, Brokerage, and Expedited. Visit Schneider's site to find out more about the company and the services it provides.

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With headquarters and administrative functions based in Warren, Mich., Universal Truckload Services Inc. (UTSI) is a primarily non-asset-based provider of transportation services to shippers throughout the United States and in the Canadian provinces of Ontario and Quebec. UTSI conducts its operations through operating subsidiaries under the brand names Mason and Dixon Lines, Mason Dixon Intermodal, Economy Transport, Louisiana Transportation, Great American Lines, CrossRoad Carrier, and Universal Am-Can. Find out how UTSI can meet your trucking needs by visiting the web site today.

CALENDAR

YOUR LOGISTICS **DATEBOOK**

Oct. 21-23, 2007, APICS International Conference & Expo, Denver, Colo. The conference focuses on the importance of vision as it pertains to individuals, organizations, and the industry. Attendees choose from 100 educational sessions covering everything from industry standards to new advancements.

888-889-4674
www.apics.org

Oct. 21-24, 2007, CSCMP 2007, Philadelphia, Pa. This year's event features new speakers, fresh topics, and all the latest information every supply chain professional needs to know. Don't miss keynote speaker Carly Fiorina, former Hewlett-Packard CEO.

630-574-0985
http://cscmp.org

Nov. 7-9, 2007, Air Cargo Americas 2007 Trade Show, Miami, Fla. The Air Cargo Americas International Congress and Exhibition is the largest air cargo exhibition in the Western Hemisphere. The 2007 show offers excellent opportunities for companies to market their products and services to leading manufacturers, exporters, freight forwarders, importers, and distributors.

305-871-7910
www.aircargoamericas.com

Nov. 28-30, 2007, Dangerous Goods Symposium for Instructors, Deerfield Beach, Fla. Labelmaster sponsors this unique, three-day symposium that enables instructors responsible for dangerous goods training to network and discuss important trends and issues. The symposium includes a plenary day, a field trip, and workshops. Some topics on the agenda are dangerous goods packaging; classroom methods; radioactives for instructors; and regulations review.

800-621-5808 x2350
www.airregs.com/conferences

March 9-12, 2007, Council on Safe Transportation of Hazardous Articles 2008 Annual Forum, St. Petersburg, Fla. Expand your knowledge, sharpen your skills, network, and share best practices with hazmat professionals at COSTHA's annual forum and expo. The 2008 forum features an exhibit area near the general sessions.

703-451-4031
www.costha.com

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knowledge, system flexibility, and service performance levels critical to the industry, while improving your bottom line.

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- **Lily Transportation Corp.** pg. 49
Many well-known companies have already come to Lily Transportation for their dedicated logistics needs. Trust the company named after Mom.

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- **Lynden** pg. 45
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- **Penske Logistics** pg. 67
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www.penskelogistics.com 800-221-3040

- **Ruan** pg. 37
Ruan is more than just a nationwide transportation company, it's an advocate for your bottom line. Whether your solution calls for logistics, warehousing, intermodal, cross-docking, or virtually anything else in between, Ruan can move your supply chain forward.

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- **SinoNRS** pg. 93
National Retail Systems (NRS) has teamed up with Sinotrans, China's largest integrated logistics company, to offer a revolutionary solution for seamless factory-to-store import delivery. It's the best of both worlds in one logistics partner.

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- **Pilot** pg. 25
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  www.pilotair.com 800-HI-PILOT

- **Velocity Express** pg. 14
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  www.velocityexpress.com 888-839-7669

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  All freight payment services are not equal. With the most industry experience for implementing complex processing systems, Cass Information Systems is the leader in customized freight bill audit, rating, payment, and information services.
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- **CT Logistics** pg. 85
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  If you are looking to streamline and automate your freight bill payment process look at *TrafficPro* from National Traffic Service. *TrafficPro* finds duplicate payments from all your TL, LTL, package shipments and airfreight bills.
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- **Con-way Freight** pg. 5
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- **Covenant Transport** pg. 61
  Covenant Transport's regional, dedicated, temperature-controlled, and expedited long-haul services are ready to run for you. Whatever your shipping needs are, Covenant fits the bill.
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THE **LAST MILE**

THE SUPPLY CHAIN IN BRIEF

Overseas Outsourcing:

Are you paying enough attention?

P

POLICIES
Do you have procedures to ensure corporate objectives are followed?

O

ORIGIN
Do you identify and verify product origin?

R

RECALLS
Do you have a program to inform consumers and agencies of defects?

T

TESTING
Do you test products (internally/externally) and document/track results?

M

MANAGEMENT
Do you have commitment and corporate objectives?

I

INSPECTIONS
Do you inspect your foreign factories (announced/ unannounced)?

Shout it Out

The torrential problems facing today's exports from China should serve as a wake-up call to all importers that the time to act is now: be proactive and not reactive. Companies need to focus on their entire global supply chain, and know all that is necessary to ensure that the safety and quality of imported products is not inferior or somehow compromised.

Y

YOU
Know your product and must exercise reasonable care to protect consumers.

S

SUPPLIERS
Do you have quality/safety requirements in writing/ acknowledged?

A

AUDIT
Do you have a product safety audit plan?

F

FOLLOW
Do you follow or benchmark what your competitors are doing or recommending?

E

EXAMINE
Do you examine what's going on with your product outside the U.S.?

T

TRAINING
Do you train internal units and suppliers on product safety?

SOURCE: Despina Keegan, JPMorgan Global Trade Services, 2007

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