One key step to finding answers to any logistics, supply chain, or technology challenge is knowing the right questions to ask.

Inbound Logistics assembled a team of supply chain and logistics technology leaders, and asked for their perspectives on the important logistics challenges and opportunities impacting your business.

More importantly, these logistics thought leaders can give you guidance when considering improvements to your business processes.

THOUGHT LEADERS

Using In-Truck Technology to Cut Costs

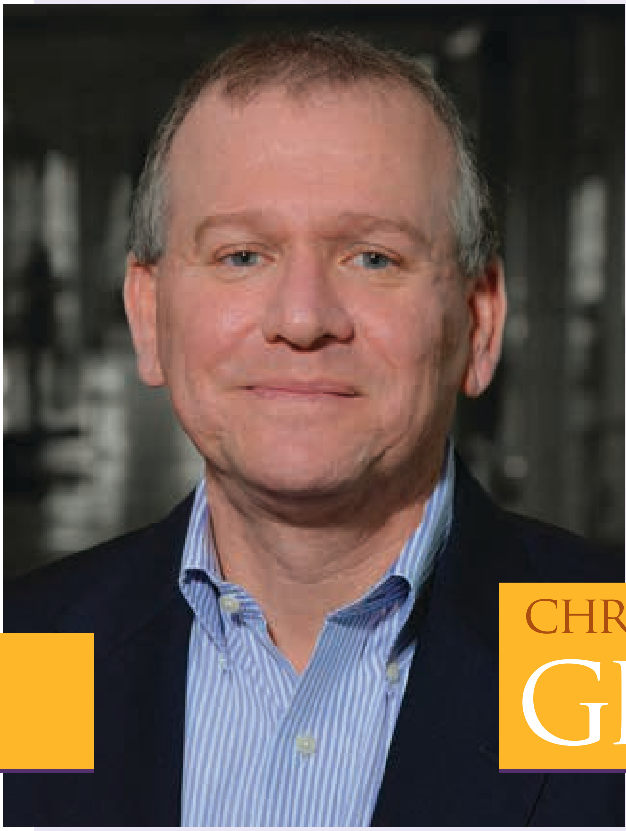
Q: What cost factor should shippers prioritize during carrier selection?

A: Invoice price is often the driving factor in carrier selection—which is logical, because everyone operates with very thin margins. But that may be flawed thinking. Instead, consider the total cost of utilizing a carrier. For example, administrative costs are a large part of internal costs, but they can be mitigated using technology.

Q: What types of technology can help achieve these results?

A: Electronic data interchange and XML technology can allow seamless data integration among supply chain partners, resulting in significant processing cost reductions. Real-time status updates reduce or eliminate the need to check on loads via phone or email.

Better yet, exception reporting—where notifications are sent when operations fall outside normal parameters—can mean a quicker response to issues.



Technology can help lower administrative costs—and, in turn, cut overall costs. And exception reporting means less time spent checking routine shipments, and more time available to respond to the inevitable issues.

Q: How will Automatic Onboard Recording Devices (AOBRD) impact the drayage business?

A: While common for large, over-the-road carriers, AOBRDs are not widely adopted in the drayage business. Hours-of-Service rules play a less important role for drayage than for trucking in general, so the overall impact will likely not be significant in terms of capacity. But it will represent a significant expense that may be challenging for some carriers.

On the other hand, it will also present an opportunity to use the technology to improve operations. Geofencing and exception reporting can allow dispatchers to more easily track shipments and respond to service issues. GPS tracking will reduce carrier liability for International Registration Plan and International Fuel Tax Agreement audits. So while carriers will incur additional costs, they can also benefit.

Q: What would you like to see when the rules pertaining to AOBRDs are published?

A: It would be hugely beneficial if the rules specified a standard format for data from all providers. Independent contractors play a major role in trucking, and making the systems device-agnostic would allow independent contractors (ICs) to retain their units as they move from one carrier to the next. The truck owner—not the carrier—would own the AOBRD. They would have to address some costs, but overall costs would be lower, because there would be no installation and removal costs as ICs move from carrier to carrier.

The Evans Network of Companies | 570-385-9048 ext. 3066
chris.giltz@evansdelivery.com | www.evansdelivery.com

CHRIS GILTZ
Senior Vice President of Operations
The Evans Network of Companies

Technology Supports 3PL-Carrier Partnerships

Q: How has technology enhanced the relationship between third-party logistics (3PL) providers and carriers?

A: The term "shuttle diplomacy" typically describes foreign negotiations between governments and political entities across great divides. Technology has served the same role in the transportation industry, particularly in strengthening partnerships between 3PLs and carriers.

In the past, carriers and brokers tended to work in separate silos, holding their cards close to their vests when it came to sharing information. Today, technology has allowed us to break down those barriers, and improve communication in productive and positive ways.

Freight management software is one of the brightest stars leading this trend. It has allowed 3PLs and carriers to lower shippers' costs by up to 15 percent — and still create a win-win-win outcome. How? The answer gets back to shuttle diplomacy.

Consider the example of a shipper who deploys a fleet of trucks to deliver 10 different loads to customers in multiple locations. On the return trip, five of those trucks get back on the road shortly after making their deliveries, fully loaded with new shipments. Unfortunately, the other five are burning money waiting to coordinate backhauls – perhaps due to insufficient demand on the other end, or possibly a carrier who is traveling a new and unfamiliar lane. If this cycle repeats week after week, the shipper may receive a sticker shock at the end of the year.

Powered by the Internet, transportation software can analyze the traffic patterns of thousands of carriers to pinpoint the ones that are best suited for specific lanes. Bid offers are then distributed and processed electronically to the most qualified carriers.

Here's the win-win-win: Shippers typically get more competitive pricing, greater reliability, and better service. Carriers reduce their operational costs with more regular runs. And 3PLs grow overall sales volume with oversight of even more loads through stronger relationships with both carriers and shippers.

Freight management systems also provide greater efficiencies in mode selection, so businesses are not wasting the space of a full truckload with a less-than-truckload shipment, or vice versa. Furthermore, companies are able to be proactive — rather than reactive — in sharpening the efficiencies of their daily transportation operations.

GREG SYFAN
President
Syfan Logistics

The bottom line: Today's transportation technology provides better control results throughout each step of the transportation process — with the greatest rewards being shared by all. That is the ultimate shuttle diplomacy.

Syfan Logistics | 855-287-8485
greg.syfan@syfancorp.com | www.syfanlogistics.com

The Benefits of an Integrated Transportation Solution

Q: What market trends are compelling shippers to reconsider their transportation management strategy?

A: For one, a capacity shortage is happening. Shippers are also pressed by equipment investment and maintenance, transportation regulations, and the costs incurred trying to recruit and retain qualified drivers. As a result, some private-fleet owners are questioning that model. Should transportation be a core business?

Coming out of the recession, shippers and carriers "right-sized" their fleets to match demand. Now, as freight volumes are picking up, the industry is jockeying for coverage. Private-fleet shippers need to make a decision about how to ramp up capacity.

Some are hesitant about sinking capital into new equipment or expanding their fleets. Moreover, relying entirely on common carriers or the spot market may not meet requisite requirements. Instead, some are considering an integrated transportation approach.

Q: How does an integrated transportation solution work?

A: The idea is to look across the network, at all the different transportation options available, and find an optimal blend that best serves a shipper's unique needs. For example, a company can leverage a base dedicated fleet operation to manage lanes or customers that require a higher level of service, then use core carriers or brokers to fill gaps and accommodate seasonal spikes or exceptions.

A dedicated solution adds a layer to existing transportation solutions, providing shippers with greater coverage and flexibility to scale assets to need. A dedicated solution provides shippers with the reliability, customer service, and control they'd expect from a private fleet.

Capacity is rarely static, however. Companies need to account for changes in demand across their network to achieve greater productivity and economy. With an integrated solution, they can look at how to better optimize LTL to TL moves, or TL to intermodal — identifying gaps and directing transportation solutions to address those needs.

Q: What benefits do shippers stand to gain by using an integrated transportation solution?

A: Given the challenges that shippers face, flexibility is important. An integrated transportation solution forces companies to look at their network in a more holistic and creative way. It also creates a model for continuous improvement by providing all the order data, which can be turned into information that will guide decision-making on optimizing activity across an integrated transportation solution.

Perhaps a shipper is having issues with driver retention or empty miles. Maybe there's an opportunity to work with consignees more collaboratively to consolidate LTL moves to full truckload. Asking these types of questions empowers shippers to optimize in countless ways.

What it comes down to is matching capacity and service requirements to need as efficiently as possible. When you have options, as an integrated transportation model delivers, that task is more easily realized.

Ryder Dedicated East | 888-887-9337
www.ryderscs.com

STEVE MARTIN
Vice President of Operations
Ryder Dedicated East