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

Bridging Performance Gaps with GTM

Q: What is driving investment in global trade management systems?

A: From 2003 to 2013, the value of world merchandise trade nearly tripled, with companies from large to small aggressively pursuing emerging markets as a way to grow top-line revenues and reduce costs through low-cost country sourcing. According to a July 2013 *SCM World* survey, 48 percent of its member companies now do business in more than 50 countries, and 32 percent do business in more than 100 countries. That same survey showed that 35 percent of members now realize more than half of their total sales from customers located in foreign markets, and 41 percent now import more than half of their products/materials from foreign suppliers.

This globalization surge has put tremendous pressure on companies' international supply chains and the cracks are beginning to show. What good is an optimal manufacturing schedule when the raw materials needed to make the finished goods get delayed in customs? How valuable is $10 saved on a domestic over-the-road move when you had to pay $400 to expedite the international shipment? While high-performing domestic supply chains are extremely valuable, companies are realizing their international supply chains aren't up to snuff. It's little wonder why. Over the past decade alone, companies have collectively spent over $100 billion on domestically focused supply chain solutions and a paltry $3 billion on internationally focused supply chain solutions. Consequently, companies are looking to global trade management systems to fill the performance gap.

Global trade management (GTM) systems automate and optimize the uniquely global aspects of international supply chains, just as traditional supply chain systems automate and optimize domestic supply chains.

Q: What are the critical pieces of a successful GTM system?

A: Global trade is complex, involving sourcing optimization, foreign supplier management, import/export compliance, global transportation management, duty minimization, and supply chain visibility. To complete a single global move, information must flow seamlessly across all these functions, and across all the extended trading partners involved in the transaction. This means a strategic, integrated approach whereby all these functions are orchestrated within a common suite. It's analogous to a traditional supply chain management suite whose components—forecasting, inventory planning, manufacturing planning, transportation planning—work collaboratively to optimize the domestic supply chain. What makes the international supply chain more complex, however, is the dynamic nature of the country-specific rules and regulations that govern global trade. A GTM system must include these rules and regulations to execute global shipments accurately, cost-effectively, and compliantly. Any miscues with these regulations result in supply chain delays, lost savings opportunities, and potential fines and penalties.

Amber Road | 201-935-8588
Solutions@AmberRoad.com | www.amberroad.com

SCOTT BYRNES
Vice President of Marketing
Amber Road

How to Get More From Your TMS

Q: Capacity is top-of-mind today. How can supply chain partners collaborate around Transportation Management Systems (TMS) to create capacity?

A: There are many ways to collaborate to generate capacity. For example, shippers are increasingly participating in general load boards, tapping into capacity that sometimes flies under the radar. To be successful, they need a TMS that not only manages rates and contracts, but also helps facilitate spot quotes across all the load boards to find capacity.

Another trend in securing capacity is using private load boards. For example, about 1,500 shippers and carriers participate in MercuryGate's FreightFriend load board. Shippers are increasingly looking at how to collaborate in private communities; carriers benefit by gaining access to customers they might not have.

Shippers are also becoming more collaborative when it comes to sharing rates, which no one wanted to do in the past. But now they understand that sharing rates helps them determine if they are not paying enough in a particular area to generate capacity.

Chief Commercial Officer
MercuryGate

DAN VERTACHNIK

Q: TMS solutions have reached a certain level of acceptance and maturity. What is the next level of achievement?

A: We constantly have to skate toward where the puck is going to be. For instance, shippers are looking for a single platform – a one-stop shop – to manage their supply chains. An efficient TMS enables shippers, lead logistics providers, forwarders, and brokers all to collaborate.

So what's the next level of achievement? Moving upstream into international trade, and bringing together transportation management solutions and global trade management solutions. For instance, MercuryGate currently offers customs management and international contracting, and we're continuing to bring traditional international trade pieces into our TMS.

Another level of achievement is using a TMS for contingency planning. If a natural disaster occurs, and a ship doesn't sail from a port in China, where do shippers re-source from? How do they re-plan that shipment?

Traditional TMS are also bringing fleet management, driver management/pay, high-volume parcel moves, and last-mile routing into their solutions.

Q: What role does TMS play in analyzing data to enhance enterprise transformation?

A: Data plays a key role in transportation and control tower visibility, and decision support among trading partners. A TMS has to manage every piece of data, and quickly, so users can store and retrieve data in the cloud. All partners have to be able to manage the data, know when shipments are at risk, and use it to re-plan in transit.

Q: When using a TMS, what is the biggest value some shippers leave on the table?

A: Shippers leave value on the table when they don't learn how to fully use a TMS. Vendor support is key. A lot of TMS training focuses on the bells and whistles, but practical application is crucial. Spend some time with your provider so you can learn how to use the TMS in your own environment to drive value.

MercuryGate | 817-416-3862
danv@mercurygate.com | www.mercurygate.com

Uncovering Value Through Performance Metrics

Q: How do performance metrics aid a shipper in getting the most supply chain benefit from their containerized transportation providers?

A: Performance metrics help uncover value throughout global supply chains. When these metrics are used properly, value can be found in all areas and go much deeper than the typical price and vessel reliability data most commonly used. For a shipper to achieve maximum value from their carrier, dependable performance must exist from the most basic shipment transactions to final delivery at destination. For example, this would include items such as timely booking confirmations and accurate documentation. Taking into account transactional matters such as lost opportunities due to booking delays, and additional variable costs due to documentation amendments, provides a more complete evaluation. Measuring reliable performance throughout the supply chain enables shippers to assess their transportation provider in a more holistic approach. When visibility to these various facets of the supply chain come together, it enables a shipper to determine a carrier's total value.

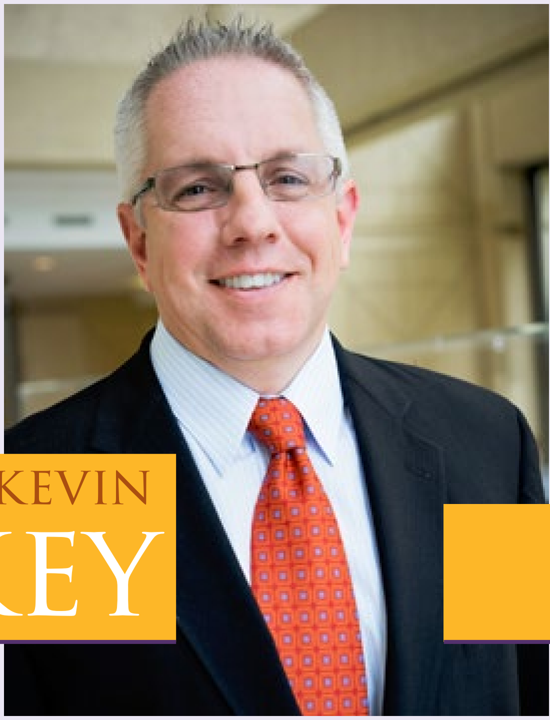
KEVIN HICKEY
Vice President,
North American Customer Service
Maersk Line

Q: What is the impact of performance metrics on the shipper-carrier relationship?

A: Performance metrics that are specific, granular in nature, and shared on a regular basis stimulate dialogue between shippers and carriers. This collaboration strengthens the business relationship and creates a trusted partnership built on open communication. By maintaining an honest dialogue, specific improvement areas may be uncovered that will enhance supply chain success and the overall working relationship. Most importantly, determining what actions can be taken separately or jointly to improve outcomes further supports the value delivered. Collaborative relationships grow and change over time but can't continually improve if there isn't a common set of metrics that help to define the relationship and the performance of both parties.

Q: What is the impact of ongoing performance metric improvements?

A: Metrics are essential indicators of productivity and future success. Continually reviewing and improving key metrics enables shippers and carriers to build a constructive relationship and increase their respective



opportunities to win in the marketplace. Whether it's reducing waste, capitalizing on new opportunities, or proper exception handling, all are critical components for any organization to regularly measure and enhance performance. At Maersk Line, we believe that our customers' success is dependent on their ability to deliver what they have promised. We support these promises with Customer Charter performance metrics that enable us to continuously offer end-to-end supply chain value and partnership that goes above and beyond standard metrics in the marketplace, such as vessel reliability.

Maersk Line | 704-571-2696
Kevin.Hickey@maersk.com | www.maerskline.com

Understanding Capacity Constraints

Q: Why are capacity constraints an industry-wide issue?

A: Tightening capacity is an issue across the nation, with the industry rapidly approaching 100-percent active truck utilization. Historically, when the industry has experienced capacity constraints, we were able to purchase or obtain the extra capacity. Right now though, there is no extra capacity to purchase. That means shippers have to pay more than their competitors, or find the perfect match between a carrier that has needs in the exact lane the freight is moving.

More significantly, the capacity issue is not because of tractor truck availability. Many shippers say they pass by truck yards and see trucks just sitting there—but this is where we need to educate them. Trucks sitting in a yard is about active utilization, and for most of the larger truckload carriers, 10 percent of their fleet is sitting empty right now.

Q: What has led to the capacity constraints?

A: The driver shortage continues to be a major concern. Along with the shortage, we have an aging workforce. Research shows 51 percent of truck drivers are 45 years or older, and 17 percent are over the age of 55. We are losing drivers to retirement, and there are not enough younger drivers entering the workforce to replace them.

The driver shortage is closely followed by increased regulations. In July last year, the Federal Motor Carrier Safety Administration made changes to the Hours-of-Service standards. One of our account managers refers to this as the day the world changed in transportation—and it certainly has had an impact on capacity and truck utilization.

With increased cost pressure, bankruptcies have also become an issue in the trucking industry over the past two years. In the second quarter of this year, nearly 400 carriers had filed for bankruptcy. Fewer operators equates to more capacity being driven out of the industry.

Q: What solutions are there for shippers to deal with the capacity constraints?

A: A few solutions are available for customers. The first is using technology so a shipper can optimize shipments by its customers. The result is fuller cube and fewer trucks needed. We also explore modal shift opportunities to move shipments from truckload to intermodal, or from multi-stop truckload back to less-than-truckload, when feasible. Optimization and modal shift efforts are more easily accomplished by working with a logistics partner versus trying to coordinate independently.

Another way to address capacity challenges is to use a dedicated network to secure capacity. This provides drivers and equipment that are truly dedicated to your business. This type of operation is a growing trend as it insulates companies from capacity constraints and driver issues. Finally, it is important that shippers consider all factors under their control to become the preferred choice for their partner carriers. As demand increases and capacity decreases, carriers can now be selective in the freight they haul.

Ryder System Inc. | 817-490-5838
pboothe@ryder.com | www.ryder.com

PAUL
BOOTHE
Director of Transportation Management
Ryder System Inc.

Shippers Get Creative With Multimodal Solutions

Q: What are some imaginative ways that different transport modes can work together to create new choices for shippers?

A: In today's global marketplace, shippers often need solutions that go beyond U.S. borders and involve multiple modes to move goods from the point of origin to the final destination. Rail transportation is a critical link that supports the efficient and reliable flow of goods, and providers such as Florida East Coast Railway (FECR) work with multiple transportation providers to serve customers. In fact, more than 75 percent of FECR's volumes are intermodal. In addition to services provided to motor carriers, FECR has developed strategic alliances with South Florida ports. These relationships deliver significant benefits to shippers – cost-effective transportation, additional capacity, and reduction in highway congestion delays.

Q: Can those ways also reduce delivery time to market without substantially raising costs?

A: Shippers can reduce costs and achieve faster delivery through multimodal solutions. For example, customers moving domestic or international freight through FECR's new intermodal container transfer facility (ICTF) adjacent to Port Everglades are able to handle cargo with greater efficiency. Containers no longer need to be trucked via congested interstate highways to and from an off-site rail facility.

FECR has also invested in on-dock rail capabilities at PortMiami, allowing cargo to be easily transloaded from ship to rail, saving the time and expense of additional transportation from the port to an off-port rail facility. With on-dock rail capabilities at both ports, FECR can now efficiently serve the central Florida market using its Cocoa facility with minimal on-highway miles. Historically, this freight moved by truck from Jacksonville to Savannah, on very congested highway routes.

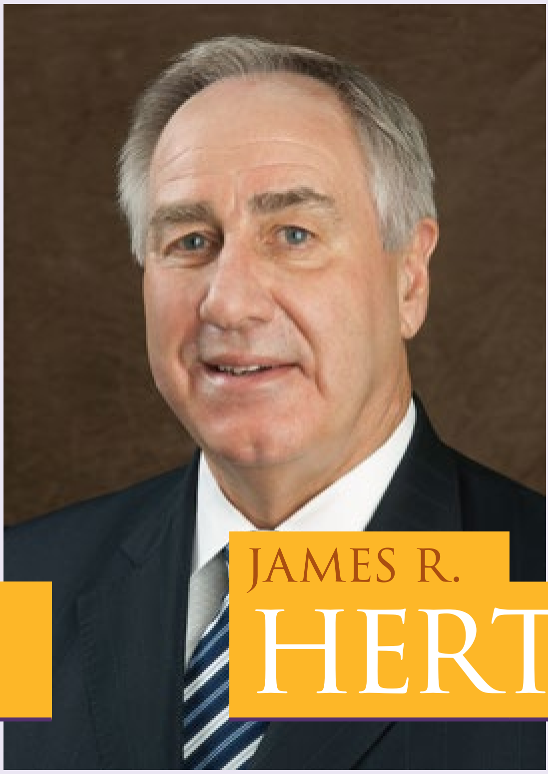
In addition, the South Florida Logistics Center (SFLC), a warehouse and distribution center offering state-of-the-art fumigation, is located adjacent to FECR's Hialeah rail yard with on-dock rail service from both Port Everglades and PortMiami. FECR also has an inter-facility shuttle that allows goods to be moved without travel on congested highways.

All of these innovative relationships offer supply chain enhancements, and everyone benefits from reduced carbon emissions and less congestion on our nation's highways.

Q: How can ports, railroads, trucking companies, and others work together and offer blended solutions that ease the capacity crunch?

A: With tightening capacity in other transportation modes, and the increased level of highway congestion, rail transportation, and furthermore intermodal rail transportation, can provide needed capacity while offering cost-effective, reliable service. Intermodal solutions can be especially helpful in locations such as South Florida where there is a significant imbalance of freight flows due to consumption outweighing production. By working with providers like FECR, motor carriers avoid the cost of empty backhaul loads, and shipments are not delayed due to lack of capacity or congested highways.

Florida East Coast Railway | 904-279-3111
media@fecrwy.com | www.fecrwy.com



JAMES R.
HERTWIG
President and Chief Executive Officer
Florida East Coast Railway