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

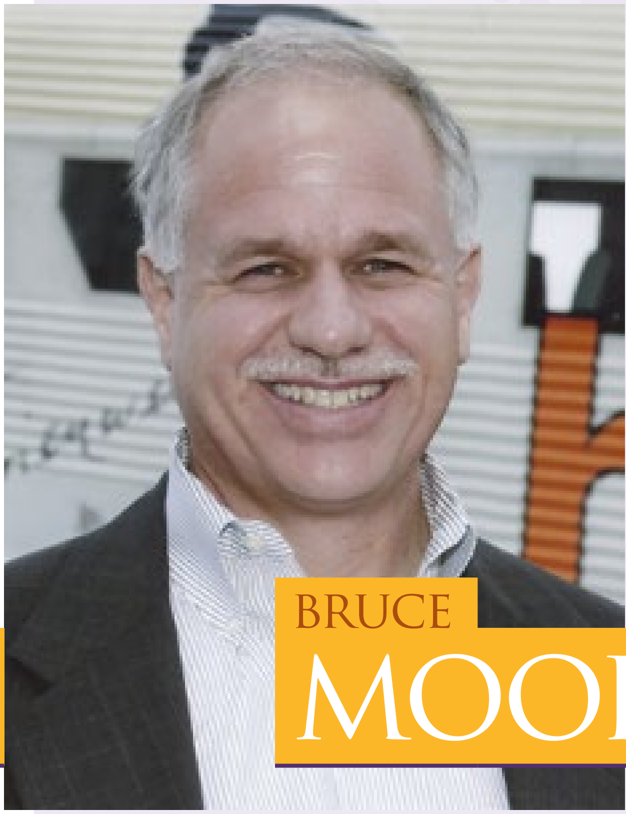
Using Big Data to Build Tomorrow's Supply Chain Today

Q: How can transportation and logistics companies use big data to differentiate themselves?

A: Supply chain professionals in all industries and government sectors must transform their supply chain process to meet organizational strategies and goals. Information fusion breaks down the barriers spanning all demand-supply enterprises. A critical requirement is real-time, high-quality, reliable data and information that enable management action.

This approach provides procurement and logistics professionals sizeable cost savings and improvements in performance, speed, and agility. With a strategic data strategy, logistics companies can more effectively:

- Secure high-risk cargo
- Enable supply chain collaboration
- Enable asset, shipment, and personnel visibility
- Provide supply requirement and maintenance condition predictability
- Eliminate traffic congestion and environmental pollution



Q: What are some of the challenges for logistics and transportation companies related to big data?

A: Logistics supply chain networks not only optimize internal operations, but also interoperate with external networks. These logistics networks are analogous to internetworking, defined as the connecting of two or more distinct computer networks or network segments via a common routing technology, such as the Internet.

Designing, building, and operating this new class of networks makes it necessary to introduce a new framework we call "logistics internetworking." Logistics internetworking ties together infrastructure, data, information, workflow, and even policy governance for interoperability.

Q: How can companies use mobile technology solutions to gather and interpret information to drive improvements in business performance?

A: Smart chips, microscopic computers, and sensors will permeate the physical supply chain, including items, pallets, containers, ships, trucks, and planes. New software will then automate processes and workflows that are now either paper-based or human-based.

This technological surge will close the gap with the logical or information supply chain, fusing the two into a cohesive neural supply chain.

In addition to data fusion, there is process fusion—such as standardizing processes and understanding the various interlinked processes. This provides operations visibility across the entire process chain, which can improve all logistics-related functions, such as:

- Distribution center sort optimization
- Back-haul activities
- Revenue and fuel management

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The Case for Transportation Management Software

Q: What innovative technology initiatives help increase supply chain efficiencies?

A: The number one return on investment (ROI) that will provide continuous process improvement, and at the same time keep freight costs under control, is integrating a transportation management system (TMS) with a shipper's existing systems, such as an ERP solution, warehouse or order management system, or even another TMS. The integration can be real time or batch driven, and is influenced by several factors, such as freight volume, lead times, customer-specific routing requirements, and system capabilities.

Numerous case studies demonstrate how integrating with a TMS can reduce freight costs five to 10 percent using the shipper's existing group of carriers and rates. There is no need to change who they do business with, and they maintain complete control of the final routing decisions. Leveraging TMS capabilities—such as the rate engine, bill of lading generator, electronic shipment tendering, shipment status retrieval, carrier invoice auditing, and reporting—helps shippers make better real-time decisions, then take immediate action based on them.

JOE BAKER
Chief Executive Officer
SmartFreightWare

A modern, Web-based TMS supports a wide variety of flexible, scalable connection points. In today's on-demand Software-as-a-Service (SaaS) environment, integrating with a TMS has never been easier. SaaS reduces the level of effort and expense required by IT departments to implement and maintain the integration, ultimately providing a faster ROI.

Q: What is the most common obstacle to TMS implementation?

A: Most businesses that ship frequently have established contracted rates with less-than-truckload carriers, either directly or through a third party. Yet even with all of the third-party research available today outlining the benefits of using a technology solution to manage contracted rates, many shippers have not adopted a TMS.

Decision makers typically have a list of excuses not to implement a TMS: their current process works fine; TMS solutions are too expensive; the company tried using a TMS before and it didn't work well with their processes; they have a million-dollar freight spend budget, but can't spend a penny on logistics software; or freight management software is too difficult to deploy.

But on-demand TMS have largely eliminated the cost and resource constraints companies have traditionally faced in implementing new technology and continuous improvement initiatives. By eliminating these constraints, companies can break free from the status quo and implement best practices that result in significant cost savings and productivity improvements.

Shippers adapting to the ever-changing transportation environment are seeing improved productivity and significant cost savings coming out of their transportation department by implementing transportation management solutions.

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Meeting the Challenges of the Ever-Evolving Compliance Environment

Q: Even though developing markets are growing rapidly, many companies are reluctant to expand operations overseas because they do not have relationships there, are unsure of the infrastructure, or are not familiar with local demands and requirements. What options are open to them?

A: Looking for the right place to expand overseas is more important today than ever, and understanding compliance regulations fully and correctly is a driving factor in determining whether a company is successful in a foreign market.

Companies also need to be careful making large investments in a global economy that is still very much in recovery mode. The return on investment today could take much longer than expected. Due diligence is therefore critical.

The more companies can learn about global markets—such as compliance standards, local regulations, import laws, information on products that are favorably imported, and trade agreements currently in place—the better prepared they will be to enter those markets. Here again, collaborating with a global logistics provider and tapping into that knowledge and expertise may provide companies a significant leg-up on the competition.

The more information a company can surmise before diving into a new market, the better its chances of success.

Collaborating with a logistics company that has compliance experts on staff can help companies avoid some of the risks that could potentially affect their business and their bottom line. Such services may give them a competitive advantage over companies attempting to tackle market changes and challenges alone.

An example of this practice in action is the U.S. Customs and Border Protection plan to initiate liquidated damages for Importer Security Filing

MICHAEL GRECO

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non-compliance effective July 9, 2013. The penalties of this regulation can make a significant impact to the bottom line of small and medium-sized businesses. This means it is more important than ever for importers to adhere to compliance regulations, and partner with a global logistics provider that will keep them fully informed.

Q: With the increasing complexity of compliance regulations and oversight, how can small and medium-sized businesses ensure they are fully compliant?

A: Given the tight economy, most organizations' resources are strained. Many companies are not in a position to employ subject matter experts. For many small and medium-sized businesses, it makes sense to collaborate with a global logistics provider to help stay on top of market changes.

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Making a Business Case for GTM

Q: What is the role of global trade management (GTM) in organizations today?

A: In today's world, GTM is more than compliance. GTM practitioners should think of GTM as standing on three equal pillars: compliance, supply chain finance, and global logistics. A holistic approach is necessary given the growing complexity – both in regulations and geography – of international trade.

Q: How can companies sell the importance of GTM to upper management?

A: One of the greatest challenges GTM practitioners face is elevating GTM to a boardroom priority. The good news is that a strong business case can be made for adopting a holistic approach at the executive level. For example, by automating trade compliance, a typical company can expect to see a five- to eight-percent reduction in transportation costs; 10- to 15-percent reduction in cycle stock inventory; and four to seven days' compression in order cycle times.

Start by benchmarking your operations. Knowing where you are and where you need to be is vital to improving operations and demonstrating to management how a strong GTM program benefits the company. By identifying opportunities and current deficiencies, you can then move to providing a business case on how a strong GTM program can lower costs, streamline processes, and improve customer service.

Q: What is the structure of a strong GTM program?

A: Two key pieces to a strong GTM program are integration and centralization. First, apply an integrated view of the supply chain to all aspects of GTM, including logistics, supply chain network design, and global sourcing decisions. Make sure you are connected to your carriers, 3PLs, customers, suppliers, and other important players in your supply chain. Incorporate your supply chain finance and working capital management considerations into global supplier and customer relationship management and inventory-related decisions.

Second, centralize your operations, both by geography and technology. Best-in-class retail companies are 50 percent more likely than their competitors to have a centralized global supply chain management organization, according to an Aberdeen Group global supply chain visibility study. These retailers are also twice as likely to have trade compliance management centralized at the enterprise level.

Q: What other factors should shippers consider when creating a strong GTM program?

A: Recognize that there is no one-size-fits-all solution. Look for automated, flexible solutions that adapt to meet your changing needs, and turn paper-based transactions into an electronic data flow. When choosing a provider, look for a company that has successfully deployed its solution at a company similar to your own, within your industry.

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TY BORDNER

Collaborative Freight Strategies Offer Lower-Cost Alternative to LTL

Q: Why is it important for small and mid-sized consumer packaged goods (CPG) shippers to collaborate on freight strategies to remain competitive?

A: If they don't, they will continue to pay more than their larger competitors, who have the volume to ship more economical full truckloads.

For years, smaller shippers have accepted the higher cost and unpredictable schedules sometimes associated with less-than-truckload (LTL) carriers. That's changing as low-volume shippers are leveraging the matchmaking capabilities of third-party logistics (3PL) providers to combine freight from multiple companies shipping to the same region. This simple "share-the-ride" strategy can cost 25 to 35 percent less than using LTL for the same moves.

Q: What are the potential drawbacks of LTL?

A: The most expensive miles for a truck are the first 50 and the last 50. LTL may cost more because it involves multiple first- and last-mile sequences—as many as six—to move freight across the country through several LTL carrier networks and terminals.

Another drawback is that shipments sometimes take longer than you'd expect. A consolidated truckload shipment from Pennsylvania to Arizona takes about three days, compared to six to 10 days via LTL.

Q: What alternatives to LTL exist for small CPG shippers?

A: For region-to-region shipments, pool distribution is an effective, but underutilized, strategy. Let's say multiple companies in the Northeast need to ship products to the West Coast. With a pool strategy, these companies can ship to a regional consolidation center where multiple customer shipments are consolidated to create a single truckload for the direct, cross-country journey. Once freight arrives, a pool distributor handles final delivery.

Consolidation opportunities also exist for last-mile delivery, and many 3PLs have built campuses for distribution of like—and even competing—products to the same retail customers. These 3PLs engineer final truck routing based on each shipper's strict delivery requirements and urgencies.

Q: Freight consolidation is not a new idea. How are these collaborative freight strategies different?

A: Today, consolidated shipments are the exception, not the rule. But two new developments will help make collaborative distribution a dominant model for freight movement for smaller shippers.

First, shippers are recognizing that, while their products may compete on a store shelf, they do not compete in the back of a truck. So they are more willing to share logistics services and co-locate inventory with similar type products.

Second, retailers themselves have begun to take an interest in combining orders from multiple vendors on a single purchase order. After all, it's far more efficient to receive one full truckload of freight with product from four vendors than to receive the same volume of product in four separate trucks. 3PLs that distribute for numerous CPG companies can enable this retailer initiative.

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Senior Vice President of Transportation and Quality
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Trading Partner Collaboration Yields Supply Chain Value

Q: How can value chain partners collaborate to create and share efficiencies?

A: Retailers and manufacturers have made progress in improving the effectiveness and efficiency of their individual supply chains. They have found savings and efficiencies, and implemented new processes. Now, trading partners must collaborate to find new avenues for improvement. The competitive retail landscape necessitates this collaboration to address challenges such as on-shelf availability, inventory productivity, shopper engagement, and unsaleables.

STEVE DOLLASE
President, Supply Chain
Inmar

Many new tools and techniques are facilitating collaboration. Trading partners are willing to share transportation and distribution assets, even with competitors. Real-time, cloud-based technology platforms provide data and analytics to highlight opportunities—and do so quickly. Trading partners are sharing promotional, point-of-sale, and inventory data to support mutual benefits such as optimized inventory, productivity, and sales.

Technology and real-time data are allowing companies to better understand their inventory, and to optimize it through channel-specific fulfillment. Companies need visibility into their inventory across networks and across multiple SKUs to efficiently forecast and provide on-shelf availability to their brands.

It is also important to collect data on damages, packaging, and out-of-date products at all points along the supply chain to understand the root cause and work toward the reduction of unsaleables for the benefit of all trading partners. The ability to know where and when damages occur, and to share that information between trading partners, is key to taking preventative steps and making sure good quality product is on the shelf for their shared asset: the consumer.

Q: What innovative sustainability initiatives also increase efficiencies?

A: Supply chain technology with transportation analysis capabilities is becoming more important to ensure the most efficient distribution of product in the forward and reverse supply chains by using the appropriate optimization of a manufacturer's current network. As a best practice, manufacturers must validate that their returns process uses the most efficient routes and combination of facilities.

To help commerce operate more intelligently, sustainability must be at the forefront of new ideas. Looking at the entire lifecycle of a product and extending that lifecycle through returns and remarketing keeps viable product out of landfill, and can provide value to companies. Having end-to-end visibility to the supply chain—whether it is reducing unsaleables in the forward or extending product life in the reverse—is a necessity.

Remarketing and liquidating product is only one option to sustaining the life of a viable product. There is also donation and, finally, destruction—which does not have to be landfill, but can be processed to provide energy from the waste.

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Intermodal Transportation's Strategic Advantage

Q: Why are shippers making intermodal more integral to their logistics strategies?

A: Shippers are using intermodal for a variety of reasons. In many rail corridors, intermodal provides a much better value proposition than highway. Rail transportation is often more energy efficient, so "going green" in intermodal means moving freight costs less.

With the driver shortage, increased fuel prices, and implementation of new government policies that restrict hours of service on the road, truck capacity is a challenge. Shippers are always looking for ways to cut costs and improve service. Today's intermodal products do just that.

Q: What steps should shippers take to implement intermodal in their logistics strategies?

A: First, analyze the lanes. Shippers need to determine which areas of the country their loads are coming into and going out of. The longer the haul, the greater the opportunity for intermodal cost savings.

Next, define and view the rates within those geographic zones—empty miles, total miles, revenue miles, loaded miles, billed miles, and movement miles—all relative to the location of the rail ramp pairs. With this information, shippers can determine where intermodal fits their needs.

Most shippers would say their main criterion for this determination is price. The rails in many locations, however, provide more consistent service, allowing shippers to choose rail over truck.

Once shippers determine where intermodal fits into their overall strategy, they price it and provide a service matrix to their clients. The service matrix offers shippers a comparative analysis of the available rail lines and trucking options in their geographic areas. This makes launching the strategy a much smoother process, with pricing and service laid out in an easy-to-understand format.

Q: What is the business benefit of using intermodal transportation?

A: When rethinking logistics strategies, the primary questions are: "How can this benefit my business? What is the value proposition?"

The benefits of intermodal shipping include:

- **Lower costs.** Shippers can take advantage of lower rates, more predictable pricing, and the flexibility of loading and unloading goods in a dropped trailer environment, which reduces handling costs.
- **Environmentally friendly.** Shippers can significantly reduce their carbon footprint by going intermodal, because trains only emit approximately 5.4 pounds of carbon dioxide per 100 ton-miles, whereas trucks emit approximately 19.8 pounds.
- **Reliability, capacity, and safety advantages.** Shippers have more access to equipment and standardized transit schedules. As companies move their freight to intermodal, there is also the opportunity to streamline their reverse logistics, providing additional savings.

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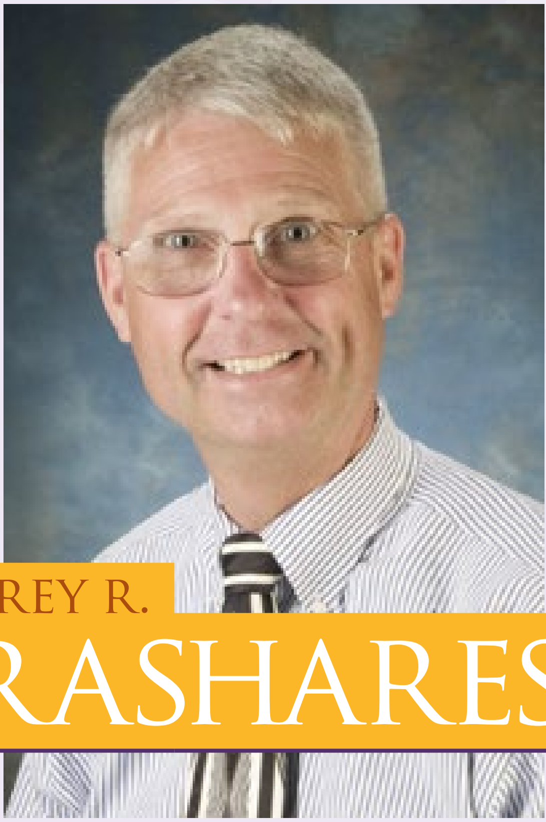

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TMS or 3PL: Which Suits Your Business Best?

Q: How does implementing a transportation management system (TMS) compare to engaging a third-party logistics (3PL) service provider?

A: A TMS provider's core business is offering software solutions that solve customer transportation requirements. Companies that implement TMS solutions are looking for certain capabilities: maintaining relationships with carriers; improving supply chain management and effectiveness; streamlining operations; adding efficiency and reliability; and accessing more accurate and up-to-date information to enhance strategic decision-making. In most cases, shippers rely on their internal transportation and technology professionals to manage TMS operations within their company.

3PLs provide outsourced logistics services to shippers. They may also provide value-added services, such as warehouse management and dedicated dispatch resources.

MICHAEL P. DOLAN
President and CEO
BestTransport

Q: How can a TMS compete with the services provided by 3PLs?

A: TMS solutions providers develop differentiators to effectively compete in the market: a proprietary process, unique product, specific set of employee skills, or close relationship with customers and a track record of always delivering high-quality merchandise on time and on budget.

TMS solutions take advantage of competitive differentiators when providing enhanced technology to improve supply chain execution. Shippers maintain the direct relationship with their customers and carriers, and valuable knowledge built over time stays with the company. The TMS technology is an enabler that can leverage all these factors, and still deliver improvement in bottom-line results.

3PL providers offer a proven alternative to TMS solutions. They bring transportation-specific experience and provide additional services, such as warehousing and distribution management, which complement transportation functions. 3PLs that own transportation assets and maintain strong relationships with carriers can assure shippers that their products can be delivered at any time.

Q: Why would someone choose to implement a TMS over partnering with a 3PL?

A: The following questions can help shippers decide to implement a TMS instead of outsourcing to a 3PL:

- Is maintaining the shipping function and ensuring successful delivery a core competency?
- Are the relationships developed with carriers strategically important to the business? If these relationships have helped maintain high service levels, is there a risk of losing that advantage with a change?
- What are the key decision criteria in making a change? Better efficiency? Cost reduction? Availability of value-added services? Scalability across the supply chain?

As the shipper formulates important decision criteria, the choice for a TMS becomes clear. If maintaining control over distribution through the supply chain, maintaining relationships with carriers, improving processes with best practices, and having tight control over data and information is important to the shipper, then employing a TMS would be best.

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