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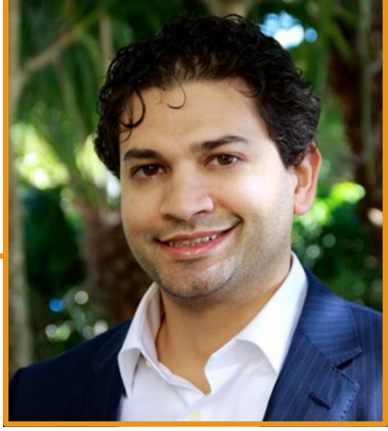



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# Optimizing Inbound Freight Beyond the Shipment Level

In this era of omni-channel fulfillment, supply chain visibility is more important than ever. Yet many shippers are still in the dark when it comes to visibility to a significant portion of their supply chain cost: their inbound freight spend.

Many inbound shipments are supplier-controlled with prepaid terms in which suppliers are adding in the freight charges to the product cost. This leaves the shipper with no visibility to their actual inbound freight spend. As a result, shippers are paying for this lack of visibility in the form of higher total cost.

### The Markup Issue

Inefficiencies in supplier transportation management can be hidden in the product cost. Some vendors manage their outbound freight as a profit center, adding an additional 10%-15% or more to their freight costs, and passing it on to customers via prepaid and add terms.

Eliminating this markup produces immediate cost savings. Gartner research shows that when inbound freight is shipper-controlled and actively managed, companies see 4%-8% savings compared to supplier-controlled with freight included as part of the product cost.

### You've Taken Control of Your Inbound, but Here's What You Are Missing

The majority of shippers that do manage to wrestle freight control away from their suppliers proceed to manage it at the shipment level, focusing on moving shipments from point A to point B. This activity is primarily operational and tactical in nature, affecting only 20% of inbound supply chain costs. Additionally, when inbound freight is only managed at the shipment level, shippers often have difficulty connecting shipment-level visibility back to the PO level. The process is manual and reactive, and significantly reduces responsiveness when issues such as shipment delays occur. Connecting shipment-level visibility back to the PO level will unlock the true savings potential within your supply chain.

Integrated PO vendor management systems and processes can provide seamless end-to-end PO-level visibility without having to manually connect the dots between shipment and PO level.

Supplier compliance is another component that is often overlooked when shippers manage inbound freight at the shipment level. When suppliers fail to follow the established processes, it can have devastating ripple effects downstream throughout the supply chain. For example, if a supplier ships product from a different location than the shipping master in SAP, transit issues, cost differences, additional CS activity and payment issues can occur.

A PO vendor management system should include comprehensive, systemic PO order confirmation to confirm information such as shipping location prior to these issues occurring. Comprehensive supplier scorecards measure and provide visibility to supplier performance and enable the implementation of supplier compliance programs that incentivize supplier performance and enable better supplier of choice decisions.

### Unlocking Your Supply Chain's Full Savings Potential

In order to gain true end-to-end supply chain visibility and unlock the full potential for strategic savings opportunities, shippers must get beyond the shipment level to the PO level. This will be achieved by utilizing an integrated PO vendor management system and comprehensive supplier compliance program in conjunction with their inbound freight management.

Beyond increased visibility, the benefits include improved vendor management and compliance, reduced labor and overtime cost, reduced inventory cost, reduced payment issues related to supplier non-compliance, cost control enablement and visibility to cost of goods, reduced capital expenditures and improved on-time performance.

Contact a logistics expert at Schneider to discuss what an integrated PO vendor management system should provide for your company to see the best results possible.



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# An Open Letter to Ocean Shippers

The bankruptcy filing of Hanjin was news that shook the world of logistics, and yet, at the same time, it was fully expected. The news was a wake-up call for shipping companies and their customers that drastic shocks to the supply chain still exist.

Since the hit of the financial crisis in 2009, where operating losses in the industry reached nearly $20 billion, there has been a severe mismatch between demand and carriers, with the supply growing at a much faster rate than the demand. It was common knowledge in the industry that consistent overcapacity in the ocean freight market was not a sustainable business model for any company. However, major container lines continued to receive government support, perpetuating the belief that the major carriers could survive and weather the storm of depressed rates and overcapacity. Now, with Hanjin going through the bankruptcy process, the bubble of safety and consistency in the market has burst for everyone.

With this in mind, the only alternative to further bankruptcies amongst the carriers is consolidation, which is much more stable for the industry as a whole. Thankfully there are two areas where we are seeing consolidations: mergers and alliances. In the past year, according to the latest Loadstar stats, the number of container lines with an operating capacity of over 200,000 TEU has been reduced to 17 from 20. This number is expected to reduce further as the industry consolidates.

The announcement that the Japanese carriers would end decades of rivalry and create a merger of the K-Line, MOL and NYK lines (Japanese 3 or J3 carriers) under a joint venture arrangement, starting in April 2018 and effectively becoming the sixth largest shipping company worldwide, was welcome news to the industry. So that they don't succumb to the same fate as Hanjin, the Japanese carriers seek government aid and reduced tax rates after the three carriers recorded a combined net loss of $484 million, with revenue declines of over 20% in 2016. This year will also see the completion of the acquisition of Hamburg Süd by Maersk and the finalization of the Hapag-Lloyd merger with UASC, which will continue to reduce the number of carrier options in the marketplace.

In addition, the alliances continue their re-shuffling, although at a slower pace, giving shippers a sign that the alliances are becoming more stable, as a result of forming alliances amongst themselves. Effective from this April, the three alliances (2M, Ocean and THE Alliance) will control 91% of the vessel capacity in the trans-Pacific, and in a bid to work towards matching supply and demand, effectively cover all global trade.

#### How Are Shippers to React?

The best way for shippers of all sizes to mitigate risk is to work with an NVOCC/Freight Forwarder (non-vessel operating common carrier) that has the technology, service capabilities, experience and network to help spread bookings safely among the carriers, offering door-to-door service at competitive pricing and providing better technology solutions and data integration than the carriers alone offer. Having full scale visibility throughout the entire shipping process allows customers to know where their product is at all times, and more importantly, to have a reliable contingency plan in place for every stage of the process, should a disruption – whether by natural causes or geopolitics – occur.

With increasing cost pressures and staffing cuts at the lines over the past five years, NVOs like SEKO have evolved from fundamental booking and documentation agents for their clients to become the full-service customer service arm of the collective ocean carrier base. By offering a plethora of value-added services, NVOs have successfully filled the void remaining as carrier focus has shifted to management of their assets. The NVO value-adds include automated shipment visibility solutions, P.O. Management, drayage in addition to providing the essential documentation, booking, rate solutions and compliance management. We can both mitigate the increased risk in the market while at the same time we can provide more end-to-end services, visibility, and more attention.



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# Need Flexibility? Seek Out Full-Service 3PLs

The retail and supply chain worlds have changed–and are changing–rapidly. Soaring end-user consumer demand for same-day delivery of goods and companies' desire for increased visibility of their supply chains are two instrumental factors in the ever-morphing industrial real estate industry. Companies want and need instant, flexible warehousing options with skilled, efficient labor to handle and ship their products. Despite newcomers to the market, third-party logistics providers with years of experience and myriad service offerings, like distribution, fulfillment, storage, transload, technology and import/export services, can diversify easily.

Specifically, flexible warehousing is all the buzz right now in the warehousing industry, as e-commerce companies and retailers flock to store high-turnover product in spaces for short periods of time. However, despite its new name, "flex warehousing" or "spot warehousing" has existed in the logistics industry for a long time. It simply went by different names. "Public warehousing," "multi-client space" or "public space" all refer to what clients now know as "flex warehousing."

This type of warehouse space allows for many clients' products to be received, handled, stored, and shipped out in a flexible environment, as opposed to dedicated space and labor reserved for only one contract client at a time.

### The Inside Scoop on Flex Warehousing

Currently known as the Uber of warehousing, the Seattle, Washington-based Flexe warehousing and fulfillment company recently launched next-day ground delivery service, in addition to its on-demand storage, shipping and delivery services. Describing itself as a supply chain software company, Flexe does not own or operate any warehouse or industrial real estate space. Instead, it builds, executes and maintains software that is then housed within contracted warehouse space around the country. Tenants who need quick space can turn to Flexe to store their goods for the short amount of time needed.

The downside of flex warehousing is the lack of dedicated labor to handle certain, highly sensitive products, such as chemicals, perishable foods and large, easily damaged goods. Seeking out a third-party logistics provider with its own dedicated workforce, as well as a robust and flexible Warehouse Management System software and RFgen scanning capabilities, is still a company's best option for handling and storing sensitive goods. Logistics services like RF scanning and an Oracle-powered WMS can work in tandem with highly trained, safety-minded material handlers' skillsets to ensure clients' needs are met. 3PLs with transportation assets–even a small fleet of trucks–have another leg up on their clients' need for speed. Even better, a 3PL with logistics software, like its own Transportation Management System and/or B2B systems integration software, can easily fulfill the needs of a short-term client.

### Current 3PLs Already Meeting the Need

3PLs with a focus on logistics management can rest assured that they are competing capably against the new kid on the block. By quickly adapting to various industries and commodities, and responding to client requests with urgency and an extremely high level of customer service quality, a strong 3PL will find it can outlast even the most convenient warehousing options of the 21st century.

WSI is one of the largest 3PLs in the nation, with nearly 15 million square feet nationwide. We serve the chemical, paper, consumer packaged goods, packaging, building materials and electronics industries. In 2016, WSI celebrated its 50th anniversary of providing "Absolute Reliability" to its clients. Our WMS, the Oracle-powered JD Edwards' EnterpriseOne software, can process inbound and outbound shipment orders for products ranging from t-shirts to bulk plastic pellets. Our experience with seasonal goods, like holiday wrapping paper, Halloween costumes and fishing rods, has made us one of the best in the industry. We can react quickly to retailer, distributor and manufacturer needs, no matter the good. Looking for 50,000 square feet of space for 3 months? We have that. Need 400,000 square feet for 5 years? We can do that, too.

Our sister companies, WSI Transportation, LLC, and 360data, offer personalized transportation and supply chain visibility solutions, respectively.

Whether the client needs transportation brokered or available onsite via one of our trucks, WSI Transportation, LLC can ensure safe, speedy shipment of product.

360data software solutions provide customized TMS and B2B Integrator options for complete supply chain visibility. Visit 360data.com to learn more.

Our focus is on "Absolute Reliability" to the client. That motto instills our organization with an innate flexibility toward changing client demands, for more than 50 years. Contact us today for availability, pricing, transportation and dedicated labor information, or visit our Featured Properties page at wsinc.com/featured-properties.html.

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# Sweep the Dock for E-Commerce Insight

An e-commerce epiphany is speeding through the global supply chain from the shipping dock to the boardroom. Consumers have seized control of logistics spending, and "supply chain as we've known it" is not coming back. According to the 28th Annual CSCMP State of Logistics Report, "Accelerating into Uncertainty," for the first time, parcel and express delivery volume has surpassed railroads as the second-largest logistics sector behind motor freight. Energy prices are no longer the number one factor in logistics costs. Consumers are the driving force. While logistics costs dipped in 2016, spending on small package delivery jumped double digits.

As consumers, B2C and B2B players flock to the convenience of online buying and selling, the magnitude of change and complexity fueled by e-commerce is amplified by advanced digital technology, the Internet of Things and artificial intelligence. Seeing this moment in history prompts a sudden leap of understanding. North American companies must reinvent a faster, smarter, more resilient and efficient breed of multi-modal supply chain to sustain business in an e-commerce civilization. To evolve, forward-thinking shippers are turning to an Enterprise Logistics partner to Sweep the Dock.

Sweep the Dock is a best practice for evaluating, integrating and optimizing channels and modes such as Parcel, Less-than-Truckload and Truckload shipping to continuously deliver next generation supply chain agility at the same velocity that is driving e-commerce and the digital revolution. Manufacturers, retailers and distributors from mid-cap to Fortune 100 companies discover powerful synergies:

- Achieve exponential insight with advanced multi-modal analytics
- Execute with robust multi-modal platforms, automation, technology
- Re-engineer networks with unparalleled all mode visibility, modeling, simulation
- Strategize, hone KPIs with insider advisory possessing deep domain expertise in Parcel, LTL, TL
- Deliver clear data streams with rigorous compliance, service and invoice audits, all modes
- Accelerate connectivity speed to customers and suppliers for faster delivery
- Leverage immediacy with on-demand, web-based, mobile BI portals

To Sweep the Dock is to operate within an integrated ecoscape where shippers leverage class-leading, rapidly deployable technologies to obtain port-to-door line of sight and multi-modal optimization. That insight drives continuous high velocity transformational change. Sweep the Dock starts with veteran supply chain engineers who do the following:

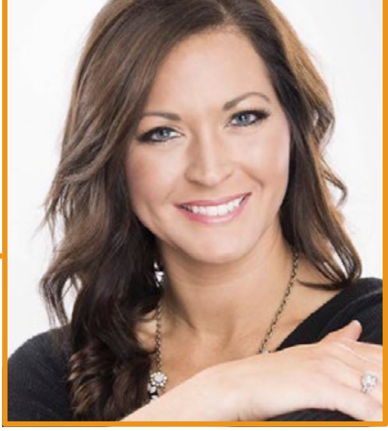
- Conduct a supply chain forensics evaluation with multi-modal diagnostics
- Align business needs with supply chain strategy to accelerate growth
- Simulate and map small package, LTL and TL solutions for speed, flexibility, efficiency
- Provide insight to cost drivers, risk through independent validation and verification
- Identify cost-reduction and savings opportunities by aligning to carrier networks
- Re-engineer processes, reconfigure routes
- Consider regional DCs closer to customer

The cascading impact of e-commerce coupled with rapid, market changes has shifted focus for many shippers from cost-per-mile to sustainability, change management and multi-modal expertise to reduce overall supply chain cost. Consultative services add value as executives ask:

- What does good omni-channel shipping look like?
- Is this optimal last-mile delivery?
- What is best practice to enhance fulfillment capabilities and grow into new markets?
- Can LEAN help fund same-day delivery, free shipping and returns?
- What are considerations regarding zone skipping, cadence analysis, DC footprint reduction, small package to hundredweight (CWT) conversion?

With a new era of multi-modal insight and a digital supply chain poised to operationally pivot, companies can leverage an Enterprise Logistics partnership to co-innovate predictive, strategic solutions. Shippers keep an e-commerce edge, while managing disruptions and delivering profitable, five-star customer service. By tapping collective, multi-modal intellectual capital of leading industry pioneers, shippers can transform the supply chain with a sweep of the dock.

**Todd Benge is VP of Parcel Operations at Transportation Insight, an Enterprise Logistics Provider and U.S. SmartWay® Excellence Awardee. With 30 years experience developing parcel programs, Benge and his team of engineers provide the most extensive multi-modal, e-commerce expertise in the global 3PL marketplace. Visit www.transportationinsight.com, email info@transportationinsight.com or call 828-485-5000.**



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# The Power of Transparency: Technology and Your Supply Chain

In a world driven by new technology, industries are finding ways to work faster and smarter. Tech breakthroughs have provided businesses with new processes and improved systems that have helped to maintain or increase efficiency in one way or another. It's time to see these same improvements in supply chain management.

The transportation industry has been slower to evolve, but if you can order, track and deliver a pizza, you can do the same with a truck full of your precious commodities.

The transportation industry has tried and tested various technologies, many of which can't do everything that logistics professionals and their team need them to do. Some are data management systems, some are tracking systems, some provide communications solutions – but one can't do what the other can.

Solving industry issues starts with technology. However, that technology should provide transparency, visibility and flexibility for all parties involved – a level of communication that has never been seen in the industry.

Whether you are having issues tracking shipments, or communicating with your staff, the technology or software used to operate your supply chain should solve a problem. The process and software should allow you to see everything in real-time, allowing you to make sound decisions that directly affect your KPIs.

It should also be a system that can flex to the needs of your business–a flexible solution that provides organizational capacity in the face of rapid change. The right technology has the ability to flex up or down, while pulling in the appropriate resources and business processes needed to support change.

In addition to transparency and flexibility, a system must have operational visibility along a broad spectrum, with real-time updates and solutions. An operationally millennial-centric platform with generation X reporting and BI tools means all parties tied to a shipment are in the know, and have the ability to review the right analytics to make the best well-informed decisions.

For example, the shipper can receive real-time shipment updates and billing visibility, a carrier receives both broker and shipper communications, automatic GPS updates and a tool for documentation management, and a transportation broker has a platform to successfully coordinate a shipment while satisfying all shipper and carrier requirements.

RPM has launched a technology platform that provides flexibility, ease of use, integration options, data management options – but most notably, transparency. It's a word used a lot in the industry, but never seen before. In all processes, from raw material suppliers to end customers, the end-to-end supply chain view is the basis to initiate optimizations through the entire supply chain.

With this system, we can promise complete transparency–end-to-end. Driving efficiencies to our customer's supply chain, adding dollars to your bottom-line, and revolutionizing the way you interact with your supply chain.

**RPM is a leading full scale Transportation Brokerage & Supply Chain Solutions enterprise. With our specialization in the Transportation Brokerage & Supply Chain Solutions space we continue to rapidly scale our operation around the needs of companies of all industries spanning North America. At the core of RPM is our tremendous capacity to manage all transportation needs across the entire spectrum of any supply chain. Our freight/vehicle systems and focused solutions are driven via advanced proprietary technology and managed by our unyielding customer and carrier-facing teams.**

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# Why GRIs From LTL Carriers May Not Be So General This Year

Less-than-truckload (LTL) carriers have reported challenged earnings for quite some time now. Capacity has generally been pretty loose, service levels have been generally pretty high, and prices have generally stayed pretty competitive across the industry–all creating an advantage for shippers.

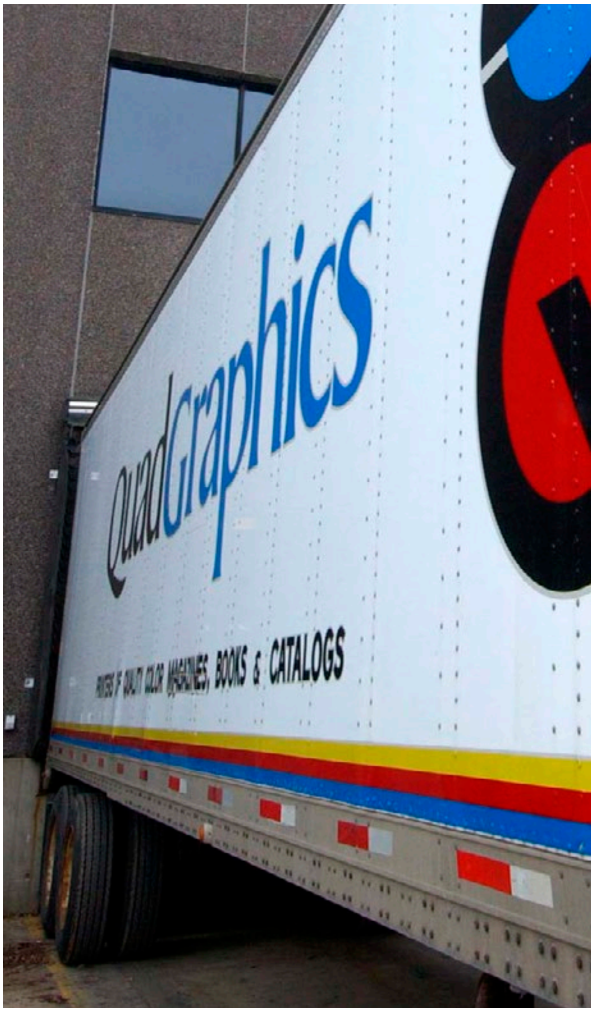
This all may be changing. Many LTL carriers are signaling some strain in their networks and they are citing increased volumes due to a strengthening economy. This is leading to much higher rate increases for shippers this year as compared to recent years. Some carriers are imposing multiple general rate increases (GRIs) this year to shippers. The tables are turning in favor of the carriers and they know it. With volumes outpacing capacity, carriers are taking advantage of the situation to reset profit levels to a place many LTL carriers haven't seen in several years.

This is where a good 3PL can come in. A 3PL can help position your freight with the right carrier solution at the right time given the characteristics of your freight and the situation within carrier networks in that lane at that time to get you the best service and the best price. They can do this if they are dedicated to understanding carrier networks and truly partnering with each carrier to understand the needs of the carrier.

A good 3PL can actually help carriers balance their networks instead of worsening an imbalanced network. By helping carriers to continually balance their networks, some 3PLs are able to grow strong partnerships with carriers and smooth the waves when it comes to rate increases.

When looking for a partner to help you with your LTL spend, do you focus solely on price? Or, do you ask the tough questions about the partnerships that the 3PL has with the LTL carriers? If you are seeking a long-term 3PL partner to help you ride the wave that is here in the LTL market, make sure you are asking how they adjust for strained areas in carrier networks, how and why they recommend certain carriers in certain lanes, and if they have the capabilities to do this automatically in their Transportation Management System (TMS).

Partnering with a 3PL who employs a strategy to ensure that the carrier and customer are both taken care of is the most sustainable solution for the long-term.




**QuadExpress is a hybrid asset light 3PL, a division of Quad/Graphics which is a $4 billion domestic and international shipper, a multi-modal solution-driven provider that leverages Quad/Graphics' asset fleet and strategic long-term carrier relationships. QuadExpress is able to provide domestic, international, asset and 3PL solutions to an extensive cross-section of shippers and receivers. QuadExpress is an integrated logistics partner that brings value to its clients' supply chains by simplifying logistics in the way of providing extensive access to capacity with truckload, less-than-truckload, and intermodal brokerage services; expedited ground and air services, as well as international transportation services. All of this is powered by our proprietary transportation management platform – SilverExpress. For more information, contact Adam Craft at 630-343-4389 or ajcraft@qg.com.**