

How to Engage with 3PLs

Rod Poole
Mike Dennison
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1986

sears

Walmart 

amazon.com[®] 

It is not necessary to change. Survival is not mandatory.
- *W. Edwards Deming*

KPIs

Profitability Pressure

“Manufacturing costs were higher due to increased material and freight costs. **Freight costs were unfavorable** primarily due to supply chain inefficiencies as the industry continues to respond to strong global demand.”

-Statement from Caterpillar Inc. earnings call, October 2018

“Like other [consumer packaged-goods] companies, we face significant **freight headwinds** in North America this year.”

-Kathy Waller, Chief Financial Officer, Coca-Cola Co. North America

“It [cost pressure] is really coming from the trucking industry and...the new electronic logging-device rules and driver shortages. The contracting supply and increasing demand is expected to manifest itself really kind of throughout 2018.”

-Deborah Thomas, Chief Financial Officer, Hasbro, Inc.

“We have continued to face **cost pressures for raw materials and freight**, which are being addressed through a combination of cost management and pricing actions.”

-Statement from Deere & Co. earnings call, August 2018

“We are seeing an **unprecedented rise in logistics costs.**”

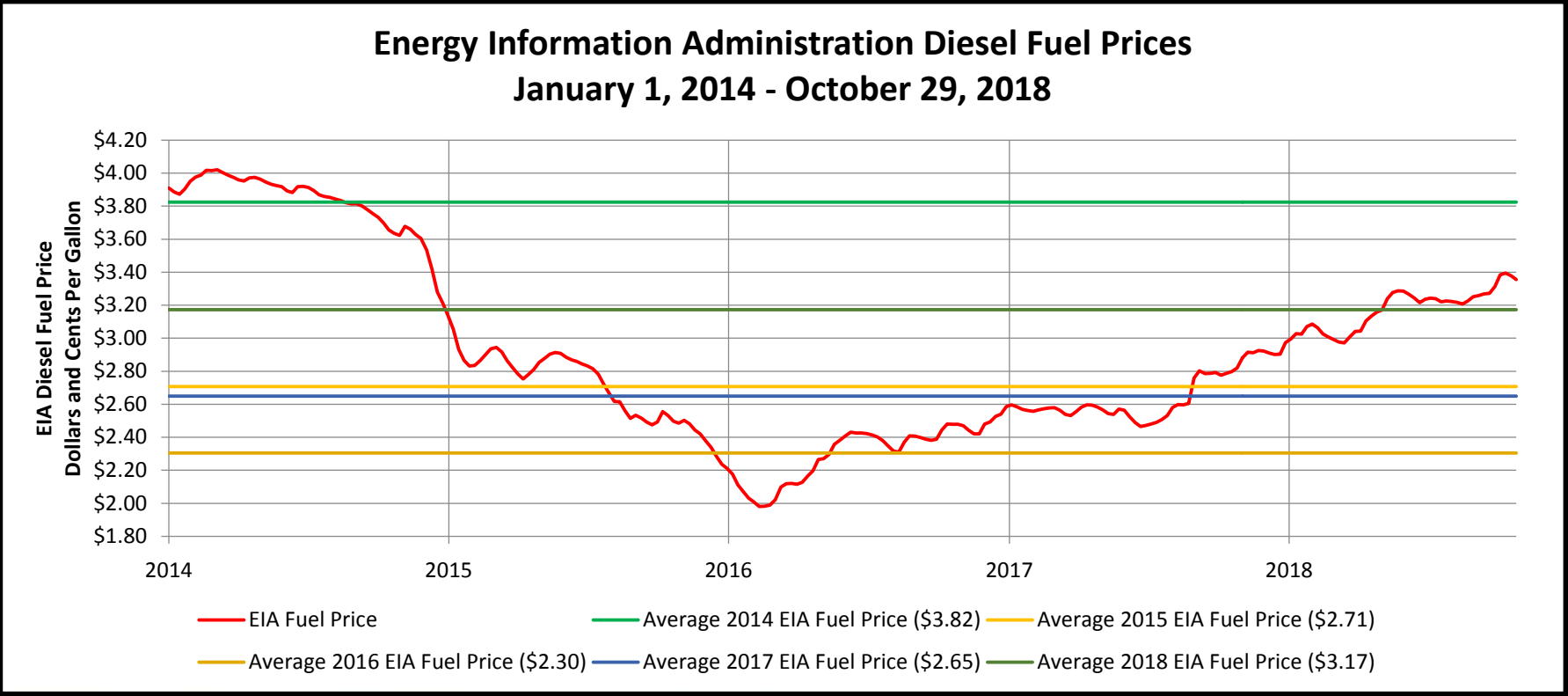
-Jeff Harmening, Chief Executive Officer, General Mills Inc.

148 companies in the S&P 500 have mentioned “freight,” “shipping” or “trucking” on their earnings calls during the last four months — double the number from a year ago (CNNMoney).

What are we seeing in the industry?

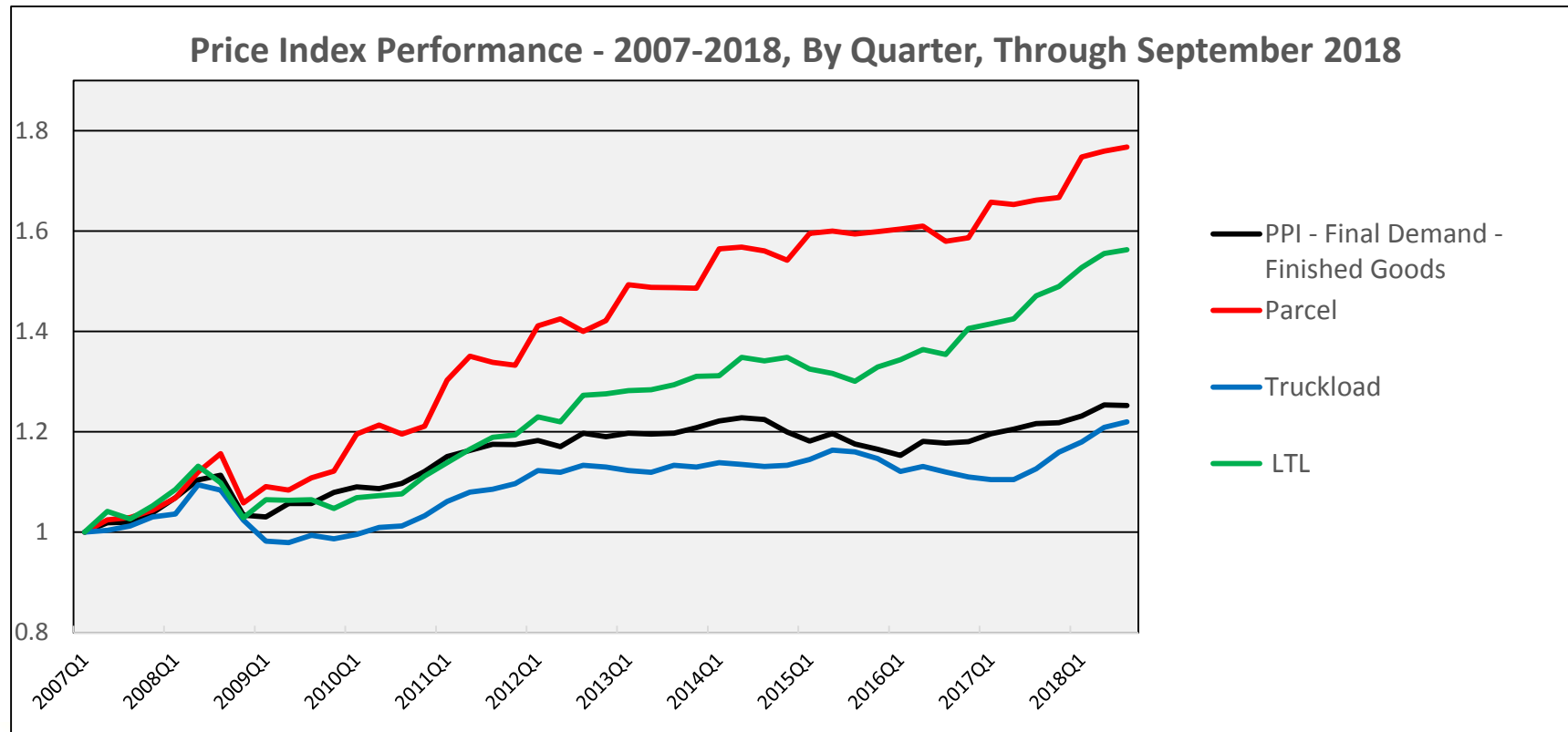
- Fuel is significantly higher than the lows of early 2016.
- Since the Spring of 2017, LTL and Truckload carrier rates have steadily increased and are forecast to stay strong well into 2019.
- Publicly traded logistics companies, both carriers and brokerage firms, are reporting strong revenue growth and profitability in recent quarters.
- FedEx just announced price increases of 4.9% on parcel and 5.9% on freight
- UPS Freight is threatening to strike – they vote from 11/8 to 11/11
- Driver demographics continue to be unfavorable.
- Talent shortage continues in the logistics industry.
- Amazon has dramatically changed customer expectations with 2 day free shipping
- 70% of shippers who use a 3PL say they use them for the real-time analytics to better understand shipping alternatives.*

Fuel Price Volatility



Data Source: Energy Information Administration

Are you Feeling the Pinch?



Truth in Numbers

With the exception of carload rail freight, price indices in all major transportation modes experienced year-over-year increases that are **more than double** that of the Producer Price Index. In addition, consumer prices have increased less than half that of the Producer Price Index. Downward pricing pressure from consumers and upward pricing pressure from transportation providers makes for a challenging economic environment for manufacturers.

Mode/Index	YOY % Increase (since Sept. 2017)
Consumer Price Index – City Average	1.37%
Producer Price Index – Final Demand	2.96%
Parcel/Small Package	6.38%
Less-than-Truckload	6.15%
Full Truckload	8.06%
Intermodal Rail Freight	16.17%
Carload Rail Freight	5.24%
International Deep Sea Freight	13.44%

Data Source: Bureau of Labor Statistics, U.S. Department of Labor

Parcel Update → 10 Year Rate Increase

FedEx

FedEx Announced Rate Increase											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10 Year Average
Air	4.90%	4.90%	3.90%	4.90%	3.90%	3.50%	3.90%	4.90%	4.90%	3.90%	4.36%
Ground	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%
International	4.90%	4.90%	3.90%	4.90%	3.90%	3.50%	3.90%	4.90%	4.90%	3.90%	4.36%
Average	4.90%	4.90%	4.23%	4.90%	4.23%	3.97%	4.23%	4.90%	4.90%	4.23%	4.54%

- FedEx has gone up a total of 56.9% in 10 years

UPS

UPS Announced Rate Increase											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10 Year Average
Air	4.90%	4.90%	4.90%	4.90%	4.90%	4.50%	4.90%	4.90%	5.20%	4.90%	4.89%
Ground	4.90%	5.90%	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%	5.00%
International	4.90%	4.90%	4.90%	4.90%	4.90%	4.50%	4.90%	4.90%	5.20%	4.90%	4.89%
Average	4.90%	5.23%	4.90%	4.90%	4.90%	4.63%	4.90%	4.90%	5.10%	4.90%	4.93%

- UPS has gone up a total of 60.2% in 10 years

Evolution of Small Package Revenue Management

- The Small Package Market continues to roll out increasingly complex rate and pricing strategies.

1999: UPS/FedEx: Resi DAS	2006: UPS: Charge for Undeliverable Returns, UPS/FedEx: Resi / DAS for CWT	2008: UPS: Resi to CA, FedEx follows in 2011	2013: UPS/FedEx: SurePost / SmartPost DAS \$0.25 DAS Ext \$0.30	2017: FedEx/UPS: Change Dim Wt divisor to 139, UPS follows, leaves <1ft³ at 166)	2017: UPS: Separate FSC for US imports (4% above FedEx)
2000: UPS: Import Intl Rates, FedEx 2008	2006: UPS/FedEx: Resi DAS	2009: UPS/FedEx: Extended DAS	2014: FedEx/UPS: stop FSC offsets	2017: FedEx/UPS: Change FSC to weekly	2017: UPS raises Grd, FedEx does not match for first time
2000: FedEx implements air/intl Fuel Surcharge, UPS follows in 2001 flat 1.25%	2007: UPS / FedEx: replace OS with Grd DIM Wt, AHC applied to >70	2009: UPS: ACH to Intl, FedEx follows in 2011	2014: UPS: 8oz ltr intl	2017: UPS: AHC to all SurePost packages	2018: UPS: Dim to 139 <1ft³)
2001: UPS/FedEx expands DAS ZIPs	2007: FedEx/UPS: offsets air/intl rate increase with FSC decrease	2010: UPS: 8 ounce letter limit, Smart Pickup and Scheduled / On-Call pickup options, LPS intl, expand min bill wt cwt, FSC change	2015: FedEx/UPS: Ground Dim Wt expansion to all packages	2017: UPS: AHC for all Air/Intl to 48", FedEx follows in 2018	2018: FedEx implements 3 rd party surcharge of 2.5%
2002: UPS: Resi to Air	2007: UPS: Resi Surcharge to replace rate charts, Rezones intl to more closely align with FedEx	2011: FedEx/UPS Dim Wt divisor changes (194 to 166)	2015: FedEx / UPS: increase FSC in Feb and Nov (\$0.25 step)	2017: UPS: Peak Season Surcharge (Resi, LPS, OverMax), FedEx follows with Oversize, AHC, Unauthorized)	2018: FedEx: Dim for SmartPost, UPS 2015
2003: UPS: Retail Rates, Late Payment Fee	2007: UPS: Changed LPS \$90 min to 90 lbs, FedEx removes 90 lb min, increases fee to \$40	2011: UPS: Intl Pkg level dim wt	2015: FedEx/UPS: Increases OverMax in Nov (UPS reduces LPS incentives)	2017: UPS: Resi to all intl destinations, FedEx only CA	2018: FedEx: Non-Machinable length from 34" to 27"
2004: UPS/FedEx: Commercial DAS (\$1)	2008: UPS: Eliminated non-contract CWT, Remote Area Surcharges	2011: UPS/FedEx: 1% Grd FSC offset	2016: UPS matches FedEx air rates	2017: UPS/FedEx: Retail rates with no Resi, DAS, FSC in July (FedEx follows in Jan)	2018: FedEx: Oversize 90 lb min
2004: UPS/FedEx: LPS/Oversize		2012: FedEx: Resi to US imports, UPS follows in 2012 with Resi and DAS	2016: UPS: 3 rd Party Surcharge, FedEx implements 2018		2018: FedEx/UPS: LPS length to 96"
2005: UPS: Declared Value, FedEx/UPS Removes DIM Wt 1 ft³ threshold		2012: Fuel Surcharge changes (reduce volatility)	2016: FedEx/UPS: AHC length changed to 48" in June		2018: UPS: LPS to Resi increases \$10 in July
		2012: FedEx realigns export zones, UPS realigns in 2013			2018: UPS will add Peak Surcharge to AHC in Dec

Early 2000's

Later 2000's

Early 2010's

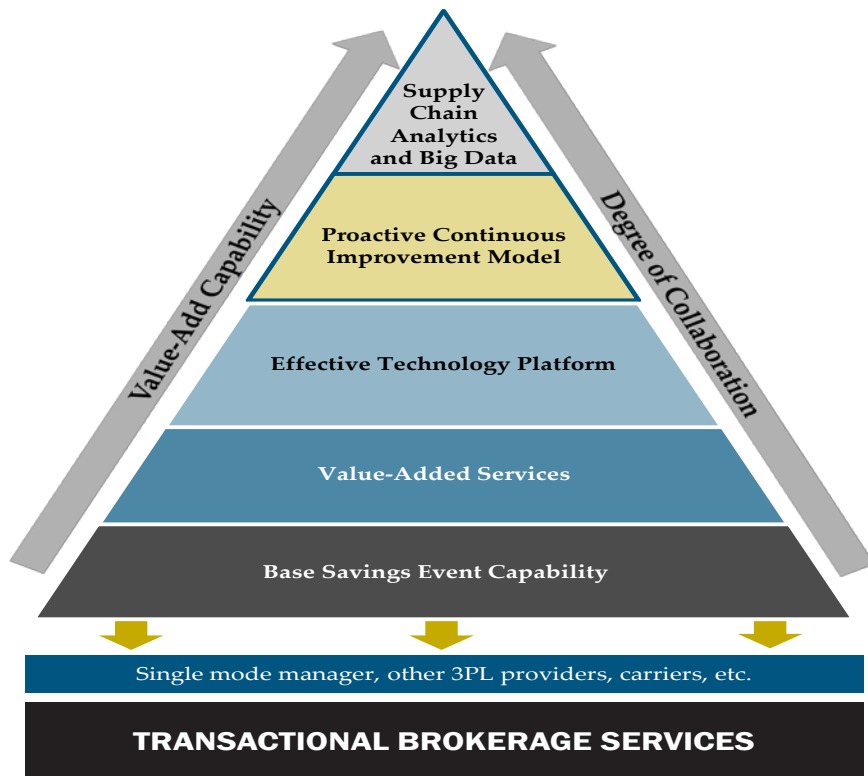
Later 2010's

Let's talk 3PLs



3PL and Enterprise Logistics

A broad service spectrum



DESCRIPTION / COMMENTS	PROVIDERS
<ul style="list-style-type: none"> Deep industry insight and strategic supply chain guidance Global supply chain optimization Specialized LEAN-based solution capabilities Recurring process improvement recommendations provided to clients and frequent communication 	<ul style="list-style-type: none"> 4 – 6 providers
<ul style="list-style-type: none"> Advanced transportation management system (TMS) Integration with client technology infrastructure 	<ul style="list-style-type: none"> 100+ providers
<ul style="list-style-type: none"> Shipment execution capabilities Freight bill processing / auditing, claims processing, import/export & customs compliance, routing, warehousing management 	<ul style="list-style-type: none"> 250+ providers
<ul style="list-style-type: none"> Analysis of TL and LTL spend and RFP process to provide cost savings through consultative approach 	<ul style="list-style-type: none"> 50+ providers
<ul style="list-style-type: none"> TL: ~\$50 billion of brokered U.S. freight LTL: ~\$2 billion of brokered U.S. freight 	<ul style="list-style-type: none"> >10,000 brokers <100 with scale



3PL Service Expectations

The 4 essential services

- Carrier optimization and management
- Transportation Management System (TMS) technology
- Freight bill audit, payment and data capture
- Business intelligence and supply chain reporting

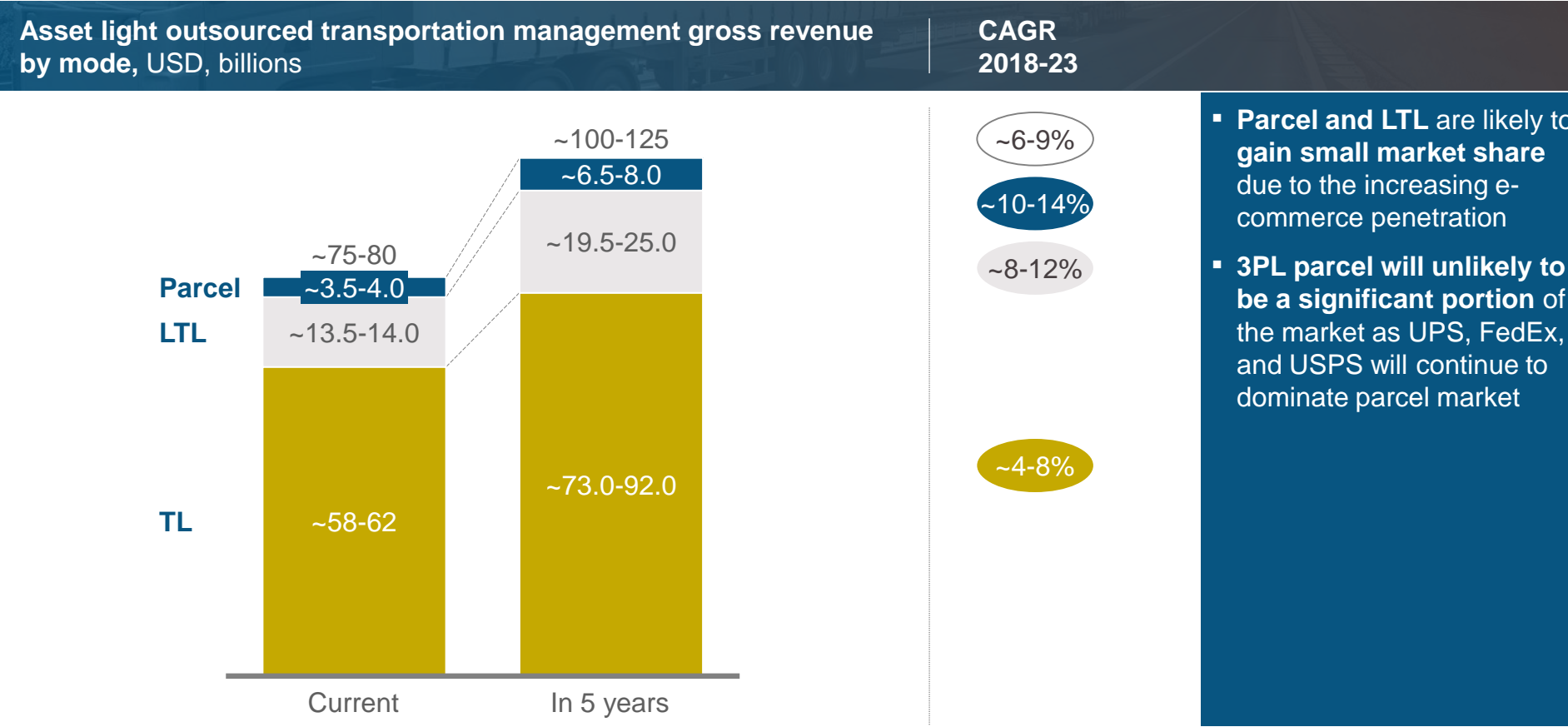
Supplemented by value added services:

- International logistics
- Warehouse sourcing
- Outsourced execution
- Brokerage for TL and LTL
- Supply chain analytics consulting
- Lean consulting



McKinsey & Company

LTL and Parcel are likely to grow faster than TL due to the increased e-commerce penetration



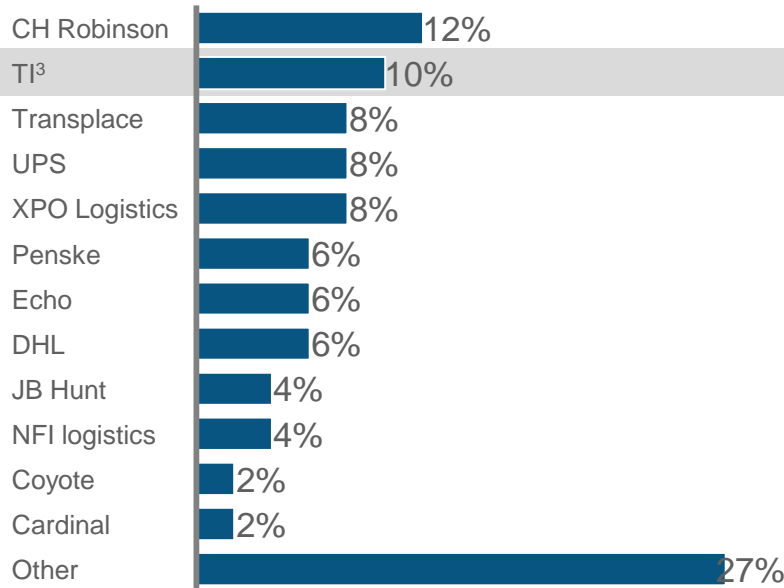
- Parcel and LTL are likely to gain small market share due to the increasing e-commerce penetration
- 3PL parcel will unlikely to be a significant portion of the market as UPS, FedEx, and USPS will continue to dominate parcel market

Top of mind companies to identify opportunities to reduce logistics costs include TI (#2), CH Robinson, Transplace, UPS, and XPO

Overall – Top of mind companies to identify opportunities to reduce logistics costs¹ and selection factors²

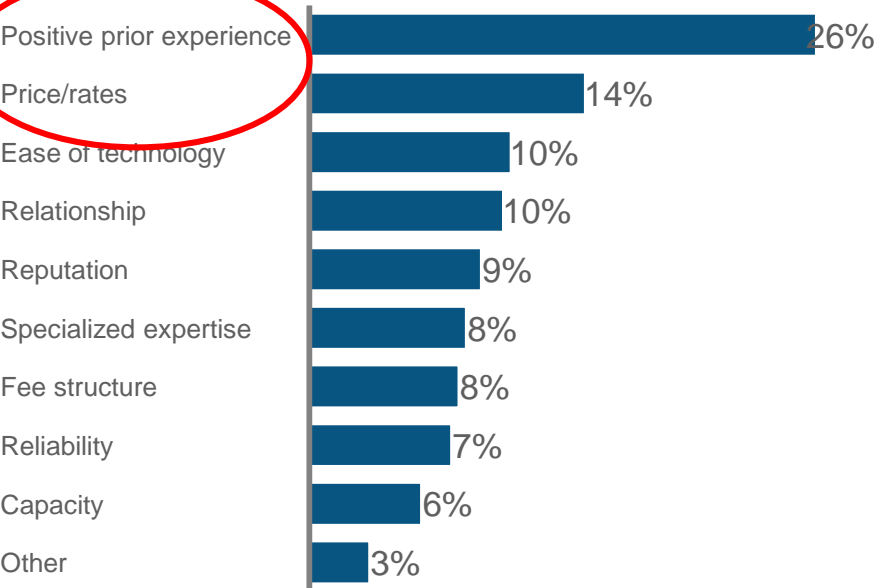
Top of mind companies¹,

% of mentions



Top selection factors²,

% of mentions



Positive experience with providers and price appear as highest selection factors when identifying companies to reduce logistics costs

¹ If you were to use a 3rd-party company to identify opportunities to reduce your logistics costs, which company would you choose? Open-ended question

² What would be the main reason(s) why you would select this provider? Please select up to three

³ TI current / past users over-represented in respondent base

Enterprise Logistics: Track record, relationship and reliability are the three most important factors when selecting a transportation management solution

Criteria	Importance % of points	Description	Quote
Track record	27%	<ul style="list-style-type: none"> Proven ability to deliver cost savings 	<p>"Shippers will look at the impact of the different 3PL providers on peers"</p> <p>Supply Manager, Food industry</p>
Relationship	15%	<ul style="list-style-type: none"> Relationship with provider 	<p>"Shippers will prioritize any past experience or relationship they may have with the 3PL over anything else"</p> <p>VP, Competitor</p>
Reliability	14%	<ul style="list-style-type: none"> On time and safe delivery 	<p>"Reliable services – with on time delivery and no damage are critical to keep using the same 3PL"</p> <p>VP of operations, Competitor</p>
Price	13%	<ul style="list-style-type: none"> Solution cost to shipper 	<p>"Prices still vary among solutions and drive selection based on each shippers' expectations"</p> <p>Director of Strat. Accts, Competitor</p>
Ease of technology	9%	<ul style="list-style-type: none"> Ease of use and implementation 	<p>"The easier the solution is and the sooner you can get it running the faster you can capture that business"</p> <p>Director of Procurement, Building Products</p>
Specialized expertise	8%	<ul style="list-style-type: none"> Expertise in specialized freight (e.g., refrigerated) 	<p>"Increasing trend towards consolidation as companies focus on results more than costs"</p> <p>VP Logistics, Auto industry</p>
One-stop solution	8%	<ul style="list-style-type: none"> Ability to offer a one-stop-shop, multi-modal solution 	<p>"Great account managers with knowledge of the business and relevant suggestions creates sustainable relationships"</p> <p>Director of Sales Services, Competitor</p>
Distinctive insights	5%	<ul style="list-style-type: none"> Provides distinctive insights and advice 	<p>"The 3PL's insights and analytics provide the reductions in transportation spend"</p> <p>VP, Competitor</p>
Other	0%	<ul style="list-style-type: none"> n/a 	

1 What are the most important factors when selecting a partner to manage your logistics? Please allocate 100 points across the factors below, with the most points allocated to the most important factors.

SOURCE: Transportation management customer survey (N=96), July 2018 ; McKinsey & Company

Half of respondents expect to increase outsourcing in the next 5 years, driven by e-commerce and supply chain complexities

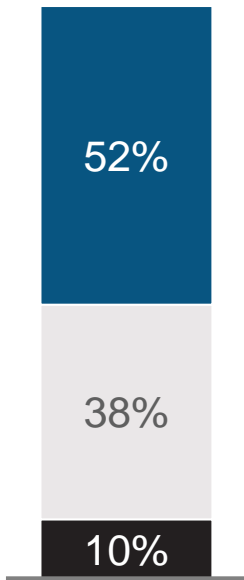
■ Outsource more

■ Outsource about the same

■ Outsource less

Perspective on future outsourcing¹ and reasons for change² – Overall respondents

100% = 96



Overall respondents

100% = 48



SMBs

“Customers will outsource more in the future as supply chain complexity increases, and market capacity remains tight”

Former Group Sales Manager , Competitor

“The driver shortage and cost to recruit and retain have added a high degree of uncertainty and complexity”

Former Director, Competitor

“In a fragmented market, shippers have to manage lots of carriers to fulfill their capacity needs. As they grow, it is simply too much to manage”

Head of procurement, Apparel industry

“Outsourcing will reduce from underperformance of 3PLs due to lack of available talent.”

Supply Chain manager, Auto industry

“We prefer to develop skills that are completely controllable internally”

Logistics director, Manufacturing industry

¹ In the next 5 years, do you expect to outsource more, about the same, or less of your company's transportation management?

² You mentioned your company is likely to outsource more / less of its transportation management in the future, what are the main reasons for this change?

Case Studies

Leading National Composite Materials Distributor

Starting Point

- Lack of visibility to when inbound (IB) freight arrives
- Believed they were missing IB consolidation opportunities
- Decentralized – 50+ buyers with limited logistics expertise making transportation decisions independently
- Limited TMS functionality
- Back-end audit system with limited reporting and metrics
- Current provider doing good work, but bringing no “new and better”
- Challenge to accurately budget for freight

Solution

- IB managed solution
- More robust TMS utilization and vendor compliance portal
- Significant change management emphasis during rollout
- Heavy business intelligence and custom reporting
- New audit process/system
- Outsourced transportation execution

Results

- **Effective co-managed partnership**
- **Enhanced tracking visibility**
- **Least cost compliance emphasis**
- **Customized performance reporting**
 - **Inbound, outbound, third-party, intra-company**
 - **Weekly, monthly and quarterly reporting**
 - **Carrier scorecarding**
 - **Claims**
- **Capitalizing on consolidation opportunities**
- **Intellectual capital and expertise driving knowledge-based decision making, consolidation and execution**

National Pharmacy Retailer

Starting Point

- Complex U.S. Fortune 50/ Global Fortune 200
- Multiple business units, accounts and General Ledgers
- B2B, some B2C with various delivery needs
- No previous program engineering to drive out costs, improve service
- No “line-item” parcel invoice audit
- Lack of program visibility

Solution

- Program re-engineering
- Carrier, mode and service utilization analysis
- Parcel program design, DC/network modeling
- Auditing and analytics visibility
- Strategic blend of national and regional carriers
- Business review cadence

Results

- \$22.8M net savings (Task Order 1 & 2)
- 10.6% net parcel savings (FedEx spend)
- \$2.8M total cost avoidance (DIM/Declared Value)
- Increased program visibility
- Improved accrual and budgeting

Printing Ink Manufacturer

Starting Point

- Lack of accuracy and thoroughness in supply chain data necessary to develop data-driven business strategies
- Limited visibility to all activities and costs in the supply chain
- TMS technology in place limited critical cost-based decision making
- Receiving incomplete invoice data from previous freight invoice audit and payment provider
- Time spent conducting rigorous analysis negatively affected customer response times

Solution

- Implemented multi-modal (LTL and TL) carrier sourcing strategy to improve service reliability while managing costs
- Installed TMS technology to provide downstream visibility
- Implemented freight invoice audit and payment solution to capture all data and ensure its accuracy
- Delivered customized interactive reporting and metrics package
- Provided coaching and training

Results

- **13% cost reductions across all modes**
- **13% rate increase avoidance across all modes**
- **\$7 million annual inventory reduction**
- **2% invoice error cost avoidance across all modes**
- **Access to expertise and analytical tools drives continuous supply chain improvement**

Power Equipment Parts Manufacturer and Distributor

Starting Point

- Maintain high service expectations while meeting growth initiatives
- Rising logistics-related costs
- Improved operational productivity and efficiency levels required to meet service and growth goals
- Communication challenges with internal customers
- Inbound routing compliance and visibility
- Engraining a continuous improvement culture across the enterprise

Solution

- Phased modal approach
 - Parcel shipping optimization
 - LTL optimization
 - Truckload optimization
- Technology implementation
 - TMS (rate shop, shipment execution/tracking, TL bid board)
 - Inbound compliance portal
- Freight/parcel invoice audit and payment program, including automated GL coding routing
- Business intelligence reporting
- Supply chain network optimization
- LEAN continuous improvement
- Packaging optimization program
- Global trade compliance program

Results

- **20.2% Parcel logistics cost reductions**
- **24.0% LTL logistics cost reduction and cost avoidance**
- **8.2% Truckload logistics cost reductions**
- **2.9% invoice error cost avoidance**
- **60% manufacturing lead time reduction via LEAN process implementation in manufacturing**
- **15.48% reduction in corrugated packaging costs**

Essential 3PL Services

Additional Details



Carrier Optimization and Management

Carrier Sourcing and Qualification Process

- Network fit
- Service level
- Safety (CSA)
- Liability coverage
- Meshing carrier network, shipper needs to achieve win-win

Carrier RFQ Management

- Analyze results, negotiate adjustments
- Determine optimal collection of carriers to meet operational, service and cost objectives

Carrier Contract and Rate Administration

- Administer and maintain all rates upon completing negotiations
- Control all client rate publications
- Centralized visibility to all rates and contracts





What can a TMS do for you?

Optimization

- Identify order aggregation opportunities, optimal mode, ideal route and least-cost carrier

Execution

- Tender shipments to carriers; create and store critical shipping information (ex. BOLs)

Visibility and Collaboration

- View shipment status anywhere from overseas port to customer door
- Track and trace shipments; send shipment status notification to multiple parties

Improved Customer Service

The screenshot displays the 'Insight TMS' Dashboard. At the top, there are navigation links: Dashboard, Add BOL, My BOLs, Split, and Logout. The main section is titled 'Customer Rate Shop'. It contains several input fields for shipping details: Address (with a dropdown for 'by ZIP'), Origin Postal Code (28262), Origin Country (USA), Dest Postal Code (37914), Dest Country (USA), Pickup Date (01/19/2015), and Payment Terms (Prepaid). There is a 'Look-up' checkbox and a 'Services' link. Below these fields is a section for 'Freight, specified by' with a dropdown menu set to 'Class, Weight, Dimensions'. This section includes a table with columns for Class, Weight, and Dimensions (L x W x H). The table has three rows, each with a dropdown for Class (070), a text input for Weight (1000), a dropdown for Units (Pounds), and a grid for Dimensions (L x W x H) with dropdowns for each unit (Inches). At the bottom, there is a 'Disclaimer' section with small text about carrier-specific rules and a 'Clear' button.



Logistics Technology: Rate Shop

File Edit View RS Tools Help

Dashboard Add BOL My BOLs Split Logout

Insight TMS®

Rate Inquiry

Address by zip Look-up: ☒ Services [Add Service](#)

Origin Postal Code

Origin Country

Dest Postal Code

Dest Country

Pickup Date

Payment Terms

Freight, specified by

Class	Weight	Dimensions (L x W x H)
<input type="text" value="070"/>	1000 Pounds	<input type="text"/> x <input type="text"/> x <input type="text"/> Inches
<input type="text" value="070"/>	<input type="text"/> Pounds	<input type="text"/> x <input type="text"/> x <input type="text"/> Inches
<input type="text" value="070"/>	<input type="text"/> Pounds	<input type="text"/> x <input type="text"/> x <input type="text"/> Inches

Disclaimer
Carrier specific rules/exceptions may apply, including discount exemptions for loads over 10,000 lbs, occupying more than 14 linear ft or 75 deliveries to high cost areas. Additional charges may apply if additional services are required, such as detention. Transit days (where available) are published transit time of service.

File Edit View RS Tools Help

Dashboard Add BOL My BOLs Split Logout

Insight TMS®

Customer Rate Shop

Rates

Available rates from CHARLOTTE, NC 28262 to KNOXVILLE, TN 37914

	Customer Carrier	Customer SCAC	Customer Mode	Customer Total	Customer Service Days	Customer Origin Service
	FEDEX FREIGHT (ECONOMY)	FXNL	LTL	104.31	2	D
	R & L CARRIERS, INC.	RLCA	LTL	105.05	1	D
	AAA COOPER	AACT	LTL	106.63	1	D
	ESTES EXPRESS LINES	EXLA	LTL	109.53	1	D
	UPS FREIGHT	UPGF	LTL	111.32	1	D
	FEDEX FREIGHT (PRIORITY)	FXFE	LTL	111.61	1	D
	JB HUNT TRANSPORT, INC.	HJBT	Truckload	338.46	0.38	
	SWIFT TRANSPORT CO, INC.	SWFT	Truckload	362.29	0.38	
	BARNES TRANSPORTATION SERVICES INC	BTTE	Truckload	374.21	0.38	

Total of 9 rate(s) found.

[All Contracts](#)

Carrier specific rules/exceptions may apply, including discount exemptions for loads over 10,000 lbs, occupying more than 14 linear ft or 75 deliveries to high cost areas. Additional charges may apply if additional services are required, such as detention. Transit days (where available) are published transit time of service.



Financial Settlement

Rigorous auditing process captures and cleanses supply chain data to deliver next-level business intelligence.

Freight Bill Audit

- All shipments verified for legitimacy and accuracy
- Proprietary invoice data collection technology audits all invoices within \$0.05 of contracted rates, integrates with Insight TMS® and other data sources

General Ledger (GL) Coding

- Simple and complex scenarios supported
- Greatly reduces time and effort spent properly coding

Consolidated Electronic Billing

- One electronic invoice per week
- Full backup of shipment-level detail

Accurate and Timely Carrier Payment

- Invoices processed in an average of 3.5 days from receipt
- Secure receipt of customer payments into external lockbox
- Accurate application of payments against carrier payables

Guaranteed Service Refunds (GSR)



**Independent audit through
SOC 1 Type II report**





Freight Invoice Audit

A sampling of the numerous steps we take to ensure you're paying the right amount for your transportation.

- Ensure all required documentation is provided by the carrier.
- Date-stamp the freight invoice the date it is received.
- Audit the freight payment terms against the Bill of Lading.
- Compare the Bill of Lading # against the Bill of Lading.
- Compare the weight and class against the Bill of Lading (variances require Inspection Certificates from carriers).
- Validate that the location billed for the freight (shipper, consignee or third-party bill) belongs to the client.
- Validate the origin city, state and postal code against USPS (or Canada Post for Canadian shipments).
- Validate the destination city, state and postal code against USPS (or Canada Post for Canadian shipments).
- Validate the Pro Number by double-keying.
- Validate the Total Charges by double-keying.
- Validate that the received date is after the pickup date.
- Validate that the pickup date is within the date parameters set by the client.
- Perform all client-specific checks (PO#, Acknowledgement #, GL Coding, etc.).
- Validate that the Bill of Lading # fits the predefined client format, if the client requires a specific format.
- Validate that the PO # fits the predefined client format, if the client requires a specific format.
- Key the Pro Number and ensure it fits predefined format by the carrier (concerns length and position of letters/numerals).
- Validate that the mode keyed by the carrier fits the predefined selections set up by the carrier in our system.
- Perform duplicate check by carrier/Pro Number, by customer/Bill of Lading number (outbound shipments) and customer/PO Number (inbound shipments).
- Validate that the total weight matches the sum of the freight detail from the invoice.
- Validate that the actual class of the merchandise is within the ranges set for a client (separate ranges for inbound and outbound shipments).
- Validate that the audited amount matches within tolerances set on a client-by-client level. This audit considers: Base rates, actual class, individual item weights, total shipment weight, class exceptions, accessororial charges and waivers, whether the carrier services the origin direct or joint-line, whether the carrier services the destination direct or joint-line, fuel surcharge.
- Calculate charges for the selected primary, secondary and tertiary carrier and compare those charges to the carrier that actually hauled the freight.





Parcel Invoice Audit

Consider a fully outsourced SSAE 16 compliant audit that delivers on your compliance and cost reduction goals.

Invoice

- Rate Audits
- Manifested Not Shipped
- Address Corrections
- Residential Adjustments
- Delivery Area Surcharges
- Remote Area Surcharges
- Duplicate Charges
- Over Maximum Limits
- Additional Handling

Service

- Guaranteed Service
- Saturday Pick up
- Saturday Delivery
- Early AM
- Manifested not shipped
- Invalid Pickup
- Lost Packages
- Damaged Packages

Compliance

- 3rd Party Compliance
- Improper account usage
- Inbound Monitoring
- Routing Compliance
- Least Cost Routing
- Weight Variance
- Routing Compliance
- Declared Value
- DIM
- High Dollar Amount



What is a good audit worth?

- Ensures you are only paying for the services actually provided at your actual contracted rates
- Corrects and eliminates error repetition
- Typical error rates:
 - 4.0% of all LTL shipment invoices in last 12 months had errors, representing 1.8% of the freight spend
 - 4.3% of all Truckload shipment invoices in last 12 months had errors, representing 0.5% of the freight spend
 - The last 12 months of parcel data indicates that 2.2% of Parcel spend was billed in error

These numbers reflect a stable audit state, and are significantly higher when transitioning to a professional audit.



Business Insight

How can transportation and supply chain metrics impact your business?

Historical Insight: Measure KPIs, identify trends

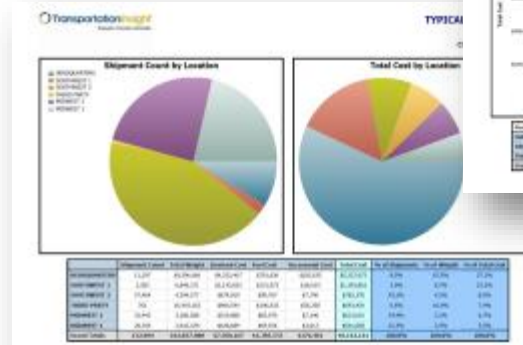
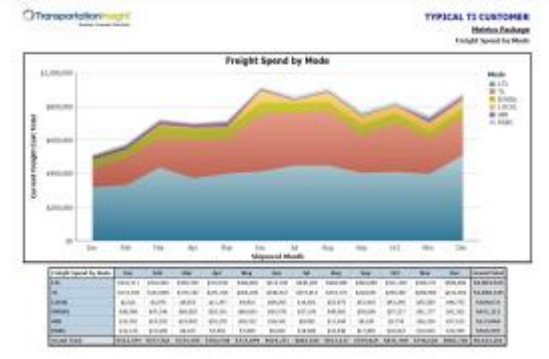
- Customer – cost to serve
- Total landed cost of goods
- Least cost carrier usage
- Missed aggregation opportunities
- Carrier and vendor compliance

Current Insight: Drive immediate decisions

- Optimal freight mode selection
- Aggregation opportunities
- Optimal shipment routing
- In-transit tracking

Future Insight: Ask “what-if”

- Warehouse optimization
- Network redesign
- Consolidations, acquisitions, mergers
- Fleet rationalization





LTL Shipment Metrics

TYPICAL TI CUSTOMER

Metrics Package

LTL Shipment Metrics



LTL Shipment Metrics by Ship Date	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Grand Total
Shipment Count	1,722	1,669	2,256	1,796	1,946	1,903	2,760	2,304	2,005	2,036	2,053	2,062	25,312
Total Weight	2,197,859	2,278,742	2,813,627	2,482,540	2,624,557	2,692,110	3,403,515	3,113,405	2,544,303	2,635,236	2,519,806	3,261,330	32,567,110
Average Weight per Shipment	1,276	1,365	1,247	1,382	1,349	1,415	1,233	1,351	1,269	1,294	1,227	1,140	1,287
Linehaul Cost	\$271,247	\$284,838	\$373,779	\$316,020	\$333,899	\$352,781	\$383,385	\$383,839	\$344,153	\$347,413	\$334,643	\$408,980	\$4,134,979
Fuel Cost	\$37,956	\$39,337	\$54,125	\$48,649	\$53,126	\$52,941	\$56,748	\$56,511	\$50,877	\$55,214	\$56,962	\$70,683	\$633,130
Accessorial Cost	\$9,507	\$8,667	\$8,455	\$9,163	\$12,867	\$7,616	\$8,027	\$8,239	\$9,049	\$8,812	\$6,766	\$29,233	\$126,401
Total Cost	\$318,711	\$332,842	\$436,359	\$373,832	\$399,892	\$413,339	\$448,160	\$448,590	\$404,080	\$411,439	\$398,371	\$508,896	\$4,894,510
Average Linehaul Cost per CWT	\$12.341	\$12.500	\$13.285	\$12.730	\$12.722	\$13.104	\$11.264	\$12.328	\$13.526	\$13.103	\$13.281	\$12.540	\$12.697
Average Fuel Cost per CWT	\$1.727	\$1.726	\$1.924	\$1.960	\$2.024	\$1.967	\$1.667	\$1.815	\$2.000	\$2.095	\$2.261	\$2.167	\$1.944
Average Total Cost per CWT	\$14.501	\$14.606	\$15.509	\$15.058	\$15.237	\$15.354	\$13.168	\$14.408	\$15.882	\$15.613	\$15.810	\$15.604	\$15.029

Five Tools That A Top Enterprise Logistics Provider Will Have That You May Not

- Industry experts and visibility
- Transportation Management System (TMS)
- Audit engines
- Robust data warehouse
- Supply chain analytics with data visualization tools and optimization engines

3 Key Questions to Ask and Understand When Selecting a 3PL

- Why are you different?
- Why are you valuable?
- Why does that matter?

This speaks to a company's unique value proposition.

What Other Questions Should You Ask?

- Does your modal expertise and core strengths align with my freight profile?
- How will you engage with us during the sales process?
- How do you get paid?
- Are you financially strong and SOC1 compliant?
- Do you have a continuous improvement program?
- Can I come visit you?

Questions?

Thank you.



Transportation Insight at a Glance

Enterprise Logistics Provider offering end-to-end supply chain solutions with Tier One services in all modes (LTL, TL, Parcel)

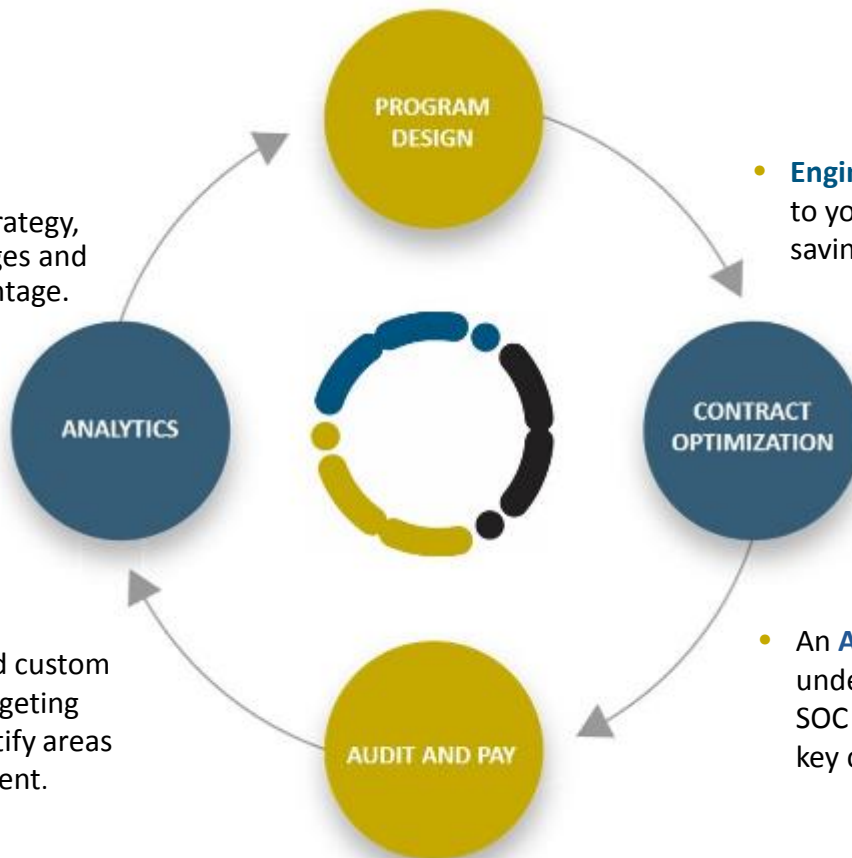
- Headquartered in Hickory, NC
- Operations in Bentonville, AR; Charlotte; Atlanta; Boston; Omaha; Salt Lake City; and Overland Park, KS
- \$2.1 billion in gross revenue
- Over 1,300 clients
- Consultative business model focused on solving, not selling
- Founded in 2000 – 212% growth since 2013
- Top 10 3PL – Most Versatile, Best Range of Services and Best Technology, *Global Trade* magazine



Parcel Service Model

- **Custom Program Design** supports your business strategy, anticipates industry changes and creates competitive advantage.

- **Engineering Services** align your needs to your program which maximizes savings and operational efficiencies.



- An **Audit and Pay** program operating under controls verified in an annual SOC 1 Type II report that delivers on key compliance goals.