



New Breed of 3PLs

They're not only experts at supply chain management; they partner and offer bundled software and shipping solutions.

By Peter Buxbaum

Logistics and supply-chain management are diverse disciplines that require practitioners to grasp the architecture of enterprises, large and small, while also drilling down to manage the minute details of processes that allow goods to arrive at their destinations on time and at reasonable cost.

Likewise, third-party logistics providers (3PLs) are an assorted bunch, each with different histories, emphases, and specialties that they bring to bear to solve their customers' problems. Some are asset-based, some non-asset based, and some are primarily information technology companies.

Leading 3PLs have a few things in common. They are supply-chain experts; they have the capability of designing unique solutions for special situations, and they rely on technology to streamline their

"The right 3PL can help connect the dots." - Brian Bourke, Seko Logistics

own processes and those of their clients to reduce costs and enhance business performance.

Where shippers get tripped up, points out Brian Bourke, marketing vice president of Seko Logistics, is classifying a 3PL as strictly a transportation/logistics company or software provider. "But there's a new category out there - hybrid 3PLs," Bourke explains. "A hybrid can be extremely effective for shippers looking for a highly integrated and sophisticated 3PL who can partner and offer bundled software and shipping solutions. We are one of them."

Whether in retail or manufacturing, shippers today are looking for 3PLs that can assist them and connect in their system. "This means connecting all transportation statuses upstream from the vendor, and downstream to final delivery to their customers," Bourke explains. "The right 3PL can help them connect all the dots."

Case in point: A lot of companies have invested big dollars in very sophisticated state-of-the-art enterprise resource planning (ERP) solutions. But in implementing these ERPs, when companies come

to the end of the project, they either run out of time or money for implementing pieces like transportation management system (TMS) or warehouse management system (WMS) modules.

"That's where there's a gap in visibility and information that is critical to every aspect of the business - not just transportation or logistics," says Bourke. "Some companies register financial transactions based on delivery dates. It's for these reasons, the right 3PL is so crucial."

B2B and B2C ecommerce is particularly changing shipping behaviors and expectations rapidly today.

"The right 3PL should be able to help shippers adapt quickly and help them launch new channels (ecommerce, websites, and store front applications), find marketplace partners, and even get into global cross border ecommerce," Bourke remarks. "All of these elements are changing so rapidly. But companies that adapt the fastest are often the ones that win."

Companies still need to do it correctly, however, and scale out solutions successfully. Increasingly, 3PLs are involved.

"3PLs are helping with the IT innovation process because we are so tied into their order management, such as purchase orders as well as customer orders," Bourke remarks.



Brian Bourke, marketing vice president, Seko Logistics

Transportation Costs Savers

Shippers are also always challenged with transportation costs. Mike Dieter, chief technology officer at Transplace, finds that clients contact Transplace for help in doing transportation better and cheaper with automation and data.

"We talk with clients about the data they need to report to their managers and to manage their business and we make sure we give them that data," says Dieter. "They

are able to create their own reports based on their own specifications."

Data and reporting is a big part of what Transplace provides to its customers. Among its offerings are intermodal, truck brokerage, and SaaS TMS solutions.

"We have created a data warehouse for our clients," explains Dieter. "They are able to access is from the cloud and use data visualization tools like Tableau, which helps lay people create reports that analyze financial data."

This means that instead of Transplace writing reports for them,

the 3PL gives them the ability to access their own data and create the reports they need.

Transplace customers are currently using the technology primarily to save money. "The system helps them choose carriers by determining if they will pay more or less in a particular lane," continues Dieter. "It can also help them choose better carriers, determine better transit times, and compare records of on-time deliveries."

The next step in the application of technology to the supply chain is to activate analytics against the massive volumes of data that companies accumulate. "Predictive analytics can inform customers of problems, such as bad weather, that can have an impact on their shipments and provide suggestions for rerouting," says Dieter. "Our direction is to allow

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- Mike Dieter, Transplace

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The future holds out the promise for more automation in logistics and supply-chain systems in support, not only of transportation and logistics processes, but of business decision-making in general. The same predictive analytics which will allow users to reroute shipments to avoid heavy weather may also allow decision makers to decide on the appropriate mix of merchandise to buy and sell to accommodate the weather as well as consumers' needs, desires, and whims.

"We have to integrate unstructured data with structured data in TMS," Dieter comments.

Unstructured data refers to text, image, and video



Mike Dieter, chief technology officer, Transplace

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information, much of which can be harvested from social media and other online platforms. The ability to take the pulse of the consuming public in that way and to integrate those insights into logistics and supply-chain decision making will take those disciplines higher, farther, and deeper than practitioners can imagine today.

Needs Fulfilled

Steven Emanuel, president and chief operating officer at Wen-Parker Logistics, a freight forwarder specializing in the apparel and retail industries, finds that clients come to his company to fulfill a specific need. "They don't come to us to save a few pennies," he says. "They come to us for creative solutions to special problems such as penetrating new markets. We create unique programs and provide them with customized service."

When a well-known US-based sports apparel company found itself expanding rapidly in Asia, it approached Wen-Parker Logistics for a distribution solution. "They were opening stores and needed to supply those stores on a rapid basis," says Emanuel. "They didn't want to invest too much in the market



Steve Emanuel, president and COO, Wen-Parker Logistics

just yet but they needed a distribution solution in 30 days. We set up hubs in Hong Kong and Shanghai in a month, not just warehousing and distribution but everything needed to support those operations."

A woman's fashion retailer needed a solution for vendors in Asia who were running late in shipping inventory to US stores. At the time, Wen-Parker was performing weekly ocean freight consolidations for the company in Hong Kong.

"We developed a mixed-mode solution for them," reports Emanuel. "If the vendor was on time they could ship to Hong Kong by ocean for consolidation. If they were late they could ship by air to Hong Kong to make the FCL consolidation cutoff. That meant the vendor didn't have to incur the costs of shipping all the way to the United States by air."

Proprietary Software

Hybrid 3PLs are particularly adept at writing proprietary software that can be bundled with shipping solutions. Transportation management company Echo Global Logistics has written 18 million lines of proprietary software code for a system that combines the transactional functions of enterprise resource management (ERP) with TMS.

"It also manages rates, prices, documents, and work flows associated with freight management," remarks Doug Waggoner, CEO of Echo Global Logistics. "Our clients tend to be small to mid-market companies that don't have TMS. Our platform can be integrated with the enterprises systems that our clients are running."

Echo is a non-asset transportation provider that operates on shipment-by-shipment as well as a contractual managed transportation basis. In the case of the latter service, clients typically outsource their

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transportation function to the 3PL and commit to the relationship contractually for a number of years.

"We can manage carrier relationships better than our customers can," says Waggoner. "We move ten thousand shipments a day on other people's trucks."

Whether shippers come to Echo Global Logistics to move one load or many, Echo's proprietary

technology—integrated with customers' systems—is the backbone for the efficient execution of freight transportation. The technology integration piece alone often saves clients money by alerting Echo to a customer's transportation needs before the customer's transportation folks are aware of it.

"We tap into our clients' order management

systems," Waggoner explains. "As they create an order in their systems, we become aware of the need to transport a shipment from the warehouse to a customer."

Executives at Echo Global Logistics have found that under traditional processes, the warehouse and transportation functions don't know about the order until the day before, or the day of, the shipment. "An additional 24 to 48 hours advance warning allows

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SEKO Intelligence Delivered

Our technology-led logistics solutions enable us to customize our service and support to meet the needs of each individual customer, enabling them to use their supply chain as a competitive differentiator.

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➤ 19 us to save our clients 10 to 15% on trucking rates," Waggoner reports.

Transparency Offerings

Retailers, especially when preparing for holiday season shopping, are anxious about the location of their merchandise, which often originates in Asia. They particularly want to know when it will be delivered to their distributions centers and/or stores. Their interest lies not merely in the location of shipments, but in the readiness of specific items for store shelves and promotional displays.

Craig Stoffel, a vice president of Werner Global



Doug Waggoner, CEO, Echo Global Logistics

Logistics comments that asset-based logistics services provide customers with a higher degree of transparency. His company is an asset-based logistics services provider and a division of the well-known trucking

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company. "For example, we provide trucking services from the United States to Mexico," he says. "The shipment is loaded into our trailer and stays in the same trailer through the border crossing and into the interior of Mexico. Customers like our ability to execute solutions with our own assets."

Stoffel explains that technology is a huge part of the services Werner Global Logistics provides its customers. "With our best-in-class supply-chain and TMS, we are able to provide visibility right down to the individual item level," Stoffel reports. "That is what our customers are asking for, and most TMS systems can't do that."

Werner's TMS platform is home-grown. "We developed it ourselves to execute across the 90,000+ transactions a month that we handle," Stoffel says. "It is geared to the specific needs of our clients. Not only does it manage transportation moves but it also provides reporting and the visibility of documents."

While most TMS manage transactions at the order level, Werner Global Logistics's system is able to drill down to the item level so that, for example, a retail manager can figure out exactly what the status is of a specific shipment of ties, or jackets, or dresses. "With some systems, it becomes a guessing game," says

Stoffel. "Ten-thousand items may have been ordered, but how many were shipped? Our system confirms exactly what the transportation provider picked up and confirmed on board. It provides a much more detailed accounting than just the big milestones that occur."

The Werner system can handle all modes of transportation, domestic as well as international, with the ability to account in different currencies. The system also fulfills compliance requirements by checking shipments against lists restricted parties and prompting users to adhere to regulations applying to hazardous materials. The web-based system may be accessed remotely from office computers and mobile devices.

"Today we can execute much of the supply chain hands-free," says Stoffel. Purchase orders are sent and acknowledged electronically. Advance notices are electronically sent to the TMS so that carrier bookings can be secured.

"There is less sitting at the keyboard typing,"

Stoffel explains. "Instead, supply-chain processes are managed by exception."

This is yet another example of how a hybrid 3PL can partner with a shipper and bundle software with shipping solutions.

This is why it's important to partner with 3PL that can help connect the dots - whether it's EDI, integration, compliant labeling, compliant picking and packing, and compliant shipping.

"If not done correctly to each retailer's or manufacturer's specification, penalties and fines could be incurred that make the entire operation unsustainable," comments Seko's Bourke. "You could end up in a negative cash flow position. It happens. Sometimes we are asked to help out on the tale end."



Craig Stoffel, vice president, Werner Global Logistics

"An additional 24 - 48 hours advance warning allows us to save clients 10 to 15% on trucking rates."

- Doug Waggoner, Echo Global Logistics

Seko Logistics is California Dreaming, Business Soars

Despite the much-publicized labor issues at the Ports of Los Angeles and Long Beach, William J. Wascher, CEO of Seko Logistics, finds that California is still the place to be. The reason: the Port of Long Beach is the No. 1 seaport in the US and located in one of the world's key markets.

Accordingly, the company has tripled its warehouse operations footprint in California with the opening of an Omni-Channel Logistics hub in Chino and expansion into a new 200,000 sq. ft. facility in San Francisco. Rapid growth for customers in the retail, solar, high-tech, aerospace and medical industries has prompted the investment, alongside the continued global expansion of Seko's omni-channel logistics strategy.

"Our customers are experiencing significant growth in California and that's why we are supporting them with this series of investments to ensure we have the capacity to facilitate their expansion," said Wascher. "We support air export consolidations for retailers and e-tailers to the Asia Pacific region from Los Angeles and demand for our warehousing, logistics and distribution services for the solar, high tech, aerospace



Seko Logistics has tripled its warehouse operations footprint in California with the opening of an Omni-Channel Logistics hub in Chino and a new 200,000 sq. ft. facility in San Francisco. (Photo courtesy of Seko Logistics.)

and medical industries out of our California locations is at an all-time high."

The new 200,000 sq ft logistics warehouse in Union City takes Seko's total capacity in San Francisco to nearly 350,000 sq. ft. In nearby Los Angeles, the company's Airfreight Gateway and local warehouse operation has relocated into a new and larger cross-dock and forwarding location. The 82,000 sq. ft. state-of-the-art unit is over 30% bigger than Seko's former LAX facility and is closer to the port and airport for international air and ocean export and de-consolidation services. Seko's Home Delivery services are also supported by the LAX

operation.

The new Omni-Channel Logistics Hub in Chino is a fully-equipped 117,000 sq. ft. facility. Seko has also opened a new 24,000 sq. ft. warehouse in Riverside to support fast-growing retail customers in the region. The Riverside location serves the company's heavyweight Home Delivery customers and provides warehousing for retailers and consumer brands.

In addition, Seko operates a dedicated MedTec hub in Costa Mesa and serves customers out of San Diego, taking its total operations in the state to five facilities in Southern California and three in Northern California.

Saltrock Partners for 'Bricks to Clicks'

British lifestyle brand Saltrock is using SEKO Logistics' fulfillment and freight forwarding solutions to help spearhead its retail expansion through both its traditional 'bricks and mortar' stores and with global customers buying its products online.

Founded in Cornwall by two brothers printing t-shirts to fund their passion for surfing, Saltrock targets coastal audiences purchasing beach lifestyle clothing and accessories and has experienced rapid growth throughout its 25 years+ of trading. It has opened 26 new stores in the last 12 months taking its total number of retail outlets to 42, and plans to double its high street presence to nearly 80 stores in 2016.

Incorporating a multichannel approach, Saltrock has also launched a new online retail

presence that will enable the brand to reach out to its growing international customer audience from Q4 2015.

SEKO Logistics is providing fulfillment services for Saltrock's 15,000-20,000 orders a month at its new 152,000 sq. ft. logistics centre in Milton Keynes. Since the start of the contract, it has also been awarded the freight forwarding contract to manage air and seafreight movements from Saltrock's major suppliers in China and India.

With the launch of its new online sales channel and a big investment in TV advertising, Saltrock plans to take advantage of SEKO's expertise in ecommerce supply chain management to support its ambitious growth plans with customers in Europe, the US and Australia.

