



Third-Party Logistics: Keeping America's Economy Moving

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What is 3PL?

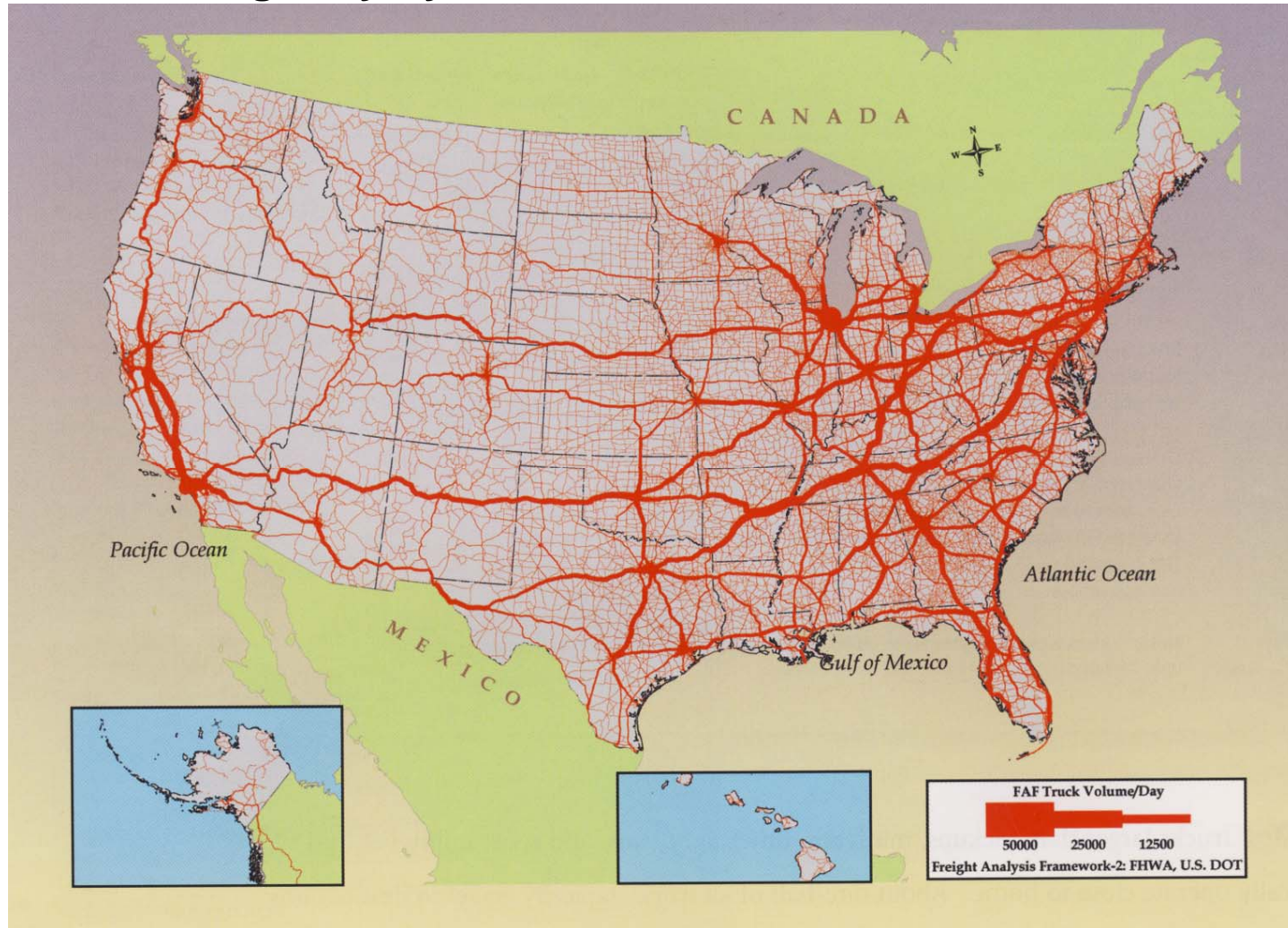
- Third-Party Logistics (3PL) is the business of managing various elements of the supply chain via contract.
- 3PL = an efficient market for moving goods.

Benefits for Shippers

- Drive down costs by identifying inefficiencies
- Manage transportation strategically
- Stability through volatility / supply chain interruptions
- Inventory optimization
- Timely flow of first-hand information

Freight Truck Traffic: 2002

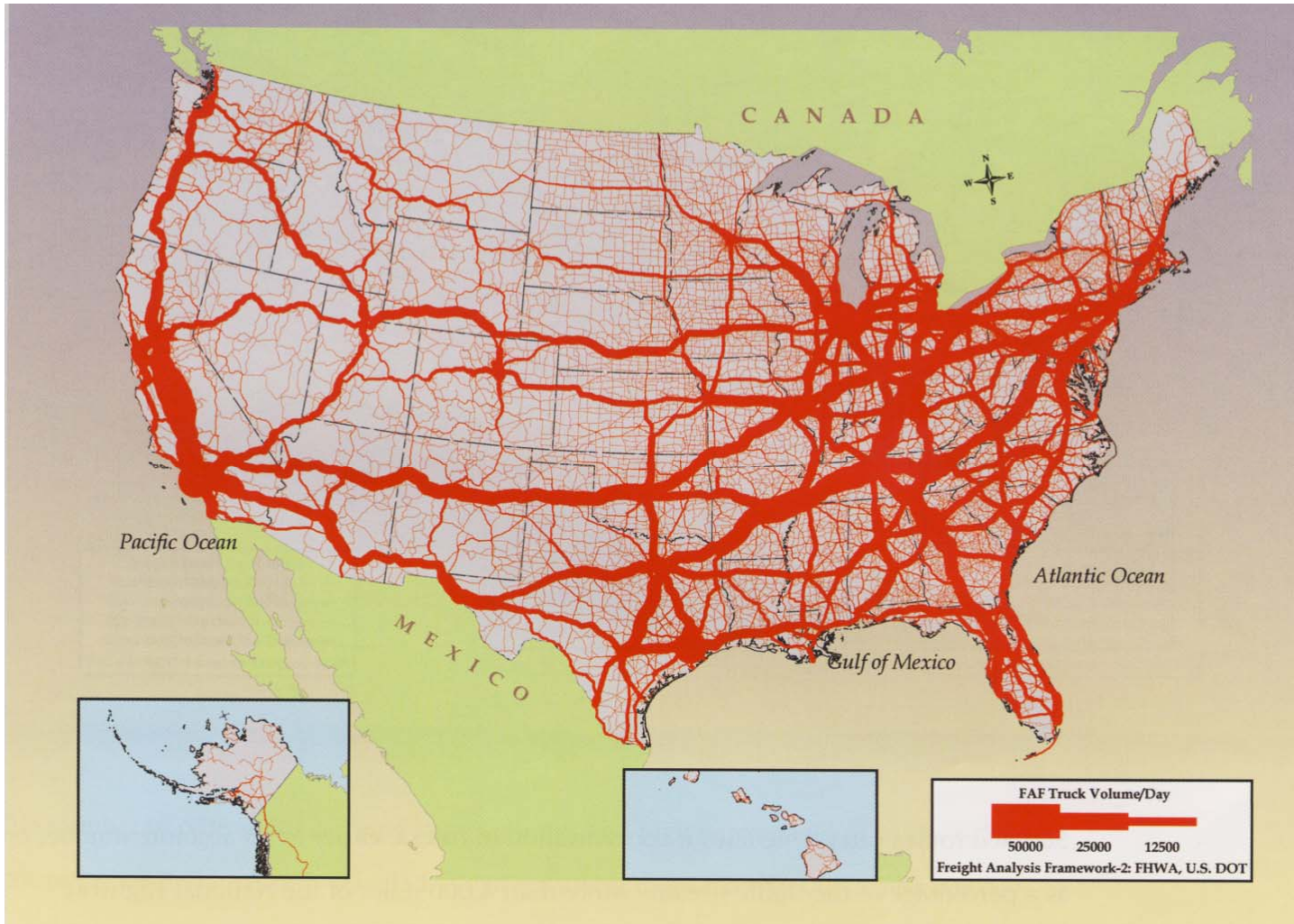
Estimated Average Daily Long-Haul Truck Traffic on the National Highway System: 2002



Note: Long-haul freight trucks serve locations at least 50 miles apart, excluding trucks that are used in intermodal movements.

Freight Truck Traffic: 2035

Estimated Average Daily Long-Haul Truck Traffic on the National Highway System: 2035



Source: U.S. Department of Transportation, Federal Highway Administration, Office of Freight Management and Operations, Freight Analysis Framework, version 2.2, 2007.

Relative Weight of Shipments by Mode, by Percent

(Domestic, imports and exports)

	2002	2006	2035
Truck	60	60.3	61.3
Rail	9.7	9.7	9.4
Water	3.6	3.2	2.7
Air, Air and Truck	0	0	0
Intermodal	6.6	7.1	6.9
Pipeline, Other	20	19	19.2

Source: U.S. Department of Transportation

Benefits for Carriers

- 3PLs manage tens of thousands of shipments/day across U.S.
- Visibility for new loads/new business
- Help coping with volatility

Benefits for Consumers

- American households saved an average of \$1,000 annually during 1980-2000 because of reductions in freight logistics costs.
- 3PL helps produce a supply chain that is more efficient, lowering costs, saving fuel and reducing the carbon footprint.

Third-Party Logistics Services

Primary Services

Shipment Optimization/Consolidation
Carrier Selection and Management
Logistics Expertise
Cost Reduction Strategy
Mode Optimization
Specialty Transport

Warehouse Value-Added Services

Warehouse Management
Kitting/Retail-ready packaging
RFID/Barcoding

Upstream Value-Added Services

Supply Chain Management
Reverse Logistics

Other Value-Added Services

Point of Sale Analysis
Freight Payment
Claims Supervision
Best Practices Sharing
Customs Brokerage
Call Center Management
Risk Containment
Drayage

3PL Industry Jobs 2008*

STATE	# Employees	STATE	# Employees	STATE	# Employees
ALABAMA	365	MARYLAND	811	PENNSYLVANIA	837
ARKANSAS	231	MAINE	66	RHODE ISLAND	11
ARIZONA	635	MICHIGAN	801	SOUTH CAROLINA	582
CALIFORNIA	2442	MINNESOTA	1505	SOUTH DAKOTA	40
COLORADO	259	MISSOURI	1238	TENNESSEE	1063
CONNECTICUT	109	MISSISSIPPI	111	TEXAS	2759
D.C.	54	MONTANA	123	UTAH	354
DELAWARE	34	NORTH CAROLINA	705	VIRGINIA	480
FLORIDA	3488	NORTH DAKOTA	63	VERMONT	7
GEORGIA	1596	NEBRASKA	141	WASHINGTON	620
IOWA	496	NEW HAMPSHIRE	116	WISCONSIN	1984
IDAHO	98	NEW JERSEY	1062	WEST VIRGINIA	16
ILLINOIS	2812	NEW MEXICO	45	WYOMING	20
INDIANA	381	NEVADA	257		
KANSAS	284	NEW YORK	933	UNITED STATES	35691
KENTUCKY	214	OHIO	2851		
LOUISIANA	418	OKLAHOMA	267		
MASSACHUSETTS	1152	OREGON	755		

Headquarters of 33 Largest 3PL Providers, by State, 2008

4 each	California, Florida
3 each	New Jersey, Tennessee
2 each	Arkansas, Illinois, Pennsylvania, Texas, Washington
1 each	Georgia, Ohio, Kansas, Minnesota, Missouri, Nebraska, New York, Vermont, Wisconsin

Source: *Logistics Quarterly*

Complexity in the Supply Chain

Supply Chain Disruptions Can Mean Interruptions for U.S. Businesses

Terrorism
Natural Disaster
Strikes and Labor Interruption
Power Outage
Cargo Loss
Infrastructure Failure
Epidemic
Human Error

On the other hand, **REGULATION** adds complexity to the supply chain.

Thank You!

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