

The Lights Are Flashing - Warning - Slowdown!

No, we are not talking speed; this is the warning of a declining demand for transportation services. The impact of a challenging US economy is taking its toll on the transportation marketplace. The latest tonnage numbers also don't bode well for a strong peak shipping season and transportation capacity is building. While there may be some questions as to whether the economy is moving into a recession, we are seeing clear signs of a transportation recession.

This is evident in:

Carrier earnings: J B Hunt reported third-quarter profit fell 12%, due to higher expenses and lower trucking revenue.

The ATA reported truck tonnage was down 3.7 percent from a year ago.

FedEx U.S. domestic package volume dropped, which resulted in a revenue decline of 1% last quarter.

Rail commodity car loadings were down slightly, while year-over-year comparison of intermodal traffic got much worse. The cumulative 40 week total of intermodal traffic for this year to date was 9.5 million containers or trailers, a 2 % decline compared with last year.

Consumer confidence, declined this month according to a preliminary monthly report by the University of Michigan.

Business inventories rose just 0.1% in August, while sales fell 0.4%, according to the Commerce Department.

This is a double edged sword for shippers. In the near term the pendulum has swung once again to a buyer's market. On the other hand this decline will continue to push carriers out of business due to slowing demand and resulting price pressure. In addition, the new hours of service rules proposed could mean that drivers will lose an hour a day. When the economy turns around sometime in the second half of 2008, we will see the capacity tightening and rates increasing.

Smart shippers are now positioned to lock in favorable rates. The window of opportunity will not be open for long. If you do not have the time or staff to take advantage of current market conditions and lower your transportation costs contact Karin Speaker at Data2logistics' Business Intelligence Group for assistance at 239.707.7204 or karin.speaker@data2logistics.com

UPS Strike Avoided

United Parcel Service Inc. reached a tentative agreement with the International Brotherhood of Teamsters on a new five-year contract covering approximately 240,000 full- and part-time package employees in the United States. The tentative contract, which now must be presented to UPS Teamster-represented employees for ratification, was negotiated nearly a year in advance of the current contract's expiration on July 31, 2008.

Once ratified the agreement will allow UPS shippers to breathe a sigh of relief that the prospect of a strike has been avoided. However, this will not allow UPS to close the labor-cost gap with rival FedEx Corp.

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UPS Strike Avoided (continued)

The tentative contract includes wage increases as well as significant contributions to healthcare and pension plans to help strengthen these benefits for employees. The agreement allows UPS to withdraw employees from

the Central States multi-employer pension plan and to establish a jointly trustee single-employer plan for this group. UPS will make a pre-tax \$6.1 billion payment to the Central States plan in connection with its withdrawal.

Hours Of Service – Appealed

The U.S. Court of Appeals for the District of Columbia Circuit invalidated hours of service provisions that increased the daily driving limit from 10 hours to 11 hours and permitted drivers to restart their weekly accumulation of hours after taking 34 consecutive hours off duty.

The interim final rule would be an expensive proposition for both the carrier and the shipper communities. It would require carriers to make significant changes to their operations, including delivery routes and dispatch system, and would create the need for more drivers, and additional trucks.

The Federal Motor Carrier Safety Administration stated, they believe that a stay is preferable to an Interim Final Rule, since it will allow the agency to focus its efforts on gathering data and comments in conjunction with a final rule, while avoiding the severe disruption that would result from a change in the status quo.

Public Citizen, a consumer watchdog group, had sued to reduce the amount of time truckers can stay behind the wheel and has vowed pursue further legal action if the legislation is not enacted.

Data2Logistics Automates Spot Buy Process

By now our customers recognize our new web site look that we installed last month. The new site has been designed to allow us to release service enhancements to our customers and their carriers.

The first new service to be released is our web based Spot Buy Portal. This new tool will allow our customers to send a request for quote from our web site. Your

carrier can propose a bid for the move from our web site. The customer can accept or decline the carrier's bid on the site. If accepted the carrier will be notified of the acceptance. Our new Spot Buy Portal creates a new efficient process for all parties. To learn more about this process, please contact your Customer Relationship Manager.

What Does FedEx Do With The 997s We Send?

As part of our standard operating procedure for all EDI carriers, Data2Logistics sends ANSI standard 997 Functional Acknowledgements back to the sending carrier. This process advises carriers if the data they have sent to us has been translated successfully. The sending and review of a 997 is standard and fully accepted industry practice. Recently our Director of Carrier Relations met with FedEx to discuss how we could improve the tracking of bills we receive from them. During those discussions FedEx advised us that even though they do receive the 997 files from us, they do not have an automated way to determine a successful 997 from unsuccessful 997. They do try to monitor the files but it becomes a manual process and therefore mistakes can be made. As a result, FedEx is not aware of a file that failed translation and the file is not repaired or resent causing Invoices to potentially become past due.

We want our customers to be advised of this situation and the fact that FedEx is currently discussing this situation with their IT group. At this time they do not have any plans in the near future to take the actions necessary to systematically respond to our electronic messages. For the benefit of all parties, we ask for your support in our effort to have FedEx follow the standard industry practice and review the 997 notices we deliver to them.

In the interim, we are developing an E-mail 997 notification process for FedEx. When an invoice fails, we will notify the appropriate FedEx EDI Analyst by E-mailing them a copy of the 997. The 997 will include the client, the reason for the error and the invalid/missing data that caused the error. The FedEx EDI Analyst will be able to pull the original file, repair it and resend it. We will continue to notify FedEx via E-mail until they confirm they have developed an automated process solution.

Going Green

It is not too soon for transportation professionals to start to think about going green.

Wal-Mart is committed to implementing practices to 'green' their supply chain. This includes being supplied by 100% renewable energy, creating zero waste and selling products that sustain resources and the environment. The retailer unveiled plans to make its trucking fleet 25% more fuel-efficient within three years. The 7,100 trucks are already on track to becoming 18% more efficient over the next year alone, according to Johnnie Dobbs, Wal-Mart's Executive Vice President of Logistics.

UPS recently announced it was adding 306 alternative fuel vehicles to its "green fleet" by placing an order for 167 Compressed Natural Gas (CNG) delivery trucks while taking delivery of 139 new propane delivery trucks in North America. Additionally, the company has launched an initiative to use biodiesel fuel in its ground support vehicles at their air hub in Louisville.

In addition, the Postal Service, which operates 142,000 vehicles, and FedEx 70,000 vehicles are also testing hybrids, as are companies that do lots of commercial deliveries, such as Coca-Cola, as well as the Defense Department.

We believe it will not be long before companies are measured on a green quotient. That will include not only the fleets operated internally but will extend to your for hire carriers. Transportation professionals who have not gotten on the 'green' wagon need to do so or they risk finding themselves trying to catch up rather than staying ahead of the pack.

Data2Logistics has been helping our customers identify their transportation related carbon foot print, which is the measurement that is becoming the industry standard. To learn more about how you can benefit from our experience in this area contact Karin Speaker at Data2logistics' Business Intelligence Group for assistance at 239.707.7204 or Karin.speaker@data2logistics.com.

It's Politics As Usual – As Mexican Trucks Roll Into Texas

The first Mexican truck authorized by a Bush administration program opening U.S. highways to trucking companies from south of the border crossed into the U.S. at Laredo, Texas. After more than two hours of inspections, the first Mexican truck crossed the 25-mile commercial zone that has been the boundary for Mexican trucks since the United States closed its border to its southern neighbors in 1982.

Despite scattered protests from some American trucking and labor organizations, the Federal Motor Carrier Safety Administration (FMCSA) gave the green light to the pilot program and the truck crossed without incident. Transportes Olympic received authority from FMCSA as the first Mexican carrier to participate in the pilot program. Meanwhile, the Mexican government approved the El Paso, Texas-based, Stagecoach Cartage and Distribution as the first U.S. trucking company to operate in Mexico. DOT estimates that if 100 carriers participate in the one-year pilot program, they will operate more than 500 trucks in the US.

The Owner-Operator Independent Drivers Association (OOIDA) petitioned the U.S. Department of Transportation for a review of the pilot program and a stay on the program pending review in the U.S. Court of Appeals for the District of Columbia. Todd Spencer, OOIDA Executive Vice President, said the program did not follow congressional directives and legal requirements.

“We believe we have a strong case against what is being called a pilot program, but is actually a stealthily implemented, pre-ordained plan to fully open our highways to Mexican trucks,” Spencer said. “This is all done in the name of global economics and cheap labor.”

U.S. Rep. James Oberstar (D-MN), chairman of the House Transportation and Infrastructure Committee, along with other congressional members and representatives of OOIDA, the Teamsters and the Truck Safety Coalition blasted the pilot program for ignoring public opinion and putting the American public in danger because they say Mexican trucks are unsafe.

“We do not find that the Mexican system is equivalent to the American system,” said Rep. Peter DeFazio (D-OR).

But FMCSA officials say the pilot program has met all congressional requirements and all Mexican trucks and Mexican truck drivers will be held to the same strict standards as American truckers.

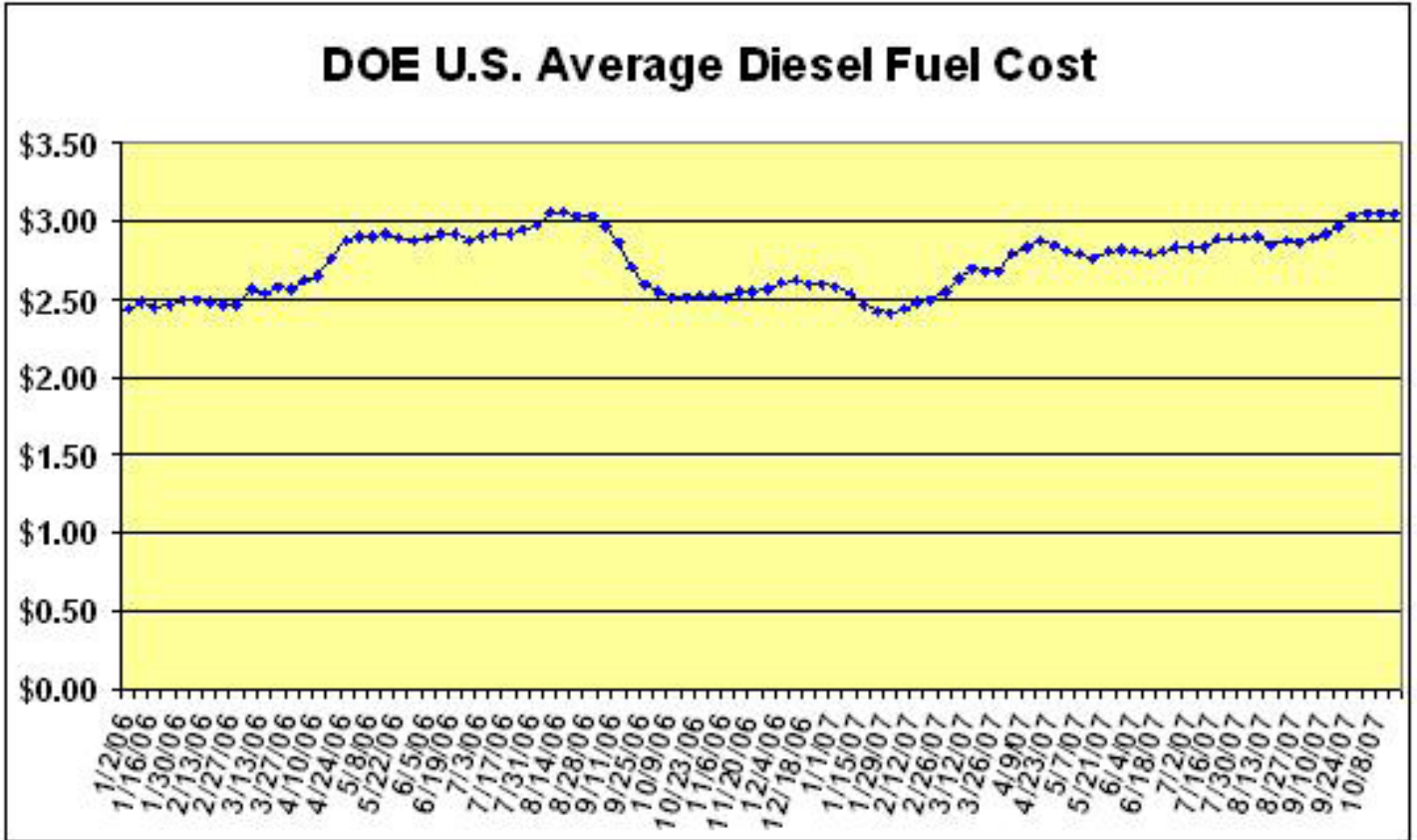
The U.S. House of Representatives has tried several times in recent months to block the program. “Democrats and Republicans are united in protecting America’s highways. Only the White House seems to be out of the loop,” said Rep. Nancy Boyda (D-KS).

DHL Digs Down Deep

DHL has been reworking their accounts receivables going back as far as three years. This has resulted in DHL presenting Data2Logistics and others with old bills that they claim have not been paid. In the vast majority of the situations we have no record of receiving these bills.

Our customers are reminded that it is good industry practice to include language in your contracts that states all bills must be presented and paid within six months for the bills to be considered valid.

Fuel



Contact Us

If you have any questions, comments or concerns, please go to our web site at www.data2logistics.com or contact Harold Friedman at 609-683-3917 or via e-mail at harold.friedman@data2logistics.com.

