

Executive Corner

It is with great pleasure that I announce the promotion of John Hartley to the position of Vice President of Operations this month. I have personally worked with John for more than 12 years. During those years, John has consistently demonstrated outstanding leadership qualities, strong management skills and a willingness to accept tough challenges.

John joined our organization as a temporary employee in 1988 and since then has worked in a variety of capacities, including data entry, group leader, processing supervisor and processing manager, before becoming the general manager of the Fort Myers site. As most of you know, John also has been managing the Atlanta site, splitting his time between the two offices this year.

Reporting to John will be all the general managers and he will be responsible for the overall profit and loss for all the operations functions of Data2Logistics. I am confident that John's promotion will strengthen our management team and enhance our ability to grow our business.

Let's all extend a well-deserved congratulations to John!

Daniel P. Ryan
President and CEO

Impact Analysis Services Help Shippers Make Decisions that Save Money

Data2Logistics takes pride in the fact that our customers turn to us when they need to make informed decisions. Our business is referred to as "freight bill processing," but we think it's more than that. We provide the business intelligence that our customers need to make mission-critical decisions. For example, our customers use our Impact Analysis Services as a modeling tool that helps determine the impact of:

- Carrier rate proposals – It's easy for a carrier to say that on an overall basis, rates will change by a certain percentage. But better informed shippers want to see what the cost impact will be based on their actual shipping patterns. This analysis avoids surprises and allows our customers to compare carriers on a side-by-side basis using actual movements and volumes.

- Modal shifts – We identify modal shift opportunities for air shipments that could have moved via a ground service and would have been delivered on the same day. We quantify the savings and identify the shipments by ZIP code and carrier.
- Relocation of facilities – Companies specializing in this area look at real estate costs and labor costs, but all too often do not analyze transportation costs. We have the tools that model and calculate the benefits and cost impact on transportation expenses due to relocations.

Our Impact Analysis Services allow our customer to make informed decisions supported by definitive analysis.

Data2Logistics Announces Transentric Alliance

Data2Logistics has signed a strategic alliance with Transentric LLC that will offer better access to rail shipment data and save money for our customers. Transentric, a leading provider of electronic connectivity, supply chain management and software services, will furnish Data2Logistics' customers with access to its Web-based shipment visibility solution, ShipmentVision™.

"This agreement will greatly benefit our rail customers, because we'll use the data mined from Transentric to recover rail car mileage revenue due to them," said Harold B. Friedman, senior vice president of sales and marketing for Data2Logistics. "An alliance with an experienced technology leader like Transentric provides Data2Logistics' customers with enhanced capabilities in the intelligent messaging arena. It will allow us to operate more efficiently and improve our rail information services."

With Transentric's Web-based tools, Data2Logistics will be able to easily obtain rail car location messages (CLM) for its rail car mileage revenue management audit. It also will improve data collection and documentation for dwell time analysis for managing consignee detention and for the audit of rail car demurrage and storage charges.

Our rail freight cost containment business is now positioned to improve rate negotiation services based on visibility to our customers' trip histories and product volumes mined from Transentric's data.

Data2Logistics' customers also will be able to sign up for Transentric's ShipmentVision, which will allow them to have their shipments proactively traced and receive ETAs or alerts if delivery times will not be met. This product also will be used for motor carrier shipments.

The Wheels May Stop - But Not the Clock

Shippers should recognize that they need to be proactive in dealing with the new hours of service rules, which go into effect this January.

The new rules, which change driver work hours for the first time since 1939, will keep drivers on the road for a larger portion of their shifts – 11 hours versus the current 10. The number of hours that drivers must set aside to rest in a 24-hour period will increase from eight to 10 hours and the total time a driver can be on duty will drop from 15 to 14 hours.

The bottom line? Carriers will place a higher value on the time a driver spends behind the wheel, increasing costs for them. So you can expect that carriers will pass on those increased costs to shippers.

As the economy continues to grow, the new hours of service rules will bring about the need for additional drivers and trucks. This will have a negative impact on freight rates. Shippers can expect to see a 4 percent to 7 percent increase in shipping charges.

Truckload carriers want to move in and out of DCs with the utmost speed. A driver's paper work should be prepared ahead of time to avoid delays. Faster loading and unloading will be the order of the day. Where possible, shippers should establish drop and hook programs. If material is staged properly, a palletized truckload can be loaded in less than an hour, while it may take three to five hours to hand load a truckload carrier.

Look Deeper into “Small” UPS Increase

UPS has announced that shippers can expect the smallest increase in delivery rates in seven years. In January, ground delivery charges will increase by 1.9 percent and UPS Overnight Air will post a 2.9 percent jump. Shippers can thank heightened competition for this benevolence.

But let's get past the headlines and dig a little deeper. The key to analyzing these changes is looking beyond the stated increase levels and discounts you have negotiated and determining the impact on total costs. With the announced increases comes a new, \$1.00 charge per package for rural delivery of commercial packages. UPS already has a similar charge of \$1.75 per package for rural residential deliveries.

It is most important to note how rural is defined. The rural delivery surcharge applies to

approximately 60 percent of existing ZIP codes. Do you know how many of your packages fall into the rural ZIP code table?

Consider, for example a one-pound ground commercial shipment moving to a zone 2 rural area. You would pay \$4.54 plus \$1.00 for the rural surcharge. That's a whopping 22 percent increase. To make matters worse, the carrier's absolute minimum charge rule would apply - and your discount would not - for a one-pound, zone 2 shipment.

Data2Logistics can help shippers determine the impact of these and other carrier pricing changes with our Impact Analysis Service. It's better to understand the implications of a carrier's pricing tactic before you have to explain month-to-month cost increases.

What's Happening At the Post Office?

First Airborne Inc. has its At Home service, in which the U.S. Postal Service handles the company's residential delivery service. Now UPS has announced a pilot program called UPS Basic, and FedEx also is lining up a similar program aimed at capturing large post office customers with rates lower than the post office can offer.

The UPS effort is being created under a little known postal program called Postal Select, which was developed to help the Postal Service

reduce costs by allowing consolidators to drop presorted packages at a large post office near their final destination. Now it looks like the integrated carriers have found a way to make it work for them as well.

Just remember if you use the UPS program, you are not entitled to service guarantees and delivery is most likely to take longer. The program also does not include insurance and COD, and allows for only one delivery attempt.

New Rules Regarding Electronic Manifests Now In Effect

New rules requiring transportation companies to submit electronic shipping manifests to the Bureau of Customs and Border Protection before shipments will be allowed to enter the United States went into effect December 5, according to The Department of Homeland Security.

Cross-border shippers should be aware that some trucks need to file advance manifest

information only 30 minutes before arriving at the border. Ships at foreign ports will be required to file advance manifest information 24 hours before goods are loaded.

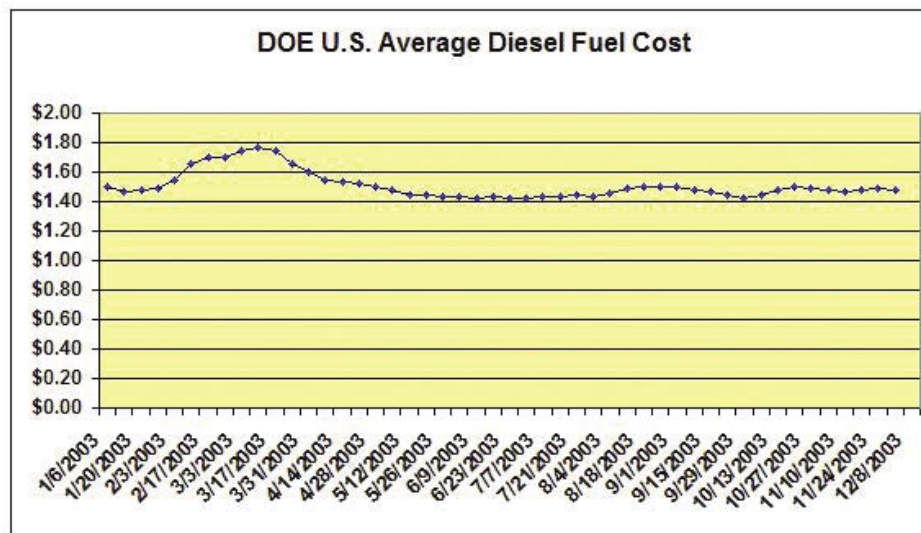
Shippers who do not cooperate with the new rules could be fined or have their freight turned back at the border.

Audit Tip: Remember to Cover Accessorial Charges in Your LTL Contracts

We want to remind customers to cover the following in their LTL contracts:

Be certain that your contract specifically addresses interlines and accessorial charges, including a carrier's fuel surcharge. If the contract does not specify those charges, you are more likely to be subject to the carrier's higher published charges and street prices, as well as any increases that they may enact.

We also want to remind you to carefully review the language that covers third party billing in your contracts, or you may find your third party moves defaulting to a carrier's current tariff pricing.



It should be noted that the above chart shows diesel fuel prices, about one-third of commercial trucking uses gasoline, which is 11.34 cents higher than the average on the same day last year.

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

