



Executive Corner

Welcome to the initial issue of our customer newsletter *Client Connection*. I hope you find this communication both interesting and informative. Our goal is to keep you current with information regarding Data2Logistics and the transportation industry. I expect 2003 to be an exciting year as we continue to improve our customer care and introduce new services and features. Customers will be kept updated on our progress in these areas as services are brought on-line.

I am happy to report that effective January 1, 2003; the merger of WESCARA Freight Technologies with the Logistics Division of CorPay Solutions, Inc. has been finalized.

The two entities have been legally and financially combined and will be conducting business under the name of "Data2Logistics, LLC". You will be receiving a letter in the near future, which will include our new Federal Employer Identification Number. If you have any questions, please contact Dennis N. Emery, our CFO at 801.293.0939 or via e-mail at dennis.emery@data2logistics.com.

We look forward to our continued relationship!

Sincerely,
Daniel P. Ryan
CEO

UPS Announces Stricter Credit Terms Enforcement

The *Wall Street Journal* recently reported that United Parcel Service (UPS) would begin to strictly enforce their credit terms with their customers in an effort to increase revenue. This comes on top of the rate increase UPS announced in November.

The five-percent late charge went into effect in early January. UPS' largest customers will get a reprieve until July. UPS has always had a late payment penalty but rarely applied the fee. More often than not, a customer was told that service would be discontinued if outstanding bills were not paid. Facing a receivable that totaled \$3.75 billion as of September 30, 2002 and tight economic times in which volumes have slumped, the company is doing what it can to increase revenue.

For our customers, this means bills will have to be paid faster and should be reviewed even more stringently. Since most of our processing for UPS can be handled electronically, our ability to meet UPS' credit terms is not an issue —provided customers fund Data2Logistics in a timely manner.

However, for those companies that process their bills internally, this will be a real challenge. Most companies will not be able to meet the new credit terms and will face the increased costs of late payment. The required quick turnaround is compounded by the limited amount of information that UPS provides on their paper bills. This could result in some customers being charged for and paying the penalty, increasing their UPS shipping costs by five percent.

If Data2Logistics is not already processing your UPS freight bills electronically, please contact your customer service representative to discuss how we can help you avoid UPS' late payment charge.

We recommend that you check the terms in your UPS contract to determine if it has specific language that fixes payment terms in such a manner that they cannot be changed unilaterally.

The 3D Syndrome

Since Consolidated Freightways has filed for bankruptcy there is a lot of reshuffling that had to be done by their customers. Now, over 38,000 tractors and trailers and other vehicles as well as 350 terminals that were once operated by CF lay idle. Fortunately, this comes at time when the economy is in a slow growth mode and there is capacity available to fill the void.

As has too often been the case, carriers in financial difficulty (looking to gather as much revenue as possible) offer shippers deals that in many cases are too good to be true. We call this process the 3D syndrome, a.k.a. Deep Discounts (from) Desperate carriers.

Shippers who always seek the lowest cost carrier often pay dearly in the long run. While the price may seem attractive, the cost of redeployment should a carrier fail can turn this into an expensive bargain. First, there are the issues of freight trapped in the system. Then, there are the issues of loss and damage claims. Finally, there is the cost of finding a new carrier to move your freight. With one less carrier in the marketplace and the loss of one that was heavily discounting prices, prices tend to

firm up quickly for those shippers looking for an immediate solution even during this weak economy.

Our customers continually tell us that they are looking for more than just price in a carrier. Yes service is important, they say. Financial performance is also a key factor. But how do you balance these factors against the push to drive down costs within your organization. The key may be right before your eyes. It's **information**.

Our most efficient customers tell us that the data we provide to them is invaluable in driving down their transportation costs. They make more informed decisions – they can negotiate better and they can see their carrier's accessorial charges. The information we provide allows customers to see the total cost of transportation. It's not just the discount or the rate, it's the total cost to deliver the freight. So be sure to look at dim factors, address corrections and appointment charges, and take them into consideration when selecting carriers. This information, coupled with a carrier's financial condition, and service level should provide you with all the information you need to avoid the 3D Syndrome.

Audit Tip - Just may save you money!

At Data2Logistics, we have a highly trained staff of transportation professionals who find ways to save you money. Read these tips from our auditors and see how your company may benefit:

Shippers need to provide clear descriptions of the products being shipped. Most carriers have a default item in their rules tariff, which may allow class 150 or even higher, if a description is not given. Additionally, advise

vendors to do likewise. If the shipment consists of unfinished or rough product, the bill of lading should be marked accordingly.

Be sure to educate staff who prepare bills of lading and air waybills so they know what should, and should not, be included. For example, shippers frequently fill in the declared value simply because they think it's required. What they don't realize is that by filling in a declared value, they are being charged to insure something that typically is already covered under self-insurance. Another opportunity to save money is

to instruct staff regarding service levels requested. Not every package and envelope needs to go next day air. Many points can be serviced on a next day basis via ground at a much lower cost.

If a shipper has multiple mileage rates for the same points with differing carriers, they need to adopt a list of Primary Carriers and Secondary Carriers that protect the lower rates per mile. We have seen rates for the same lanes that range from 90 cents to \$2.50 per mile.

Upcoming Events

April 13 - 16, 2003	Trade show: International Accounts Payable Professionals (IAPP) Seattle, Washington
April 13 - 16, 2003	Presentation: International Accounts Payable Professionals (IAPP) Seattle, Washington
May 20-22, 2003	Trade show: Distribution Expo, Chicago, IL
May 20, 2003	Presentation: Distribution Expo, Chicago, IL
September 21-24, 2003	Trade show: Council of Logistics Management (CLM) 2003 Annual Conference - Software Education Track Chicago, IL

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 email at harold.friedman@data2logistics.com

