

## Executive Corner

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I am a firm believer that attracting the brightest and the best employees allows us to provide the finest service our customers. I am pleased to announce the addition of two new employees to the Data2Logistics team. Michele Myles has been appointed National Sales Manager. She reports to Harold B. Friedman SVP Global Corporate Development and will lead our sales and telemarketing staff. Michele brings with her an entrepreneurial spirit, as well as a strong background in sales and leadership. Most recently, Michele was the Director of Supply Chain Sales for Transentric, a leading provider of electronic connectivity, supply chain management and software services. Michele holds a degree in Marketing from the University of Miami, Coral Gables, FL. Teena

Sorenson joins our sales team as the Regional Sales Manager for the western states. Teena has a proven track record of increasing sales and developing consulting relationships in her previous positions. She has worked for TMS Associates Inc., Computrex Logistics, Commercial Traffic, and Barry & Lloyd. Teena holds a BS in Business Administration from Suffolk University and an MBA from Myers University. I am confident you will find both Michele and Teena strong additions to the Data2Logistics sales and marketing team.

*Daniel P. Ryan*  
President and CEO

## New Index Available

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Historically, the government has done a poor job of tracking industry statistics in the service sector such as transportation. This month, the U.S. Department of Transportation (DOT), and the Bureau of Transportation Statistics (BTS) will begin to provide a monthly Transportation Services Index (TSI). The Transportation Sector accounts for more than 11 million jobs today and about 11 percent of the gross domestic product. The freight measures in the TSI will include for-hire trucking & parcel services, railroad services, inland waterway traffic, pipeline movements and air freight. The index is seasonally adjusted, and combines available data on freight ton miles that are weighted to yield a consistent monthly measure.

The TSI will indicate how the output of transportation services has increased or decreased from month to month. The index can be examined together with other economic indicators to produce a better

understanding of the current and future course of transportation services and the economy. This is an economic sector of great interest to the business community.

The movement of the index over time can be compared with other economic measures to understand the relationship of transportation to long-term changes in the economy. Until now these measures have not included an overall, multimodal, monthly indicator based on production of transportation services.

The data, being provided in the first installment this month, will represent December 2003 information and will continue to be provided on a three-month lag basis. To learn more about the TSI go to the DOT Bureau of Transportation Statistics [http://www.bts.gov/programs/transportation\\_services\\_index/](http://www.bts.gov/programs/transportation_services_index/).

## Hours of Services Tips

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Multi pick-up truckload movements for inbound shipments, milk runs and outbound shipments with many stop offs may not be as cost effective as they have been in the past under the new Hours of Services (HOS) rules. The waiting time for each stop can be costly with the reduced number of total hours that a driver can be on duty. As a result many carriers will increase their cost per stop for multiple leg movements or ask their shippers to pay a layover fee. The modeling done by TSM systems should now be reviewed in light of the current environment and cost structures that carriers will impose for additional stops offs. For example, you may want to

consider having individual LTL shipments picked up in a regional area and consolidated with a single carrier to line haul across the country. Alternatively, you may find that shipments in the 5,000 to 10,000 pounds range with three to five stops may be moved more cost effectively as LTL than as a multiple stop truckload shipment. It's worth calculating the costs in order to create efficiencies in this new environment. Also speak with your carriers to determine how you can work together to reduce excessive dock delays. This is a project that will prove beneficial to all parties.

## Reducing Cost Involves More Than Carrier Consolidation

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For the past few years shippers have felt they can leverage their buying power by reducing the number of carriers they used. For a time this was a solid strategy for companies who had hundreds of carriers, many with overlapping service areas and capabilities. This carrier consolidation craze produced healthy cost reductions for many companies.

The environment is changing with nearly all shippers embracing a core program. Carriers have gotten much more in touch with their costs. With the economy improving, carriers no longer want to take all of a shipper's freight when it does not easily fit into their network. Also, we are seeing the effect of several economic conditions that are impediments to year over year cost reductions that companies had enjoyed. The costs for fuel, insurance, wages and security are a growing concern for carriers and shippers.

When the only thing a shipper and carrier can talk about is the cost per hundredweight, the conversation can become confrontational very quickly.

Data2Logistics believes that rates are only one variable of a complex equation which both shippers and carriers have to solve. Other variables include costs for all parties. If a shipper can tender a load electronically to their core carriers, that is beneficial to all parties. If a carrier can present freight bills electronically, improve the accuracy of their billing and the presentment of required information that is beneficial to all parties. If a shipper has benchmarked their freight costs and focuses on negotiating specific issues, such as accessorial or specific lanes or region they will be able to reduce transportation expense.

What all of this means is that the key to reducing transportation expense revolves around information. It is the access to and use of information that is the new way to successfully negotiate with your carriers today. Our customers should also recognize that it is equally important to carefully analyze bid proposals on an apples-to-apples basis. Our Impact Analysis service takes real carrier bid proposals and models the new rates with historical data to clearly identify the actual costs of each carrier's proposal.

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## Reducing Cost Involves More Than Carrier Consolidation cont.

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In addition, Data2Logistics currently supplies benchmark data to many companies. You can see a sample of lane segment pricing information in the second week of each month's edition of *Traffic World*. We also have the ability to support electronic

load tendering to companies. To learn more about these services contact Michele Myles, National Sales Manager at 313-815-0554 or [michele.myles@data2logistics.com](mailto:michele.myles@data2logistics.com)

## Keep an Eye On These Talks

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The Air Line Pilots Association, which represents FedEx's 4,100 pilots began talks on a new contract. The pilots are seeking improvements in work rules, pay, pension and security. A typical FedEx pilot makes \$167,000 a year. The pilot's last agreement

was signed in 1999. In 2002 the pilots joined the Air Line Pilots Association through a merger with their independent FedEx Pilots Association. It is likely that an agreement will be reached; however, a new settlement will increase costs over time.

## Bundle When You Can

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Integrated carriers at times have discouraged their shippers from bundling of parcels. It is well worth the effort to bundle together packages moving from the same shipping location to the same consignee location. If you are a current Data2Logistics customer

your consolidation opportunity report will allow you to see your precise potential savings. If you have any questions regarding bundling please do not hesitate to ask your account coordinator.

## Good News For The Nation's Railroads

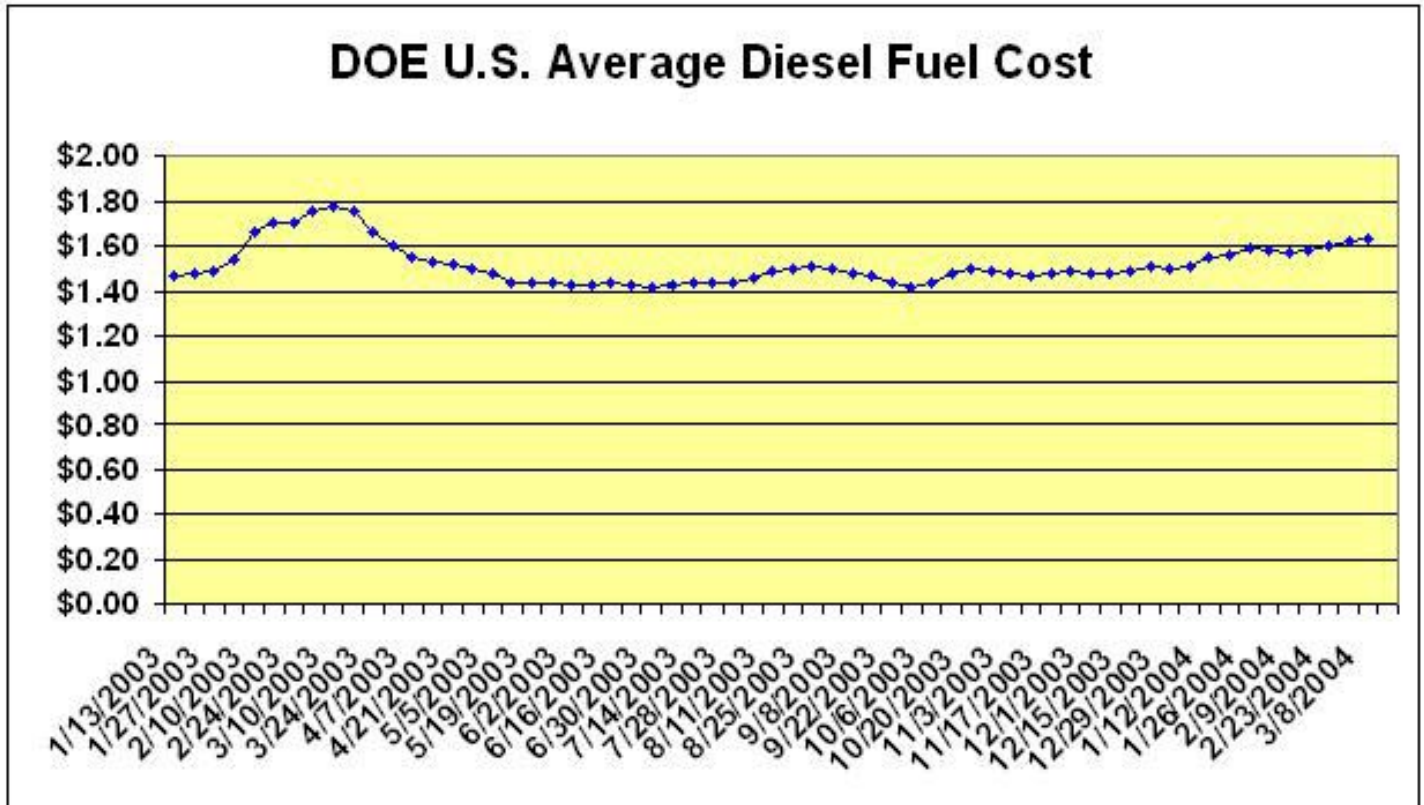
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The Association of American Railroads reported on March 4<sup>th</sup> the number of intermodal loadings on the nation's railroads rose 6.6 percent, to 47,808 trailers and containers in February, 2004. This was slightly

higher than the 6 percent increase for the first two months of 2004. These shipments tend to be for merchandise rather than bulk commodities.

## Average Fuel Cost

On March 8<sup>th</sup> the average cost for diesel fuel rose \$0.01 to \$1.63. After reaching a high of \$1.77 on March 10<sup>th</sup> last year, fuel costs are rising again.



## Contact Us

If you have any questions, comments or concerns, please go to our Web site at [www.data2logistics.com](http://www.data2logistics.com) or contact Harold Friedman at 609-683-3917 or via e-mail at [Harold.friedman@data2logistics.com](mailto:Harold.friedman@data2logistics.com).

