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Global Logistics

March 27th, 2018 | Written by Peter Buxbaum

TAKE ME TO YOUR THOUGHT LEADER

NINE OF THE 3PL INDUSTRY'S FINEST SHARE THEIR KNOWLEDGE



Understanding the latest trends in third-party logistics—how service providers can save exporters money, streamline their operations, and provide them with competitive advantages with the latest in value-added services, technology and analytics—can be a daunting task, but it is a critical one. That's why Global Trade asked nine logistics thought leaders to share their thoughts on the same four questions, relating to technology, export markets, value-added and evaluating a 3PL. Read on to learn what industry leaders at Transportation Insight, DB Schenker, American Global Logistics, Knichel Logistics, Ruan, Dachser, CH Robinson, MIQ Logistics and Choptank have to say on these important issues.



Rick Brumett

Vice President of Client Solutions
Transportation Insight

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How is technology changing the scope of services 3PLs can offer their clients? Logistics providers blending market-leading commercial technology with proprietary offerings within one operating ecospace can segment and analyze information in real time to help shippers recognize and forecast trends, optimize network design and pivot processes as needed to match shipments with the most efficient transportation lanes and modes. When shippers leverage technology in these ways they can enhance collaboration between business partners and transportation providers to realize benefits across the supply chain—and to their bottom lines.

What regions or countries are under-served in trade yet offer potentially big growth for exporters?

Considering the U.S. trade imbalance with China—3-to-1—and with India—almost 2-to-1—you recognize that they are available to be consumption economies—especially as efficient e-commerce operations increasingly facilitate

growth. Expanding business into these regions not only balances trade, it balances logistics costs.

When should shippers be more concerned about value-added service and less driven by rates?

The time is now. The portfolio of a leading enterprise logistics provider includes value-adds focused on strategic offerings that help client partners improve their business in broader, more impactful ways: supply chain analytics; technology that transcends TMS and a strategy around that technology; SKU rationalization; inventory management; multi-modal e-commerce solutions; trade compliance. A partner that can provide end-to-end supply chain solutions brings significant value and optimal service, alongside competitive rates, to help shippers improve their market positions.

What are three questions a shipper should ask a potential 3PL vendor?

How does your company's culture match my company's culture?

What is your long-range service improvement plan, and what time and resources are dedicated to advancing service offerings?

How do you as a logistics partner leverage the broad spectrum of human creativity across a multi-generational workforce?



John Carr
President and Chief Executive Officer
MIQ Logistics

How is technology changing the scope of services 3PLs can offer their clients?

The technology that 3PLs have embraced over the last 10 years has enabled many of their customers to become lean, thereby reducing or reallocating resources and costs. MIQ enables our customers by offering them technology that is built for purchase order management, vendor management, network analysis, milestone tracking, performance management and ultimately KPI's for better decision making by those same customers.

What regions or countries are under-served in trade yet offer potentially big growth for exports?

India and Vietnam are seeing their incomes are rising, their infrastructure is improving and they are being considered more and more for their low-cost manufacturing compared to China. This is one of the reasons why we are opening more offices in India and building up our presence in Vietnam.

When should shippers be more concerned about value-added service and less driven by rates?

Right now, because when you consider the degree to which value-added logistics services have advanced, the benefits are far beyond a rate negotiation. When capacity tightens, shippers realize the value of having a strong relationship with their 3PL who works to ensure their shipments move without delays. Helping our customers understand, manage, and comply with supply chain security and regulatory procedures is a valued-added service that we offer our customers daily.

What are three questions a shipper should ask a potential 3PL vendor?

I just explained our supply chain, what didn't you hear me say when I described my company's logistics model?

How can you assist me from a global trade management standpoint?

As my business grows, can you help me break into new markets?



Steve Covey
Executive Vice President
Choptank

How is technology changing the scope of services 3PLs can offer their clients?

Those who don't invest in automation and technology that guarantee instant visibility are destined to lose out. Choptank has an array of technologies that help the shipper and the carrier disseminate information. Choptank was an early joiner of Blockchain in Trucking Alliance (BiTA), an advocacy group focusing on the development of blockchain standards and education in the industry.

What regions or countries are under-served in trade yet offer potentially big growth for exporters?

Our port division enjoyed its best year in 2017, experiencing 22-percent growth. The scope of that operation is to get containers from port to door or from door to port. The projection for 2018 is for U.S. port volume to increase by five percent and we are anticipating 15-percent growth in Choptank's Port Service Division.

When should shippers be more concerned about value-added service and less driven by rates?

Ultimately, both price and value-added services are important. Any shipper who says price is not important is not being truthful. But a great relationship with a proven 3PL has its own merits and must be carefully weighed. The biggest value-added part is now speed: How fast and how often does a logistics provider provide information?

What are three questions a shipper should ask a potential 3PL vendor?

How much have you invested in new technology, including the training needed for employees to effectively utilize it, and how readily available is it?

What are your full-service capabilities and how do they fit our needs?

What kind of reputation do you have within the industry and how has this been recognized?



Frank Guenzerodt
President & CEO

Dachser USA Air & Sea Logistics Inc.

How is technology changing the scope of services 3PLs can offer their clients?

Technology integration between the service provider and the customer is becoming critical. Key information should come directly and seamlessly from the customer's system. Real-time visibility of shipment status and inventory is becoming of utmost importance, especially as the blockchain becomes more prevalent. Systems also need to include alerts that advise the customers about port strikes and delays caused by weather or other factors. 3PLs need to be able to have total and comprehensive visibility to ensure they meet and exceed customers' deadlines.

What regions or countries are underserved in trade yet offer potentially big growth for exporters?

Central Africa is underserved by multinational corporations and 3PLs. However, we expect that scenario to change in the mid- to long-term, bringing Central Africa up to a service level enjoyed by most of the world.

When should shippers be more concerned about value added service and less driven by rates?

Always. Most companies now take a holistic approach. Dollars saved based on rates alone does not take into account the customer's total supply chain costs. The largest cost driver is usually not transportation, but other factors like delays that can result in thousands of dollars in demurrage. Scheduling and sequencing are other critical cost drivers.

What are three questions a shipper should ask a potential 3PL vendor.

Is the 3PL financially viable?

What is the experience and longevity of the 3PL?

Is the 3PL able to customize programs for the shipper?



Steven M. Gundlach
Executive Vice President, Contract Logistics/SCM – Region Americas
DB Schenker

How is technology changing the scope of services 3PLs can offer their clients?

New technology is changing the scope of service, for example, by placing more information at the picking level and system-required update activities for real-time visibility being placed in the hands of operators. The technology 3PLs use in their solutions increases operational predictability and sustainability, with more accuracy, precision and reduction in quality errors.

What regions or countries are under-served in trade yet offer potentially big growth for exporters?

Vietnam will offer potential big growth for exporters in the coming years. Vietnam's booming business extending from manufacturing to the exporting of mobile phones and furniture shows no signs of slowing. The country has a good diversification of products to export and continues to increase its exports into the U.S. market.

South Africa exports mineral fuels including oil, ores, slag and ash and iron, manganese and chromium, gems and precious metals, which is led by gold and imitation jewelry. The country appears to be on the rise, with 32 percent of South Africa shipping sent to Asian importers.

When should shippers be more concerned about value-added service and less driven by rates?

Shippers should be more concerned about value-added services when their overall shipping rates are higher than their competitors. Customer service is about delighting the customers, and if your product is competitively priced, shipping costs and value-added service offerings can make the difference in the customer decision. The concern as a shipper should be on the impact on sales by offering and paying for value-added services.

What are three questions a shipper should ask a potential 3PL vendor?

What is your on-time delivery performance record?

How can we work together to reduce operating costs and improve earnings?

What is your contingency planning and process for late shipments?



Jonathon Krystek
Chief Operating Officer
Knichel Logistics

How is technology changing the scope of services 3PLs can offer their clients?

With technology, 3PLs are able to offer transportation management software and also leverage the TMS technology for on-going optimization, increased visibility and control, and integration with various enterprise management systems that will save clients time and allow them to be more operationally effective. An increase in visibility via technology allows all parties involved to take a more proactive approach to smoothing out issues when they inevitably occur.

When should shippers be more concerned about value-added service and less driven by rates?

Shippers should always be concerned about the overall value a transportation provider can offer. The current market heavily favors carriers due to lack of capacity and high demand, which is driving up rates. Shippers that are primarily focused on rates are likely having a difficult time finding capacity, unless they secure contracted rates via a partnership. A 3PL with value-added services is more adept at finding workarounds when issues arise in a supply chain. Getting your product to its destination in a timely manner is ultimately the primary factor.

What are three questions a shipper should ask a potential 3PL vendor?

How long have you been in business, what values does your company hold, and what has been your founders' prior experiences in the industry?

How extensive is the company's network and service offerings?

What type of data analytics and consultative/process improvement services do you offer?



Mike Short
President, Global Forwarding
C.H. Robinson

How is technology changing the scope of services 3PLs can offer their clients?

Increasingly, shippers look to their 3PL for technology and analytics to help anticipate and adapt to changing supply-chain dynamics. By using the 3PL's technology, these companies can make the necessary transition to a digital supply chain without the costs of significant capital investment, major IT work, or the need to expand current staff. A 3PL's global technology can ensure that the right product goes to the right customer, on the right type of transportation, at the right time, and at the most efficient cost. Real-time global visibility brings new agility, accuracy and insight to transportation and logistics decisions.

What regions or countries are under-served in trade yet offer potentially big growth for exporters?

Southeast Asia, Latin America and Africa seem the most promising for infrastructure imports, since those regions have growing water, energy, transport and urban development needs. Consumption is shifting toward China, India and the ASEAN countries, which have about 40 percent of the world's population and are seeing the rise of a middle class with more disposable income. India is a country with both infrastructure and consumption as drivers for big growth opportunities.

When should shippers be more concerned about value-added service and less driven by rates?

Companies that remain focused solely on rates miss out on having flexible options for addressing wide-ranging customer and freight requirements. Global shippers face more risk of supply chain disruption caused by weather, political and other events than domestic shippers. Having a provider with a full array of transportation and logistics solutions enables any company to find alternative routes more quickly and manage its risk.

What are three questions a shipper should ask a potential 3PL vendor?

Is your transportation management system robust enough for global trade management?

Do you have a direct presence in local markets?

Where are your locations around the world, and are you financially stable?



Jon Slangerup
Chairman and CEO
American Global Logistics

How is technology changing the scope of services 3PLs can offer their clients?

The greatest impact of technology within our industry has been its role as a catalyst for and facilitator of the 4PL model. While 3PLs typically manage a specific aspect of their customer's supply chain, a 4PL manages all components of its customer's supply chain and leverages technology to provide a seamless, end-to-end view of those components. The key is how the provider configures and implements technology and whether or not it is agile enough to accommodate a customer's workflows and processes.

What regions or countries are under-served in trade yet offer potentially big growth for exporters?

Growth in Indonesia and the Philippines is expected to accelerate in 2018, with GDP rising above five percent. While the traditional leaders in Asian exports—China, Vietnam, Cambodia, Malaysia and Thailand—will continue to benefit from

ongoing global economic recovery, there is a significant opportunity for some of the newer players to accelerate their export volumes.

When should shippers be more concerned about value-added service and less driven by rates?

Shippers are always better served when decisions are driven by value. Supply chains are highly complex and critical components of a shipper's operations and, ultimately, can impact the bottom line significantly. Selecting a provider that is demonstrably on the forefront of technology and process innovation is a decision that ultimately leads to achieving supply chain optimization and competitive advantage.

What are three questions a shipper should ask a potential 3PL vendor?

What KPIs [key performance indicators] can I expect to receive, how are they measured, and with what frequency can I expect to receive them?

Who will be my day-to-day point of contact?

How agile and secure are your technology systems?



Marty Wadle
Senior Vice President, Supply Chain Solutions
Ruan

How is technology changing the scope of services 3PLs can offer their clients?

Ruan has mobile applications that support multiple fleet business segments. We have equipped our business and customers with feature-rich mobile applications for more than a decade. Our team has the capability to provide our dedicated contract transportation customers with a mobile app that closely matches their specific company processes and information. The customized app is deployed to Ruan professional drivers, creating a cohesive operating platform.

One of the most effective measures for significant cost savings for an organization is implementation of a transportation management system. Ruan models and simulates varied transportation solutions with our customized, integrated TMS platform built on leading supply chain technologies.

When should shippers be more concerned about value-added service and less driven by rates?

When it's a complex operation that requires an integrated solution, we can drive efficiencies that in the end save more money than just a rate-based provider with fewer capabilities. Ruan's Integrated Solutions are driven by a superior platform, unmatched expert teams and applied best-practice execution. Our core integrated solutions services are backed by our integrity as an asset-based 3PL designing the best-fit options for the customer. The Ruan team collaborates with our customers to evaluate, optimize and deliver a one-source transportation solution focused on continuous improvement, cost reduction initiatives and overall supply chain efficiency.

What are three questions a shipper should ask a potential 3PL vendor?

Why are you a better fit for us than your competition?

How do your core competencies add value to our business operations?

What is your fundamental business philosophy and sustaining principles?

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