

US Logistics Market

Bob Voltmann, President & CEO, Transportation Intermediaries Association




INTRODUCTION





TODAY'S TOPICS:

- 3PL Market
- US Trucking Market
- Electronic Logging Devices
- Truck Accident Liability




3PL Market




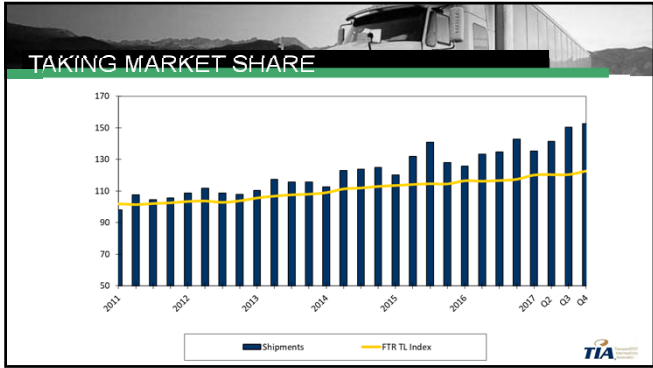

US 3PL MARKET

3PL Industry impact on U.S. economy

- 1.7x** the size of the beer industry
- \$185.7 BILLION**
- 4x** the size of the candy industry


3PL INDUSTRY

- Growing at **2-3x GDP**
- \$7.5 Billion Payroll**
- 126 Thousand Employees**


GROWING

- 83% of shippers use 3PLs (Stifel)
- 48% of Large Shippers use 2-5 3PLs; 38% use 6 or more (DAT)
- 28% of carriers use 3PLs as their primary source of freight (Armstrong)
- Brokerage growing at 2-3X GDP (XPO)
- Last mile growing at 5-6X GDP (XPO)
- 25% of LTL handled by 3PLs (Armstrong)
- 20-year compound growth rate of 11.5% (Armstrong)
- 3PLs have captured market share from carriers (TIA)



GROWING

- 60% of shippers surveyed relied on 3PLs for international logistics
- 44% for freight forwarding
- 42% for customs brokerage
- 49% of shippers named global expansion as an important supply chain transformation



3PLS ARE THE DISRUPTORS




US Trucking Market





DISTRIBUTION OF US FOR-HIRE CARRIERS

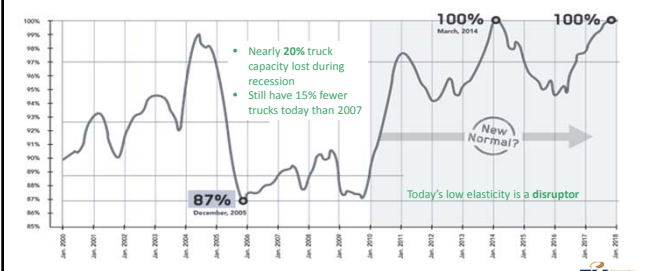

206,667 for-hire motor carriers
1,003,939 truck tractors

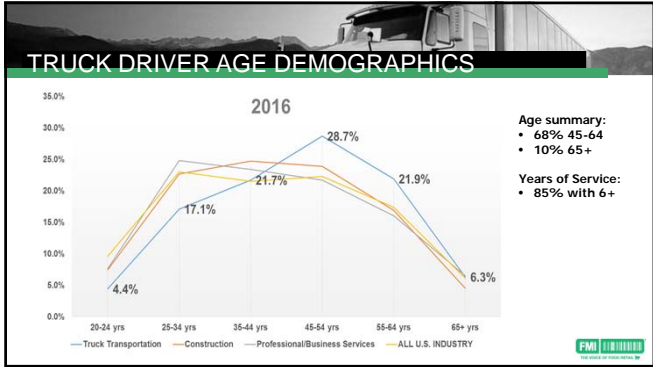
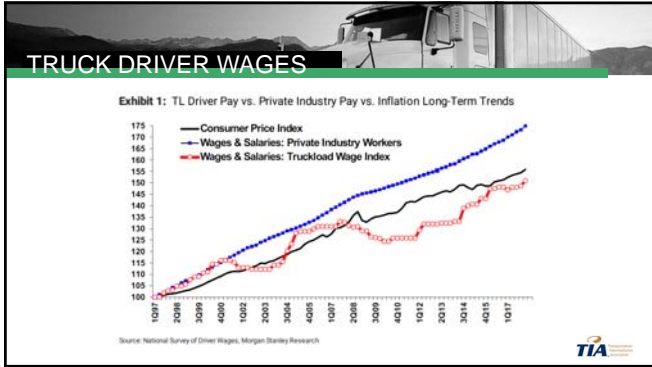
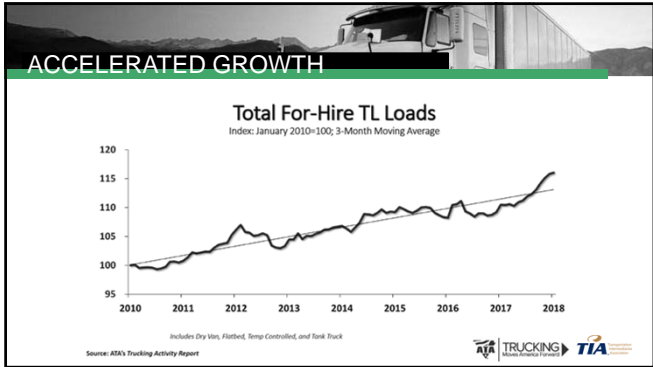
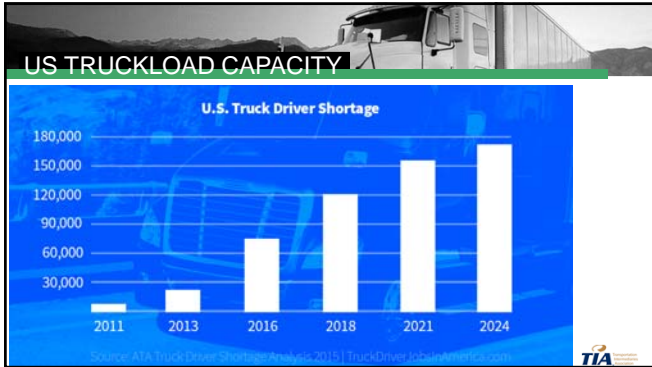
Truck Type	Units	Percentage of Units	Carriers	Percentage of Carriers
1-5 Trucks	286,972 Units	28.6%	183,916 Carriers	89.0%
6-50 Trucks	287,492 Units	28.6%	20,691 Carriers	10.0%
51-999 Trucks	211,739 Units	21.1%	1,890 Carriers	0.9%
100-999 Trucks	149,103 Units	14.9%	182 Carriers	0.1%
1000+ Trucks	68,633 Units	6.8%	8 Carriers	0.0%

61% of carriers in the U.S. are owner/operator capacity



US TRUCKLOAD CAPACITY



Hours of Service







14:00
14-HOUR ON DUTY
FOLLOWED BY 10 HOUR BREAK

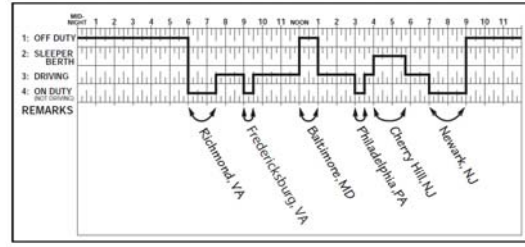
70 HOUR ON-DUTY LIMIT PER 8 DAYS
RESTART REQUIRES 34 CONTINUOUS HOURS OFF DUTY

11-HOUR DRIVING LIMIT




Duty Log

A Completed Grid

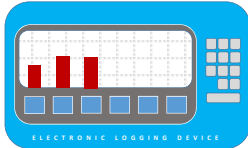


1: OFF DUTY
2: SLEEPER BERTH
3: DRIVING
4: ON DUTY (not driving)
REMARKS


Richmond, VA
Fredericksburg, VA
Baltimore, MD
Philadelphia, PA
Cherry Hill, NJ
Newark, NJ



What has changed since Dec 18, 2017?



- NO CHANGE TO HOS RULES
- LESS FLEXIBILITY THAN PAPER LOGS
- WASTE AND INEFFICIENCY IS BEING ACCURATELY DOCUMENTED



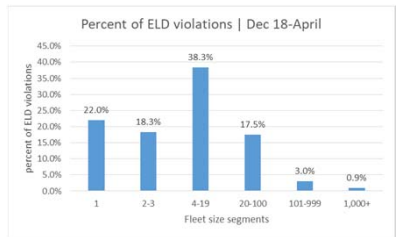
ELD UPDATES

57% of tractors in fleets 50 and fewer


FMCSA released that 96% of drivers were ELD compliant on March 13

Sept of 2017 FMCSA did a surprise brake inspection nationwide and placed 14% of vehicles OOS for bad brakes

ELD violations dropped sharply after the April 1 enforcement start date. (these figures are Dec 18-April)



Fleet size segments	Percent of ELD violations
1	22.0%
2-3	18.3%
4-19	38.3%
20-100	17.5%
101-999	3.0%
1,000+	0.9%




LEARNINGS THUS FAR

425 TWEENERS 700

MILES

LOADS THAT WERE PREVIOUSLY 1 DAY RUNS ARE NOW CONSIDERED 2 DAY RUNS DUE TO PRODUCTIVITY REALITIES AND TRUCK REVENUE EXPECTATIONS




INFLUENCES TO TRUCKING

The following attributes are helpful to understanding the possible increases a shipper might take



- Age of pricing. Less than 12 months old performs best
- Current pricing position against market benchmark
- Smooth demand brings predictability
- Regional sensitivity
- Dwell time (Loading and unloading time)
- Lead time of shipment tender to carrier
- Rationalized supplier strategy






FMCSA CLARIFICATIONS

- **Agricultural Commodities Guidance**
 - Drivers operating unladen vehicles traveling either to pick up an agricultural commodity or returning from a delivery point;
 - Drivers engaged in trips beyond 150 air-miles from the source of the agricultural commodity;
 - Determining the "source" of agricultural commodities under the exemptions; and
 - How the exception applies when agricultural commodities are loaded at multiple sources during a trip.
- **Personal Conveyance Guidance**
 - Off-duty when the driver is relieved from work and all responsibility for performing work by the motor carriers.
 - Doesn't matter if the truck is laden, since not used for commercial use.
 - Travel home to his/her terminal or short distances to lodgings or restaurants in the vicinity.

WHAT CAN SHIPPERS DO?

- **REDUCE WASTE**
 - Be flexible with loading/unloading times
 - Aggressively manage dwell times
 - Fairly compensate for accessorial charges such as stops
- **RESPECT DRIVERS**
 - Respectful and courteous staff
 - Bathroom facilities
 - Break rooms
 - Wi-Fi
- **PLAN EFFECTIVELY**
 - Build in lead time
 - Leverage inventory to soften impact of tightness




Truck Accident Liability




THANK YOU!

