



Logistics Technology Report

A brief analysis of eyefortransport's recent survey

2009/2010

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Table of Contents

I – Introduction	5
II - Methodology and Approach	6
III - Profile of Respondents	7
IV - Information from Shippers	9
V - Information from Transport Logistics Providers	15
VI - Information from IT & Software Solutions Providers	23
VII - Conclusions	25

List of Charts

Business Type	7
Annual Revenues	8

Shippers' Charts

Geographic Region	9
Impact of Recession	9
Expected Growth	10
Change in Investment for Supply Chain IT/Technology	10
Change in Supply Chain IT and Technology Budget	11
IT or Technology Seen to Reduce Overall Supply Chain Costs	11
Motivating Factors for Purchasing Supply Chain IT/Technology	12
Who Should Cover the Costs of IT/Technology Upgrades	12
Supply Chain Areas with Best IT and Technology ROI	13
Supply Chain Areas Requiring IT and Technology Improvement	14

Transport Logistics Providers' Charts

Geographic Region	15
Impact of Recession	16
Expected Growth	16
Change in Investment for Supply Chain IT/Technology	17
Change in Supply Chain IT and Technology Budget	18
IT or Technology Seen to Reduce Overall Supply Chain Costs	19
Motivating Factors for Upgrading or Enhancing Supply Chain IT/Technology Capabilities	20
Who Should Cover the Costs of IT/Technology Upgrades	19
Supply Chain Areas with Best IT and Technology ROI	21
Supply Chain Areas Requiring IT and Technology Improvement	22



IT & Software Solutions Providers' Charts

Changes in Revenue 22

Marketing Methods 22

I. Introduction

Last year, eyefortransport's North American Technology Report revealed a grim outlook in light of the global economic collapse, with the USA particularly badly hit. In 2009 over a third of executive respondents planned a decline in investment in technology and IT solutions. 2010 however, brings with it optimism and opportunity; almost half of shippers plan to increase investment in IT/Technology, with only a fifth witnessing further decline, and 100% of shippers expect to grow.

2010 could prove to be the year where firms with a competitive edge and innovative ideas, can begin to prosper once more. However, "The economic recovery is going to continue to be choppy with plenty of stops and starts," according to Eric Starks, president of FTR Associates.¹

So, how will the IT and technology companies, providing the solutions for the supply chain industry be affected? Where do the key opportunities in a competitive and challenging market lie? How can firms ensure they retain existing customers whilst securing new contracts?

This report reveals:

- What motivates top Supply Chain executives when seeking new technologies
- How supply chain executives plan to invest in technology solutions next year.
- Which supply chain technologies have yielded good ROI
- Which technologies executives would like to see improved.

Summarised by the report are the opinions and industry insights of over 300 executives from the supply chain and logistics industry from companies including Penske Logistics, J B Hunt Transport, Exel, YRC Worldwide, Odyssey Logistics and The Fennimore Group. Their responses enable us to provide an in depth perspective on the use of IT and Technology for supply chains, and given the current climate, it provides a particularly valuable insight into future trends.

¹ Logistics and business news: Indicators present "mixed bag" for economic outlook and recovery 'NRF, commerce department at odds on when, or even if, the economic recovery will pick up speed anytime soon.'

Jeff Berman, Group News Editor -- Supply Chain Management Review, 11/16/2009

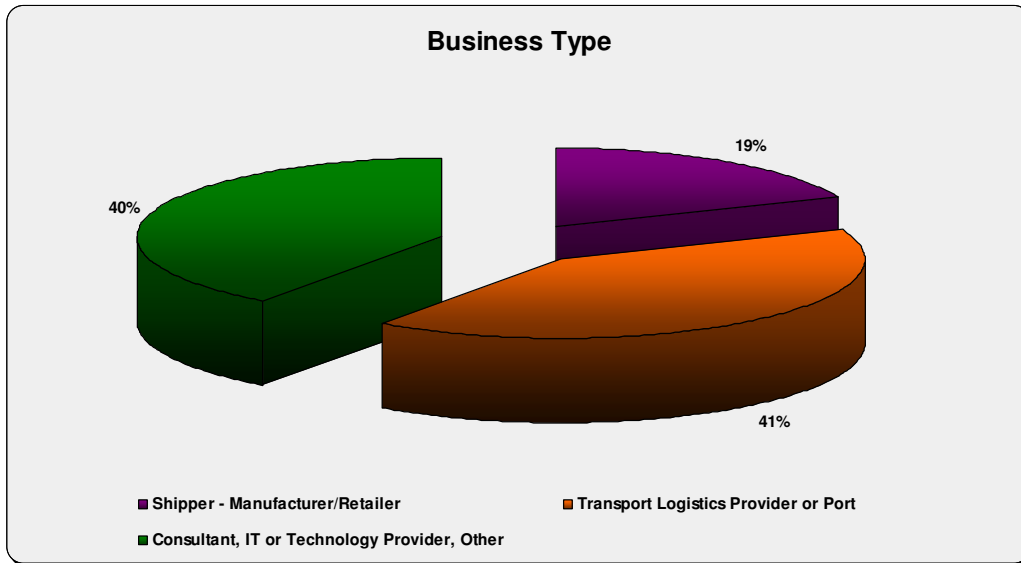
II. Methodology and Approach

This survey was conducted in October and November 2009 with responses solicited by targeted e-mail lists, select trade association memberships, various related-industry databases and other targeted methods. No individual responses were analyzed, but rather all responses were consolidated.

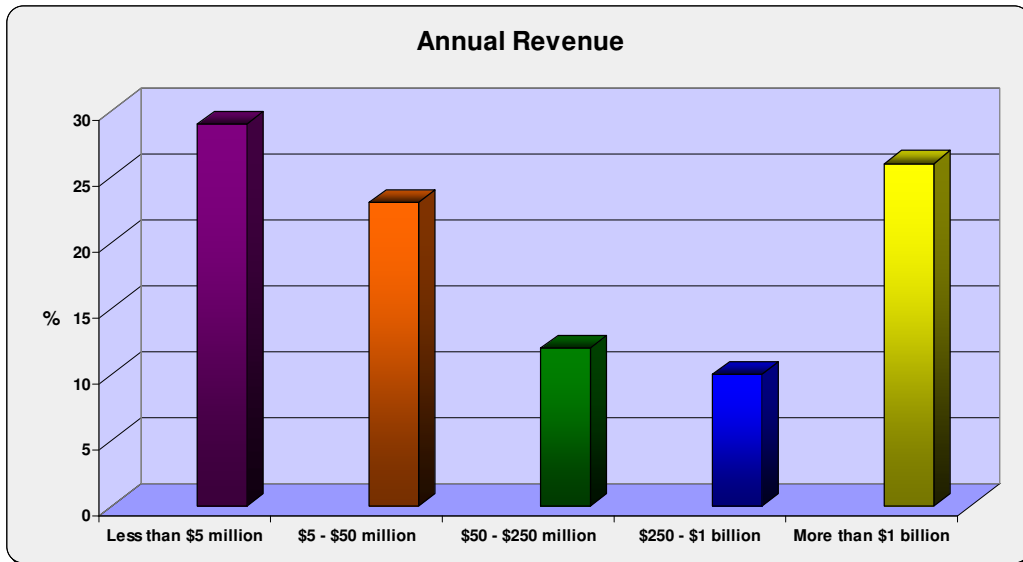
The aim of the survey was to compare the views of shippers and transport logistics providers about the use of IT and technology in supply chains. Responses were also collated from IT & software solutions providers.

III. Profile of Respondents

Over 130 logistics professionals were questioned from shippers (manufacturer or retailers), to transport logistics providers (or ports), consultants, IT or technology providers, and others. 19% fell under the category of Shippers, 41% fell under the category of Transport Logistic Providers or Ports, and 40% represented consultants, IT / Technology providers and others.

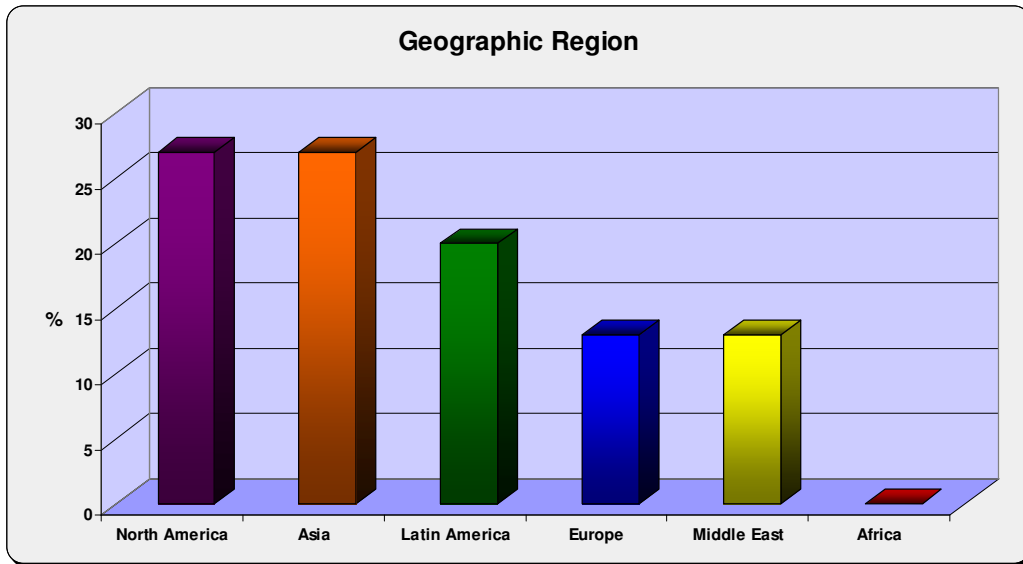


26% of the respondents targeted represented companies whose annual revenue exceeds \$1 billion, 10% represented companies with annual revenues between \$250 million and \$1 billion, 12% represented companies with annual revenues between \$50 million and \$250 million, 23% represented companies with annual revenues between \$5 million and \$50 million, and 29% represented companies with annual revenues below \$5 million.



IV. Information from Shippers

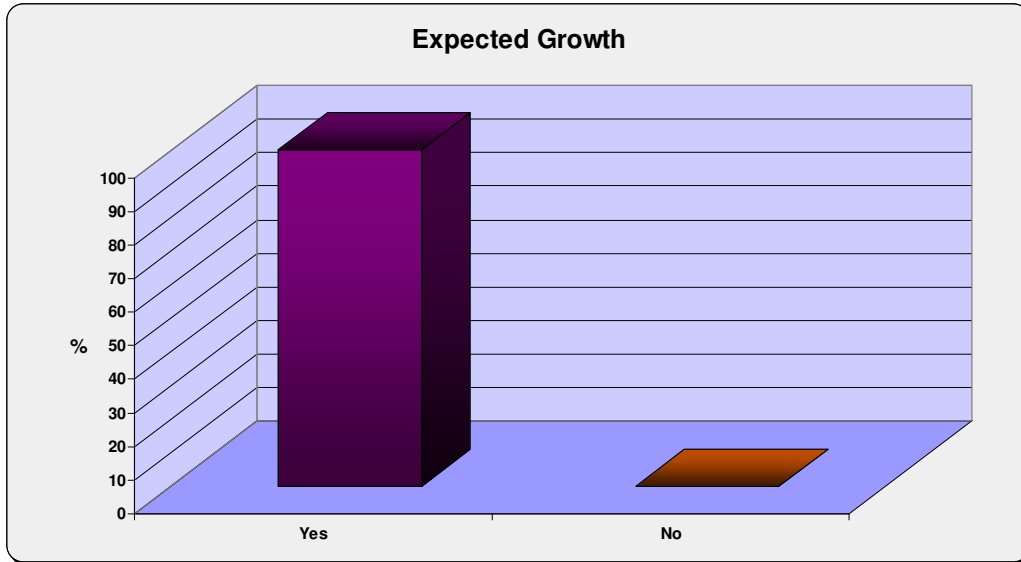
The majority of the shippers questioned were based in North America and Asia (both 27%). 20% of respondents came from Latin America, with a further 13% from both Europe and the Middle East. None of the respondents questioned were based in Africa.



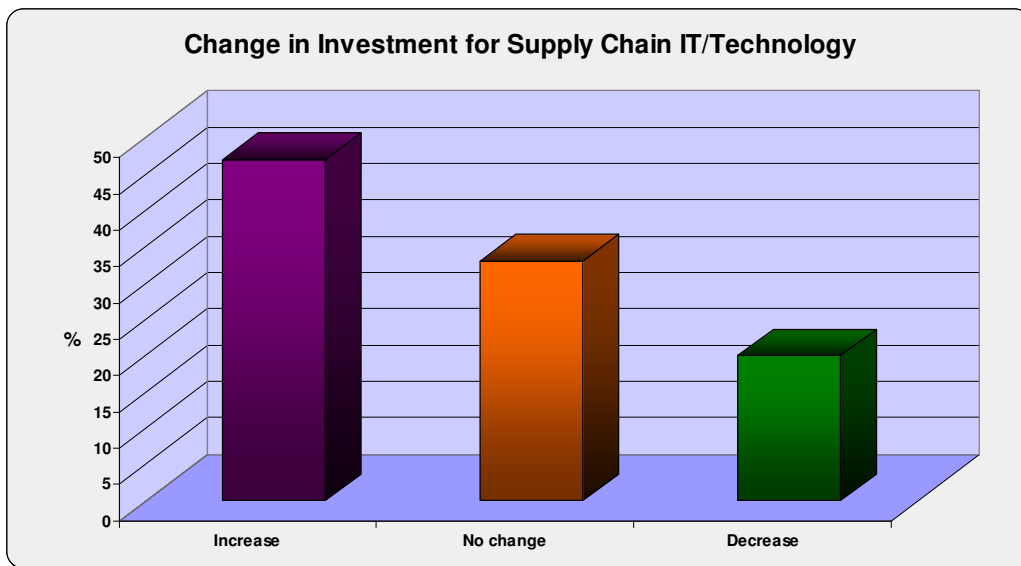
Shippers were asked what impact the recession had had on their companies. The majority (40%) said that it had not been as bad as expected, while 33% said that the impact had been worse than expected, and 27% said the impact was as expected.



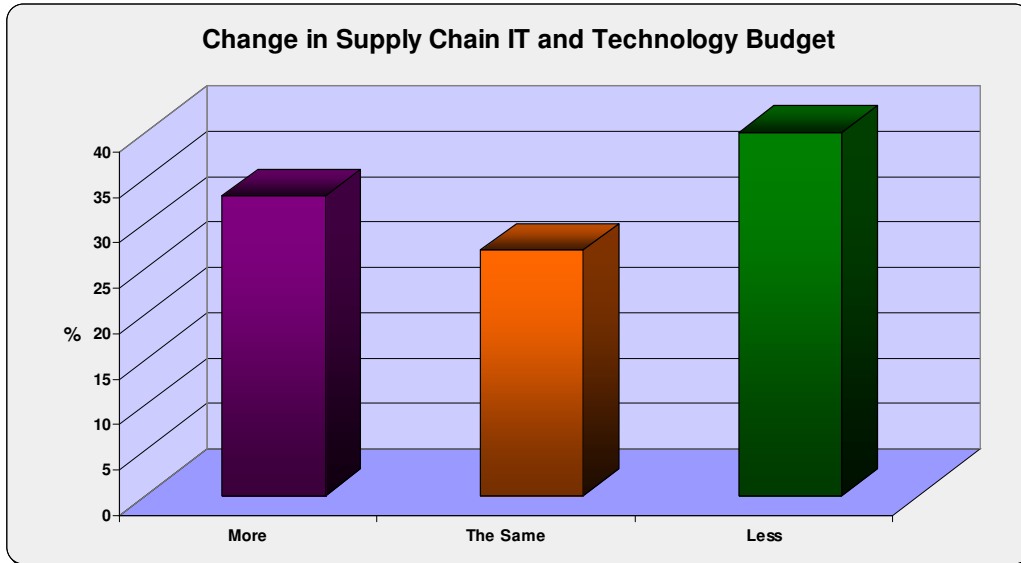
When asked if they expected their companies to see growth in the next year, 100% of the shippers surveyed said that they did.



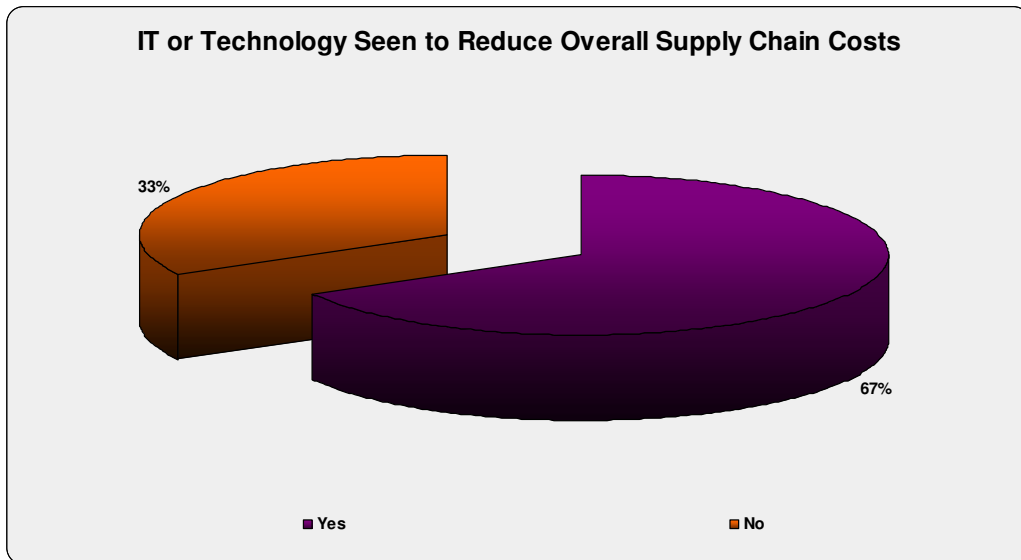
Shippers were also asked if they expect to increase or decrease investment in their supply chain IT/technology during the next year. 47% said that they expected an increase in investment, 33% said that they expected no change, and 20% said that they expected their levels of investment to decrease.



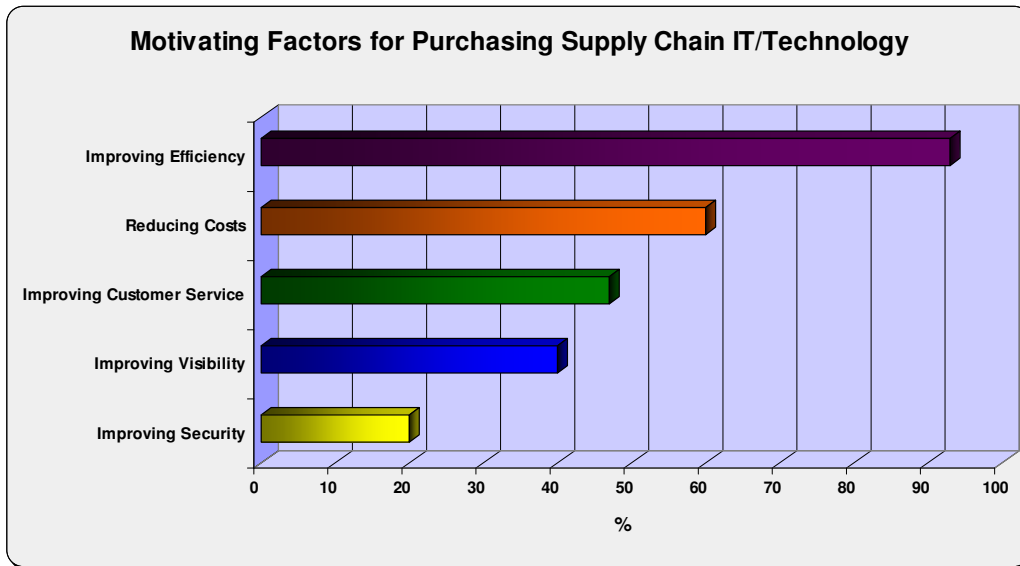
When asked if they would have more or less budget to spend on supply chain IT and Technology in 2010 compared to 2009, 33% of shippers said they would have more to spend, 27% said they would have the same, and 40% said they would have less to spend.



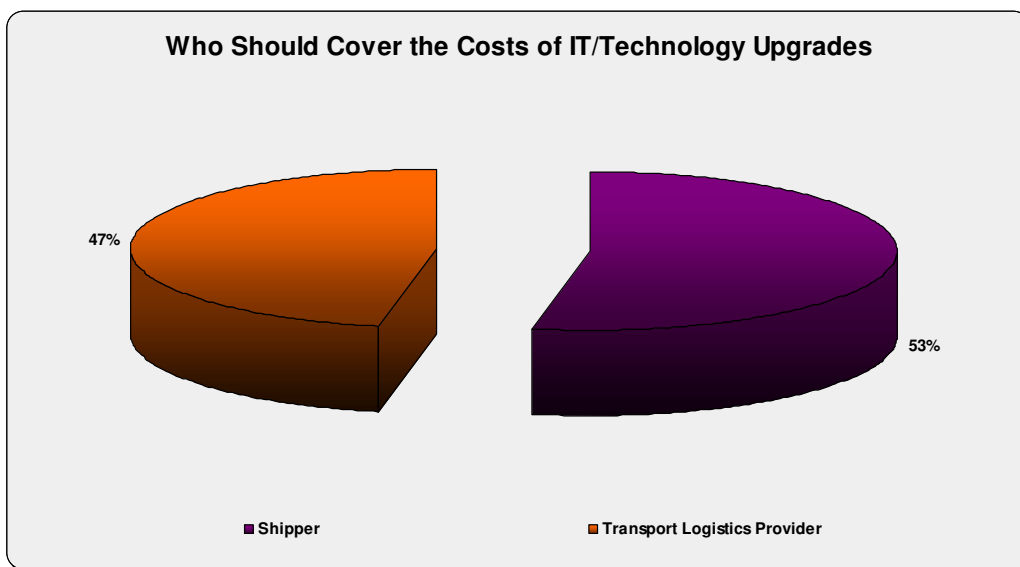
67% of shippers said that they had sought new IT or technology as a way to reduce overall supply chain costs in light of the recession, while 33% said that they hadn't.



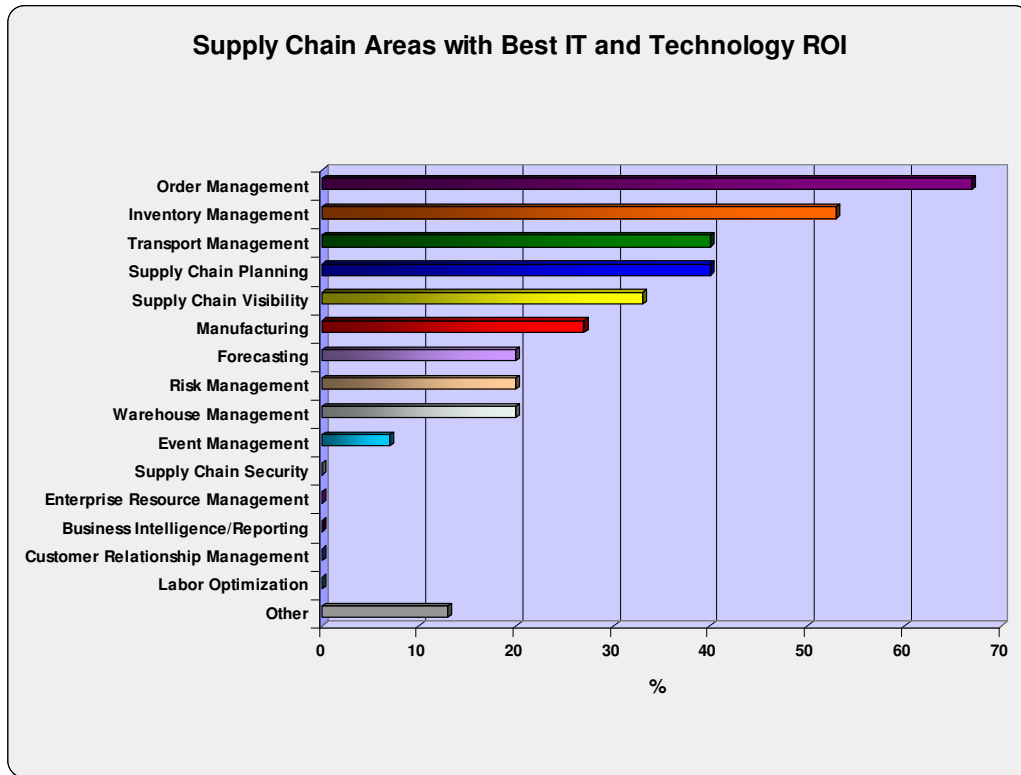
Improving efficiency proved to be the most important motivating factor when deciding to upgrade or purchase supply chain IT/Technology, having been chosen by 93% of the shippers asked. 60% saw reducing costs as a key factor, while 47% chose improving customer service, 40% chose improving visibility, and 20% chose improving security.



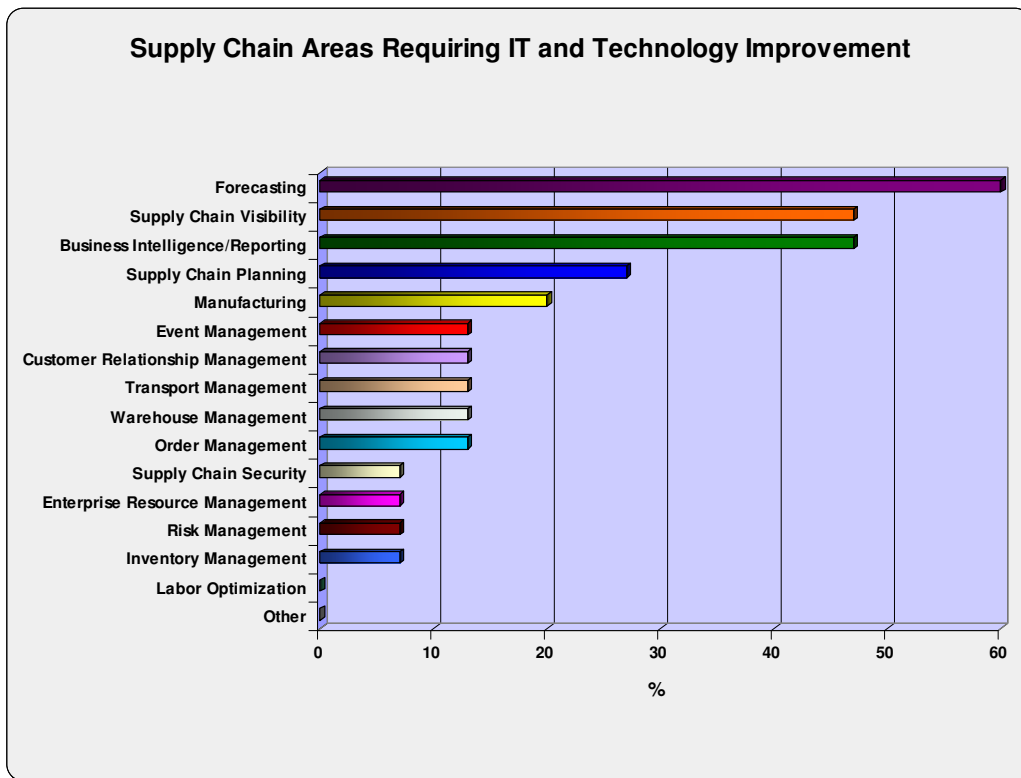
53% of shippers thought that they should cover the costs of IT/Technology upgrades or investments, while 47% thought that transport logistics providers should.



Respondents were asked to identify which supply chain areas have yielded the best ROI for IT and Technology. Order management was selected by 67% of shippers, while 53% selected inventory management. Other notable suggestions were supply chain planning (40%), transport management (40%), supply chain visibility (33%), manufacturing (27%), forecasting (20%), risk management (20%), warehouse management (20%). 7% of shippers chose event management.

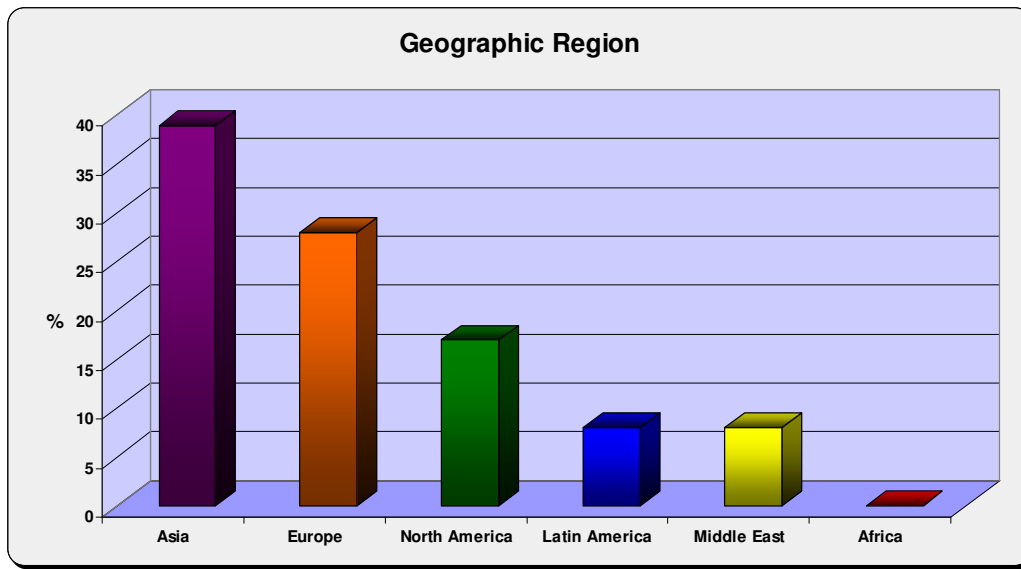


Respondents were also asked to identify in which supply chain areas IT/Technology needed improvement. Forecasting (60%), supply chain visibility (47%), and business intelligence/reporting (47%) were the most common choices. Other suggestions were supply chain planning (27%), manufacturing (20%), event management, customer relationship management, transport management, warehouse management and order management (all 13%), and supply chain security, enterprise resource management, risk management, and inventory management (all 7%).



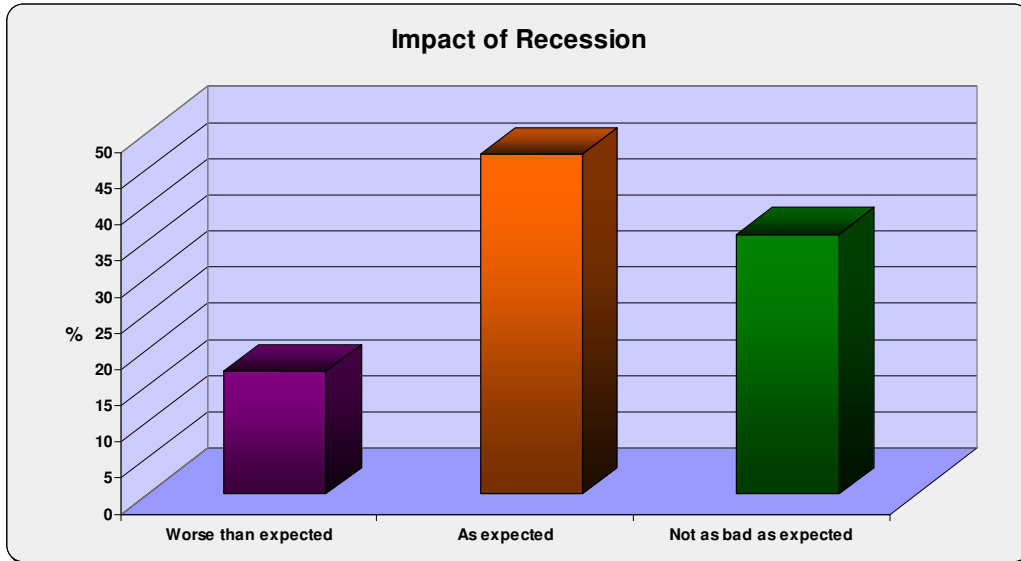
V. Information from Transport Logistics Providers

The majority of the transport logistics providers questioned were based in Asia (39%). 28% of respondents came from Europe, 17% from North America, and 8% from both Latin America and the Middle East. None of the respondents questioned were based in Africa.

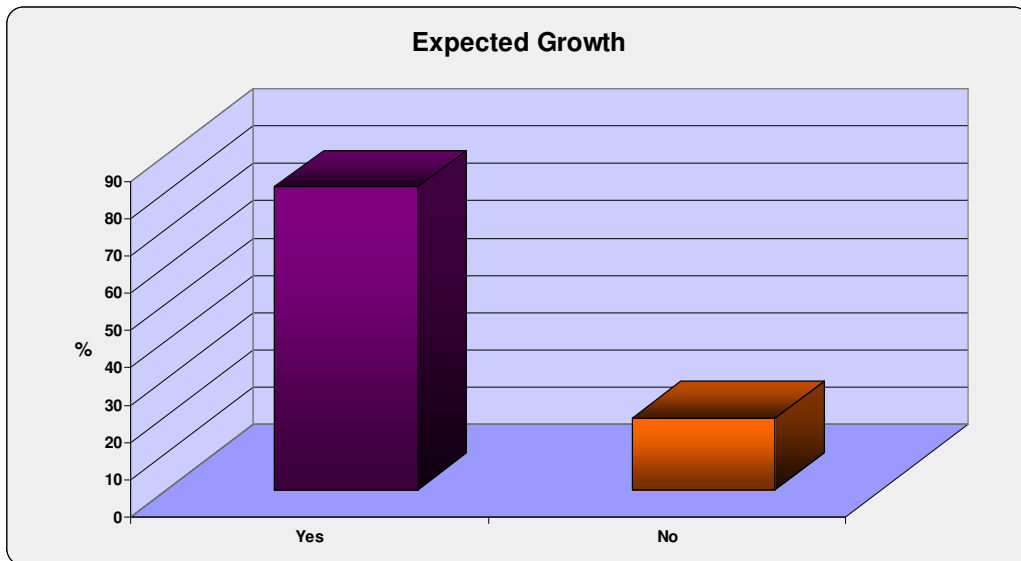


The transport logistics providers were asked what impact the recession had had on their companies. The majority (47%) said that it had been as expected, while 36% said that

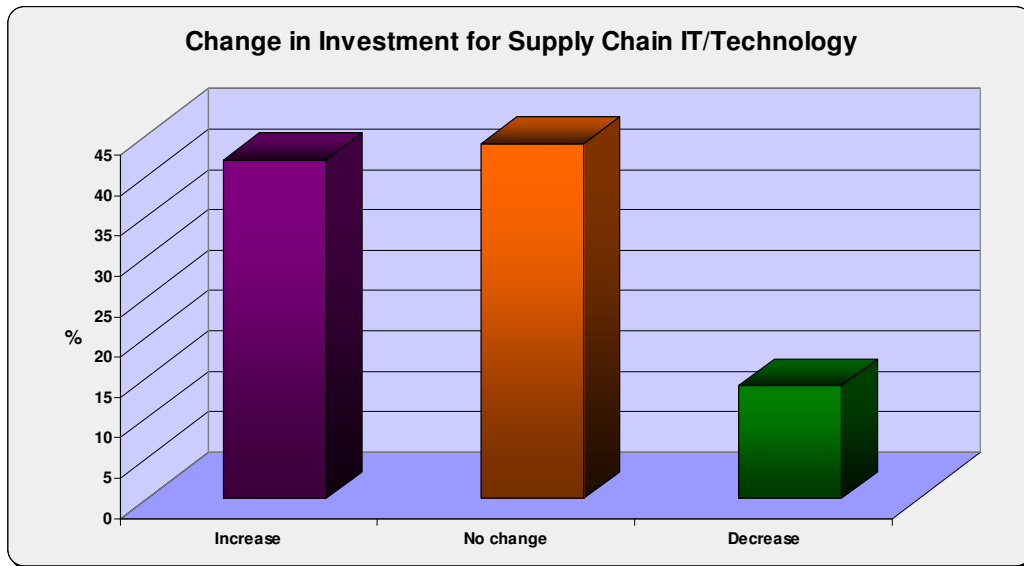
the impact had been not as bad as expected, and 17% said the impact had been worse than expected. These results contrasted with those of the shippers, which had 16% more seeing the impact being worse than expected (33% rather than 17%).



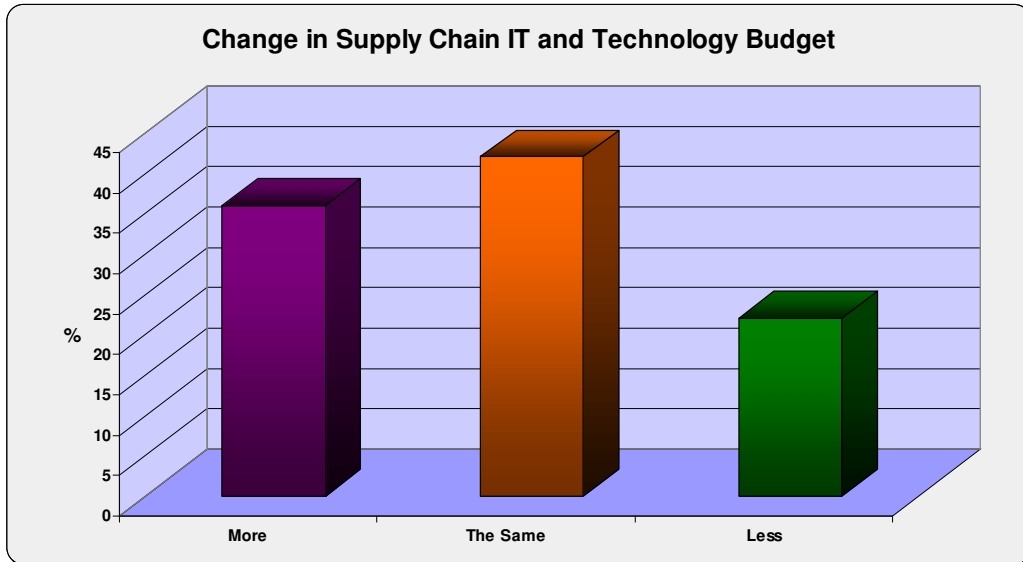
When asked if they expected their companies to see growth in the next year, 81% of the transport logistics providers surveyed said that they did. 19% said that they did not expect to see growth in the next year. These results were more negative than those of the shippers, which saw 100% of respondents expecting growth.



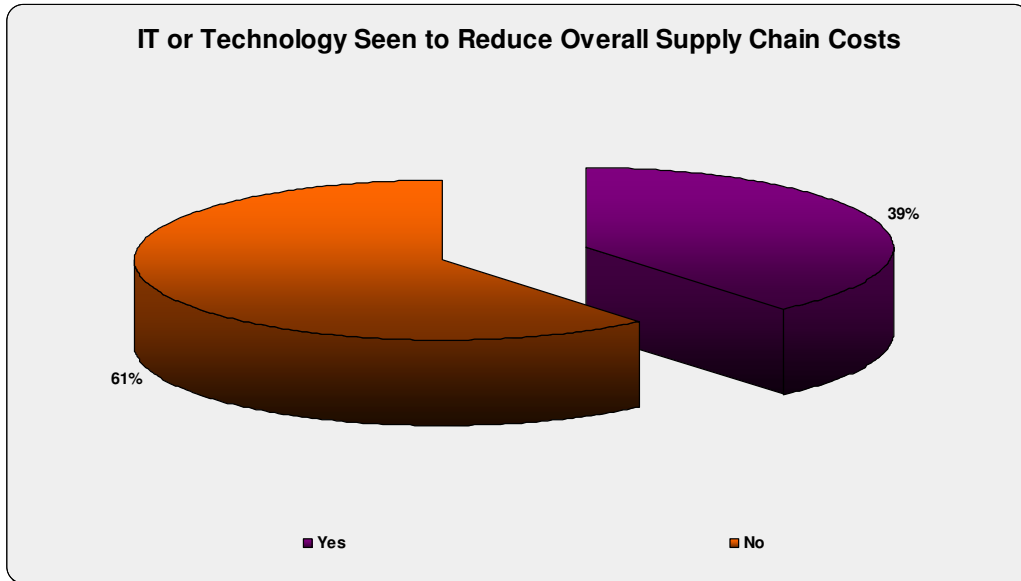
Transport logistics providers were also asked if they expect to increase or decrease investment in their supply chain IT/technology during the next year. 42% said that they expected an increase in investment, 44% said that they expected no change, and 14% said that they expected their levels of investment to decrease. These results were broadly similar to those of the shippers, who saw a slightly larger number expecting an increase (47% rather than 42%) counteracted by a similarly larger number expecting a decrease (20% rather than 14%).



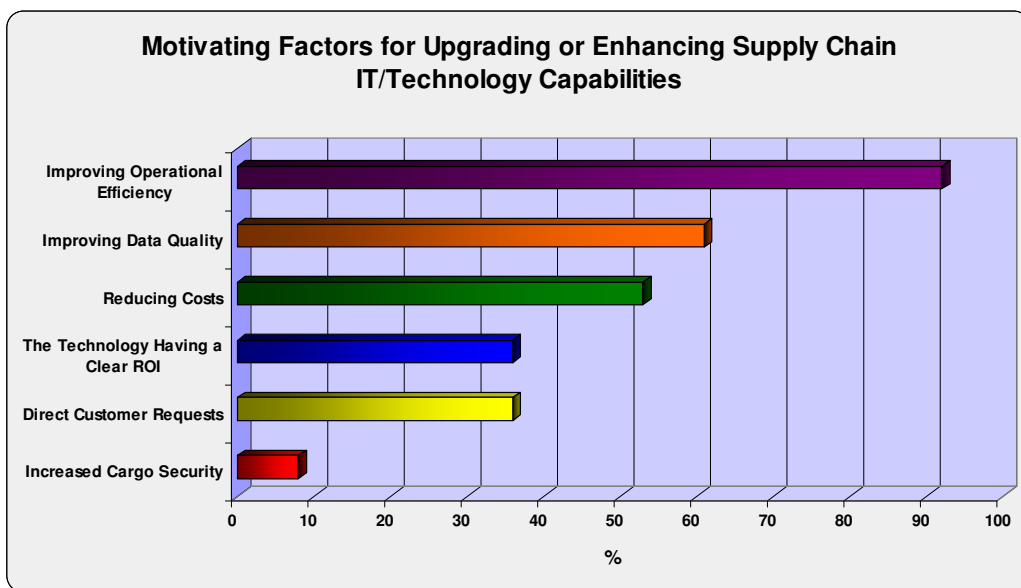
When asked if they would have more or less budget to spend on supply chain IT and Technology in 2010 compared to 2009, 36% of transport logistics providers said they would have more to spend, 42% said they would have the same, and 22% said they would have less to spend. The results were more positive than those for the shippers, which saw a similar number of respondents expecting a larger budget but almost twice as many expecting a smaller budget (40% rather than 22%).



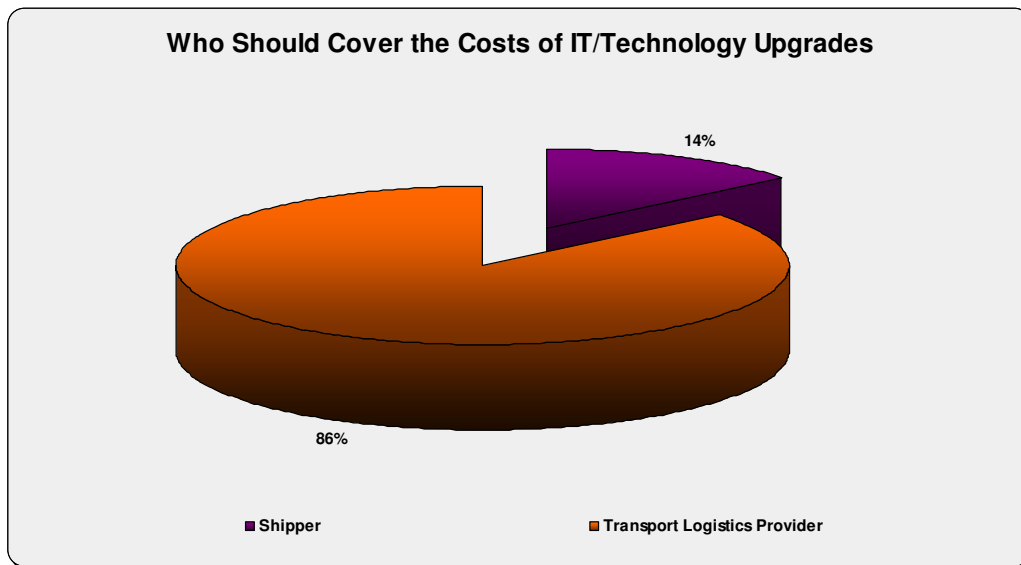
39% of transport logistics providers said that they had sought new IT or technology as a way to reduce overall supply chain costs in light of the recession, while 61% said that they hadn't. This contrasted greatly with the shippers' results, which saw 67% seeking new IT and technology as a way to reduce overall supply chain costs.



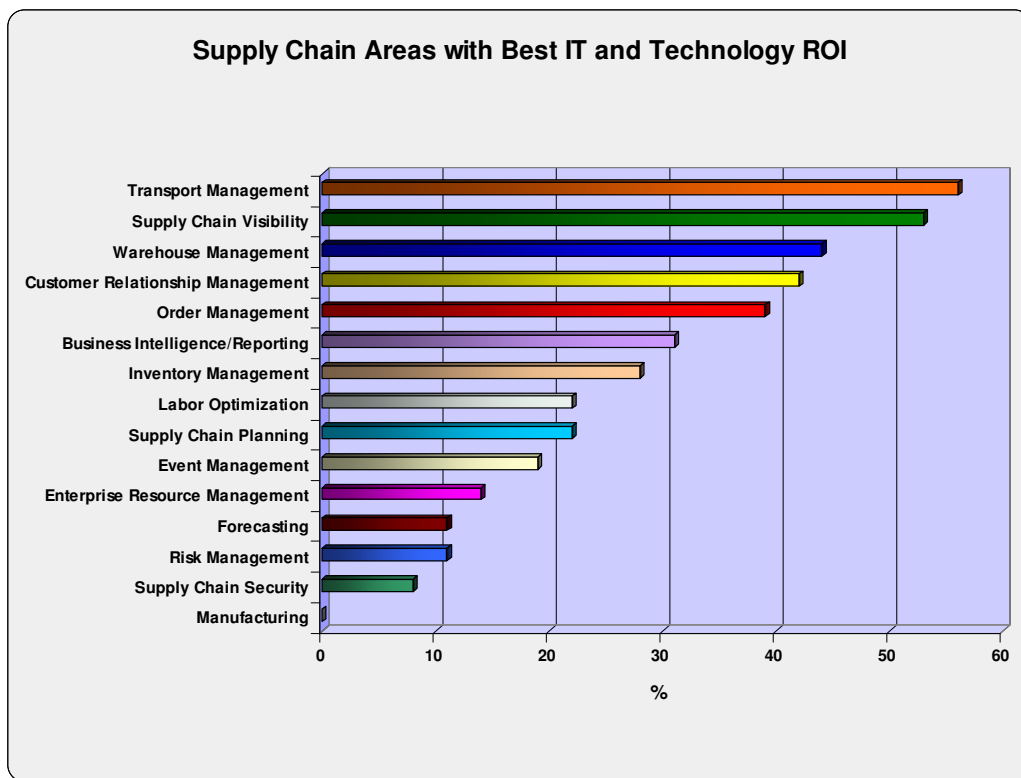
Improving operational efficiency proved to be the most important motivating factor when deciding to upgrade or purchase supply chain IT/Technology, having been chosen by 92% of the transport logistics providers asked. 61% saw improving data quality as a key factor, while 53% chose reducing costs, 36% chose the technology having a clear ROI, 36% chose direct customer requests, and 8% chose increased Cargo Security.



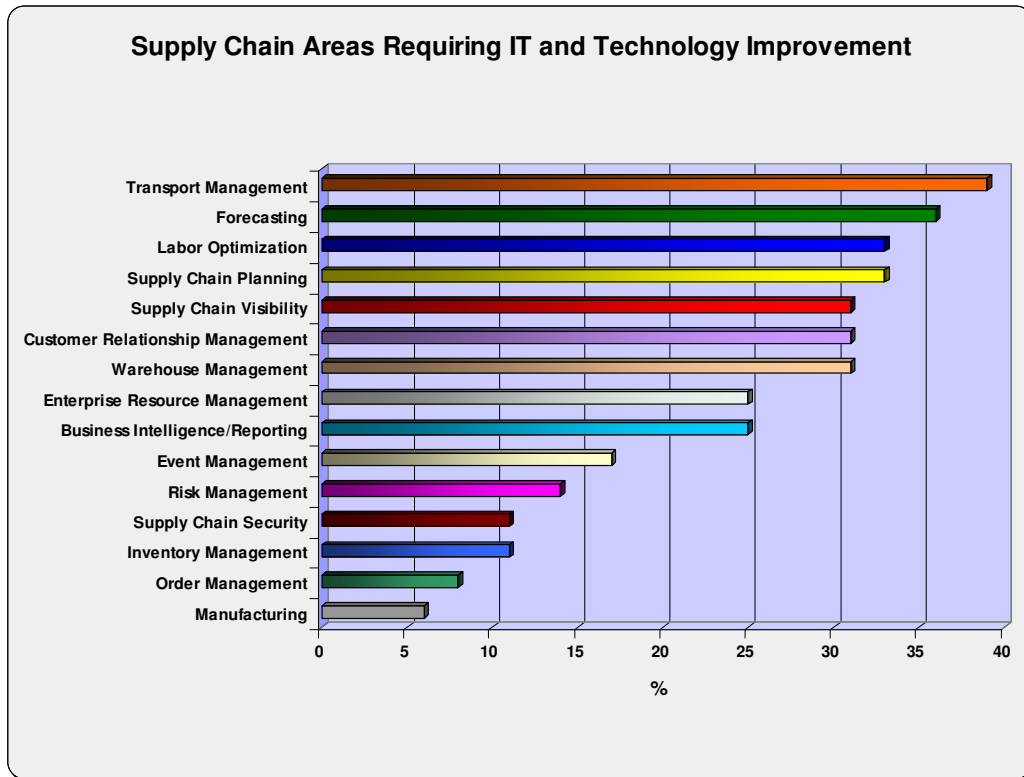
86% of transport logistics providers thought that they should cover the costs of IT/Technology upgrades or investments, while 14% thought that shippers should. This is markedly different to the results given by the shippers, for whom 47% thought the transport logistics providers should cover the costs, and 53% thought the shippers should. Interestingly, both the transport logistics providers' and shippers' results saw the majority of respondents seeing the onus of covering the costs being on themselves.



Respondents were asked to identify which supply chain areas have yielded the best ROI for IT and Technology. The results from the transport logistics providers were: Transport management (56%), supply chain visibility (53%), warehouse management (44%), customer relationship management (42%), order management (39%), business intelligence/reporting (31%), inventory management (28%), labor optimization (22%), supply chain planning (22%), event management (19%), enterprise resource management (14%), forecasting (11%), risk management (11%), and supply chain security (8%).

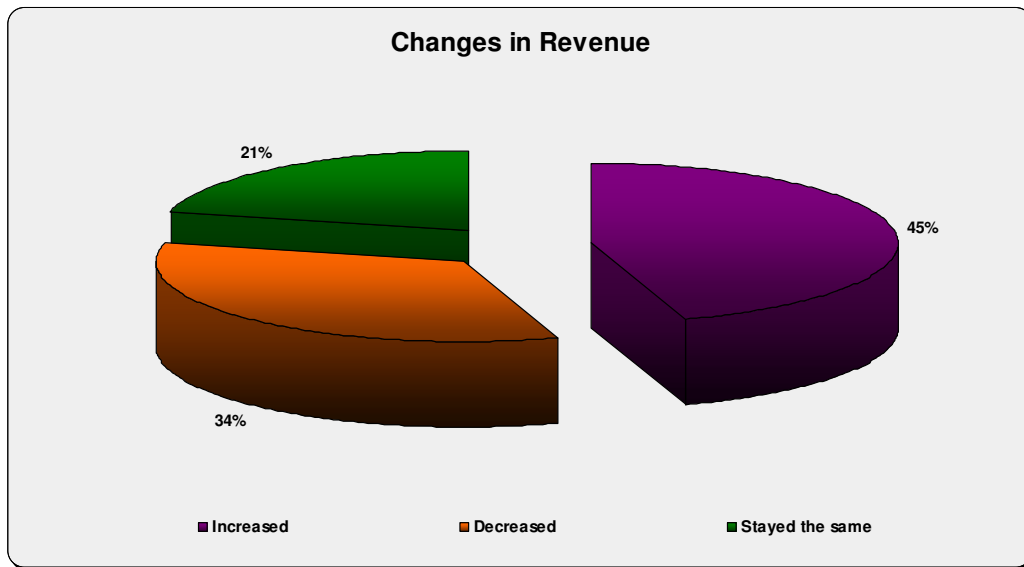


Respondents were also asked to identify in which supply chain areas IT/Technology needed improvement. The results from the transport logistics providers were: Transport management (39%), forecasting (36%), labor optimization (33%), supply chain planning (33%), supply chain visibility (31%), warehouse management (31%), customer relationship management (31%), business intelligence/reporting (25%), enterprise resource management (25%), event management (17%), risk management (14%), inventory management (11%), supply chain security (11%), order management (8%), and manufacturing (6%).

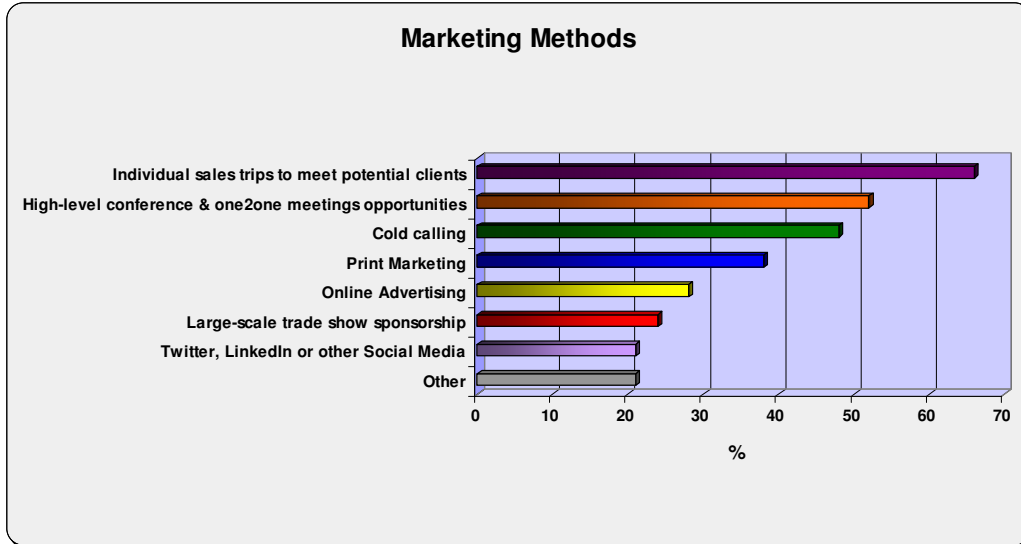


VI. Information from IT & Software Solutions Providers

The IT & software solutions providers amongst the respondents were asked if business had increased, decreased, or remained the same over the last year. 45% reported business to have increased, 21% said it had stayed the same, and 34% said it had decreased.



The IT & software solutions providers were also asked how they market their company to transport & logistics companies or shippers. The results were as follows: Individual sales trips to meet potential clients (66%), high-level conference & one2one meetings opportunities (52%), cold calling (48%), print marketing (38%), online advertising (28%), large-scale trade show sponsorship (24%), and Twitter, LinkedIn or other social media (21%).



VII. Conclusions

Despite the economic downturn resulting in the straining of systems and a vast scarcity in resources, this report highlights the fact that IT solutions have not become redundant among shippers and transport logistics providers, although the former evidently favours technology more.

Improving operational efficiency was clearly the most important *motivating* factor behind the decision to upgrade or purchase supply chain IT/technology. However the survey indicates that in order to *convince* both shippers and transport and logistics providers of the need for technological solutions; IT solution providers must become increasingly more innovative in order to gain new custom, and retain old. Supply chain executives of both shippers and transport logistics providers must be certain that any new or continued investment spending is certain to yield high and visible returns on investment in both the short term and the longer term.

Technology Solution providers must become particularly innovative in areas without a good return on investment, such as Forecasting, Labour Optimisation and Supply Chain Planning. These are the areas which respondents simultaneously identified as needing improvement; hence any innovative solutions could streamline the transportation and logistics industry, providing it with the dynamism which it is currently lacking. The fact that Transportation Management is highlighted as being the Supply Chain Area with Best IT and Technology ROI, and is also the Supply Chain Area requiring IT and Technology Improvement, demonstrates that there are vast advances still to be made.

About Four Soft Limited

Four Soft is a public listed and a CMMI level 3 certified company which provides innovative software solutions and IT consultancy services exclusively for the logistics and supply-chain management market place. It is the market leader in the transportation and logistics segment with a large international client base including the majority of the top transportation & logistics companies in the world. With regional offices strategically located worldwide, it supports its global customers and few of them include DHL, Schenker, Agility, UTI and Geodis-Wilson. Four soft currently has 400 Customers with 50,000 plus users across 120 countries.

Four Soft offers full suite of web-native products across the logistics supply chain. This includes 4S eTrans for freight forwarding and logistics, 4S eLog for extended warehouse management, 4S Visilog & 4S VisiLog plus for track & trace, visibility and supply-chain management, 4S eCustoms for customs brokerage, 4S iShipping for shipping line execution and 4S eConnect for business-to-business connectivity.

Please visit www.four-soft.com for more information about the company.





Learn More:

eyefortransport

US Logistics CIO Forum and Supply Chain Technology Forum

April 8th-9th 2010, Chicago.

Maintaining a supply chain which is ahead of the curve is more crucial than ever in the current market situation. Implementing the latest IT and Technology solutions can prove essential in ensuring a competitive strategy in both the long and short term during the process of economic recovery.

At the eyefortransport **North American Logistics CIO Forum and Supply Chain Technology Forum**, April 8th-9th in Chicago, you will hear from CIOs, Vice Presidents of IT, Technology Experts and top Supply Chain Executives about the technology solutions and best practices which have achieved lean and efficient supply chain operations.

Complimentary tickets are available to attend these Forums! If you are a CIO or IT expert from a Transport & Logistics provider, or a supply chain executive from a major retailer or manufacturer, you qualify for a complimentary pass – including meals and accommodation. To see if you qualify, simply register online:

Your complimentary ticket includes:

- Complete access to all presentations and exhibition
- Participation in round-table and panel discussions and debates
- Ticket to networking party on the first night
- Gourmet meals and luxury accommodation

These Forums are industry-led, meaning that you will hear from notable experts in your field about the technologies and solutions that have made a real bottom-line difference for their companies.

- Hear case studies and best practices from CIOs, technology experts and Supply Chain Executives.
- Participate in high-level panel debates
- Discuss your specific technology needs with solution providers of your choice
- Network with over 150 top experts in your field
- Attend for free by gaining a complimentary pass worth \$2595

For more information or to see if you qualify for a free pass, please visit the website:

IT and Technology Solution Providers: If your company provides any type of technology or IT solutions for supply chains, you cannot afford to miss out on attending this Forum. By participating in the conference, your company will be face-to-face with over 150 end user executives with decision making power over IT and technology purchases.

<http://events.eyefortransport.com/logisticstechusa/>

eyefortransport can tailor a participation package to suit your needs. For more information, contact Toby Spencer: T: 1800 8143459 x 7168 or +44 207 375 7168 or E: tspencer@eft.com