

# THE SOURCE

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## SPECIAL POINTS OF INTEREST

- **ARE WE DOING A GOOD JOB FOR YOU?** If the answer is yes, consider introducing us to a customer or supplier. If they go with the Outsource team you win, too. Ask us about our residuals program.
- **DO YOU SHIP WITH US SOME OF THE TIME?** Become a Program Customer and we will guarantee savings of 10%.

## CONGESTION AT THE PORTS

Turn-around times at our nation's busiest ports—particularly Los Angeles and Long Beach on the West Coast, and New York-New Jersey and Norfolk on the East Coast—are a big problem. Just ask any drayage driver. Drivers serving NY-NJ terminals cite shortage of chassis as a major cause of delays, causing them to sit in queues sometimes for several hours a day without full compensation.

"Who works for free in America? Nobody but us," said owner-operator Miguel Vera, who participated in a truckers-only discussion of 23 recommendations issued in June by an industry-wide Port Performance Task Force, which was formed to study performance issues at the Port of New York and New Jersey with the purpose of making recommendations to improve performance.

There's plenty of finger-pointing going on. Some truck drivers and shippers accuse terminal operators of not being flexible enough in how they receive cargo, and the same terminals counter the accusation by citing trucker "bunching" (too many drivers arriving at one time) as a result of poor planning on the part of drayage drivers as a main cause.

It seems that there is blame enough to go around, but not all of it rests on the backs of the drivers or the terminal operators. The influx of ever larger container vessels with their increased cargo load has led to growing concerns about the ability to expeditiously move the volume of cargo. Many East Coast ports have spent a lot of time and money deepening their harbors and raising bridges to accommodate these post-Panamax vessels, but are ill-equipped to handle the cargo at the port.

As has already been mentioned, one of the major obstacles is chassis shortages, a very complex issue that is seen as a crucial step in solving the problem of congestion. Most ocean carriers have, over the past several years, disengaged from ownership of chassis, resulting in a hodgepodge of ownership and equipment that is not always interoperable. Truckers waste time and money delivering a container at one terminal and a chassis somewhere else. "It's a circular situation," said Tom Heimgartner, president of Best Transportation at Port Newark. "Chassis shortages cause delays at terminals, and delays at terminals cause chassis shortages." Add to this the aging, frequently out-of-service equipment and billing problems due to multiplicity of ownership, and you can appreciate both the difficulty and the importance of beginning to rein in this beast.

The Port Performance Task Force published a report in June which identified the key issues affecting port performance, and outlined 23 recommendations. Topping their list was improved chassis management, notice of truck arrivals at terminals, improved information sharing, coordination of terminal gate hours, and use of radio frequency identification technology (RFID) to accurately measure truck turnaround times.

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The idea of instituting a truck appointment system was flirted with as a way of spreading peak demand and making pickups and deliveries more predictable. But there was a lot of pushback from truckers, and the task force stopped short of recommending an appointment system, calling instead for a “truck management system,” which would reduce congestion and resulting air emissions, decrease truck turn times, and improve terminal productivity.

What truckers would like to see is terminals using RFID to measure drayage drivers’ total queue times, instead of only measuring in-gate to out-gate. According to the task force, this would involve technical and cost considerations that would have to be worked out with the RFID systems’ private owners, but this would be a way to measure and report on various truck movement times, including turn around times on the terminal, queue times at terminal entrance gates, and traffic on port roadways. The report stated that RFID turn-time data should be available to truckers, cargo owners, or both.

This report specifically studied the New York—New Jersey ports, and the recommendations made are geared toward alleviating the congestion and improving productivity at these particular ports, but it is viewed as a benchmark for improving ports across the country. In a statement, the Federal Maritime Commission (FMC) announced that it will be holding a West Coast forum aimed at fostering “dialogue on the causes and implications of congestion at U.S. ports” on September 15, moderated by FMC Chairman Mario Cordero, followed by a Mid-Atlantic and Northeast public forum on the same issue, moderated by FMC Commissioner William Doyle, tentatively scheduled for October 1.

The 42-page report published by the Port Performance Task Force is available in its entirety online by following this link:

<http://www.pannynj.gov/port/pdf/pptf-final-report-june-2014.pdf>

*SOURCE: PANYNJ Port Performance Task Force Report; Journal of Commerce ongoing coverage—drayage/chassis issue.*

## WEST COAST PORTS NEGOTIATIONS UPDATE

Contrary to everyone's expectations, the ongoing labor talks between the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA) have remained peaceful, despite the fact that the contract ended more than two months ago and there is still no finalized new contract. Unlike the negotiations that took place in 2008 and 2002, though, these talks have not resulted in strikes and chaos at the ports, but have remained calm throughout.

However, in anticipation of possible action, many shippers chose to divert their cargo, including their holiday season cargo, to other ports, such as Vancouver and Prince Rupert, and to a lesser extent to U.S. East Coast ports. This has been disruptive in its own way in that it has exacerbated delays at already congested ports. As the continuing uncertainty drags on at the West Coast ports, this also threatens to become a permanent diversion as shippers perceive the West Coast ports as unreliable.

Although as of this writing there is still no contract that has been signed, sealed, and delivered, there is some late news. One thorny sticking point has, by all accounts, been resolved. An agreement has reportedly tentatively been reached per-

taining to the issue of healthcare and the upcoming tax requirements. How it has been resolved is not yet known, but the Journal of Commerce reports that it is unlikely that a statement would have been issued if all they did was postpone resolution to 2018, a scenario that was considered to be a possibility if they had decided to sign a 3-year instead of a 6-year contract and had chosen to just kick this issue down the road until the tax was set to go into effect in 2018. That would only mean that the uncertainty would play out again in just three short years, which is not in the best interest of either side.

If, in fact, this issue is resolved to everyone's satisfaction, then it is possible that the two sides will reach a final agreement very soon, and that a signed contract is imminent. And it can't come soon enough. The ports have remained open during the talks and goods have continued to move at an efficient rate all along, but until a contract is finalized the uncertainty remains and retailers are still anxious about their all-important holiday shipments.

*SOURCE: Journal of Commerce—ongoing coverage of ILWU/PMA contract negotiations.*



## THE INTERNET OF THINGS PART 1: THE TRUCKS WE DRIVE

Whether you realize it or not, you have already experienced M2M, machine to machine communications, also referred to as the Internet of Things (IoT). If you have visited a library or a museum lately, you may have encountered this technology on books or in an entrance card. If you have run a race or been a patient in a hospital, you have almost certainly been tagged. If you use Zipcar, your card has an RFID that will lock and unlock the vehicle. RFID tags or chips can be found on the goods or clothing you purchase, baggage at the airport, your EZ pass, maybe even your smartphone or your pet. They are everywhere in our everyday lives.

RFID, or Auto ID, technology forms the basis of modern inventory control because it enables tracking with precision, which is what makes it an invaluable tool in every aspect of the logistics industry. When we talk about logistics, we are talking about the movement of things from point A to point B, whether in a cargo container, at a shipper's DC, in a truck, or at a consignee's warehouse. These things have value and we want to be able to track them—we want transparency in their movement.

But inventory is only part of the picture. When it comes to moving freight by truck, there are other considerations as well, additional ways in which integrated M2M can transform the way trucks do business, and ultimately change the entire logistics landscape. Some of this technology is already in use.

More and more and more trucks are being equipped with sensors that collect, send, and receive information, most of it right now to and from fleet management systems with their dispatcher. But the trucking industry is on the cusp of expanding the communication system to include other stakeholders, such as service industries that can connect to global positioning satellites, wireless communications, and mobile app connectivity, thus enabling drivers to receive information on the road.

One such service company is Drivewyze, which sends alerts to truck drivers about upcoming weigh stations and permission to bypass long lines at stations in 26 states. Whether a driver can bypass depends on the federal CSA scores, which are assigned based on safety records and compliance. Good



scores mean more bypasses, and the less time a driver has to spend at weigh stations, the more time they have on the road. In the end this translates into faster deliveries with

fewer delays, which in turn means greater efficiency, affecting available capacity and possible reduction of transportation costs.

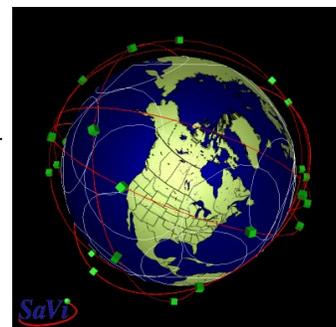
"There are going to be dramatic changes, and they will be very important to the supply chain as a whole, not just trucking," said Craig Montgomery, senior VP of Marketing at Orbcomm, which specializes in M2M communications through a proprietary network of satellites and terrestrial cellular partners. "We'll see fairly positive and powerful economic repercussions in the supply chain."

According to Montgomery, "We've moved from track and trace to monitor and control. We're seeing the convergence of several pieces of technology. We'll see pallets talking to trailers, containers talking to trucks, even fleets talking to fleets...When you step back and look at where things are going, you're starting to see much better potential clarity from the manufacturing floor to the customer door."

And there are clear benefits to drivers, in terms of increased loaded miles, easier compliance with hours of service rules, and more pay. "While some drivers were irked by the 'Big Brother' aspect of in-cab tracking devices," said Monica Truelsch, Director of Marketing for TMW Systems, a fleet / transportation management software company, "many others have found huge benefits in having e-logs remove the burden of paper log-keeping as well as greater earnings potential through rapid load turnaround."

Technological advances speed ever forward, sparking the development of ideas for their application as we begin to understand their potential and think of ways to not only solve present problems, but also to deliver future value. The use of a Cloud-based vehicle network will have the same revolutionary impact on logistics as did the combustion engine in the 19th century on transportation and manufacturing, and the desktop computer in the 20th on how we conduct both business and our private lives.

*SOURCE: Journal of Commerce ongoing reporting on IoT in the logistics industry.*



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*Delivering Results... Not Promises*

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## TRIVIA

1. Everyone knows that Alexander Graham Bell invented the telephone, and that Samuel Morse invented the telegraph, but can you name the inventor of the printing press?
2. Who wrote the original book of Jurassic Park ?
3. What contest of team strength was an official Olympic event from 1900 to 1920?
4. What movie earned Tom Hanks his third straight Oscar nomination in 1996 ?

*[Click here for answers to Trivia questions.](#)*

## ABOUT US

Established in 1990, OUTSOURCE, Inc. offers a complete range of freight management services and supply chain solutions to help you improve control and increase profitability.

OUTSOURCE specializes in worldwide logistics and transport, offering your organization an optimized transportation management solution. Our customer-driven approach to doing business allows us the flexibility to select services and solutions that best serve our clients' individual needs, and our extensive collective experience in distribution, warehousing, retailing and transportation logistics provides us with the expertise to make it happen.

Air, sea, rail and truck—we can handle all of your domestic and international shipping logistics and transport needs, freeing you to do what you do best.....grow your business.

