



# Reinventing the 3PL Model: Trends, Challenges, & Opportunities

---

Supply Chain Consortium  
Benchmarking & Best Practices

*September 2014*  
*[www.supplychainconsortium.com](http://www.supplychainconsortium.com)*

**TOMPKINS**  
**SUPPLY CHAIN**  
C O N S O R T I U M

---

# Table of Contents

Market Trends Drive Supply Chain Trends	3
Innovations: “Outside the Box” Thinking	6
Sources of Innovation	7
Shipper Trends Are Impacting How 3PLs Work	8
Trends Create Opportunities and Needs	9
3PL/Shipper Survey Results	10
Report Authors	18

# Market Trends Drive Supply Chain Trends

- Market requirements

- Omnichannel
- Personalization
- “Getting Local”
- Smart phones and mobile devices



- Supply chain trends

- Demand, not forecast management
- Inventory flexibility
- Delivery time (segmentation)
- Customer-centric and partner-centric



# Market Trends Drive Supply Chain Trends

- Cloud computing
- Mobile devices
- Apps for everything



# Market Trends Drive Supply Chain Trends

- Warehouse Technology
  - Goods-to-person fulfillment systems
  - Robotics
  - Narrow aisle storage and delivery



# Innovations: “Outside the Box” Thinking

- Going driverless
- Air transport

**Going Driverless?**



# Sources of Innovation

## Where do innovations come from?

- Third-party logistics providers (3PLs) say innovations come from:
  - 3PLs (35%)
  - Shippers (30%)
  - IT companies (20%)
- Shippers say innovations come from:
  - Shippers (36%)
  - 3PLs (28%)
  - IT companies (17%)

# Shipper Trends Are Impacting How 3PLs Work

## Omnichannel

- All channels working together to provide a great customer experience
- Great prices, awesome selection, best-in-class convenience, personalized experience
- My order: How I want it, where I want it, when I want it

## Inventory Flexibility & Agility

- Inventory pooling based on aggregate demand and/or run rate – holistic inventory management
- Maintain undifferentiated inventory for as long as possible throughout the supply chain
- Common product (component) platforms
- Dynamic product allocation - manage inventory through production, in-transit and in-stock

## Delivery Time - Supply Chain Segmentation

- Balance speed to market with margin or sell-through potential
- Cost-to-serve policies based on potential margin on customer or product (*air frt., inventory bonding, etc.*)
- Demand shaping (*standardization vs. customization*); product life-cycle supply chain variations

## Customer (and Partner) Centric

- Aligned performance measures that drive supply chain success across partners (*network not functional metrics*)
- Inventory visibility (and management) across the chain – leads to greater collaboration and sharing (*information, inventory, assets*)
- Collaborative planning (S&OP)



# Trends Create Opportunities and Needs

## ● Growth In New Markets

- 4PL model
- M&A
- New service capabilities
- Standardization across geos

## ● Capacity Concerns

- More use of dedicated fleets
- Increased transportation outsourcing and use of brokers
- Higher rates
- Increased use of intermodal

## ● Inventory Flexibility & Agility

- Increased use of consolidation centers and cross-docks; DC bypass
- Staging
- Postponement/configuration
- Kitting

## ● Relationship Management

- Need for more strategic relationships/true partnerships
- Industry expertise
- Global standards/local knowledge
- Transparency

## ● Sustainability

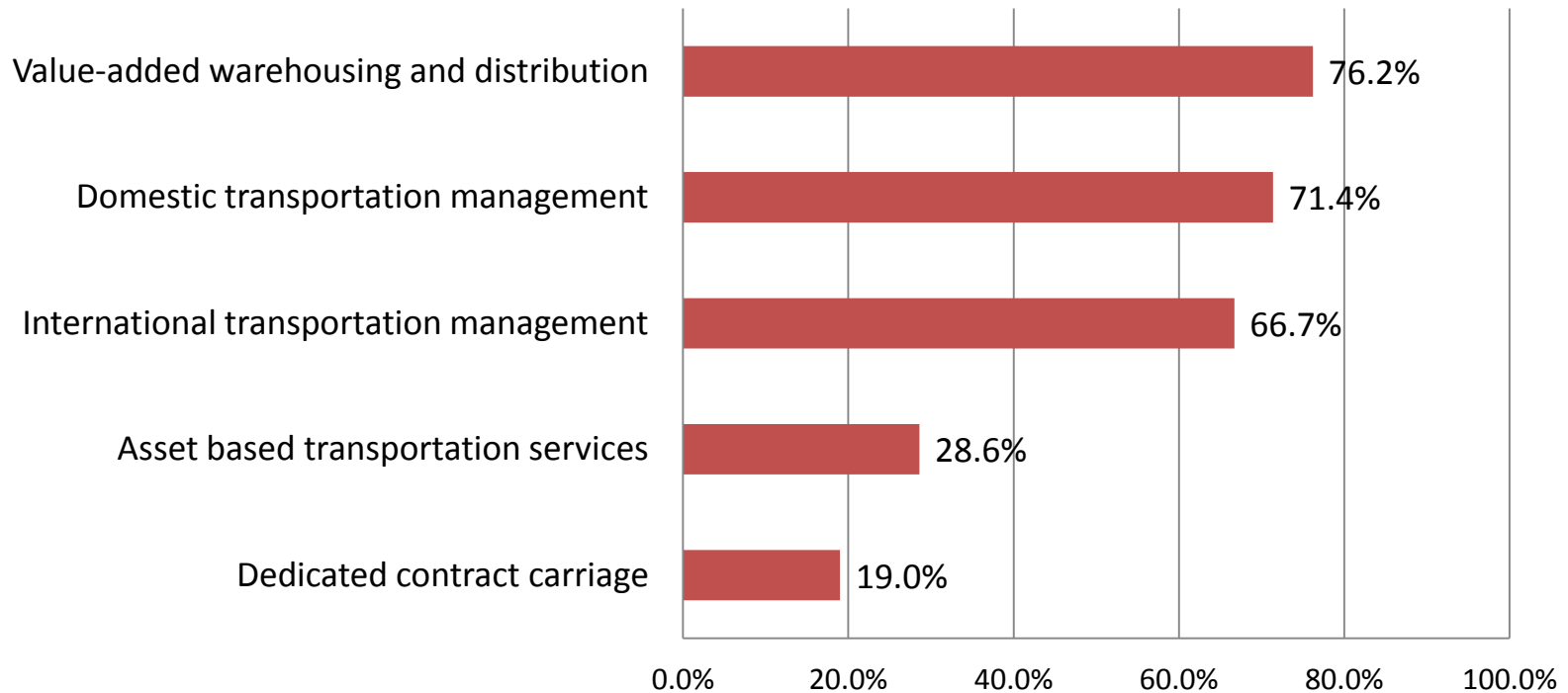
- CNG trucks and tractors
- LEED-certified facilities
- Three "Rs": Reduce, Reuse, Recycle

## ● Get Local

- Fulfillment centers
- Same-day shipping
- Air ship options
- DC transfers
- Final configuration postponement

# 3PL/Shipper Survey Results

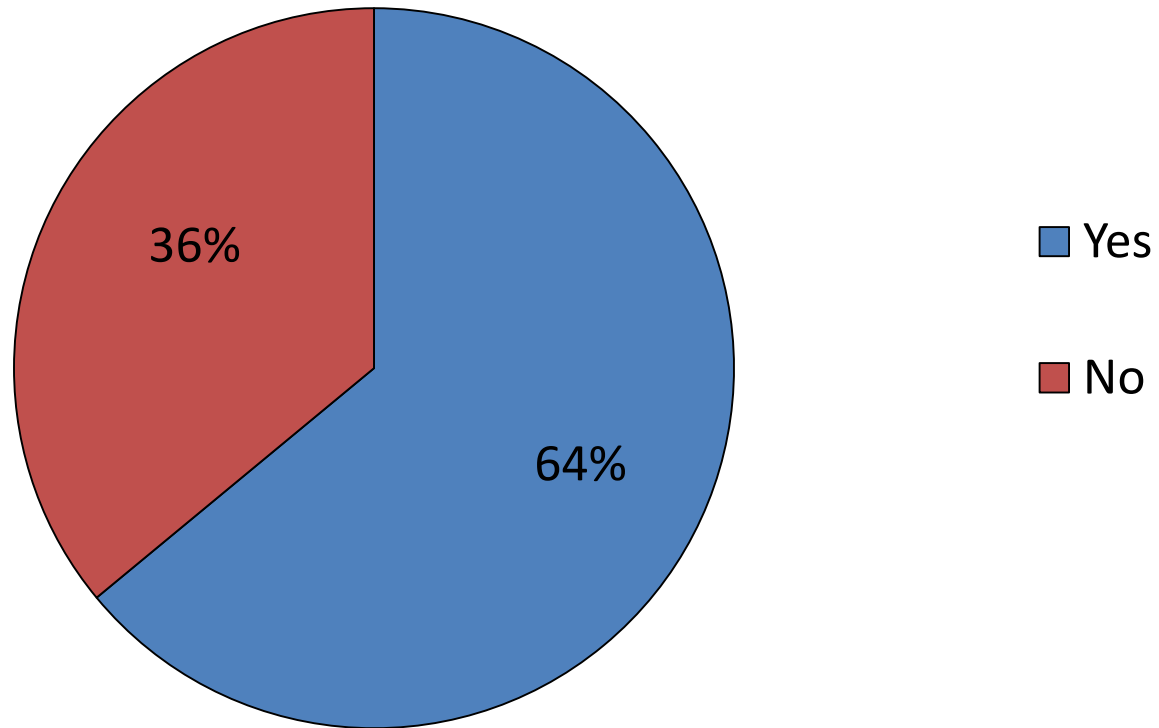
## Services Provided by 3PL Companies



\*The results add up to more than 100% due to multiple answers per participant.

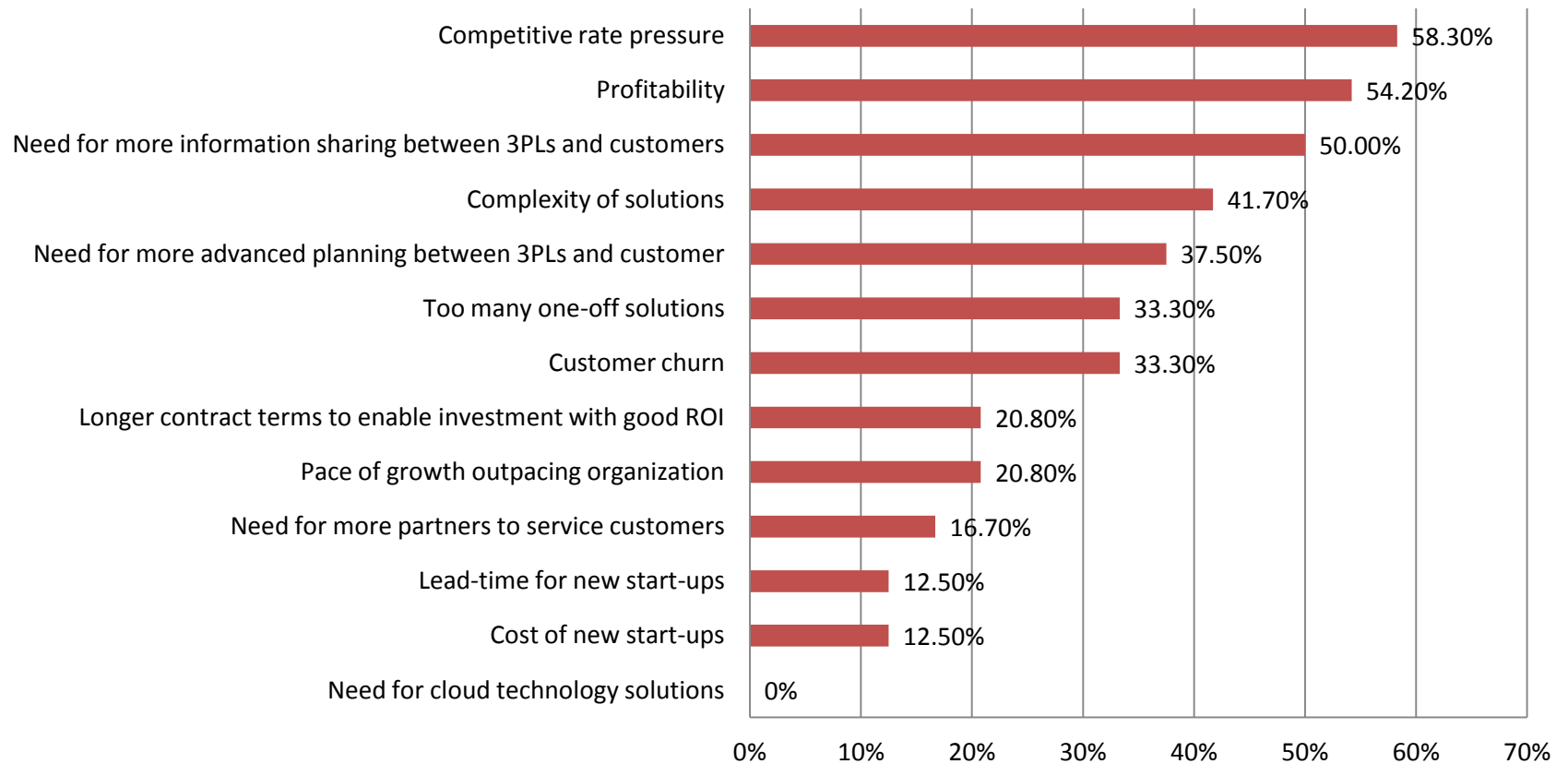
# 3PL/Shipper Survey Results

Is Reinvention Occurring in the 3PL Industry?



# 3PL/Shipper Survey Results

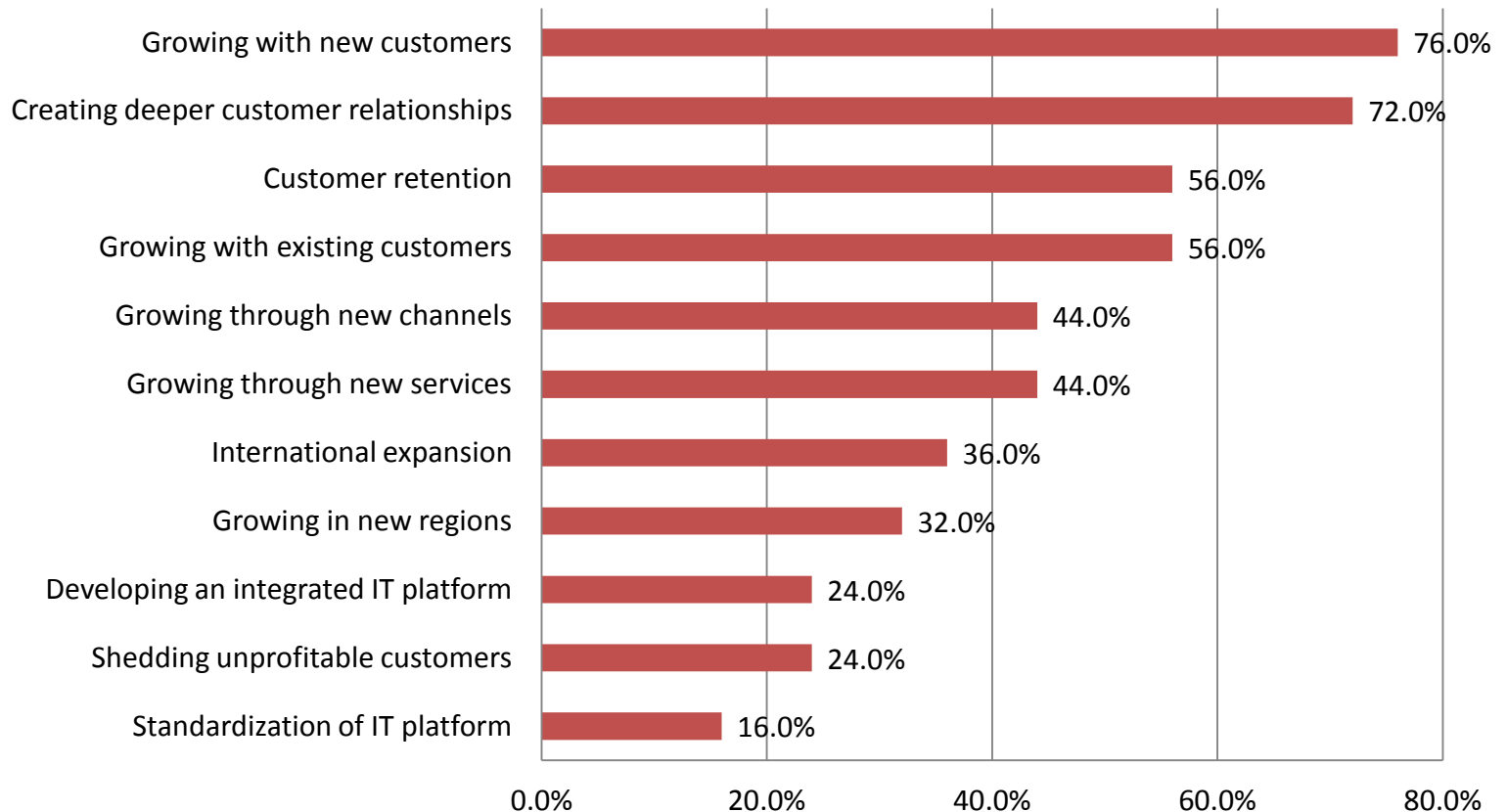
## Biggest Challenges for 3PLs



\*The results add up to more than 100% due to multiple answers per participant.

# 3PL/Shipper Survey Results

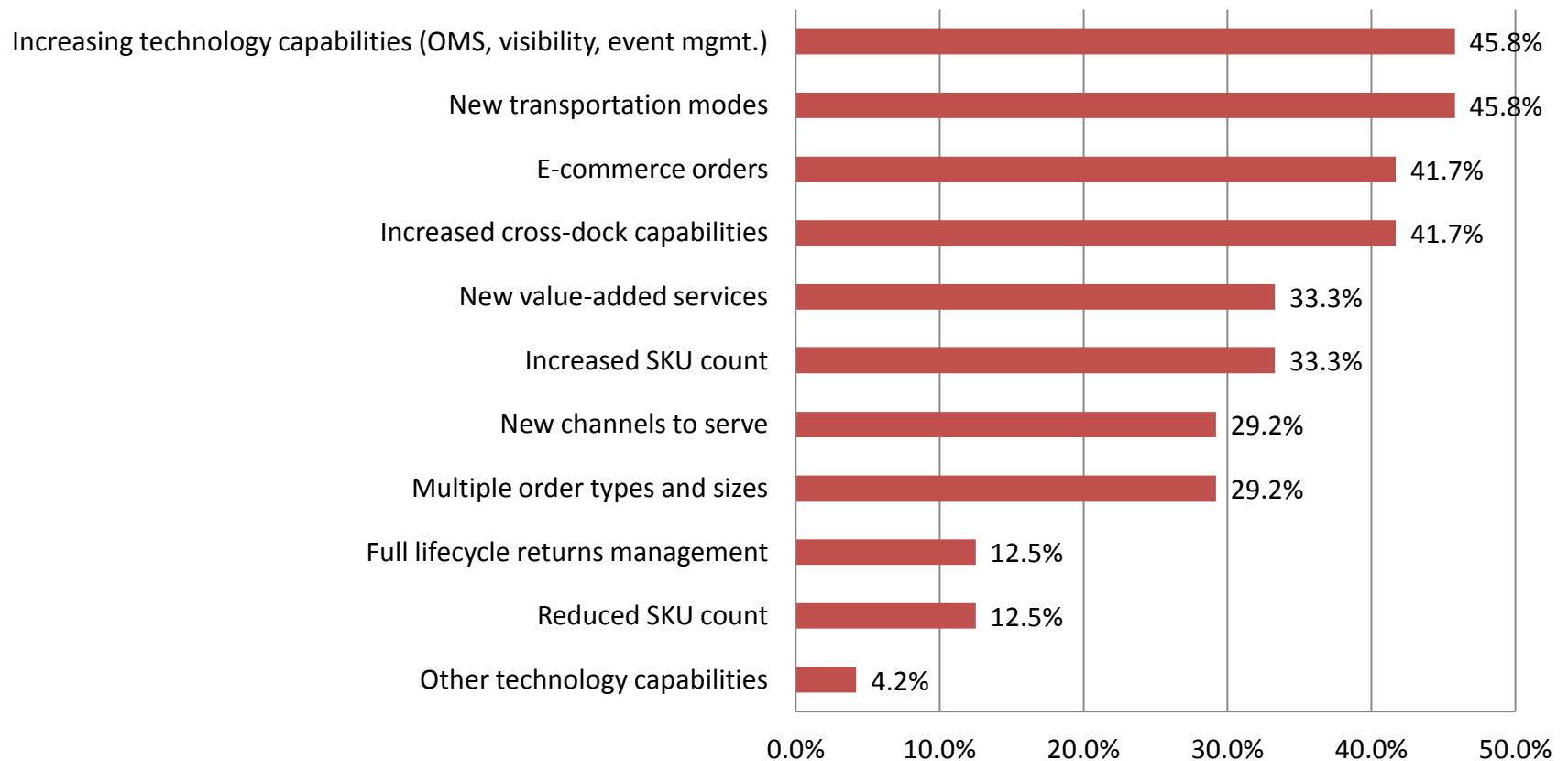
## Company Focus Opportunities



\*The results add up to more than 100% due to multiple answers per participant.

# 3PL/Shipper Survey Results

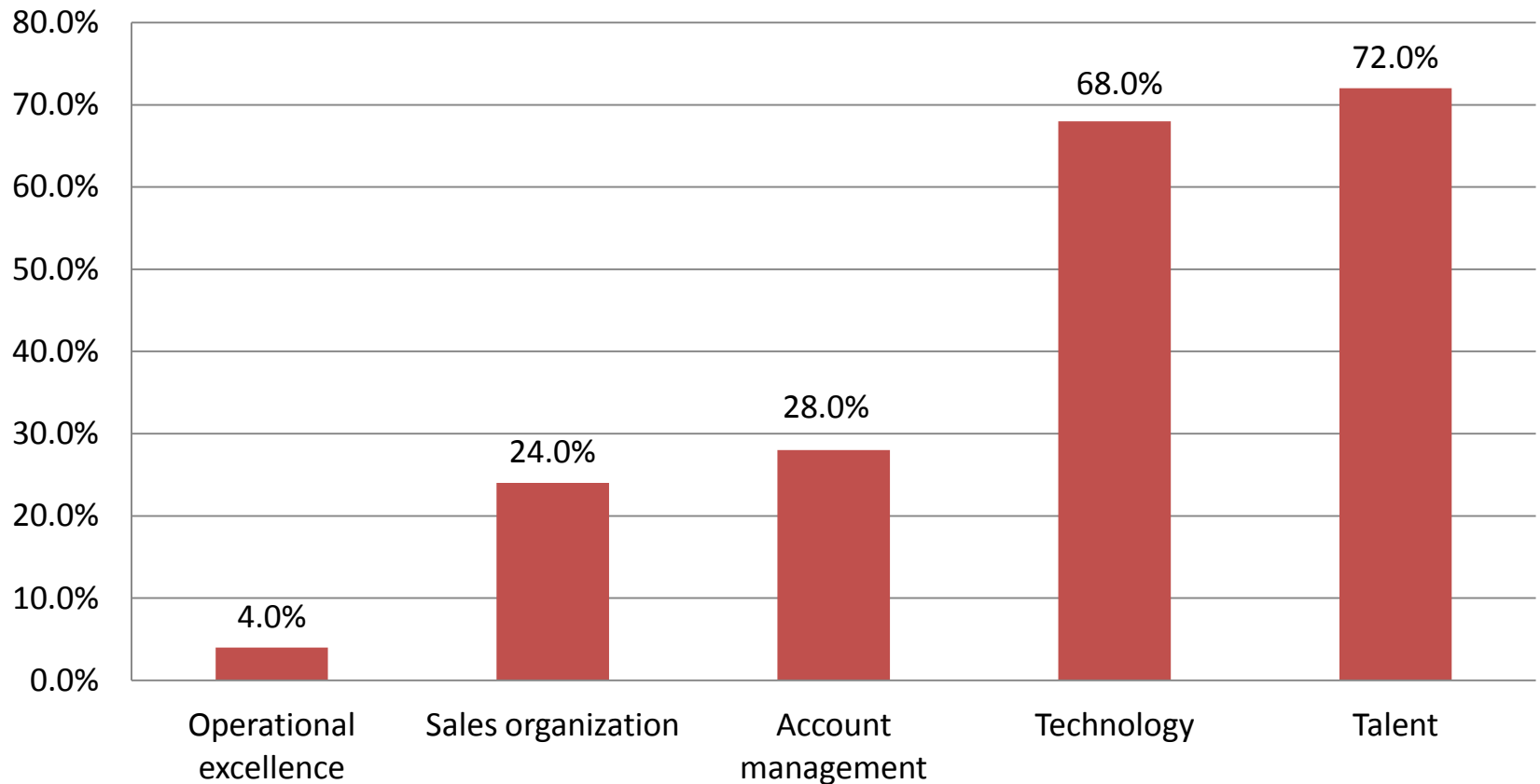
## New Capabilities and Services Being Added by 3PLs



\*The results add up to more than 100% due to multiple answers per participant.

# 3PL/Shipper Survey Results

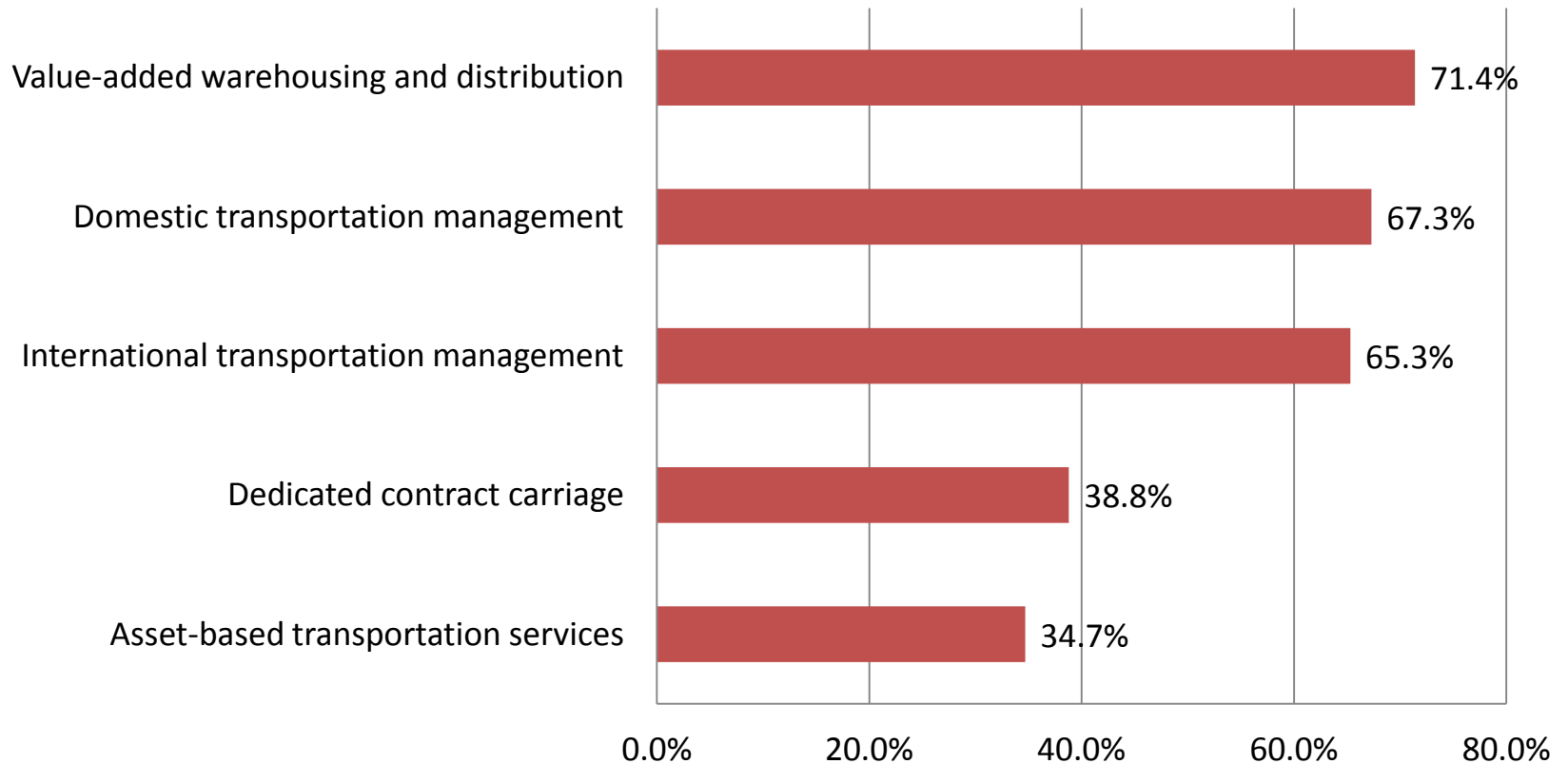
## Shippers: Areas of Focus



\*The results add up to more than 100% due to multiple answers per participant.

# 3PL/Shipper Survey Results

## Shipper Services from 3PLs that Companies Use

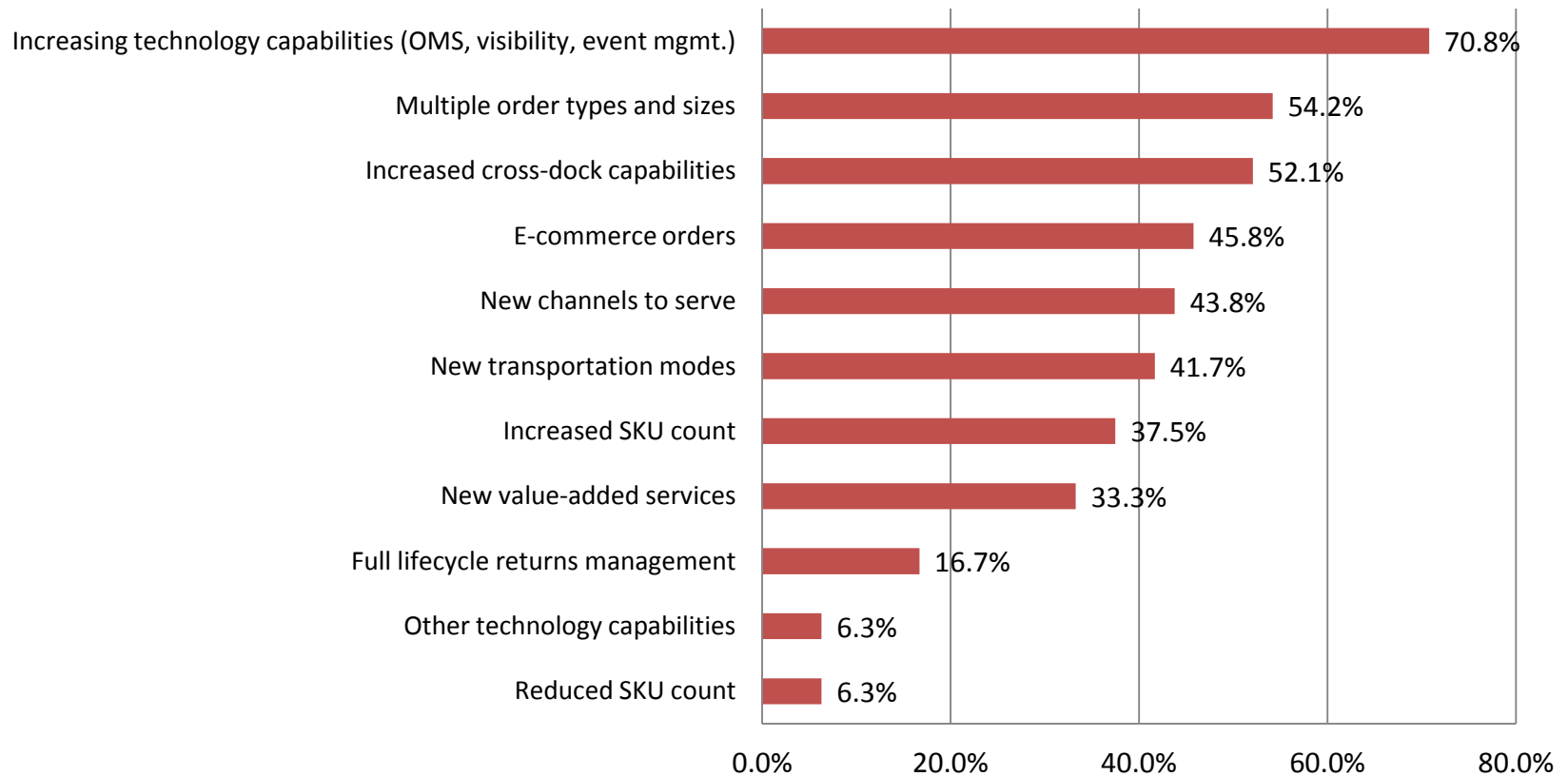


\*The results add up to more than 100% due to multiple answers per participant.



# 3PL/Shipper Survey Results

## Capabilities and Services Shippers Need from 3PLs



\*The results add up to more than 100% due to multiple answers per participant.

# Report Authors

To learn more about benchmarking and best practices, additional resources are available to members through the Supply Chain Consortium: [www.supplychainconsortium.com](http://www.supplychainconsortium.com)

Qualified companies can join the Supply Chain Consortium's LinkedIn or Xing Group: [www.supplychainconsortium.com/rc/connections.asp](http://www.supplychainconsortium.com/rc/connections.asp)

**SUPPLY CHAIN EXCELLENCE**

**Bruce Tompkins**  
Executive Director

---

6870 Perry Creek Road  
Raleigh, NC 27616

(919) 855-5527 Office  
(919) 345-0479 Mobile

[btompkins@tompkinsinc.com](mailto:btompkins@tompkinsinc.com)

**TOMPKINS  
SUPPLY CHAIN  
CONSORTIUM**

**SUPPLY CHAIN EXCELLENCE**

**Chris Ferrell**  
Director

---

6435 Hazeltine National Drive  
Suite 105  
Orlando, FL 32822

(407) 362-0369 Office  
(919) 624-3947 Mobile

[cferrell@tompkinsinc.com](mailto:cferrell@tompkinsinc.com)

**TOMPKINS  
SUPPLY CHAIN  
CONSORTIUM**