The Changing Face of the Logistics Manager

www.bostonstrategies.com
(1) (781) 250-8150

This report has been prepared by Boston Strategies International at the request of CLIENT for the purpose of establishing its operating strategies. It may not be appropriate for other purposes or audiences. This report contains forward-looking statements and projections with respect to anticipated future performance of CLIENT, suppliers, customers, and/or general or specific economic conditions and factors that are based on Boston Strategies International’s analysis of market trends and external data. Forward-looking statements and projections are not guarantees of future performance and involve significant business, economic and competitive risks, contingencies and uncertainties, which are difficult to predict. Accordingly, these projections and forward-looking statements may not be realized and actual results may vary up or down. This report may not be reproduced or distributed without express written approval from Boston Strategies International.
New challenges: the four I’s

• International growth
• Infrastructure and capacity bottlenecks
• Information technology opportunities and obstacles
• Inflating fuel costs
International: Traffic volume shifting eastward

![Graph showing sales in billions of dollars for Asia-Pacific, United States, and Europe from 2006 to 2015.](image)

Sources: Boston Strategies International analysis with supporting data from HSBC, Datamonitor, and Baird.

© 2007 Boston Strategies International
Infrastructure: U.S. Bottlenecks

Congestion Points, 2020, with Selected Remediation Measures

Ports: 4,300 TEU/Acre/Year throughput (vs. 10,000+)

DEMAND
- Truck +58%
- Rail +47%
- Water +14%
- Air +182%

“CREATE”

Intermodal Driver Shortage

Longshoremen Shortage (2004)

PIERPass

Ports: 3,300 TEU/Acre/Year (vs. 10,000+)

Ports: 4,000 TEU/Acre/Year (vs. 10,000+)

Source: Cambridge Systematics/US DOT, Containerisation International
## Information technology: offsetting cost and time pressures

<table>
<thead>
<tr>
<th>Supply Chain Trends</th>
<th>Logistics IT Requirements</th>
<th>Applications Checklist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Interaction</td>
<td>Driver Communication</td>
<td>Communications Equipment</td>
</tr>
<tr>
<td>Value-Added Services</td>
<td>Vehicle Tracking</td>
<td>VPN Security</td>
</tr>
<tr>
<td>Global Networks</td>
<td>Telecom Network Infrastructure</td>
<td>VOIP</td>
</tr>
<tr>
<td>Supply Chain Security</td>
<td>Call Center/Customer Support</td>
<td>Click to talk</td>
</tr>
<tr>
<td>Data Exchange</td>
<td></td>
<td>Mobile Solutions</td>
</tr>
<tr>
<td>Wireless Transmission</td>
<td></td>
<td>Call Center Management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Network Management</td>
</tr>
</tbody>
</table>
Inflation: fuel prices and surcharges

Weighted Average World Oil Spot Prices 1989-2007

Dollars Per Barrel (nominal)

1989 1991 1993 1995 1997 1999 2001 2003 2005 2007

Year
New Challenges, New Skill Sets

“What are the greatest challenges to achieving maximum efficiency?”

Applicants must possess...
- Leadership
- Creativity
- Aggressiveness
- Financial acumen
- Problem-solving skills
- Drive for results

Need not apply:
- Lifetime purchasing career
- Individual contributors
- Win-lose negotiators

Source: SAP and Economist Intelligence Unit, April 2005
Building a Competitive Supply Chain Organization

The Chief Supply Chain Executive of 2015 will have...

- **Clout** to redirect price concerns to performance demands
- **Strategic vision** as well as operational acumen
- **Willingness to get involved in** the design stage
- **Technical savvy** to craft systems with a multi-tiered supplier network
- **Financial and risk management expertise**

### Chief Procurement Officer in Place

<table>
<thead>
<tr>
<th>Year</th>
<th>Yes</th>
<th>No</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>52%</td>
<td>45%</td>
<td>3%</td>
</tr>
<tr>
<td>2015</td>
<td>63%</td>
<td>26%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: SAP and Economist Intelligence Unit, April 2005
Boston Strategies International is a global management consulting firm that helps market leaders achieve competitive advantage through supply chain management through:

- **Supply Market Analysis** that helps identify emerging issues that affect their supply chains
- **Supplier Enablement** that facilitates global growth and local content requirements
- **Supply Chain Optimization** that reduces project and life cycle costs