

Interstate Transport Cuts Transportation Costs

Increasing Profits through Outsourcing and Technology

by Tim Higham | Mar 17 2010

Transportation and distribution costs are among the most significant expenses for any company that ships freight. Even the slightest decrease in these sectors has an immediate effect on the bottom line, so cutting shipping costs is paramount, particularly in today's economic climate.

The available truck capacity in the market is greater than ever. Freight volumes are down in all industries (over 20 % year-to-date) and drivers are plentiful. In the past, when freight volumes decreased, drivers moved into other industries such as construction. However, that is not an option in today's world. This has resulted in an abundance of both drivers and trucks in the market, making it the perfect time for shippers to take advantage of unprecedented savings opportunities. Introducing cost-cutting measures now will translate into savings of 20% or more in distribution costs by year-end.

As in most industries, shippers have found that outsourcing provides the simplest and least expensive route to realizing those savings. Opening a trucking division is costly and the liability associated with a trucking operation is immense and requires mitigation through a complete separation of the trucking operation from the core business. By simplifying the fundamental elements of their businesses, shippers save money and are able to focus their time on the profitable aspects of their operations. Rather than creating in-house transportation divisions, prudent distribution managers turn to third parties to provide logistical and transportation expertise.

Third-party logistics providers (3PLs) generally charge flat, per-project fees for such services as lane bids which are laborious and expensive undertakings, especially for companies without a dedicated transportation department. During the lane bid process, the 3PL analyzes the shipper's needs and sends requests to thousands of carriers for bids. On average, shippers who spend \$1 million in annual distribution costs can save 10% by outsourcing just this one project to an outside professional.

As costs have risen over the past several years, shippers have also turned to technology to cut costs even further. Transportation Management System (TMS) technology allows shippers to bring all elements of their shipping process into a single, visible platform. This technology is affordable and, most importantly, it allows distribution managers to see all aspects of operations and make immediate corrections as capacity needs and market trends change. The current generation of TMS platforms are Web-based, "on-demand" systems. Users need only an internet connection to run their entire distribution operation. The best TMS software saves time, improves accuracy, increases customer service levels, provides instant reporting, and reduces claims.

Companies who outsource their transportation and logistical needs and implement a Transportation Management System find that these two improvements have an immediate impact on efficiency and accuracy and give them back the control they need to focus on the critical task of running their business.

About Interstate Transport:

Interstate Transport, Inc. is one of the fastest growing logistics providers in the United States. Headquartered in St. Petersburg, Florida, Interstate provides logistics and distribution services and complete logistics outsourcing solutions including transportation management software (InMotion Global TMS™) to customers across the United States. Interstate's Freight Management Center and Disaster Freight Management Center provide: trucking capacity and Internet load tracking for every shipment, routing and load optimization, Internet load tendering, guaranteed appointment setting, and complete efficiency reporting.

Learn more at www.Interstate-Transport.com.

About InMotion Global:

InMotion Global, Inc. provides the industry-leading Transportation Management System, InMotion Global TMS™ with its companion web portal LoadLink™ to customers across the United States. InMotion Global TMS™ is fully integrated with Interstate Transport's Freight Management Center to provide freight capacity, Internet load tendering and tracking, routing, load optimization, guaranteed appointment setting and complete efficiency reporting. InMotion Global, Inc. is headquartered in Saint Petersburg, Florida. Learn more at www.InmotionGlobal.com.

About Interstate Logistics Group:

Interstate Logistics Group is comprised of InMotion Global, Inc. and Interstate Transport, Inc. and serves as the logistics & transportation platform company in Palm Beach Capital's portfolio. Palm Beach Capital is a private equity investment firm that specializes in investing in growing, privately held companies. Through its partnership with Palm Beach Capital, Interstate Logistics Group and its divisions are poised to acquire other logistics providers and freight transportation companies in order to provide complete, full-service, logistics, distribution, and freight transportation offerings.