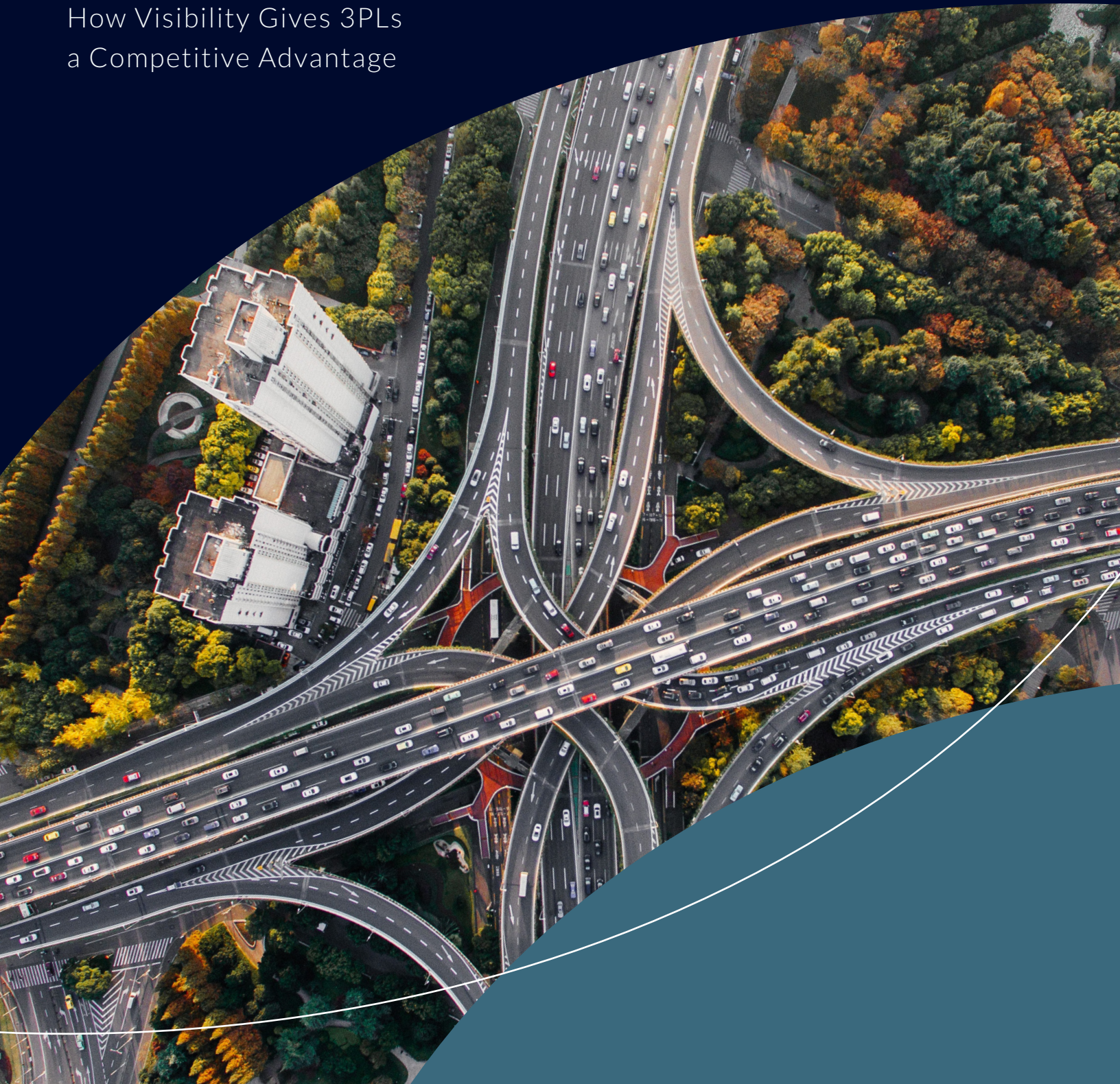# OVERHAUL

Integrity and Security Services:

How Visibility Gives 3PLs
a Competitive Advantage

Big market, big blindspots

The third-party logistics (3PL) and brokering business is expected to become a $1.3 trillion market by 2027. Driven by the supply chain capacity crunch and labor shortages, shippers are increasingly turning to 3PLs to add overflow capacity and more quickly move goods through the system. According to one report, 88% of 3PLs said they've seen increased sales in the past year, and 51% have seen profits grow by 15% or more.

Despite the bright horizon for 3PLs, it hasn't always been smooth sailing. The system is under pressure from a surge in consumer demand and shortages of product, containers, drivers, and supply chain capacity in general. As a result, carriers that are moving fast with limited resources might skirt compliance and other rules. Monitoring and visibility aren't as thorough as they should be, leaving an open door for double brokering and double loading that can compromise shipments. A lack of communication can leave shippers in the dark about where their goods are and whether they arrived at their destination with the proper standard of care.

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THE RIGHT TECHNOLOGY HELPS 3PLS SEE BOTH RISK & OPPORTUNITY

3PLs are now addressing this lack of communication and visibility with new technology. They're adopting platforms that tie together disparate data streams to track the location and status of goods in context and keep shippers in the loop. This is becoming a competitive differentiator for 3PLs that can offer new levels of visibility to reduce lost and stolen shipments and uphold compliance requirements.

With greater visibility and more effective communication, 3PLs can better manage risk, more efficiently handle shipments, and keep their shipper clients happy. The capacity crunch is a major opportunity for 3PLs to make themselves indispensable to their customers both now and in the coming years. But only those who invest in the right technology can seize on the industry's growth and capitalize on uncertainty.

Passing the liability buck:

HOW TO PROTECT YOURSELF AND YOUR SHIPPER CLIENT

Sensitive cargo carries added requirements, whether it's a shipment of pharmaceuticals, perishable food, or cosmetics. Carriers must maintain certain conditions across the supply chain to meet compliance requirements and ensure the product arrives safely and securely. Without visibility, shippers, 3PLs, and carriers will be unable to verify whether they've met the specifications. Fingers will be pointed. The buck will be passed. 3PLs can position themselves as strategic partners to their shipper clients by getting ahead of any issues with sensitive cargo. To do so, you not only need to meet the shipper's standards and requirements, but also keep a close eye on the carriers you use, especially when capacity crunches force you to use unfamiliar airlines or trucking companies to meet demand.

Visibility and communication allow you to protect your shipper clients – and yourself – from liability by documenting every step of the journey. That way you not only have the evidence that you've met the standard of care, but you can also address any issues immediately instead of when it's already too late.

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Integrity of high-value & highly sensitive cargo

You can't manage what you can't measure. Especially as cargo moves outside of shippers' and 3PLs' typical networks, visibility into the shipment's location, status, temperature, and other data is critical to ensuring the appropriate rules and compliance measures are maintained no matter who is actually carrying the shipment.

When it comes to compliance and regulatory obligations, there are certainly a lot of rules to track. For pharmaceuticals alone, you have everything from:

Drug Supply Chain Security Act (DSCSA)

Falsified Medicines Directive (FMD)

EU's Medical Device Regulation (MDR)

Good Distribution Practice (GDP)

A strong risk management program draws in data from sensors and other connected devices with the cargo, as well as information from all your service providers to give you a holistic view of the status of every shipment, with alerts for any anomalies. Technology can streamline this data into a unified view of what rules you have in place and document your adherence to them, providing complete visibility to shippers.

Visibility as a competitive advantage:

OFFERING GLOBAL PREMIER SERVICES

Gartner's Magic Quadrant for Real-Time Transportation Visibility Platforms (RTTVP) report released earlier this year estimated the total value of the freight visibility market grew to nearly $300 million in 2020 in North America. The report indicated that number could reach $1 billion by 2024.

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The market is growing as more 3PLs see visibility as a strategic advantage. Given the communications and compliance blind spots in a supply chain where double loading and double brokering have become more common and 3PLs are turning to unfamiliar carriers in a search for capacity, 3PLs with superior technology can separate themselves from the pack.

You can win in the current market not just by being reliable but by being transparent and proving the integrity and security of the products you've been trusted to move. You need to be able to guarantee you're meeting your customers' standard of care. When you're the only 3PL that can guarantee that vaccines won't be loaded with perishable products, for example, and show the proof in real time, you have an advantage over every other 3PL that can't.

While many 3PLs have a certain level of visibility – where a purchase order is and whether it will arrive on time – most still lack the kind of technology that solves the complex problems of high-value, high sensitivity cargo.

Fortunately, you don't need to build a solution in house and it's not just for the benefit of your customers -- 3PLs themselves are finding new efficiencies through visibility.

Relieving the pressure to always create the solution in house

Should you build your own solution, or buy someone else's? Certainly you know more about your company and its needs than anyone else. What you're likely short on is both time and the skills needed to develop a mature solution.

As tempting as it is to build in-house, allocating employees without experience to try to create a real-time visibility and product integrity platform from scratch is both costly and inefficient. Given the urgent need for visibility around cargo integrity and security, you don't have months or years to get up to speed.

By buying a customized solution, you can essentially plug and play, leaving the development work to the experts so you can focus on your business. At Overhaul, we brought together both high-tech experts and veterans of supply chain, logistics, and transportation to develop a platform that can improve your value proposition and add commercial value from the day it's implemented.

The right technology helps 3pls see both risk & opportunity

Increased visibility can solve a lot of problems and help you identify untapped efficiencies in your business. Beyond proactive management of integrity and security, a visibility platform can support cost improvements and continuous improvement cycles to increase quality over time.

As the technology landscape develops, bringing all your data from across your fleet and other IoT devices into a single system gives you new flexibility to adapt your practices to shifting trends.

Streamlining all that data into a single view and automating alerts also frees up time and resources that might otherwise be spent manually monitoring multiple feeds. With the hours saved, those employees can focus on more strategic work like optimizing processes and improving efficiency.

Coordinated global real-time risk management:

GAINING THE UPPER HAND ON BAD ACTORS

1 Once you have a platform set up to provide visibility and transparency to your clients, you have the tools to prevent everything from double brokering to theft, or take immediate action when they do occur. This adds even more value to your client relationships.

2 Risk management is tough when you're only tracking where shipments are and when they arrive. A visibility platform adds more data, defines standard operating procedures, and alerts you the moment any of those procedures go awry, allowing you to swiftly take action.

3 A more intelligent and comprehensive view of every shipment not only gives you more data, but the context for action, especially when bad actors are involved.

Cracking down on double brokering & double loading

Double brokering and double loading schemes are not new to the freight industry, but they are disruptive and often go against regulatory and compliance guidelines.

At its surface, double brokering isn't inherently bad. A broker might have its own capacity crunch and need to pass cargo on to a trusted partner. Secure double brokering is theoretically possible, but it's hardly the norm. Unfortunately, a shipment passed from broker to broker often leaves communication and compliance measures broken, saddling shippers with unwanted and sometimes unknown liability.

Increased visibility and enforcement of standard operating procedures can go a long way to making sure everyone involved in a shipment is upholding the appropriate standard of care.

However, if your shipper customers simply don't want double brokering at all, whether because they have particularly sensitive cargo or are paying for a premium service, visibility brings new accountability by showing exactly where their cargo is at any given point.

Double loading is even more troublesome. Drivers know how to unseal the doors of a trailer without detection and given the recent capacity crunch, carriers try to maximize revenue and efficiency by combining shipments.

Naturally, this breaks the integrity of the load -- picture computers sharing space with iceberg lettuce, for example – not to mention security since drivers are secretly opening doors. A visibility platform that monitors compliance measures and agreed-upon rules will tell both you and your client when double loading is happening so you can take steps to rectify any integrity and security issues.

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How proactive intelligence counters theft & related incidents before they happen

To prevent theft, you need to go beyond visibility to proactive intelligence that gives you enough context to take action. Defining red zones and monitoring drivers to ensure they clear those high-risk areas quickly is one way increased visibility can prevent thefts.

Another is to recognize threats at every stage of the route to divert cargo to safer roads. For example, earlier this year, Overhaul was working with a 3PL client to track a shipment en route to a region of Colombia where a major outbreak of civil unrest threatened the timing and safety of the delivery. Multiple layers of visibility helped protect the cargo. It was valuable to see the dot on the map to track the shipment and know it was on the right route. It was valuable to have access to the current temperature of the load to ensure the contents of the shipment were up to par.

But arguably the most valuable layer was the contextual visibility that showed the shipment was heading to a region where police buildings were on fire and the ongoing unrest threatened the integrity and safety of the load. The team safely diverted the truck with the help of Overhaul's proactive intelligence.

Whats next?

Now is the time to invest in technology and visibility to become a true strategic partner for your clients. Supply chain complexity will only increase, and the current capacity challenges will get worse before they get better.

More than 100 container ships now wait off the ports of Los Angeles and Long Beach, a number that continues to reach new records. Infrastructure improvements are still years away. Nearly a quarter of current truck drivers will hit retirement age in the next 10 years. The capacity simply isn't there.

In this environment, shippers are understandably concerned about the integrity and security of their cargo. 3PLs that have the technology to provide visibility, transparency, and stronger communication can establish themselves as trusted partners when shippers are most in need.

By adopting a solution that offers comprehensive, realtime data about transportation and cargo integrity and security, you can uphold standards of care across the chain of custody to ensure the right products reach the right destination on time and in optimal condition.

See more at over-haul.com

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