

TOP 8 LOGISTICS CHALLENGES FACING THE INDUSTRY



DRIVERS DEPOT

According to a third party logistics study by Capgemini, 'cutting transportation costs' makes the top of the list as far as concerns for the logistics industry. Some other obvious pain-points make the list as well, but perhaps the most important and at times challenging concern is the need for greater innovations and technology advances while remaining budget-conscious.

Here is a snapshot into 8 of the top challenges facing the industry.

1. **Fuel Costs:** One of the highest costs contributing to the 'cutting transportation cost' concern is fuel prices. Higher fuel prices are likely to increase transportation costs for US shippers this year by pushing up fuel surcharges. Rising US diesel fuel prices are escalating surcharges added to freight rates, which is reversing a two-year trend that cut into the revenue and earnings of truckers as fuel prices plummeted.

2. **Business Process Improvement:** Notwithstanding the need for new technology, which we discuss in number eight on this list, it has become an increasing challenge for the logistics industry to stay on top of new advances in business processes. Taking advantage of these new opportunities sounds enticing but adoption and onboarding can be overwhelming.

3. **Improved Customer Service:** Customers want full transparency into where their delivery is at all times. These days, the location of a package is as interconnected as your social network. In fact, as customer expectations have increased, their willingness to pay for fast shipping has decreased with just about 64 percent of consumers unwilling to pay anything extra for less than two-day shipping.

4. **Economy:** With high fuel prices comes a greater credit crisis and rising inflationary demands that take a greater toll on the US economy. This industry is then pressured by increasing compliance regulations, declining demand, additional capacity with additional increases in key cost centers.

5. **Driver Shortage & Retention:** Hiring and retention remain an issue despite the lower demand mentioned above.

6. **Government Regulations:** Carriers face significant compliance regulations imposed by federal, state and local authorities.

7. **Environmental Issues:** The anti-idling and other emission reduction regulations brought about by state and local governments has created concern that the compliance costs could exceed benefits.

8. **Technology Strategy & Implementation:** While the industry understands and supports many of the benefits of these technologies, some questions remain as to how they will pay for it and who will help implement the improvements.



Source: Capgemini Consulting, 2016 State of Third-Party Logistics Study

We understand how difficult it can be to manage these concerns. Outsourcing all or a portion of your freight and business processes can often provide the required expertise, people, capacity and IT systems needed to help reduce expenses, improve visibility into the supply chain, effectively manage the supply chain and achieve greater regulatory compliance. DDC FPO offers the right solutions to help lighten your load.

Digital Solutions:

Whether your business is small or large, you have an online presence, are looking to launch products/promotions, or you are just in need of updating your site to keep up with the digital age -- we have a solution for you. We have an experienced team of IT professionals with solutions such as Application, Web and Program development. Our team of highly skilled programmers can write programs in a multitude of different programming languages, such as Ruby on Rails, PHP, iOS & Android.

Freight Billing:

Make in-house entry of your freight bills a thing of the past. We have a full service offshore team of trained billers, quality control personnel and supervisory staff that are trained specifically for LTL and Parcel billing.

Our Remote Freight Bill Entry Solution offers you the following benefits.

- Fully and semi-automated programs that eliminate the need for human intervention
- Improved accuracy of bill entry process
- Standardization that allows for quality metrics to be met
- Adaptability to meet the individual needs of your business
- Enhanced client experience
- Immediate and long term cost containment

Freight Rate Auditing:

Accuracy on rates are crucial to maintain strong customer relationships. We can examine, adjust and verify carrier freight bills for accuracy. Our model leverages expertise, scalability, flexibility and system compatibility. Combine this with our industry-trained staff and our extensive list of service capabilities and we'll equip your back office with the knowledge and resources necessary to tackle the challenges of tomorrow's freight audit.

POD Processing:

Provide the visibility that your customers require, while also freeing up internal resources. Our uniquely crafted Proof of Delivery (POD) Retrieval solution allows you to check the delivery status of your jobs direct from any web browser.

By leveraging the insight gained after twelve successful years of custom-building business process solutions for top North American carriers and transportation and logistics companies around the globe; we can offer you access to the following:

- POD images online that are downloadable
- Up-to-date status updates on your shipments
- Streamlined administrative operations