Today's Speakers

Matt Harding  
Principal, Transportation Practice  
CHAINalytics

Aaron Levin  
Director, Product Management  
GT NEXUS
Who is Chainalytics?

**OUR GENESIS**
- Market Lacked a Proven, Focused Supply Chain Analytics Competence
- "Best Analytical Minds in Supply Chain"

**TODAY**
- Over 60 FTEs Worldwide
- Our Clients
  - More Than 180 Unique Clients
  - 16 of AMR’s Top 25 Supply Chains
  - 57 Fortune 500 Companies
    - 5 of Top 10 Retailers
    - 7 of Top 10 Food & Beverage Manufacturers
    - 5 of Top 10 CPG Companies
    - 6 of Top 10 Forest, Paper and Packaging Companies
- Our Experience
  - More Than 375 Engagements

- 1st Named to “100 Great Supply Chain Partners” List by SupplyChainBrain; Recognized for 7 Years Running
- Launch of Model-Based Benchmarking Consortium (MBBC)

- 2001
  - Market Lacked a Proven, Focused Supply Chain Analytics Competence
  - "Best Analytical Minds in Supply Chain"

- 2002
  - 1st Named to “100 Great Supply Chain Partners” List by SupplyChainBrain; Recognized for 7 Years Running

- 2003
  - Launch of Model-Based Benchmarking Consortium (MBBC)

- 2004
  - Mike Kilgore named a “Pro to Know” by Supply & Demand Chain Executive; Jeff Metesky (2006), Gary Girotti (2007), Tim Brown (2009), Matt Harding (2007), and Steve Ellet (2011) also named Pros to Know

- 2005
  - Established Chainalytics India Private Limited in Bangalore

- 2006
  - Chainalytics India Private Limited in Bangalore

- 2007
  - MBBC named “Top Supply Chain Innovation” by Supply & Demand Chain Executive

- 2008
  - Named to ARC Advisory’s “10 Coolest Supply Chain Boutiques”

- 2009
  - Named “Supply Chain Company of the Year” by the Metro Atlanta Chamber

- 2010
  - Launch of Sales & Operations Variability Consortium (S&OVC)

- 2011

Empowering Fact-Based Decisions Across Your Supply Chain
Who is Chainalytics?

We support value-driven supply chain decisions.

Demand (Customer)
- How much demand will we generate?
- At what service level can we profitably satisfy demand?

Transportation
- At what point in my supply chain should I decouple push vs. pull?
- What is the best flowpath?

Distribution & Inventory
- How should we transport product through the supply chain?
- What activities should we outsource?
- How much and where should inventory be positioned in the supply chain?

Supply & Manufacturing
- When should we buy or make product to make best use of capacity?
- What infrastructure is required for manufacturing & distribution?

MBBC
100+ Member Companies, More than $24B in Global Freight Spend
### Some of Our Consulting Clients

<table>
<thead>
<tr>
<th>Category</th>
<th>Clients</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retail</strong></td>
<td>Macy's, Walmart, Reliance, Kroger, Smart &amp; Final, B&amp;G, Papa John's, Ace, JC Penney, The Children's Place</td>
</tr>
<tr>
<td><strong>Food and Beverage</strong></td>
<td>Mars, ConAgra, Nestle, PepsiCo, Sysco, General Mills, AB InBev, Ferrero, Dean, CPC</td>
</tr>
<tr>
<td><strong>Home/Office Non Durables</strong></td>
<td>Avery Dennison, International Paper, Fasson, Amway, P&amp;G, Colgate-Palmolive, Johnson &amp; Johnson</td>
</tr>
<tr>
<td><strong>Healthcare</strong></td>
<td>Aegerion, Bayer, Covidien, P&amp;G, LabCorp, Stericycle, Wyeth</td>
</tr>
<tr>
<td><strong>Home/Office Durables</strong></td>
<td>Ingram Micro, Ricoh, Samsung, Lexmark, Harcourt, Caroma, Mohawk, Acuity Brands, Greco</td>
</tr>
<tr>
<td><strong>Other Industries Served</strong></td>
<td>Packaging, Utilities/Telecom/Video, Auto/Industrial, Chemical/Process, LSP</td>
</tr>
<tr>
<td></td>
<td>Scholle, Ameren, DIRECTV, Micor, DANA, Boeing, CAT Logistics, Inyistra, Ryder, RUAN</td>
</tr>
</tbody>
</table>
GT Nexus Company Snapshot

GT Nexus is the Cloud Supply Chain Platform

**Strong Company**
- Founded in 1999
- Consistent revenue growth since founding
- 400+ Employees

**Industry Network**
- 100% cloud network and applications
- Over 40,000 partners on platform
- Customer Shipper Council active in market

**Physical and Financial Supply Chain**
- Visibility and Control solutions
- >$10 Billion in logistics spend
- Operating system at top 3PLs

**Customers Across Verticals**

- Liz Claiborne
- Del Monte
- Xerox
- CBVA
- CAT
- Weyerhaeuser
- P&G
- Sears
- Williams-Sonoma
- Kraft
- DB Schenker
- Nestle
- DHL
GT Nexus Cloud Supply Chain

Cloud Supply Chain

Physical Supply Chain

Enterprise

Manufacturing [Supply]

Customers [Demand]
Transportation Sourcing Overview

GT Nexus Closed-Loop Transportation Sourcing Process

- Closed Loop Process
- Single “Source of Truth”
- Optimized Freight Spend (Price & Service)
- Standardize Processes
- Monitor & Manage Contract Compliance
Why GT Nexus & Chainalytics

GT Nexus Platform Metrics

- $10 billion in spend
- 6.5 million TEU managed
- 100% of top 30 ocean lines
- 180 carrier organizations / 1,000+ active carrier users
- Importers & Exporters across most major verticals

Contributing Factors for Successful Benchmarking Partnership

- Critical mass of data
- Standardization of data across transportation providers
- Ability to extract data efficiently and accurately
- Leveraging power of network, which grows exponentially year over year
Why Benchmarking is Critical in Volatile Times

Market Price and Service

Anti-Trust Immunity

GrIs

Slow Steaming

Niche Markets

Changes in MQC Accounting

New Vessels

Container Supply

Idling & Scrapping

Global Demand

ECONOMIC ENVIRONMENT

ASSET FLOWS

OCEAN CARRIER LEVERAGE
• Action and Reaction – 2009 and 2010

**2010 Q1-Q3 Rates vs. 2009 Q4 Average**  
*Rates Deltas Considering Similar Ports, Carrier Type, Equipment Size/Type*  

Index to 2009 Q4  
2009 Q4 INDEX  

Sailing Date  
1-Jan-10  20-Feb-10  11-Apr-10  31-May-10  20-Jul-10  8-Sep-10
Ocean Modeling Approach

EXHAUSTIVE DATA CLEANING

Text Checks
- Equipment Size
- Equipment Type
- Contract Type
- NVOCC vs. Common Carrier

Numeric Checks
- Seasonal Impacts
- Sea Freight Costs, BAF
- Dates, Transit Times
- Flag Nulls
- Flag Zeros

Geography Checks
- Determine Ports as needed
- Geocoding of City, State, Country
- Harmonize Port Names, Locations
- Calculate Nautical Miles (Ocean Distance)
- Calculate Domestic Miles (PCM)
- Calculate Non-Domestic Miles (Latitude/Longitude)

DATA HARMONIZATION

ECONOMETRIC MODELING

1. Testing and Validation of Effects
   - Regional Trade Lane Definition
   - NVOCC vs. Common Carrier
   - Equipment Size
   - Equipment Type
   - Contract Type
   - Inland Moves
   - Transit Times
   - Nautical Miles
   - Peak Season Surcharge
   - Shipper Spend
   - Product Value

2. Model Development
   - US Import
   - US Export
   - Global Trades

Rate Trends, Company Reports Import / Export Excel Estimators, Transit Time Calculations
Global Port Regions Supported

- NEUS
- WEUR
- NEUR
- MEDITERRANEAN
- BLKSEA
- MIDDLE EAST
- INDIA
- S CHINA /TW
- S CHINA
- JAPAN
- KOREA
- CARIBBEAN
- MEX-CENTAM PACIFIC ONLY
- MIDDLE EAST
- W AFRICA
- E AFRICA
- S AFRICA
- WSA
- BRAZ-URG-ARG
- SEAS
- SEUS
- AUS/NZ
- N CHINA
- CHINA
- KOREA
- PHPINES
- SE ASIA
- SE ASIA
- NWUS
- SWUS
Analyzing Beyond Trades

FEES AND SURCHARGES

- Bunker Programs
- Temp Control
- Container Size 20, 40, 45
- High Peak Season
- Bunker Programs
- Non-Trade Factors
- High Cube?
- NVOCC Spot
- Product Value
- Shipper Size
- Inland Costs
- Non-Trade Factors
- Carrier Type
- Shipper Attributes
**SAMPLE REPORT - EXPORT**

**MBBC OCEAN Model**

Model Based Benchmarking Consortium

Model Run: December 2010

<table>
<thead>
<tr>
<th>Modeled Statistics</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total Shipment Volume</td>
<td>11,780</td>
<td>Containers</td>
</tr>
<tr>
<td>Estimated Market Cost</td>
<td>$ 21,193,538</td>
<td></td>
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<tr>
<td>Reported Shipping Cost</td>
<td>$ 21,800,326</td>
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</tr>
<tr>
<td>Percent Above / Below Market</td>
<td>2.86%</td>
<td>ABOVE</td>
</tr>
<tr>
<td>Value Above / Below Market</td>
<td>$ 606,788</td>
<td></td>
</tr>
<tr>
<td>Number of Containers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Containers BELOW Market</td>
<td>3,168</td>
<td>26.9%</td>
</tr>
<tr>
<td>Containers ABOVE Market</td>
<td>8,612</td>
<td>73.1%</td>
</tr>
<tr>
<td>Value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual Value BELOW Market</td>
<td>5,443,553</td>
<td>25.0%</td>
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<tr>
<td>Actual Value ABOVE Market</td>
<td>16,356,774</td>
<td>75.0%</td>
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### Deliverables: Benchmark Reports

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<thead>
<tr>
<th>Firm</th>
<th>MBBC ID</th>
<th>Route Type</th>
<th>Origin City</th>
<th>Origin State</th>
<th>Origin Country</th>
<th>Origin Port</th>
<th>Origin Port Country</th>
<th>Dest Port</th>
<th>Dest Port Country</th>
<th>Destinatio n City</th>
<th>Dest State</th>
<th>Dest Zip</th>
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<td>Rotterdam</td>
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<tr>
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<td>Frankfurt</td>
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</table>

<table>
<thead>
<tr>
<th>Sailing Date</th>
<th>Movement Type</th>
<th>Equipment Type</th>
<th>Equipment Size</th>
<th>Container Cube</th>
<th>Carrier Type</th>
<th>BAF included</th>
<th>THC Included</th>
<th>Volume</th>
<th>Average Product Value</th>
<th>Total Ship Cost (Vol*Cost)</th>
<th>Cost per Container</th>
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</thead>
<tbody>
<tr>
<td>4/7/2010</td>
<td>EX</td>
<td>D</td>
<td>40</td>
<td>N</td>
<td>CC</td>
<td>Y</td>
<td>Y</td>
<td>3</td>
<td>$608,333</td>
<td>$4,311</td>
<td>$1,437</td>
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<td>D</td>
<td>40</td>
<td>N</td>
<td>CC</td>
<td>Y</td>
<td>Y</td>
<td>3</td>
<td>$500,000</td>
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<td>$1,437</td>
</tr>
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<td>D</td>
<td>40</td>
<td>H</td>
<td>CC</td>
<td>Y</td>
<td>Y</td>
<td>3</td>
<td>$325,000</td>
<td>$4,311</td>
<td>$1,437</td>
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<td>4/7/2010</td>
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<tr>
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<td>D</td>
<td>40</td>
<td>N</td>
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</tr>
<tr>
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<td>EX</td>
<td>D</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Estimated Cost per Container</th>
<th>Estimated Total Ship Cost</th>
<th>Difference Cost Per Container</th>
<th>Difference Cost Per Volume</th>
<th>Difference Percent</th>
<th>Status</th>
<th>Cumulative to Market (See Chart)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,595</td>
<td>$4,786</td>
<td>$(158)</td>
<td>$(475.17)</td>
<td>-9.9%</td>
<td>BELOW</td>
<td>$(3,110,037)</td>
</tr>
<tr>
<td>$1,595</td>
<td>$4,786</td>
<td>$(158)</td>
<td>$(475.17)</td>
<td>-9.9%</td>
<td>BELOW</td>
<td>$(3,110,036)</td>
</tr>
<tr>
<td>$1,903</td>
<td>$5,708</td>
<td>$(466)</td>
<td>$(1,397.48)</td>
<td>-24.5%</td>
<td>BELOW</td>
<td>$(3,110,032)</td>
</tr>
<tr>
<td>$1,265</td>
<td>$3,794</td>
<td>$172</td>
<td>$517.32</td>
<td>13.6%</td>
<td>ABOVE</td>
<td>$(3,110,029)</td>
</tr>
<tr>
<td>$1,757</td>
<td>$5,272</td>
<td>$(320)</td>
<td>$(960.97)</td>
<td>-18.2%</td>
<td>BELOW</td>
<td>$(3,110,026)</td>
</tr>
<tr>
<td>$1,265</td>
<td>$3,794</td>
<td>$172</td>
<td>$517.32</td>
<td>13.6%</td>
<td>ABOVE</td>
<td>$(3,110,025)</td>
</tr>
</tbody>
</table>
### Input

**Deliverables: Rating Tools**

<table>
<thead>
<tr>
<th>Origin Port</th>
<th>Destination Port</th>
<th>Origin Port to Destination Port Trade Code Lookup</th>
<th>Statistical Confidence Check Port-to-Port Move</th>
<th>Origin Inland State</th>
<th>Origin Landmove Code Lookup</th>
<th>Statistical Confidence Check Orig Land Move</th>
<th>Inland Origin Long Haul OTR Distance from Port if over 250 miles</th>
<th>Calculate Destination Inland Move?</th>
<th>Destination Landmove Code</th>
<th>Statistical Confidence Check Dest Land Move</th>
<th>Inland Long Haul OTR Distance from Port (if over 250 miles)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charleston, US</td>
<td>Jebel Ali, AE</td>
<td>SEUS_TO_MUSARI</td>
<td>MED</td>
<td>NC</td>
<td>SEUS_SEUS</td>
<td>HIGH</td>
<td>0</td>
<td>N</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Charleston, US</td>
<td>Buenos Aires, AR</td>
<td>SEUS_TO_BRAZURG</td>
<td>HIGH</td>
<td>NC</td>
<td>SEUS_SEUS</td>
<td>HIGH</td>
<td>0</td>
<td>N</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>Charleston, US</td>
<td>Brisbane, AU</td>
<td>SEUS_TO_NZAUS</td>
<td>HIGH</td>
<td>NC</td>
<td>SEUS_SEUS</td>
<td>HIGH</td>
<td>0</td>
<td>N</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Charleston, US</td>
<td>Sydney, AU</td>
<td>SEUS_TO_NZAUS</td>
<td>HIGH</td>
<td>NC</td>
<td>SEUS_SEUS</td>
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<td>0</td>
<td>N</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Charleston, US</td>
<td>Antwerp, BE</td>
<td>SEUS_TO_WEUR</td>
<td>HIGH</td>
<td>NC</td>
<td>SEUS_SEUS</td>
<td>HIGH</td>
<td>0</td>
<td>Y</td>
<td>WEUR</td>
<td>HIGH</td>
<td>0</td>
</tr>
</tbody>
</table>

### Output

**Trade Flows and Geography**

<table>
<thead>
<tr>
<th>Equipment Requirements</th>
<th>Carrier Relationship</th>
<th>Shipper</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equipment Type</strong></td>
<td><strong>Equip Size</strong></td>
<td><strong>High Cube?</strong></td>
</tr>
<tr>
<td>D</td>
<td>40</td>
<td>Y</td>
</tr>
<tr>
<td>D</td>
<td>40</td>
<td>Y</td>
</tr>
<tr>
<td>D</td>
<td>40</td>
<td>N</td>
</tr>
<tr>
<td>D</td>
<td>40</td>
<td>N</td>
</tr>
</tbody>
</table>

**Trade (LH+BAF+THC+CAF)**

<table>
<thead>
<tr>
<th>Trade</th>
<th>Equipment Cost Influence</th>
<th>Carrier Type Influence</th>
<th>Previous Quarterly Time Influence</th>
<th>Total Annual Freight Spend</th>
<th>Total All-In Cost Estimate (LH+BAF+THC+CAF) per Container</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,215</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$4,136</td>
<td>$4,136</td>
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<td>$2,885</td>
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<td>$2,808</td>
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<tr>
<td>$3,906</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$3,829</td>
<td>$3,829</td>
</tr>
<tr>
<td>$3,906</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$3,829</td>
<td>$3,829</td>
</tr>
<tr>
<td>$2,555</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$2,478</td>
<td>$2,478</td>
</tr>
</tbody>
</table>
Deliverables: Detailed Surveys

- 2010 Ocean Survey
- 95-Total Pages
- Model Profile
- Member Survey Results
- Trade Rate Forecasts
Model-based Benchmarking Summarizing Benefits

- **Quantitative Insights – Actionable information for your business**
  - Validate rate changes against overall market – pre and post negotiations
  - Econometric modeling accounts for important differences
  - Engineered benchmarks beyond trades – service, equipment, carrier-shipper types, product value
  - Benchmarking results are tailored and summarized to your network
  - All model results available for new lanes

- **Qualitative Insights – Understanding the Shipper Community**
  - Full member-driven anonymous survey
  - Topics cover procurement strategy, contracting practices, carrier selection, performance measurement – and more - in direct comparison to peers
  - Survey results combined with benchmark results to identify best practices
  - Predictive Models - Rate outlook and forecast by trade – captured through membership
• Agreements
  - 1-Year or Perpetual

• Data and Model Delivery Schedule
  - First Model:
    - Data due November 1, 2011
    - Deliverables due December 31, 2011
  - Second Model
    - Data due May 1, 2012,
    - Deliverables due June 30, 2012

• Deliverables
  - Summary Reports
  - Trade-Lane Reports with estimated Costs by Trade Lane, Lane Type, Equipment, Service, Carrier Type
  - Industry Surveys and Rate Outlook by Trade
  - Additional Analysis (Transit Time, Bunker)
  - 2 - Results Webinars end of Jan/June

• Pricing Tiers
  - Less than $10MM Annual Spend: $7,500
  - $10MM – $25MM Annual Spend: $10,000
  - $25MM – $50MM Annual Spend: $15,000
  - More than $50MM Annual Spend: $20,000

• Discounts
  - MBBC Truckload Members – 20% Discount on Ocean Model
Q&A

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Principal, Transportation Practice
CHAINalytics
mharding@chainalytics.com
(603) 347-1250

Aaron Levin
Director, Product Management
GT Nexus
aaron.levin@gtnexus.com
(510) 808-2267

John Schnorf
Director, Business Development
CHAINalytics
jschnorf@chainalytics.com
(678) 384-3577

CHAINalytics
Empowering Fact Based Decisions Across Your Supply Chain