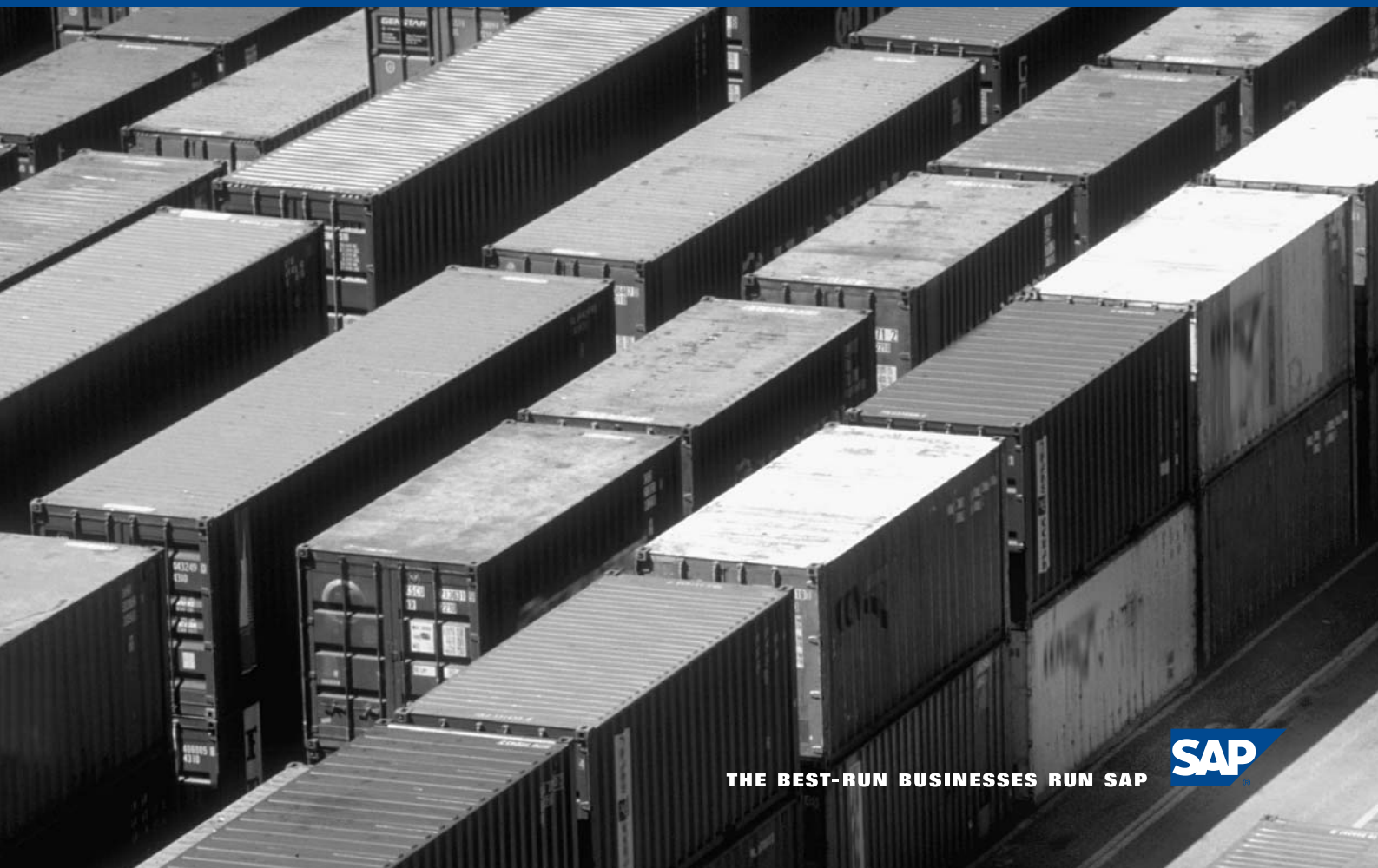




STRATEGIES FOR PROFITABLE GROWTH

LOGISTICS SERVICE PROVIDERS INDUSTRY

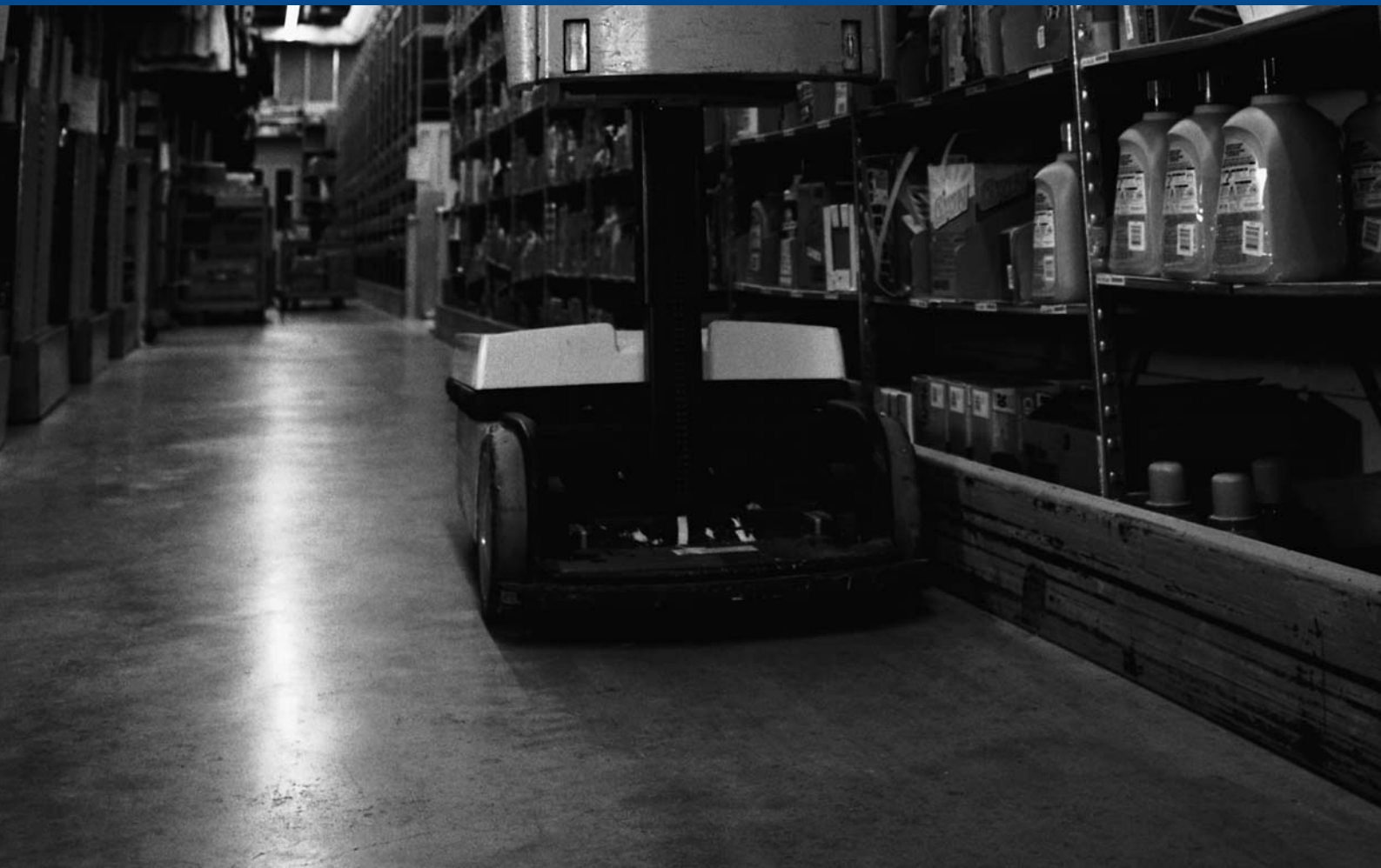


THE BEST-RUN BUSINESSES RUN SAP





YOU'VE TRIED YOUR BEST TO CUT COSTS.



You've built a state-of-the-art transportation and warehousing network. You've wrung excess costs out of your processes. But when revenues and profits still don't measure up, it's time to try something new.

A growing number of logistics service providers (LSPs) have overcome this by expanding their services beyond transportation and taking advantage of new business strategies. A proven way to achieve these goals is to adopt effective solutions and industry best practices – and have the right tools to implement them. To do this, many companies rely on insights and advice from thought leaders in their industry.

NOW WHAT?

STRATEGIES FOR PROFITABLE GROWTH

To relay what industry experts are thinking, *Strategies for Profitable Growth* explores the most recent strategies, solutions, and best practices for each of the more than 25 major industries served by SAP.

Each brochure in this series reflects the views of independent analysts, industry experts, and corporate executives on a specific industry. Take a closer look at these strategies, practices, and tools in the pages ahead, and consider how they can help your business achieve profitable growth.

“Manufacturers want to partner with LSPs who can ensure speed, cost-effectiveness, and reliability. But they remain worried about the high costs of their logistics programs.”

Claudia Lonardi, Senior Research Analyst, IDC



HIGHLY TARGETED SOLUTIONS . . .

“In a globalizing market, more and more manufacturers need help in managing complex supply chains. Logistics providers need to manage these complexities for their customers, across borders and through various modes of transport. Many LSPs are engaging in acquisitions and joint ventures in order to adapt to this new way of doing business.”

Claudia Lonardi, Senior Research Analyst, IDC



SAP® SOLUTIONS FOR THE LOGISTICS INDUSTRY

SAP supports the most important business processes in any logistics organization and provides tools to help you understand how these processes work. One of these tools is the solution map shown on this page. Using input from customers and industry analysts, plus the technical expertise SAP has acquired through extensive business experience and research, solution maps are multilevel blueprints of processes defined for a particular industry. They help you visualize, plan, and implement a coherent, integrated, and comprehensive information technology solution. They also show how various processes are covered, including the processes that SAP and its partners support. With solution maps, you quickly understand business solutions and the business value they can bring. A complete library of solution maps, business maps, and business-scenario maps for the logistics industry is available at

www.sap.com/solutions/businessmaps

“We were looking for an integrated suite of solutions, and SAP often exceeded our expectations and requirements. In addition, SAP has enhanced our ability to grow our business while maintaining one primary software provider.”

John Booker, Vice President, Controller,
Old Dominion Freight Line, Inc.

WITH THE TOOLS TO SUPPORT THEM.

LOGISTICS SERVICE PROVIDERS SOLUTION MAP

Enterprise Mgmt.	Strategic Enterprise Mgmt.	Mgmt. Accounting	Financial Accounting	Corporate Governance	Financial Supply Chain Mgmt.	Business Analytics		
Marketing & Sales	Marketing Planning	Campaign Mgmt.	Lead Mgmt.	Sales Planning & Forecasting	Account & Contact Mgmt.	Activity Mgmt.	Opportunity Mgmt.	Contract Mgmt. & Leasing
Warehousing	Inbound Processing	Outbound Processing	Cross-Docking	Warehousing & Storage	Physical Inventory			
Order Fulfillment	Sales Order Processing	Logistics Coordination	Billing					
Transportation	Supply Planning	Transportation Planning	Transportation Execution	Freight Costing	Invoice Verification			
Visibility	Procurement Visibility	Manufacturing Visibility	Fulfillment Visibility	Transportation Visibility	Supply Chain Analytics			
Value-Adding Processes	Maintenance Mgmt.	Environment, Health & Safety	Global Trade Services	Language Support				
Service	Service Planning & Forecasting	Customer Service & Support	Resource Planning & Optimization	Service Operations Mgmt.				
Business Support	Employee Life-Cycle Mgmt.	Employee Transaction Mgmt.	Procurement	Travel Mgmt.	Incentive & Commission Mgmt.	Fixed Asset Mgmt.		

“Current levels of service quality are not always satisfactory for customers, leading LSPs to adopt customer care operations, including Web-based services.”

Claudia Lonardi, Senior Research Analyst, IDC



REVENUE-BUILDING STRATEGIES

STAND APART FROM THE COMPETITION

In a globally competitive industry, it's no longer enough to offer the same services as every other provider. You need to deliver comprehensive, holistic solutions that help you stand apart from the competition.

WHAT ANALYSTS RECOMMEND

According to industry analysts, original equipment manufacturers (OEMs) want to reduce the number of LSPs they deal with, and favor those who offer holistic solutions to all their logistics needs. In addition, OEMs want true partners who can collaborate in planning and executing their logistics strategies. To meet these escalating customer demands, many LSPs are working to close gaps in their service portfolios and geographic coverage. And they are implementing collaborative solutions that help them work more closely with customers.

WHAT SAP OFFERS

SAP helps LSPs pursue their full-service strategies by offering solutions for virtually every facet of the logistics business. And because SAP solutions foster real-time collaboration, they can help logistics companies meet customer demands for higher levels of service and responsiveness.

INCREASE CUSTOMER SATISFACTION

What do customers want today? Simply everything. They want freedom from their logistics responsibilities – while maintaining full control and visibility into their supply chain. They want faster delivery while serving a growing number of destinations. And they want high-level service at the lowest possible cost.

WHAT ANALYSTS RECOMMEND

Successful LSPs have built their business models around the principle of proactively giving customers everything they want – and more. For example, Claudia Lonardi of IDC recommends that LSPs assume more and more of their customers' logistics and supply chain functions – while simultaneously providing customers with the control of real-time, Web-based tracing and tracking services. These services can help you become an integral part of the customer's organization, forging bonds that are almost impossible to break.

WHAT SAP OFFERS

SAP offers customer relationship management solutions that can help you determine exactly what customers want – and Web-based collaborative solutions that help you deliver it. These collaborative solutions include online supply chain management capabilities that allow customers to monitor every step of the transport process in real time.

TWO WAYS TO BOOST TOP-LINE GROWTH AND OVERALL COMPETITIVENESS



“We have benchmarked SAP against other logistics solutions, and found that they provide superior performance. They are our preferred solutions for logistics projects of high complexity.”

Peter Katzor, Vice President for Operations of Network Systems, Schenker AG

“SAP’s procurement module makes it easy for our buyers to identify the best prices and best services through a central information repository. It has helped us achieve substantial savings in every area of purchasing.”

John Booker, Vice President, Controller,
Old Dominion Freight Line, Inc.



EFFICIENCY-BOOSTING STRATEGIES

AUTOMATE YOUR SUPPLY CHAIN

Customers count on your organization to provide the latest and greatest in supply chain efficiency. So, the time has come to eliminate any manual steps that result in inefficiency, inaccuracy, or a lack of real-time data.

WHAT ANALYSTS RECOMMEND

Identify the points in your process that still involve manual intervention, and update them with the latest in automated technologies. For example, logistics costing is often an inefficient process, but it can be dramatically improved by systems that offer access to the latest tariff and rate information. Similarly, warehouse management systems can now be linked to material handling equipment to eliminate operator interaction. And purchasing processes that are currently handled by telephone can be far more efficient when moved to the Web.

WHAT SAP OFFERS

SAP has helped thousands of companies, including leading logistics service providers, automate virtually every facet of their supply chains. Our solutions include the world’s leading supply chain management (SCM) solution, mobile SCM solutions, and online customer care solutions.

IMPROVE INTERNAL COMMUNICATIONS

To deliver optimum efficiency and consistent customer service, your organization needs to establish seamless communication across departmental and geographic boundaries. This includes not only voice communications, but also data communications.

WHAT ANALYSTS RECOMMEND

Link your geographically dispersed offices with enterprise networks that enable real-time collaboration. Then, use those networks to deploy software solutions that allow everyone to share information, ideas, and processes. The result will be a true real-time organization that is ready for the competitive world of tomorrow.

WHAT SAP OFFERS

Because they are built on the SAP NetWeaver™ platform, all SAP solutions are designed to enable online, real-time collaboration within your organization – as well as with your customers, suppliers, and business partners.

THREE WAYS TO STREAMLINE YOUR OPERATIONS AND PREPARE FOR THE FUTURE

INTEGRATE KEY BUSINESS PROCESSES

Over the years, your company has accumulated a wide range of systems, ranging from legacy-based applications to Web-based solutions. Too often, the result is an inability to share information that is vital to your most important business processes.

WHAT ANALYSTS RECOMMEND

While costly middleware has often been used to build bridges between applications, today's technology platforms can reduce or eliminate the need for such customized programming. Harness the new Web Services architectures that are designed for easy integration with other software solutions – regardless of their age, origin, or language. Then, take full advantage of the synergies that result from true integration of your business systems and business processes.

WHAT SAP OFFERS

Because they are built on the SAP NetWeaver integration and application platform, SAP solutions are designed for easy integration with other SAP – and non-SAP – solutions. This critical difference reduces total cost of ownership while allowing your organization to integrate its most important business processes.



ARE YOU READY?



FIVE BUSINESS MODELS TO ADOPT TODAY

- End-to-end logistics services
- Supply chain integration
- Real-time customer collaboration
- Proactive customer service and support
- Global partnerships

INDUSTRY STANDARD PRACTICES VERSUS INDUSTRY BEST PRACTICES

Trends show that many companies are moving away from traditional practices and adopting new “best practices” to support profitable growth in key areas.

	INDUSTRY STANDARD PRACTICE	INDUSTRY BEST PRACTICE
SERVICE OFFERINGS	Traditional logistics services	Expanded definition of value, with logical extensions into SCM support. Enhanced portfolio of value-added services.
DELIVERY OPTIONS	One-way transportation and delivery	Expansion into new areas such as reverse logistics and returns management. Creation and management of entire supply chain networks.
TECHNOLOGY	Internal-only use of technology	Extension of IT support services to manufacturers, retailers, and other customers. Lowered internal total cost of ownership through homogenous landscape and global access to expertise.
BUSINESS PROCESSES	Separation by departmental and technological barriers	Full integration

CHANGE IS NEVER EASY.
BUT TO STAND STILL IN TODAY'S MARKET IS TO FALL BEHIND.

THE ROAD TO PROGRESS

The business processes and information systems throughout your company were developed over decades, and many are undoubtedly very entrenched. Reengineering them to industry best practices won't happen overnight, and will require a strong commitment at the highest levels. This is especially true when integrating processes across departments and divisions.

But there is good news. Companies that persevere can expect the following rewards:

- **Better insight into the overall business**
- **Streamlined processes that have grown overly complex and inefficient**
- **Opportunities to forge closer and more lasting relationships with customers**
- **Potential for higher profit margins through increased focus on value-added services**

“With SAP, all our systems now have a common look, common terminology, and common source of information. That reduces the learning curve for our employees, and makes transaction processing much more efficient.”

John Booker, Vice President, Controller,
Old Dominion Freight Line, Inc.

EMERGING TECHNOLOGY AND TRENDS

In the years ahead, next-generation supply chain event management solutions will provide end-to-end visibility across multiple supply chain applications.

Warehouse management systems will interact directly with automated material handling equipment, while advanced order management solutions will enable LSPs to manage every detail of their customers' product, supplier, order, and shipment processes.

In the front office, contact center solutions will leverage the latest voice-over-Internet protocol (VoIP) technologies, allowing LSPs to enhance their customer service operations.

THE FUTURE LOOKS BRIGHT . . .

“The integration capabilities of SAP solutions are perfect. We know that they will work with other solutions, which helps us reduce risk.”

Peter Katzor, Vice President for Operations
of Network Systems, Schenker AG

Upcoming trends in logistics service provider management include:

INDUSTRY-SPECIFIC SERVICES

With an emphasis on value-added solutions tailored to each customer

CONTINUING CONSOLIDATION

With mergers and acquisitions designed to achieve economies of scale

RADIO FREQUENCY IDENTIFICATION (RFID)

With real-time links to supply chain management systems for seamless tracking

A COMPLETE FAMILY OF LOGISTICS SOLUTIONS

SAP continually interviews thought leaders to identify the biggest challenges and trends facing the logistics industry today. This knowledge, combined with our customer experience worldwide, has led to the most comprehensive portfolio of solutions for the logistics service providers industry.

For example, the robust SAP NetWeaver technology platform easily integrates SAP and non-SAP applications, for a lower total cost of ownership. The mySAP™ Business Suite family of business solutions – built on SAP NetWeaver – offers powerful, adaptive solutions with best-of-breed functionality, industry-specific capabilities, and support for Web-based collaboration. And the SAP xApps™ portfolio of packaged composite applications delivers business-ready scenarios.

SAP also offers affordable, scalable solutions developed expressly for small and midsize logistics companies. And we back all our solutions with ongoing support and services to help you achieve your business objectives and maximize return on investment.

WHEN YOU CHOOSE THE RIGHT PARTNER.





REAL STRATEGIES. REAL RESULTS.



SAP MEANS ROI FOR LOGISTICS SERVICE PROVIDERS

Leading logistics service providers have told SAP that its solutions have helped them achieve a real return on investment. Including higher utilization levels, increased revenues, and more profitable operations.

For additional information on how SAP for Logistics Service Providers can help your company achieve profitable growth, please visit:

www.sap.com

COMPREHENSIVE, PROVEN SOLUTIONS
DESIGNED SPECIFICALLY FOR THE LOGISTICS INDUSTRY

THE BEST-RUN LOGISTICS SERVICE PROVIDERS RUN SAP

SAP solutions are currently used by dozens of logistics companies around the world, including:

- August Bauer & Sohn
Spedition GmbH, Germany
- Panalpina Management AG,
Germany
- Scandlines Deutschland GmbH,
Germany
- L.W. Cretschmar Espanola S.A.,
Spain
- Orient Overseas Container Line,
Hong Kong
- Vitesse Logistics B.V., Netherlands
- Scandlog A.D., SE, Sweden





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