

The Changing Ecosystem of Logistics *Impact on Private Industry and Planning*

Page Siplon



Georgia®
INNOVATION
LOGISTICS



Supply Chain Priority List:

1) Faster

1) Better

1) Cheaper

Supply Chain Priority List:

1) Population

1) Technology

1) Workforce

The US population is currently over

310 Million People



70% of consumers live east
of Dallas and Chicago



...by the year 2050

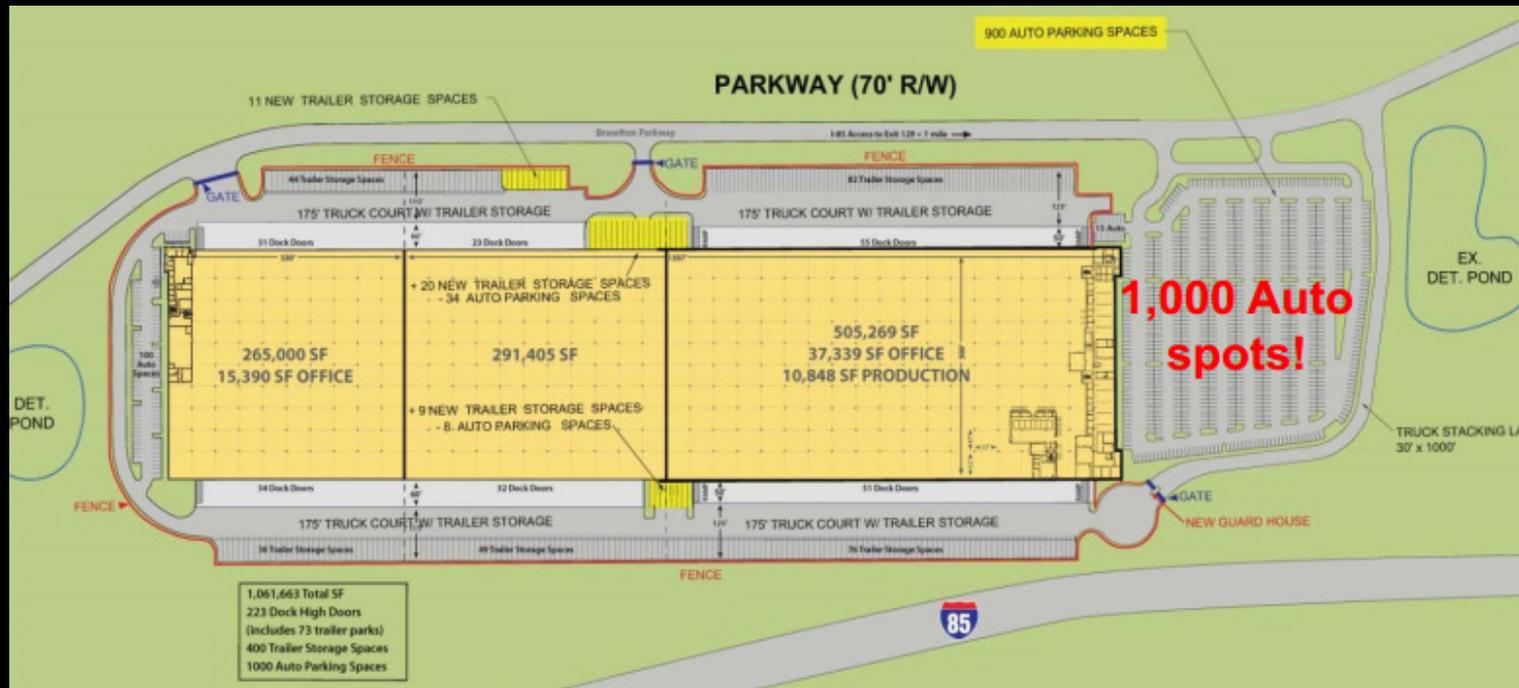
**+ 100 Million People in USA
X 40 Tons/Person**

4 BILLION TONS IN USA

*^
More*



The explosion of multi-channel delivery and the use of “online platforms” including e-commerce, smart-phone based sales (m-commerce), and the emergence of s-commerce tools leveraging Facebook, Twitter and other social media outlets are **Changing the way we need to look at “logistics”.**



As of the end of 2013 there are
now more mobile devices on
planet earth than
HUMANS!



FHWA Talking Freight Webinar

- ❑ Today, **91%** of all purchases are made at a physical store, but expected to fade to only **76%** over the next 5 years.
- ❑ E-commerce will grow to **\$280 billion** in total sales by 2015 and **\$2.7 trillion** by 2025 representing a full **30%** of all retail sales.
- ❑ **30%** of growth is attributed to the **5.5 million** consumers who shop online for the **first time every year!**



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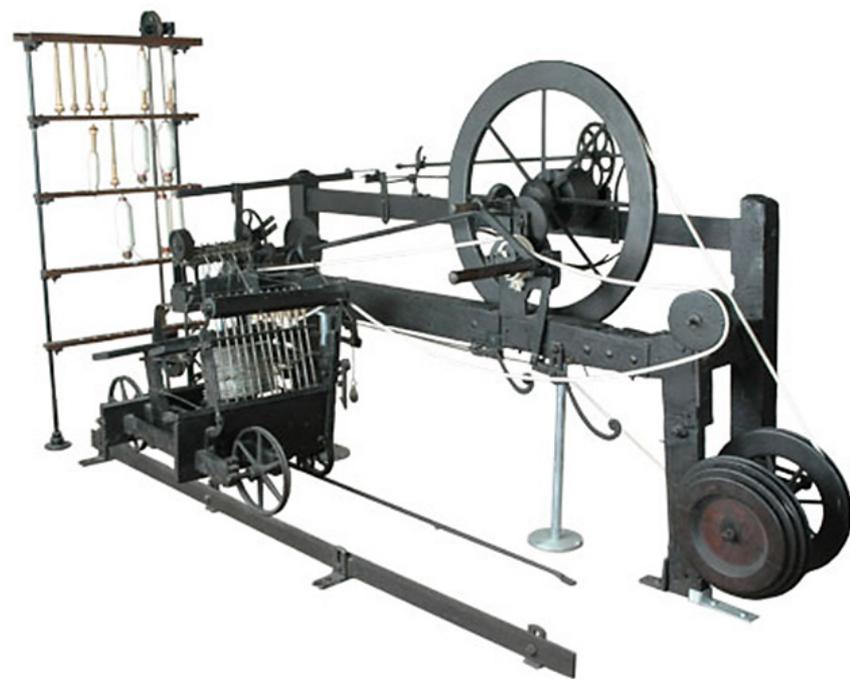
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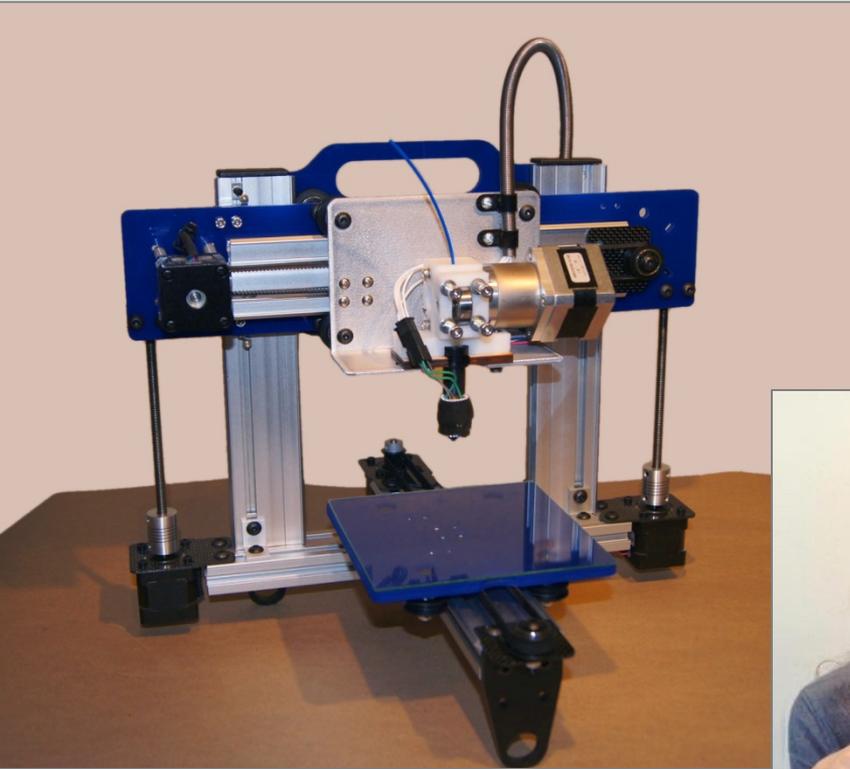
NIKE

Their NikeiD co-creation platform generates over...

\$100M/year



\$2.5 Billion in 2013
\$9.3 Billion by 2020





Supply Chain Priority List:

1) RELIABLE

2) Faster

2) Better

2) Cheaper

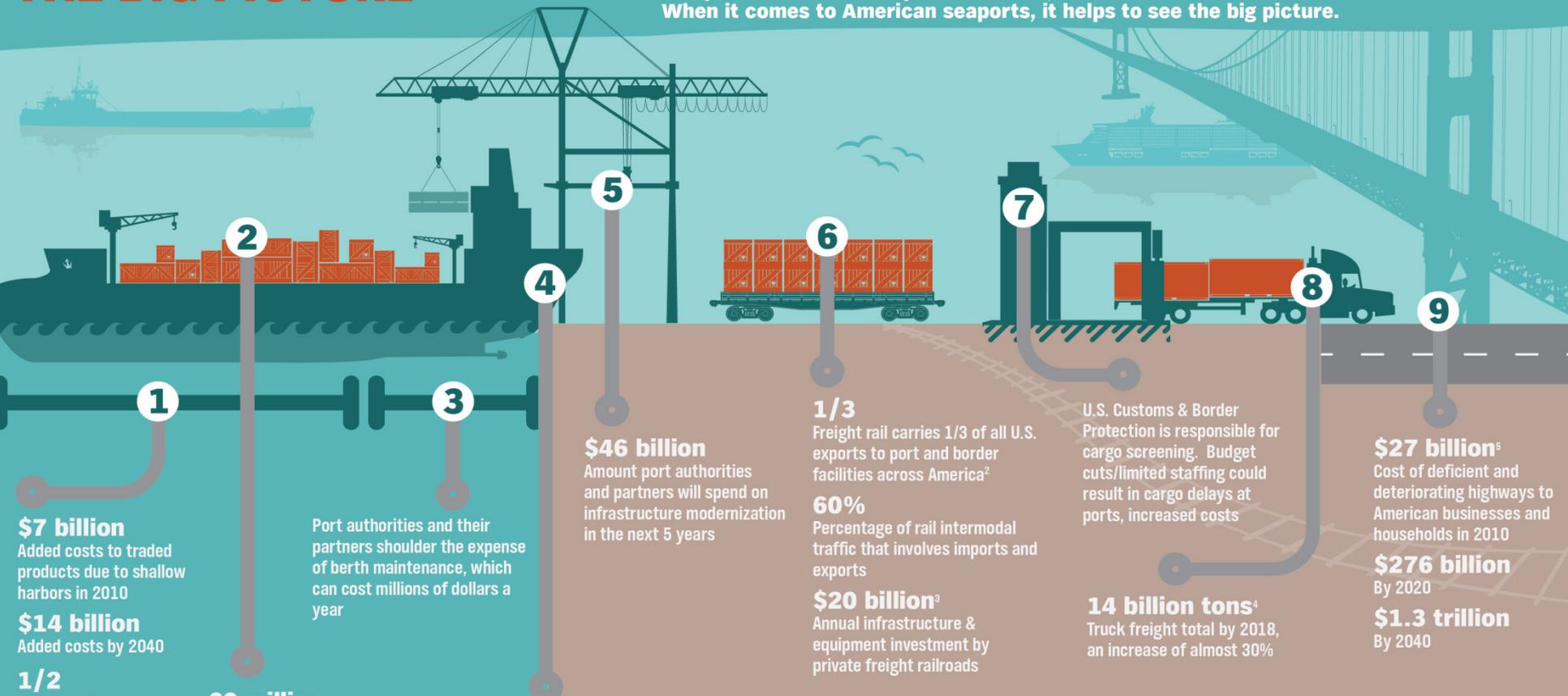
\$7 Billion in added costs because of shallow harbors in 2010

\$4 Trillion projected loss to U.S. GDP by 2040 due to lack of investment in infrastructure

\$46 Billion investment gap by 2040 threatens U.S. Seaports

ENDANGERED SEAPORTS: THE BIG PICTURE

A \$46 billion investment gap by 2040 threatens U.S. seaports – critical economic lifelines that rely on connecting transportation infrastructure to deliver prosperity for millions of Americans. With America's trade volume expected to quadruple after 2030, and port connections in poor condition, now is the time to invest in vital infrastructure. When it comes to American seaports, it helps to see the big picture.



1

\$7 billion
Added costs to traded products due to shallow harbors in 2010
\$14 billion
Added costs by 2040

2

60 million
Containers¹ imported annually to the U.S. by 2037, nearly 3x current container imports

52 million
Containers exported annually by 2037, nearly 3x current exports

-\$9.3 billion
Projected U.S. trade loss from use of undersized vessels in shallow harbors and narrow channels by 2020. As vessels get larger, U.S. trade competitiveness declines

4

Port authorities and their partners shoulder the expense of berth maintenance, which can cost millions of dollars a year

5

\$46 billion
Amount port authorities and partners will spend on infrastructure modernization in the next 5 years

6

1/3
Freight rail carries 1/3 of all U.S. exports to port and border facilities across America²

60%
Percentage of rail intermodal traffic that involves imports and exports

\$20 billion³
Annual infrastructure & equipment investment by private freight railroads

7

U.S. Customs & Border Protection is responsible for cargo screening. Budget cuts/limited staffing could result in cargo delays at ports, increased costs

14 billion tons⁴
Truck freight total by 2018, an increase of almost 30%

8

\$27 billion⁵
Cost of deficient and deteriorating highways to American businesses and households in 2010

\$276 billion
By 2020
\$1.3 trillion
By 2040

9

A \$4 trillion loss to U.S. GDP by 2040 is projected for failure to invest in America's crumbling transportation infrastructure.

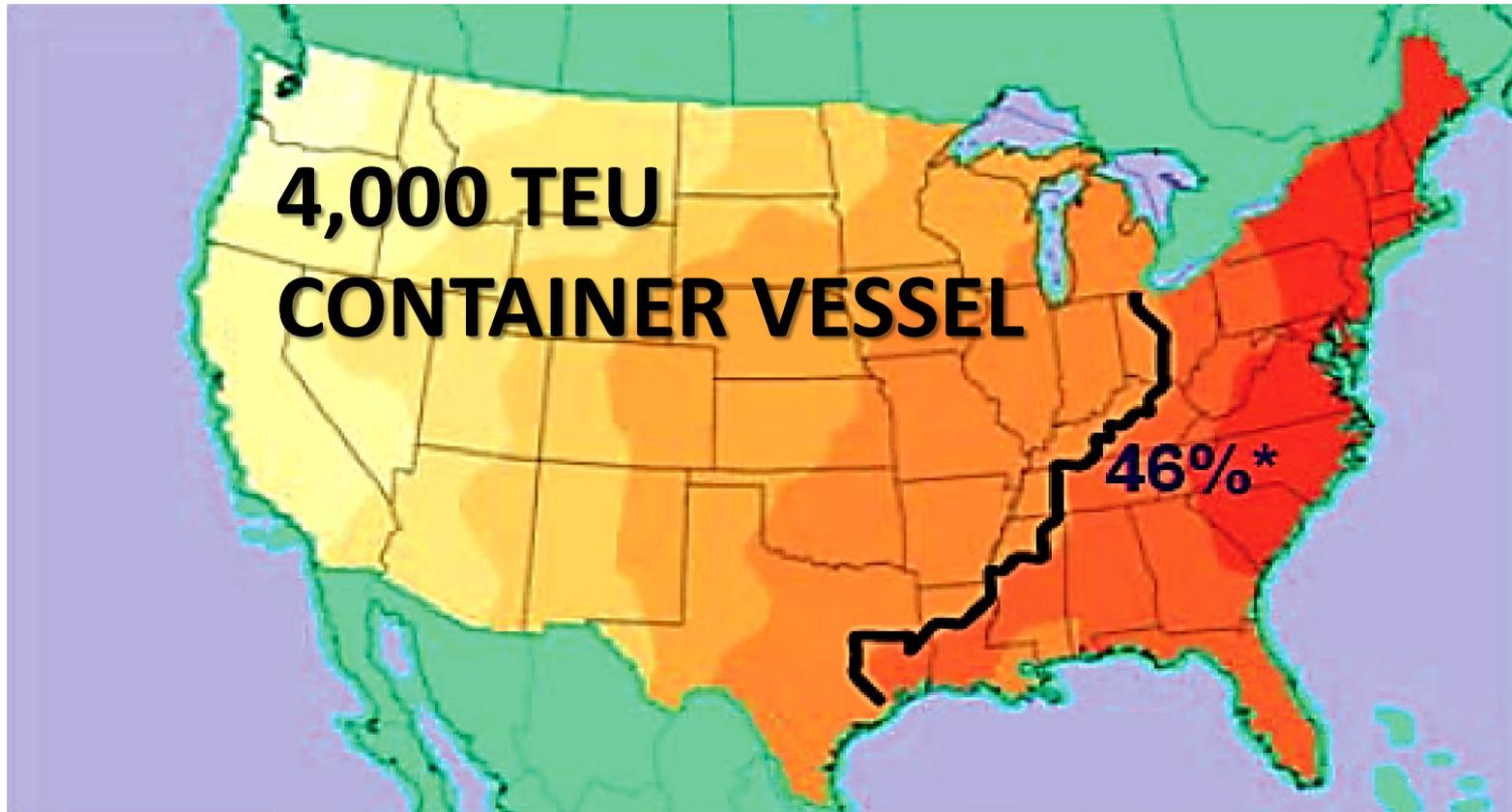
Urge Congress to support federal investment in seaports today.

- 1 FEDERAL CHANNEL**
(Funded by Harbor Maintenance Tax)
- 2 CARGO**
- 3 BERTH**
- 4 OCEAN-GOING VESSEL**
- 5 PORT FACILITIES**
- 6 FREIGHT RAIL**
- 7 SECURITY SCREENING EQUIPMENT**
- 8 TRUCKS**
- 9 FEDERAL/STATE HIGHWAYS & CONNECTORS**
(Funded by gas taxes)

Statistical source except where indicated: The American Society of Civil Engineers (ASCE): Failure to Act: The Economic Impact of Current Investment Trends in Airports, Inland Waterways, and Marine Ports Infrastructure, 2012
¹Loaded TEUs
²The Association of American Railroads: www.aar.org
³U.S. Customs and Border Protection, Washington Post, February 24, 2013
⁴The American Trucking Associations: www.Truckline.com
⁵ASCE: Failure to Act: The Economic Impact of Current Investment Trends in Surface Transportation Infrastructure, 2011

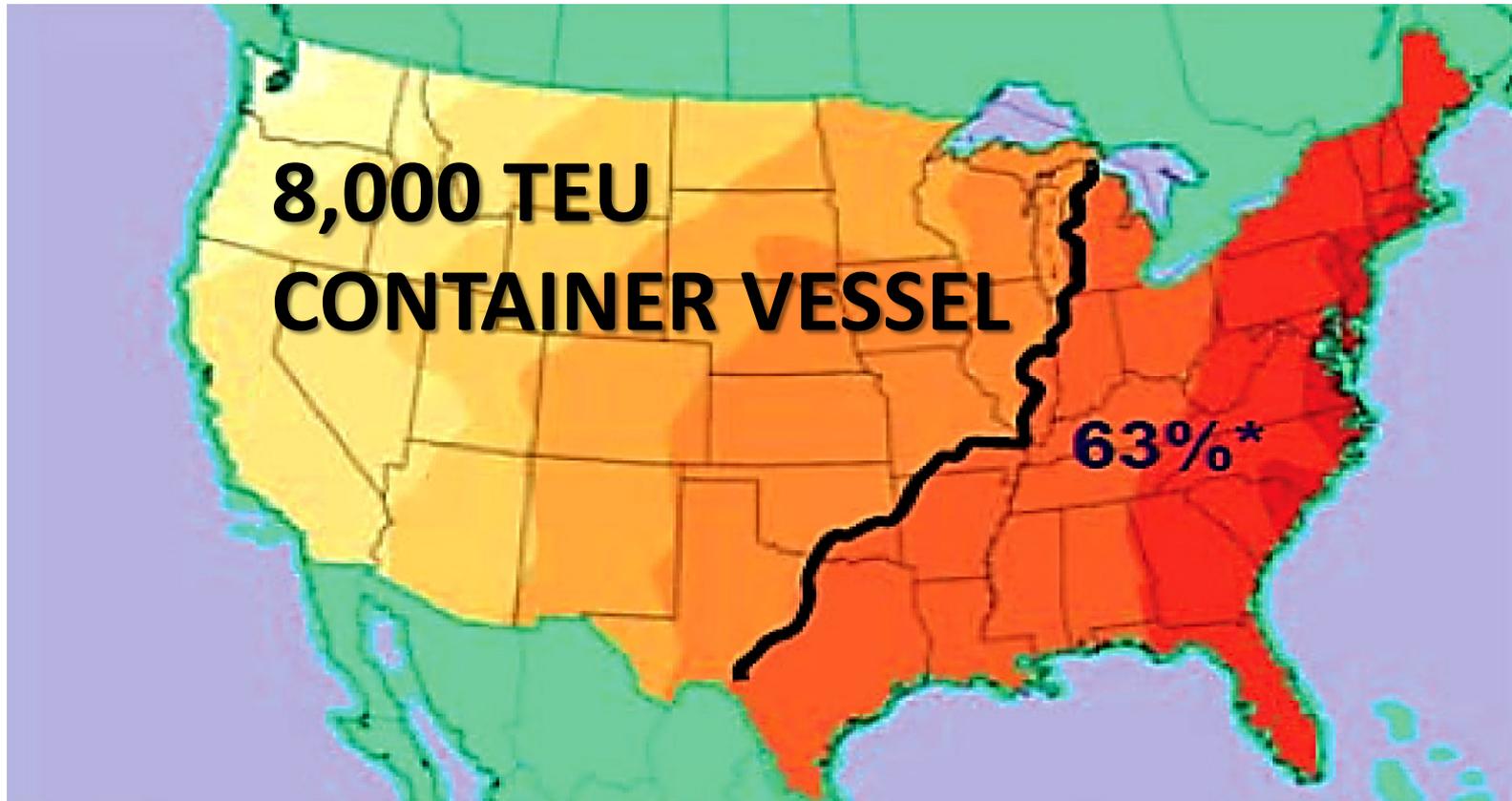


Center of Innovation for Logistics

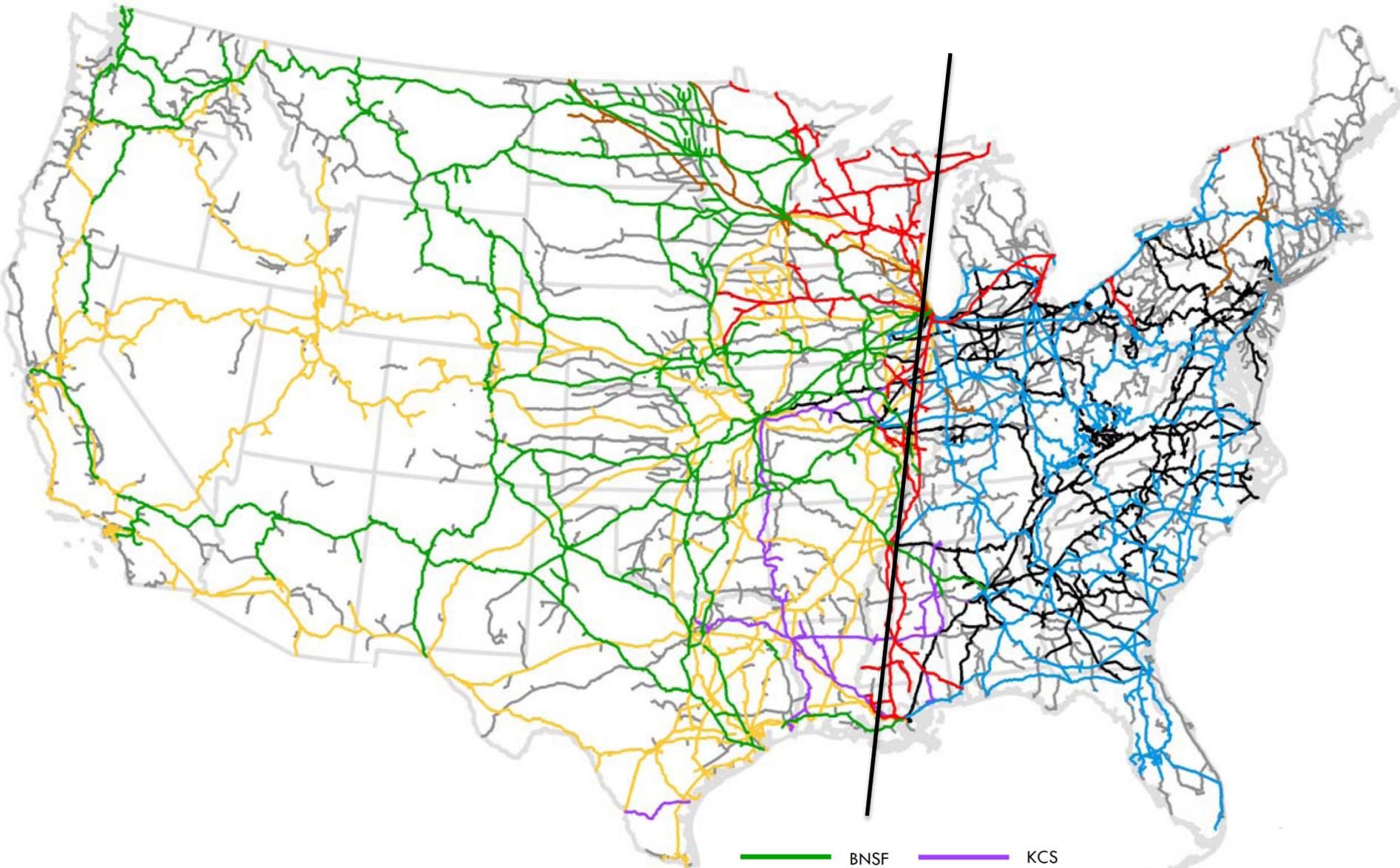


- * LEFT of line West Coast has the cost advantage
- * RIGHT of the line East Coast has the cost advantage

Center of Innovation for Logistics



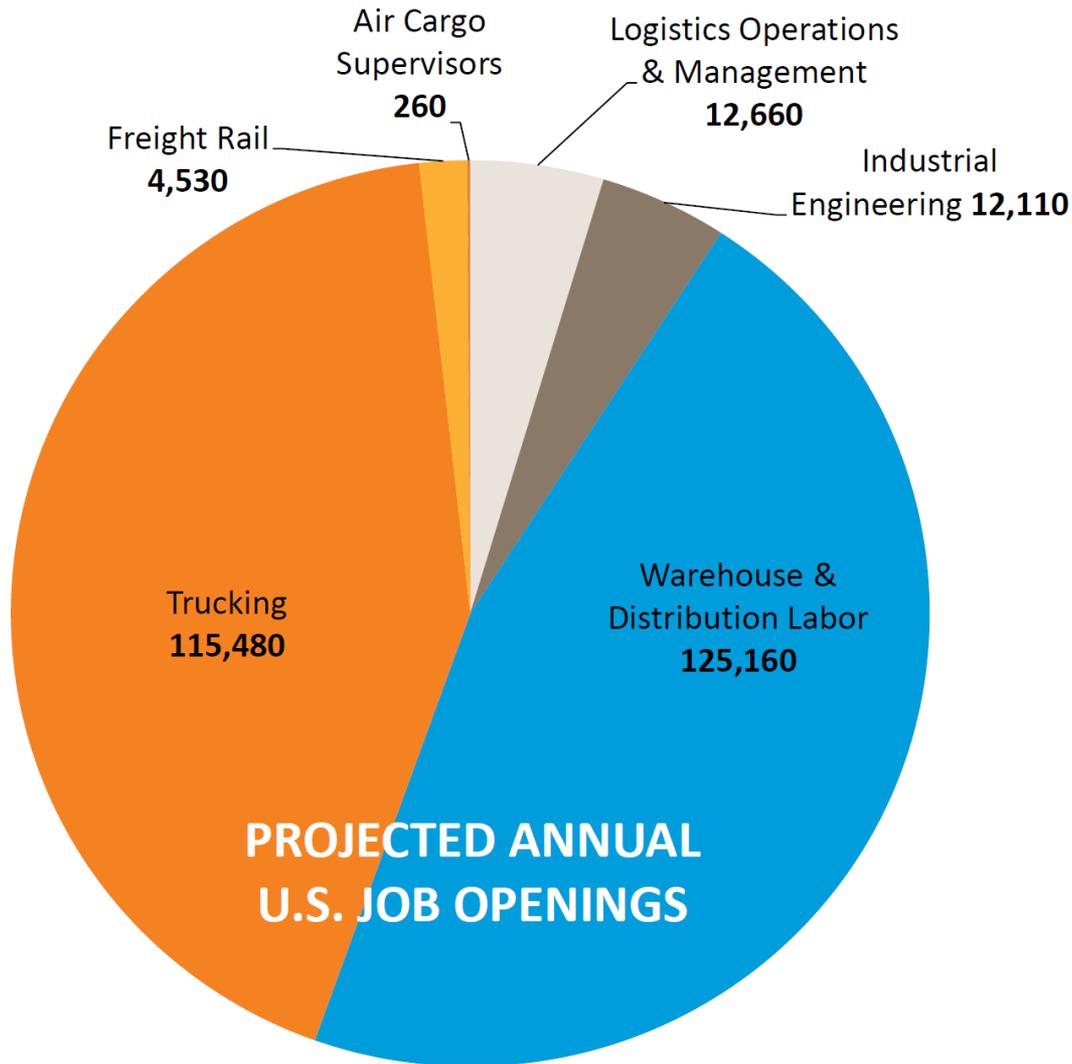
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- | | | | |
|---|------|---|---------------------|
|  | BNSF |  | KCS |
|  | CN |  | NS |
|  | CP |  | UP |
|  | CSX |  | Short Line/Regional |



DEMAND SIDE

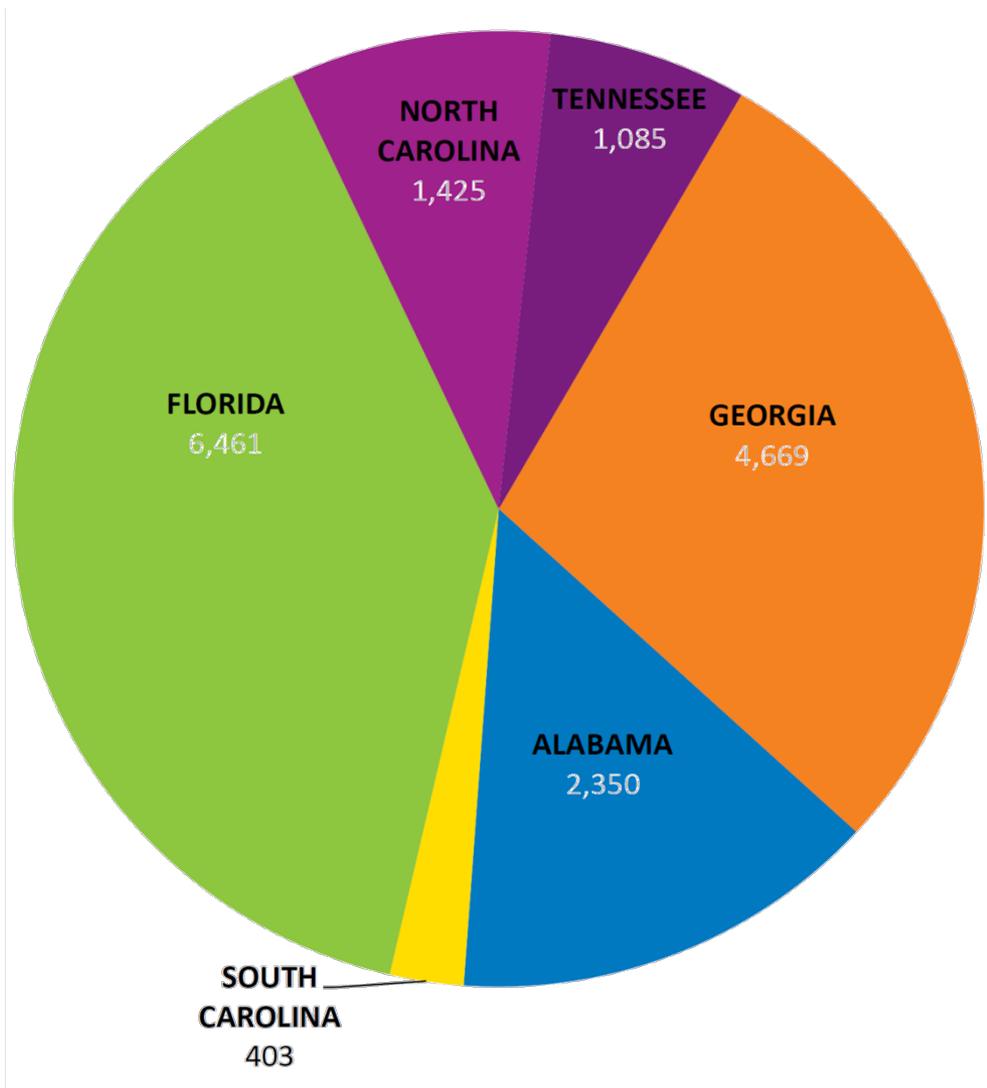


270,000
JOB
OPENINGS
PER YEAR

1 MILLION
BY 2016

9,500
IN GEORGIA

SUPPLY SIDE



75,277
LOGISTICS
EDUCATION
COMPLETIONS
PER YEAR

4,669
IN GEORGIA

LOGISTICS EDUCATION COMPLETIONS BY STATE

**WE need to start
logistics workforce
development early!**

- 1. Perception**
- 2. Awareness**
- 3. Access**



2014 GEORGIA LOGISTICS SUMMIT



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4

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Thank you!

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