

Con-way®

Con-way®
FREIGHT

Menlo®
WORLDWIDE LOGISTICS

Con-way®
TRUCKLOAD

DTCI: 3PL Within the Federal Space

NDTA's Scott – St. Louis Chapter

23 October, 2010

Con-way Organizational Structure

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TRUCKLOAD

Supply Chain Management

Founded: 1991
2009 revenue: \$1.3 billion
 €1.0 billion
Employees: 6,500
Geographic scope: 5 continents
Non-asset based

LTL Transportation

Founded: 1983
2009 revenue: \$2.6 billion
 €1.9 billion
Employees: > 16,000
Geographic scope: North America
Trucks: 8,600 **Trailers:** 25,600

Truckload Transportation

Founded: 1951
2009 revenue: \$365 million
 €270 million
Employees: 4,000
Geographic scope: North America
Trucks: 2,900 **Trailers:** 8,200

Jointly Shared Services

Menlo Worldwide Logistics Warehouse Footprint



Revenue

• \$1.3 billion / €1.0 billion

Geographic scope

• 5 continents
• 18 countries

Global warehousing

• 17M ft² / 1.6M m²

Global purchased transportation

• \$812 million / €607 million
• 3.3M shipments

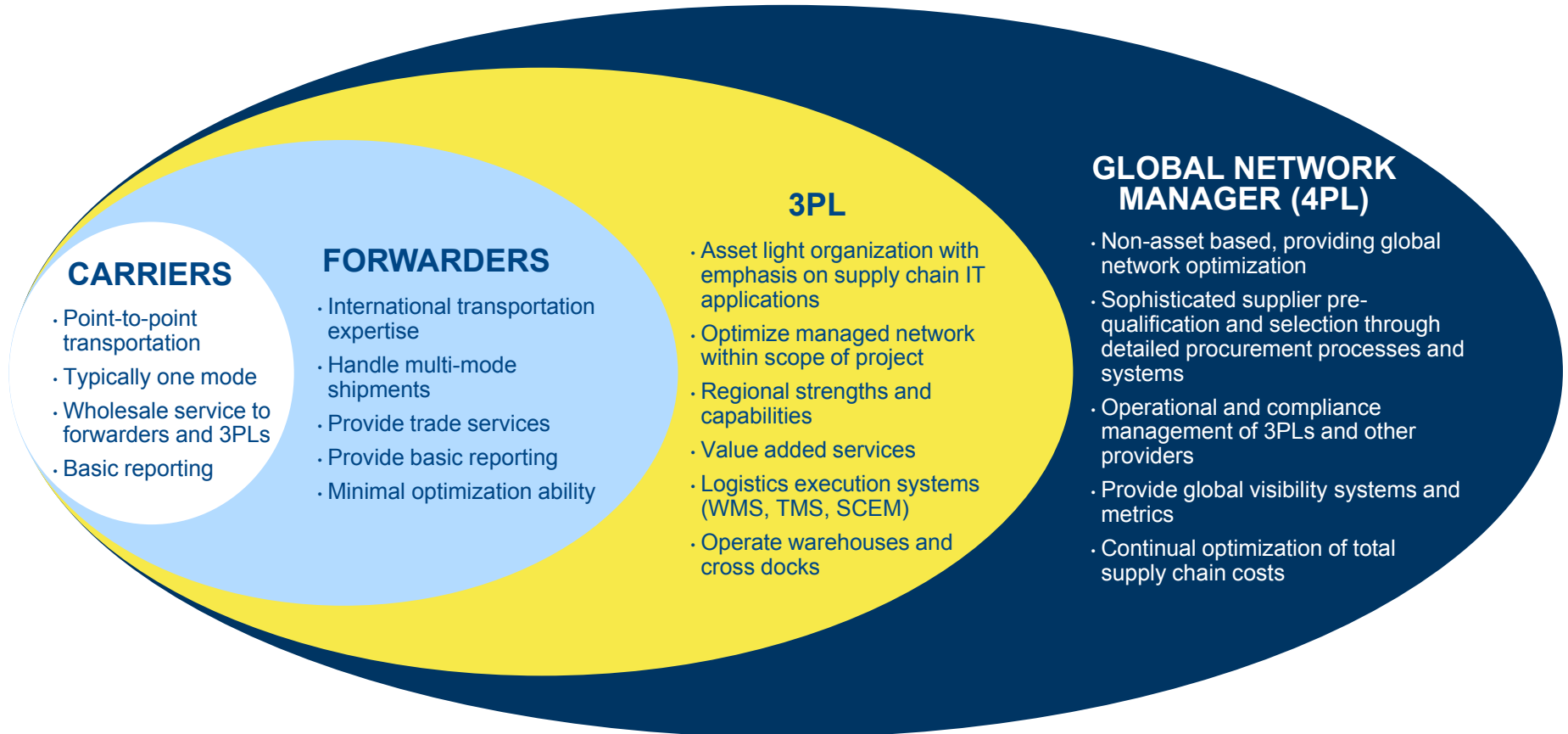
Employees

• 6,500

- Menlo Supply Chain Offices & Warehouse Locations

Supply Chain Offices provide regional operations infrastructure and solution engineering

Menlo Worldwide Logistics' Business Model



Tactical Services

Strategic Services

Commodity

Competitive Advantage

Never Settle for Less.

DTCI Program Overview

Scope

- Central coordinator for CONUS, 2nd destination DoD transportation
- Annual freight spend: \$237M
- Annual shipments: > 400k
- Annual tonnage: 1.5B lb
- Contract term: 3 yr. base
 - 4 option / award years

Significant Exclusions

- Arms, ammunition & explosives (AA&E)
- Household goods
- Sensitive / classified shipments
- Bulk & missile fuels
- Small parcel
- DoD organic equipment

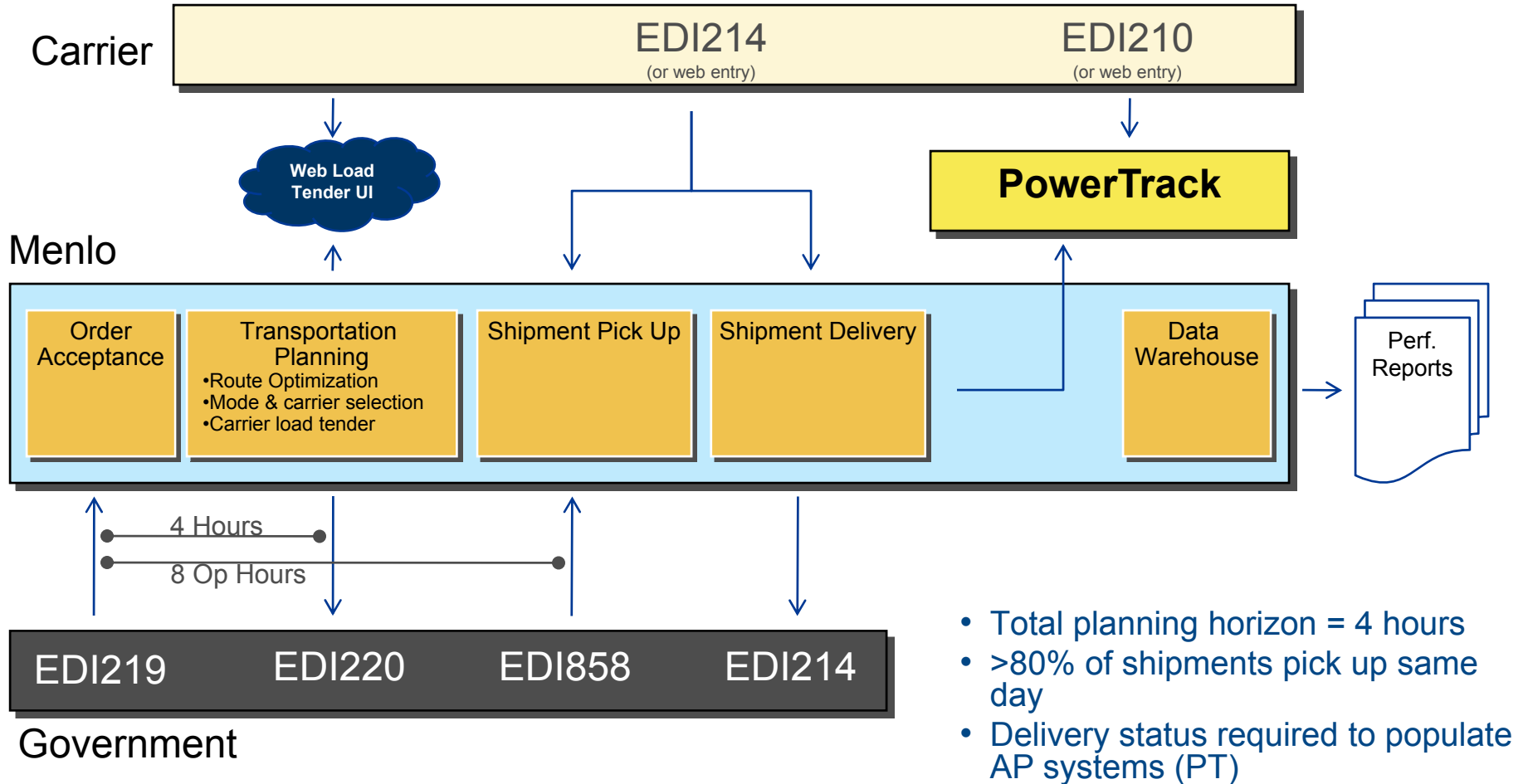
Milestones

- Aug 2007: Contract award
- Nov 2007: Contract Restart
- Phase I: 18 CONUS DDCs
- Phase II: Activities near DDCs & aerial ports
- Phase III: All other activities (service sites)
- Phase IV: 29 additional service sites

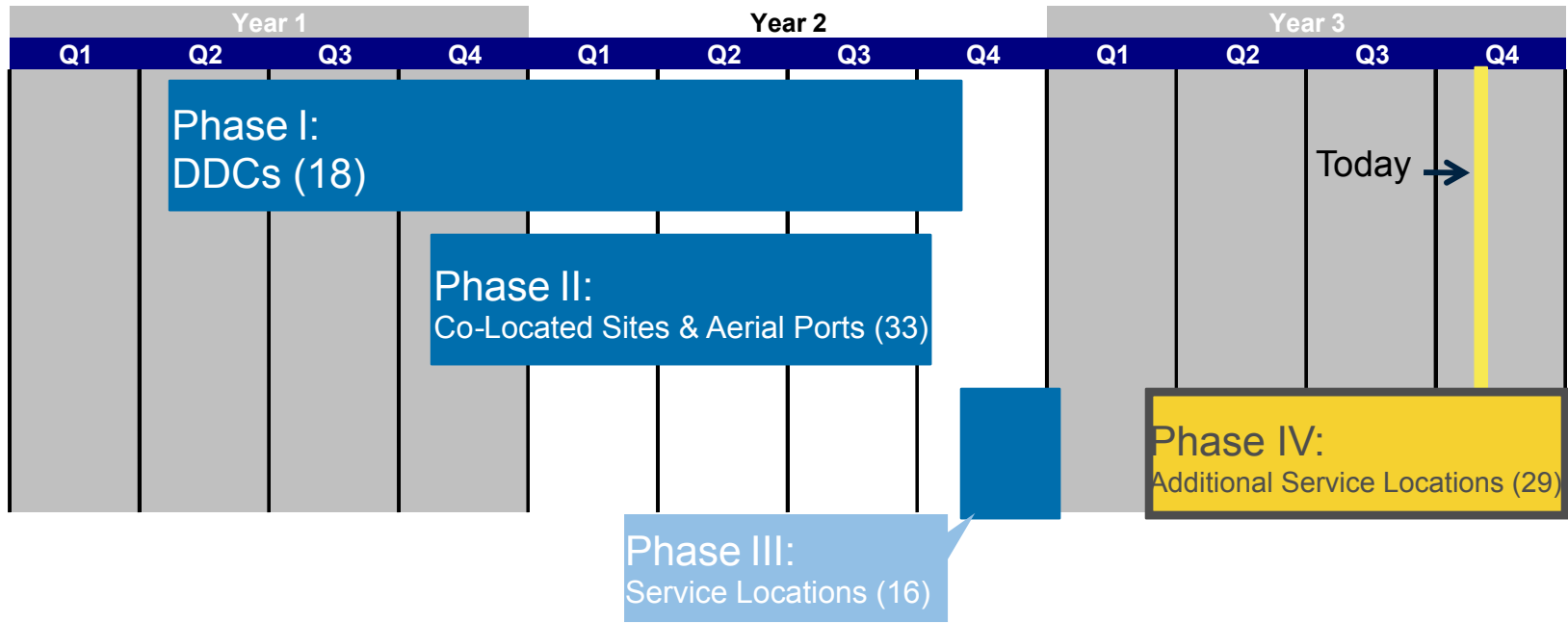
Objectives

- Improve operational effectiveness, efficiency & customer confidence
- Support strong small business participation
- Reduce cycle times
- Integrate commercial best practices
- Enable process improvements
- Achieve cost savings

Life of an Order

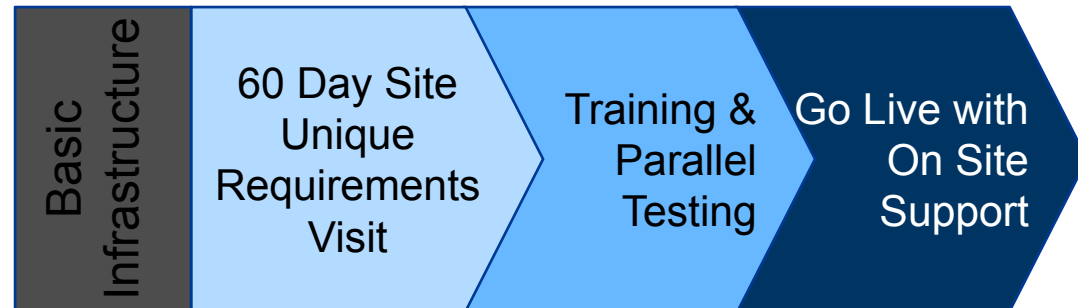


Implementation Plan



- Safe start: crawl, walk, run
- Phases synced to DoD operating system integration
- Dedicated & joint implementation team (Menlo & DoD)

Implementation Process



Readiness to Launch



And There Was Great Gnashing of Teeth

Pre-Program Fear	Present Reality
The winning coordinator would greatly favor sister assets	CY 2010 to date: sister asset spend < 5%
The coordinator would crush small business	CY 2010 to date: small business spend > 40% or \$80MM
It's too big. It will fail.	Operating 3 rd year. Green on 5 / 6 KPIs.

Holy cow! We're not just talking about change.

Element of Change	Resolution
FAR based contract within ground carrier community	Aggressive outreach & education. Patient negotiations.
Mode neutral planning	Training focused on ordering to the need
Disconnect in CONOPS with one major stakeholder	Educate one another & build mitigation plan

Enablers of Success

Government

- GAO lessons learned report
- Contract structure
 - Responsibility with authority
 - Profit thru performance
 - Balanced KPIs

Coordinator (3PL)

- Robust application suite
- Centralized planning & execution
- Leverage commercial & DoD capacity / demand
- Pervasive end-to-end measurement

Value Engineering Model

- Scale: simple → complex
- Focus on execution
- Commercial best practice
- Drive immediate impact

