NexTrust

SUSTAINABLE • TRUSTED • COLLABORATIVE • NETWORKS

Newsletter Issue 4
February 2017

What makes NexTrust Unique?

"NexTrust is unique as it focuses on building trusted networks and environments that are open to collaboration and breaking down barriers" Mike Bogen, Giventis International

Companies need examples of successful collaboration validated under market conditions on a large scale to show and persuade them that such collaborative working methods do work and will be beneficial to them - thus the importance of the pilot case studies.

"Trust with Trustees" - Build Trust Early

The key prerequisite of NexTrust is that horizontal and vertical collaboration in the supply chain requires 'trust' in order to become a sustainable practice. Facilitating the process is the 'neutral trustee' function which is absolutely required to guarantee anti-trust compliance with EU law, to ensure that companies' own legal compliance rules are respected and that confidentiality is in place, allowing exchange of non-commercially sensitive information between the trusted collaborative partners. The trustee is responsible to ensure that the collaborative network will be constructed in such a way that a fruitful long term, sustainable relationship between partners can be maintained on a flexible, community basis.

It is vital that all the 'rules of the game' are explained to all parties from the very start. Confidentiality and anti-trust rules need to be established and agreed as early on as possible to avoid misunderstandings later on in the project.

Pilot Cases In Validation Process

In total, more than 23 pilot cases have been set up and are in different stages of research. The pilots cover a broad cross section of the entire supply chain from raw materials to end consumers in multiple industries.
Our pilot cases are expected to reduce deliveries by 20% - 40% and with modal shift

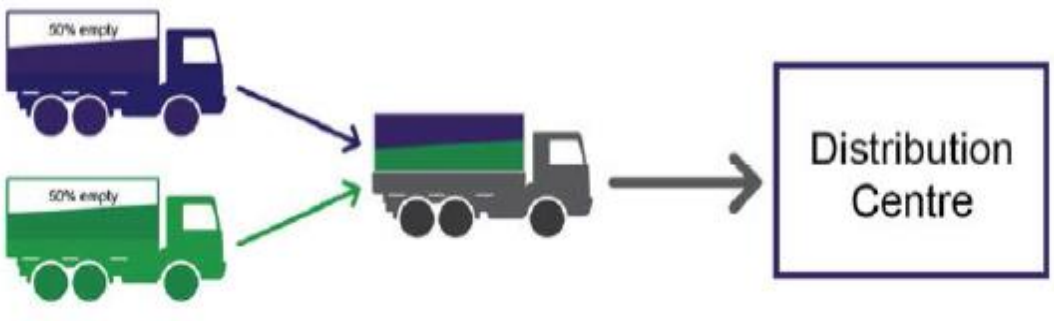
to reduce GHG emissions by 40% - 70%. Load factors will increase by 30% - 60% given the emphasis on back-load/modal shift initiatives.
NexTrust is using a research methodology, which is used as a framework by all pilot cases of the project. This “3-step methodology” has clearly defined steps to set up the trusted networks and to achieve progress.
The first step is ‘Identification’, second step is ‘Preparation’ and the third step is ‘Operation’. This research methodology gives a clear overview of the total project development and its progress.
A lot of pilots are already in the operation and preparation phase with the aim to validate that trusted collaborative networks can change the way the supply chain is managed today. The validation is in process with more than 80 industry players in the European logistics arena; including shippers (manufacturers, retailers) and carriers (road, rail, intermodal).
There has been a large learning curve in using this methodology and ways have been found to solve the difficulties of making collaboration work.
The validation process is the focus of the NexTrust research activities in 2017.

Filling Half Empty Trucks

Some pilots are concentrating on identifying vehicles moving at less than their full capacity but that are taking a similar route. This identifies opportunities for goods being moved in two separate trucks to be combined into one, removing a truck from the road as a result. The single truck can then be running at full capacity, rather than two half full trucks taking the same journey independently.

Pilot activities include:

- Setting up a multiple supplier/multi-retailer platform
- Consolidating LTL retail orders into consolidated FTL deliveries in UK
- Combining SME size shipper flows to retailers in the UK and France
- Improving the efficiency of inbound transport for European DIY/Home improvement and construction sector
- Collaborative FTL shipments within the frozen and fresh sector
- Shipment optimisation opportunities in the high tech and electronics market



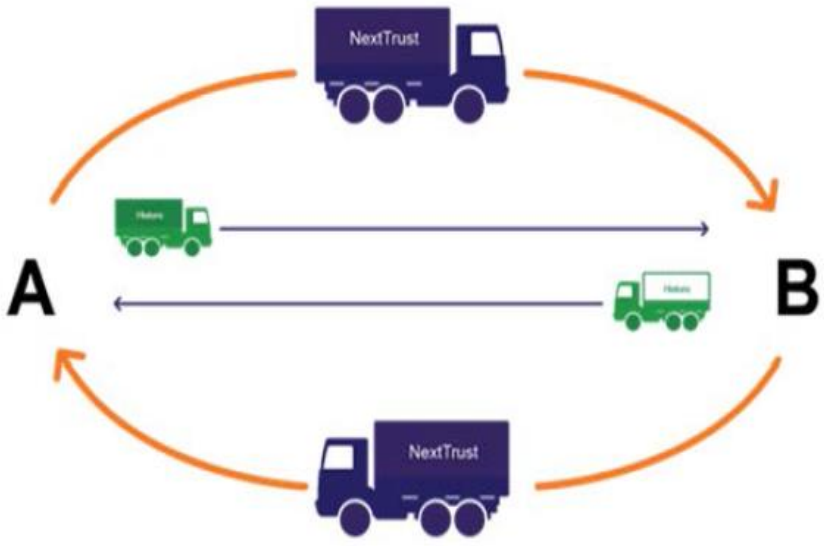
Optimising Deliveries

Other pilots are working on the “Full-truck-load” (FTL) transportation via road, which is the primary mode of transportation for high volume business-to-business (B2B) goods in Europe. The major inefficiencies created by FTL flows are the empty vehicle movements causing a high level of unnecessary GHG emissions.
The main goal is to reduce the road FTL impact on ecology and reduce the empty mileage as much as possible. The objective is to identify overlapping structural vehicle movements across multiple industry sectors where collaborating shippers can share a vehicle to close loop and round trips (backhauls) or continuous movements (re-loads) of multiple deliveries to create a “milkrun” style movement. In addition, the primary FTL structural freight flows of several shippers shall be bundled and shifted off the road to intermodal services, using a depot model as a catchment strategy at Origin/Destination for mode conversion.

The pilot cases are designed around the following FTL pilot categories:

- Cross-shipper, full truckload (FTL) collaboration on closed loop and round trips (backhauls), and in on continuous movements (re-loads)
- Cross (SME-size) shipper, full truckload (FTL) collaboration on closed loop and round trips (backhauls), specifically for the transport of fresh and frozen foods
- Intermodal Conversion: move full road truckloads to intermodal services
- Cross-shipper, full truckload (FTL) collaboration on round trips with specialized transport vehicles-bulk carriers

This is the first time ever in the European logistic supply chain, that on such a large scale, shippers are pro-actively cooperating to reduce together the environmental impact and create logistic efficiency gains.



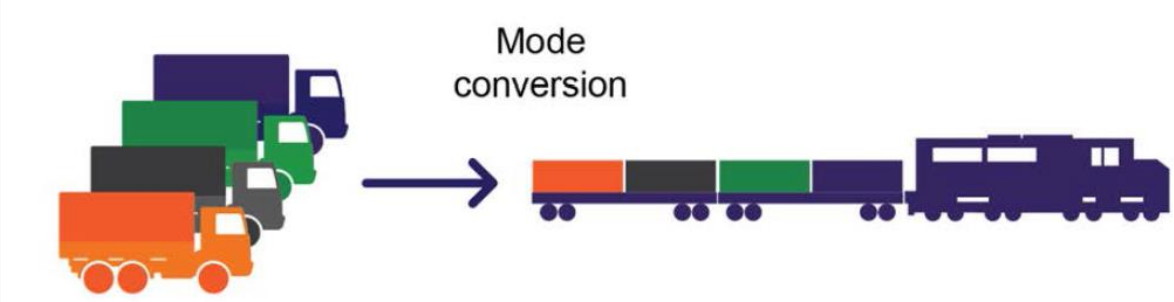
Optimising Carriers Network Capacity

Some pilot cases are identifying movements of vehicles travelling from A to B by road. If enough of these vehicles taking the same route can be identified, it can be more cost-effective and ecological to transport all of the goods via train or barge instead.

These pilot cases are using the same methodology as the other pilots to optimize shipper networks. However, with the vertical collaboration focus, the pilot cases are looked at from the LSP and intermodal network perspective. The main goal with this approach is to gain significant sustainability through optimisation of intermodal services and through shifting additional road FTLs off the road to an existing environmental friendly rail and waterway network. A particular challenge is the questions of who is taking the risk for the existing network, and how to ensure that the “critical” mass of freight flows can be achieved or maintained to operate in an efficient way.

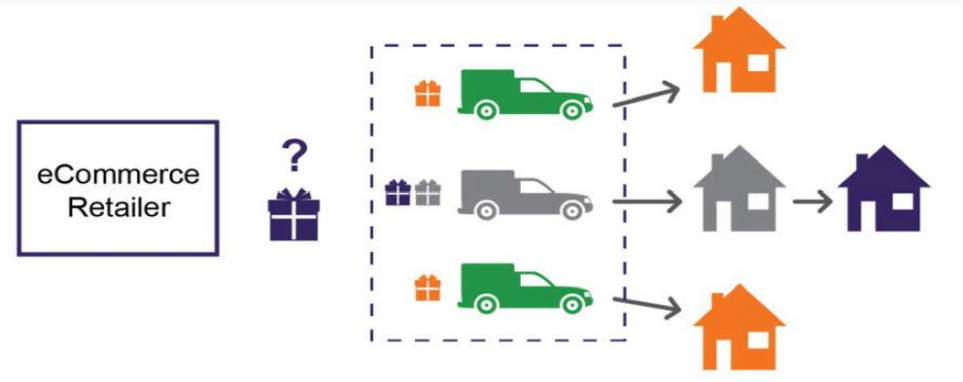
- Optimizing intermodal rail services of railway undertaking network
- Optimizing intermodal rail services of LSP network
- Optimizing inland waterway network

Optimizing supplier planning and real-time shipment networks



E-Commerce (multi-vehicle collaborative delivery network)

Other pilot cases are working on appointed-time-deliveries to end-consumers based on a collaborative usage of existing under-utilised transport fleets. These fleets are typically only active for 8-10 hours per day, even though they could be active for 24 hours. The first pilot case shipments have now been started and are in the validation process.



Keep in Touch

The NexTrust project will continue progressing the pilot cases. Once results are validated and confirmed they will be published on the website, presented at conferences and workshops and in future newsletters.

To stay informed about our activities or to contact us take a look at our website www.nextrust-project.eu

NexTrust Partners

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"Building sustainable logistics through trusted collaborative networks across the entire supply chain"

This project has received funding from the EU Horizon 2020 research & innovation programme under grant agreement 635874