

From Point A to Point E

Integres brings a virtual solution to the heavy freight industry.

Historically, the heavy freight industry has been characterized by fragmented providers, limited services and the absence of an end-to-end solution such as that provided by integrators like FedEx and UPS in the small-package market. As a result, the process has been expensive, inaccurate and frustrating to both shippers and their customers. At the same time, the digital economy has given rise to greatly increased customer expectations, especially in the areas of speed and reliability. Small and medium-sized shippers in particular are clamoring for more-efficient inventory control, closer collaboration with logistics providers and greater responsiveness from those providers.

It's a serious challenge for the \$50 billion-a-year domestic expedited and international heavy freight industry. Yet as with so many B2B challenges, there is an "e" answer: Integres Global Logistics, Inc., a virtual integrated logistics solutions provider.

Integres is one of a pioneering new breed of companies that can truly be described as "bricks and clicks." Its business model focuses on cooperation between major logistics service providers and the leveraging of

"I've always been a firm believer that if a new business comes along that adds new value, it will ultimately succeed," says James Hartigan, president and chief executive officer of Integres, based in Rancho Cordova, Calif. "The value that we offer is one of price, because we are going to be able to offer the small and medium-sized shipper a price very comparable to what a Fortune 500 company would pay."

Integres also provides small and mid-sized shippers with services and information about their shipments that, again, are comparable to those enjoyed by Fortune 500 companies. "In essence, what we're doing is allowing a small shipper to have the look and feel of a big shipper — and that, I believe, is new value," Hartigan says.

The seed for Integres germinated in Hartigan's mind early last year, when he was vice president of worldwide cargo for United Airlines. His division had recently launched a Web site, and it quickly became apparent that there was pent-up demand among smaller shippers to work directly with the airline. "Quite frankly," he admits, "United was not equipped to do that." So the decision was made to explore the idea of forming a company that would incorporate the technology of the Web and extract costs from the supply chain.

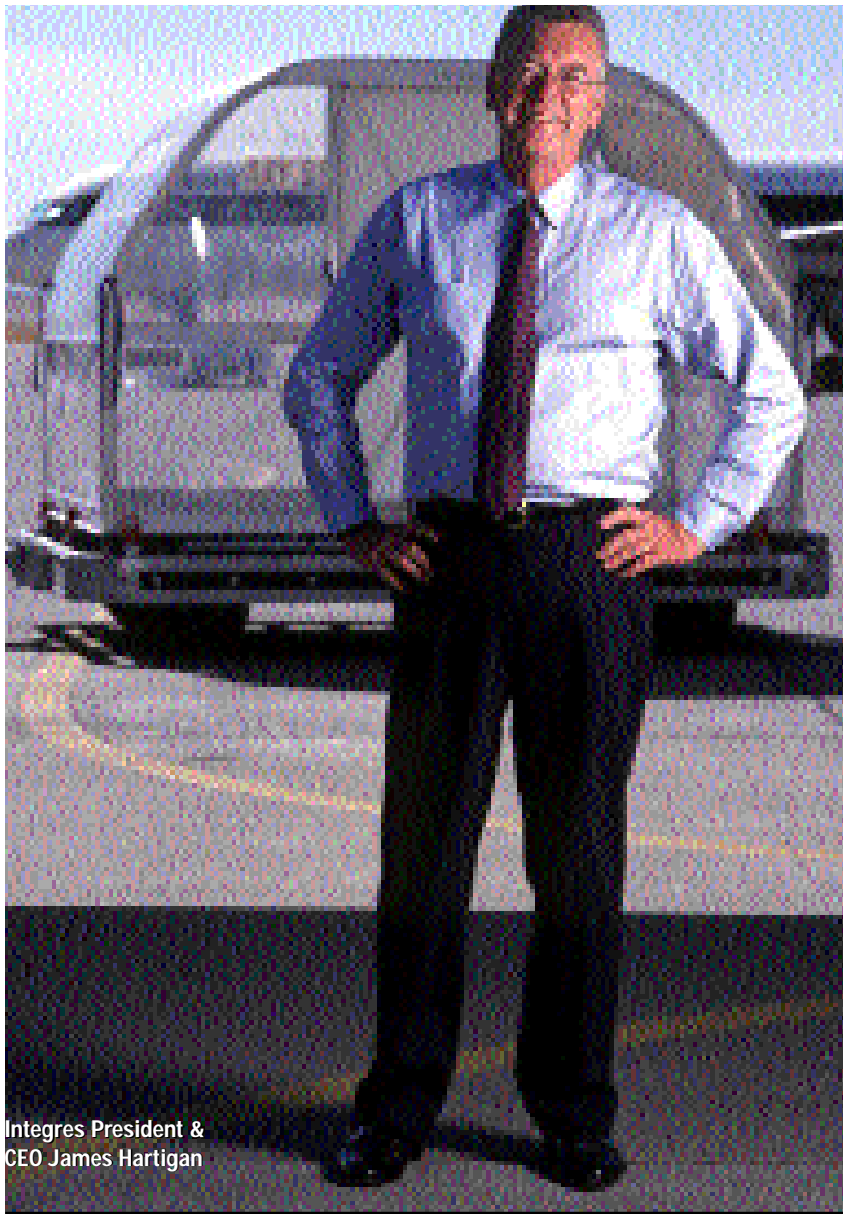
A study sponsored by Unisys Corp. found that efforts to improve the speed of electronic data interchange (EDI) — the primary focus in this area

for the past quarter century — were not having a major impact on improving industry performance. In fact, over the past 25 years the time required to complete a typical shipping process had been reduced by only a few hours — from six days and six hours to just six days. Another Unisys study found that the operating process in the traditional air freight industry typically involved 40 steps, including multiple points of redundancy, no quality steps and limited access to information. Integrators such as FedEx and UPS, in contrast, complete their process in just 11 steps, including four

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partnerships, technology and assets to improve supply chain efficiency and competitiveness. The goal is no less than the transformation of how small and medium-sized shippers — companies that typically spend \$500,000 or less per year on air expedited shipping — move their goods from point A to point B.

While the company is taking a decidedly state-of-the-art approach to partnerships — bringing together United Airlines, American Airlines and Roadway, Inc., among its partners — and the use of technology, its underlying business proposition is grounded in the basics of commerce.



Integres President & CEO James Hartigan

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The stakes at play in addressing that gap are enormous. A recent Bear Stearns report goes so far as to state that “the transformation of logistics through electronic means of moving, storing and manipulating data, or e-gistics, will ultimately determine which old- and new-economy companies will survive and prosper and which companies will fail in ... an increasingly ‘plugged-in’ marketplace.”

That is exactly the space Integres is targeting. “The goals of Integres are pretty straightforward,” Hartigan allows. “We intend to be a Web-based international global logistics company. We intend to provide value in terms of, one, price; two, information; and three, value-added services.”

By integrating and leveraging the existing capabilities of its six primary partners, Integres is able to minimize start-up and ongoing operational costs:

- Unisys provides systems integration expertise and access to its e-@ction Logistics Solutions for freight operations and e-@ction Hosting Services, a component of its Global Outsourcing business.
- United Airlines and American Airlines provide access to a broad domestic and international passenger/cargo network.
- G-Log provides the Transportation Management System (TMS) infrastructure supporting the process of planning and managing all freight, particularly expedited bulk freight delivered in a multi-client environment.
- Roadway is the primary less-than-truckload partner, offering sales support and operational fulfillment.
- UTi Worldwide is the primary international partner, providing global logistics and customs-broker services.

Integres launched its solution to strategic partners in the third quarter of this year, and will continue to deploy to a broad spectrum of customers. It will target shipments of greater than 70 pounds but accept shipments of any size. Its customers and partners will be integrated via an online portal that allows seamless transactions across the supply chain, with full shipment transparency. Integres will also provide a full range of customer relationship management reports, including booking, in-transit inventory, tracking, billing and settling.

Hartigan is convinced that Integres is the right business concept at the right time. “Companies are always looking for ways to extract costs, especially when the economy is softening, and that’s one of the things Integres is all about. Technology has advanced so rapidly in the past few years, and we’re using that technology to extract costs and pass those savings along to our customers.”

He’s quick to add, however, that despite the important role technology plays in the company’s business model, Integres is not a dot-com. “What Integres has, unlike so many of the failed dot-coms, is a solid business plan,” he emphasizes. “Integres is really a logistics software company that’s simply using new technology and the strength of our transportation partners to extract costs from the system and provide value back to our customers. That’s what makes us entirely different, and that’s what makes us, I think, ripe for success.”

— Michael J. McDermott