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State of Logistics Outsourcing Study Shows Major Changes Ahead for Supply Chain

San Diego, September 28th, 2015 – [Capgemini Consulting](#), the global strategy and transformation consulting brand of the Capgemini Group; [Penn State University](#); the preeminent authority on leadership and talent [Korn Ferry](#); and global logistics and supply chain management provider [Penske Logistics](#) today announced findings from the [2016 20th Annual Third-Party Logistics \(3PL\) Study](#), which examines the global outsourced marketplace of shippers and 3PLs in the logistics industry.

The latest worldwide report shows continued collaborative and positive relationships between shippers and third-party logistics providers, which have been developing since the study began. Relationships are central to the success of 3PLs and their customers and, for partnerships between 3PLs and shippers to be successful, both parties are expected to invest in the relationships.

To achieve great efficiencies and effectiveness in their relationships, 3PLs and shippers must be well-aligned.

The report, based on responses from more than 260 shippers and logistics service providers in North America, Europe, Asia-Pacific and Latin America, found that 87 percent of shippers and 96 percent of 3PLs have agreed-upon performance expectations, and 80 percent of shippers and 81 percent of 3PLs have formal performance reviews, including the measurement of and feedback on results.

Tightening capacity, mergers and acquisitions and industry innovations are altering competition, 3PL service offerings and shipper-3PL relationships.

The ways in which shippers and 3PLs work together is changing as competition within the logistics industry ramps up. Tightened capacity along with increased consolidation within logistics service providers has resulted in fewer partners for 3PLs and increased prices. As a result, 44 percent of survey respondents reported that they have enhanced relationships to guarantee shipping lanes and on-time shipments and 40 percent have increased rates. Among shippers, 29 percent said assets have not been available to move shipments when needed. Similarly, 29 percent have engaged with a larger number of 3PLs to get access to capacity.

“The spirit of collaboration with 3PLs and shippers has led to increased efficiencies in the supply chain,” said Bob Daymon, Vice President of Transportation Management for Penske Logistics.

“Enhanced relationships with shippers results in operational costs savings and ensures reliable coverage and better rates.”

To differentiate themselves, 3PLs are working to provide sustained value, innovative solutions and information to facilitate data-driven decisions. 3PLs are also using technology and data to aid shippers in selecting the right shipment modes to maximize efficiency and reduce costs. Among respondents, 60 percent are using technology to increase visibility within orders, shipments and inventory; 40 percent are using technology for planning within transportation management; and 48 percent are using it for scheduling within transportation management.

As the logistics landscape continues to respond to more freight, capacity and regulatory issues, as well as increasingly demanding customers and consumers, the industry is more focused than ever on innovation. To meet increasing customer requirements, 58 percent of respondents said they are investing in new capabilities for themselves, 40 percent said they are leveraging new capabilities from other companies in different industries, and 15 percent said they are leveraging new capabilities from competitors.

“These factors should create an interesting competitive environment, spurring significant changes to the 3PL business model,” said Shanton Wilcox, Vice President and North America Logistics and Fulfillment Lead at Capgemini Consulting. *“Social, crowd-sourcing and flexible fulfillment will converge to create opportunities for alternative logistics service providers. The challenge will be how traditional, asset-based providers respond to these circumstances.”*

Workforce innovation and agility will be particularly important for the 3PL industry as it is expected to face a shortage of talent.

The logistics industry is facing an unprecedented labor shortage, and the majority of 3PLs (79 percent) said they are unprepared for the labor shortage’s impact on their supply chain. However, more than half of shippers (53 percent) feel they can rely on their 3PLs to address the labor shortage’s affect on their business. To meet demand, 3PLs will need to leverage their employees in new ways and re-think their strategy for attracting and retaining employees.

“The employee skill sets and traits that logistics companies need are shifting as new technologies and distribution approaches transform the industry,” said Neil Collins, Global Leader of Logistics, Distribution and Transportation for Korn Ferry. *“Simultaneously, wage issues and job alternatives that didn’t exist a few years ago have increased competition for talent. For many companies, this means a fundamental shift in how they recruit today’s workforce for tomorrow’s needs. A strong work culture and stand-out training will be key, while creating opportunities to work across departments or regions will help employers attract and develop an agile, adaptable workforce.”*

About the 2015 Third-Party Logistics Study

For 20 years this study has documented the significant transformation of the 3PL industry. In that time 3PLs have evolved from tactical service providers to become, in the most evolved relationships, collaborative partners delivering in many instances a comprehensive suite of integrated logistics services. Dr. C. John Langley, Clinical Professor, Supply Chain Information Systems and Director of Development, Center for Supply Chain Research at Smeal College of Business at The Pennsylvania State University, initiated this study to capture and measure this rapidly evolving industry. This year's survey circulated in mid-2014, garnering 433 usable responses, from both shippers (users of 3PL services) and non-users of 3PL services, as well as responses to a separate, related version of the survey by 337 respondents from the 3PL sector. The study report and additional materials are also presented on a dedicated Website, www.3PLstudy.com.

About Capgemini Consulting:

Capgemini Consulting is the global strategy and transformation consulting organization of the Capgemini Group, specializing in advising and supporting enterprises in significant transformation, from innovative strategy to execution and with an unstinting focus on results. With the new digital economy creating significant disruptions and opportunities, our global team of over 3,600 talented individuals work with leading companies and governments to master Digital Transformation, drawing on our understanding of the digital economy and our leadership in business transformation and organizational change. Find out more at: <http://www.capgemini-consulting.com>.

About Penn State University

Penn State University Penn State is designated as the sole landgrant institution of the Commonwealth of Pennsylvania. The University's main campus is located in State College, Pennsylvania. Penn State's Smeal College of Business is one of the largest business schools in the United States and is home to the Supply Chain & Information Systems (SC&IS) academic department and the Center for Supply Chain Research (CSCR). With more than 30 faculty members and over 600 students, SC&IS is one of the largest and most respected academic concentrations of supply chain education and research in the world. SC&IS offers supply chain programs for every educational level, including undergraduate, graduate, and doctorate degrees, in addition to a very popular online, 30-credit professional master's degree program in supply chain management. The supply chain educational portfolio also includes open enrollment, custom, and certificate programs developed by Smeal's Penn State Executive Programs and CSCR, which helps to integrate Smeal into the broader business community. Along with executive education, CSCR focuses its efforts in research, benchmarking, and corporate sponsorship. CSCR corporate sponsors direct the Center's research initiatives by identifying relevant supply chain issues that their organizations are experiencing in today's business environment. This process also helps to encourage Penn State researchers to advance the state of scholarship in the supply chain management field. Penn State's Smeal College of Business has the No. 1 undergraduate and graduate programs in supply chain management, according to the most current report from Gartner.

For more information, please visit www.smeal.psu.edu/scis and www.smeal.psu.edu/cscr.

Penske Logistics

Penske Logistics is a wholly owned subsidiary of Penske Truck Leasing. With operations in North America, South America, Europe and Asia, Penske Logistics provides supply chain management and logistics services to leading companies around the world. Penske Logistics delivers value through its design, planning and execution in transportation, warehousing and freight management. To learn more visit www.PenskeLogistics.com. Connect with Penske Logistics on social media: [Move Ahead Blog](#), [Facebook](#), [Twitter](#), [LinkedIn](#), [Google+](#) and [YouTube](#).

About Korn Ferry

Korn Ferry is the preeminent authority on leadership and talent. For nearly half a century, clients have trusted us to recruit world-class leaders. Today, we are their partner in designing organizational strategy and developing their people to achieve unimaginable success. For more information, visit www.kornferry.com.