

WHITE PAPER

A LOGISTICS MODEL WHOSE TIME HAS COME

Mission Critical Freight:
Five Things You Should Expect from
Your Transportation Service Provider

SHIPPERS OF ULTRA-HIGH-VALUE AND HIGHLY TARGETED MATERIALS ARE MANAGING AN INCREASINGLY COMPLEX SET OF RISKS.

Whether transporting lifesaving medicines or business-critical cargo, many logistics managers are looking for transportation service providers that can offer both capacity and the ability to comply with very specific quality management standards around theft risks, precision timing, and security threats.

The logistics world has become a high-stakes arena that requires meticulous planning backed by real-time and actionable intel. Shippers must juggle everything from concerns about asset availability and precisely timed deliveries to finding providers that consistently meet stringent cold-chain and cargo condition requirements while adhering to documented systems and processes for preventing theft and pilferage.

Just one delivery gone wrong has the potential for massive negative financial and reputational impacts. For example, production shutdowns from damaged raw materials can have serious impacts on a manufacturer's bottom line, and even small quantities of tainted, counterfeited, substituted or otherwise compromised pharmaceutical or food product can lead to death or illness – igniting panic and a loss of public trust.

We are living in unprecedented times – as criminal enterprises become increasingly sophisticated, products of all types can be stolen and sold in the blink of an eye. From thefts of entire loads to the pilfering of smaller quantities from multiple shipments to avoid the risk of long jail sentences, thieves are continually developing new tactics and schemes.

Shippers of critical cargo must hold transportation service providers to higher standards. It's time for a logistics model that provides on-demand expedited ground transport for mission-critical shipments while setting new standards for managing quality and minimizing risk.

FAST FACTS

25%

Increase full truckload thefts in the US in 2020¹

35%

Pilferages increase in the US in 2020¹
Transportation Topics

48%

Increase in reefer ROTRI in 2020

400%

Increase in the black market for counterfeit pharmaceuticals² which is exacerbated by "poor visibility and transparency in the supply chain"³

UP TO 1 MILLION

People die annually from counterfeited drugs according to the World Health Organization

The Following Checklist Enumerates The Five Things To Look For When Selecting Provider.

1. THE RIGHT ASSETS

WHERE AND WHEN YOU NEED THEM

Mission-critical shipments have stringent requirements for on-time, in-full and intact delivery. Ideally, providers should be able to provide on-demand access to a full range of ultra-high-value shipping assets and a pool of qualified drivers, long-haul driver teams and security personnel. This can be accomplished through a centrally managed logistics network that coordinates shipments through audited carrier partners located in major transportation centers. Under this model, members of the qualified carrier network would not only meet the business and insurance requirements of individual shippers, but also conform with documented standards for quality management and risk mitigation.

¹Transportation Topics, June 10, 2021

²Entrepreneur, January 21, 2021

³European Pharmaceutical Review

⁴FreightWaves' tender rejection indexes, November 2020

Your shipping provider requirements should go beyond the age and condition of the equipment to include the following:

- ✓ Controlled environment assets that meet documented standards for maintaining both ambient and specific temperatures
- ✓ Up-to-date historical DOT records for each asset
- ✓ Records for all types of hauls that have been carried by the unit to avoid contamination
- ✓ Storage standards designed to prevent loss before it happens
 - CCTV-monitored gated storage yards manned with security guards
 - The latest remote monitoring and risk management technologies:
 - Real-time GPS cargo monitoring equipment with remote adjustment to ensure the product is not compromised while allowing the driver to focus on product safety and on-time delivery
 - Security features to mitigate risk, including adjustable door locks and seal guards
 - Access to additional equipment as determined by risk protocols for specific cargo types including targeted items such as controlled substances, injectables and time- and temperature-sensitive items; these can include security features such as electronic keypad access and remote trailer brake locks and engine immobilizers
- ✓ Continuously vetted driver teams and security professionals
 - Up-to-date test scores in compliance with an auditable Quality Management System (QMS)
 - Individual track records for successful shipments
 - Five-year background checks
 - Regular randomized drug screening
 - Three-year safety performance record
 - Five-year log of certificates of violations
 - Average length of employee tenure to weed out carriers who might inadvertently be hiring criminals
 - Acceptable ratings with the following safety organizations:
 - FMCSA must be "satisfactory" for ultra-high-value shipments (and "conditional" at a minimum) for both the driver and the carrier
 - Carrier 411 audit for highly sensitive cargo that could require a deeper dive into carrier track records
 - DOT Need Specifics

2. A DEDICATED TEAM

COMMAND & CONTROL ACCOUNT MANAGEMENT TEAM

Mission-critical shipments have stringent requirements for on-time, in-full and intact delivery. Ideally, providers should be able to provide on-demand access to a full range of ultra-high-value shipping assets and a pool of qualified drivers, long-haul driver teams and security personnel. This can be accomplished through a centrally managed logistics network that coordinates shipments through audited carrier partners located in major transportation centers. Under this model, members of the qualified carrier network would not only meet the business and insurance requirements of individual shippers, but also conform with documented standards for quality management and risk mitigation.

Each team member should:

- ✓ Operate with absolute consistency in rigorous compliance with an auditable QMS for planning, managing, monitoring and tracking shipments while conforming with customer KPIs
 - ✓ Comply with documented guidelines for training and continuing education
 - ✓ Keep all parties informed of relevant information gleaned through continuous route and risk updates
 - ✓ Be vetted via background checks as well as professional and personal references

3. A CUSTOMIZED ROUTE

PLANNING AND RISK MANAGEMENT

As most freight is compromised in transit, highly detailed and customized route planning is essential to reducing risk. Planning must not only consider specific cargo requirements, it must also factor in a host of route-specific variables including theft hotspots, risky stopping zones, and cargo- or shipper-specific risks such as avoiding the routine routing of regular shipments that might be being monitored by criminals.

Best practices for route planning and management include:

- ✓ Cargo requirements documentation
- ✓ Documented route risk safeguards and practices including:
 - A 250-mile “no stopping zone” to minimize vulnerability to petty thievery
 - Team driver rules for stops, ensuring that the cargo is always under the watchful eye of a driver who conforms with best practices for where and how to park the vehicle
 - A route-specific list of the following:
 - Restricted stopping zones such as rest stops, on- off-ramps and known hot spots for foul play
 - Monitored and secure stopping locations and transportation hubs
 - Documentation for the following:
 - Sources for roadside or on-site repair services
 - Procedures for security breaches, and unforeseen circumstances including power outages, traffic, construction, weather, and port, rail and airport closures
 - Route checkpoints
 - A cadence of communications with drivers and escorts – including check-ins for every time the driver(s) stops or leaves the vehicle
 - Route monitoring GPS systems with in-transit geo-fencing capabilities and alerts for route violations
 - Static geofencing of parked vehicles that trigger alerts in the event of movement
 - Remote sensors and alerts for potential theft indicators such as light exposure

4. CONTINUOUS PRODUCT INTEGRITY ASSURANCES

The cost of lost or compromised product can be staggering. Variances in factors such as temperature and humidity can ruin an entire load. What's more, losses related to compromised product can have significant financial and legal ramifications. For just-in-time supply chains, delays large and small can significantly impact productivity, profitability and customer relationships.

You should expect the following equipment and documented standards from your transportation services provider:

- ✓ 24/7 advanced GPS monitoring for end-to-end visibility
- ✓ Remote cargo condition management to facilitate compliance for temperature ranges and other variables such as humidity
- ✓ Pre-checks for battery life to confirm that environmental conditions can be maintained for the entire journey
- ✓ Pre-conditioning standards for the advanced setting of environmental controls to ensure that the conditions inside the trailer meet specifications when the cargo is loaded by factoring in external variables in such as the extreme heat or cold of certain geographic locations
- ✓ A driver checklist for detecting non-compliance, such as a broken seal, temperature spikes and cargo damaged by factoring in external variables in such as the extreme heat or cold of certain geographic locations
- ✓ Driver identification protocols including proof of identity with a valid driver's license and related vehicle registration
- ✓ Systems and processes for ensuring that escort vehicles can be easily identified and tracked by the drivers

5. INFRASTRUCTURE & SYSTEMS

STATE-OF-THE-ART

Dedicated and qualified teams are at their best when they're supported by technologies and processes that enhance their effectiveness. Be sure that your provider has systems in place that facilitate and maximize efficiency, compliance and the continuous flow of information.

Your provider should provide auditable materials and processes for the following:

- ✓ A centralized QMS designed to ensure safety and compliance
- ✓ Processes that build collaboration between shippers and carriers to achieve continuous improvement
- ✓ Redundancy in critical communication systems to ensure that teams, drivers and shippers are never out of touch, and that there is no loss of records
- ✓ Real-time access to cargo condition and route compliance
- ✓ Chain of custody documentation
- ✓ Detailed hour-by-hour reporting mapped to your specific KPIs

Carrier Capacity for Mission-Critical Freight Should Be Available On-Demand

The successful delivery of ultra-high-value freight is paramount – the time has come for a logistics model that provides centralized command and control for shippers who cannot afford to be constrained by capacity issues and concerns about compliance.

DeSpir is a 3PL transportation provider that rigorously qualifies and manages a network of carriers that comply with standards set by its proprietary quality management and risk mitigation systems. The company's carrier, security and law enforcement relationships are longstanding, proven and effective. DeSpir collaborates with local task forces and national law enforcement agencies to combat and prevent cargo theft. They are laser focused on successfully transporting ultra-high-value and highly targeted cargo, including pharmaceuticals, cold chain, high-value electronics, credit cards and more.