

Expeditors Multimodal Truck-Ocean US Solutions

In the global logistics market today, our customers are looking for creative solutions going beyond traditional unimodal services like unimodal/pure air, ocean or trucking services.

The driving factors of multimode solutions includes:

- The rise in demand for freight cost reductions
- Transit time reduction or stability
- Supply chain disruptions
- GHG (Green House Gases) reduction initiatives

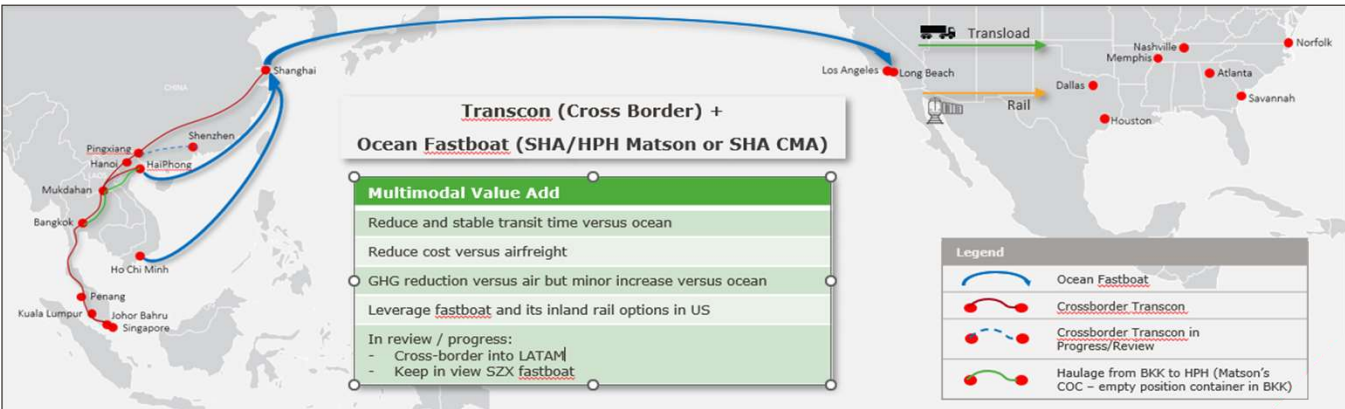
There are many multimodal in the market today including, sea-air, truck-air, etc., of which, EI would like to create more solutions like these.

OPPORTUNITY

In Dec 2022, after realizing and determining the fastest and most stable ocean service in the market from Asia to US by Matson, Integrate Solutions self-initiated a multimodal route project for Vietnam, Thailand, Malaysia and Singapore to leverage it. Further analysis shows Truck-Ocean US solutions result in transit time reduction/stability or cost savings versus unimodal ocean/air.

MULTIMODE FROM SOUTH ASIA INTO USA

Service Options to LAX (DTP)	HAN (HPH)	SGN	BKK (ICD)	PEN	KUL	Tradeoffs
Pure Airfreight	6-7	6-7	6-7	6-7	7-8	Transportation Cost ▼ GHG Emission ▼ Lead Time ▲
Cross Border <u>Transcon</u> + Ocean <u>Fastboat</u> (Via SHA)	21	23	24	28	28	
Cross Border <u>Transcon</u> + Ocean <u>Fastboat</u> (Via HPH)	-	24	25	26	26	
Ocean <u>Fastboat</u> ex-HAN, SGN and BKK (SHA Matson)	21	24	31	N/A	N/A	
Pure Ocean (Transit time based on Aug-Sep Arrivals – Not considering vessel reliability, Incl. PN2 HPH-SEA)	27	30	33	37	37	

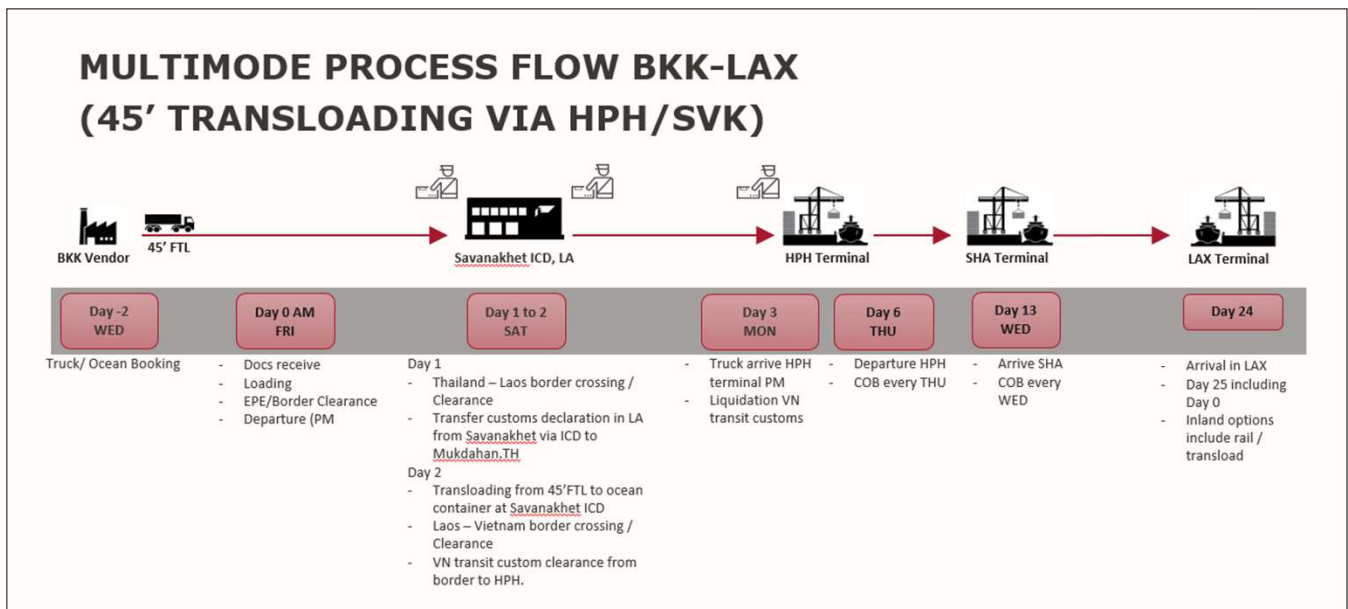


SOLUTIONS

In general, Expeditors arrange cross border truck to pick-up from Malaysia, Thailand and Vietnam. The truck will cross multi-borders like Malaysia, Thailand, Laos, Vietnam into China. This will follow with a custom transfer in and out SHA Bonded Warehouse (WGQ). Then it will move on Matson ocean fast-boat CLX, LGB. For US inland, we consider EI transload freight or Matson’s stable GES rail service to inland yard. The process is also perfected to ensure seamless communication of cross product and visibility to customer. Resulted in 1st trial in Jul 2023.

EVOLUTION

At the same time, Matson introduce their fastboat direct calls out of HPH, SGN and BKK. Initial study shows Matson stability from track record. Besides that, they also have dedicated feeder from HPH to SHA. Further study reveals additional cost reduction to ocean freight & trucking, but no significant T/T versus using SHA as gateway. After a trial in Aug 2023, we fine tune and finalized our Truck-Ocean US modal via HPH gateway as seen below.



RESULT

Cost savings – At current market, if a 40’ container is fully utilized we are looking at least 50% or more savings versus pure airfreight using the SHA ocean gateway, whereas 65% using the HPH ocean gateway. Savings are higher out of HPH gateway as mainly the reduce in trucking distance reduces the overall cost. But again, savings is fluid depending on pure air / ocean market price at the time.

Transit time – The average of 1-2.5 weeks reductions versus pure ocean freight market average from door-to-port (LGB).

In terms of GHG, in general air convert to multimode we can save 93% of GHG emission. If we compare converting unimodal/pure ocean to multimode there is minimal of 8% increase to GHG emission.