

White-Paper:  
Horizontal Collaboration by  
Collaborative Sourcing



# Why Horizontal Collaboration?

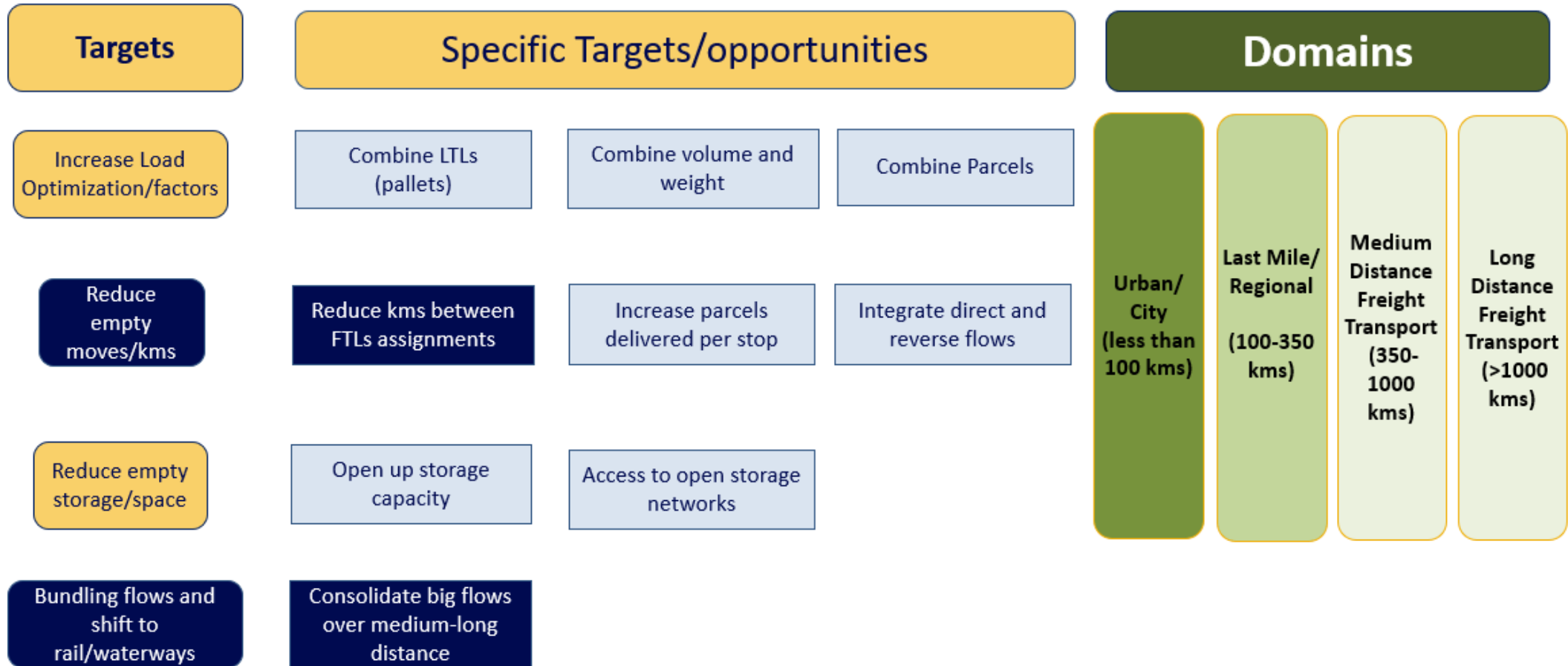
25% Freight Vehicles in  
Europe run Empty and 50%  
run with partial load.

Heavy goods vehicles account for 20% of  
transport-related CO<sub>2</sub> emissions in Europe.

# Why horizontal collaboration?

- highly fragmented market with more than 750.000 logistics companies around Europe including 550.000 carriers
- very limited economies of large scale
- lack of transparency, visibility and consequentially data-driven processes
- collaboration consists from elements like load optimization, load consolidation and asset sharing, empty moves or mile reduction, consolidated packaging open transport networks as well as joint storage and warehouses
- focus on horizontal collaboration in transport and collaborative sourcing of transport

# Categories of Horizontal Collaboration (ALICE)



# Horizontal Collaboration Streams

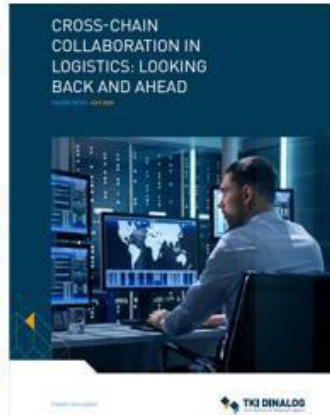
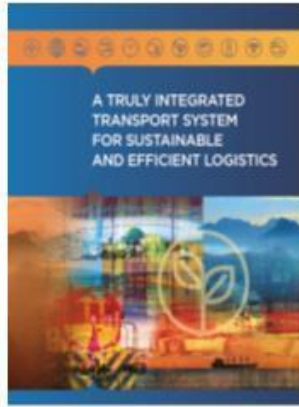
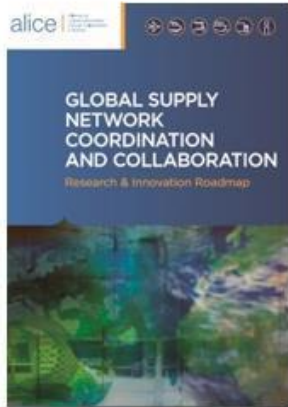
# Horizontal Collaboration Streams

## 3. 1. Strategic Horizontal Collaboration

- to use alternative transport modes (shuttle-service by road, intermodal instead of road, etc.)
- to make existing transport corridors more attractive (like ferries-routings with more frequent sailings)
- to invest into new equipment such as high cube trailers or special boxes
- even build new terminals or similar infrastructure

# EU Backed Collaborative Sourcing Projects (ALICE)

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## SENSE PROJECT DELIVERABLE REPORT

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Document status	Final
Document size	



New **IC** infrastructure and reference architecture to support operations in future **PI** Logistics **SEN** networks

### D1.2 PI business and governance models

Document Summary Information		
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Full Title	Trans-IC infrastructure and reference architecture to support operations in future PI Logistics SEN networks	
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FROM COLLABORATION TO SYSTEM EFFICIENCY: MAXIMIZING USAGE OF RESOURCE IN THE LOGISTIC CHAIN. **MSC-Zenopsis Logistics Center**

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EU R&I projects





## 3. 2. Horizontal Collaboration in Execution

- no physical negotiation process needed
- network-based „match-making“ can be done just-in-time over a platform by a digital hand-shake
- no time left to negotiate, invest or change any set-up

# Horizontal Collaboration by Collaborative Sourcing

Few simple recipes

# Horizontal Collaboration by Collaborative Sourcing

## Challenges

- human factor and not technology issue
- tools to support and undertake joint tendering are there – can only enable and facilitate
- neutral body or Trustee needed

# Horizontal Collaboration by Collaborative Sourcing

## Loss of power or control

- face loss of purchasing power
- risk the relation towards their (long-standing) suppliers
- new suppliers may mess up the service level

## However

- incumbent suppliers don't only risk to lose current but can also win new business
- no need to dedicate 100% of selected lane volumes to the joint tender
- thresholds, maximum or even minimum (target) rate, premium to change etc. as long as they are made transparent

# Horizontal Collaboration by Collaborative Sourcing

## Shipper Commitment

- firmly committed versus lack of trust
- only volumes which are really free for a nomination and all potential conditions
- limit to lanes with low volatility, relative high frequency, high probability the lane remains vital
- no “new” or speculative lanes
- volumes to disappear
- nominations communicated by neutral body or trustee
- the individual contracts however, resulting from the awarding, remain subject to the individual shipper

# Horizontal Collaboration by Collaborative Sourcing

Data sharing barriers , harmonization of requirements and terms.

- neutral body, confidential treatment of numbers and figures, no road address needed
- loading equipment and minimum load securing devices (no nice-to-have), no “exotic” equipment
- routings or terminals shall be pre-defined
- minimum service expectations
- currency if not Euro, extra cost tariffs and extra cost terms? payment terms and invoicing type (self-billing, billing-proposal, ...)?
- applicable law, general adherence to compulsory international law (CMR convention for cross-border e.g.)
- disqualification

# Horizontal Collaboration by Collaborative Sourcing

Lane bundling, robust opportunities

- lanes with very similar coordinates within corridors
- round-trips
- triangles?
- bundles should be made visible, joint equipment etc.
- optional conditional offering for bundles



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