



Supply Chain Solutions



JANUARY, 2010

Happy New Year!

As the conference on Global Warming went on in Copenhagen, it was snowing in Houston, Texas! Although we always welcome the cold weather, our hope is that international container shipping will heat up in 2010.

In this edition of Supply Chain Solutions, we provide insight into what RILA calls "the most pressing supply chain issue facing retailers today." No, it is not Global Warming! However, the economic impact is dramatic. We are talking about visibility of the whole supply chain.

The information we will share has been gathered over a number of years and is eye opening to say the least. We have personally visited with a variety of retailers and visibility is a consistent theme regardless of company size.

We also provide an update on The Port of Houston including the ongoing expansion of the Bayport Container Terminal, hiring of a new CEO, and surprising operational performance numbers for the 2009 period.

Additionally, we will identify the key items you should know about our company for the year ended December 31, 2009. We recently updated our web site, so please take time to visit us at www.gwii.com.

God bless,
Todd Stewart
Vice President



Where is My Stuff??

Clearly, supply chain visibility is no longer a new concept. However, RILA recently published a study conducted by RSR Research LLC identifying "visibility into the whole supply chain" as the top business challenge facing companies today. At Gulf Winds, we do business with and call on a number of retailers. Based on our experience, we concur with the study. 90% of the businesses we call on do not have a visibility tool in place. Most continue to disseminate information manually.

With service providers armed with the technology to manage container and PO information, why are large and small companies still struggling to manage off spreadsheets and e-mail? Every major forwarder and steamship company out there utilizes their visibility tool as a selling point, yet the benefits are not transferred to the shipper for a number of reasons.

Exception Based Management / Dashboards

Exception based container management has been the buzz in logistics for several years. The idea is to systematically pinpoint the containers that do not meet pre-defined supply chain mile markers, while allowing the majority of freight to flow freely. This concept allows the shipper to achieve greater efficiency by streamlining their supply chain and identifying and eliminating choke points. This process can eliminate potential stock outs and reduce inventory costs by shortening the overall supply chain. The kicker is that exception based management is very difficult to achieve without a dashboard design that allows users to work top down. In other words, you must start with the big picture in order to zoom in and focus on the details.

Supply Chain Complexity = Poor Data Integrity = Lack of Visibility

Supply chain complexity due to the number of providers in the chain is a major contributor to the lack of visibility experienced by most. The majority of shippers utilize multiple forwarders, steamship lines, customs brokers, ports, rail roads, and transportation providers. While these supply chain partners often make the data available through web based portals, the task of consolidating key data points through multiple touch points in the supply chain is frustrating and inefficient at best. The end result is a lack of data integrity.

Last Mile Visibility / Drayage Providers

Many providers offer PO management at origin, but there is a gaping hole once the container reaches the port of discharge. Forwarders, brokers, and steamship companies dispatch container loads to inland drayage providers based on price for the most part. This means supply chain providers are often utilizing a number of transportation providers further fragmenting the supply chain and directly impacting their ability to gather accurate data to pass on to the shipper. In addition, once containers are grounded, supply chain providers most often rely on manual updates of their systems throughout the last mile delivery process in order to relay shipment information to the shipper. Many shippers are left to manage container deliveries on their own incurring heavy costs and fees in the form of demurrage, per-diem, and increased labor charges. Leaving out the last mile is a fatal flaw that continues to be overlooked by most shippers.

Why not build your own or purchase off the shelf? Cost & Integration Issues

It is costly in both time and money to code a system from the ground up and most legacy systems were not designed with visibility in mind. This has forced shippers to adopt new ERP systems or bolt on visibility applications from their current provider at a hefty cost. While visibility is now a key component of many ERP systems, it was clearly an afterthought for most and remains subordinate to financial components. We are working with a number of clients that are years into implementation of new or bolt on applications and are disappointed or disillusioned due to lackluster results.

We Can Help!

Visit our web site www.gwii.com for additional information on how our container management process will address these issues and directly impact your bottom line.

The Port of Houston

We recently had the pleasure of welcoming Mr. Alec Dreyer as the Port of Houston's new CEO at a reception hosted by the Port. Mr. Dreyer's title of CEO replaces the Executive Director title used by his predecessor. After meeting Mr. Dreyer, we are encouraged by his drive, business sense, and clear mission to prepare the Port of Houston for the future. We later visited Mr. Dreyer at our Port Facilities, where he was anxious to learn more about our business and how it directly impacts and compliments the Ports ability to attract new business. Given Mr. Dreyer's background in power generation, some were skeptical about his appointment. However, we at Gulf Winds are clearly impressed with his desire to learn the details and believe he is going to excel in his mission of positioning Houston for the future.

While it may be snowing outside, the Port of Houston's container volumes have been nothing short of hot when compared to other ports around the country. At last count, the Port's 2009 overall container volumes were flat over the prior year and loaded volume was down approximately 8%. The numbers are still impressive considering the impact of a global recession on international shipping. The new Bayport terminal, which will ultimately triple the Port of Houston's container handling capacity, continues to expand. The next phase is scheduled to open in the summer of 2010. In addition, the access road is also being expanded to accommodate future growth. We continue to be optimistic that the strong business climate and nationally leading population growth in Texas will drive all-water service into Texas as the Panama Canal expansion project comes to completion.



2009 in Review

We are incredibly blessed! Noted below are a few of the key items of importance that will provide a brief insight into our company and our people.

- Employees raised \$70,000 to build a Church, clean water well, school and medical clinic in Southern Sudan. 10/2009
- Opened a 226,000 square foot warehouse at the Bayport Container Terminal. 03/2009
- Named "Industry of the Year" by the La Porte-Bayshore Chamber of Commerce for 2009.
- Launched a new web site 12/2009. www.gwii.com
- Opened a Project Cargo handling yard at Bayport & Barbours Cut. 05/2009
- Our business development manager, Buddy Sexton, transferred to Dallas to focus on expanding and diversifying our business in this market. 05/2009
- BJ Tarver was promoted to GM. His new responsibilities include company wide operations. 09/2009
- We standardized company wide training and hiring practices. 06/2009
- We cross-trained all warehouse and transportation associates. 01/2009
- We expanded our domestic/container brokerage operation to include nationwide coverage. 01/2009

We remain faithful, encouraged, and focused on His amazing grace. We are excited to see what God has in store for us in 2010. We wish each of you a blessed and prosperous 2010!

Draw near to God and He will draw near to you.

— James 4:8

Testimonials



Gulf Winds' visibility tool is the only true exception based container management system I have seen in the market. Their ability to provide us management of our containers across the country through their visibility tool and oversight has enabled us to put in place cost reduction initiatives that will significantly impact our bottom line.

Mark Widner
Director of International Transportation
Dal Tile Corporation