

3PL VALUE CREATION NORTH AMERICA SUMMIT 2018

October 16–18, 2018 | Embassy Suites Downtown Chicago Magnificent Mile

October 16, 2018: FINANCE AND INVESTMENT BRIEFING

- 8:00 – 9:00 *Registration and Networking Breakfast*
- 9:00 – 9:15 *Welcome and Opening Statements*
Richard D. Armstrong, Chairman and CEO, ARMSTRONG & ASSOCIATES, INC.
- 9:20 – 10:25 **Transportation & Logistics Market Opportunity for Consolidation and Roll Ups**
This session will examine the overall strategic and equity investment trends in the market and provide insight into the factors driving the market forward. It will examine the logistics industry landscape which has attracted a high volume of M&A activity for over 10 years which is expected to continue into the foreseeable future.
- Why does the T&L space continue to attract sponsors, and new and existing strategic buyers?
 - How does market fragmentation pose challenges in identifying targets, and what can buyers do to find opportunities?
 - Does the mid-market segment provide a unique opportunity for consolidation to drive economies of scale?
 - What are the current overall strategic and equity investment trends driving the market?
 - What are the market dynamics for 2018 and beyond?
- 10:25 – 10:45 *Networking Break*
- 10:45 – 11:35 **Deal Valuation and Trends – What Drives the Value of 3PL Assets?**
What will shape valuations and pricing in the coming year? This session will assess the key drivers of 3PL company valuation.
- Are the multiples over-emphasized?
 - How will macroeconomics impact prices?
 - Too many buyers and too much money are chasing T&L non-asset/light-asset deals. Who will win?
 - Has the freight brokerage business become over-commoditized? How does it impact valuations?

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11:40 – 12:30 **Strategic vs. Financial Buyers – Major Differences and Dynamics**

This session compares strategic versus sponsor investments in 3PL assets and their investment dynamic. There is plenty of “dry-powder” out there with sponsors and strategic buyers want to maximize synergies. We will examine the differences in approach of major investors and strategic buyers.

- What are the major differences in investment strategies and the way each values assets?
- How do buyers go about finding deals which fit their Investment Profile?
- Will the competition between various buyers send valuations for worthy “assets” into an upward spiral?
- Is investing in transportation or logistics technology an attractive investment?

12:30 – 1:40 *Group Luncheon*

1:40 – 2:35 **Mid-Market Consolidation, Roll Ups and M&A**

Since the mid-market presents unique challenges and opportunities within both asset-based and non-asset/light-asset T&L segments, this panel examines issues related to the less talked about mid-market segment of our industry. This panel will discuss:

- Why is the mid-market segment significant and important?
- What level of mid-market fragmentation is there in both asset/non-asset space?
- Why mid-market consolidation and roll up strategies can provide unique opportunities.
- What do sponsors think about mid-market investments?
- What are the usual challenges mid-market companies face in terms of scalability and growth?
- What the mid-market signifies about the future industry landscape.

2:35 – 3:00 *Networking Break and Private Meetings*

3:00 – 4:00 **Summarizing the M&A Landscape – New Headwinds and Tailwinds in the Industry**

This session will cover the latest market intelligence and industry dynamics influencing M&A activity into 2019, including:

- Macroeconomic trends that will influence valuations and capital structure.
- Industry dynamics impacting how big strategic and financial investors will approach M&A.
- Trends and trajectory of e-commerce logistics and its impact on M&A.
- Digital brokers, a new reality, how are they impacting the industry?

4:00 *Finance and Investment Briefing Adjourns*

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- 7:30 – 8:10 *Registration and Networking Breakfast*
- 8:15 – 8:20 *Welcome and Opening Statements*
Richard D. Armstrong, Chairman & CEO, ARMSTRONG & ASSOCIATES, INC.
- 8:20 – 9:20 **Global View and Regional Variations**
This Executive-level session will discuss market trends found globally and within specific geographies. What are the global paradigms for success?
- Areas for growth
 - Threshold IT and process levels
 - World class operations –from China, SE Asia, the Americas and more
- 9:25 – 10:25 **Creating Greater Value in Value-added Warehousing/Contract Logistics**
Spurred by the changes that omni-channel, B2Ce-commerce, cold chain and reverse logistics drive, value-added warehousing continues to be a growth segment for 3PL providers. How can 3PLs create more value? What will it take to succeed in this segment?
- Growth, vacancies and new construction
 - Labor trends and the impact of Amazon
 - Big boxes, RF and voice technology impacts
 - Customer expectations, procurement involvement and cross selling
 - How to address scope creep and maintain margins
- 10:25 – 10:45 *Networking Break*
- 10:45 – 11:45 **International Transportation Management/Freight Forwarding**
This session will evaluate the state of the international transportation management market and the direction the market will take over the next five years.
- Air and ocean volume trends and market opportunities
 - Operating model trends and integrated solutions (air, sea, road)
 - Impact of cross-border e-commerce
 - Customs brokerage and security concerns
- 11:45 – 1:15 *Group Luncheon*

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- 1:15 – 2:25 **Part One: Supply Chain Innovation – Automation, Robotics, and Artificial Intelligence**
Part one of our technology series addresses how automation, robotics and AI technologies are shaping the supply chain landscape.
- How is automation changing the supply chain management roadmap?
 - The future of warehousing management – Does it include products like augmented reality eyewear?
 - Artificial intelligence and machine learning – Is there evidence of it in the 3PL world? How will it exist in five years?
- 2:30 – 3:30 **Domestic Transportation Management and Dedicated Contract Carriage**
This session will review growth areas for success with domestic transportation management, freight brokerage, and dedicated contract carriage.
- Cross selling VAWD and transportation management
 - Electronic logging device and hours of service market impacts
 - Structural changes at the major players – how important are they?
- 3:30 – 3:45 *Networking Break*
- 3:45 – 4:45 **Digital Freight Matching**
This session will detail the rapid rise of digital freight matching applications and emerging technologies challenging the market establishment.
- Tapping into the sharing economy to more efficiently manage transportation
 - Leading apps and value propositions
 - Differences between digital freight matching and domestic transportation management
- 4:45 – 5:00 *Remarks by the Reception Host*
- 5:00 – 6:00 *Summit Networking Reception*

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- 7:15 – 8:00 *Networking Breakfast*
- 8:00 – 8:10 *Update and Overview*
Richard D. Armstrong, *Chairman & CEO*, ARMSTRONG & ASSOCIATES, INC.
- 8:10 – 9:10 **Supply Chain Mega-Trends: Growth Areas, Emerging Markets, and Opportunities**
This panel will explore how mega-trends will change future supply chain transformations.
- Big data
 - To automate or not?
 - E-Commerce and nearshoring
 - China and Mexico – trade and cross border changes
 - Spare Parts Logistics, new IoT-based models and the evolution/impact of 3D printing
- 9:15 – 10:15 **Value Creation: The Key to Success and Creating Greater Value**
Creating value to meet the ever increasing demand of customers and owners is essential. Third-party logistics (3PL) providers share their visions of the future for third-party logistics.
- Industry vertical outlook – current 3PL activity and growth drivers by industry
 - Recent merger and acquisition activity
 - 3PL market consolidation
 - Value creation – lean, sustainability, new paradigms, innovation
 - Areas to expand opportunities - cross selling transportation management, warehousing and freight forwarding
- 10:15 – 10:30 *Networking Break*
- 10:30 – 11:30 **Part Two: Supply Chain Innovation – Information Technology**
Part two of our technology series addresses the proliferation of Information Technology on the supply chain landscape.
- E-Commerce and consumer responsive operations – how is technology addressing the challenges and opportunities
 - Buying a system versus developing a system – how to navigate the make/buy decision
 - Order management, customer relationship management, and workflow technology trends

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- 11:35 – 11:55 **Warehouse Pricing Best Practices for Increased Profitability**
What are common warehouse pricing pitfalls the 3PLs can avoid? What are common areas where revenue is being lost? This session will demonstrate warehouse pricing benchmarking and highlight case studies with successful warehouse pricing and positioning.
- 12:00 – 1:00 **3PL Market Trends and Executive Predictions**
This panel is an executive-level review about ongoing 3PL market trends and 2018 predictions.
- Growth challenges and opportunities
 - Factors driving operational efficiencies
 - Future outlook
- 1:00 *Summit Adjourns*