

The logo for Integrated Shipping Solutions (ISS) is displayed in a bold, dark red, sans-serif font. It is positioned in the upper left corner of the page, set against a background of a warehouse interior with wooden pallets and cardboard boxes. One box in the background has a 'FRAGILE' label.

**ISS**

# **INTEGRATED SHIPPING SOLUTIONS**

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**Small Parcel Transportation  
Proposal for Consulting Services**

Sample Company ABC, Inc.

August 19, 2008



## INTEGRATED SHIPPING SOLUTIONS

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### *Company Profile*

#### **Mission Statement**

*We strive to educate and level the playing field for those whom we represent in negotiations with their small parcel carriers, as well as improve their overall small parcel shipping processes.*

#### **Vision**

*To provide all companies with the opportunity to leverage their power as small parcel customers and our knowledge to attain the best small parcel value available in the market today.*

#### **Who We Are**

INTEGRATED SHIPPING SOLUTIONS was founded and incorporated in the State of Wisconsin by Derrick Olson and Brett Stubblefield. ISS is a small parcel logistics-consulting firm comprised of associates with years of experience as account executives in the small parcel industry.

ISS was founded to serve a segment of the market that is being neglected and exploited by the major small parcel carriers. The carriers, rather than competition and the market have dictated price to customers for years. ISS levels the playing field for our customers in negotiations by providing knowledge and a frame of reference for what a fair price actually is. ISS also facilitates competition among carriers to allow the market to dictate what fair market value is for your small parcel business.

#### **Value Proposition**

By empowering ISS to negotiate on their behalf, customers realize many levels of value and a guaranteed ROI of 100% of the duration of the carrier agreement.

- **Best Small Parcel Value:** ISS negotiates on the customer's behalf with intricate knowledge of small parcel pricing structures. Therefore, we know what discounts your account qualifies for and ensure you get the best value in the market today.
- **Time:** By allowing ISS to negotiate on your behalf, you are able to focus your efforts on your other vendors as well as your daily job tasks. You are no longer forced to meet with carrier representatives numerous times to get a marginally better rate.
- **Impartial Professional Consulting Services:** ISS is indifferent to the small parcel carrier you select, and therefore is not in business to sell any one carrier's service. ISS partners with your business to make honest and impartial recommendations with respect to the solutions offered by the small parcel carriers. ISS is also dedicated to analyzing your shipping processes and making recommendations for improvements and the implementation of value added technology solutions offered by the carriers.

#### **Owners/Founders**

**Brett A. Stubblefield**  
*Vice President, CFO*

**Derrick C. Olson**  
*President, CEO*



## INTEGRATED SHIPPING SOLUTIONS

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### Small Parcel Value Program Process Details

#### **Phase I: Initial Client Contact**

- Client contacts ISS or ISS contacts customer to set up an initial consultation
  - Notify Client that ISS will need to see their 10 most recent small parcel shipping invoices, 1 week of manifests, and their carrier agreements
  - Notify Client that even if they already have a discount/incentive contract with their current carrier, that the agreement is not legally binding and may be opened for negotiation at any time.

#### **Phase II: Initial Consultation with Client**

- Meet with Client in person, or over the phone if they have confirmed contact information for their carrier representative(s). Approximately 30 minutes
- Discuss how and why ISS is able to save Client companies money on small parcel shipping
  - Intricate knowledge of the pricing structures from experience working for the small parcel carriers
  - Facilitation of a competitive environment
- Review most recent 10 weekly invoices and current small parcel situation
- Discuss the three major small parcel carriers and any Client preference
- Discuss ISS Consulting Agreement & how ISS is paid
- Client company & ISS agree to terms of payment, current shipping charges, and current effective incentive yielded from the 10 week sample submitted to ISS
- Client company faxes signed ISS contract to ISS
- Client company signs confidentiality agreement for situations involving UPS™

#### **Phase III: Negotiations with Carriers**

- Issue RFP information to three major small parcel carriers
- Actively negotiate with each small parcel carrier on an individual level to attain the best deal from all three
- Compile bids from the three carriers and recommendations into a final proposal

#### **Phase IV: Final Presentation to Client**

- Present all three bids to Client
- Make reasonable recommendations according to industry expertise
- Final carrier selection is made by Client

#### **Phase V: Implementation**

- Sign carrier agreement(s) with the selected carrier(s)
- Arrange meeting with carrier representative from selected company(s) to discuss any implementation issues if applicable
- ISS begins invoicing Clients monthly after new contract is effective



## Company Small Parcel Data Analysis

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## Company Consolidated Billing Analysis

**All UPS Accounts Combined**  
UPS Invoice Dates 09/06/08 – 10/04/08

UPS Invoice Date	Account Number	Location (City/State)	Net Charges	Weekly Incentive	Gross Charges	Effective Incentive %
09/06/08					\$41,798.16	
09/06/08					\$71,214.84	
Weekly Invoice Totals					\$113,013.00	
09/13/08					\$54,252.47	
09/13/08					\$96,290.92	
Weekly Invoice Totals					\$150,543.39	
09/20/08					\$48,707.55	
09/20/08					\$72,635.12	
Weekly Invoice Totals					\$121,342.67	
09/27/08					\$54,814.90	
09/27/08					\$112,284.99	
Weekly Invoice Totals					\$167,099.89	
10/04/08					\$42,158.38	
10/04/08					\$69,022.18	
Weekly Invoice Totals					\$111,180.56	
5-Week Invoice Totals					\$663,179.51	
Weekly Average					\$132,635.90	
Annualized					\$6,897,066.90	

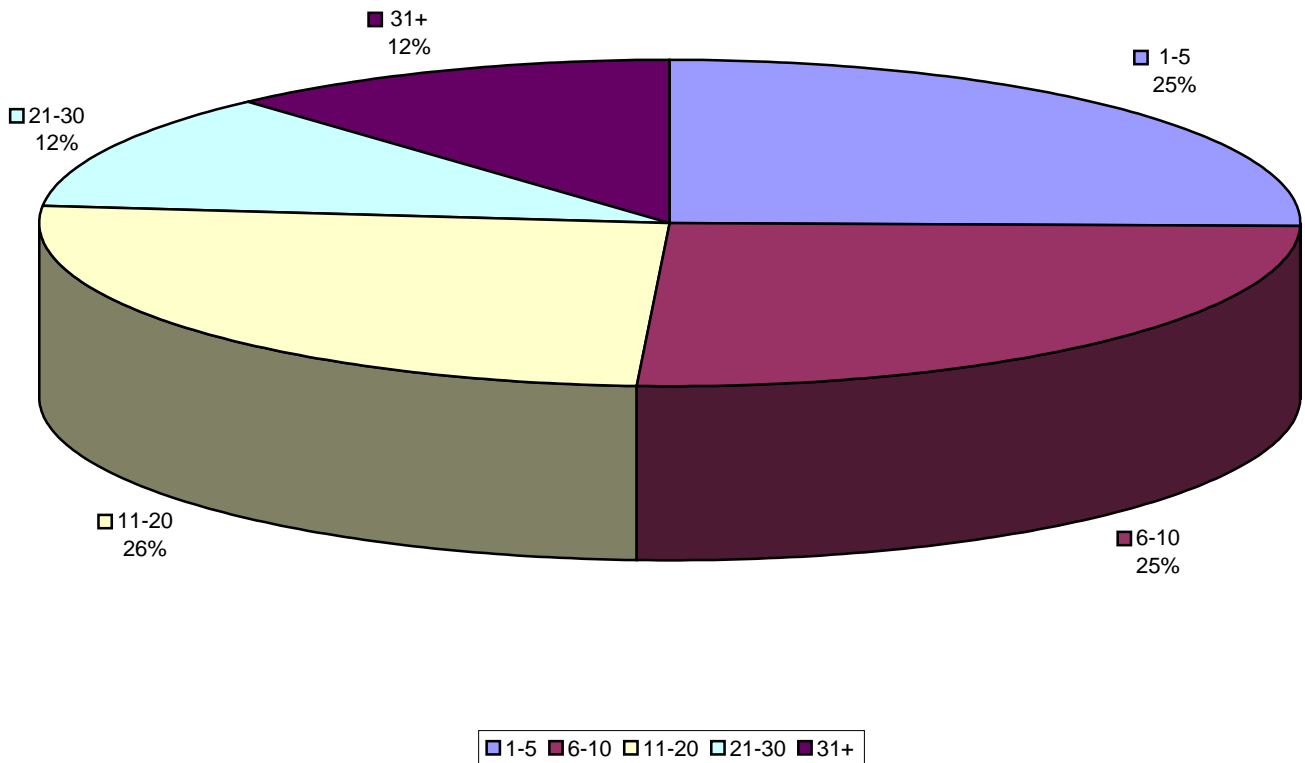
For your account, we would agree upon nnn% our base discount. This would be the discount percentage used when we execute the billing calculation on your bill. Please see the ISS Billing Calculation Diagram.

## Package Weight Distribution Analysis

Account # xxxxxx

\* Weight analysis performed on a 36,703-package sample from invoice dates 09/06/08 - 10/04/08

Package Weight (lbs.)	# of Packages	% of Packages
1 - 5	9237	25.17%
6 - 10	9384	25.57%
11 - 20	9509	25.91%
21 - 30	4309	11.74%
31 +	4264	11.62%



### Notes

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- ❑ *Mean package weight is 14.52 lbs.*
  - ❑ *Median package weight is 10.00 lbs.*
  - ❑ *Gross revenue per piece is \$11.48*

## Service Level Utilization Analysis

Account # xxxxxx

\* Service Analysis performed on a 34,105-package sample from invoice dates 09/06/08 - 10/04/08

Service Level	Pkgs	Weight (lbs)	Gross Charges	Incentive Savings	Net Charges	\$/pkg	lbs/pkg	% of Total Volume	% of Total Gross \$	Effective Incentive %
2ND DAY AIR	59	725	\$2,876.72			\$48.76	12.29	0.17%	0.68%	
3DAY SELECT	16	199	\$725.37			\$45.34	12.44	0.05%	0.17%	
ADDRESS CORRECTION	0	0	\$836.00			N/A	N/A	0.00%	0.20%	
COM. 2ND DAY AIR	281	3,911	\$14,565.80			\$51.84	13.92	0.82%	3.46%	
COM. 3DAY SELECT	102	1,544	\$4,550.12			\$44.61	15.14	0.30%	1.08%	
COM. EARLY AM	5	67	\$567.19			\$113.44	13.40	0.01%	0.13%	
COM. GROUND	28,676	401,573	\$289,469.81			\$10.09	14.00	84.08%	68.68%	
COM. NEXT DAY AIR	297	4,314	\$24,561.04			\$82.70	14.53	0.87%	5.83%	
COM. NEXT DAY SAVER	1	8	\$77.14			\$77.14	8.00	0.00%	0.02%	
COM ADJUSTMENT	0	0	-\$13,772.77			N/A	N/A	0.00%	-3.27%	
CREDIT ADJUSTMENT	0	0	-\$253.58			N/A	N/A	0.00%	-0.06%	
DCS CHARGES	0	0	\$2.50			N/A	N/A	0.00%	0.00%	
DELIVERY INTERCEPT	0	0	\$120.00			N/A	N/A	0.00%	0.03%	
FUTURE PICK-UP	0	0	\$4.42			N/A	N/A	0.00%	0.00%	
GROUND RES	4,849	59,933	\$60,185.63			\$12.41	12.36	14.22%	14.28%	
GSR REFUNDS	0	0	-\$1,177.18			N/A	N/A	0.00%	-0.28%	
HOST MANIFEST VOID	-253	0	-\$4,402.84			\$17.40	0.00	-0.74%	-1.04%	
HDWT 2ND DAY	5	0	\$1,941.20			\$388.24	0.00	0.01%	0.46%	
HDWT GROUND	0	0	\$23,941.54			N/A	N/A	0.00%	5.68%	
HDWT NEXT DAY	0	0	\$1,942.89			N/A	N/A	0.00%	0.46%	
NEXT DAY AIR RES	76	1,054	\$7,071.00			\$93.04	13.87	0.22%	1.68%	
RES ADJUSTMENTS	0	0	\$4,515.38			N/A	N/A	0.00%	1.07%	
SERVICE CHARGE	0	0	\$40.00			N/A	N/A	0.00%	0.01%	
SHIPPING CORRECTION	0	0	\$3,696.81			N/A	N/A	0.00%	0.88%	
UPS WORLDSHIP VOID	-11	0	-\$963.38			\$87.58	0.00	-0.03%	-0.23%	
WORLDWIDE SAVER	2	21	\$327.24			\$163.62	10.50	0.01%	0.08%	
<b>TOTAL</b>	<b>34,105</b>	<b>47,3349</b>	<b>\$421,448.05</b>			<b>-</b>	<b>-</b>	<b>100.00%</b>	<b>100.00%</b>	

### Notes

- 3,694 Commercial adjustments
- 1,820 Residential adjustments

## Zone Distribution Analysis

Account # xxxxxxxxx

Ground Service		
Zone	# of Packages	Weighted
2	4973	9946
3	7763	23289
4	5472	21888
5	7041	35205
6	1874	11244
7	1398	9786
8	4725	37800
<b>Totals</b>	<b>33246</b>	<b>149158</b>
<b>Average Zone</b>		<b>4.49</b>

2 <sup>nd</sup> Day Air Service		
Zone	# of Packages	Weighted
202	18	3636
203	38	7714
204	24	4896
205	65	13325
206	27	5562
207	31	6417
208	103	21424
<b>Totals</b>	<b>306</b>	<b>62974</b>
<b>Average Zone</b>		<b>205.80</b>

Next Day Air Service		
Zone	# of Packages	Weighted
102	16	1632
103	104	10712
104	50	5200
105	88	9240
106	26	2756
107	28	2996
108	47	5076
<b>Totals</b>	<b>359</b>	<b>37612</b>
<b>Average Zone</b>		<b>104.77</b>

3 Day Select Service		
Zone	# of Packages	Weighted
302	1	302
303	1	303
304	0	0
305	12	3660
306	11	3366
307	27	8289
308	64	19712
<b>Totals</b>	<b>116</b>	<b>35632</b>
<b>Average Zone</b>		<b>307.17</b>

Next Day Air Saver Service		
Zone	# of Packages	Weighted
132	0	0
133	0	0
134	0	0
135	0	0
136	0	0
137	0	0
138	1	138
<b>Totals</b>	<b>1</b>	<b>138</b>
<b>Average Zone</b>		<b>138.00</b>

Ground Service to AK/HI/PR		
Zone	# of Packages	Weighted
44	15	660.00
45	0	0.00
46	15	690.00
<b>Totals</b>	<b>30</b>	<b>1350.00</b>
<b>Average Zone</b>		<b>45.00</b>

2 <sup>nd</sup> Day Air AM Service		
Zone	# of Packages	Weighted
222	0	0
223	0	0
224	9	2016
225	1	225
226	11	2486
227	0	0
228	0	0
<b>Totals</b>	<b>21</b>	<b>4727</b>
<b>Average Zone</b>		<b>225.10</b>

Canada Standard Transborder		
Zone	# of Packages	Weighted
51	14	714.00
52	0	0.00
53	5	265.00
54	1	54.00
55	1	55.00
56	0	0.00
<b>Totals</b>	<b>21</b>	<b>1088.00</b>
<b>Average Zone</b>		<b>51.81</b>





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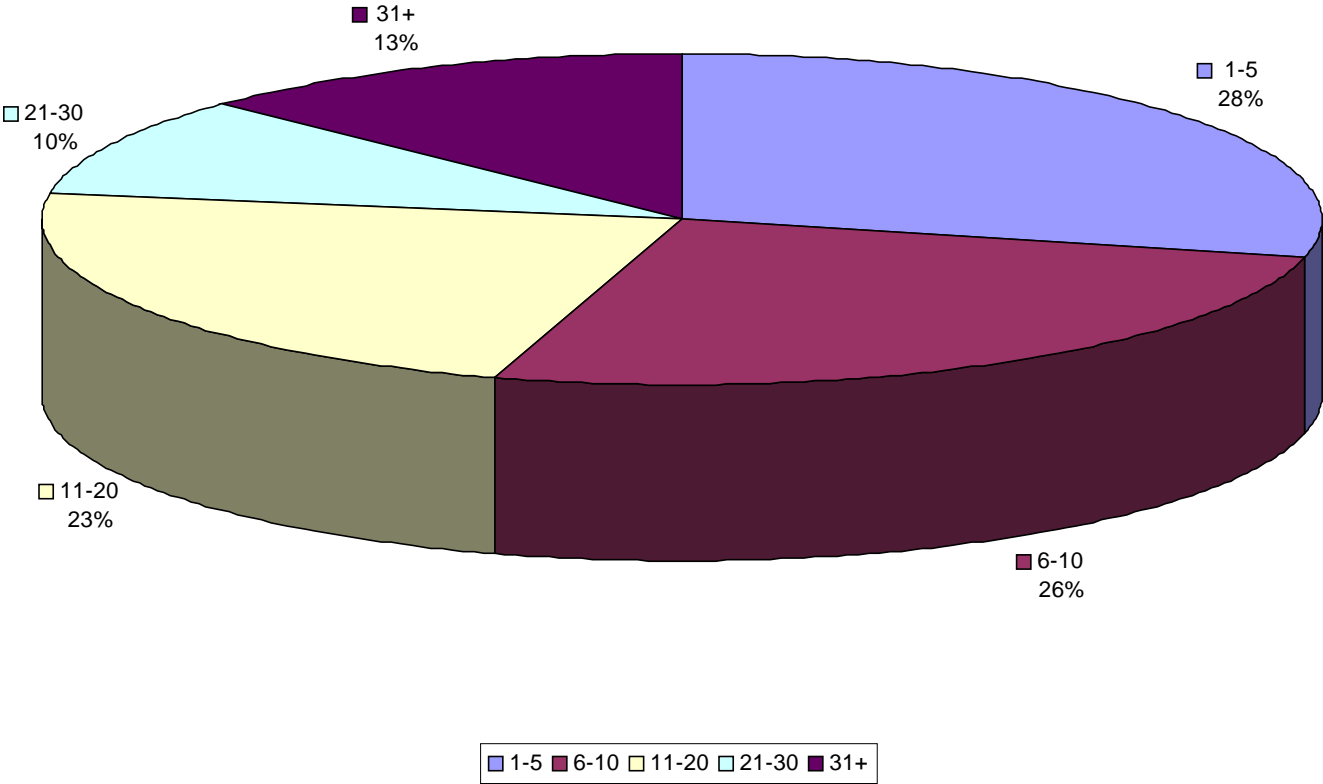
Account # yyyyyyyy

**Package Weight Distribution Analysis**

Account # yyyyyyy

*\* Weight analysis performed on a 24,138-package sample from invoice dates 09/06/08-10/04/08*

Package Weight (lbs.)	# of Packages	% of Packages
1 - 5	6902	28.59%
6 - 10	6326	26.21%
11 - 20	5446	22.56%
21 - 30	2357	9.76%
31 +	3107	12.87%



**Notes**

- ❑ Mean package weight is 14.28 lbs.
- ❑ Median package weight is 9.00 lbs.
- ❑ Gross revenue per piece is \$10.05

## Service Level Utilization Analysis

Account # yyyyyyy

*\* Service analysis performed on a 24,042-package sample from invoice dates 09/06/08 - 10/04/08*

Description	Pkgs	Qty	Weight	Gross Charges	Incentive Savings	Net Charges	\$/pkg	lbs/pkg	% of Total Volume	% of Total Gross Charges	Effective Incentive %
2nd Day Air A.M. Commercial	1	0	3	\$18.90			\$18.90	3.00	0.00%	0.01%	
2nd Day Air Commercial	50	0	586	\$1,586.90			\$31.74	11.72	0.21%	0.66%	
2nd Day Air Hundredweight	25	0	1065	\$1,252.08			\$50.08	42.60	0.10%	0.52%	
2nd Day Air Residential	203	0	3469	\$6,417.45			\$31.61	17.09	0.84%	2.66%	
3 Day Select Commercial	13	0	182	\$391.75			\$30.13	14.00	0.05%	0.16%	
3 Day Select Hundredweight	5	0	244	\$90.51			\$18.10	48.80	0.02%	0.04%	
3 Day Select Residential	7	0	104	\$161.05			\$23.01	14.86	0.03%	0.07%	
Additional Handling	0	109	0	\$708.50			N/A	N/A	0.00%	0.29%	
Address Correction	0	85	0	\$0.00			N/A	N/A	0.00%	0.00%	
Address Correction 2nd Day Air	0	3	0	\$20.00			N/A	N/A	0.00%	0.01%	
Address Correction Ground	0	155	0	\$905.00			N/A	N/A	0.00%	0.37%	
Address Correction Next Day Air	0	2	0	\$20.00			N/A	N/A	0.00%	0.01%	
Billing Adjustment 08/09/2008	0	3	0	-\$8.26			N/A	N/A	0.00%	0.00%	
Billing Adjustment 08/16/2008	0	1	0	-\$3.09			N/A	N/A	0.00%	0.00%	
Billing Adjustment 08/23/2008	0	4	0	-\$10.11			N/A	N/A	0.00%	0.00%	
Billing Adjustment 08/30/2008	0	5	0	-\$573.02			N/A	N/A	0.00%	-0.24%	
Billing Adjustment 09/06/2008	0	3	0	-\$19.92			N/A	N/A	0.00%	-0.01%	
Billing Adjustment 09/13/2008	0	27	0	\$27.89			N/A	N/A	0.00%	0.01%	
Billing Adjustment 09/27/2008	0	9	0	\$27.45			N/A	N/A	0.00%	0.01%	
Billing Adjustment 10/04/2008	0	6	0	\$13.01			N/A	N/A	0.00%	0.01%	
C.O.D.	0	4	0	\$36.00			N/A	N/A	0.00%	0.01%	
Chargeback Chargeback Surcharge	0	8	0	\$80.00			N/A	N/A	0.00%	0.03%	
Chargeback Delivery Area Surcharge	0	2	0	\$3.80			N/A	N/A	0.00%	0.00%	
Chargeback Fuel Surcharge	0	19	0	\$25.97			N/A	N/A	0.00%	0.01%	
Chargeback Ground Commercial	2	0	17	\$13.96			\$6.98	8.50	0.01%	0.01%	
Chargeback Ground Residential	17	0	412	\$196.70			\$11.57	24.24	0.07%	0.08%	
Chargeback Residential Surcharge	0	17	0	\$33.15			N/A	N/A	0.00%	0.01%	
Commercial Adjustment	0	17,731	254940	-\$61,495.04			N/A	N/A	0.00%	-25.45%	
Credit Balance 08/09/2008	0	1	0	-\$2.51			N/A	N/A	0.00%	0.00%	
Declared Value	0	1	0	\$6.00			N/A	N/A	0.00%	0.00%	
Delivery Area Surcharge	0	9,264	0	\$19,677.10			N/A	N/A	0.00%	8.14%	
Early A.M. Surcharge	0	23	0	\$655.50			N/A	N/A	0.00%	0.27%	
Fuel Surcharge	0	24,145	0	\$35,583.64			N/A	N/A	0.00%	14.73%	
Ground Commercial	3279	0	36622	\$25,636.32			\$7.82	11.17	13.64%	10.61%	
Ground Commercial Collect	3	0	24	\$24.68			\$8.23	8.00	0.01%	0.01%	
Ground Hundredweight	1567	0	37025	\$11,496.67			\$7.34	23.63	6.52%	4.76%	
Ground Residential	18658	0	260212	\$140,943.41			\$7.55	13.95	77.61%	58.33%	
Ground Undeliverable Return	0	7	168	\$85.82			N/A	N/A	0.00%	0.04%	
GSR 2nd Day Air Residential	0	2	24	-\$51.85			N/A	N/A	0.00%	-0.02%	

Description	Pkgs	Qty	Weight	Gross Charges	Incentive Savings	Net Charges	\$/pkg	lbs/pkg	% of Total Volume	% of Total Gross Charges	Effective Incentive %
GSR Delivery Area Surcharge	0	124	0	-\$78.15			N/A	N/A	0.00%	-0.03%	
GSR Early A.M. Surcharge	0	1	0	-\$28.50			N/A	N/A	0.00%	-0.01%	
GSR Ground Commercial	0	20	255	-\$158.79			N/A	N/A	0.00%	-0.07%	
GSR Ground Hundredweight	0	10	311	-\$106.61			N/A	N/A	0.00%	-0.04%	
GSR Ground Residential	0	91	1390	-\$766.12			N/A	N/A	0.00%	-0.32%	
GSR Next Day Air Early A.M. Res	0	1	34	-\$110.90			N/A	N/A	0.00%	-0.05%	
GSR Next Day Air Residential	0	7	167	-\$591.95			N/A	N/A	0.00%	-0.24%	
GSR Residential Surcharge	0	17	0	\$2.65			N/A	N/A	0.00%	0.00%	
GSR Residential/Commercial Adj	0	70	0	\$0.00			N/A	N/A	0.00%	0.00%	
GSR Shipment Residential Surcharge	0	5	0	-\$0.02			N/A	N/A	0.00%	0.00%	
GSR Shipping Charge Correction	0	3	0	\$20.20			N/A	N/A	0.00%	0.01%	
Intercept - Redirect Package	0	6	0	\$60.00			N/A	N/A	0.00%	0.02%	
Large Package Surcharge	0	14	0	\$630.00			N/A	N/A	0.00%	0.26%	
Next Day Air Commercial	54	0	712	\$3,314.30			\$61.38	13.19	0.22%	1.37%	
Next Day Air Commercial Collect	1	0	6	\$43.20			\$43.20	6.00	0.00%	0.02%	
Next Day Air Early A.M. Commercial	7	0	112	\$413.40			\$59.06	16.00	0.03%	0.17%	
Next Day Air Early A.M. Residential	16	0	220	\$713.30			\$44.58	13.75	0.07%	0.30%	
Next Day Air Hundredweight	35	0	909	\$2,071.55			\$59.19	25.97	0.15%	0.86%	
Next Day Air Residential	209	0	3199	\$12,092.70			\$57.86	15.31	0.87%	5.00%	
Not Previously Billed 2nd Day Air Com	1	0	8	\$31.55			\$31.55	8.00	0.00%	0.01%	
Not Previously Billed Additional Handling	0	1	0	\$6.50			N/A	N/A	0.00%	0.00%	
Not Previously Billed Canada Resi Surcharge	0	1	0	\$1.95			N/A	N/A	0.00%	0.00%	
Not Previously Billed Delivery Area Sur	0	5	0	\$7.50			N/A	N/A	0.00%	0.00%	
Not Previously Billed Fuel Surcharge	0	169	0	-\$321.66			N/A	N/A	0.00%	-0.13%	
Not Previously Billed Ground Com	5	0	134	\$61.56			\$12.31	26.80	0.02%	0.03%	
Not Previously Billed Next Day	3	0	44	\$182.45			\$60.82	14.67	0.01%	0.08%	
Not Previously Billed Residential Sur	0	159	0	-\$3,180.00			N/A	N/A	0.00%	-1.32%	
Remote Area Surcharge	0	3	0	\$18.00			N/A	N/A	0.00%	0.01%	
Residential Adjustment	0	179	2062	\$653.32			N/A	N/A	0.00%	0.27%	
Residential Surcharge	0	19,093	0	\$37,383.60			N/A	N/A	0.00%	15.47%	
Return to Sender 3 Day Select Hundredwt	0	6	93	\$37.21			N/A	N/A	0.00%	0.02%	
Return to Sender Fuel Surcharge	0	30	0	\$34.15			N/A	N/A	0.00%	0.01%	
Return to Sender Ground Undeliverable	0	24	387	\$203.08			N/A	N/A	0.00%	0.08%	
Returns 1 UPS Pickup Attempt	0	79	0	\$316.00			N/A	N/A	0.00%	0.13%	
Returns 3 UPS Pickup Attempts	0	72	0	\$432.00			N/A	N/A	0.00%	0.18%	
Returns Delivery Area Surcharge	0	135	0	\$202.50			N/A	N/A	0.00%	0.08%	
Returns Fuel Surcharge	0	287	0	\$202.37			N/A	N/A	0.00%	0.08%	
Returns Ground Commercial	0	136	1755	\$981.27			N/A	N/A	0.00%	0.41%	
Saturday Delivery	0	2	0	\$25.00			N/A	N/A	0.00%	0.01%	
Service Charge	0	5	0	\$40.00			N/A	N/A	0.00%	0.02%	
Shipment Residential Surcharge	0	1,550	0	\$2,680.00			N/A	N/A	0.00%	1.11%	
Shipping Charge Correction 2nd Day Air	0	29	803	\$101.72			N/A	N/A	0.00%	0.04%	
Shipping Charge Correction 3 Day Select	0	2	46	\$26.66			N/A	N/A	0.00%	0.01%	
Shipping Charge Correction Ground	0	306	9651	\$1,724.09			N/A	N/A	0.00%	0.71%	
Shipping Charge Correction Ground Und	0	1	72	\$14.63			N/A	N/A	0.00%	0.01%	

Description	Pkgs	Qty	Weight	Gross Charges	Incentive Savings	Net Charges	\$/pkg	lbs/pkg	% of Total Volume	% of Total Gross Charges	Effective Incentive %
Shipping Charge Correction Next Day	0	49	1,115	\$273.14			N/A	N/A	0.00%	0.11%	
Shipping Charge Correction NDA Early	0	9	92	\$9.37			N/A	N/A	0.00%	0.00%	
Standard to Canada	4	0	18	\$59.65			\$14.91	4.50	0.02%	0.02%	
Void 2nd Day Air Hundredweight	-2	0	53	-\$69.32			\$34.66	-26.50	-0.01%	-0.03%	
Void 2nd Day Air Residential	-1	0	22	-\$40.55			\$40.55	-22.00	0.00%	-0.02%	
Void Additional Handling	0	3	0	-\$19.50			N/A	N/A	0.00%	-0.01%	
Void Delivery Area Surcharge	0	48	0	-\$106.40			N/A	N/A	0.00%	-0.04%	
Void Fuel Surcharge	0	124	0	-\$267.50			N/A	N/A	0.00%	-0.11%	
Void Ground Commercial	-11	0	142	-\$84.12			\$7.65	-12.91	-0.05%	-0.03%	
Void Ground Hundredweight	-6	0	328	-\$98.80			\$16.47	-54.67	-0.02%	-0.04%	
Void Ground Residential	-102	0	2,501	-\$1,118.78			\$10.97	-24.52	-0.42%	-0.46%	
Void Large Package Surcharge	0	1	0	-\$45.00			N/A	N/A	0.00%	-0.02%	
Void Next Day Air Residential	-2	0	40	-\$137.05			\$68.53	-20.00	-0.01%	-0.06%	
Void Residential Surcharge	0	105	0	-\$205.80			N/A	N/A	0.00%	-0.09%	
Worldwide Saver	1	0	10	\$131.00			\$131.00	10.00	0.00%	0.05%	
<b>Total</b>	<b>24,042</b>	<b>74,618</b>	<b>621,788</b>	<b>\$241,641.46</b>			<b>-</b>	<b>-</b>	<b>100.00%</b>	<b>100.00%</b>	

### Notes

- 
- ❑ 26.39% of packages are currently at minimum
  - ❑ 38.53% of packages are charged DAS surcharge
  - ❑ 52 week rolling average was \$131,011.97 as of 9/27/08

## Zone Distribution Analysis

Account # yyyyyyy

Ground Service		
Zone	# of Packages	Weighted
2	2850	5700
3	6786	20358
4	6143	24572
5	5173	25865
6	1154	6924
7	753	5271
8	540	4320
<b>Totals</b>	<b>23399</b>	<b>93010</b>
<b>Average Zone</b>		<b>3.97</b>

2 <sup>nd</sup> Day Air Service		
Zone	# of Packages	Weighted
202	12	2424
203	44	8932
204	58	11832
205	101	20705
206	25	5150
207	14	2898
208	6	1248
<b>Totals</b>	<b>260</b>	<b>53189</b>
<b>Average Zone</b>		<b>204.57</b>

Next Day Air Service		
Zone	# of Packages	Weighted
102	26	2652
103	84	8652
104	109	11336
105	73	7665
106	20	2120
107	5	535
108	5	540
<b>Totals</b>	<b>322</b>	<b>33500</b>
<b>Average Zone</b>		<b>104.04</b>

3 Day Select Service		
Zone	# of Packages	Weighted
302	0	0
303	0	0
304	5	1520
305	7	2135
306	0	0
307	4	1228
308	9	2772
<b>Totals</b>	<b>25</b>	<b>7655</b>
<b>Average Zone</b>		<b>306.20</b>

Next Day Air Saver Service		
Zone	# of Packages	Weighted
132	0	0
133	0	0
134	0	0
135	0	0
136	0	0
137	0	0
138	1	138
<b>Totals</b>	<b>0</b>	<b>0</b>
<b>Average Zone</b>		<b>0.00</b>

Ground Service to AK/HI/PR		
Zone	# of Packages	Weighted
44	6	264.00
45	5	225.00
46	2	92.00
<b>Totals</b>	<b>13</b>	<b>581.00</b>
<b>Average Zone</b>		<b>44.69</b>

2 <sup>nd</sup> Day Air AM Service		
Zone	# of Packages	Weighted
222	0	0
223	0	0
224	3	672
225	12	2700
226	1	226
227	0	0
228	0	0
<b>Totals</b>	<b>16</b>	<b>3598</b>
<b>Average Zone</b>		<b>224.88</b>

Canada Standard Transborder		
Zone	# of Packages	Weighted
51	0	0.00
52	3	156.00
53	0	0.00
54	0	0.00
55	1	55.00
56	0	0.00
<b>Totals</b>		<b>211.00</b>
<b>Average Zone</b>		<b>52.75</b>

### Service Level Discount Analysis

Service Level	Discount %
Ground Commercial 1 – 5 lbs.	
Ground Commercial 6 – 15 lbs.	
Ground Commercial 15 + lbs.	
Ground Residential 1 – 5 lbs.	
Ground Residential 6 – 10 lbs.	
Ground Residential 11 – 30 lbs.	
Ground Residential 31 + lbs.	
Standard Canada	
Ground Cwt.	
3 Day Select	
2 <sup>nd</sup> Day Air	
Next Day Air	
Next Day Early AM	
2 <sup>nd</sup> Day Early AM	
Next Day Cwt	
2 <sup>nd</sup> Day Cwt	
3 Day Cwt	
Additional Handling	
Large Package Surcharge	



## **ISS Gain-Share Payment Model**

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**Gain-Share = Positive Impact on Cash Flow**



## **ISS Proposed Gain-Share Payment Model**

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- **ISS Gain Share Payment: 35% of the Savings for Duration of the Agreement (156 weeks)**
  - **Strategic Sourcing for Small Parcel Transportation Vendors, acquiring the most competitive agreements available from all three major vendors in the market today**
  - **Monitoring of your company's small parcel agreement for 156 weeks**
  - **ISS is available as a resource to your company for 156 weeks**
    - Constant access to our people, all of whom have a constant pulse on the market, seeing hundreds of small parcel agreements everyday, and have seen thousands of agreements over the course of their respective careers
    - The comfort and piece of mind that goes along with having one point of contact for your small parcel shipping questions. It is very likely that your company will have 4-6 different carrier representatives over the course of the 156-week agreement.
    - ISS will ensure that your small parcel agreement is optimized at all times over the course of the 156-week agreement. We will ensure that you are receiving the most competitive terms available at all times with regard to your current revenue levels over the term of the agreement.
  - **Quarterly Reviews with your ISS contact, and Quarterly Shipment Reports**
    - Your ISS contact will contact you quarterly to review quarterly shipment reports that will give you and your financial people a more comprehensive look at your current situation to date, and thus giving you more control over this very costly facet of your business
  - **Company agrees to ISS for 35% of the additional savings for the duration of the 156-week carrier agreement(s) on a monthly basis**
    - Example Company saves \$2,000.00 above and beyond the agreed upon baseline discount in a month, ISS invoices the company for \$700.00 for that month.
  - **Guaranteed Minimum ROI %: 185%**
  - **Client Agrees to be a reference if completely satisfied with our service**



ISS Billing Calculation Diagram

Example of carrier invoice after ISS negotiated rates implemented

Agreed upon effective incentive for this account from a 10 week sample analysis was 6.89% (BEFORE ISS). \$2,637.32 is the incentive savings achieved AFTER ISS negotiated on their behalf.

Disclaimer: discounts are customizable to each specific account, and vary depending upon package characteristics, zone, weight, and service level distributions, and negotiation experience and tactics.



Incentive Savings

Incentive Savings

Total incentive savings this period **\$ 2,637.32**  
 Your amount due this period includes these savings.  
 See incentive summary section for details.

Account Status Summary  
Weekly Payment Plan

Amount Due This Period	\$ 5,441.51
Amount Outstanding (prior invoices)	\$ 5,858.93
Total Amount Outstanding	\$ 11,300.44

Please include the Return Portion of each outstanding invoice with your payment. See Account Status for details.

Fuel surcharge update

Beginning October 3, 2005, the fuel surcharge applied to UPS domestic and international air services, and UPS 3 Day Selectsm, will be capped at 12.5 percent. Current fuel surcharge information is posted at ups.com.

Summary of Charges

	Charge
Outbound	
UPS OnLine WorldShip	\$ 5,396.27
Adjustments & Other Charges	\$ 38.24
Service Charges	\$ 7.00
<b>Amount due this period</b>	<b>\$ 5,441.51</b>

UPS payment terms require payment of this invoice by October 12, 2005.

Payments not received by October 26, 2005 are subject to a late fee of 5% of the Amount Due This Period. (Details in UPS Tariff, available at ups.com)

Note: This invoice may contain a fuel surcharge as described at ups.com. The current fuel surcharge is 3.0% for UPS Ground Services and 9.5% for UPS Air Services, UPS 3 Day Select, and International services. For more information, visit ups.com.

ISS Gain-Share Calculation:

$$\text{Net Charge} + \text{Incentive Savings} = \text{Gross Charge}$$

$$\$5,441.51 + \$2,637.32 = \$8,078.83$$

NET CHARGE

To calculate what this customer would have saved this week with their previous contract:

$$\text{Gross Charge} \times \text{Agreed Upon Previous Discount Percentage} = \text{Old Incentive Savings}$$

$$\$8,078.83 \times 6.89\% = \$556.63$$

To calculate the amount billed to this customer by ISS:

$$(\text{New Incentive Savings Achieved by ISS} - \text{Old Incentive Savings}) \times 35\% = \text{ISS Invoice Amount}$$

$$(\$2,637.32 - \$556.63) \times 35\% = \$728.24$$

This calculation will be done for all four weeks of the month. One monthly invoice will be cut on the first of every month, reflecting the amount billed for all four weeks. The payment terms are net 30 days from the invoice date. This process will be applied for the duration of the 156-week carrier agreement after ISS negotiates for your company. ISS has a positive impact on your cash flow from Day 1.

Gain-Share = Positive Impact on Cash Flow



# INTEGRATED SHIPPING SOLUTIONS

[www.integratedshipping.com](http://www.integratedshipping.com)

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Brookfield, WI 53005

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Email: [info@integratedshipping.com](mailto:info@integratedshipping.com)

## Customer Invoice

**Example Invoice**

**Invoice Date: May 1, 2006**

**Amount Due: \$ 3,848.37**

*\* Payment due net 30 days from invoice date  
\*\* Please enclose a copy of this invoice with payment*

## Detailed Analysis

*Week 14 – 18 of 156*

UPS Invoice Date	Net Charges	Incentive Savings	Gross Charges	Effective Discount	Previous Discount	Previous Savings	Difference	ISS Fee (35%)
04/01/06	\$13,192.00	\$7,334.02	\$20,526.02	35.73%	6.89%	\$1,414.24	\$5,919.78	\$2,071.92
04/08/06	\$1,009.55	\$212.62	\$1,222.17	17.40%	6.89%	\$84.21	\$128.41	\$44.94
04/15/06	\$2,363.00	\$391.68	\$2,754.68	14.22%	6.89%	\$189.80	\$201.88	\$70.66
04/22/06	\$5,181.63	\$1,155.18	\$6,336.81	18.23%	6.89%	\$436.61	\$718.57	\$251.50
04/29/06	\$10,310.89	\$5,087.66	\$15,398.55	33.04%	6.89%	\$1,060.96	\$4,026.70	\$1,409.35
<b>Total Due This Period</b>								<b>\$3,848.37</b>

*YTD ISS has saved you an additional \$38,420.73*

## Thank You

**INTEGRATED SHIPPING SOLUTIONS, INC.** would like to thank you for choosing us as your small package consultant. We truly appreciate your partnership, and hope you are completely satisfied with the savings and service we were able to provide to you. Please feel free to call or e-mail us if you have any questions regarding your invoice.

*We know what a good rate is, let us get it for you.*



## **Case Study 1:**

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*Bearing Distributor, PTDA Client*



*Small Parcel Value Program*

*Case Study 1: Current PTDA Client*

**Problem:**

A very large PTDA Client in Dallas, TX came to ISS with a problem. After negotiating with UPS six months earlier they felt they had not properly leveraged their position in the market and wanted to make sure they were receiving the best discounts possible with UPS. Knowing that they had neither the expertise, or the time to properly research their current position in the market they determined the best course of action was to engage a third party.

**Solution:**

This company hired ISS to look at their current small parcel situation and make suggestions that lead to hard dollar savings. After collecting data from all locations, and determining current implemented small parcel technologies, ISS developed a comprehensive RFP that would require the small parcel carriers to meet and exceed this company's small parcel needs.

**Results:**

ISS utilized their expertise in the industry to negotiate an agreement with the small parcel carriers that resulted in a hard dollar savings of \$390,000 over the duration agreement. ISS was able to achieve these results with the Company's current small parcel carrier. Therefore, the Company did not have to make any significant, time-consuming changes to their small parcel situation.

By engaging ISS, this company also improved operational issues, and technologies that they had thought were previously non-negotiable. The company also has a significantly improved and more comprehensive understanding of their small parcel situation, as well as the industry itself.



## Case Study 2:

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*Fittings Distributor, NAHAD Client*



*Small Parcel Value Program*

*Case Study 2: Current NAHAD Client*

**Problem:**

A large NAHAD Client with their corporate offices residing in Chicago, IL had multiple shipping locations and had previously allowed all locations to negotiate separate small parcel agreements. Thus leading to a fragmented view on small parcel shipping, and no real grasp on how to negotiate a company wide agreement for all business units.

**Solution:**

Company hired ISS to look at their current small parcel situation and consolidate all locations and business units on one small parcel agreement. Also, by leveraging all shipping volume and revenue ISS was asked to significantly reduce company wide small parcel transportation spend.

**Results:**

ISS was able to consolidate all shipping revenue and volume on one small parcel agreement leading to a hard dollar savings of \$450,000 over the negotiated agreement. Also, by consolidating these agreements ISS was able to help this company streamline small parcel shipping across all locations and business units, which has lead to a more efficient supply chain.



## INTEGRATED SHIPPING SOLUTIONS

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### Small Parcel Value Program Contact Information

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#### Notes:

Member of Wisconsin Better Business Bureau  
Affiliate of NAHAD ([www.nahad.org](http://www.nahad.org)), Aimee Murphy  
Affiliate of ISD ([www.isd.org](http://www.isd.org)), Aimee Murphy  
Affiliate of STAFDA ([www.stafda.org](http://www.stafda.org)), Georgia Foley  
Affiliate of SHDA ([www.shda.org](http://www.shda.org)), Kristin Thompson  
Affiliate of FISA ([www.fisanet.org](http://www.fisanet.org)), Stella Jones  
Affiliate of SMG ([www.safetymarketinggroup.com](http://www.safetymarketinggroup.com)), Jennifer Swafford  
Affiliate of PTDA ([www.ptda.org](http://www.ptda.org)), Brenda Holt  
Affiliate of CAFA ([www.cafa-info.org](http://www.cafa-info.org)), Kevin Wyckoff

