**NAME OF CASE**

**CO3 – Collaboration Concepts for Co-modality**

**Key Words:**
Freight consolidation and transhipment, transport optimisation; B2B solutions, ICT, Cooperation with competitors, new form of ownership, risk management, innovative tactical solutions; value added services, extension of services; transport and fleet management; environmental standards and policy, modelling and forecasting; monitoring and benchmarking of processes.

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**Benefits**

- Reduce empty running and lower carbon emissions
- Cut transport costs and reduce congestion
- Enable modal shift/Give SMEs the critical mass to compete
- Encourage sustainable distribution networks and partnerships/Improve warehouse utilisation
- Enhance customer service/ Mitigate waste issues
- Help companies find most-suitable partners

**Success factors**

- 20-40% carbon footprint reductions per freight movement
- Double-digit improvements in asset utilization
- Improvements in efficiency (cost), effectiveness (service level) of logistics network
- Synchronized overlapping freight flows of multiple independent shippers

**Supported strategic targets**

Public actors: ideal utilisation of infrastructure; limited climate change
Private actors: increased company profitability and competitiveness, maximal asset utilization, creating economies of scale, balanced provision of goods and services

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**Description**

‘Carpooling for Cargo’ concept has the purpose to facilitate horizontal collaboration between multiple independent shippers and (limited) LSPs. They pro-actively cooperate in clusters or communities to bundle their overlapping freight flows. "Bundling" in this context means that the compatible freight flows of shippers are consolidated in space, as well as synchronized in time. As in traditional logistics, the actual bundled supply chain of the community is outsourced to and physically executed by a LSP.

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**Starting point/objectives/motivation:**

The common practice before this implementation was the traditional business model of “groupage”: a logistics service provider re-actively tries to consolidate freight flows based on a 1-to-1 contract with individual shippers. Traditional service providers try to search geographical bundling opportunities for freight flows that “accidentally” move towards the same destinations. However, that type of consolidation has always been reactive because the LSP has no impact on the timing of the transport orders.

Most of the innovative building blocks for horizontal collaboration already exist. However, they are not yet widely known and tested in the logistics market due to its unfamiliar and complex nature. Although primarily driven by shippers and trustees, it must be underlined that horizontal collaboration is not a movement against traditional logistics business models or logistics service providers. Rather, it is an extension to their market and offers possibilities which were not available before.

A structural breakthrough in the competitiveness and sustainability of European logistics is needed. CO3 is an innovative attempt by stimulating horizontal collaboration. Missing link is a robust legal framework to make horizontal collaboration anti-trust compliant. The European Intermodal Association (EIA) and partners visited the EC (DG Competition) in 2010/2011.
Horizontal collaboration requires the intervention of a neutral 3rd party to maximize the gains of the community. In CO3 terms, such a party is called a network orchestrator or “trustee”. A trustee is needed when the collaborating shippers are dealing with confidential data or when they operate in (semi-) competing markets, when they want to redistribute synergy gains or when they need to synchronize operations on a daily basis. In 2012, Lloyd Shapley and Alvin Roth won the Nobel Prize in Economic Sciences, for their work on market-matching ‘Shapley’s theory of Stable Allocations’.

CO3 is to be located on tactical level: bundling of complementary cargo flows while a trustee orchestrates orders of several shippers. This in contrary to (operational) solutions & software used by LSP.

A Nobel prize winner is at the heart of this best practice CO3. 

Carpooling for cargo® is a commercially registered trademark to which TRI-VIZOR holds the rights.

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