

A woman with red braided hair, wearing a black long-sleeved shirt and a bright yellow safety vest with the 'GXO' logo, is operating a red pallet jack in a large warehouse. She is smiling and looking down at the controls of the jack. The warehouse is filled with tall metal shelving units (pallet racks) stacked with various boxes and supplies. The racks have labels such as 'CE', 'CD', 'CC', and 'CA'. The floor is a smooth, light-colored concrete. The lighting is bright and even, typical of a modern industrial facility.

**GXO**

# Make your supply chain your competitive advantage

How to solve 7 pressing logistics  
challenges through outsourcing



# Introduction

Customer expectations are rising. Technology is constantly evolving. A flood of data is overwhelming your ability to analyze and apply its insights. Disruptions in the supply chain can be caused by everything from a foundering ship clogging a major transportation artery to a pandemic shutting down all but “essential” work. Against this backdrop, keeping your business on track can seem increasingly challenging.

The question is no longer whether to outsource your logistics. The questions now are when? How much of your logistics? And with whom?

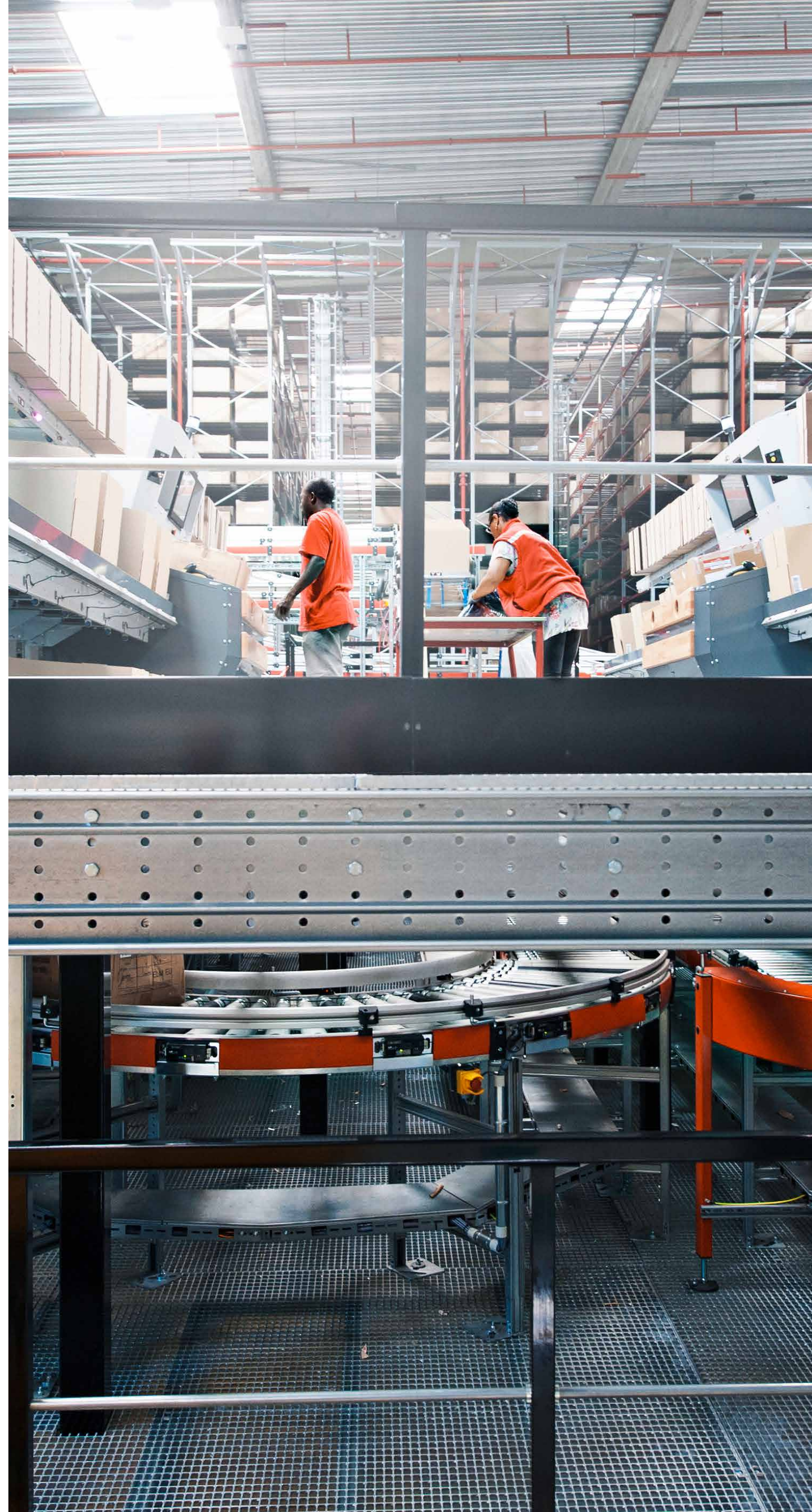
**In this report, we describe seven of the most pressing challenges that drive companies to outsource their logistics – as well as solutions to derive increased value from your supply chain.**

# Challenge 1

## Flexibility and scalability

**The modern global economy puts flexibility at a premium.**

**Fluctuations in demand, supply chain disruptions, explosive growth in ecommerce – these and dozens of other factors that are not in your control can affect your business. To be prepared, you need to be sure your logistics are flexible, efficient and cost-effective.**



## Solution

Partnering with a proven third-party logistics provider (3PL) can help you quickly adapt to predictable events, such as seasonal peaks and organic growth, as well as unforeseen change, such as market and customer shifts, by providing a flexible, scalable model for logistics – adapting labor and capacity as needed to meet changing demand.

GXO offers scalable logistics, including the ability to hire in different regions or different countries, the ability to source real estate or scale technology within complex operations and to do so with a focus on environmental, social and governance (ESG) goals. Our tools include the application of technology to complement and optimize labor, warehouse and operations management systems that provide a single point of visibility across multiple locations, enabling inventory rebalancing and sourcing orders from a different site, among other benefits.

## GXO success story

For the past 15 years, GXO has provided distribution for a healthy lifestyle and fitness company as their business transformed from a primarily storefront model to an consumer-driven online model. Through this transformation, GXO has continually adapted our operations to accommodate increasing picks along with kitting, packaging and other value-added services to support ecommerce growth.

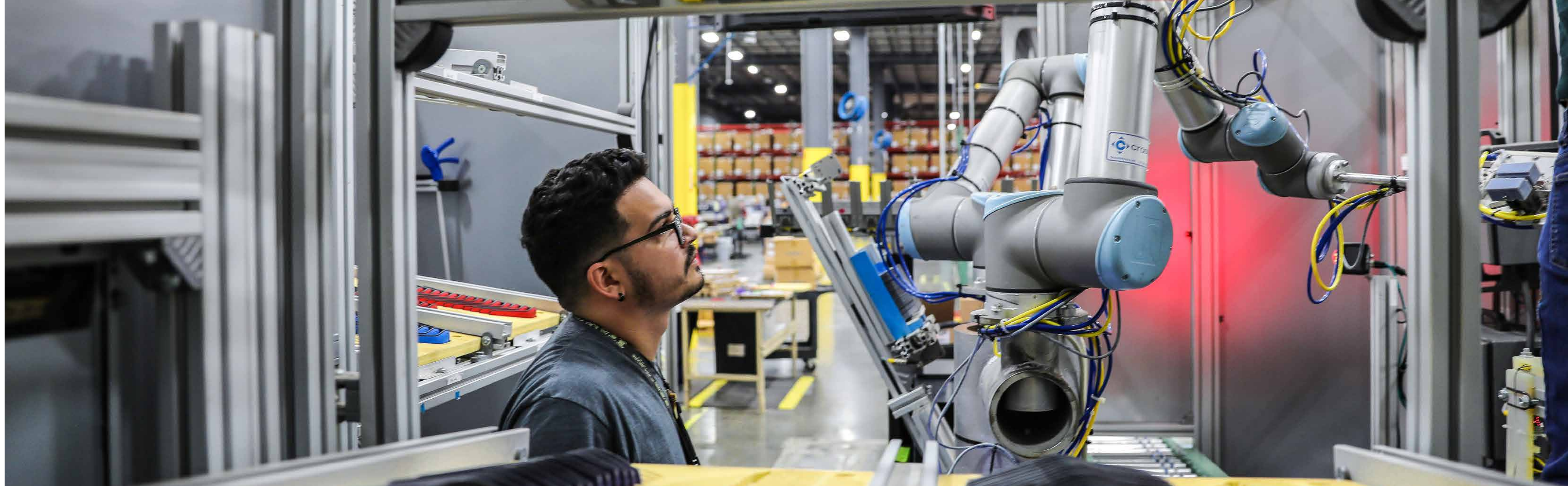


When Covid caused even sharper increases in online orders, GXO doubled hourly staff and implemented a new pick module in available space to ramp up capacity.

When our customer's 3PL in another region was unable to fill orders due to Covid outbreaks, we stood up an additional line of ecommerce business within 24 hours.

## Challenge 2

# Lack of technology expertise



**Because technology isn't a core competency for most businesses, technology optimization is a constantly receding target.**

**By the time a business identifies a critical technology and learns to harness its potential, technology already has moved on to the next generation or the one after that. Additionally, technology advancements require significant capital expenditures.**

## Solution

With help from a technology-focused 3PL, businesses can access multiple technologies to optimize their supply chain without having to assess implementation of such technologies on their own, tapping into their 3PL's cutting-edge technology and benefitting from its efficiencies and savings.

**By the end of 2021, GXO had implemented more than**

**4,000** robots and automation systems worldwide to help customers optimize their operations.

GXO's industry-leading IT systems are highly configurable, minimizing the need for time-consuming coding and customization and enabling rapid deployment, seamless use of mobile devices and wireless workstations, powerful analytics and enhanced visibility and collaboration. And GXO's IT employees have vast experience integrating and operating a variety of customer systems, enabling GXO to do the heavy lifting and minimizing the need for customer IT resources.

## GXO success story

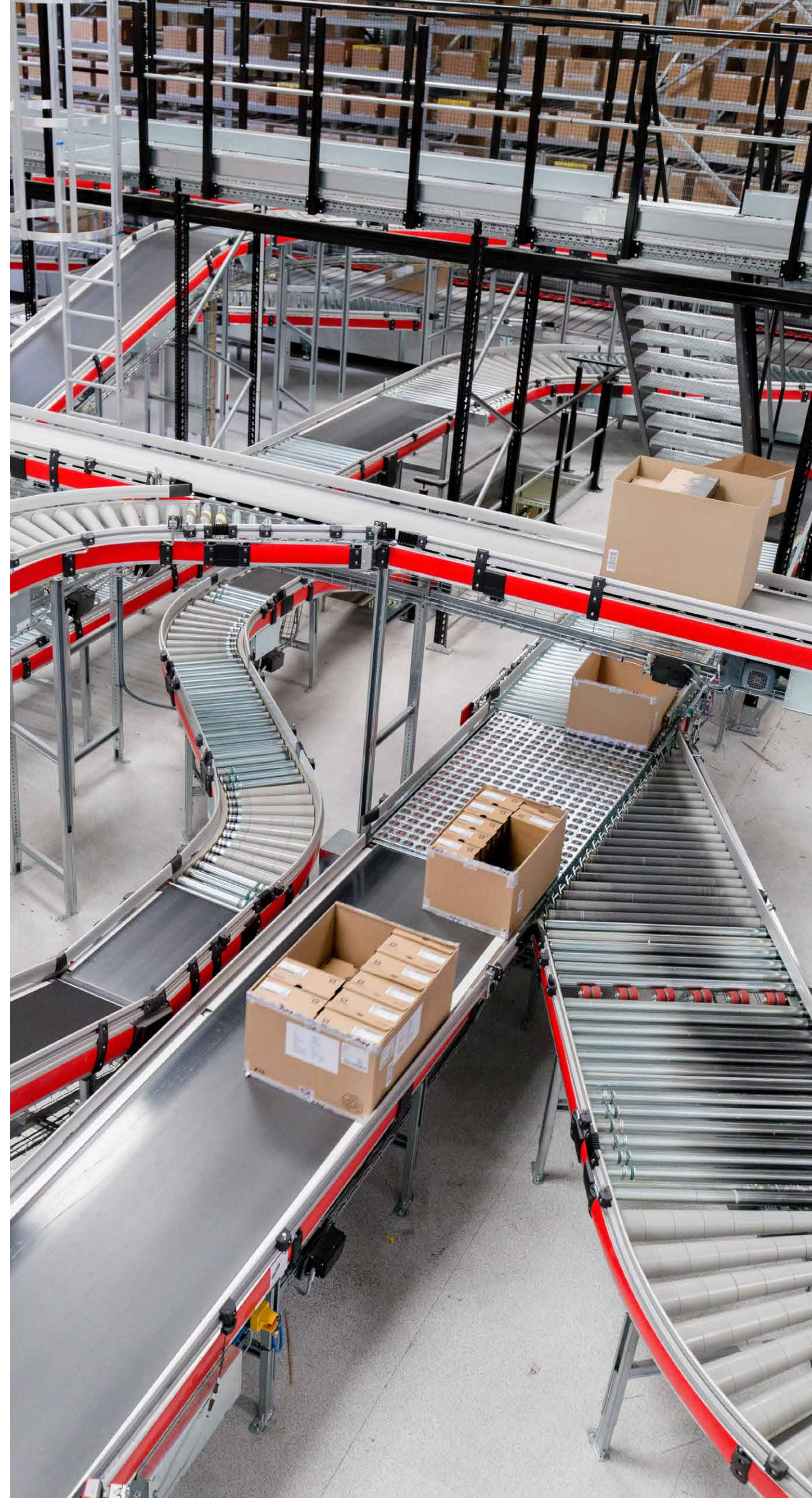
A leading provider of entertainment and communication services identified a business imperative to transform its supply chain to support its rapidly growing business. But the company recognized its limited ability to change due to internal factors, including seven disparate supply chains with limited expertise, multiple systems and a lack of high-quality data. GXO's centralized solution offers end-to-end control of all returned products, and our automated sortation system delivers savings that are then passed on to the customer. Additionally, we increase sustainability compliance and provide quarterly reporting of environmental performance.

## Challenge 3

# Lack of visibility

**Supply chain visibility and analytics are essential tools for optimizing operations and financial performance, especially in an uncertain environment. Throughout the COVID-19 pandemic, consumption patterns have changed frequently and sometimes wildly.**

**Even in “normal” times, having visibility over inventory in distribution centers and warehouses is critical to successful supply chain management.**



## Solution

A third-party logistics provider can use digital technology to enable transformative innovation within the supply chain and minimize the customer’s associated risk and cost.

GXO’s proprietary digital ecosystem enhances real-time visibility and supports management decision-making with predictive analytics and historical analysis.



### Features of our Order Manager solution include:

- Real-time visibility of transactions, order status and inventory across a network of distribution centers
- Integration with other supply chain applications, providing a single point of visibility
- Highly configurable, rules-based engine enabling customer-specific business decisions

## GXO success story

When GXO began working with a seller of toys and other gifts, it had completely separate retail and ecommerce supply chains. GXO’s systems expertise enabled consolidated inventory and operations while interfacing with multiple ERP systems for single-point visibility across the customer’s network. The consolidated operations maintain high fill rates by pooling inventory across channels while dramatically reducing overall inventory and overhead costs. This multi-channel solution later expanded to include an innovative option for customers to purchase souvenir merchandise at this customer’s live entertainment venues and have it delivered seamlessly to their hotel room or home.

# Challenge 4

## Labor constraints

**Labor constraints are hurting customer service and strangling growth.**

**The combination of various disincentives to work during the pandemic, a dramatic spike in the number of warehouse workers required to meet the surge in ecommerce, the sharp increase in wages and other benefits due to competition for scarce workers and high turnover rates has put enormous strain on labor effectiveness.**

### Solution

A strong partner can use its expertise and experience to recruit, hire, train and develop employees to ensure higher retention rates.

GXO strives to be an employer of choice through a combination of competitive wages and benefits as well as expert use of technology and automation to make work more efficient and engaging. GXO's Smart proprietary suite of intelligent productivity tools optimizes labor efficiency, with productivity improvements of 5% to 7%. Our scale enables labor-sharing/flexing, ongoing recruitment efforts in all major markets and agency partnerships that yield the best selection of candidates.



**Expert application of technology and automation can lead to a sixfold increase in labor productivity.**

### GXO success story

In 2020, GXO introduced substantial automation to one of our customer's operations that provides ecommerce distribution of home goods such as furniture and accessories. The robotic box erector and advanced overhead carousel improved output by nearly 50%. More importantly, these changes improved ergonomics and increased employee satisfaction.



# Challenge 5

## Space constraints

**Pandemic-related supply chain disruptions as well as the growth in ecommerce and returns have made many businesses increase inventory along the supply chain, which together with more space-intensive activities contribute to current warehousing space constraints.**



## Solution

GXO operates more than 900 warehouses with approximately 200 million square feet in total space across 28 countries around the globe. This network of strategically located warehouses can bring products closer to consumers.

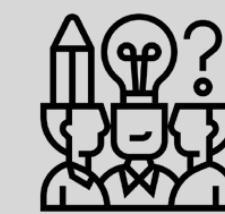
**>900**  
warehouses

**~200m**  
square feet

**28**  
countries

Our experience, scale and partnerships are an enormous advantage. GXO's established relationships with real estate partners, contractors, equipment vendors and staffing agencies streamline solution development, facility upfit and staffing.

GXO is a large tenant in many of the major markets where we operate, with the capability to rapidly identify and acquire new space.



**Our dedicated facility engineering teams can design facilities and manage the build-out process in any market.**

## GXO success story

GXO has held a close partnership with a home appliance manufacturer for over 40 years. When the company acquired an additional brand, it needed help merging the new brand into its supply chain. GXO organised the transition with total transparency to fulfill customer orders without disruption while meeting a 60% increase in order volume and a 40% rise in inventory. GXO's installation of heavy racks to maximize storage within the warehouse increased usable space by 70%.

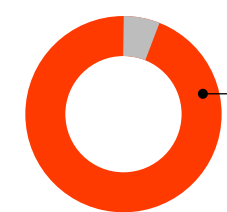
## Challenge 6

# Explosive growth in ecommerce and returns

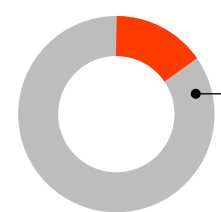
As ecommerce sales continue to grow, so will demand for logistics facilities to fulfill the higher levels of online orders. According to estimates, each additional \$1 billion in ecommerce sales requires an additional 1 million square feet of logistics space.

Handling returns requires an average of 20% more employees and warehouse space than outbound, cuts up to a third from margins and, in the U.S. alone, produces 5 billion tons of landfill waste.

The importance of getting returns right is clear:



**97% of consumers** would buy from a retailer again after a positive returns experience



**84% of online shoppers** would not shop with a retailer again after a bad returns experience



## Solution

Partnering with a third-party logistics provider can help meet the demands of growing ecommerce channels, overcome the challenge of omnichannel complexity and support rapid growth as well as implement a more efficient returns process to cut costs, improve margins and reduce environmental impact across multiple sectors and geographies.

GXO's ecommerce logistics are the foundation of blue-chip supply chains around the globe. In each case, we can deliver greater efficiency, more speed and better visibility, as well as significant value in the form of data-driven decision-making. From reliable fulfillment across a complex SKU range to 360-degree reverse logistics, GXO delivers superior outcomes at scale and proactively supports growth with ecommerce logistics.

## GXO success story

For the past seven years, GXO has supported a fast-growing global omni-channel fashion retailer. We've helped this customer with over 25 new sales market go-lives around the world and with specific returns processing solutions to increase customer service. We've also helped double outbound capacity for three distribution centers without stopping fulfillment for a single day.



# Challenge 7

## Sustainability pressures

**Pressure on businesses for supply chain sustainability has been growing.**

**Investors and the general public are demanding that sustainability be at the top of businesses' agendas.**



## Solution



**Partnering with a provider that shares your ESG values will enable you to implement green warehouse practices to reduce environmental impact and ensure sustainability.**

GXO earned an "AA" ESG rating from MSCI for our industry-leading ESG business practices. Among the efforts that earned this rating are our environmentally advanced warehouses, where we install LED lighting, recycle used goods (maximizing reclamation through grading, testing, refurb and repair) and optimize packaging (e.g., using corn starch stocks, paper bubble wraps, cardboard boxes with customizable recycled content, air pillows made with 95% post-industrial material). Many of our facilities are ISO14001-certified for environmental management, we monitor our forklift emissions and we conduct energy efficiency evaluations prior to selecting warehouses for lease.

## GXO success story

A provider of printing, fax and copy machines challenged GXO to consolidate electronic and toner returns with the goal of achieving the highest reverse flow reuse and recycling yield with the lowest logistics cost. Additionally, the solution needed to comply with environmental regulations across all countries where business is done. GXO provides full visibility on all returns, with more than 90% of returns re-used or recycled, zero landfill waste and new income streams generated from waste management.



## Turn your logistics into a significant competitive advantage – with GXO.

**You want to partner with a third-party logistics provider that is a proven industry leader; that understands your business, your industry; and that values collaboration to develop custom solutions.**

You want a partner that can provide the space and qualified people necessary to support your growth. A partner who can make your logistics safer, more productive and more sustainable.

In short, you want a partner who can help you make your logistics a competitive advantage.

As the world's largest pure-play contract logistics provider, GXO has a reputation for outstanding innovation, automation and service. We're uniquely capable of providing the industry-leading technology, world-class talent and global scale necessary to unlock the full potential of your logistics.

**We want to help you achieve your goals.**

**Connect with an expert**

