The Future of Logistics & Transportation in Manufacturing–Regional Railroad Perspective

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Class one railroads visual

http://www.memphis.edu/ifti/images-1/final_the3rd.swf
Rail Industry – General Comments

• Highly Capital intensive
  ▪ Track
  ▪ Land
  ▪ Assets
• Capacity constraints
• Expertise in their business
• Technology
• Safety
• Public Private Partnerships / Tiger Grants
• Regulations / Legislative Issues
• Profitability – Cost Advantage
Memphis Area Intermodal Terminals

- Railroad history in Memphis, TN: 5 Class Ones
- Brief history of Intermodal in Memphis
- Technology changed the way the railroads grew
  - Potential for the business unit called intermodal
  - Circus ramps to lift facilities
  - Systems
    - Measureable
    - AGS
    - OASIS
Optimization Case Study Comments

• ‘Timing is everything’
  • Example Case Study: West Coast Issue with working without a contract
    ▪ West Coast vs East Coast or CN Option
    ▪ Rates
    ▪ Asset Capacity
    ▪ Total costs:
      – Fuel
      – Chassis
      – Accessorials
    ▪ Further issues down the line with the Supply Chain
      – Balance, shortages

• Lesson: Must be nimble
Current Intermodal Trends

- Volumes improved 4.8% in 2014 over 2013
  - 16,276,892
- Revenue up 3.6% (IMC’s)
- Capex: 2014 - $27 Billion (44% of capex on maintenance infrastructure). 2015 est.- $29 Billion
- Environment is ripe for growth
  - Driver shortage
  - Infrastructure issue in highway
  - Potential - Capacity
- Intermodal versus other business units
- Fuel impact