



North American Council for Freight Efficiency

COUNCIL PLANNING COMMITTEES

How did we get here?

- Barriers to freight efficiency
 - Information vacuum / overload
 - Sunk costs
 - ROI risk
 - Existing business models threatened
- Better incentives and communication will drive a more efficient North American freight industry



Contents

- Vision and Mission
- Products & Services
 - What kinds of value will the NACFE provide?
- Membership Model
 - Who will be the beneficiaries?
- Governance
 - How do we ensure that proper value flows to beneficiaries?
- Operations & Funding Strategy
 - How will this activity sustain itself?
- Questions

Aug. 6, 2009: Founders Framed the Council

Vision

- A rapidly evolving, more profitable, efficient, and safe freight industry that ensures the environmental sustainability of North American goods movement.

Mission

- The NACFE will drive the development and adoption of efficiency-enhancing, environmentally-beneficial, and cost-effective technologies, services, and methodologies in the North American freight industry by establishing and communicating credible and performance-based benefits.

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NACFE Products and Services

DON BALDWIN
Michelin Tire

Committee Introduction

- Objective

The objective of the Products and Services Subcommittee is to identify potential products and/or services that could be developed by NACFE in order to serve the membership and to support the growth needed for sustainability.

- Activity to Date

- Developed a proposed list of potential products and services.

- Next steps

- Prioritize on the basis of attractiveness to NACFE members.

- Submit to the Council Board for inclusion in the Business Plan.

Product Offering Guidelines

- Scope: North American (vs. global), freight (vs. trucking)
 - NACFE will be clearly focused on the factors effecting freight efficiency, particularly fuel efficiency
 - NACFE will not test, it will approve certifiers/testers
- Products & Services should initially fall into 2 areas:
 - Credible source of information
 - Consultation
 - Evaluation
 - Advice
 - Education

NACFE Activities

- Clearly define freight efficiency
- Rate information
- Promote appropriate use of information
- Create and maintain an information clearinghouse
- Rate technologies and methods
- Perform fleet evaluations
- Educate drivers and fleets
- Predict efficiency gains for technology combinations
- Create identification for NACFE

Initial Offering

Service	Customer	Market
Certified Tests	Test Labs	Owner-operators Fleets
Certified Fleets	Fleets	Freight Customer
Component Rating	Technology developers (OEMs, suppliers, etc.)	Owner-operators Fleets OEMs
Tractor and Trailer Ratings	OEMs Dealerships Bodybuilders	Owner-operators Fleets Freight customer
Authorized Dealers and Installers	Dealerships Bodybuilders	Owner-operators Small-medium fleets
Design-based ratings (not yet fleet tested)	Technology developers (OEMs, suppliers, etc.)	OEMs Dealerships Bodybuilders
Communication of results	Technology developers (OEMs, suppliers, etc.)	Owner-operators Fleets OEMs

Years 2 and Beyond

Service	Customer	Market
Driver & Fleet Education and Accreditation	Drivers Owner-operators Fleets	Fleets Freight Customers Logistics companies
Infrastructure Certification (roads, truck stops, etc.)	DOT, State DOTs, Private road owners, Rail track owners	Fleets Logistics companies
Intermodal transport	Fleets (truck and rail) Logistics companies	Freight Customers
Calculation giving effect of combinations of technologies	Technology developers	Fleets Freight Customers Logistics companies
Financing	Finance Companies	Owner-Operators Small-Medium Fleets
Fleet Evaluation and Tracking	Drivers Owner-operators Fleets	Fleets Freight Customers Logistics companies

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NACFE Membership Model

ANDREW SMITH
ATDynamics

Committee Introduction

Objective

- To identify the structure, general content and benefits of membership to the NACFE in order to support NACFE's unbiased and objective approach and ensure its sustainable growth.

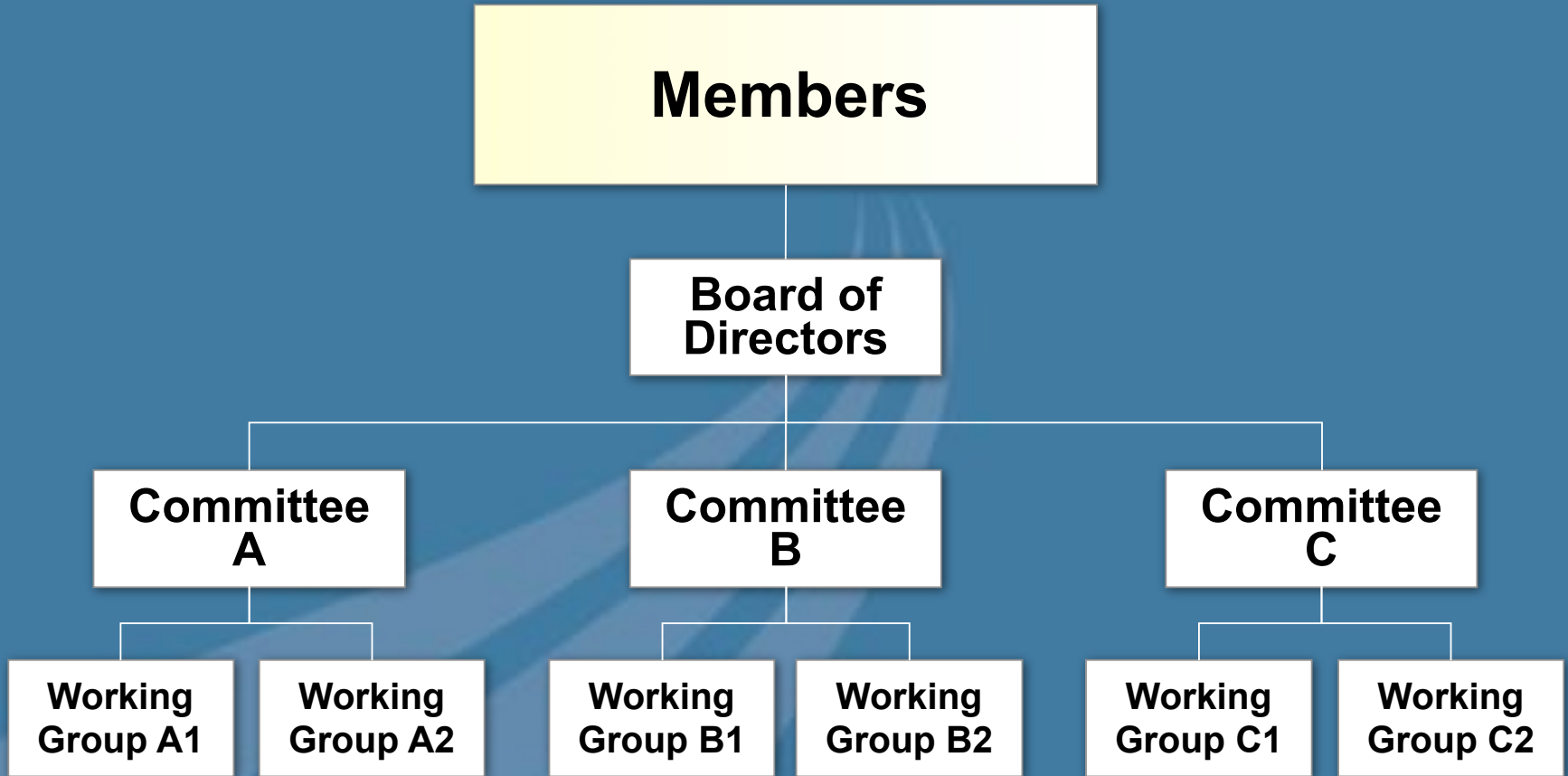
Activity To-Date

- Development of proposed list of potential member organizations, value proposition, base structure, and risks/mitigation plans

Subcommittee Next Steps

- Propose list of key organizations for targeted marketing
- Propose dues structure & resource commitment of members
- Submit to the Council for inclusion in NACFE Business Plan

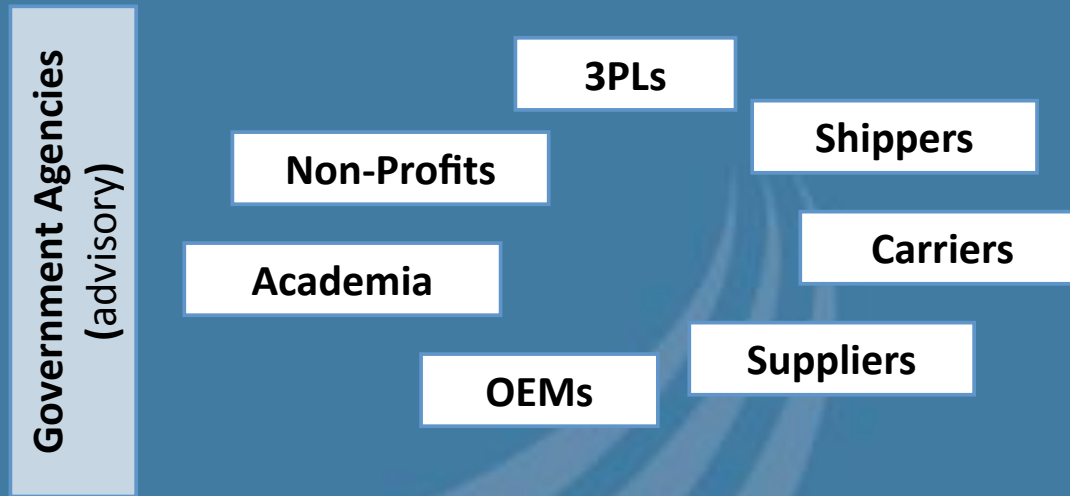
Organizational Structure



Much of NACFE's success rides on the quality and composition of its members

Stakeholders of Freight Efficiency

Suggested Member Organizations



■ Suggested Guidelines

- Good faith agreement to further NACFE goals vs. individual agendas
- Membership selection and renewal process defined and led by BOD

Broad and balanced representation for NACFE to remain unbiased and objective

Membership Value Proposition

- **Expands access to new technologies**

- Large database
- Small & large players
- Substitutes some scouting

- **Substitutes internal costs**

- Internal technology scouting
- Objective outside data
- Asset utilization opportunities

- **Reduces adoption risks**

- Objective evaluations
- Multiple viewpoints

- **Encourages innovators**

- Bundled evaluation costs
- Level playing field
- Access to major players

- **Improves industry relationships**

- More communication between industry players
- Corporate and personal networks
- Good Corporate PR

Managing Risks

Potential Concerns

Reluctance to Share Info

Biased Leadership

Sceptics Unconvinced

Mitigation

- Broad product offerings
- Include buyers of technology

- Broad working teams
- Committee / BOD oversight
- Include fleets/end users
- Include neutral organizations or outside auditors

- A few motivated, highly visible members

Membership Requirements

Requirements

Annual dues

Resource Commitment

Rationale

- High enough to encourage participation
- Not major budgetary issue
- Tiered to ensure broad representation
- Time seen as value-added, educational
- Enjoyable, networking opportunities
- Early wins
- Measurable, sustainable results

Membership Options

- Individual-based
 - Lower cost per member
 - Educational vs. services oriented
 - Individual vs. organizational representation
- Organization-based
 - Higher cost balanced by higher value-add
 - Education geared toward organizational goals
 - Organizations represented, benefit most
 - Tiered to allow broad representation

Potential Alliances

- 21st Century Truck
- EPA SmartWay
- American Trucking Association (ATA)
- Owner-Operator Independent Drivers Association (OOIDA)
- Society of Automotive Engineers (SAE)
- Hybrid Truck Users Forum (HTUF) / Calstart
- Others (*Evergreen Fleets, FPI Innovations, Carbon War Room*)

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NACFE Governance

Driving Innovation



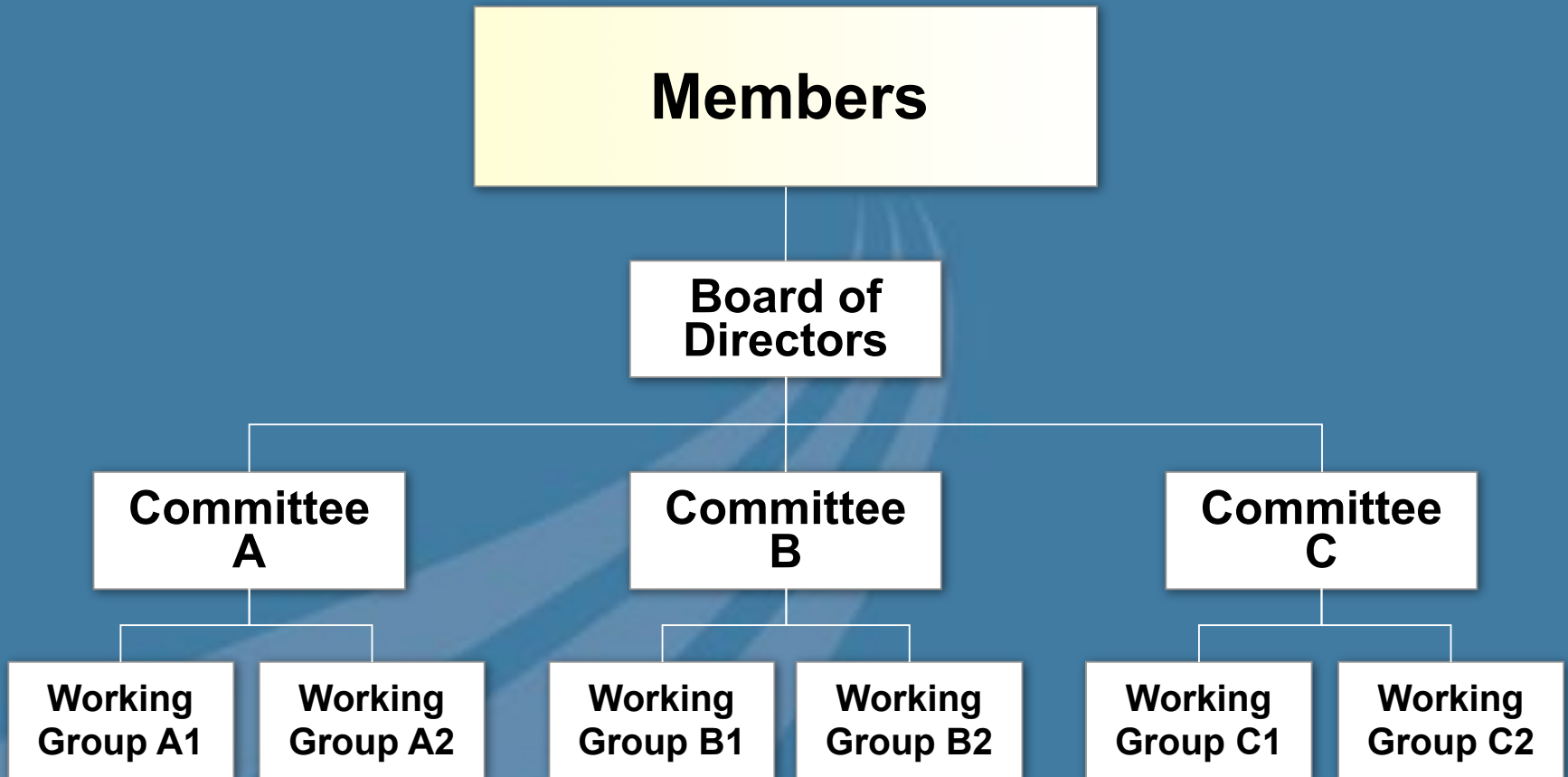
Chester Carlson
Xerox



Purpose of the Governing Body

- Re-define what is “efficiency”
 - 10 miles/gallon?
 - ton-miles/gallon?
 - ton-miles/kilowatt-hour?
- The leadership of the NACFE should lead the industry in envisioning the future of freight transportation

Organizational Structure



Board Structure

- Key characteristics – forward-looking / representative / flexible
- Initial board members selected for 1-2 years, then NACFE votes in new members every 2 yrs
- 10-15 members to launch – may grow to 20 members

Board Composition

The diverse board structure must drive:

Efficiency Innovation

Market Demand

Economies of Scale

- Technology companies
 - Powertrain
 - Tires/wheels
 - Aerodynamics
 - Composite materials
 - Logistics hardware/software

- Academia
 - Transportation
 - Energy and environment

- Advocacy groups
 - Technology
 - Energy and Environment

- Carriers
 - TL
 - LTL
 - Private fleet
 - Owner-operator
 - Intermodal

- OE Suppliers
 - Truck manufacturer
 - Trailer manufacturer
 - Train

- Shipping customers
 - Industrial
 - Consumer

- Investors
 - Clean tech private equity

- Gov't liaison (no board seat)

Governance Timeline

Nov. 3, 2009

Present board structure for
feedback at Inaugural meeting

Dec. 1, 2009
Board members
nominated

Dec. 31, 2009

Initial board members
selected by consensus of
NACFE founding team

February, 2009

First meeting of the Board

November 2009

December 2009

January 2010

February 2010

March 2010

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Operations and Funding Strategy

MIKE ROETH
ROETH, LLC

Committee Introduction

- Objective
 - The objective of the Operations and Funding Subcommittee is to develop an operations and funding strategy that aligns with the NACFE Products and Services strategy and that identifies potential sources of funds to support NACFE operations.
- Activity to Date:
 - Development of a high-level organizational structure that facilitates NACFE operations and delivery of products and services
 - Development of a phased sequence of target funding classes.
- Next steps:
 - Propose a list of initial target sources for each funding class;
 - Submit this list to the NACFE Board for approval to pursue.

Operation & Funding Guidelines

... to align with NACFE Products and Services

Scope

- The scope of funding strategy reaches from an initial seed funding and organization phase to a self-sustaining operation phase.
 - The initial seed funding phase will last five years.
 - Self-sustaining operation will begin by the end of year 5.
 - The transition from seed funding to self-sustaining operation will start by the end of year 1 and finish by the end of year 5.
- NACFE Funding will fall into three classes
 - [Initial] Donations (Foundations, Corporations, Individuals)
 - Government Grants
 - NACFE Dues, Products, and Services

NACFE Operations Structure (proposed)

Derived from NACFE Products & Services

Marketing

- Market Research
- Industry Trends
- Industry Gaps
- NACFE Opportunities
- Promotion
- NACFE Offerings
- NACFE Capabilities

Information

- Clearinghouse
- Regulations
- Standards
- Technologies
- Methods
- Reports
- Information rating
- Context
- Interoperability

Technical Services

- Evaluations
- Technologies
- Development/Test Methods
- Fleet Advising
- Configurations
- Operations
- Education
- Drivers
- Maintenance Personnel

NACFE Operations

Forecasted Headcount & Budget

	Marketing	Information	Technical Services
Year 1	1 FTE +\$400k expense	1 FTE	1 FTE
Year 2-5	1.5 FTE +\$? expense	2 FTE	5 FTE and a contract team available for charged services
Year 5+	?	?	?

Notes: FTE = full time equivalent “staff” employee
Year 2-5 NACFE includes revenue from services

NACFE Funding Vision

Targets Based on Sequenced Products & Services

