

# Panther's logistics bite

*Expedited ground carrier expands business with international freight forwarding.*

By CHRIS GILLIS



**P**anther Expedited Services is poised to take a bigger bite of the logistics market.

The Seville, Ohio-based company has increased its presence in international freight forwarding through acquisition, and is now ready to initiate a public stock offering in preparation for further expansion.

Panther first gained its footing in transportation about 20 years ago by providing door-to-door expedited ground services to the automotive sector and gradually rolled those out to other shippers with similar time-sensitive delivery requirements.

"After years of managing the industry's most critical shipments, we're bringing the same sense of urgency to delivery of high-value freight to and from anywhere in the world, regardless of the mode," said Andrew Clarke, Panther's president and chief executive officer.

This change has taken several years to evolve in a company highly regarded among automakers for providing an "ambulance service" to keep assembly lines running smoothly. It's estimated that it costs automakers about \$20,000 a minute whenever a line goes down. The company has found similar interest for this level of service among shippers in the pharmaceutical, life sciences, and electronics industries.

Panther operates this service through its network of more than 1,000 exclusive owner-operators of tractor-trailers and cargo vans, which are painted with the company's logo and outfitted with technology that keeps them connected to Panther's information system. The company has the capability to electronically dispatch a truck within a few minutes and pick up a shipment within 90 minutes.

In addition, Panther has access to a large pool of third-party ground carriers. The company has increased the size of

this network to more than 1,600 truckers. In an emergency, Panther is not beyond chartering planes to ensure shipments are delivered on time.

For the most time-sensitive deliveries, Panther makes available its Elite Services, which includes temperature control, special security, heavyweight and oversize shipping, and emergency recoveries and distributions. Clarke noted that Elite Services has been used by the U.S. government's NASA and Defense and Treasury departments.

Four years ago, U.S. expedited ground services accounted for 92 percent of Panther's business, with 53 percent of that in the automotive sector. Since 2006, when Clarke joined the company, Panther has rapidly branched into other areas of logistics, both because its customers asked for it and to avoid having its business too narrowly focused on automotive parts supplies.

Unforeseen by Panther, the U.S. auto industry's annual output dropped dramatically from a high of near 16 million units in 2006 and 2007 to almost 8 million units in 2008 and 2009. "I shudder to think what we'd look like today if we had not done that," Clarke said.

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In July 2006, Panther acquired certain assets of Con-way Expedite and Brokerage, a division of Con-way Inc., to expand its ground expedited services and shipper base.

This acquisition was followed by the purchase of Integres Global Logistics, which was founded by United Airlines, Unisys and Roadway Express as a technology-based forwarding and logistics firm dedicated to air and ground freight services. The Integres acquisition also provided Panther with a platform for its One Call Solution shipping quotation system.

In October 2008, with an eye to expanding into international air and ocean forwarding services, Panther acquired Portland, Ore.-based Elite Transportation Services, which also has offices in Seattle, San Francisco, Los Angeles and San Diego.

For years, Panther has worked closely with many forwarders and express carriers to handle the ground transport portion of their inbound international shipments. While the company continues to serve these partnerships, it also sees opportunities to handle some of its own overseas freight.

"It's a pretty big world and we're not that big in that world," said Clarke, referring to the estimated \$176 billion global logistics market. "We know our business with forwarders and our own direct business. We will not back-solicit."

In the first six months of 2010, Panther handled shipments to or from 38 countries, mostly in Asia. The company has targeted U.S. gateways for international freight opportunities, including New York, Atlanta, Miami, Chicago, Dallas, Houston, San Diego, Los Angeles, San Francisco and Seattle. In its Aug. 9 registration statement filed with the U.S. Securities and Exchange Commission, the company said it has hired international sales people and continues to invest in building its brand in these markets. Panther also has its sights on developing overseas market opportunities in India, South America and Europe.

To support its domestic and international services, Panther's online shipping procurement engine searches more than 200,000 transportation options for every shipment.

Investments in service diversification and systems are starting to pay off for Panther. In the first half of 2010, North American ground expedited accounted for 66 percent of its overall business, followed by Elite Services at 16 percent, air and ocean freight at 14 percent, and 4 percent listed as other.

Clarke said the company will continue expanding its logistics services, geographic coverage and customer base.

"We're open to organic and acquisition growth," he said. "We have so much blue sky ahead of us." ■