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## Transplace sees uptick in third-party logistics work

Dallas Business Journal - by [Jeff Bounds](#) Staff writer



SHIPS AND TRUCKS: Tom Sanderson says Frisco-based Transplace will grow this year despite the recession because it helps shippers cut costs.

Times are tough in the freight transportation business. But that appears to be a good thing for **Transplace Inc.**

The company, which provides transportation management services and technology, plans to hire about 50 people in the next month, mostly for the operations and sales side of the business.

Tom Sanderson, chairman and CEO of the nine-year-old company, says the new hires will be located both at its Frisco headquarters and at its two locations in Arkansas, in the cities of Lowell and Stuttgart. The company also has an operations center in Laredo, along with several employees in Mexico City and Monterrey, Mexico. Transplace established its Mexico presence last year.

Sanderson says Transplace, which has 480 workers, is growing because it is helping cut costs at customers like Del Monte Foods, Home Depot, Autozone, Pep Boys and Bed, Bath & Beyond. "We're very attractive for them in this economy," he says.

One line of Transplace services lies in what is known as "third-party logistics," which, in this context, essentially helps manufacturers and retailers manage the transportation of freight to stores.

For instance, while Transplace does not own trucks, it buys trucking services in bulk and then helps consolidate shipments so fewer trucks are necessary. It also helps shippers with everything from contracting with freight-transport companies to analyzing and negotiating rates and selecting distribution sites.

“We manage about \$2.5 billion of freight transportation a year,” Sanderson says. “There’s an awful lot more that’s out there” to be had.

The company also supplies software that essentially lets clients handle chores like that on their own. The software, which Transplace develops itself, is updated every four weeks and is made available over the Internet. The company has about 85 people in its Frisco-based information-technology operation, according to Vincent Biddlecombe, Transplace’s Executive Vice President and Chief Technology Officer.

Transplace is majority-owned by five of this country’s biggest trucking companies: Lowell, Ark.-based J.B. Hunt Transport Services Inc.; Phoenix, Ariz.-based **Swift Transportation Co. Inc.**; Chattanooga, Tenn.-based **Covenant Transportation Group Inc.** and **U.S. Xpress Enterprises Inc.**; and Omaha, Neb.-based Werner Enterprises Inc. Sanderson says less than 10% of the logistics business that Transplace farms out to various trucking companies actually goes to its owners.

### **Dot-com origins**

Originally capitalized with about \$30 million, Transplace, which does not reveal revenue, was originally founded to profit from the dot-com boom, with the idea being to help shippers and freight carriers coordinate the movement of goods from points A to B.

Many suppliers of third-party logistics services, such as Transplace, can do well in good times or bad, according to Steve Swartz, an assistant professor of logistics management at the University of North Texas.

When the economy is good, third-party logistics suppliers allow companies to focus on what they do best by taking away the headache of managing their own freight transportation and warehousing chores. When things are tough, third-party logistics companies help companies cut costs, according to Swartz.

“It’s a pretty good market model,” he says.