



**Newsletter Issue 3  
November 2016**

## **A Step in the Right Direction**

*"It was very inspiring to hear about all the projects and progress made by NexTrust. Reducing the greenhouse gas emissions and associated climate change is fundamental to the Paris Agreement and achieving many of the UN's Global Goals for Sustainable Development, and transport has a very important part to play. In that context, the NexTrust solution is a step in the right direction because industry collaboration is essential to achieve the scale of emissions reduction required, but we need to be aware that it may face a number of challenges when it comes to implementation, primarily due to the diversity of legal frameworks and the complexity between stakeholder relationships. It was great to see the progress made."*

Regnier Schouwenburg – Supply Chain Director Northern Europe - Diageo

## **What will NexTrust achieve?**

It will increase the efficiency and sustainability levels in the logistics supply chain by developing trusted, collaborative networks via pilot case demonstrations.

## **What is unique about NexTrust?**

[Click here to see our latest video to find out more](#)

## **Targets stipulated by the EC:**

- Reduce delivery occasions by 20%
- Reduce greenhouse gas emissions by 50%
- Increase vehicle load factors by 50%
- Highlight the barriers to collaboration and suggest proven ways of eliminating them

## **Project Status**

The project has just reached the half way point and is progressing well

We now have 33 pilots running - 10 more than the committed target which is excellent news; the first validated results will be published in Spring 2017.

# Collaboration in Practice - Breakthrough

As part of the NexTrust project an innovative “trustee business model” has been introduced which will play a crucial role in facilitating supply chain collaboration. It is the first time in the supply chain that such a concept has been implemented. It is significant that horizontal and vertical collaboration aspects together are addressed properly to significantly change the way the supply chain can be managed today and in the future. NexTrust’s key objective is to reduce the environmental impact of the supply chain significantly.

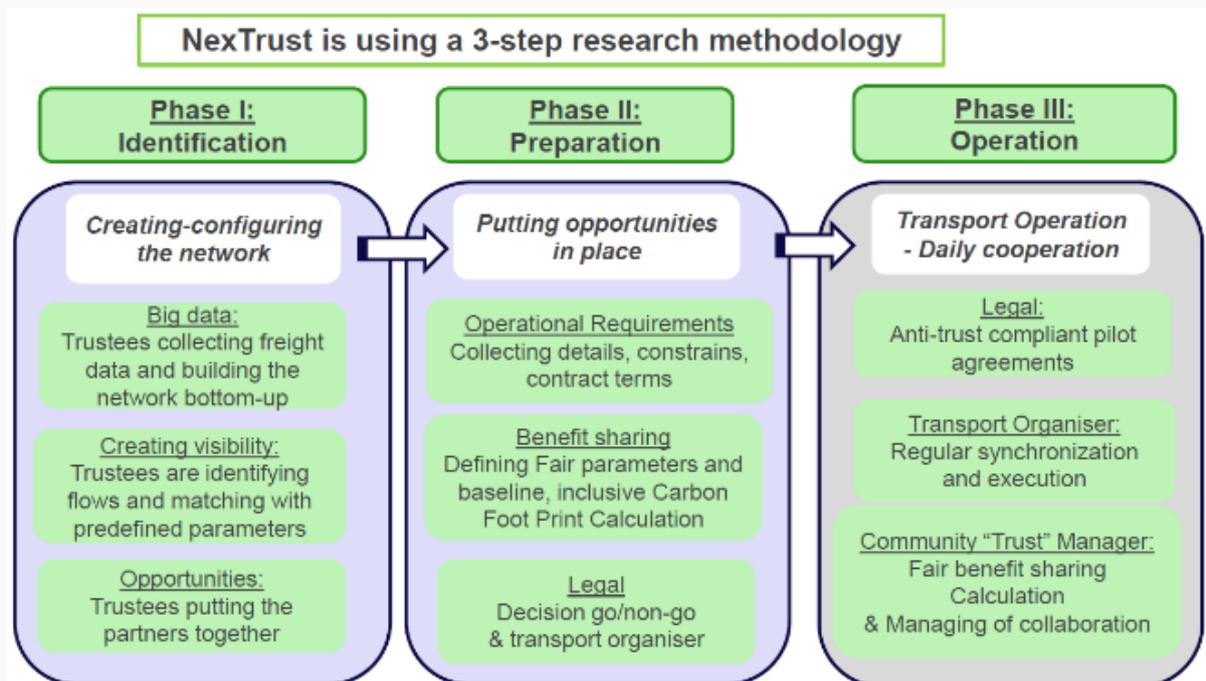
The core of this business model is the role of the trustee who facilitates a legally anti-trust compliant environment in which shippers, carriers and railway operators can collaborate without building a cartel, respecting the EU internal market rules of a liberal market.

**Achieving a breakthrough!** Everyone - shipper or carrier, should say goodbye to the entrenched attitudes that collaboration even between competitors is impossible. It is possible with the NexTrust approach as it is reducing any risk to violate EU anti-trust law.

Collaboration is a corporate mind set, a culture driven at the Board level. We have recognised the natural reluctance of some companies to join the pilot cases and provide data, and we are working hard to overcome this. The 3-Phase research approach assures the confidentiality of their data and that legal compliance rules are respected. Once potential savings and NexTrust’s efficient working methods are recognised, the reluctance disappears.

The methodologies for calculating the Green House Gas emissions savings are being further developed and the discussions on the sharing of any benefits are progressing well. The latter is not an easy topic but collaboration is about sharing *both risks and benefits*.

In the next coming months the pilot cases will be validated. The first learnings and the results, once confirmed, will be published on the NexTrust website.



# 3-Step Research Methodology

The NexTrust methodology to test and validate pilot cases of collaborative trusted networks are following a proven 3-STEP-trust-approach. This was first designed for small scale pilot cases by the trustee partners TRI-VIZOR, Giventis, Kneppelhout and Pastu Consult in the CO3 project. In almost all NexTrust pilot cases, the trustee is in the middle of the collaboration and the pilot case participants are following the 3-STEP approach development necessary to build and facilitate effective, scalable collaborative networks along the entire supply chain.

## Phase 1- Identification

In the identification phase, the trustee collects and analyses transport flow data of shippers and LSPs who have expressed interest in identifying collaboration synergies between them. This process must be managed in complete confidentiality exclusively through the trustee, using an anti-trust compliant legal framework. The role of the trustee has to be absolutely neutral and free of commercial conflict of interest.

The “mapping & matching” analyses of transport data flows are executed with specialised, cloud-based “big data” ICT tools. This bottom up, organic approach to building sustainable collaborative networks, capturing transport data and matching with potential partners for the purpose of building trusted collaborative networks, has proven effective in other previous market driven projects where NexTrust partners have played a significant role. This is a distributive business model that will enable local trustees to utilize appropriate ICT tools across the market, without the need to rely on a massive central database with all its ensuing legal and trust issues.

NexTrust follows the business philosophy of "think globally, act locally" with regards to building trusted collaborative networks.

The first trust step is an important building block to achieve the project objectives by uncovering hidden efficiencies in the European logistic market. The identification process is designed to identify potential partners for selected matches and thus initiate first trusted relationships that can be quickly scaled up to demonstration pilots.

## Phase 2 - Preparation

In the preparation phase, it is the trustee’s responsibility to facilitate the development of business cases to support specific collaboration scenarios and act as an arbitrator to overcome any barriers or constraints to the collaboration. This requires a “tool kit” of processes, methodologies and ICT tools covering all aspects of trusted collaboration, for example legal agreements, rules of engagement that cover partner gain sharing, entry/exit terms, supplier selection and expected behaviour between the partners.

In many situations, the trustee may also facilitate LSP sourcing in an anti-trust compliant environment through various means. Through practical research and testing in its test cases, the NexTrust consortium will extend the development of market accepted practices first identified as a success factor in the CO3 project. A key learning derived from the CO3 project is the market will not readily accept the theoretical gain sharing practices and compensation rules developed there (e.g. Shapley). While of interest from a scientific standpoint, they have not been found to be business friendly or applicable in many cases. While keeping Shapley as a proven method,

NexTrust intends to focus its research activities on alternative, more practically acceptable compensation rules, developed case by case in pilots, and tested for both general market acceptance and scalability.

## Phase 3 - Operation

In the operation phase, the trustee implements the collaborative agreement (rules of engagement), and if required, coordinates and supports the actual operations of the collaboration scenario on an on-going and real-time basis. The trustee can also audit the actual operations to ensure that the rules of engagement are followed and that gains delineated in the collaboration agreement are actually accrued by the partners.

## Pilot Case Progress Full Truck Load (FTL) Road Bundling

- The most successful pilot category is the cross-shipper FTL collaboration for round trips, fresh-frozen food and continuous movement network design.
- Overall 9 pilot cases with six multinational shippers are currently in the operation phase and all have the opportunity to cross-collaborate horizontally following the NexTrust protocol and business model. The focus in the operational process is to gain more understanding of the execution of collaborative networks and validate three pilot cases under market conditions before results can be communicated to the European logistics arena on a wide scale and achieve market stickiness.

## NexTrust Industry Board (NIB)

The NexTrust Industry Board is a body of more than 30 senior industry experts from 5 European countries including retailers, shippers and logistics service providers and supported by Universities, Lawyers and Communicators who are not in the Project Consortium and representing different industry sectors than already engaged within NexTrust.

The purpose of this highly valuable and knowledgeable group is

- to enable NexTrust Consortium members to actively engage with various different interest groups external to the project and with representatives of the companies who could exploit the tools and techniques that NexTrust is developing.
- to provide expert questions and feedback to the NexTrust innovative business model and its validation in pilots on the practicality and commercial benefits of the suggested pilot outcomes when and where needed, as well as acting as one channel among others for dissemination and exploitation of NexTrust activities.

A kick off meeting was held on November 3rd in Cologne. This will be the subject of the next newsletter.

# Next Steps

The NexTrust project will continue its research activities and the partners will be concentrating on progressing the pilot cases. The first results must be further validated and substantially confirmed in 2017.

To stay informed about our activities or to contact us take a look at our website

[www.nextrust-project.eu](http://www.nextrust-project.eu)

## NexTrust Partners



[www.nextrust-project.eu](http://www.nextrust-project.eu)

*"Building sustainable logistics through trusted collaborative networks across the entire supply chain"*

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