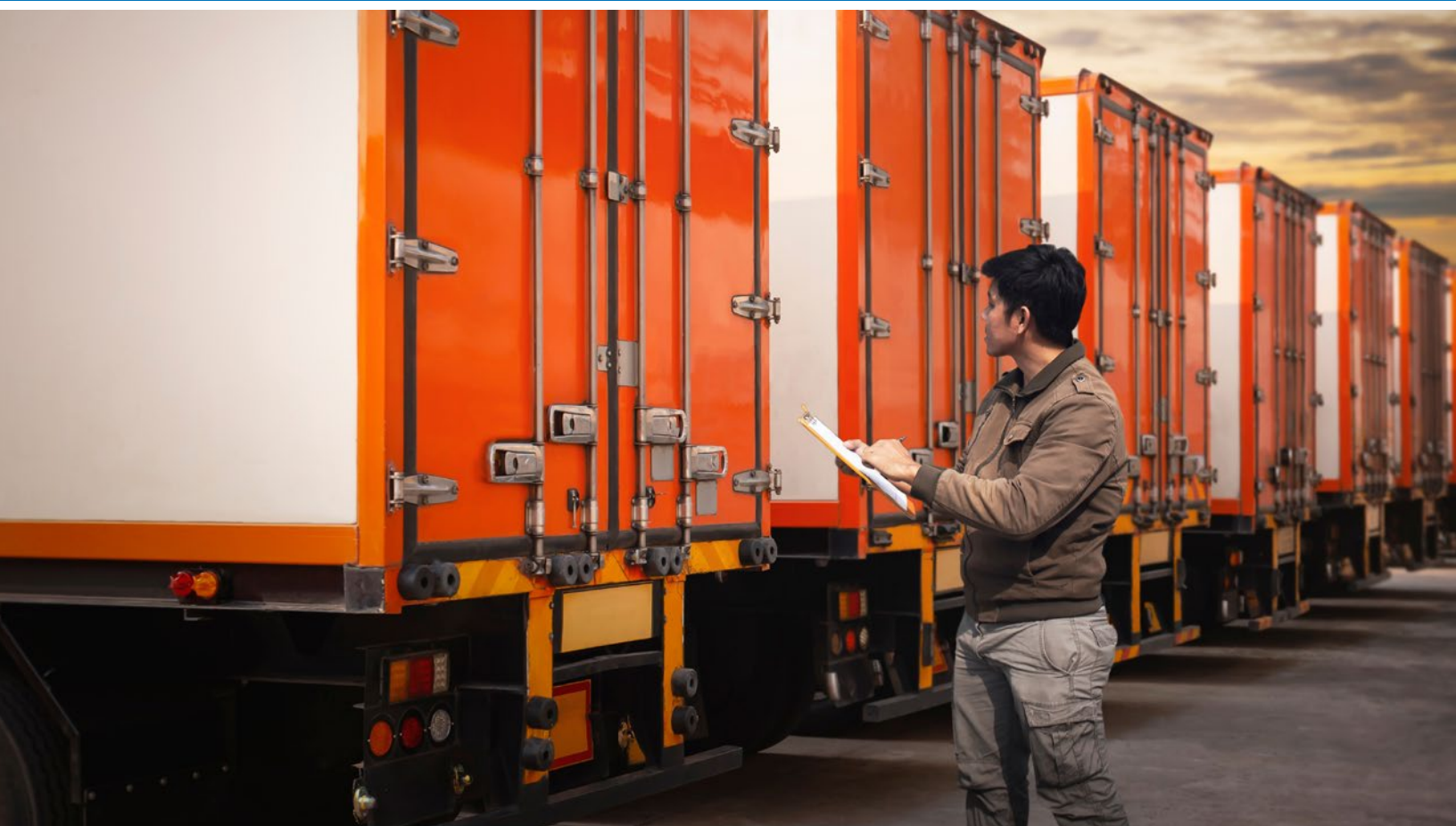


Is Your Cargo Safe?

A Guide to Ensuring Shipment Security





Shipment security encompasses a broad range of practices to safeguard against various threats.

Historically the shipper has focused predominantly on minimizing the risk of theft of their trailers, containers and cargo. However, today's shippers have broadened their focus to include everything from tampering, unauthorized access to transporting hazardous or contraband materials.

The objective is clear: to ensure that the integrity of cargo remains intact throughout its entire journey, preserving its value, reliability, and safety.

The repercussions of compromised cargo security are far-reaching – reverberating through supply chains, economies, and societies. When shipments are tampered with, stolen or lost, businesses take a hit in financial losses, supply chain disruptions occur, and confidence from their customers erodes.

What is the cost of cargo theft to shippers? Supply chain risk events across the United States and Canada in 2023 surged 68% year over year in the fourth-quarter of 2023 compared with 2022, according to [CargoNet](#), a subsidiary of data analytics firm Verisk. During the third quarter of 2023, cargo thefts were up 57% year-over-year compared to the same year-ago period.

“The trends tell us that cargo theft is currently at a 10-year high,” says one crime and theft specialist in the commercial freight market. “So far, the numbers for the beginning of 2024 are projecting that 2024 will have higher theft numbers than 2023, which had higher numbers than 2022.” This fraud specialist says the industry is experiencing higher incidences of strategic cargo theft, which involves fraudsters using stolen motor carrier

operating authorities or logistics broker identities to obtain freight and misdirect it from the intended receiver in order to steal it.

Creating a Security Plan for Risk Mitigation

The challenges to cargo security are diverse, and each challenge presents its own unique set of risks. For example, cargo theft is a persistent concern - with criminals graduating from simply intercepting shipments to now finding more sophisticated ways to pilfer valuable goods and disappear before detection, according to Lisa Barot, President and Co-founder of Omni1 Logix, a New Jersey-based third-party logistics provider (3PL) that focuses on full truckload, LTL, drayage, and retail pick-ups and deliveries.



Lisa Barot

“There are a number of safeguards that shippers and their logistics partners can take to minimize risk,” says Barot. By establishing a holistic cargo security plan, she says, you can help to manage risks, protect assets, reduce exposure, and minimize financial losses.

How can a shipper go about developing such a cargo security plan? There are several steps to take to do this effectively.

First, understand today’s market conditions and freight risks. Some of the most common commodities are either high-in-demand or high-in-cost. For example, some of the top commodities stolen include food and beverage, retail items, household appliances

and electronics, automotive parts, and clothes and textiles, according to CargoNet. So, place extra attention on shipments involving these product categories.

Second, carefully evaluate your carriers with an eye on industry best practices for freight security. According to Barot, Omni1 Logix has a very stringent carrier vetting process because her company wants the confidence to trust its customers’ freight to pre-approved carriers that carefully follow strict processes and freight security standards.

Third, shippers and their providers are encouraged to look at higher-risk regions and routes where they have freight. Interestingly, 46% of all thefts in 2022 took place in California, Texas and Florida, according to CargoNet. So when it comes to cargo security

measures, shippers and their supply chain providers should pay careful attention in particular to those regions. If you uncover areas at risk, you can identify alternative routes that can still meet your transit timelines while reducing potential risk.

Truck stops and parking lots can also be prime targets for thieves. Certified carriers will use only approved parking locations along your routes. Ideally these spots are well-lit and have cameras to monitor while the vehicle is stopped.

Fourth, ensure consistent and clear communication with shipper teams. For mid- to large-sized shippers, there can be at least a small disconnect between the transportation team. “Like many quality, professional 3PLs, we at Omni1 Logix build relationships down to the team at the dock level,” says

Supply Chain Risk Trends

1,778

Theft Incidents
Reported

Top Targeted
Location Type

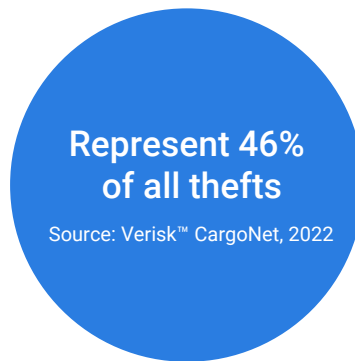


1. Warehouse /
Distribution Centers



2. Parking Lots

Top 3 Targeted States



Top Targeted
Commodity Type



1. Household Goods



2. Electronics

Total Loss Value

\$223,096,368



Knowing where your freight is and where it's going to be is a smart way to minimize the risk of cargo loss. With real-time data, you can proactively respond to the unexpected—potentially minimizing or even avoiding cargo loss. From shipment tracking to ongoing supply chain monitoring, technology is key.

Barot. “This helps to ensure maximum efficiency in coordination but also more security of the overall transportation of shipments.”

Lastly, use technology and experts to your advantage, advises Barot. “Your cargo security strategy should always evolve with your business needs and any shifts in the market,” she says. “Continuous improvements of this nature often require technology backed by skilled experts. If you don’t have the capabilities in-house, work with a logistics provider like Omni1 Logix that can help to protect the value of your goods where you need it most.”

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“One of the ways we stand out from other 3PLs is that we are in constant communication with our customers and carriers,” concludes Barot. “We continue to invest in human resources along with the technology solutions to remain proactive and help to minimize risk. As much as technology can help, we believe business is all about people. Nothing can fully replace the human touch, or as in business, the personal care and attention that each shipper and their freight deserve. Quality providers like Omni1 Logix do whatever it takes to manage their customer’s freight as if it’s their own.”

Additional Strategies for Shippers to Protect Supply Chains

Legitimate freight brokers and carriers nearly always bear the losses of unpaid freight charges from double-brokered loads. Yet shippers, receivers, and beneficial cargo owners (BCOs) do not go unscathed. After all, no matter who ends up paying for the loss, shippers and receivers suffer when their supply chains become disrupted due to unscrupulous acts of fraudsters. Therefore, shippers play one of the most essential on-the-ground roles in preventing fraud by acting as the first and last line of defense.

The first line of defense is vetting and auditing transportation providers and how they select their carrier partners.



(Mike) Megall Trivedi

According to Megall (Mike) Trivedi, Co-Owner of Omni1 Logix, his company goes above and beyond what other 3PLs do to ensure quality carrier partners within their network:

1. Conduct Rigorous

Due Diligence. Through a thorough vetting process, Omni1 Logix and other reputable 3PLs assess their motor carriers’ credentials and identify any red flags involving insurance, operating authority, safety records, company history, financial stability, and other important details. Evaluating these and other vital factors upfront is critical, but the vetting needs to continue

throughout the relationship. In addition, shippers can assess the quality of motor carriers and their brokers use by subscribing to monitoring services and assign a grade score to carriers.

Besides mitigating fraud risks, understanding the broker’s process for vetting carriers is an accident insurance policy. If a broker uses a carrier with a conditional safety rating, and the carrier has a fatality, the shipper could be drawn into an accident lawsuit claiming negligent selection.

2. Foster Long-Term Relationships.

Switching logistics providers frequently for cost savings can make it difficult for shippers to sharpen their processes to reduce freight fraud risks.

3. Verify Carrier and Driver Information at Pick-Up.

Trivedi recommends that shippers require their 3PLs and freight brokers to provide the carrier name and driver before their arrival for loads – which is standard practice with Omni1 Logix. With this information, shippers can confirm the shipment, carrier, and DOT numbers, and the driver listed on their documents matches the 3PL or broker’s record.

4. Enforce Appointment Scheduling.

When the shipper is provided with information about carriers before they arrive, this practice can significantly reduce the likelihood of risk. Besides getting an appointment time, consider asking the 3PL to provide a load number, driver name, truck/trailer number, license plate number, and other details that can be verified upon arrival. “Constant and thorough communication to our shipper customers about

our carrier partners is critical and something we strive for each and every shipment,” says Trivedi.

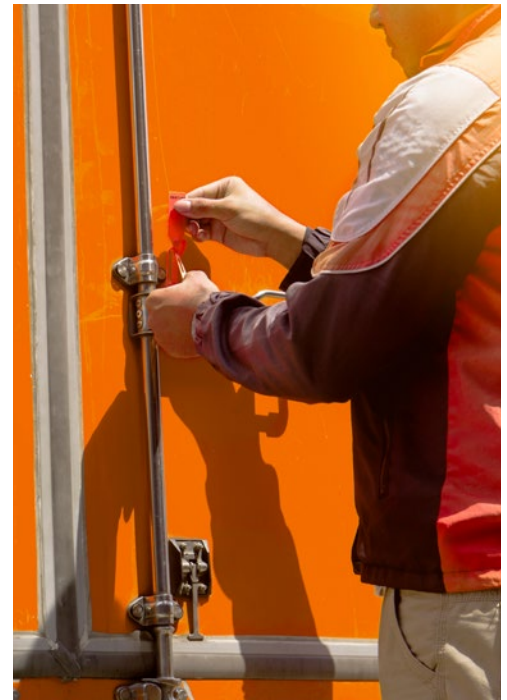
5. Leverage Technology to Enhance Visibility and Security.

New technology solutions will continue emerging to help prevent fraud and provide greater supply chain visibility to shippers. Such features range from systems that automatically validate carrier data against risk assessment databases when loads are booked to electronic paperwork with validation points that are difficult to forge or alter. Additional features include ELD and telematics data validation to confirm that the same equipment that picked up the freight delivered it without pooling equipment and drivers, and advanced tracking systems to monitor the condition of individual pallets or containers within trailers. Shippers can further

help secure by placing small/tiny undetectable tracking devices in one or more parts of the freight, especially for high-value, critical freight. These can then be used for alerts if the carrier/freight goes off track at any point, says Trivedi.

6. Instill a Culture of Vigilance.

Building a culture focused on security is as critical as any process for the shipper as well as their 3PL partner. Security along with personal human touch and constant communication are core values held at Omni1 Logix, says Trivedi: “We find our customers hold these core values in high regard – and they ultimately help to minimize risk and cargo theft.”



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