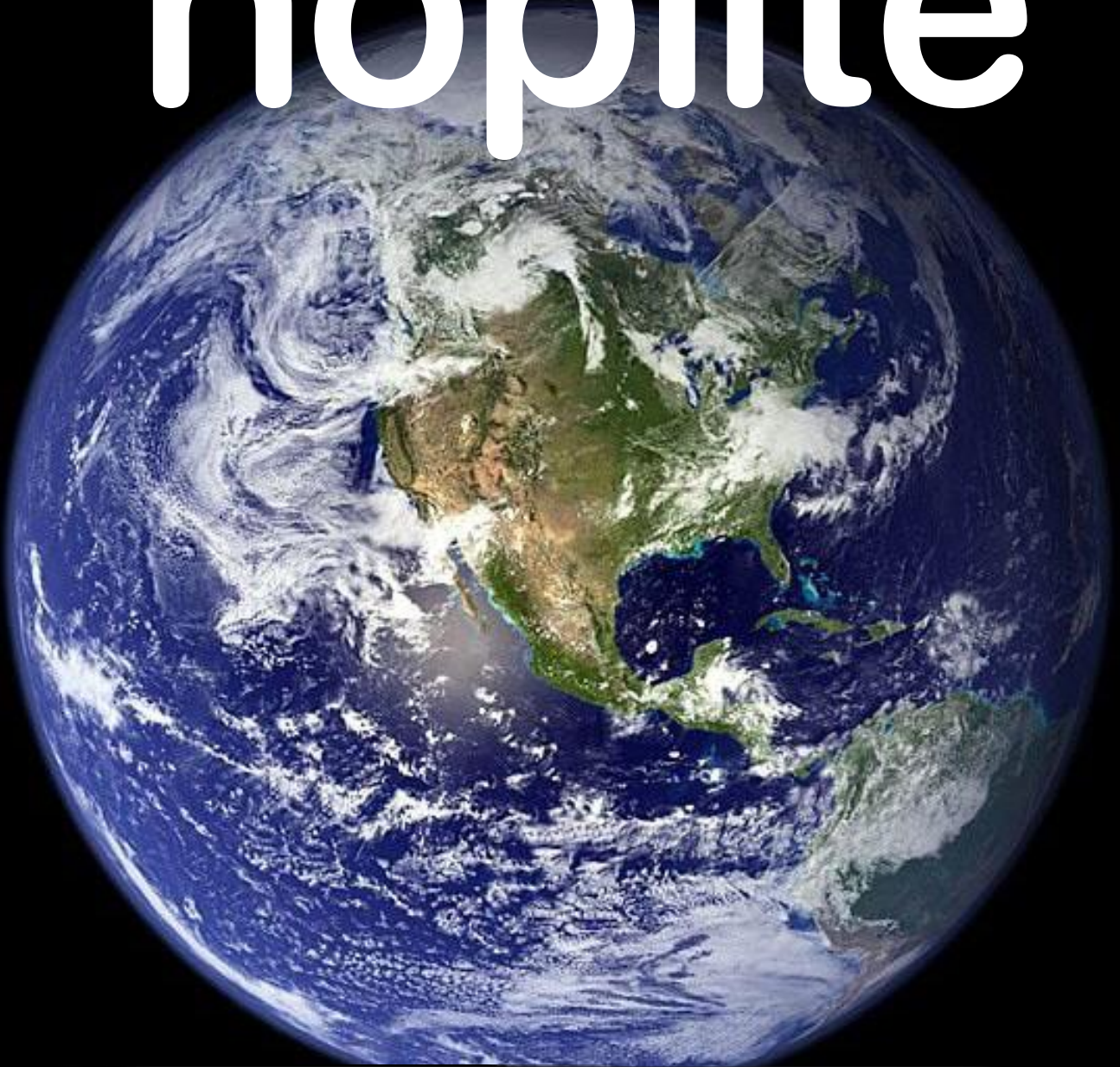


the hoplite



Hoplite Logistics
Is your Mexico freight safe?

now



Reliance Partners
Don't worry. We got you covered.

now



TABLE OF CONTENTS

03 NOTE FROM THE COO

04 Q2 REWIND

05 IS YOUR MEXICO FREIGHT SAFE?:
A Discussion with Mark Vickers

08 MEXICO MARKET UPDATE

09 HOPLITE SPOTLITE:
Ryan Servos

A NOTE FROM THE COO: BRYAN REKOWSKI



Hoplite's second quarter in business came and went in a flash. It amazes me how quickly time flies in this industry where every day offers a new reward or consequence. But what amazes me more is our team's ability to unite and build a culture across 4 cities and two countries.

I'm very proud to say that we met and even exceeded our goals but more so that we did through grit and perseverance. How do you stand out in a soft market where shippers are receiving 50 emails a day from competitors? We battled with determination and used our experience to offer unique solutions that others did not, one of the advantages of being small and flexible. While we have our core competencies, we are here to offer solutions our customers need to help them move their business forward.

This quarter has proven to be full of small eaves and troughs with spot opportunities disappearing as quickly as they appeared and forcing us to get creative while battling to bring in new business and get over the factoring credit hump with carriers. While we are happy to look back on our success, all eyes are forward as we near bid results and dive deeper into our customers' networks. If the first half of this year has taught us anything, is that we are ready to react fast and work hard through whatever the market throws our way.

Bryan Rekowski



Q2 REWIND



the
**LOGISTICS
WORLD**

IS YOUR MEXICO FREIGHT SAFE?

A Discussion with Mark Vickers of Reliance Partners



Mark Vickers: Over the past six years, I have had the opportunity to work with you, Bryan, in various capacities and companies all focused on optimizing cross border trade. Through our partnership, we have watched cross-border trade between the US and Mexico change more in the past 6 years than it has in the past 60 years. I could talk in detail on the geopolitical events that have transpired in just the past 4 years like the increased trade war between the US and China, the replacement of NAFTA by the USMCA on July 1, 2020, Carta Porte, or the lasting impacts COVID has on our North American and global supply chains. But these events are largely out of our control, so I will focus my responses to this Q&A on how carriers, brokers, and shippers can work better together right now to reduce cross-border transportation risk to yield more business.

Bryan Rekowski: A lot of brokers and carriers do not carry the proper cargo coverage for the product they're hauling simply to have the most competitive rate, and often leave customers out to dry when a shipment is damaged or stolen. How can brokers and carriers who do the right thing compete with those who don't?

MV: There are a lot of brokers and carriers out there who are still selling on only price and capacity. This is an incredibly short-sighted model, and it really does not work for cross-border. When we are talking about cross-border, you are going to see large transportation contract awards as opposed to smaller

contract awards or "spot freight turn-ons," like you will see in the US. A seasoned cross-border professional is going to challenge a shipper's approach towards cargo liability in Mexico. What I mean by that is small-to-medium sized shippers do not even know they have no insurance in Mexico. Enterprise shippers will state they are "self-insured." However, all that means is they have a \$100,000 deductible in Mexico as part of their global policy. So, if their freight is valued at \$100,000, and their deductible is also \$100,000, they do not have any insurance at all. The challenge to a shipper's cross-border insurance model is a whole lot different in 2024 than it was in 2018. In 2018, the challenge would be to get that shipper to sign a waiver of liability in Mexico as opposed to signing off on that shipper's insurance requirements, which I feel is the worst level of customer service you can possibly offer someone. Now, motor carriers, brokers, and even customs brokers are offering their shippers All Risk Cross-Border Shipper's Interest Cargo Insurance that is inclusive of theft at a deductible of \$5,000 or less. The automotive industry specifically is now only handing out new awards to transportation service providers that have a truly Borderless cargo insurance solution for them as opposed to relying on their global policy.

"Through our partnership, we have watched cross-border trade between the US and Mexico change more in the past 6 years than it has in the past 60 years."

The way these logistics providers can remain competitive is to start the conversation on risk management, align with the shipper on price and capacity, then add the option for All Risk Borderless Coverage after transportation pricing has already been accepted. The big kicker is that the transportation provider does NOT need to buy a big annual cargo policy. They can purchase this on a per shipper/per load basis, which makes it super cost-effective for all parties. With that being said, and starting just last year, we are seeing large asset-based motor carriers and rail providers begin to purchase annual cross-border cargo insurance policies for the first time and it is paying dividends to them and their shippers. It is becoming the number one differentiator. I see this as the big trend over the next 3 years, which is led by a push from the automotive industry and the large cross-border trucking companies that service them.

BR: If you could change one regulation in the cross-border or domestic transportation space that affects risk, what would that be?

MV: A US Motor Carrier is fully responsible for the goods it transports on behalf of its shipper clients. Therefore, the majority of these carriers will hold at least \$100,000 in cargo insurance and many will have \$250,000. In Canada, carriers are required to hold an amount equivalent to about \$2/lb. So, on an average 40,000 lb shipment, the carrier is responsible for \$80,000 of cargo liability which is not far off from US standards. Then you head down to Mexico... Mexican law currently holds carriers liable for 14 cents/pound, which is rarely enforced. I am writing an article right now that is calling for newly elected Mexico President Claudia Sheinbaum to match US and Canadian standards for Cargo Liability in Mexico. In my article written in The Hill earlier this year, I explain that right now is "Mexico's big moment, but violence and truck-jackings are scaring away investors." Mexico has a world of opportunity, and it can capitalize on it by increasing cargo liability law, which will literally force shippers, brokers, and carriers to work more collaboratively and with a more uniform claims process. The current claim process in Mexico involves an old school negotiation of fault, which is a poor way to do business and sadly turns much investment away.

BR: What advice would you give asset carriers who are looking to become a high valued carrier?

MV: First is to become C-TPAT. If you are not, you are probably not going to see any new cross-border business from the electronic, aerospace, automotive, or food/beverage industries. We have access to professionals that can guide and expedite this process. Second is to amend your Waiver of Liability in Mexico. This should educate your shipper on Mexico law, it should give your shipper the ability to obtain a Borderless quote, and still give them the ability to still waive the coverage. If they elect to waive the coverage, you then have proof that you gave them the option for cargo insurance, and they knowingly declined. We are seeing large motor carriers and large freight brokers doing away with this waiver completely, which changes the way cross-border motor carriers, logistics providers, and shippers have worked together for over a century.



MEXICO CARGO HIJACKING DATA*

- In 2023 Mexico recorded 7,862 violent cargo truck hijackings, up 3% compared to 2022.
- Overall, during 2023, Mexico's northern border states accounted for less than 1% of the total number of hijackings, while the central Mexican states of Mexico State, Puebla, and Michoacan accounted for 86%.
- In Puebla, the number of hijackings increased by 45% compared to 2022.
- The border states with the highest incidence of hijacking are Nuevo Leon (49) and Baja California (12).
- Two other hotspots to watch are Veracruz and Oaxaca where hijackings are up 58% and 26% compared to 2022.



*2023 statistics per Reliance Partners' Mexico Hijacking Data Portal


BR: I think a lot of folks in this industry are used to very yes-or-no, black-and-white answers and solutions. For a shipper looking at ways to protect their product and supply chain, what are some more non-traditional options they may not know about?

MV: It's funny you used the term black and white as most US shippers refer to the Laredo/Nuevo Laredo border crossing as the "black hole" when it comes to shipment tracking. However, this does not have to be the case. I'd like to first encourage every US shipper and every US freight broker to visit the cross-border warehouses and yards of their trusted C-TPAT certified partners in person at the border and in Mexico. You will want to see their written driver hiring and training programs as well as their approach towards risk management ...oh, and maybe more importantly, to have lunch or dinner together. Cross-border collaboration really will not take off unless you break bread together. Once that trust is formed, there is some basic risk management blocking and tackling that can be implemented collaboratively, which can then be furthered through practical technology. By voluntarily becoming C-TPAT certified and requiring all your cross-border partners to do the same, you are checking 95% of the boxes required to get 100% of your cross-border goods fully insured. Alongside this, I'd recommend adopting the basic warranties written in our Borderless Coverage policy as part of your own Cross-Border Risk Management Program. The best next step to establishing a cross-border risk management program is to create an internal Mexican carrier vetting program and create a tiered security requirement program based on shipment values, commodities, geographies and risk profiles of your motor carriers. It's important to keep in mind that Mexican carriers are super advanced now. ELD/GPS tracking has become much more standard over the past 5 years. When you have a good relationship with your Mexican carrier partners, in-cab tracking, trailer tracking, and in-cargo tracking

"The big kicker is that the transportation provider does NOT need to buy a big annual cargo policy. They can purchase this on a per shipper, per load basis, which makes it super cost-effective for all parties."

with real-time response in Mexico is becoming common as opposed to a dream. However, if you don't have trust already established with your Mexican partners, they are not going to go out of their way to accommodate these requests as their time, relationships, and assets are more valuable now than ever. You need to respect that! For practical technology, and if you are a C-TPAT shipper, I'd recommend checking out Zerio, which monitors all partners' security certifications in real time. I would make sure that your TMS and your broker's TMS "speaks cross-border" (think currency, language, and the ability to handle transloading and multiple carriers as part of a singular shipment). Pricing in Mexico is very difficult to manage. I would contact Cargado to see how their software can layer on top of what you already have to facilitate cross-border pricing and carrier management. Please keep in mind that this is a super high-level review. Having your cross-border team and team lead working intentionally with your trusted cross-border freight broker, cross-border customs broker, and cross-border-specific insurance agent is a great place to start.

BR: Always a pleasure Mark. Appreciate the insight a ton.

MV: Anytime. Thanks for having me! 



MARK VICKERS began his career at TQL in sales and leadership with a specialization in cross-border Canada and Mexico. Soon after, Mark started Borderless Coverage which provided international companies with direct and automated access to shipper's interest cargo insurance. It was the first of its kind in the industry. Mark also spent time at Sedlak Supply Chain Consultants where he specialized in distribution center design and supply chain optimization. In 2021 Borderless Coverage was acquired by Reliance Partners where Mark currently serves as the Executive Vice President and Head of International Logistics.



RELIANCE
PARTNERS



MEXICO

MARKET UPDATE



All eyes look south as brokerages and asset-based carriers look to expand their footprint into Mexico with boots-on-the-ground operations or new interchange partnerships. While the opportunity is fruitful, the setup process is time-consuming and cumbersome. This increased capacity is welcomed with the steady amount of foreign investment coming to Mexico and increased strain on northbound Mexico imports into the US.



It is not all roses, however, as Nissan and Mercedes prepare to close their operations in Aguascalientes in the next year and Tesla's Monterrey factory's completion date is unknown and continues to be pushed back.



Infrastructure concerns grow as the new Barranca Large-Ventanilla Highway connecting Oaxaca City to the coastal Puerto Escondido shuts down, and flooding from storms affects transit from Monterrey to the Laredo border.



Theft also continues to rise. With a new Mexican president assuming office, there is uncertainty around whether roadway hijackings will become a point of emphasis. While these trade lanes continue to grow, there will always be threats ready to hinder shippers looking to move goods safely into the US.



Trade in 2024 continues to outpace 2023 in the first 5 months of the year. China is sending more of their goods through Mexico and looking to set up manufacturing to avoid steep tariffs and capitalize on the nearshoring shift. Both the Canadian and Mexican markets will be directly impacted by China's largest consumer market, the US.



An anti-climactic produce and seasonal goods period saw small regional capacity crunches and increased tender rejections, but not enough to impact rates significantly. This is especially true out of the southern border cities where we traditionally see an influx of transload freight hitting the Laredo, McAllen, Eagle Pass, and Nogales borders.



The main threats to increase costs and tighten capacity will be migrant issues at the border (El Paso/Juarez in May), acts of God (Tropical Storm Alberto in June), or potential tech and systems issues shutting down the border as we've seen in the past.



DO NOT expect costs to increase significantly until the US market turns and demand in consumer goods, food & beverage, and industrial manufacturing spur heavy northbound traffic and put pressure on carriers to keep up.



DO expect more shippers shifting over to rail options as the CPKC, CN, and NS expand their offerings and partnerships leading to more competitive rates and similar transit times to truckload offerings. The Southeast and Northeast are the biggest winners in the latest synergies while an expansion into Toledo looks to open up the greater Detroit area making this a big win for the automotive industry.

HOPLITE SPOTLITE RYAN SERVOS

All about our Carrier Sales extraordinaire.



Meet Ryan Servos, Hoplite's very first hire and one of the most impressive Carrier Sales personalities we've seen. Ryan's determination mixed with an extremely engaging personality were a no-brainer fit for us, and his reliability and hard work have been instrumental in our growth. We're delighted to highlight such an important piece of our team!

Question: Easy one to start. Tell me a little about your background and journey in logistics.

Ryan Servos: Well...where to start? I'm Ryan, but everyone just calls me Servos. I am happily married with a 2-year-old boy named Cal, and a 6-month-old daughter named Rylee. Everyone always says having two kids under two is easy so we decided to give it a try! I'm originally from Aurora, Illinois but have lived in downtown Chicago the last 10 years. I played college baseball at Lewis University where I met my wife, Alexis.

Q: How did you get into logistics?

RS: In 2015 I moved to downtown Chicago and my roommate worked at a big 3PL. He would tell me about his job and what he did all day. It seemed like a nice change from outside sales and traveling weekly. He was in Carrier Sales at the time, I thought wow

people call you and you can make sales? It seemed like a nice break from cold calling leads all day. I applied, interviewed, and started two weeks later and haven't looked back since.

Q: What is the most rewarding thing about your role?

RS: Making long-lasting relationships with my carriers. I have been working with some of my current carriers since my first week on the job over 10 years ago. I have gone out to California to visit and spend time with them. I also still get excited when I can find a truck for a tough load in a tough location though. Chasing that high won't ever go away.

"The main factor was wanting to be part of building something new from the ground up. I knew it would be a change but I viewed it as a new challenge."

Q: What is the ideal carrier or partner you like to work with?

RS: I like a carrier who communicates proactively. There is nothing worse than calling to check on a load and that's when they tell you they have to bounce it.

Or if they wait for you to call them to inform you that they'll be late. It's freight. Bounces and late trucks are going to happen but it's a lot easier to fix a problem with a carrier who is proactive with relaying issues so you can get ahead of it. It's a simple thing but makes a world of difference.

Q: What made you decide to work at Hoplite?


RS: The main factor was wanting to be part of building something new from the ground up. I knew it would be a change but I viewed it as a new challenge. Our CEO Rich was my first boss at my previous job, and I have known him for 10 years now. The moment he called me and asked me to join him there was no hesitation--I was in.

Q: Why should a carrier work with Hoplite?

I'd say our biggest advantage here is that you will have a rep with plenty of industry experience who will treat our carrier partners right. You won't be redirected to a website to book everything for bottom dollar then be forgotten about. There's a personal touch and we take pride in that.



Q: What do you like to do outside of work?

RS: I love taking my kids to the park, zoo, or a museum on the weekends. Once college football starts, I am preoccupied with rooting on my Badgers every Saturday. I can't wait for College Football 25 to come out in a few weeks so I can start that dynasty back up. Been waiting 10 years for this game! I also enjoy watching baseball and watching Disney films with my kids. 

MEET THE HOPLITE TEAM



RICH KRUL
Co-Founder & CEO
RKrul@shiphoplite.com
312-973-1005 x101
312-265-7124 (direct US)



BRYAN REKOWSKI
Co-Founder & COO
BRekowski@shiphoplite.com
312-973-1005 x102
312-265-7196 (direct US)

SALES



ROB CONARD
RConard@shiphoplite.com
312-973-1005 x104
312-265-7081 (direct US)



PETER CASANOVA
PCasanova@shiphoplite.com
312-973-1005 x105
312-265-7187 (direct US)



MIGUEL MORALES
MMorales@shiphoplite.com
312-973-1005 x107
+52-556-827-9046 (direct MX)

COVERAGE



RYAN SERVOS
RServos@shiphoplite.com
312-973-1005 x103
312-265-7180 (direct US)



JOSE LUNA
JLuna@shiphoplite.com
312-973-1005 x106
+52-556-827-9131 (direct MX)



JESS TRILLO
JTrillo@shiphoplite.com
312-973-1005 x108
+52-556-827-9017 (direct MX)



***H*HOPLITE**
— ***LOGISTICS***