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## Ship-Rail-Shelf

In retail, timing is everything.

That's why shippers care as much about reliability as they do about price.

"The ability to get consumer products to the store shelf is of critical importance to the retail industry," said Jonathan Gold, Vice President for Supply Chain and Customs Policy with the National Retail Federation. "Any delays in the supply chain could mean a product not being there for a consumer, potentially missing an important selling cycle, and being forced for immediate markdowns for that product."

With retail, finished goods and other eastbound cargo in mind, Mærsk Line and BNSF Railway combined their shipping expertise to bring "Flagship Service" to North America. Flagship offers nonstop on-time delivery of containerized cargo from Asia to key inland U.S. markets.

Based on a shared commitment to delivering the highest level of service, the partnership has dispatched more than 200 dedicated Flagship trains to Chicago, Dallas, Houston, Memphis and Northwest Ohio since the service began in March 2012. To date, Flagship's reliability exceeds an overall level of 90 percent, with Chicago, Memphis and Houston as the top inland destinations, said Timothy Simpson, Director of Marketing and Communications for Mærsk Line North America.

"We're providing an increased level of service and value to our customers based on the high level of predictability they want," Simpson said.

### Flagship's Larger Vision

At the heart of the service is a more expansive vision of how Mærsk and BNSF see their role in the supply chain. "The Flagship Service is an extension of the customer's production line," said Fred Malesa, Vice President of International Intermodal Marketing for BNSF.

Flagship builds on the operational model that Mærsk first introduced in the Asia-to-Europe trade in 2011. The "Daily Mærsk," a nonstop seaport-to-seaport service that Mærsk likens to a "giant conveyor belt" linking four ports in Asia to three ports in Europe, has averaged a 98 percent reliability rate since its inception.

Customized to North America, Flagship's nonstop service combines Mærsk Line's consistent vessel arrivals with patterned train releases from the Port for faster, on-time inland transit. Cargo from Asia is unloaded directly to rail at the Port of Los Angeles. There, the centerpiece of the Mærsk Group's APM Terminal is a modern, 40-acre on-dock rail yard with more than five miles of working track that can accommodate four double-stack trains.

Once unloaded, the cargo flows up the Alameda Corridor and into BNSF's national network. BNSF leverages density to a single market, runs single block trains and eliminates work en route to ensure swift, dependable service, said Malesa. "These efficiencies reduce time and variability, which allows our customers to better manage their inventory and reduce operating costs."

"The Port of Los Angeles and its services play an important role," Malesa added. "Accurate, timely and consistent vessel discharges and releases from the Port terminal to BNSF are crucial to the Flagship service."

### Investing in Infrastructure and Service

BNSF has invested \$41 billion since the year 2000 to improve and expand infrastructure and service across its entire network, including \$100 million to modernize and triple-track nearly 16 miles of main line through the Cajon Pass. The stretch is a crucial leg in the transcontinental rail network connecting Southern California to the rest of the nation.

The capital investment includes a record \$4.1 billion that BNSF plans to spend this year alone, including adding capacity and technology to its lines in the Southeast that will enhance throughput and velocity on Flagship runs to Memphis. Also pending is BNSF's proposed Southern California International Gateway project, a \$500 million near-dock intermodal container transfer facility about four miles north of the San Pedro Bay ports.

The Midwest is also a growing market for U.S. exports, including agricultural products and raw and recycled materials. Matching exports to imports achieves a balance of trade that increases efficiency, keeps costs down from shipper to consumer, and strengthens the U.S. economy, Simpson said.

To remain a leader in a fiercely competitive industry, Mærsk Line continually solicits customer feedback to ensure its product lines and quality of service meet and exceed shippers' needs, Simpson said. As a result of discussions with more than 1,000 customers, CEO Søren Skou unveiled Mærsk's "Customer Charter" at the 13th annual Trans-Pacific Maritime Conference in March. The charter sets high standards for improving customer service in eight areas ranging from documentation to dispute resolution.

"Our customers are the most important part of what we do," said Simpson. "Flagship is an example of how we continually listen to our customers to provide the services they want and can count on."