

WICHITA INTERNATIONAL TRADE STUDY

July 2, 2007

Prepared for City of Wichita

The Wichita International Trade Study serves as a blueprint for how the Wichita area can better position itself to compete in the global market.

International trade is an important component of local economies. Greater focus has turned to determining how investment in more efficient infrastructure and in improving trade processing procedures can support international trade and benefit the overall economy. The Wichita economy is characterized by manufacturing and skilled labor industries that rely heavily on timely delivery of parts and raw materials, while the surrounding region has a heavy agricultural focus. Strong infrastructure and improved trade processing systems can ensure that timely international transactions occur for these diverse industries.

This study looks at how the area can leverage its investment in intermodal infrastructure – infrastructure to support transfer of products involving multiple modes of transportation truck, railroad or ocean carrier – and look for opportunities to use technology to make it easy and affordable for businesses to participate in international trade. This study defines the most appropriate concept for the Wichita area by understanding existing and forecasted freight flows, technology resources, and specific assets within institutions and organizations. Understanding these elements allows Wichita and the region to build upon its strengths and plan successful strategies to increase international trade and claim a better competitive position in the global market.

RECOMMENDATION

Extensive research and input from businesses in the Wichita region provide a convincing argument for education and training as the building blocks of any efforts to increase international trade rather than an initial investment in facilities.

That belief led to the concept of *IntelliPORT*, which would be an organization – possibly a cooperative of business members – that for starters would institute an economical, secure Web-based service to provide the education and tools to make doing international business easier.

IntelliPORT would steadily build business knowledge through

links to available trade resources on the Internet, experts in the field, peer-to-peer support, and many other services that draw on the knowledge and experience that already exist in the Wichita region and farther afield.

In addition, *IntelliPORT* would use available commercial technology to help move goods to and from the region more readily and economically. These concrete tools would include technology to track shipments through supply chains and to improve communication between suppliers and shippers. *IntelliPORT* also could provide an exchange whereby smaller orders for products or materials could be consolidated into a larger order, or smaller shipments could be consolidated into larger ones, all with the goals of lowering costs and increasing efficiency and international trade.

BACKGROUND

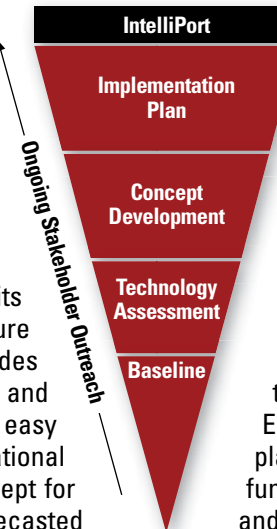
Under the federal 2004 Consolidated Appropriations Act, the City of Wichita received a \$1,000,000 Congressional Earmark to conduct a feasibility study and develop a work plan for an International Trade Processing Center. These funds are issued by the Federal Highway Administration and are provided through the Kansas Department of Transportation to the City of Wichita.

STUDY OVERVIEW

The first step, a Baseline analysis, investigated existing international trade in Wichita. It explored the origins, destinations and volumes of international freight flowing through the region. Also, it investigated the international trading practices and technology requirements of companies in Wichita and the surrounding area to set the foundation for understanding existing infrastructure and resources and to identify needs in these areas.

All information gathered during the baseline phase feeds into the concept phase, where the needs and interests of business are foremost considered.

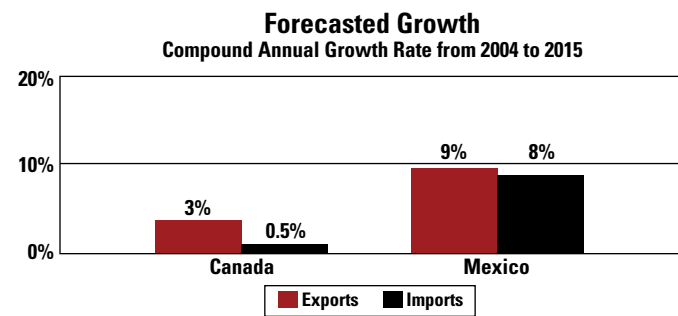
After the concept is created, political and business interest will be assessed to determine if the concept can be implemented in the Wichita area.



The Baseline Conditions established the foundation for understanding the origins, destinations and volumes of international trade, as well as the modal connections – highways, rail, waterways, air – and trade resources available to businesses.

FREIGHT FLOW ANALYSIS

An important finding from the freight flow analysis is that international trade from the Wichita Business Economic Area (BEA) is forecast to continue growing through 2015. Performance will vary across the different trade lanes but the methods of distribution are expected to remain similar to today, with rail handling most exports to Mexico and imports from Canada, and trucks handling most imports from Mexico and exports to Canada.



For Canada, annual growth for exports is forecast at 3 percent, with imports expected to be flat or increasing slightly. For Mexico, exports are forecast to grow 9 percent and imports at 8 percent.

The largest volume commodity shipped from the region is grain. In 2004, 4.6 million short tons were shipped to the coasts from the Wichita area.

Imports arriving at U.S. ports and then sent by intermodal rail (utilizing shipping containers that move from ship to train to truck) to this region, mainly from Asia, are forecast to grow by 8 percent per year until 2015. These mostly include consumer goods such as textiles and furniture.

MODAL CONNECTIONS

Wichita benefits from its central location and from such

transportation assets as interstate highways, Class I and shortline railroads and its status as the “Air Capital”. Local investments such as the K-254 and K-96 corridor studies and the Central Corridor rail project show that the area supports infrastructure investments that benefit trade.

National highway connections via I-35 and U.S.-400/U.S.-54 connect the heart of the Midwest to Canada and Mexico as well as to east-west routes to the coasts.

The Union Pacific Railroad and BNSF Railway are the two Class I carriers operating in Wichita. The Kansas & Oklahoma Railroad operated by WATCO Companies is a shortline carrier. Each major carrier operates facilities in Wichita to transfer goods to and from rail cars and to assemble trains. These facilities typically handle carload shipments, such as the large quantities of grain shipped from Wichita.

Wichita’s Mid-Continent Airport handles small air carrier and general aviation aircraft with cargo facilities for integrated carriers as well as ground service providers. In 2006, nearly 179,000 aircraft take-offs and landings occurred, reflecting a growth of just over 1 percent since 2005.

TRADE RESOURCES

Existing trade resources, such as the local office of the U.S. Department of Commerce and international programs at nearby universities, will help the Wichita area stay on top of trade regulations and technology.

The Sedgwick County Foreign Trade Zone (FTZ) is a valuable international trade resource that allows users to defer duty payments on goods imported into the United States while they remain inside the zone. The local office of Customs and Border Protection also gives Wichita business an advantage with local processing of in-bond shipments arriving at the airport or by other means.

The Kansas World Trade Center (KWTC) is a non-profit organization helping companies become globally competitive in foreign markets by offering trade education, consultations and briefings, and market entry assistance. The KWTC is a local resource that can directly tie Kansas businesses into the global marketplace.

BUSINESS SURVEY RESULTS

Freight flow data provided valuable information to determine the level of international trade. But to develop a deeper understanding, businesses were surveyed about current operating practices and gaps in trade opportunities.

An independent mail survey of over 800 companies in Wichita and the surrounding region provided a broad view of international trade and identified what businesses need to be more successful internationally. A telephone survey of over 70 companies gathered more robust qualitative information on company supply chains and international trade requirements. Results from both surveys were merged to provide a comprehensive view of current international trading practices and businesses’ expectations.

The mail survey found about 20 percent of respondents were currently involved in some form of international trade, while the phone survey focused on companies already involved in international trade. Nearly three-fourths of mail respondents and every business in the phone survey indicated that they would like to increase their international trade.

These businesses reported trading with Canada, Mexico and China twice as often as any other nation, which validates freight flow data showing Canada and Mexico as the region’s largest trading partners and the growing focus on China.

More than half (51 percent) of businesses participating in the mail survey and currently conducting international trade indicated that current systems for processing international trade are “OK” or “poor”. However, phone survey respondents indicated that with the assistance of knowledgeable freight forwarders and customs brokers, the export or import process was not prohibitive. This divergence shows that more experienced businesses likely have long-standing international supply chains and/or strong relationships with service providers that support their international trading activities.

BASELINE SUMMARY

A number of opportunities emerged from the data collected, and suggest that the concept developed for this region be implemented in two stages.

First, the concept should include education and training services, access to international market research and information on key service providers that can assist businesses in their international trade requirements, such as freight forwarders or customs brokers. This first stage would facilitate trade growth and grow international business in the region.

The Baseline analysis suggests education and training are critical catalysts for greater participation in international trade. Specifically, there is a need to:

- Close the gap between companies that need experience or resources and the service providers that do business here.
- Train about trade procedures, which would allow access to available resources and potential international growth opportunities.

An increase in international trade from services offered in Wichita could eventually justify investment in facilities to support the higher trade volume. The second stage of the concept would use the resulting growth to convince carriers and businesses to invest in Wichita facilities that would support increased international trade. The initial interest in facilities would be primarily for businesses and organizations new to international trade or those companies that see an advantage over their current supply chain strategies. Improved facilities and infrastructure in Wichita would play a key role in reducing transportation costs, making Wichita more competitive with other regional hubs.

Using a phased approach, Wichita could develop as an important center for international trade on the north-south trade corridor.

The following business case studies provide a deeper understanding of the types of challenges companies face when conducting international trade.

INDUSTRIAL PRODUCTS WHOLESALER

This company delivers product assembly systems to industrial, packaging and construction customers primarily west of the Mississippi. Activities range from the provision of wood-to-wood assembly systems for the manufactured housing industry to the manufacture of fabrication machinery and automated systems for the vinyl and aluminum window and door manufacturing industry. The company, which is expanding into Eastern markets, is headquartered in Arizona and operates regional distribution centers in the Midwest.

Products are sourced from Asia, South America and the Middle East. For shipments from Asia, containers discharge at the West Coast ports of Los Angeles, Long Beach, Tacoma and Oakland, then move by intermodal rail service to inland points. Typical transit time (ocean transit time plus intermodal rail) from Asia to Midwest distribution centers is 30 days at a cost of \$2,500 to \$3,300 per container. It serves its branch in Wichita from Kansas City because that's where containers arrive by rail.

The company uses third-party logistics providers to move its products but has a proprietary enterprise-level supply chain management system and a full IT staff providing strategic oversight. The company performs information exchange through Electronic Data Interchange (EDI), Internet/e-mail and fax, depending on the capabilities of its supply chain partners.

The company faces a number of challenges conducting international trade:

- Access to sufficient trained personnel
- Long shipping/delivery time
- Reliability and vulnerability of ports

Looking at Wichita, the absence of an intermodal rail facility is viewed as a weakness for the city. However, the company expressed a "very likely" probability of using services and facilities in Wichita if they were available, such as transportation

planning/scheduling services, cargo tracking and reporting services, intermodal transfer facilities and storage and warehousing space.

STEEL PRODUCTS DISTRIBUTOR AND PROCESSOR

This company operates steel service centers that link steel mills with original equipment manufacturers (OEMs) and other end users of steel. The mills produce steel in specific sizes and grades, then ship it to the service centers for inventorying and added-value processing to meet the specifications and just-in-time delivery requirement of customers. The company has operations in Wichita, which serves Oklahoma and Kansas, and Kansas City, which serves Nebraska, Missouri and Iowa and some international business with Mexico and Brazil.

They receive materials from Chicago via Union Pacific Railroad covered gondola rail cars, which protect materials from exposure to the elements. On occasion, the company must arrange alternative deliveries from Chicago by flatbed trucks with tarps because of the limited availability of specialized rail cars.

Although it currently does not import, the company plans to do so from Mexico and anticipates that 80 percent of these imports will be by rail and the remainder by truck. The company has a rail siding on its property to handle deliveries. Management of transportation may be done in-house or handled by a third party.

The company does not use specific technology in international trade and would consider any technology that increases efficiency, especially one that could get rail cars to its facility in the numbers needed, when needed, or alternatively, to a local transload facility.

The company is interested in technology that would improve Wichita's economy, especially if it helped increase the infrastructure supporting international trade. The company is also interested in technology that increases its number of international supply chains and diversifies its product line while simultaneously improving efficiency of operations.

The Technology Assessment examined the variety of technologies available to facilitate international trade through more efficient, secure and cost-effective movement of goods.

A four-step process evaluated the technologies most beneficial to Wichita while involving stakeholders throughout the process.

1. **User Assessment** – established the foundation for the Technology Assessment, by providing an overview of the user requirements of a specially assembled Technology Assessment Stakeholder Group.
2. **System Requirements** – drew solutions based on the stakeholder group's user requirements. These requirements form the basis for user services and system requirements for the Wichita region to facilitate international trade.
3. **Preliminary Findings** – provided a synopsis of the results for the stakeholders to assess the viability of the technology solutions in making the concept a successful reality.
4. **Technology Assessment Summary** – the final step resulted in recommendations for proposed technologies and systems used to develop the overall concept for Wichita.

USER ASSESSMENT

The Technology Assessment Stakeholder Group was assembled from mail-in survey contacts and other companies interested in the overall study. The 15 companies in the group were asked about:

- Their current freight operations.
- Current use of technologies and information exchange in day-to-day freight operations.
- Opportunities for improved efficiencies and benefits from the implementation of technologies.
- Business goals and desired outcomes from the introduction of technologies.
- Planned future use of technologies in day-to-day freight operations.

A common thread in stakeholder comments was "how can technology improve the flow of goods and information throughout the supply chain?" About 50 percent of the stakeholder group performs a majority of its international trade using Internet/e-

mail but over 85 percent of the group was unaware of specific technology available to improve trade. More than 75 percent of the group indicated that more efficient training and scheduling services are areas that they see being most positively affected by technology implementation.

Overall, the user assessment demonstrated the need for substantial education about technology solutions that may help solve freight transportation issues and challenges, and improve the efficiency, growth and diversity of international trade for stakeholders.

SYSTEM REQUIREMENTS

Limited advance information about cargo and shipping reduces a transportation provider's ability to efficiently plan for and manage cargo moves. The lack of timely notification of inbound loads; details related to the cargo and movement instructions; and accurate location/tracking information creates inefficiencies. In addition to delays and inefficiencies within the supply chain, the time cargo waits at a transfer point or dwell time is also affected, which can raise freight costs. All of this can be severe for businesses relying upon timely cargo delivery.

A number of technologies commercially available or soon to be available can make freight movement more efficient by increasing the visibility of shipments and equipment throughout a supply chain. Radio Frequency Identification (RFID), Roadside Automated Vehicle Identification (AVI), and Trailer or Chassis Tracking are expected to improve the exchange of timely and accurate information among supply chain partners. These technologies have been tested extensively, and in many instances have been in widespread use for more than a decade.

Based on the User Assessment, developing a secure clearinghouse of Web-based, international trade-related information and services for use by members appears to have merit. A virtual clearinghouse could be developed in a manner that supports the needs of companies wanting to become involved in international trade, and for those wanting to increase their international trade.

This concept could be a collaborative electronic environment where information and ideas are exchanged among stakeholders, while simultaneously protecting privacy and the proprietary nature of business. The concept also could provide links to trade-related educational information, U.S. trade laws, import/export requirements and documents, trade events, and trade leads. This could incorporate links to Intelligent Transportation Systems (ITS) technologies that allow stakeholders to move goods more efficiently and exchange information faster and more accurately.

PRELIMINARY FINDINGS AND TECHNOLOGY ASSESSMENT SUMMARY

Comparing the results of the System Requirements with the User Requirements revealed two significant preliminary findings:

- Available commercial technology could help move goods more efficiently by increasing the visibility of shipments and equipment throughout a supply chain and by improving the exchange of timely and accurate information among supply chain partners.
- Education and training could help stakeholders leverage technology, information and services that make their international trade practices more efficient and also provide opportunities to expand that trade.

These findings demonstrate that technology-based solutions could help solve transportation-related issues and challenges, which might improve the efficiency, growth and diversity of international business in the Wichita region.

The preliminary findings help define the elements of the concept, which integrates the overall needs of international businesses with technology solutions identified during the Technology Assessment.

TRADE CO-OPERATIVE DEFINITION

From an analysis of the Baseline Conditions and Technology Assessment, an idea developed to leverage existing infrastructure and capabilities (assets) through local and regional organizations, institutions, and businesses to offer stakeholders a realistic means of obtaining trade-related, transportation solutions that do not require significant initial capital investment, yet could provide positive results short- and long-term.

That idea, a Trade Co-operative system, could consist of an autonomous association of businesses united voluntarily to meet their common international trade needs and aspirations using the region’s existing infrastructure and capabilities.

General principles of a Co-operative system include:

- It is a voluntary, democratic organization controlled by members.
- Members equitably contribute capital.
- It enters into agreements with governments or other organizations under terms that ensure democratic control by members.
- Education and training is provided so members can contribute effectively to the development of the Co-operative and their own businesses.

More specific to Wichita, a Trade Co-operative’s objectives could be:

- Monitoring and evaluating developments in the international competitive and policy environment.
- Monitoring Co-operative participation and performance in international trade.
- Examining different Co-operative structures and their effectiveness in enhancing competitiveness in global markets.
- Helping federal, state, and local providers of export counseling understand Co-operative structures and operating practices within the context of international business activities.
- Supporting public planning for transportation infrastructure improvements that meet the collective needs of Co-operative members.

WHAT IS AN INLAND PORT?

An Inland Port is a site located away from traditional land, air and coastal borders that contains a set of transportation assets (normally multimodal). The site allows international trade to be processed and altered by value-added services as goods move through the supply chain.

Each of these models facilitates international trade through a variety of means. The following case studies illustrate inland locations that shift trade processing away from congested borders, deliver goods by air, relieve maritime ports through inland consolidation, and provide value-added benefits through multiple modes of transportation. These case studies provide input to create a concept that will better position the Wichita region for international trade processing.

INTERNATIONAL TRADE PROCESSING CENTER: KANSAS CITY

The international trade processing center concept for Kansas City creates an inland network where business services, facilities and technologies facilitate international trade for all types of transport, including air, water, rail and commercial vehicle. The original concept created a centralized trade processing center with virtual components. However, KC SmartPort broadened the focus to include attracting transportation and logistics businesses and using technology to make it cheaper, faster, more efficient and secure for companies to move goods into, from and through the Kansas City area.

The example in Kansas City illustrates the need for a community to develop a strong organization that will carry the inland port’s goals forward. This inland port shows the necessity for a long-standing organization that can develop over time and which has the staying power to complete long-term projects.

AIR CARGO PORT: RICKENBACKER IN COLUMBUS, OHIO

Rickenbacker International Airport provides a variety of transportation and logistics services, including an international air cargo airport, a charter passenger terminal, a Foreign Trade Zone, on-site customs, a nearby intermodal facility, and numerous acres of industrial parks. This inland port is a prime example of a successful reuse plan for a retired air base.

Rickenbacker and the Columbus region’s success as an inland port can be attributed to its strong modal connections, trade services and most importantly its proximity to major population centers in the United States and Canada. The inland port has diversified beyond its original air cargo focus but is still one of the world’s fastest growing air cargo airports.

MARITIME FEEDER: VIRGINIA INLAND PORT

The Virginia Inland Port (VIP) is 220 miles from the nearest marine terminals. Containers that arrive at the marine terminals are off-loaded and directly transported via the Norfolk Southern Railroad to the Virginia Inland Port, then taken by truck to distribution centers in the Shenandoah Valley, Pennsylvania and the Ohio River Valley.

When service began, it was believed that the VIP would capture much of the traffic flowing from the Ohio River Valley to the East Coast but other providers recognized this competition and adjusted their services to better compete. So the focus shifted to serving manufacturers and distributors locating near the VIP. The shift helped build the economic base of northern Virginia and create volume necessary to continue operation. This example illustrates the importance of building flexibility into development plans so that the right combination of services and facilities can be provided.

TRADE AND TRANSPORTATION CENTER: ALLIANCE TEXAS

AllianceTexas is a unique inland port in that it functions as a private development, allowing it to develop initiatives or change focus without the constraints associated with public financing. The inland port has grown beyond being the world’s first industrial airport into a major logistics and transportation hub that anchors a 17,000-acre master-planned community. The availability of inexpensive land, access to a large workforce and trade assistance, and the ability to connect to many different modes of transportation provide the competitive edge to attract logistics and distribution companies, manufacturing and assembly firms and transportation management companies. Development of this magnitude is likely unattainable elsewhere in the country, but AllianceTexas could be viewed as an inland port “best practice.”

WHAT IS INTERMODAL FREIGHT TRANSPORTATION?

Intermodal freight transportation is the movement of goods from origin to destination using two or more coordinated transportation modes. Intermodal freight transportation offers shippers a seamless process for delivery of their goods that can improve business by lowering costs and saving time.

A common example of an international intermodal shipment starts at a manufacturing plant overseas. A container is loaded with the manufacturer's product and a truck takes the container to the foreign port for export. The container is put into the container storage area, then loaded onto the ocean-going vessel. When the vessel arrives at the U.S. port, the container is off-loaded by a crane and loaded onto a double-stack train that transports the container to an intermodal facility near its final destination. The container's final move to its distribution center is done via local truck.

INTERMODAL FACILITIES

Facilities or terminals are specifically designated areas where containers are staged before loading/unloading and stored before transit or loading/unloading onto a train, vessel or truck.

Typically, the facilities are near large population centers or interchange points between carriers serving the West Coast and those serving the East Coast. Many of the advantages of a hub system center on the cost-savings derived from longer hauls, less real estate investment, greater ability to mechanize terminal operations, and more frequent service.

The BNSF and Union Pacific operate several terminals within 200 to 400 miles of Wichita. These terminals are in the Kansas City metropolitan area and the Dallas/Fort Worth region. Within 500 miles are terminals in Denver. Having these existing terminals within a day's truck trip makes it unlikely that a new terminal would be viable in the Wichita area.

Additionally, the existing volume of international trade in Wichita equates to approximately 40,000 to 50,000 TEUs per year. If all of this trade were handled through intermodal rail service, it would only amount to 25,000 to 30,000 containers or lifts per year, a volume that would be difficult to sustain a facility. Carriers are focusing their efforts on building new facilities in the Kansas City region and other parts of the country that will handle upwards of 200,000 to 300,000 lifts per year. Also, these calculations do not account for potential shipper scheduling demands for frequent

service, which may mean they would resort to using a facility in Kansas City or Dallas for faster service.

STRATEGIES FOR THE WICHITA AREA

As it seems unlikely that an intermodal facility would be sustainable in Wichita, it is important to investigate ways to address the challenges faced by existing shippers in the region.

Efforts to reduce shipment times might take shape through strategies or systems to make the various steps of the supply chain more visible. By working toward an integrated system for tracking shipments, shippers could begin to gain more knowledge on delivery times, thereby increasing the reliability of delivery. As a delivery time becomes more predictable, shippers could adapt their manufacturing or distribution schedules to better match their product availability.

When a shipper does not own transportation equipment, they must rely on a provider or independent operator for the equipment. Participation in equipment locating clearinghouses would alert transportation providers to local demand and allow shippers to view available equipment that might service their needs.

Many shippers have reported that they pay for the empty backhaul movement by the drayage company to the terminal after delivery. If a load matching service were developed, empty backhaul movements potentially could be reduced, allowing the shipper to only pay for the delivery trip. Innovative ways to fill empty containers might lessen the need for empty backhauls.

There is a movement in the agriculture industry to preserve product identity throughout the supply chain to ensure that the unique traits or quality characteristics of a crop are maintained from seed to processing. This can be very difficult to do with today's transportation focus on bulk shipments and the potential for mixing when loading in rail hopper cars or elevators. Therefore, agriculture producers are investigating ways to containerize their products to reduce the chance of mixing and increase their product value.

In concert with efforts to increase the overall trade base in Wichita these strategies could be explored to assist in addressing transportation challenges expressed by shippers.

The Baseline Conditions analysis and the Technology Assessment have identified opportunities that suggested that the concept developed for the Wichita region initially focus on growing international business through services that support training, education, technology and transportation alternatives.

To help develop a concept that fits Wichita's existing business framework, an initial concept diagram was created to illustrate the service- and infrastructure-oriented support for international business. The diagram builds on the nationwide Clusters of Innovation Initiative developed by Professor Michael E. Porter of Harvard University. The Cluster Initiative developed a framework to evaluate cluster development and innovative performance at the regional level.

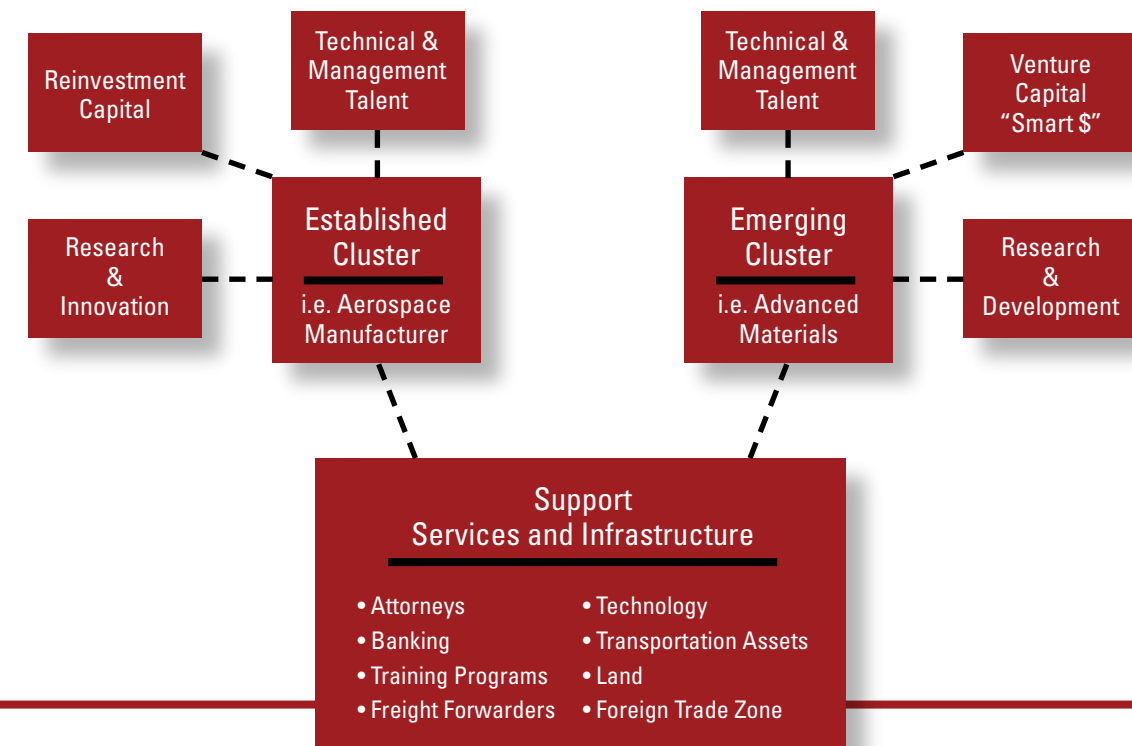
Wichita's Aerospace and Advanced Materials clusters — geographic concentrations of competing and cooperating companies, suppliers, service providers, and associated institutions — need a common set of resources to succeed whether the cluster is established or emerging.

Each cluster needs elements of research, capital and employee talent to be successful. Now, with the focus on international trade, another element has emerged: support services and infrastructure for established and emerging businesses.

The Cluster Concept Diagram shows some of the many parts that need to be in place to provide full support to growing international businesses.

CONCEPT CREATED

In Wichita today, many parts of the Support Services and Infrastructure element exist. However, as the Business Surveys and User Assessment show, all the pieces of this element are not readily visible to businesses. For international business to grow and succeed, a highly visible and targeted concept must be developed. The concept must serve the wide-ranging experience levels (established or emerging) and business sizes in the region to truly increase international trade. Considering these requirements, IntelliPORT *Converging Solutions for Global Business* was created.



The key to *IntelliPORT* is to progressively build business knowledge through education and training and peer-to-peer support, while deploying technology-supported services that enhance members' purchasing power and better coordinate transportation services to lower costs.

Each element of *IntelliPORT* can be incorporated into an organizational approach that enhances and/or takes advantage of synergies among the business community in the region. Specifically, *IntelliPORT* can focus on activities that identify and build markets and enhance members' ability to efficiently comply with trade regulations. It also can establish an organizational structure to identify and secure new funding and act as an informational clearinghouse to help members more economically acquire goods and services and coordinate transportation.

Developing an organizational structure to operate *IntelliPORT* requires first reaching out to potential members to develop interest in the concept and then incorporating the appropriate association. If the target community accepts a Co-operative, the structure would include an organizational charter, election of officers and a board of directors, and establishment of bylaws and strategic and business plans.

IntelliPORT could support members' businesses through outreach and marketing, by establishing purchasing arrangements for members, by coordinating activities that promote trade and by making transportation into and out of the region more efficient. *IntelliPORT* services would be supported by an online component that provides an array of transportation and trade-related information and facilitates transactions and communications among members.

Examples of the services *IntelliPORT's* online component could support are as follows.

EDUCATION AND TRAINING

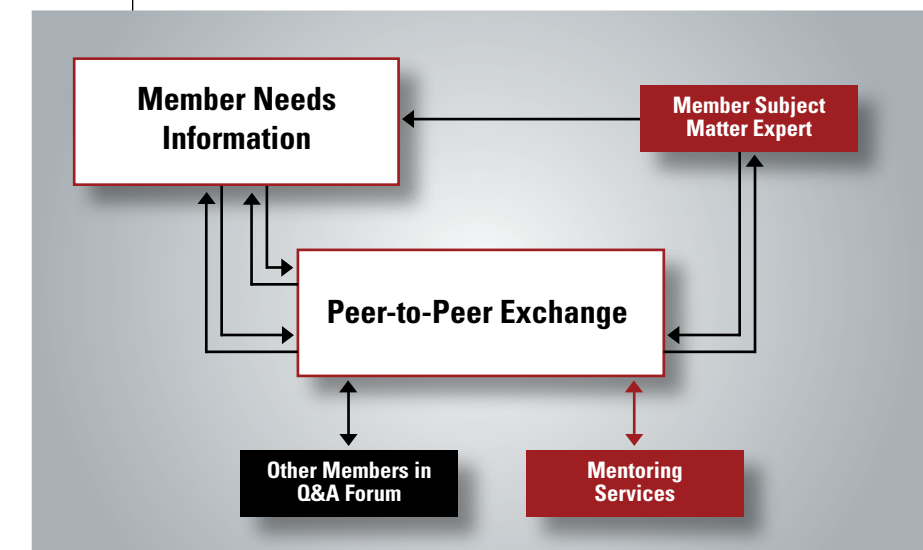
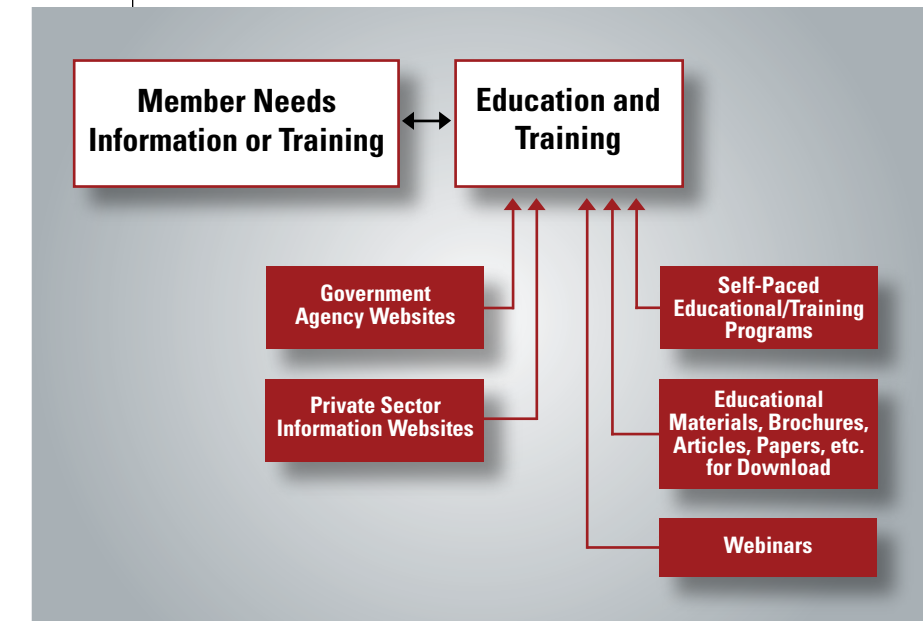
Members could interact with the *IntelliPORT* Website, through links to topical information on government and private sector Websites. In addition, self-paced training programs, scheduled Webinars – online seminars – and reference materials could be included. The Website could post news and events and contain a directory of members organized by type of goods or services offered.

The links to government and private sector Websites containing information on importing, exporting, NAFTA regulations, etc. could be developed and posted to the *IntelliPORT* Website relatively quickly and inexpensively. The Website could also be an avenue to existing education and training opportunities by organizations such as the Kansas World Trade Center or Department of Commerce. In addition, representatives of government agencies and businesses could be invited to present training or seminars to members via the Web service.

PEER-TO-PEER EXCHANGE

In this type of exchange, members could use the secure Web-based *IntelliPORT* to find information via a number of methods. The service could list subject matter experts who could be contacted directly or asked specific questions through the Web service. The service could also provide a question and answer (Q&A) forum for members to post questions and have answers provided by other members.

Just as with the links to government and private sector Websites, a Peer-to-Peer Exchange within the framework of the *IntelliPORT* Website could be created relatively quickly and at low cost.



CO-OPERATIVE SERVICES

The Co-operative Services component of the *IntelliPORT* Website would be designed to maximize communications between transportation-reliant businesses (transportation service providers and the shippers dependent upon those services) in the Wichita region. The services could include:

- Access to transportation provider Track and Trace Web services.
- Access to commercial load-matching services.
- Consolidation of purchasing requests.
- Consolidation of transportation services requests.
- Freight equipment availability.
- Electronic manifesting.
- Delivery of regional real-time traffic information.

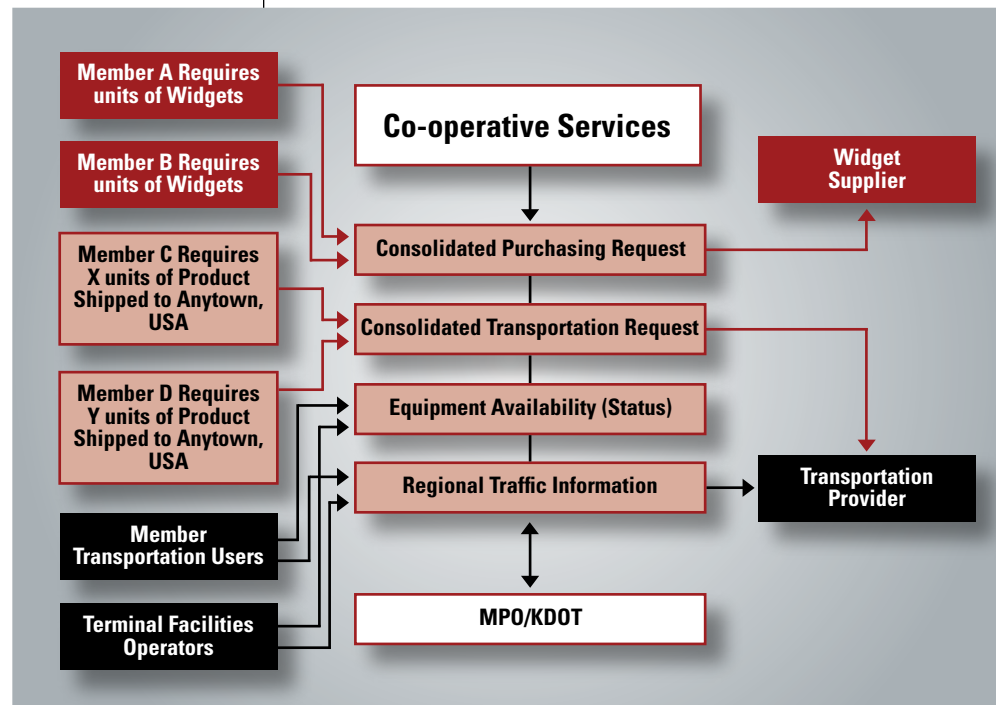
The secure Web-based service supporting *IntelliPORT* could provide an exchange whereby the Co-operative could consolidate smaller orders for products or materials into a larger order, increasing purchasing power and lowering costs for members.

Similarly, the service could consolidate shipments and lower transportation costs through increased market power and conversion of Less-than-Truckload (LTL) shipments into Truckload (TL) movements of goods. These capabilities could begin to be integrated into the Web services with relatively little development effort, though this would require some back-office coordination by the Co-operative. In the longer term, back-office processes could be automated and new technologies, such as electronic manifesting, could support these functions.

The Federal Highway Administration is leading an effort to develop and test electronic freight manifesting (EFM) using Web-based services. As the *IntelliPORT* Website services mature, EFM architecture could be incorporated into the bundle of Web services offered to members.

By integrating regional traffic information (provided through state transportation departments and metropolitan planning organizations) with transportation stakeholders' routing, dispatch and other support systems, *IntelliPORT* could alert stakeholders to potential delays in shipments. This could allow stakeholders to adjust operations in a timelier manner to respond to disruptions from roadway incidents.

All of the above services would likely generate cost savings for transportation providers that could translate into lower costs for users of transportation services. For transportation users, savings could be realized through increased market power and through better use of their facilities, assets and personnel.



The Wichita International Trade Study's intent was to understand how to leverage existing investment in roadway, rail and intermodal infrastructure and look for opportunities to use technology to make it easier and more affordable for businesses to participate in international trade. Throughout the study it became evident that using support services to grow business is the most viable concept for increasing international trade in Wichita. This concept is designed to increase trade volumes so that future investment in "hard" infrastructure is feasible.

IntelliPORT will offer small, medium and large businesses, established or emerging, in the region equal opportunity to improve or diversify their international trade. A Co-operative structure could provide businesses that want to get started in international trade with the tools, information and assistance necessary to successfully do so. *IntelliPORT* is designed to broaden understanding of Intelligent Transportation Systems technologies and associated benefits, while increasing market knowledge through education, training and interaction with business peers.

IntelliPORT is also designed to encourage both private and public sector stakeholder participation and networking. Initially, a Web-based, collaborative electronic environment could move this forward, as it could facilitate the exchange of information and services in a manner that also protects the proprietary nature of business.

This initiative is also designed to capture the momentum of existing organizations — such as the Kansas World Trade Center, Regional Economic Area Partnership and Wichita State University's international programs — and build upon the foundation they have set in the international trade community.

In essence, *IntelliPORT* would build awareness and capacity while delivering services the business community thinks it needs to strengthen international trade. *IntelliPORT* also would offer an alternative to initial capital investment in infrastructure without ruling out longer-term infrastructure development to support growth in commerce.

Implementation Plan

This plan outlines strategies that must be implemented to successfully develop the *IntelliPORT* initiative and better position Wichita to compete in the global market.

IntelliPORT's successful implementation relies on the initial support of a "champion" that will take each strategy and begin to take action to formally create *IntelliPORT*. Each strategy is important for the initiative's success, and they all must be done to some degree to create *IntelliPORT*. Some elements will develop over time, but each must be initially considered by the "champion" before *IntelliPORT* can fully achieve its goal.

Strategy: Identify *IntelliPORT* Sponsor
What type of organizational structure will govern the initiative?

Strategy: Create and Deploy a Marketing Plan
How can awareness of the initiative be created?

Strategy: Further Develop *IntelliPORT* Elements
What specific services satisfy the needs of users?

Strategy: Identify Funding Resources
What funding is available?

Strategy: Build Partnerships
What local, regional or national organizations are important to the initiative's success?

Strategy: Continuously Reinvent *IntelliPORT*
How can success be measured?

STRATEGY: IDENTIFY INTELLIPORT SPONSOR

Beginning immediately, the champion of this initiative should explore and determine *IntelliPORT's* organizational structure and governance. The champion would likely come from a variety of organizations to create a core group that garners support for *IntelliPORT's* structure and governance.

The sponsor for *IntelliPORT* could be:

- Within an existing organization.
- A government department at the city, county or regional level.
- A newly created non-profit organization.
- A for-profit business.

A Trade Co-operative System also would be a strong candidate for sponsorship. This type of sponsorship directly addresses the expressed desire to have a business-driven initiative because it would consist of an autonomous association of businesses united voluntarily to meet their common international trade needs and aspirations.

Ultimately the sponsor would be responsible for:

- Incorporating a charter and electing officers.
- Executing long-term, strategic implementation plans.
- Recruiting members or customers of the initiative.
- Hosting any technology content.
- Pursuing and managing funds for further investment in the initiative.
- All other responsibilities set forth by the chosen organization and governance structure.

The costs of identifying a sponsor would include staff time to meet and review possible structures and possibly legal fees for charter creation or review of governance documents. Eventually, there might be full-time staff cost or, if a co-operative is chosen, perhaps only administrative costs for association business.

STRATEGY: CREATE AND DEPLOY A MARKETING PLAN

IntelliPORT would be a business-driven system of international trade services designed to help companies grow. A marketing plan would focus on defining those services, establishing a “price” for the services and designing a location — physical or virtual — where they would be delivered. Promotional strategies

— advertising, public relations and other communication activities — would be developed based on these fundamental marketing elements.

In addition, marketing plans for *IntelliPORT* should follow a business-to-business model. That is, it would have a customer-service orientation based on establishing a close working relationship with users. Companies should be able to “enter” *IntelliPORT* and have a personalized and guided experience, based on the company’s individual needs.

When marketing *IntelliPORT*, a significant goal would be to increase awareness among businesses about the benefits of using *IntelliPORT* services. Messages should emphasize the simplicity of the services and how the services could improve a company’s bottom line.

Finally, marketing efforts for *IntelliPORT* would be measured based on the experiences companies have as they enter the new system. Establishing an evaluation — or system of metrics — that measures customer satisfaction would be essential in making *IntelliPORT* a place customers return to again and again.

The costs of creating a marketing plan would include staff time to develop the plan and to design and create marketing materials — from letterhead and business cards (if needed) to a business-to-business advertising campaign. Material and printing costs will also occur.

STRATEGY: FURTHER DEVELOP INTELLIPORT ELEMENTS

During concept development, *IntelliPORT's* three main elements were defined as:

- Training and Education
- Co-operative Services
- Peer-to-Peer Exchange

Within these three elements, suggested content included Website links, self-paced educational programs, consolidated purchasing requests, equipment availability reporting, mentoring services and Q&A forums.

As *IntelliPORT* is launched, the specific content in each element must be planned and then deployed in a manner that

satisfies the needs of members or target users. In the short-term, content might be limited but as the initiative ages, the content might become more robust and other content updated or removed as international trade regulations and environments constantly change.

The costs to develop content would include staff time to research topics. Additionally, the cost for Website hosting or development would need to be included.

STRATEGY: IDENTIFY FUNDING RESOURCES

The intent of the *IntelliPORT* concept would be to eventually develop a self-sustaining initiative funded either by membership fees or by payments for services utilized. However, identifying funding sources for initial development costs would be important.

To defray start-up costs, funding could be sought from local, regional and federal sources as well as from private sources that would benefit from the services.

Possible sources of public funding would be:

- Local, county and state governments
- Department of Commerce
 - Economic Development Administration
 - International Trade Administration
- Department of Transportation
 - Federal Highway Administration
 - Research and Innovative Technology Administration
- Department of Homeland Security
 - Customs and Border Protection

In the future, funding sources might need to be identified if infrastructure or facilities are developed based on the growth in trade volumes attributed to the additional services provided to businesses by *IntelliPORT*.

The costs involved in seeking funding include staff time to research grant opportunities and write proposals. Material and printing costs may be incurred.

STRATEGY: BUILD PARTNERSHIPS

To reach its maximum potential, *IntelliPORT* must reach out to other organizations, institutions and the business community.

The concept must be understood and demonstrated to become a force for building business in the region. Through outreach efforts that build local, regional and possibly national partnerships, *IntelliPORT* will benefit from recognition and cooperation of its partners.

Initial efforts should focus on local and regional, public and private partners. Initial targets for partnerships would be:

- Public
 - City of Wichita
 - Federal Highway Administration
 - Kansas Department of Commerce
 - Kansas Department of Transportation
 - Sedgwick County
 - Wichita Area Metropolitan Planning Organization
 - Wichita State University
- Private
 - Aviation manufacturers such as Bombardier, Cessna, Hawker Beechcraft and Spirit AeroSystems
 - Others with a large interest in international trade, such as The Hayes Company, Cargill Meat Solutions and Garvey Public Warehouse
- Non-profit/membership organizations
 - Kansas Farm Bureau
 - Kansas World Trade Center
 - Regional Economic Area Partnership (REAP)
 - Wichita Independent Business Association
 - Wichita Metro Chamber of Commerce
 - World Trade Council of Wichita

Once local partnership efforts begin, regional organizations or institutions should be contacted to realize the benefits of building partnerships. Possibilities would be:

- Kansas City SmartPort
- Port of Catoosa, Oklahoma
- Southwest Passage Initiative for Regional and Interstate Transportation Corridor (SPIRIT)

The costs would include staff time to reach out and meet with potential partners through presentations or individual meetings.

STRATEGY: CONTINUOUSLY REINVENT INTELLIPORT
 Any initiative must monitor its goals to measure its success. *IntelliPORT* would be no different. Identifying and monitoring specific goals would be important to ensuring that *IntelliPORT* achieves its overall goal of making Wichita more competitive in the global market.

Setting goals and marking progress would help direct the future of *IntelliPORT*. If a goal were not achieved, it would alert the sponsor and members of an area that should receive more

attention or an area that should be reinvented to provide better service.

Goals might be developed that measure the number of members or level of member’s business growth in dollars or trade volume. These types of goals would help track overall success of *IntelliPORT*.

The costs would involve staff time to develop and monitor goals.

Conclusion

The Wichita International Trade Study serves as a blueprint for how the Wichita area can better position itself to compete in the global market.

The study defines a concept that leverages the region’s infrastructure investment and technology opportunities to make it easy and affordable for businesses to participate in international trade. *IntelliPORT* was developed after careful study of existing and forecast freight flows, technology resources, and specific assets within institutions and organizations.

IntelliPORT is a technology-based concept designed to broaden understanding of Intelligent Transportation Systems technology and its benefits, while increasing market knowledge through training, education and interaction with business peers.

IntelliPORT, Converging Solutions for Global Business.

The Wichita International Trade Study was made possible by funding from the Federal Highway Administration and the support of Representative Todd Tiahrt. The study was completed under the direction of the City of Wichita and the Kansas Department of Transportation.

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A special acknowledgment is extended to the late Bob Martz, Wichita City Council, for his efforts in supporting this project and advancing international business in Wichita.



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This study was completed in association with

- **Bothner & Bradley**, a communications and consulting firm
- **ETC Institute**, a market research firm
- **Webber Air Cargo**, an air cargo consultant
- **Science Applications International Corporation**, a systems, solutions and technical services company.

