



"Proudly Serving Military Families"

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DATE: March 16, 2010
TO: Military Agents of National Forwarding Co. and Affiliates
FROM: Tim Helenthal, Vice President, Agency Services
SUBJECT: **SDDC Symposium – DP3 Update**

I recently attended the SDDC Training Symposium in Atlanta, GA and received some updates on where we are with the impending implementation of DP3.

About one out of three military members not only have a move with a traditional mover, but also have a portion the member handles himself and for which he is reimbursed by DOD. The DPS program hasn't been capable of handling any of these shipments in the past. On, or about, April 1st, SDDC intends to have new programming available that will allow these shipments to be moved in DPS.

Not only will these be allowed, they will be legally mandated to move in DPS. In the old "TOPS" program, military members were reimbursed a percentage of what the lowest rate on file was. The law now requires the members to be reimbursed based on the Best Value, and since the old program doesn't incorporate Best Value, these shipments have to move in the new DP3 program which is based on Best Value.

This change is expected to result in a significant immediate impact to the number of shipments moving in DP3. Currently, 24% of shipments are moving in DPS. When this new programming is available, they expect more than 50% of shipments moving in DPS.

Open Season for new TSPs – SDDC anticipates having an open season for new approval for TSPs sometime this fall. We expect around the end of August they will announce the window is opening, and they will allow 30 days for TSPs to apply.

Navy Regionalization – The Navy is beginning the process of regionalizing the back office functions of its PPSOs. It is our understanding that they will eventually have just four PPSOs. The first efforts are being directed at FISC San Diego, CA; next will be Jacksonville, FL and then Norfolk, VA. This shouldn't have any dramatic impact on how our agents do business, especially in the new program environment where bookings and pre-approvals are going through the TSPs.

Further, they are taking steps to try and standardize processes/procedures at each office. We applaud this effort because one of the more challenging things for TSPs and drivers is having different PPSOs interpret the same rule in different ways. We think this standardization effort will yield more satisfied customers.

SDDC reiterated that all shippers moving in DPS must have their claim settled in DPS.

They also said that higher weight shipments have higher Customer Satisfaction Survey response rates – so please make sure that you pay extra attention to those larger shipments because we know they are more likely to fill out a survey. Overall survey response rates are around 30% and much higher for old program shipments (about 37% response) versus DPS (about 15% response).

A programming fix to send a secure survey link to DPS customers is planned for implementation on April 1st and SDDC hopes this will greatly increase the survey response rate for shipments moved in DPS.

For DP3 shipments, there were some TSPs that filed rates for intrastate shipments where they did not have operating authority. SDDC has completed a review of the operating authority of all TSPs and will not allow TSPs to file rates in channels where they don't have authority.

There are 500,000 to 600,000 DOD shipments per year for 300,000 members – this includes all codes of service – from 115 DOD and Coast Guard PPSOs accounting for more than \$2 billion per year.

On occasion I hear from an agent that they have heard the new program may not go through. From what I hear and see, I don't believe there could be anything further from the truth. Senior leadership is committed to its success and will put the necessary time and money into it to make it work. Don't believe the hype. Even if you hear something from your PPSO along these lines, remember that each PPSO answers to its service headquarters and that their service headquarters are all committed to making this program work.

I've heard from more than one source that SDDC intends to have 70% of shipments moving in DPS by mid-summer. It won't be long after that before they will have them all moving in DPS and will begin the process of sun-setting the TOPS program.

TPH/lg