Helping the Supply Chain Address the Onslaught of Consumer Demand

Andy Lloyd is the very busy CEO of 3PL Central, a provider of cloud-based warehouse management software built to manage third-party logistics for 1,600+ warehouses, a market that treated the pandemic as a speed bump.



Andy Lloyd, CEO of 3PL Central

Third-party logistics firms manage the warehouse supply chain for clients, from receiving and inventory management to shipping, with consumer expectations making even the speediest delivery never soon enough.

According to the *2020 Warehouse Management System Market - Global Forecast to 2025*, the industry grew from $1.5 billion in 2017 to $2.5 billion last year and is expected to grow at an 18 percent compounded annual rate between 2020 and 2025. The order volume going through 3PL Central's system was up 46 percent year-over-year in 2020, with the first quarter of 2021 clocking in at a 63 percent year-over-year increase.

3PL Central, a cloud-based warehouse management software firm, helps warehouses scale to meet unprecedented demand growing order volume by 46% in 2020 and 63% in Q1 2021.

"We have by far the most sophisticated 3PL warehouse management software," Lloyd told California Business Journal. "The historic providers based their solutions on enterprise systems that are now decades old and were adequate when ecommerce orders were fulfilled within a week out of a single 1.5 million sq. ft. facility. This is now a quaint idea."

Today, businesses require many small warehouses near consumers to deliver on consumer expectations, while minimizing shipping costs. "Consumers expect an Amazon-like experience no matter who they purchase from," Lloyd says. The traditional software was built for large manufacturers and aren't a good fit for 3PLs -- they're too expensive to buy, implement, and run, and don't give good visibility into inventory and order status, they don't accelerate delivery or provide savings and they're late to the cloud.

Most retailers and ecommerce brands have realized they require greater efficiency and productivity from their fulfillment system. Thus, they turn to 3PLs so they can concen-



trate on their core competences of offering superior products, advertising so consumers are motivated to buy and build their brand. The companies own the inventory in the warehouses and 3PL's warehouse clients use the company's software to manage the manufacturer-to-consumer delivery process.

"We have a lot of competitors," Lloyd says, "but we rarely lose an opportunity to help logistics providers become better at this."

In April 2021, El Segundo-based 3PL Central made two big announcements. The first was a $45 million recapitalization by Mainsail Partners, the San Francisco-based growth equity firm, which had first invested in the company in 2015.

"This is an amazing opportunity to invest more capital behind a trusted team in an industry that has been experiencing positive secular tailwinds for some time," says Jason Payne, co-founder and senior advisor at Mainsail.

The other announcement was the acquisition of Skubana, a leading inventory management system and ecommerce operations platform, providing 3PL Central with the tech and skills of a pioneer of a fully integrated fulfillment network.

"Unlike the recent entries to the market, supply chain success starts on the warehouse floor and Skubana will help us provide connections to enable brands and retailers to fulfill orders cheaper and faster."

Clearly, Lloyd is swimming in deep and turbulent waters, but he is well-prepared. He was an avid swimmer six days a week from age 9 to twice daily in high school, which left his only job option to be a lifeguard.

"It's a very objective sport because there's no defense, you just swim and measure your time, so you can have goals and achieve them, and this carried over into my career," he explains.

Lloyd moved from Mercer Island, near Seattle, to attend Stanford University on a swimming scholarship in 1988. "I learned as much from hanging out in the dorm and having spirited conversations as I did sitting in classrooms," he says. He graduated with a degree in Psychology in 1992. "My mother was a sociologist, so I knew something about how people interact in society. This gave me a better understanding of group psychology, both of which definitely have been helpful in my

career."

Lloyd's original plan was to become a physician, until he talked with doctors before entering med school. They discouraged him because of the changes they were seeing in the healthcare market. Uncertain what he wanted to do, Lloyd taught at a research pre-school run by the Stanford Psychology Department then spent a summer working for Oracle in Austria, giving him a glimpse into the tech world.

Being so enamored with tech, Lloyd joined a pioneering Internet video conferencing startup. Realizing he needed to know more about the capabilities of software, he taught himself coding. In 2000, he launched his first company, Chariteam, which enabled people to create fundraising pages for their favorite nonprofits.



"It was a great experience being a CEO of a small company for a couple of years, learning everything about operations from top to bottom," he says.

After a stint as CEO at a digital design firm, Fluid, Lloyd was recruited to NetSuite, which was purchased by Oracle, and soon thereafter, Lloyd found himself at the helm of 3PL Central.

"I didn't know much about how orders get handled inside a warehouse, but I quickly learned how challenging it is for people who are used to doing everything in Excel and on paper to adopt modern technology," he says.

About 40 percent of Lloyd's prospects are operating largely as they did 20 years ago but they now recognize the need to evolve to compete in the lucrative ecommerce market.

"It is a competitive industry," Lloyd says. "The high demand for labor makes it hard to recruit and retain warehouse staff, while space for new warehouses is being scooped up as fast as it is created. That's one reason why we are emphasizing building out our training programs, so it is easier for our customers to onboard new employees."

Implementing 3PL Central's WMS can take just a week for the less sophisticated, but for larger 3PLs with greater change management needs or warehouses who haven't historically embraced technology, it could take more like three months. In February and March last year, as the supply chain was disrupted by COVID-19, business evaporated, but came back with a vengeance.

"Companies," Lloyd says, "have learned the need for more resiliency in their fulfillment, on-shoring sourcing, and more adaptable supply chain management." — By Scott S. Smith, Staff Writer, California Business Journal

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