

REGIONAL ALTERNATIVES

with **Rob Shirley**



Nexus of Financial and Transportation Services

There are very interesting synergies between financial firms and delivery companies that started in the mid-1800s and are still evolving today.

American Express was founded in 1850 as an express transportation business in New York. Deliveries were done by horseback or driving stagecoaches from the eastern cities to the western frontier, transporting parcels, freight, currencies and gold. Many of its largest clients were banks with financial instruments, stock certificates and notes yielding the highest profit for delivery. American Express successfully migrated from transportation into financial services.

Wells Fargo was founded in 1852 in San Francisco and utilized multiple transportation modes, including steamship, railroad and its now famous stagecoaches. At first, Wells contracted with independent stageline owners and later operated the largest stagecoach operation in the world. The California gold rush provided the opportunity to transport, protect and store gold in San Francisco. Gold was discovered in Coloma, California in 1849 approximately 150 miles from San Francisco, and that trip would take more than 12 days. San Francisco was a small port on a peninsula that exploded with the discovery of gold. Wells Fargo found it transitioned to become a financial company over time (and at this writing has just sold enough new stock to quickly pay off its TARP loan).

In this century, AirNet Systems, Inc. was founded in 1974 and built a successful business by serving banks with the fastest service possible to move checks, stocks, currency and other high-value financial instruments. A large check written by you to me (good move!) wouldn't be cleared back then until my bank physically had your check delivered to the Federal Reserve. At six figures or higher, one can easily see the urgency.

As financial firms have moved to electronic transactions approved under the Check 21 Law, AirNet has exploited its quality expertise to grow into a full express airline and global logistics provider serving the life sciences industry, the US government, the film industry, aircraft on ground situations, dangerous goods and the legal industry.

They currently utilize nearly 200 aircraft serving major and medium markets and fly over 500,000 miles a week.

Frank DiMaria, SVP Sales and Marketing, earned his stripes in senior positions for DHL, APL, P&O Nedlloyd, FedEx and

Emery. He stated, "The AirNet team of 500 non-union personnel has learned how to translate banking delivery expertise, with zero tolerance for failure, into a sophisticated chain of custody that successfully moves hyper-critical human organs, blood, tissue and radioactive pharmaceutical products rapidly throughout the United States. These packages include eye corneas, pharmaceutical products that have half lives measured in hours and one-of-a-kind films for movies that cost \$100m+ in production."

A full half of the business is completely tailored to customers using an advanced "daisy chain" network with very limited hub and spoke sorting. AirNet serves the 50 key US markets with its own courier drivers. Agents provide pickup and delivery in another 2,500 mid-tier markets throughout the continental USA. AirNet serves customers with seriously time-critical, highest valuation and security sensitive products. Its charges for this level of service are at a premium price.

Today, banking is about 40% of its business. They have recently expanded export services from the USA to 39 cities in Europe, Asia and the Middle East utilizing jet aircraft from many commercial airlines.

It is amazing how businesses adopt and continue to find ways to save customers in the ever-expanding global supply chain. It is hard to imagine AmEx and Wells Fargo operating without aircraft, GPS, the Internet, advanced avionics, software, digital communications and even tires. Look how far businesses have come! ■

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Highest Quality Service Is Imperative for Success in this Critical Market

- ▶ Service level is 99% or better using industry metrics
- ▶ Raw service level with zero exceptions is above 92% (this means "Acts of God" are not excepted)
- ▶ Speed is the fastest available using 35 Bombardier Learjets, the largest Cessna fleet in the world, Caravans, Piper Navajos and Beechcraft; ranking AirNet as the third largest express airline in the USA