



# PROCUREMENT BULLETIN

April 2017 Issue

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- [Case Study] Chicago O'Hare International Airport Expands Its Cargo Capacity

## [Case Study] How American Eagle Outfitters Keeps Operations Running Smoothly

American Eagle Outfitters consistently innovates and looks for ways to incorporate technology into its business operations. This is true throughout the company's manufacturing, distribution, and marketing departments. American Eagle Outfitters' shares dropped at the beginning of 2017, but the company's technology investments will help keep its operations running smoothly and aid in the company's recovery.

### Situation: American Eagle Outfitters' Shares Drop



Image via [Flickr](#) by JeepersMedia

American Eagle Outfitters is a clothing brand that was established more than 40 years ago. The company targets college-aged individuals and young adults with its hip clothes and accessories. American Eagle Outfitters has almost 1,000 store locations open around the world. Its competitors include Abercrombie & Fitch, Gap, Forever 21, Zara, H&M, and other fashion retailers typically found in malls.



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Despite American Eagle Outfitters' size and reach, [shares dropped at the beginning of 2017](#) because of slumping sales in the fourth quarter of 2016. Competitors have been pushing cheaper goods that enable them to rotate inventory faster. Many investors worried about American Eagle Outfitters' ability to recover and sold their shares to compensate. This is typical behavior for investors when they see sales that are lower than anticipated.

## **Approach: American Eagle Outfitters Invests in Technology**



Image via [Flickr](#) by Jason A. Howie

To combat slumping sales, American Eagle Outfitters has been investing in technology to improve business processes and reach more customers. Over the past few years, American Eagle Outfitters has been working hard to improve and upgrade the technology it uses in its distribution process as well as its marketing.

In 2016, the company launched its first responsive mobile web app, as well as an international website. [Lance Wills](#), Vice President of Digital Technology at American Eagle Outfitters, said, "More than 50 percent of our customers shop with their phone ... Our goal is to take away the friction that often exists when shopping on a mobile device." Technology investment is the solution to reaching more customers and improving sales.

American Eagle Outfitters also opened a highly automated, [1.6-million-square-foot distribution center](#) in Hazle Township, Pennsylvania, to replace an older facility and improve its distribution technology. The new distribution center is designed to handle all of American Eagle Outfitters' omnichannel needs with automation.



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## Impact and Advantage



Image via [Flickr](#) by Phillip Pessar

Even though American Eagle Outfitters has been losing sales to its competitors in recent months, the company's growth remains more reliable than its competitors' over time. This can be attributed to the company's investment in technology. American Eagle Outfitters understands that one key factor in keeping costs low and profits high is automation in distribution and innovation in marketing. There's more to clothing retail than pushing cheap goods.

It's too early to tell what will happen with American Eagle Outfitters in the coming months and years, but the company has proven its resiliency and is still investing in technology. This isn't behavior you would typically see from a struggling company. Shares have slowly been rising, and American Eagle Outfitters doesn't show any signs of further distress. Technology investments will likely help the company recover and see higher sales in 2017.



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## Ohio's 'Smart' Road Plans for Driverless Trucks

Driverless trucks are undergoing testing in several states, and Ohio is creating the ideal testing environment with its "smart" road plan. The state plans to build this road over a 35 mile stretch. Take a look at what the state hopes to accomplish with this smart road.

### Ohio's Smart Mobility Corridor



Image via [Flickr](#) by automobileitalia

At the end of 2016, Ohio Governor John Kasich announced the construction of a Smart Mobility Corridor in the central part of the state. The smart road will run along a 35-mile stretch of U.S. Highway 33 in Logan County. It will be equipped with sensor systems and a fiberoptic cable network to aid in automotive testing.

While talking about the project, [Governor Kasich](#) said, "Ohio has been at the heart of automotive manufacturing and innovation since the industry's earliest days. Those ties strengthen with each passing year and innovations developed here will continue to build on our state's historic role as a world leader in transportation technology."

The purpose of this project is to test smart transportation technologies on a highway that travels through both urban and rural settings. The 35-mile stretch of road gets estimated traffic of 50,000 vehicles per day. The Smart Road Corridor will have four lanes and a limited access structure.



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## Automotive Testing Companies Benefit From the Smart Road



Image via [Flickr](#) by jurvetson

Otto, a self-driving truck manufacturer owned by Uber, plans to test its driverless trucks in Ohio. The Smart Mobility Corridor will aid in the company's testing. [Otto uses sensors](#) that are located on the top of its trucks. They scan the road ahead for traffic markings to ensure an unobstructed path. Ohio's smart road can provide data to help Otto and other automotive testing companies improve the safety and reliability of their driverless vehicles.

Most retail products endure long-haul transit before reaching retailers. Driverless trucks could revolutionize the industry with faster and more reliable transportation. Some worry that driverless trucks will put people out of work, but there's already a shortage of truck drivers in the U.S. Driverless trucks will help the industry and improve on safety.



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## Technology Leaders Will Work on the Smart Road Project



Image via [Flickr](#) by CountyLemonade

Several businesses partnered with Ohio on the smart road project, including the Transportation Research Center at East Liberty, Ohio State University's Center for Automotive Research, and Honda R&D Americas. Wright-Patterson Air Force Base, the University of Dayton, the University of Cincinnati, and Wright State University will all aid in developing the technology. Ohio has invested approximately \$15 million in the Smart Road Corridor, and construction is scheduled to begin in May 2017.

[Governor Kasich](#) stated, "Some of the world's foremost automotive researchers are working here in Ohio, at both ends of this corridor, and this project provides them with the perfect location and state-of-the-art infrastructure for safely testing autonomous and connected vehicle technologies."

Driverless vehicles are the future of transportation, particularly in the long-haul freight industry. Ohio wants to be at the forefront of the industry, and its smart road is what will make the state a leader. Driverless trucks and technology could begin testing on the new corridor by the end of next year.





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## [Case Study] Chicago O'Hare International Airport Expands Its Cargo Capacity

Chicago O'Hare International Airport is expanding its cargo capacity with a new state-of-the-art cargo center. This will strengthen the airport's ability to handle large volumes of freight and will also provide economic growth for the city of Chicago. Take a look at why the project is happening and learn how Chicago and the surrounding region will benefit from the expansion.

### **Situation: Build the NorthEast Cargo Center to Expand Air Cargo Capacity**



Image via [Flickr](#) by powkey

The Department of Aviation, O'Hare International Airport, and Aeroterm are working in collaboration on the new Northeast Cargo Center at Chicago O'Hare International Airport. The project was funded by \$62 million in airport funds and an investment of \$160 million from Aeroterm.

Construction on the cargo center began near the end of 2013 on 65 acres of undeveloped land owned by the airport. The project will take place in three phases. Once completed, the facility will have 915,000 square feet of warehousing space, apron pavement, and a taxi lane for large freight aircraft. It will also feature truck docks, an expanded fuel farm facility, and a cargo access road.

[Erin Gruver](#), Chief Development Officer for Aeroterm, said, "We are proud to serve as the developer of this exciting and high profile cargo infrastructure project, which enhances O'Hare International's air cargo sector with improved cargo processing efficiency. This project is the result of an unrivaled collaboration between Aeroterm, the Chicago Department of Aviation, and the O'Hare air cargo community."



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## Approach: Position Chicago for Air Cargo Success



Image via [Flickr](#) by archangel 12

[Mayor Rahm Emanuel](#) said that Chicago hasn't been pulling its weight in terms of air cargo. The O'Hare expansion will change that. Mayor Emanuel said, "Chicago is only fifth in the United States and seventh worldwide when it comes to how much cargo we transport, and I think it's been underperforming as it relates to what its capacity is. This investment, and the jobs that come with it, will allow Chicago to actually fight in its weight class in terms of what we can do with economic growth."

The new cargo center does not change the current volume of air cargo at O'Hare, but it does improve the airport's efficiency. With time, however, the airport will be able to support more volume. Airlines and cargo organizations will be about to sublease facilities at the cargo center. Total Airport Services and Alliance Ground International are already [tenants at the new center](#).





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## Impact and Advantage



Image via [Flickr](#) by aka Kath

O'Hare airport estimates that the cargo center will create 1,200 new full-time jobs. In addition to that, more than 10,000 more jobs could be added throughout the region because of increased cargo volume and capacity. That's good news for the city of Chicago and the surrounding area. The airport expansion will bring an estimated \$600 million in economic benefits.

The first phase of the expansion project is already complete, and Chicago has already started to see economic growth. If progress continues at the same rate, things will only continue to improve as the project reaches completion.



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## Related Procurement Events

### **Certified Procurement & Purchasing Specialists (CPPS)**

- 3 April-31 May 2017 - Online Distance Learning
- 25-28 April 2017 - Singapore
- 7-10 May 2017 - Dubai, UAE
- 3 July-31 August 2017 - Online Distance Learning
- 24-27 July 2017 - London
- 21-24 August 2017 - Kuala Lumpur, Malaysia
- 23-26 October 2017 - London, UK
- 4 September-31 October 2017 - Online Distance Learning
- 6-9 November 2017 - Lagos, Nigeria
- 19-22 November 2017 - Dubai, UAE
- 27-30 November 2017 - Singapore
- 4-7 December 2017 - Hong Kong

Download the full details: <https://www.ethanhathaway.com/training/certified-procurement-purchasing-professional-specialist-cpps/>

### **Certified Chief Procurement Officer (CCPO)<sup>TM</sup> Training Course**

- 23-25 April 2017-Dubai UAE
- 15-17 May 2017 Amsterdam,Netherlands
- 17-19 July 2017 Singapore
- 24-26 July 2017-London, UK
- 16-18 October 2017-London,UK
- 13-15 November 2017-Dubai
- 6-8 December 2017-Singapore
- 11-13 December 2017-Hong Kong

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- 3 April-31 May 2017 - Online Distance Learning
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- 3 July-31 August 2017 - Online Distance Learning
- 17-20 July 2017 - London, UK
- 14-17 August 2017 - Lagos, Nigeria
- 21-24 August 2017 - Nairobi, Kenya
- 4 September-31 October 2017 - Online Distance Learning
- 17-20 October 2017 - London, UK
- 13-16 November 2017 - Singapore
- 19-22 November 2017 - Dubai, UAE
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### **Certified Big Data Analyst (CBDA)<sup>TM</sup> Training Course**

- 3-7 April 2017-Singapore
- 26-30 June 2017-Hong Kong
- 15-19 October 2017-Dubai
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### **Successful Project Management**

- 15-17 May 2017- Kuala Lumpur
- 17-19 July 2017- Singapore
- 6-8 November 2017- Kuala Lumpur
- 19-21 November 2017- Dubai
- 11-13 December 2017- Singapore

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