



NEWS RELEASE

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COST-EFFICIENT OPEN TECHNOLOGIES HOLD KEY FOR TRANSPORTATION INDUSTRY

- Marc Mitchell Cites Advancing Technologies, Dramatic Decline in Costs as Benefits -

Long Beach, CA, May 26, 2004 – In his opening address at the 6th annual EyeForTransport North American Technology Forum held today, Conference Chairman Marc Mitchell, Transportation Practice Director for Enterprise Information Solutions, Inc. (EIS), highlighted the importance of Open Technologies for the transportation industry.

“Concrete signs of the U.S. economic recovery can now be seen in increased shipping volumes and record activity levels among the nation’s freight carriers, as well as in strong earnings reports for many transportation and logistics operations.” said Mitchell. “But at the same time, the current spike in fuel prices punctuates the challenges facing transportation operators and how often their struggles are with factors beyond their control. When gauged upon total revenue, figures from the American Trucking Association (ATA) show an industry with a very healthy growth curve. However, when one considers some additional, but basic figures, a somewhat troubling confluence of economic trends emerges.

“Fuel prices, something in the forefront of people’s minds in recent weeks, show a 33 percent increase since 1994 according to figures from the U.S. Department of Energy,” continued Mitchell. “While this is by no means a small increase, ATA figures show even larger percentage increases in insurance and general wage expenses over a similar period of time. Meanwhile, the overall rates being charged for transporting goods have been largely constrained. The simple combination of rising operating expenses and constrained rates make for a situation where eventually something is going to have to give.”

Mitchell pointed to advanced technology as holding the promise for bucking this otherwise disturbing trend. “Many general technology cost trends show what should bring a smile to the face of any consumer,” he said. “According to the FCC, average domestic long distance phone rates have fallen more than 400 percent in the past decade. Cellular phone bills have decreased more than 200 percent. Research from IBM shows the costs of magnetic disk storage falling at an even more extreme rate. And my own experience buying computers shows that when compared to a machine purchased in 1995, in 2002, I was able to buy a unit that was arguably five times more powerful for less than half the take-home price I paid seven years earlier. It is trend lines such as these that any business owner or senior manager would welcome. However, too often, technology has been as much a trading off of one expense for another as it has been a true driver of efficiencies.”

Mitchell highlights two important concepts that help ensure the desired trends and not just the exchange of one expense for another in the case of a transportation or logistics organization. “The first is Open Systems



technologies. While the general term of ‘Open’ remains somewhat confusing, and even controversial, when coupled with the word technology, the meaning and value are simple in this context: ‘Open’ means technologies built to a pre-existing standard, which in turn, means equivalent solutions are available from multiple providers. This ultimately results in basic competitive economic principles acting to benefit consumers on a cost basis. When choosing technology solutions to deploy, one must carefully consider the extent to which choice and competition are a part of that solution.”

The other important concept Mitchell identified is that of Open Source, frequently argued as the ultimate expression of the Open Systems concept. While often seen as the domain of the extreme techno-elite, the plain business reality is that many of these solutions have more than what it takes to supply the industry’s general technology needs. Areas where Open Source offerings hold considerable potential include:

- Server infrastructure components such as server operating systems, as well as database, Web and email server offerings
- End-user workstation components such as office productivity tools (word processing & spreadsheets), email clients, virus and spam filters, and even complete workstation operating systems
- Enterprise Systems such as document imaging, inbound and outbound faxing, print services and PBX phone systems

“One concern raised with Open Source tools is whether anything that is given away for free can be up to the task of running mission critical business systems,” said Mitchell. “Ironically, for some of the categories above, the most heavily used and relied upon solutions are actually of the Open Source variety. For example, a recent survey showed that in a sample of more than 40 million different Web sites, the Open Source Web server Apache served 62 percent. Its share was double that of the next nearest competing product. By embracing Open Technologies, whether Open Systems or Open Source, the economic realities of commodities can finally work to an operator’s benefit instead of to their detriment. In turn, technology can deliver efficiencies where the bottom line impact is not negated by costs required to introduce the technology in the first place.”

About EIS

Enterprise Information Solutions, Inc. (EIS), headquartered in Downers Grove, Illinois is systems integration and computer-engineering firm dedicated to deploying cutting edge technology solutions based on Open Systems and Open Source components. Founded in 1994, the EIS Transportation Practice focuses on solutions related to the specific challenges of the transportation and logistics industry and has participated in the development and implementation of many high profile projects for some of the biggest names in the business. More information is available at: www.eisolution.com/transportation.

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