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Acquisitions fuel fast-growing Chicago dray operator

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One of the fastest-growing intermodal drayage companies in the Chicago area, Mark-It Express Logistics, is bulking up its operating muscle by acquiring Sava Transportation. The purchase of Maywood, Illinois-based Sava follows Mark-It's acquisition of Spirit Trucking in January.

The acquisitions signal that mid-size and larger companies, even in the recession, are looking to expand through "tuck-in" buys, such as the purchase this week (https://www.joc.com/trucking-logistics/truckload-freight/comcar-truckload-asset-deal-expands-canada%E2%80%99s-tfi%E2%80%99s-us-reach_20200629.html) of two Comcar Industries subsidiaries by TFI International.

Sava brings additional expertise in moving international ocean containers to Mark-It, according to Mark-It founder and CEO Tony Apa. "Sava handles 99 percent international containers, and the diversification of their customer base in the international space is one thing that was intriguing to us," Apa told JOC.com Tuesday.

"Across their top five customers, four are brand new customers for us in the international container space," he said. Mark-It's business currently is about 70 percent international intermodal. Sava's fleet of 20 drayage trucks will raise Mark-It's fleet count to 200 vehicles.

The Spirit Trucking acquisition in January gave Mark-It increased yard capacity for containers and chassis in Chicago, Detroit, and Kansas City. The addition of new capacity in the form of truck drivers in those markets is the most important element today, Apa said.

Opportunity for consolidation

In a larger sense, the Spirit and Sava acquisitions are a new starting point for Mark-It Express Logistics. "The intermodal drayage space is primed for what we're trying to do: to bring together a more fragmented industry on a national scale," Apa said.

Mark-It is the only intermodal drayage provider to make Crain's Chicago Business's list of the 50 fastest-growing companies in the Chicago area. In 2019, Mark-It ranked 48th on the list and had a five-year growth rate of 181.4 percent and approximately \$37.6 million in annual revenue.

The company offers third-party logistics, multimodal freight brokerage, and intermodal logistics services, including local and regional drayage and container yard services. Mark-It has intermodal terminals in Lemont, Illinois; Detroit; and Kansas City, Kansas.

The transportation company last year approached Republic Partners, an advisory firm specializing in transportation mergers and acquisitions (M&A), for help moving beyond organic growth and expanding in a market that even then was slowing from the boom year of 2018.

"Tony Apa thought there were some direct avenues to growth through M&A," said Jonathan Britva, principal with Republic Partners. "That's clearly proven to be the case. There are several other targets we are in contact with. This is hopefully the beginning of several acquisitions."

Container carrier corollary

Apa comes from a trucking family. Both his father and grandfather owned trucking companies, and he worked for both, as well as for Roadlink, the predecessor of RoadOne IntermodaLogistcs. He decided to launch his own company in 2009.

He sees opportunity for consolidation in drayage driven by changes within the fragmented trucking industry as well as consolidation among leading ocean carriers. "As the steamship lines have gone through their M&A period, it's forcing their vendor base to do the same," Apa said.

Container lines and alliances "want to be able to leverage their size by working with large vendors, with single points of contact and more streamlined contracts," he said. "As ocean carriers become bigger, they need the vendor base to become bigger to handle volume."

At the same time, small dray operators face changes in technology, regulations, and customer demand. "There are a lot of changes that some of the smaller drayage firms can't keep up with," Apa said. That's aiding Mark-It's quest to add capacity through acquisition.

"Capacity is a big demand" from both steamship lines and shippers, he said. "Driver supply is a big point, because you need that capacity in order to scale up." He sees the "Amazon effect" reshaping drayage, as well, by increasing demand for intermodal tracking and tracing.

"In drayage, the technology is coming out to integrate the supply chain from start to finish, but it's not cheap," Apa said. "It takes the right sized firm with the right capital, and the right team, to roll out the technology and make sure it's being used the right way to get the benefits." Apa isn't interested in growth for growth's sake. Acquisitions need to be strategic and bring Mark-It closer to its goals. "The acquisitions have to make sense," he said. "There needs to be a strategic fit, and that could come in many forms."

Although Apa isn't sure what demand will look like this summer and fall amid the COVID-19 pandemic and recession, he is confident about Mark-It's long-term outlook. "Even in these times, freight still needs to move," he said. "As long as you're evolving, you'll be relevant."

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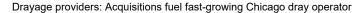


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