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## NEWS

# New plastic pallet pooling startup launched

iGPS Co. pits product with RFID tags against traditional wood

BY MARGARET ALLEN | STAFF WRITER

An executive from the \$5 billion North American wooden shipping-pallet industry has started a new plastic pallet "pooling" firm to compete with his former employer and operate from North Texas.

Intelligent Global Pooling Systems, or iGPS Co. L.L.C., will be headed by Dallas resident Rex Lowe. Lowe is a familiar name in the pallet business because of his long association with industry giant CHEP. Lowe helped launch CHEP USA Inc. in 1990.

Lowe, former president of CHEP USA, says he plans an aggressive rollout of iGPS, thanks to substantial financial backing from Connecticut-based, private investment firm Pegasus Capital Advisors L.P. He declined to disclose the amount of the investment. Pegasus has more than \$1 billion in assets under management.

Pallets are used by mass merchants to ship loads of product ranging from food and household goods to electronics and home improvement materials.

Wooden pallets have for decades been the accepted standard. Plastic pallets, which have begun to see use in recent years, are promoted as longer-lasting, lighter and more hygienic than wooden pallets, and also less susceptible to harboring moisture and mold. But industry insiders say they are also typically two to three times more expensive.

Lowe is launching iGPS just as new U.S. government pallet regulations go into effect on July 5. The new rules require that all wooden pallets imported from abroad be heat-treated or fumigated to eliminate pests that can devastate crops.

### Staged growth

iGPS is the first large-scale pooler in North



A PLASTIC PALLET



LOWE

America of plastic pallets outfitted with radio frequency identification tracking tags, Lowe said. iGPS will buy plastic pallets made by major manufacturers and outsource much of its operational and information systems functions. It will rely on a major third-party logistics provider and an RFID integrator. Those providers haven't been selected yet, Lowe said. iGPS also plans to lease offices in the Metroplex, he said, with seven to 10 people on the executive team here.

"It'll grow in stages," he said. "The investment is substantial to cover the capital needs we have to launch the business. We are going to be aggressive in our growth. I do see big numbers in our future."

CHEP USA was the first company to launch pallet pooling in the United States some 16 years ago. In pooling, pallets are leased to manufacturers or their customers. The leasing company provides maintenance of the pallet fleet, and the customer pays for what is used. In North America, there are about 2 billion pallets in use with more than 90% of those made of wood. Some 200 million are pooled, with CHEP as the largest supplier.

"The demand, if competitively priced, could be all the way up to that top figure," Lowe said. "So far, the technology to replace a pallet doesn't exist. There is no beam-me-up-Scotty technology to replace the pallet. And our pallets will be uniquely identified using RFID technology."

But challenges will be significant, according

## PLASTIC TRACK

**NAME:** Intelligent Global Pooling Systems Co. L.L.C.  
**BUSINESS:** Pooling of RFID-tagged, plastic pallets  
**HEADQUARTERS:** Cos Cob, Conn.  
**OWNERSHIP:** Pegasus Capital Advisors L.P.  
**TOP EXECUTIVE:** Rex Lowe, president  
**EMPLOYEES:** Hiring seven to 10 in the Metroplex  
**ANNUAL REVENUE:** N/A  
**PHONE:** 800-884-0225  
**WEBSITE:** Under construction

to others in the industry, including CHEP USA marketing director Per Ohstrom.

CHEP USA has 80 million of the North American pool pallets, circulating to 20,000 locations. It's the only pooler with nationwide reach, Ohstrom said.

"What many don't realize is that it's very difficult to keep track of the pallets, unless you have good coverage, which we have," he said. "A plastic pallet costs two to three times as much as a wooden pallet. So each one you lose is a significant hit."

He doubts users will accept a higher-priced product. CHEP rejected the notion of developing the plastic pallet market.

"To get the same cost performance out of plastic pallets is pretty much impossible," Ohstrom said.

But plastic pallets are slowly gaining ground, said Samantha Goetz, with Wisconsin-based Orbis Corp., one of the nation's top makers of plastic pallets.

Lowe is launching iGPS with Bob Moore, who lives in Orlando, Fla. Moore is former CEO of CHEP USA.

"He and I always felt the supply chain was looking for a better alternative to the wooden pallet," Lowe said. "Our ultimate goal is to take costs out of the supply chain. We will be competitively priced."

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