Gauge Business Performance and Guide Strategy Using Freight Pricing and Truck Capacity Data

DAT Solutions and McLeod Partner to Deliver Valuable Rate and Capacity Data

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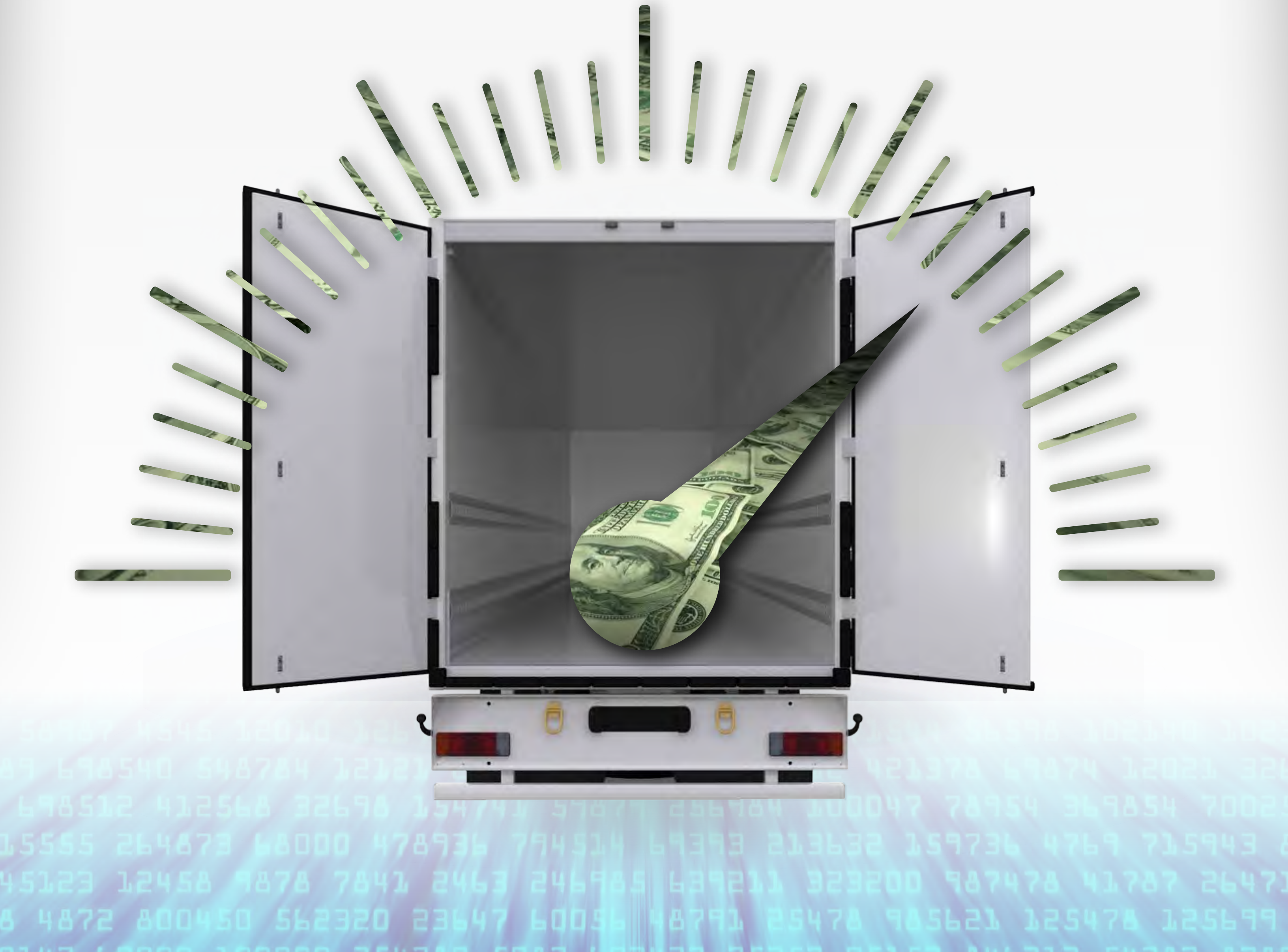


Freight pricing and truck capacity data can provide vital information for helping freight transportation and logistics companies gauge business performance and guide business strategy. The value of this information is underscored in the current market where competitiveness and volatility bring both challenges and opportunities for brokers and carriers. The ability to respond intelligently and make sound business decisions hinges on the insights gained from access to dependable and actionable data.

The data can come from public, private, and internal sources, including general business media, industry journals, government agencies, trade associations, industry data providers, and a company's own transportation management system. Working in partnership, DAT and McLeod provide easy access to a wide range of rate and capacity data. Managers need visibility into their business from multiple angles, and the seamless integration between McLeod and DAT plays a powerful role in providing this.

The Insights Gained from Rate and Capacity Data

Rate and capacity data allows you to learn more about your business. You can see how you compare to industry norms and you can use this information to refine your business strategies.

Many brokers and carriers are already monitoring several core metrics, such as margin, revenue per employee, return on assets, days to pay, loads per day, and lead time, but there is potential to learn a great deal more about the business.

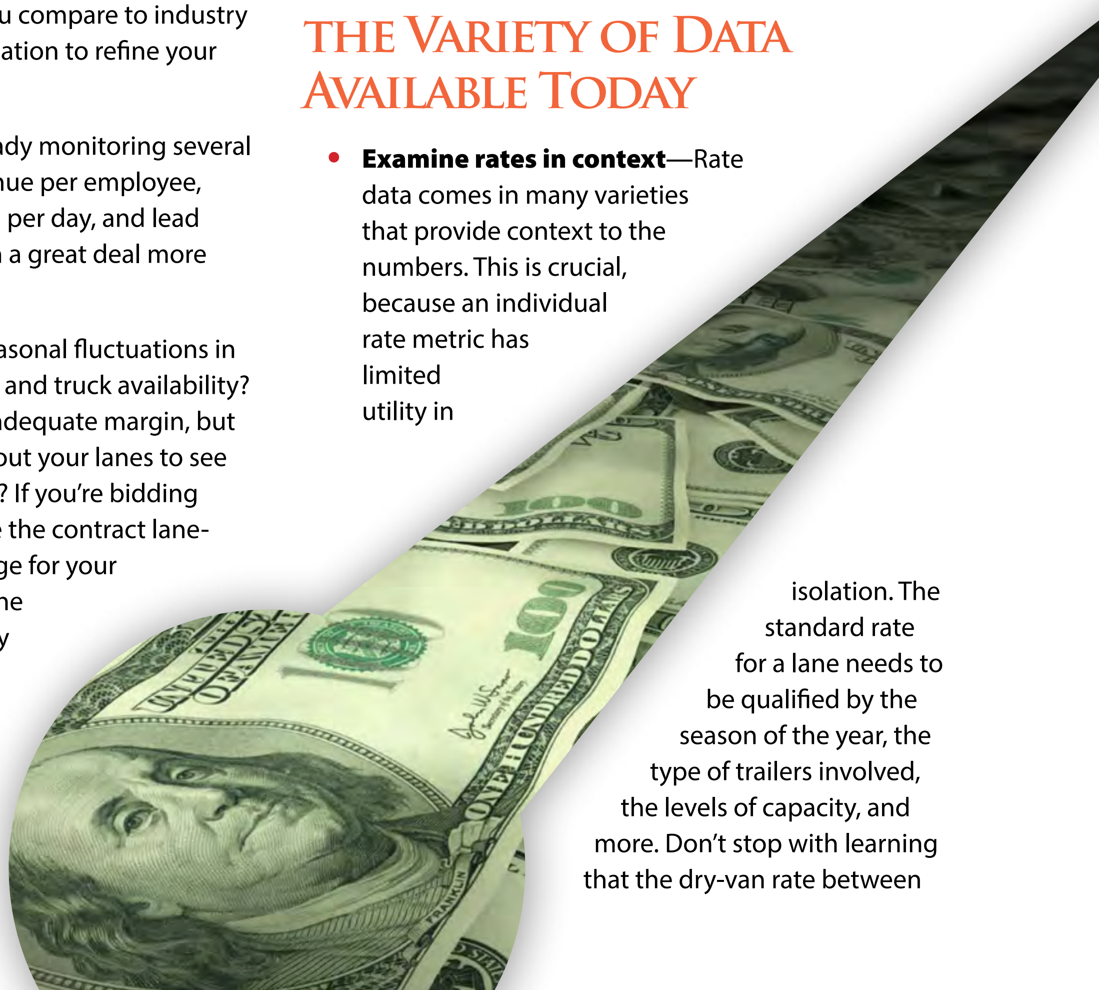
For example, do you know how seasonal fluctuations in demand from shippers affect rates and truck availability? Maybe your rates are bringing an adequate margin, but do you have enough hard data about your lanes to see if the market will bear higher rates? If you're bidding on a shipper's RFP, can you analyze the contract lane-by-lane and know the optimal range for your submitted rates? By tapping into the extensive store of rate and capacity data, you gain insight into your company's position within the market and avoid leaving money on the table.

All too often managers will examine internal data that pertains only to their business and fail to seek out the prevailing rates and metrics for the industry. The current availability of data is creating more transparency than ever before. Today you can compare markets and lanes to see what other companies are paying or receiving for services that are similar to yours. The services may not be identical, but you can parse the differences using your own internal data. For example, you may discover that the going rate for refrigerated carriers along a certain lane is $2.45, while you're charging $2.65 on that lane. In this case, the reason might be that your service is expedited. Once you take that into account, you see that your rates are still competitive.

By comparing yourself to the industry and finding out where you stand, you sharpen your ability to devise successful business strategies. If you are trying to be the low-price leader or seeking to compete in a niche market, you want to know if your rates, your margin, and your costs are in line with what the rest of the industry is doing. The use of data on rates and capacity lets you know which areas you're excelling in, so that you can take your successful best practices from those areas and apply them to other aspects of your business. In the areas where the data shows that you're not performing as well, you can seek out advice on ways to improve.

Tips for Using the Variety of Data Available Today

- **Examine rates in context**—Rate data comes in many varieties that provide context to the numbers. This is crucial, because an individual rate metric has limited utility in isolation. The standard rate for a lane needs to be qualified by the season of the year, the type of trailers involved, the levels of capacity, and more. Don't stop with learning that the dry-van rate between



Chicago and Dallas is $1.45. First, consider how the rate varies between January and July. Next, for each month, look at how the outbound rate from Chicago compares to the outbound rate from Dallas. Then look at truck availability. Are there opportunities that you hadn't seen previously?

- **Track truck availability data**—Reviewing data on truck availability outbound on a specific lane or from a specific market may reveal trends. Tight capacity exerts upward pressure on rates, so having a clear picture of capacity patterns by lane, market, and season gives you an upper hand when setting your rates.
- **Learn how to use spot market data as a reference for setting contract rates**—The volume and range of spot market data is so huge today that it's possible to mine this resource for many different uses, and contract rates is one example. Movement in spot market rates frequently shows up in contract rates, but the impact is delayed, given that contracts aren't renegotiated every day. You can use spot market data as a barometer to assess pressure in the market. If you see the market diverging substantially from your contracted rates, it may be time to renegotiate.
- **Handle RFPs with greater precision**—When responding to a shipper's RFP, compare your pricing index against the prevailing market rate for each lane. Using rate data in this way allows you to submit bids that fit your business goals more precisely.
- **Use the correlation between load posts and truck posts to anticipate rate trends**—No one can predict future rates with certainty, but there are ways to use data for predictive purposes. The relationship between load posts and truck posts often has a strong correlation to rates. When the load-to-truck ratio goes up or down for a sustained period, the rate generally follows. This is simply supply and demand. This fact means that paying close attention to the load-to-truck ratio in your lanes or markets can help you see where rates are headed. You can use this data to refine the accuracy of your pricing strategies.
- **Explore the full impact of seasonal fluctuations**—Seasonal fluctuations can become complex. For example, the seasonal trends for one truck type or one market can affect other truck types or other markets. This happens during produce season in Florida and central California. During the height of certain harvests, the rates can go up for refrigerated ("reefer") freight in markets all over the country, because so many reefer carriers want to go to these two agricultural hot spots. Carriers reposition their trucks to take advantage of the rates out of those two areas. Strawberries can't sit for a day or two. You have to get them on a truck and move them to the consumer or you lose the whole load. Immediate truck availability is crucial, so capacity tightens severely for reefer trailers, and there's a ripple effect that can raise rates for reefers in other markets that have no connection at all to agriculture. Carriers with both reefer and dry van trailers will tend to focus exclusively on reefers at the height of produce season, so dry van capacity will also tighten.

How DAT and McLeod Deliver the Rate and Capacity Data You Need

• DAT RateView

The metrics within DAT RateView come from a robust database that pulls rate data from hundreds of brokers through automated feeds. The data is collected anonymously and is based on loads that have already moved, usually in the previous 24 hours. The figures show exactly what the broker actually paid the carrier. A separate database provides detailed information derived from freight bills, based on contracts between shippers and carriers. Spot market rate data is separated from the contract rate data to ensure that the metrics for one are not skewed by data for the other. The spot market database is refreshed daily. It's easy to access thousands of rates according to lane, market, season, trailer type, and more.

• DAT Demand and Capacity Snapshot

DAT also provides Hot Market Maps, which depict the balance between freight availability and truckload capacity in 155 distinct freight markets across North America. The maps display the daily ratio between load posts and truck posts on DAT Load Boards in each market. The load-to-truck ratio is an important early indicator of rate fluctuations.

- ## The seamless integration between McLeod and DAT

  Brokers and carriers with subscriptions to DAT RateView can view DAT rate data as well as DAT Load Board transactions within McLeod. Both LoadMaster® and PowerBroker® natively include important DAT data and display it in the right places for the McLeod system users. This integration supports pricing decisions and makes it easy to post loads or available tractors without leaving the cockpit of the McLeod work environment. The McLeod system also supports one-click access to the full RateView environment for those situations where you want to take advantage of the full RateView UI. Any lane you are working on within McLeod is pre-populated into RateView.

  To get the most from RateView, you'll want to submit load data and rates to DAT Solutions, and RateView subscribers can do this easily through McLeod. Submitting rate data allows you to see a comparison of your average rates and specific information on each load. Working together, McLeod and DAT create a seamless way to view and work with data from both sources.

Actionable Information for Improved Decision-Making

Over the past two decades, there has been a massive increase in the use of software technology within the freight transportation industry. One result is that the freight data available today can be used to gain a remarkable degree of visibility into your business and the markets in which you compete. You don't have to guess about how your rates compare to the industry, because that information is now accessible to DAT and McLeod users. You can discern patterns, anticipate changes, and make informed choices. The data is there to paint a detailed picture of where you stand and how you can position your company for success. McLeod and DAT are working together to give you the actionable information needed for making the right decisions at the right time.

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