DESCARTES™ MacroPoint

Real-Time Capacity Matching for Freight

Creating a Competitive Advantage for Logistics Service Providers

Logistics service providers (LSPs) are seeking strategies to help navigate the capacity crunch and become more competitive in today's volatile freight market. Relying on their own data and networks is not enough. LSPs need to find available capacity both inside and outside their carrier networks, know which carrier is the right one to call first, and book loads faster to gain a competitive advantage. Easy, secure access to capacity information can make it happen.

In this eBook we'll explore how capacity matching solutions can empower LSPs by providing verifiable capacity information and market data.

Click here to get started ▶

The Business Challenge

Why is capacity tight? Simply put, higher freight demand, driver shortages and ELD mandates have severely limited capacity on the road. Increased volume can be tied to economic growth, specifically ecommerce, which has impacted distribution patterns to meet changing consumer demands.

The lower supply of available capacity is attributed to the growing driver shortage, along with additional government regulations such as the electronic logging device (ELD) mandate. The combination of these factors is driving capacity constraints and pushing up rates. Because large shippers are pushing back on rate increases or passing costs on to consumers, it's safe to say that margin compression is on the horizon, requiring brokers and 3PLs to become more competitive.

Significant challenges are preventing LSPs from executing more efficiently to address current market conditions.

- Finding capacity is a less-than-optimal, manual process of selecting carriers based on tribal knowledge that requires making many time consuming calls.
- Private web portals get limited participation due to industry fragmentation and the resultant large number of sites to navigate. Subsequently, these portals can't provide a complete view of carrier networks resulting in incomplete, stale or invalid information.
- Traditional load boards make it difficult to qualify carriers and may result in service risks and higher rates.
- Understanding the capacity availability outside of their network is a guessing game with limited data available.

TIA Truckload Metrics by Quarter - 2016 & 2017

Invoice Amount Per Shipment   Profit Margin %

Shipments
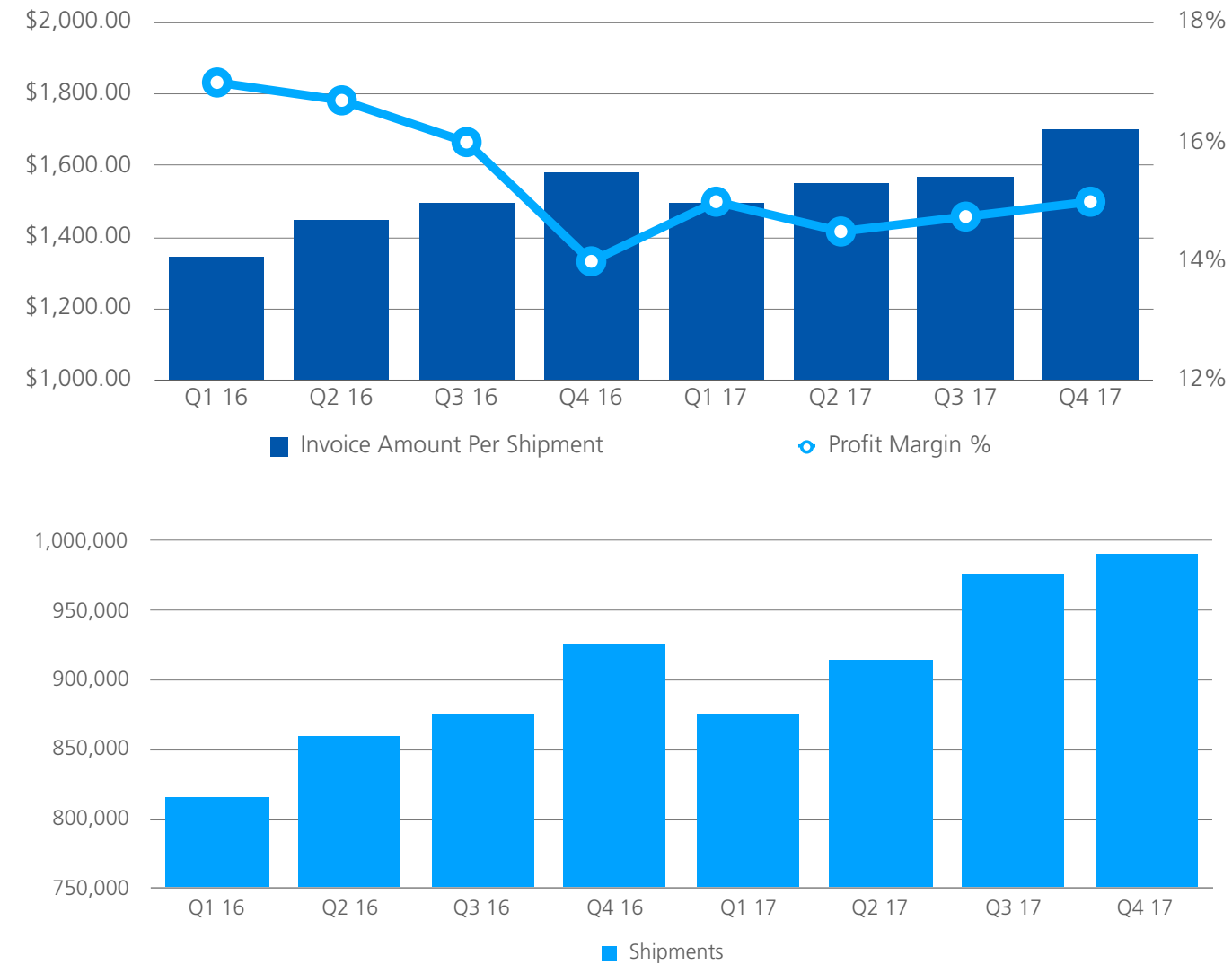
As a result, LSPs are weighing potential strategies to address the capacity crunch, including data-driven capacity matching solutions. New cloud-based network solutions that provide actionable and verifiable capacity data are gaining industry recognition as cost-effective, easily accessible strategies.

DESCARTES™ MacroPoint

Addressing the Problem

Securing capacity can be challenging but data-driven technology solutions can help bridge the gaps created by today's market. While exploring solutions to help address these gaps, LSPs should consider technology solutions that will:
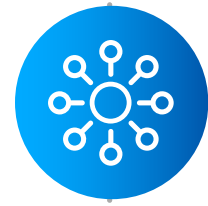
Automate the manual sourcing/booking process

Increase efficiency, speed and savings by eliminating time-consuming phone calls to your carrier network to locate and book capacity.

Visualize market conditions

Gain a better understanding of available capacity both inside and outside of your carrier network.

Unlock an expanded capacity network

Grow your business by sharing information with trusted partners to unlock trapped capacity previously inaccessible at the time you need it.

Leverage only verified data

Access consolidated data from a connected, scalable network. Verified capacity data is not manually entered, but collected from actual truck moves, ELD data, and other visibility technologies. Manually entered data quickly becomes stale and inaccurate.

▶ WHY CURRENT METHODS ARE BROKEN

NETWORK FRAGMENTATION

Silos exist between your TMS, carrier portals & load boards. By consolidating & visualizing your capacity, data-driven decisions become much easier to make.

OUTDATED PROCESSES

Trying to source capacity through tribal knowledge and stale information leads to wasted time. Utilizing real-time capacity matching will free up resources to book more loads.

REACTIVE V. PROACTIVE

An inability to understand the complete picture of where your capacity will be encourages reactive sourcing methods. Forward-looking capacity solutions enable the ability to book loads several days earlier than before.

DESCARTES™ MacroPoint

How Does Capacity Matching Work?

Unfortunately, much of the data available to LSPs in today's volatile market is either unverified or outdated. Because the logistics industry is fragmented, finding a way to efficiently access accurate capacity data is imperative for LSPs to stay competitive. That's why they are looking for a capacity matching solution with secure and scalable sharing capabilities.

▶ AGGREGATING VERIFIED DATA

CONSOLIDATED SMALL CARRIER CAPACITY DATA MEANS BIG BUSINESS...
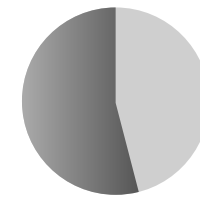
52% of class 8 capacity lives with carrier fleets containing <100 trucks

89% of the ~523,000 unique carriers on the road consist of fleets with <10 trucks

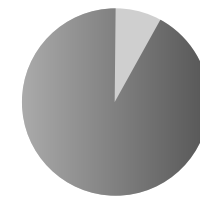FMCSA, Jan 2017, Trucking Industry Class 8

Industry-leading capacity matching solutions enable intelligent matching by providing access to actionable, verified data. That information can include carrier strength by lane, geographic region, product expertise or special equipment needs. This allows freight brokers and 3PLs to quickly prioritize and select the top carriers best suited to transport each load, and know which carrier to call first. This helps ensure the most qualified carrier is on the load.

More sophisticated solutions with capacity matching capabilities leverage innovative technology such as ELD and real-time tracking to know the location of carriers' trucks with capacity and help determine which carrier is the best fit. This increases on-time delivery and strengthens the relationship with the carrier by providing loads that fill potentially empty miles. Advanced freight visibility and connectivity solutions provide essential information making real-time capacity matching possible.

In summary, by eliminating the manual process of finding capacity and consolidating the fragmented nature of private carrier portals, the next generation of capacity matching tools aim to empower LSPs to operate more efficiently and intelligently.

DESCARTES™ MacroPoint

Capacity Matching v. Digital Freight

EMPOWERING GROWTH OF LSPs

AVAILABLE CAPACITY

CAPACITY MATCHING NETWORK

SHIPPER CUSTOMERS
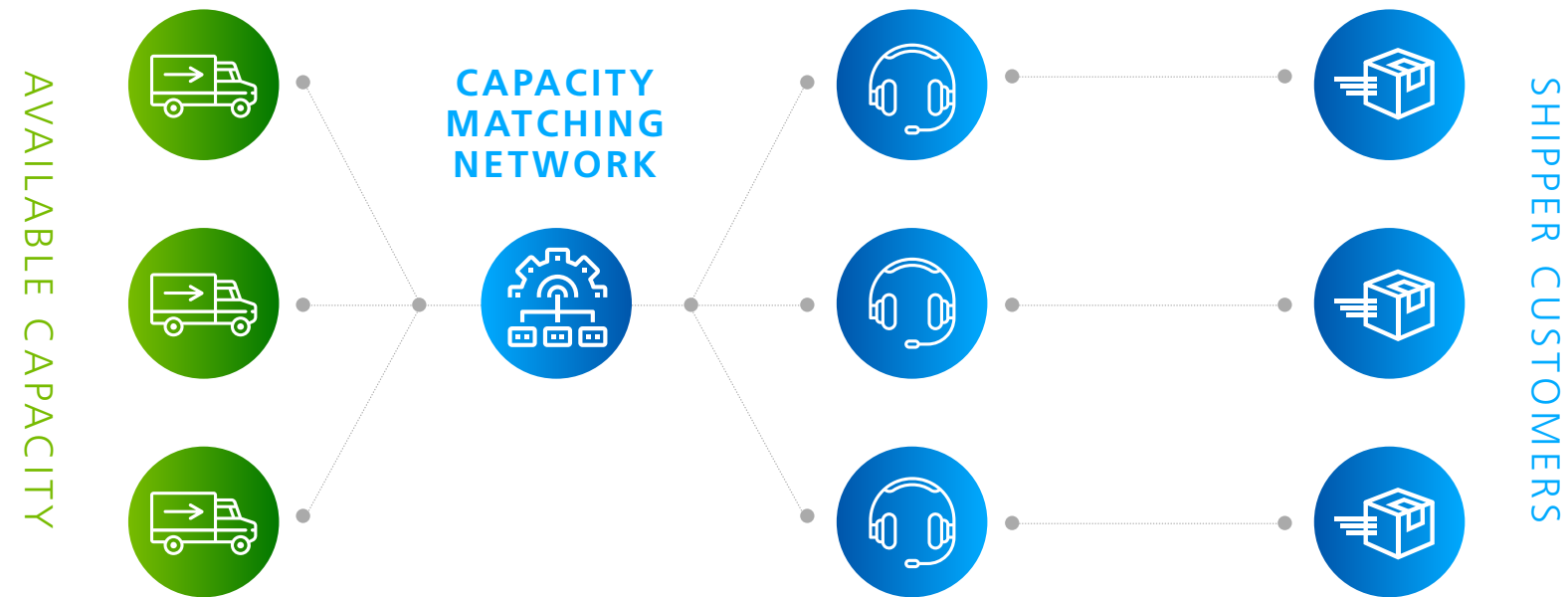
DISINTERMEDIATION OF LSPs

AVAILABLE CAPACITY

DIGITAL FREIGHT MATCHING

SHIPPER CUSTOMERS
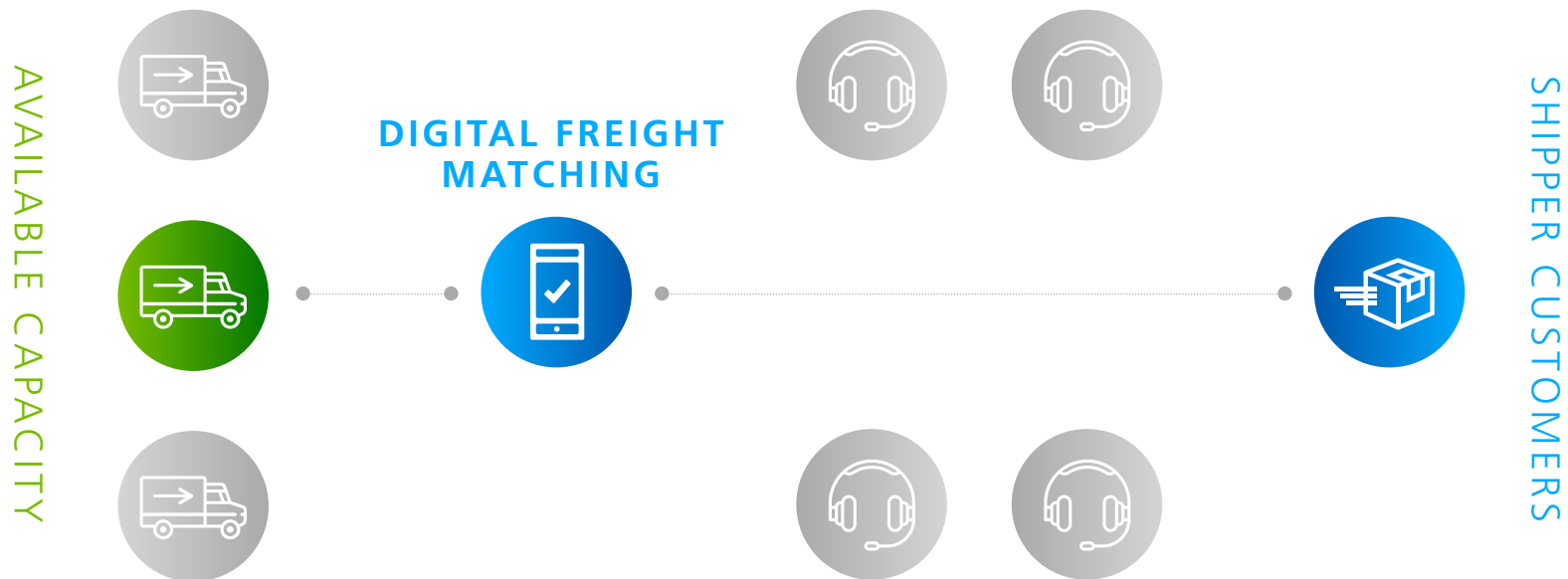
Due to recent market conditions, some industry newcomers have introduced solutions focused on efficiently booking carriers through automation. Their strategy aims to disintermediate 3PLs and freight brokers, ignoring the deep expertise and relationships these companies bring to a complex and fragmented industry.

LSPs play a critical role in the highly fragmented truckload market. With hundreds of thousands of carriers, the vast majority of capacity is with smaller carriers. LSPs have the expertise and relationships with these carriers (which are often unknown to their shipper customers) to find capacity that is inaccessible and to handle specific needs such as urban deliveries, refrigeration, special lanes, etc.

Although automating load information is the first step in tackling freight capacity problems, the ultimate goal is finding and booking the most qualified carrier. That requires intelligent capacity matching, which is enabled by actionable, verifiable data on a large scale. The ability of freight brokers and 3PLs to access capacity from a large variety of carriers make them a vital resource to shippers and integral to consolidating the industry.

DESCARTES™ MacroPoint

The Benefits of Capacity Matching

Capacity matching solutions that provide both market information and the ability to share verified data will undoubtedly bring efficiency to the sourcing and booking process. That can translate into both financial and operational benefits for LSPs. For example, understanding a carrier's next move can allow your team to book loads in advance, helping secure better rates while increasing the productivity of your resources. Here are a few benefits associated with real-time capacity matching.

▶ INCREASED REVENUE

Increase revenue booking more loads. Consolidating carrier data and prioritizing target lists will free up employees to book more loads. If a broker managing 8-10 loads per day increases productivity 20-25%, they can book 2 additional loads per day.

▶ LOWER RATES

Lower rates by getting visibility to capacity 24-72 hours ahead of pick-up. Booking loads in advance offers a price advantage by not competing in the day-of, spot market and protecting margins in competitive lanes.
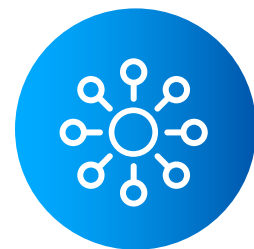
▶ BETTER PROCESSES

Cover loads faster by reorganizing the booking process to begin with available capacity information, allowing employees to focus on booking loads rather than the labor-intensive process of gathering that data.

▶ STRONGER RELATIONSHIPS

Build stronger carrier relationships by reducing their deadhead miles and increasing backhauls.

▶ EXPANDED NETWORK

Expand new business by leveraging capacity outside of the network, on lanes and in geographies that could not be previously covered.

▶ ACCURATE, RELIABLE DATA

Reduce service failures by having access to verified data that helps ensure the most qualified carrier is on the load.

DESCARTES™ MacroPoint

Unlocking an Expanded Capacity Network

LSPs typically work with a fixed set of carriers where they have formed relationships. Understanding capacity availability outside their existing network is often speculation built around very limited data. To stay competitive in today's dynamic market, LSPs must optimize their booking process to become more agile. That means finding available capacity both inside and outside of their network, which requires connecting with a broader set of carriers to access more capacity information. Capacity matching tools can help by creating an interconnected network that provides an efficient, safe space to share capacity data.

▶ PROTECTING CAPACITY DATA

To encourage greater sharing of capacity data throughout the industry, LSPs need assurances that their data will be secure. Because the value of their carrier network is part of an LSP's competitive advantage, it's understandable to be concerned about how, when and with whom private data is shared. Therefore, it's important that capacity matching solutions include measures to safeguard valuable information.
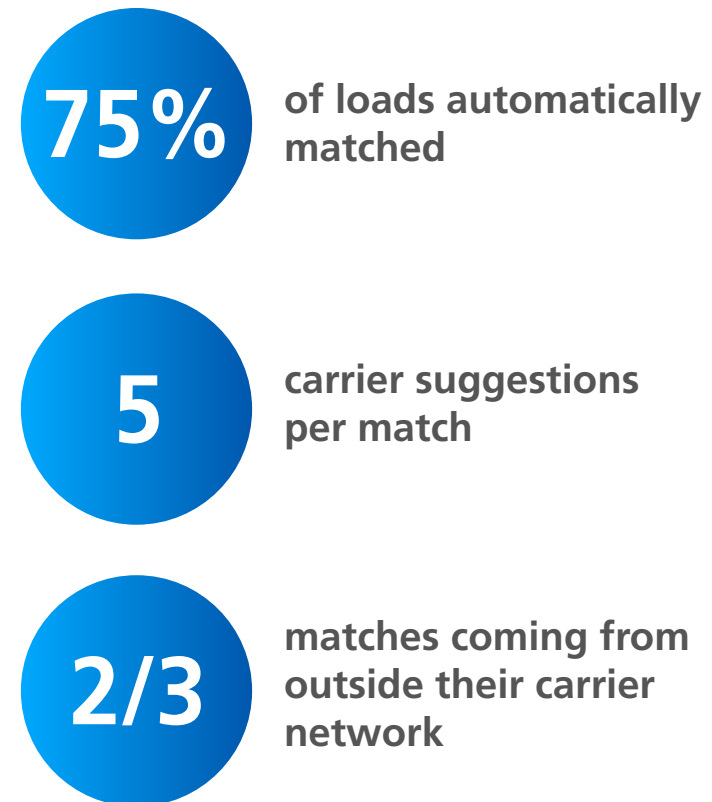
While data security is a reasonable concern, the benefits of sharing capacity data within a trusted, scalable network are tangible and immense. Consider the competitive advantage of being able to exponentially expand your trusted carrier network and gain access to its verifiable market data.

One game-changing function in capacity matching is the ability to protect your most strategic partners' data in a voluntary, secure network. By opting in, LSPs can share their unused capacity data with key partners in the network, and in return get significantly more, usable capacity information. The expanded access to actionable capacity data offers increased value to network members while providing privacy and building trust.

Enabling LSPs to expand their capacity networks by sharing data will improve overall performance and advance the transportation industry as a whole.

▶ TODAY'S RESULTS

Members of the Descartes MacroPoint Capacity Co-op are seeing:

75% of loads automatically matched

5 carrier suggestions per match

2/3 matches coming from outside their carrier network

DESCARTES™ MacroPoint
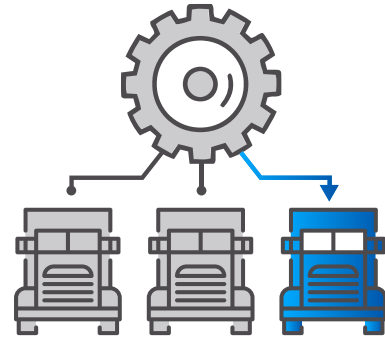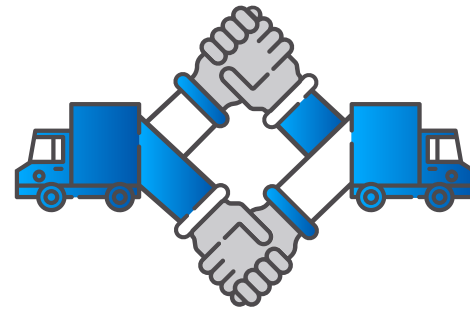
How Descartes MacroPoint Can Help
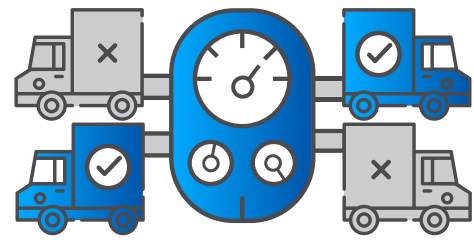
MARKET VISUALIZATIONS

See capacity both in and out of your carrier network to map current loads and learn more about market conditions to determine which loads may be tough to cover.

AUTOMATED CAPACITY MATCHING

Enter loads that will be automatically matched to open capacity within your existing carrier network.

CAPACITY CO-OP

Share unused capacity with trusted partners through a voluntary opt-in network in return for exponentially more, usable capacity information.

Descartes MacroPoint Capacity Matching enables LSPs to efficiently source/book capacity for their customers by creating an interconnected, secure space to share verified capacity data.

Learn more about capacity matching capabilities with Descartes MacroPoint.

▶ STRATEGIC APPROACH

As a visibility platform, Descartes MacroPoint is uniquely positioned to help you beat capacity issues. We track tens of millions of loads each year, are already connected to 115,000+ carriers and have 80 of the top 100 North American brokers as our customers. Due to our network reach and level of industry adoption, we're capable of powering the first broadly scalable capacity matching solution.

We are focused on supplying our customers with the innovative tools and capacity information they need to compete in today's volatile market. Our approach is to empower LSPs by furnishing them with verifiable capacity data that will help them book freight more intelligently and operate more efficiently to better serve their customers. Plus, by offering the ability to selectively share information with trusted partners, we're providing LSPs an opportunity to expand their carrier network and tap into exponential growth potential.

DESCARTES MacroPoint

About Descartes

Descartes (Nasdaq:DSGX) (TSX:DSG) is the global leader in providing on-demand, software-as-a-service solutions focused on improving the productivity, performance and security of logistics-intensive businesses.

Customers use our modular, software-as-a-service solutions to route, schedule, track and measure delivery resources; plan, allocate and execute shipments; rate, audit and pay transportation invoices; access global trade data; file customs and security documents for imports and exports; and complete numerous other logistics processes by participating in the world's largest, collaborative multimodal logistics community.

Our headquarters are in Waterloo, Ontario, Canada and we have offices and partners around the world.

Learn more at **www.descartes.com**, and connect with us on **LinkedIn** and **Twitter**.

DESCARTES™

The Descartes Systems Group Inc.
120 Randall Drive, Waterloo, Ontario, N2V 1C6, Canada
Toll Free 800.419.8495 | Int'l 519.746.8110
www.descartes.com | info@descartes.com

Uniting the People & Technology
That Move the World

Network.   Applications.   Content.   Community.

©2018, The Descartes Systems Group Inc. All rights reserved.

DESCARTES™ MacroPoint