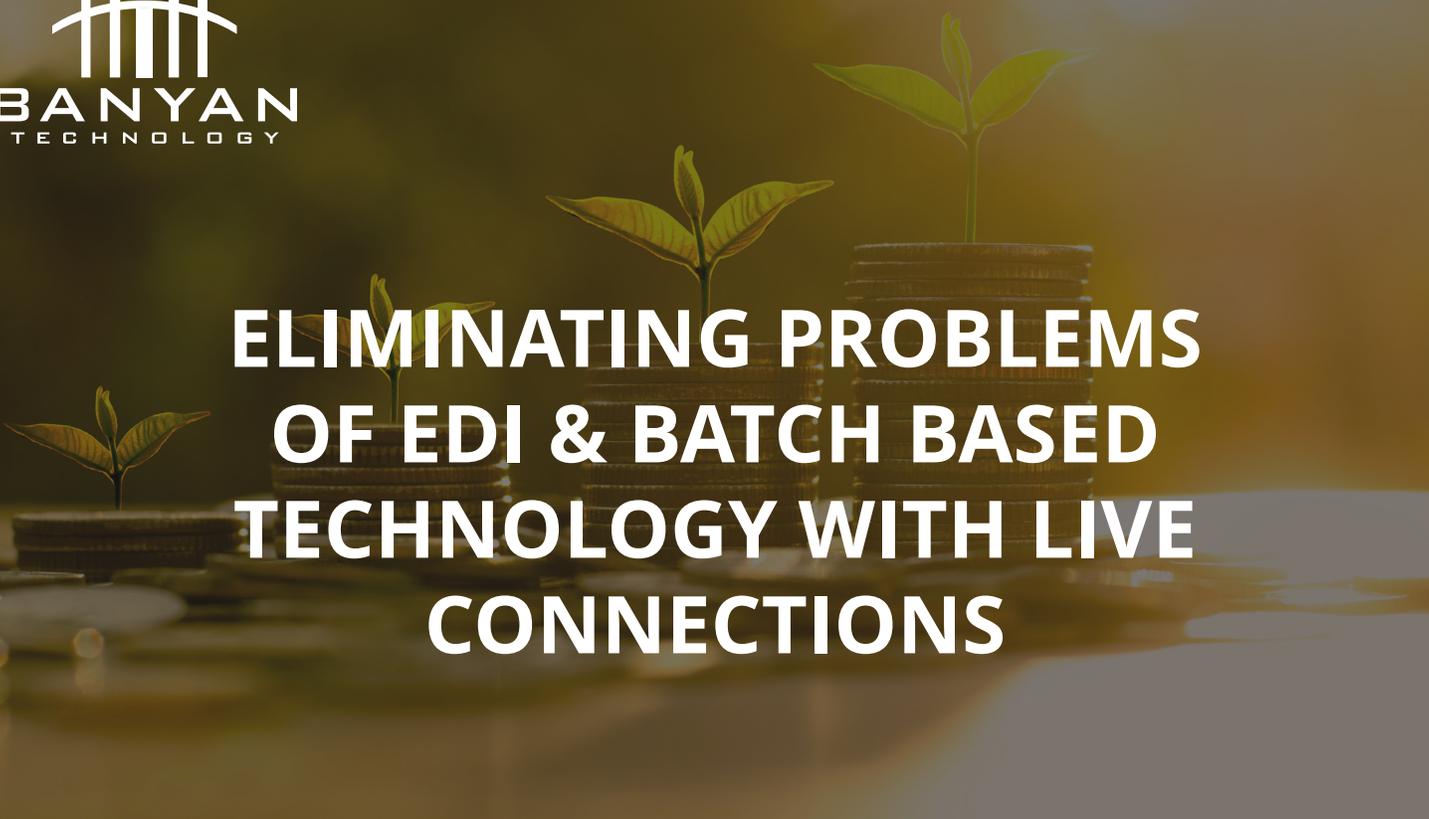


**ELIMINATING PROBLEMS
OF EDI & BATCH BASED
TECHNOLOGY WITH LIVE
CONNECTIONS**

A background image showing several small green seedlings with two leaves each, growing out of stacks of gold coins. The scene is set against a blurred, warm-toned background, possibly of a city street at night.

ELIMINATING PROBLEMS OF EDI & BATCH BASED TECHNOLOGY WITH LIVE CONNECTIONS

This White Paper will discuss how “live connections” can improve management of data and processes on which carriers rely to help shippers and carriers build more collaborative, productive and mutually beneficial relationships.

INTRODUCTION

Over the past several years there has been an exponential rise in technological advancements. With this rise, there has been an increase in the discussion surrounding how technology will impact the freight industry.

Today's shipper-carrier relationship is best understood by looking at their shared history. The Motor Carrier Act of 1935 brought tight control to the motor-carrier industry, including oversight by the Interstate Commerce Commission, of collectively created rates.

More than four decades later, the industry saw significant deregulation with the enactment of the Motor Carrier Act of 1980. This legislation opened doors to easier entry of new carriers into the

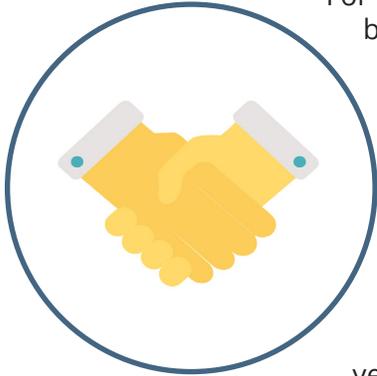
market, and allowed easier expansion for existing carriers.

In the aftermath of the Motor Carrier Act of 1980, the number of LTL (less-than-truckload) carriers in the United States grew dramatically as federal oversight of the motor freight industry waned. This deregulation spurred new processes, advantages and advancements for shippers and LTL carriers. Shippers and carriers had not thought it possible to collaborate using constantly open and clear communication channels – it was simply blue-sky thinking.

One of the most impactful ongoing technological advancements gets to the very core of freight management and enables clear communication to be possible: APIs (application program interfaces) are beginning to displace the industry standard

EDI (electronic data interchange). Both EDI and API transmit data from one system to another, but the differences — when applied to transportation software — are substantial enough to shift industry standards.

THE FOG: PROCESS ISSUES



For decades, freight rates have been negotiated through an annual bid-package procedure. It often takes months to complete, and is a labor and time-intensive process for both shippers and carriers. Bid packages are based on historical data from the previous year, then adjusted with projections about the coming

year. In most cases, shippers require their carriers to participate in the negotiation process using a third-party-produced tariff that does not reflect a carrier's specific operation, but instead, reflects averages. There are significant consequences to this approach:

1. Carriers are exposed to risk on two fronts.
 - Because lane prices are not reflective of a carrier's own operations, the profit of each lane can vary greatly since the carrier is required to bid with often a single discount off the averaged base rates.
 - As a result, carriers lose direct control of their own profit margins and have no visibility regarding which lanes they will be awarded. To mitigate these risks, carriers must add margins on their bids, which must be applied equally to both good and bad lanes. This diminishes the carrier's ability to be competitive and does an equal disservice to shippers.
2. The entire exercise is so arduous and the maintenance of ongoing changes to rate tables is so complex that the bid package and rate-

negotiation process is typically only completed once annually. However, a shipper's business is constantly shifting suppliers, customers, products and packaging, and each shift could have an impact on carrier pricing. The carrier's side is also constantly changing; a fluctuating mix of terminal locations, new anchor clients and lost customers. Locked-down pricing hinders both shippers' and carriers' ability to maximize profits and boost operational efficiency.

3. There are two common misconceptions on the part of shippers that make rate-development less clear than it should be:
 - The higher the carrier discount, the cheaper the rate.
 - The older the tariff used for rate negotiations, the more competitive the resulting rate.
4. Basing rate negotiations on a third-party-produced tariff from 1992 versus a carrier-specific tariff from 2015, shippers will discover that is a false premise. The truth is that discounts and rules tariffs adjust for nearly all variances, regardless of when they originated. The older the tariff, the more risk to the carrier and the more the carrier will have to add to base rates.

The haze and fog of these issues lift immediately when shippers gain the ability to capture all their net pricing from each carrier before making the carrier selection. Live-connection technology makes that possible.

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THE HORIZON: BATCH-BASED VS. LIVE CONNECTIONS

There are two different types of communication between shippers or 3PLs and their carriers:



Batch-based technology:
EDI, FTP, OCR, mail or email

Live connections: APIs, web extraction, mobile push alerts

Batch-Based

Batch-based technology, such as EDI, has replaced postal mail, fax machines, and email communication since the 1970's. Business documents such as purchase orders, invoices, and bills of lading have helped set the precedence for establishing a standard language between organizations.

Manual involvement is required for the daily operations of all batch-based technology, making it weak and less reliable. Other challenges include the limitation that data is packaged up in batches or groups which means that time is lost before the batch is transmitted. For example, EDI 214s which include a carrier shipment status message, are typically batched and sent overnight meaning that critical shipping messages can sit, waiting for hours before they are received.

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Live Connections

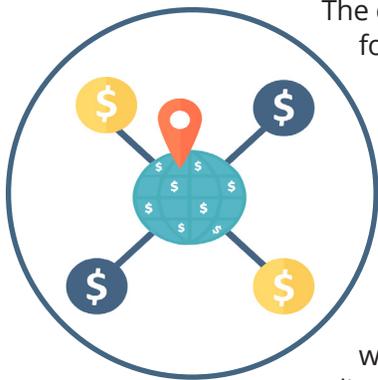
Live connections enable the exchange of data in real-time. APIs, or application program interfaces, are one form of live connections. Rather than simply facilitating the exchange of documents, APIs enable programs on computers, tablets, and mobile phones to "talk" to each other — or exchange information in real-time. These API connections can plug in and enable efficiencies in a variety of areas of freight management, including gathering rates, booking loads, and automating freight bill audit.

A common example of the use of APIs is in the travel industry - with travel sites like Kayak or Expedia or Travelocity, you're using APIs to see up-to-the-minute pricing from airlines. This allows you to select the best price for the best travel schedule that works for you. That same logic and functionality, when applied to the freight industry, is drastically different from batch-based systems, where users experience a gap in communication while data is packaged-up and transmitted.

It's important to note that when shifting from a batch-based technology to live carrier connectivity, APIs are just one form of live connections. Live connections also include web data extraction and mobile push alerts.

Through live connections, shippers and their LTL carriers are better able to instantly see preferred carrier rates and transit times, eliminate rate-table maintenance and boost operational efficiency, easily gain freight intelligence and allows shippers to support multiple rate bases simultaneously. Live-connection technology is producing savings averaging up to 16-20 percent on outbound and even greater results on inbound LTL freight. With live connections, the skies are looking very blue on the horizon.

CLEAR SKIES: FUNCTION & COLLABORATION



The combination of the various forms of live connections results in real-time communication throughout the entire freight management process. This access to live information enables shippers direct access to live lane-by-lane transit times and rates, which can reduce or even eliminate the need for RFPs.

Oftentimes, carriers publish updated rates to their own information systems. Rather than spending time logging into multiple systems to pull rates, when a shipper is directly connected with a carrier, that information can be gathered in real-time. This live-look at real-time competitive rates empowers shippers to select the best carrier for the job and eliminates the risk of missing an opportunity for selecting a carrier with a better cost on a given lane.

The resulting immediate cost savings for carriers translates to savings for shippers. It's a mutually beneficial outcome of information exchange that strengthens their communications.

Live connections also provide the ability to book loads and directly receive confirmation that it was received, compared to a batch-based technology where acknowledgement of the load may never take place.

In addition to the benefits on the upfront side of freight management – like gathering competitive rates and booking loads – live connections with carriers reduce the need for freight-bill audit. With live connections in an automated system, organizations have the ability to set the thresholds for when to flag an order for review. So instead of having a team member responsible for reviewing invoices to pay and ensuring they match the quoted price, support staff only has to review when something is automatically flagged as being outside of the norm.

These advantages, plus the adjustment in resources dedicated to freight, all contribute to a more streamlined process and the total ROI of live connections.

In short, while EDI offers a way to send batches of some types of documents in standardized formats and at pre-determined intervals, live connections, including APIs, offer instantaneous exchange of information – information not accessible with EDI alone. Live connections clear the skies for information to exchange hands with an immediacy the freight industry demands.

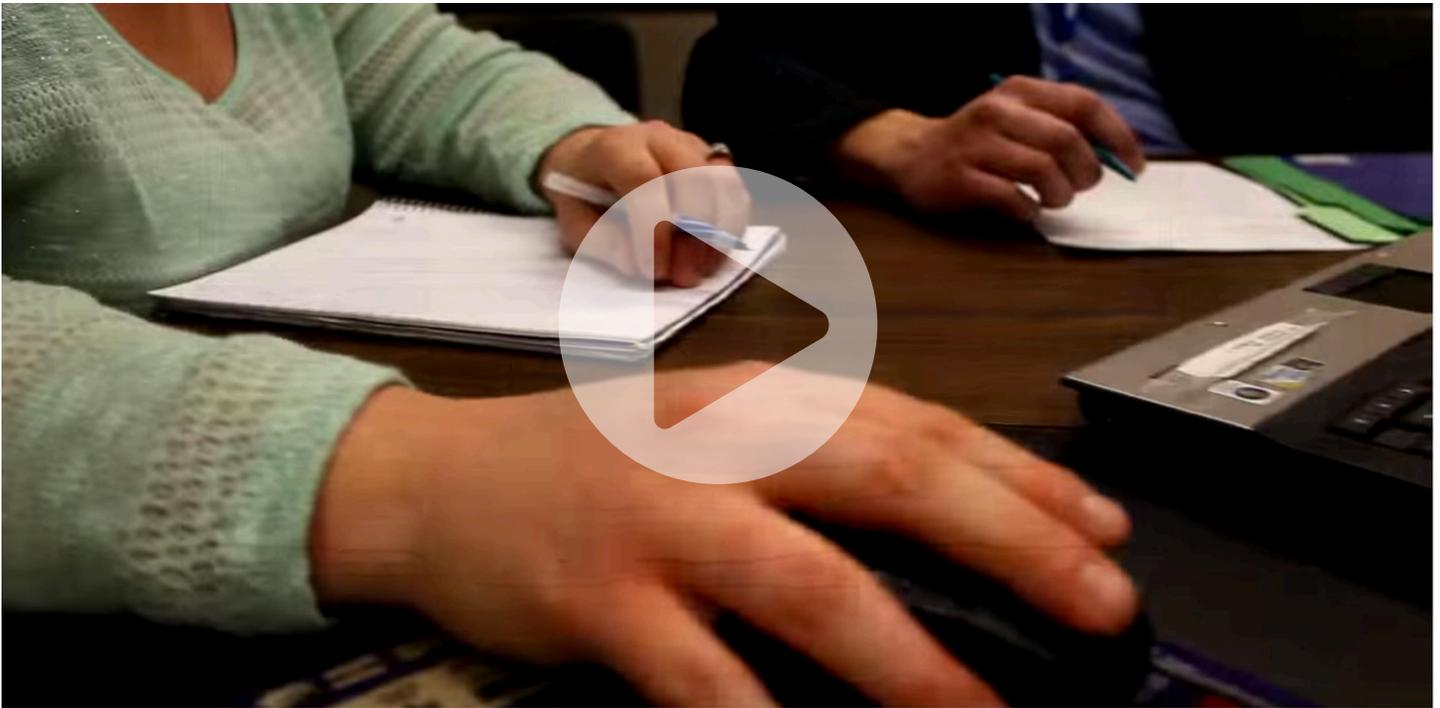
CONCLUSION

It is worth noting that there are separate business considerations when evaluating the move to live carrier connectivity: organizational systems and staff play a role in the efficiency of live connections. Legacy systems may need to be evaluated for their capacity to use a modern technology such as APIs. Staff in IT, billing, and freight support staff may be unfamiliar with the concept of APIs, and hesitant to shift to a process that may eliminate a portion of their daily activities.

EDI and other batch-based technology has served a great purpose for many years – these tools established an understanding that we are more efficient as a standard communication language and process.

In everything, but especially within this fast-paced business world, a mindset of continuous improvement is critical for long-term success. Live carrier connections, including APIs, provide greater functionality, visibility, and opportunity for cost-savings than EDI ever has.

Never has there been better access in the transport industry to the type of “big data” and connectivity necessary to address risks, negotiate better transit times, and lower total freight costs. Shippers using the collaborative, dynamic freight management modules of live connections gain unprecedented transparency and intelligence to strengthen relationships with their preferred carriers, an advantage that not only improves their own efficiencies, but also one that shifts the LTL freight-movement industry ahead, into a blue-sky future that's here, today.



Watch the video to see how API's can work for you or schedule a demo to see for yourself.

SOME OF OUR OTHER MATERIALS

The Last Days of EDI



Banyan At-a-Glance



API vs. EDI

