FOURKITES

EBOOK /

How To Build a Winning LSP Bid Package

Capacity is table stakes for your shipper customers. Here's how to increase your operating income while providing the highest level of return for your customers.

From meeting consumers' ever-higher demands, to maintaining critical supply lines, your role in optimizing, procuring and executing your customers' supply chains has never been more important. The conversations that historically occurred in your customers' back rooms have moved to the boardroom — and it's time you elevated your bid package to meet those executive expectations.

Capacity at a low cost and reliable transit times used to be your differentiator. But expectations have changed. The small LSPs who disrupted the industry when capacity ran dry and costs skyrocketed did so by harnessing the power of innovation and technology to deliver unparalleled savings, access and control.

As you plan your go-to-market strategy for the upcoming bid season, recognize that your shipper customers aren't just assessing your freight under management figures and carrier relationships; they're looking for how well you can execute on their dynamic business objectives and deliver their goods to stakeholders with ease and efficiency.

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Cost Will Always Reign Supreme

Cost-sensitive industries, like consumer products and commodities, will be in good company entering a new bid season as inflationary pricing and budget-slashing mandates are rampant in nearly every industry. The traditional LSP playbook is usually to conduct a bid, leverage its buying power, and shuffle the carrier deck — but that model won't cut it when the industry continues to experience unprecedented rate acceleration, with rates estimated to increase over 15% higher year over year.

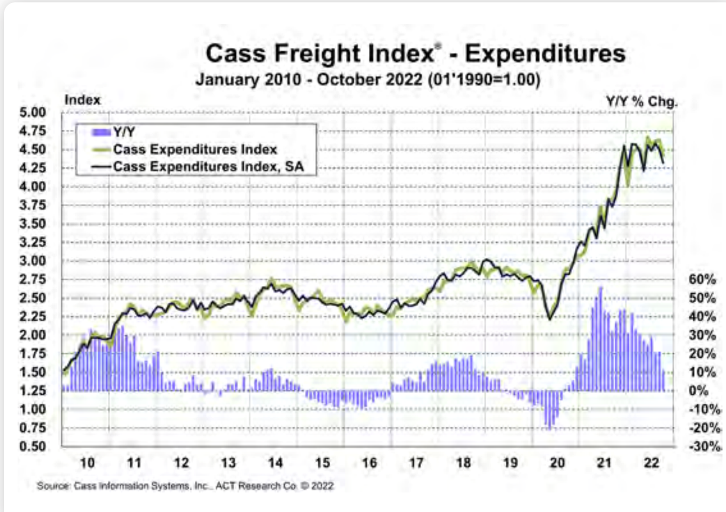
DRIVE OPPORTUNITY THROUGH CONTINUOUS IMPROVEMENT

The most innovative LSPs tend to be the ones that had historically been at a disadvantage in carrier negotiations, and therefore turned to other outlets for cost reductions outside of rate decreases. For instance, continuous improvement initiatives take a deeper dive into how a supply chain is executed, measuring detailed indicators of economic waste to help relieve supply chain budget strain without much carrier leverage.

Benefits of continuous improvement initiatives can include:

- Transit analysis to use more cost effective, slower modes
- Sailing schedules for greater predictability and density
- LTL and ocean container consolidation
- Dwell & detention reduction
- Backhaul & empty miles improvements
- Palletization & loading analysis
- Network studies for possible nearshoring and network expansion

Some LSPs harness the latest technology to offset their smaller staff size and diminished leverage with carriers. But when a carrier can come to an LSP mid-cycle with a cost increase, continuous improvement strategies are more resilient since they address efficiency issues at their core.



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We needed cutting-edge technology to help us better manage and measure our performance. FourKites enables us to identify and mitigate inefficient processes, unexpected delays, equipment failures and more as they occur.”

Nick Cook
CIO and Vice President of Operations

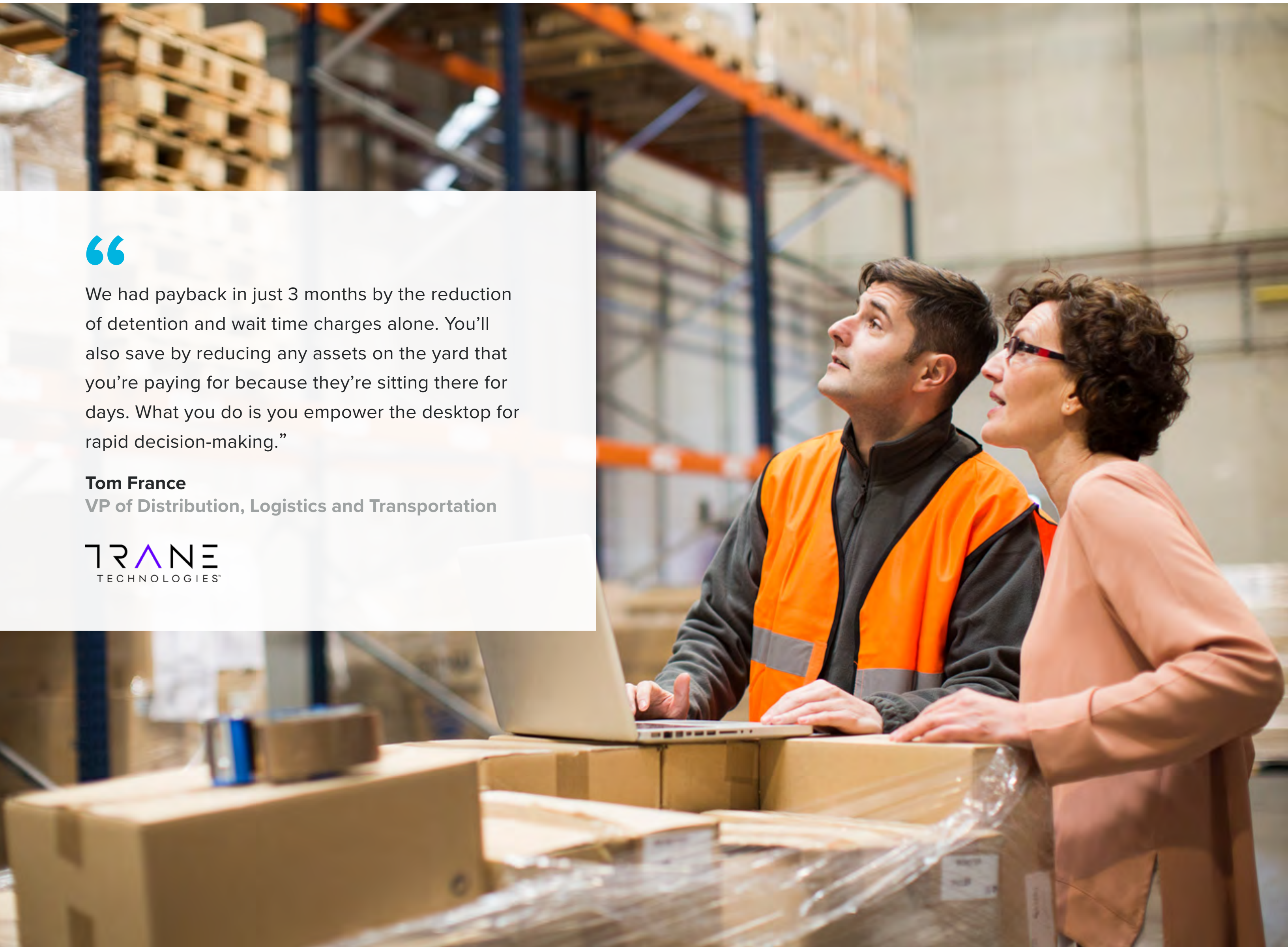
FROZEN FOOD EXPRESS
Refrigerated Transportation Solutions Since 1943

DIFFERENTIATE THROUGH TECHNOLOGY

The technology required for an LSP to optimize a shipper's supply chain network isn't as complex as it may seem. A strong TMS to manage on-the-ground logistics operations and a visibility platform to assess network performance and financials are the two building blocks of how niche LSPs have created cost reductions for shippers without needing to substantially lower carrier costs.

For example, Trane, a major building equipment manufacturer, used a yard management system to nearly eliminate their detention costs in their yard – a technology that an LSP can bring to the table in their proposed solution mix. When combined with attentive network management, strong customer service and a dedication to creativity, using technology platforms as a method to drive down costs can save you the headaches of carrier change management and temporary cost reprieve through a bid.

The fact of the matter is that carrier costs will continue to rise. It's a tumultuous process for shippers to constantly need to reconfigure their carrier network to avoid rate acceleration. If you can bring a solution to the table that addresses inefficiencies that can offset carrier rate increases, you can improve network performance stability while still delivering on your commitment to saving customers money.



"We had payback in just 3 months by the reduction of detention and wait time charges alone. You'll also save by reducing any assets on the yard that you're paying for because they're sitting there for days. What you do is you empower the desktop for rapid decision-making."

Tom France
VP of Distribution, Logistics and Transportation

TRANE TECHNOLOGIES

Service Will Win Customers

After being burned by paper rates throughout the most current cycle of disruption, don't be surprised if customers begin asking for service commitments or prioritize providers who kept their supply chain in motion when capacity evaporated. While it's easy for asset-backed logistics providers to seem most prepared to backstop your capacity needs, keep in mind that they have their own priorities when it comes to managing their asset networks. Your needs may not always match their capabilities.

With continued expectations for shipping options, fulfillment flexibility and on-shelf availability, aligning with a provider equipped with the tools to dynamically balance network performance is a must. Information surfaced to teams can proactively right-size service levels, optimize mode selections and improve service — all by contextualizing the information they receive from your supply chain.

RESPOND IMMEDIATELY TO UNFORESEEN EXCEPTIONS

Think for a moment about the most pressing supply chain disruptions. Sure, the widespread, universal supply chain depressions that the pandemic brought were deep-cutting, but they were planned for and felt across the board.

What about on a micro level? The last-mile traffic jam that misses a production cut. The snow storm that delays an outbound order. The variable headwinds that your customers' supply chains uniquely face in their geographical mix. These factors create a thick layer of uncertainty in which a supply chain operates.

How do you manage against the unknown? How do you become a champion for your customers? Using real-world, hyper-localized data is a start; but how you manage, analyze and generate insights from that data is where you will separate from the competition. Being able to harness next-generation artificial intelligence and machine learning processes to surface recommendations can help avoid a shutdown, a stockout, or an unnecessary expedite before it even catches your attention.

ARMADA. There's a better way. FoodINTransit

Delivering Visibility to Beneficial Cargo Owners

ArrowStream and FoodINTransit teamed up to launch Freight Visibility to FoodINTransit's customers to create a new level of control and real-time predictive awareness that is driving cost out of customers' supply chains. Leveraging the partnerships with both FourKites and FoodINTransit, ArrowStream developed an integrated, alert-driven view into sales demand, distributor inventory positions, purchase order status, and live shipment tracking.

This visibility enabled FoodINTransit to make more proactive decisions to prevent stockouts, reduce food waste, reduce emergency deliveries, and adjust their network to keep critical products flowing. **Since implementing ArrowStream's solution, FoodINTransit customers have experienced, on average, a 7% reduction in late deliveries to their inbound distributors.**

BE A CONSULTATIVE PARTNER

The second half of the battle is scope of data. As an LSP, you bring to the table more data than an individual shipper would ever have access to. Augmenting that with additional data from a supply chain visibility platform enables you to provide more granular recommendations, execute at a higher standard and bring a more consultative approach to your customers' supply chain challenges.

Armed with such data, you'd be equipped to answer not only, "How should I get this product to the shelves?" but, "Where would the optimal DC location be?" or, "How can I develop a better fulfillment strategy?". These types of data-backed answers can foster deeper relationships that differentiate your brand in bid cycles and make you an invaluable partner for your customers.

> FourKites' artificial intelligence and machine learning help create DynamicETAs®, which predict disruptions with **96% accuracy** and triage order resolutions **75% faster** than what we were able to do on our own."

Phillip Lakomy
Director of Innovation & Commercial Programs

ARMADA

Empower All Stakeholders for Maximum Impact

Think about all of the stakeholders in a supply chain. From sales to procurement, all the way to finance and accounting, various stakeholders from across an organization rely on data to conduct their business accurately and at the lowest possible landed cost. As you help customers diversify their network with your carriers under management, you're adding a layer of complexity to their operations — especially if the shipper holds the carrier contracts.

BIG SUPPLY CHAINS CREATE BIG DATA

As supply chains grow in complexity, the need to get granular is a mission-critical component in propelling your customers' organizations toward profitability and accuracy. But the issue with granularity is it creates a lot of work for both the provider and the recipient to understand, synthesize and deliver in a usable format for the various stakeholders within an organization.

At the highest level, track-and-trace functions, ETA management and even tendering to a carrier can benefit both you and your customers when fully digitized. Having an aggregated ledger, immediate connectivity and one single source of truth streamlines operations and creates bandwidth, mutual understanding and deeper engagement between you and your customers, and between your customers and their stakeholders. As a result, you're able to foster a culture of connectivity that drives collaboration across your and your customers' operations.

BE A CHAMPION OF CHANGE FOR THE ENTIRE PROCESS — NOT JUST MOVING FREIGHT

On a deeper level, intricate business processes like freight pay and audit can be significant time drains, especially when the people responsible for their completion aren't presented with accurate or comprehensive details. How many conversations are your customers having with their finance teams to validate a carrier detention bill, an expedite charge or a vague accessorial?

The beauty of using an intermediary platform between the carrier and the shipper is its neutrality.

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Supply chain visibility is key to meeting our customers' needs and increasing compliance with service level agreements (SLAs). By working with FourKites, our carriers are aligned to common goals and we are able to get thorough reporting to understand how truckloads are performing from both a compliance and consistency standpoint.”

Alex Yee
U.S. Network Control Manager

Purolator International

It actively tracks events and serves that data up in a singular view to help identify root causes of any charges, validate their accuracy, and check for any discrepancies to help you effectively contest carrier bills.

The most advanced use case your customers may have is changing the perspective in which they want to ingest their supply chain data. Right now, most TMS views are limited to load or PO-level tracking, which is static and exists in its singular time and place across their journey. But some of your shipper customers' businesses don't operate on loads; they operate at the order level. Providing an order-based perspective can help your customers fully understand their supply chain in a way they previously couldn't by tying together modes, geographies and suppliers into a singular view.

Sustainability Is Here to Stay

The green revolution started with end-consumers, grew with investors and is now here to stay with your shipper customers. While you can reaffirm your commitment to sustainability and a greener way of doing business, the situation that your customers are facing is very real, measurable and reportable. How are you prepared to support them?

YOU MANAGE UP TO 90% OF A BUSINESS'S CARBON FOOTPRINT

Supply chain operations account for up to 90% of a business's overall emissions — not just carbon dioxide emissions, but particulate matter, nitrous oxide and other greenhouse gasses customers are being mandated to track and reduce. You play a vital role in your customers' sustainability strategy, and positioning yourself to be able to actively support their goal setting and tactics will make you a valued partner.

When it comes to sustainability in supply chain, the biggest stumbling block is understanding a shipper's current footprint. Reporting measures have become complex, comprising Scope 1, Scope 2 and Scope 3 emissions. But how do you even begin to measure that? Even if a shipper has a simple supply chain (domestic, single modal), you still need deeply granular information on a myriad of variables (mileage, tractor type, laden weight) to accurately assess emissions.

UNDERSTAND THE BASELINE TO DRIVE CHANGE

These initial measurements are crucial, since it will help you aid your shipper customers in identifying their baseline. What good is saying, “We aim to reduce emissions,” if you’re not sure of the starting point?

Once you have a baseline for customers’ supply chain emissions, the next step is to reduce them. What solutions and consultative measures can you bring to the table? Things like investing in new trucks and alternative energy isn’t a viable, near-term option. In fact, some of the most damaging aspects of supply chain aren’t necessarily the machines we use, but rather how inefficiently we manage the various parts of our supply chains.

Understand your GHG emissions across loads, modes and lanes

Choose efficient routes and carriers to minimize waste

Track how emission levels and patterns change over time

OPERATIONALIZE CARBON DIOXIDE SAVINGS

Having a full grasp of a supply chain network, its patterns, its goals and how it handles certain headwinds or tailwinds is how you can generate immediate and significant supply chain emissions savings. And having the data to understand triggers in behavior — for instance, instinctively expediting shipments when inbound parts are late — can help you identify and analyze problematic supply chain habits that increase carbon dioxide emissions (and cost). With a digital, aggregate view of your customers’ supply chains, the ability to view inventory-level data can help identify closer parts in transit and avoid costly expedites. As a result, you can save your customer — and your own organization — significant cost, time and stress.

One of the most inefficient sources of carbon dioxide emissions in any network is truck dwell — having a truck sit idle somewhere while it waits for an appointment or in a truck queue. For many shippers, this could be happening in your yard right now. If you use a solution that helps generate efficiency, you can tie a carbon dioxide coefficient to it and help produce measurable reductions for your shipper customers.

Your Package Must Go Beyond Capacity

The mandate is clear: Evolve or be left behind. While your tried-and-tested approach to bids might work for you today, your customers' approach to their supply chain is rapidly changing. If your bid package doesn't deliver capacity, service, control and sustainability in a way that supports the digitization of your customers' supply chains, you will be at a disadvantage.

Building a bid package with technology at its core is the new standard – not only to set your customers up for success, but to enable you to be successful alongside them.

FOURKITES

WE WANT YOU TO WIN

Here at FourKites, we have been developing highly marketable and value-add technologies that help differentiate our customers from their peers. With FourKites, your solution is more sophisticated and generates greater savings, commanding a higher management fee that customers are willing to pay.

If you're ready to understand how to kick your bid responses into hyperdrive with FourKites, reach out to us at hello@fourkites.com — we're ready to help.

SCHEDULE A DEMO