

Spot Quote Automation Yields Savings to Pay for Full TMS Platform Many Times Over

What if I told you that you could save enough money in one month on your spot market shipping to pay for an entire year of TMS platform subscription fees? I know it sounds crazy, but it's true. Here's the proof.

Just look at this sample data taken from a short two-week window of spot market activity reported by several customers currently utilizing the UltraShipTMS Spot Bidding solution. What's that? You didn't know any TMS provided a Spot Bidding Automation solution to actively manage a competitive bid environment for buying capacity on the spot market? Have we got news for you! First the proof.

We culled data from a number of customers across varied industries spanning the same two week period. Using the only TMS to support automated spot bidding, these customers shared the data about the competitive bids management of their expedite/overflow shipments for a 14 day period. At the end of this two week term, they'd moved a combined 2912 shipments on the spot market and yielded savings of almost \$29,000. The spread between the first bid received and the final bid ultimately awarded after competitive bidding was a respectable 5.7%. Extrapolating these savings across the entire year, these shippers could save more than three quarters of a million dollars **on spot market shipping alone.**

You're probably asking, "How can the UltraShipTMS Spot Bidding Solution yield such dramatic results in the spot market where the expectation is that expedited freight will be a drag on transportation budgets?" Well, there are a number of ways the Spot Bidding solution drives results.

DATE RANGE:	4/8/18 - 4/21/18
DURATION	14 Days
SHIPMENTS	2,912
FIRST BID TOTAL	\$502,268.25
FINAL BID TOTAL	\$473,325.50
SAVINGS	\$28,942.75
AVERAGE SAVINGS PER SHIPMENT	\$162.52
% SAVINGS	5.688

Automated Competitive Bid Environment

The first and most powerful is **the formalization of the competitive bidding enabled by TMS** tender automation. Growing numbers of logistics departments are only now becoming aware of something their counterparts in procurement have long known – a competitive bidding environment is highly effective at driving down costs for goods and services. With truckload capacity stretched historically thin in the US market, many shippers are increasingly reliant on the spot market to cover loads and the premiums they're paying are often astronomical. Yet, most continue to rely on phone calls and emails to solicit capacity outside of contracted lanes – accepting the first bid they receive in attempts to "cover the load" quickly.

With the UltraShipTMS solution, the transportation user simply selects the appropriate mode of transport and the TMS distributes the bid request electronically to all the carriers available in their base of vetted, on-boarded carriers.

Once the bid has been submitted, the user gets visibility into the bids proffered by all participating respondents and can select the best quote from among the responses received. Forcing the carriers to compete against one another in what is essentially a reverse auction provides a real incentive for the carriers to present the lowest bid to win the job.

Instead of grasping for capacity at any cost, the shipper using this solution can tap capacity at or closer to the true market rate in any given lane. More advanced practitioners of this discipline even take the additional step of calling on a preferred spot carrier participating in the bidding to offer a final opportunity to meet or beat the lowest current bid. In this case the shipper can often get both the better rate and the preferred carrier.



Identifying Patterns of Improper Carrier Behavior and Spot Market Misuse

Having spot market activity recorded in the TMS is a powerful driver of metrics supporting more effective, efficient use of the spot market. Reviewing the data at regular intervals, a transportation planner can identify lanes where it appears expedited shipping seems to be more frequently required.

Users of the Spot Bidding solution have reported some interesting other findings by virtue of the fact that all the data on carrier performance, tender acceptance and other metrics are stored in the TMS and can be fed into the powerful reporting and benchmarking features in the Spot Bidding tool and the Carrier Scorecard Reports.

In one salient example, a shipper using this solution was able to identify a set of lanes repeatedly ending up going out to spot bid. The shipper was able to secure a contracted rate in these lanes and remove them from regularly moving freight at a premium rate via the spot market.

ROI on the Spot Bidding Solution Easily Pays for the Entire TMS Platform & Drives Additional Savings

Annual volume of expedited shipments in the example above is approximately 75,712 truckloads. Extrapolating these savings across the entire year, these shippers are projected to save more than \$750,000.00 on spot market shipping alone. With the average cost per load to use the TMS at between \$4 and \$7, the typical organization incurs subscription fees between \$50,000 and \$100,000 per year*. The savings captured by the spot quote function of the UltraShipTMS platform alone provide a compelling ROI potential for investment into a solution like this.

Beyond the savings on expedited/spot market shipping, the UltraShipTMS platform is proven to yield savings through automation of other critical transportation logistics functions like Freight Payment and Audit, Fleet Management, Yard Management, Route Optimization, Advanced Scheduling and improved staff utilization. Altogether, an UltraShipTMS solution can deliver as much as 15% savings on the overall transportation logistics spend for a high volume shipping organization. The Spot Bidding solution alone covers the cost of the whole solution several times over!

For help building the business case for active spot market management as a path to paying for a new TMS, talk to your UltraShipTMS representative today.



Benefits Driven by UltraShipTMS Spot Bidding Tool:

- **Powerful reporting on spot market utilization and effects**
- **Improved staffing utilization and the elimination of wasteful manual processes**
- **Auditability for accountability in spot market utilization**

* (fees vary widely according to size and scope of individual business requirements)



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