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# Freight Matching & Rating Innovations

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Executive Vice President – TransCore

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# About TransCore

- Who is TransCore
  - Acquired by Roper Industries (NYSE: ROP) in 2005
    - TransCore part of the RF industrial group
  - Two components: Intelligent Transportation Systems & Commercial Technology Group (CTG)
  - CTG includes three of the leading Freight Matching businesses in North America
    - Formerly DAT
    - Getloaded
    - Formerly Link Logistics (Canada)
  - CTG also includes TMS, Fleet Compliance Services and Distribution Services



# Freight Matching

- What is Freight Matching
  - Dial a Truck (DAT) pioneered concept in truck stops during the 1970's
  - Stated most simply it is the efficient online matching of supply (TL carrier capacity) with demand (broker/shipper loads)
  - Exception (aka "Spot") freight (~15% - 20%) of total freight moved
  - Most valuable when there is freight and capacity imbalance
    - Freight cycle has traditionally bounced between imbalance of supply & demand
- Marketplace Dynamics
  - Highly transactional
    - Minutes and seconds count – deals on popular lanes are often consummated in <5 minutes
  - Fragmented
    - More than 16K brokers & 3PLs
    - Estimated 70K – 80K carriers actively participate at any one time
    - Tens of thousand of shippers, typically small with infrequent shipping needs

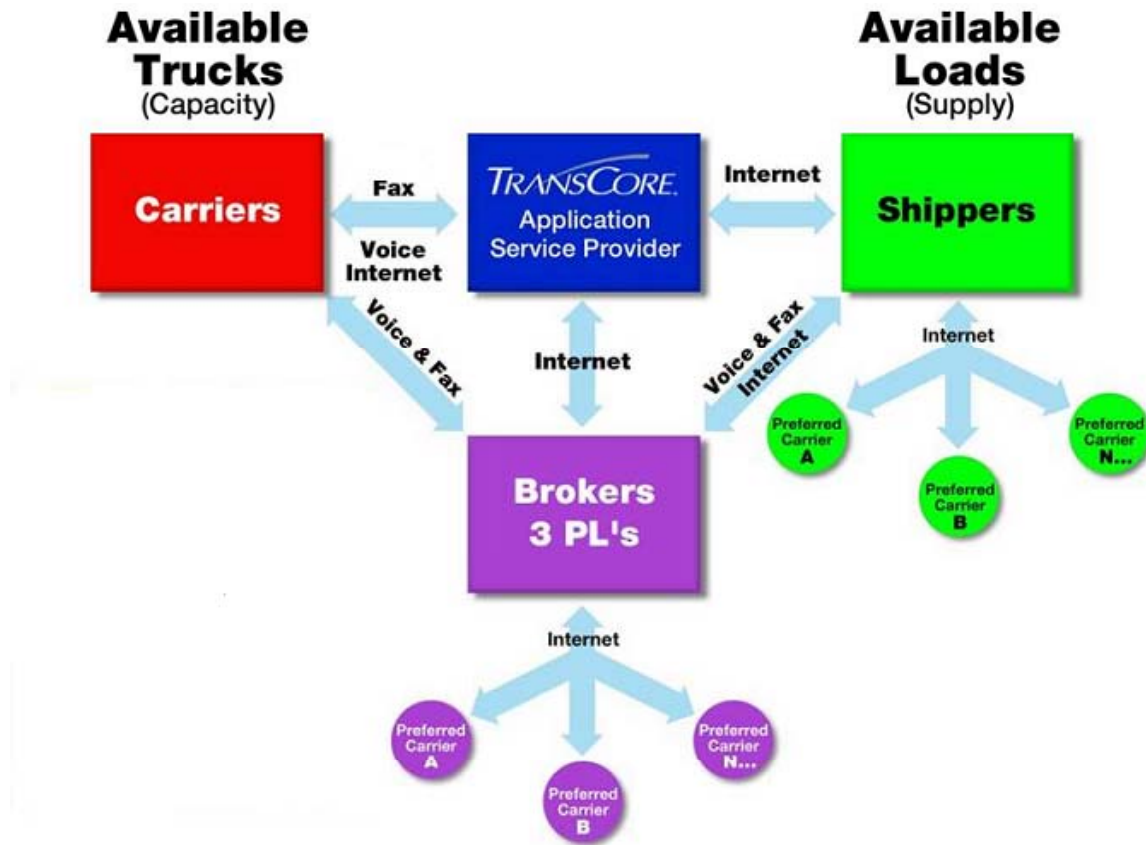


# Freight Matching – cont.

- Subscription Service
  - All of the main players today offer access to their service via flat rate subscription – charging based on offices and seats
  - Offer a product and price point for every customers type and size
    - Packages that are broker, shipper and/or carrier centric
- Product Bundling & Ancillary Services
  - Most services offer complementary decision support tools, such as
    - Carrier Monitoring – Authority, Safety and Insurance Monitoring
    - Rating – Contract and Spot Rates
    - Mapping and Routing
    - Mobile
  - Web services & direct integration a must
  - Because seconds count, a solution that tightly integrates these ancillary services is critical
  - We work closely with third-parties (and always looking for others) to incorporate their services into our bundled solutions



# Freight Matching – How it Works



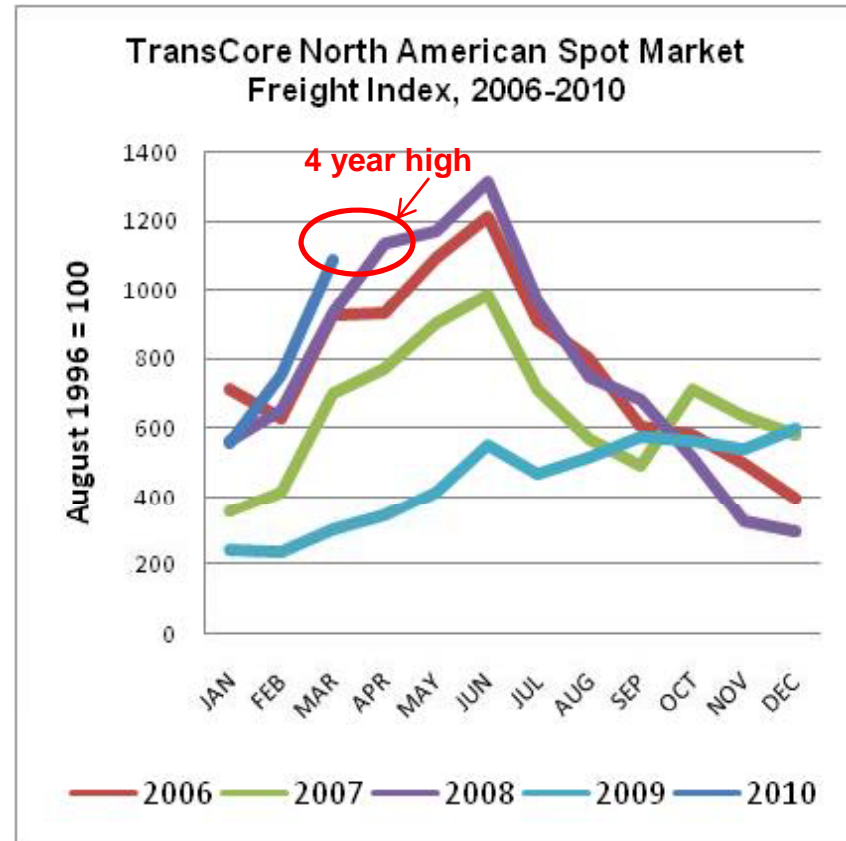
# Benefits of Freight Matching

- For Carriers
  - Augments sales organization
  - Improves productivity and throughput of dispatchers
  - Improves asset utilization and reduces deadhead and empty miles
- For Brokers
  - Improve margins
  - Augments core carrier relationships
  - Improves productivity and throughput of truck finders
- For Environment
  - GREEN - Good for the environment, keeps trucks running full



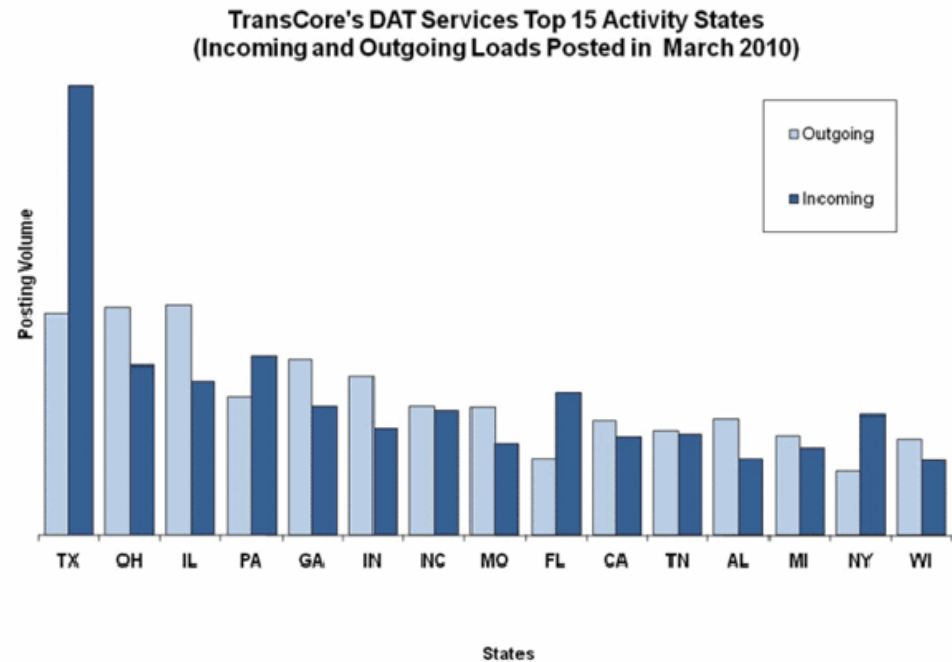
# Marketplace Observations

- Freight Volumes – significant improvement in volumes across all equipment types, especially Flatbeds



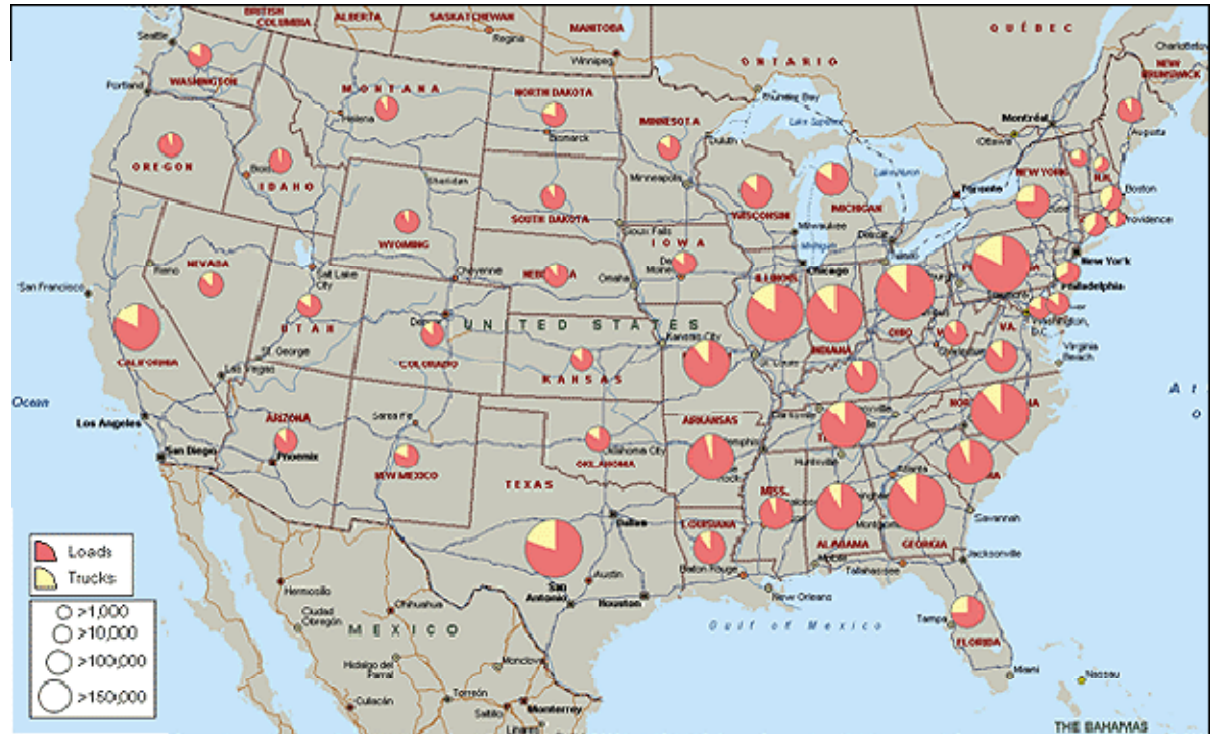
# Marketplace Observations - cont

- Spot Market Freight Volume – top 15 states
  - Inbound/Outbound load availability most balanced in North Carolina, California and Michigan.



# Marketplace Observations - cont

- Load-to-Truck Ratio, March 2010
  - Exceeded 5:1
  - Most favorable conditions for carriers since June 2008
  - Freight volumes at the highest since March 2004

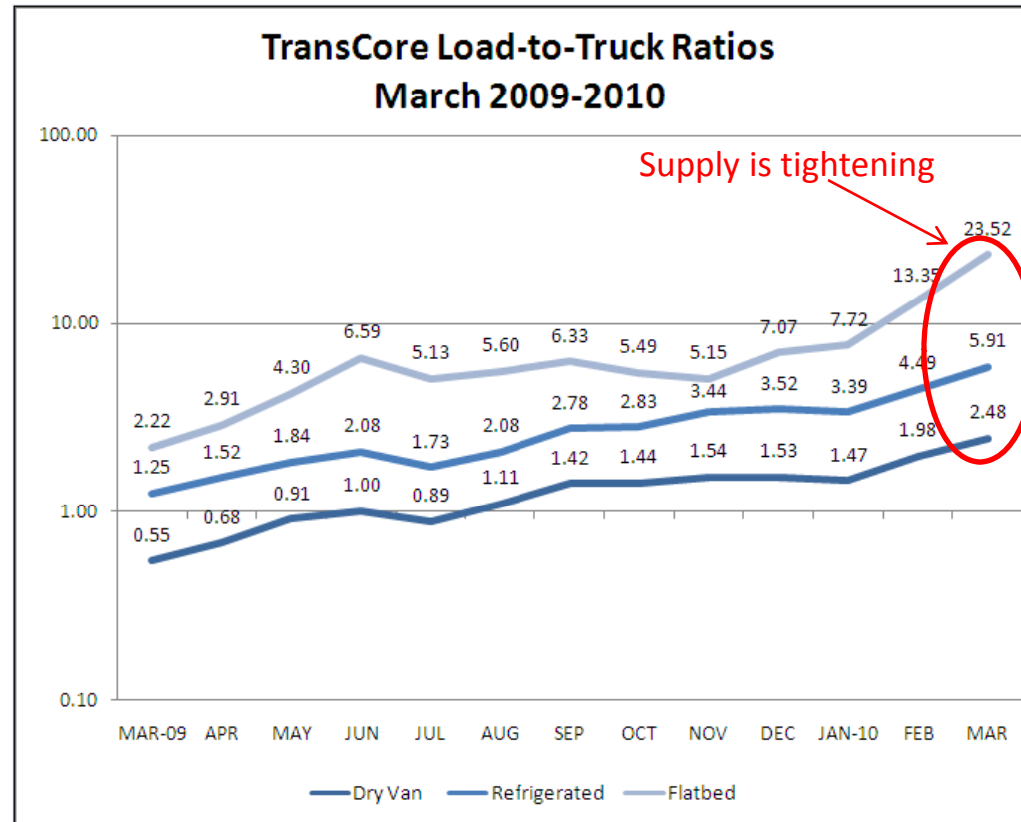


The map depicts outbound loads and trucks from the 48 contiguous states - 03/10



# Marketplace Observations - cont

- Supply & Demand Dynamics – varies greatly depending on equipment type
- Flatbed capacity is in great demand

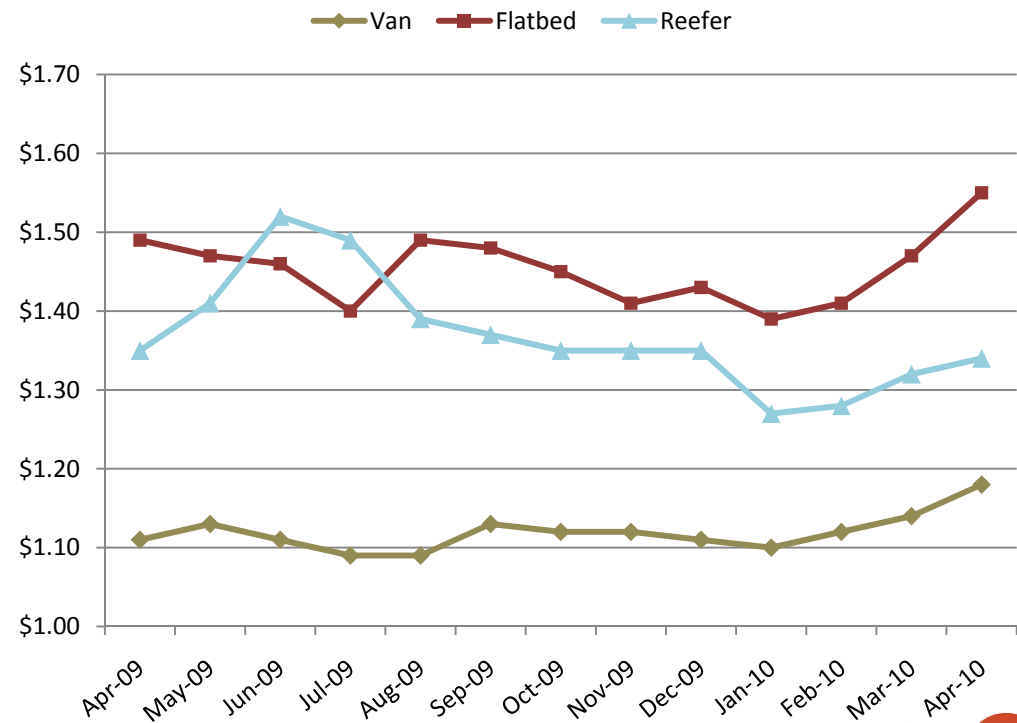


# Marketplace Observations - cont

- Spot Market Rates – distinct improvement in line haul rates over the past few months

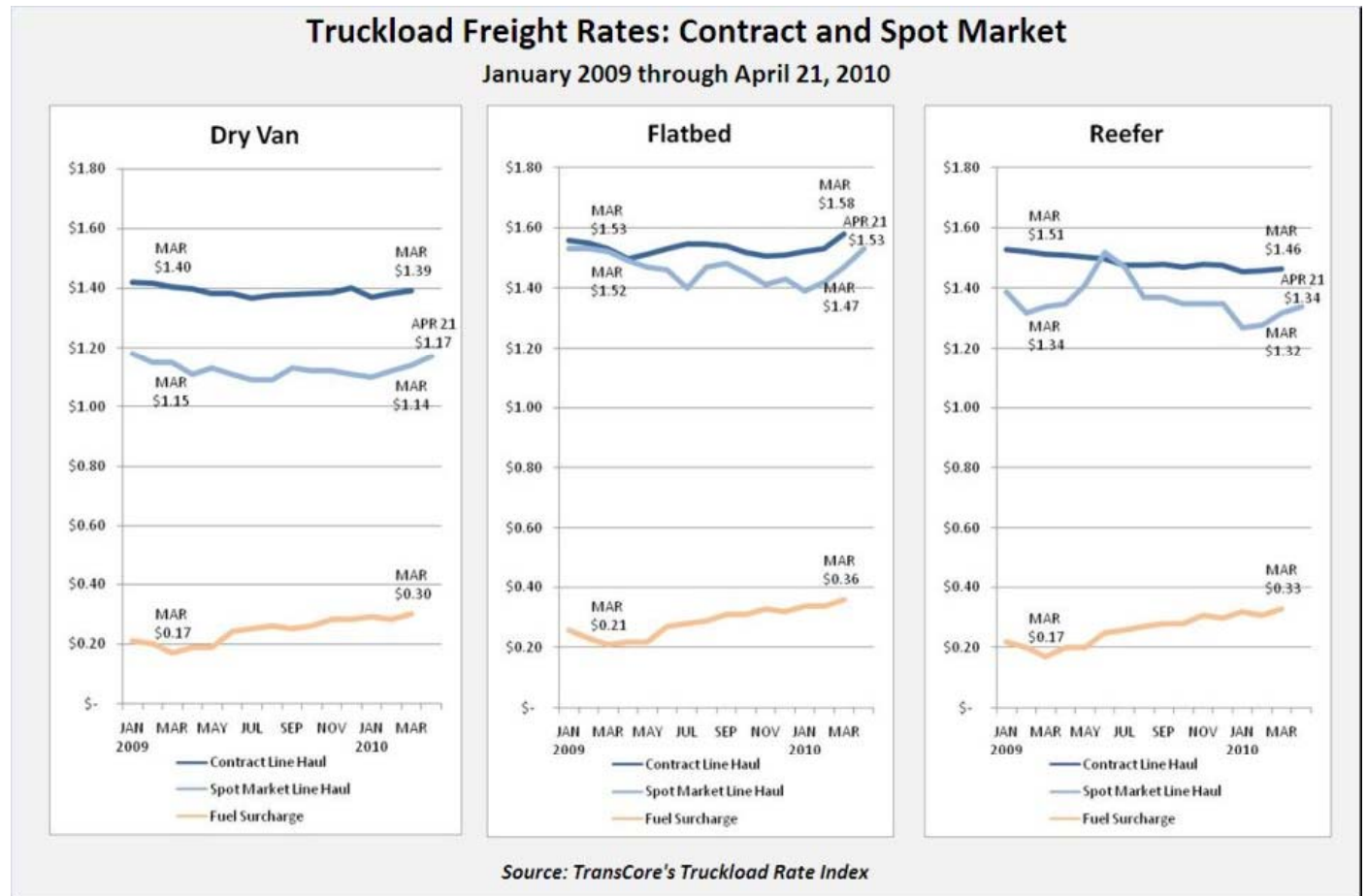
## National Spot Line Haul Rate

As of April 15, 2010



# Spot vs Contract Rates



















- Spot Market Rates – more volatile than contract and earlier in 2009, spot rates were 25% - 30% below contract



# TransCore® Trendlines

News & Data for the Transportation Industry

## March 28 - April 3: Load Availability Up by 45% in March, Compared to February


Industry Trends	Week-over-Week: Mar. 28 - Apr. 3. vs. March 21-27		Month-over-Month: March 2010 vs. February 2010		Year-over-Year: March 2010 vs. March 2009	
Spot Market Load Index	+ 12%		+ 45%		+ 299%	
Spot Market Truck Index	- 8%		- 0.0%		- 34%	
Dry Van Load-to-Truck	+ 25%		+ 25%		+ 352%	
Flatbed Load-to-Truck	+ 25%		+ 76%		+ 961%	
Reefer Load-to-Truck	+18%		+ 32%		+ 373%	
U.S. Retail Fuel Price	- 0.2%		+ 4%		+ 37%	


- Actionable data, trends and key industry indicators for the transportation industry [www.transcoretrendlines.com](http://www.transcoretrendlines.com)



# Recent Broker Benchmark Survey Results –

- Asset light businesses saw a 4% improvement in gross margin
- After declining for several years, length of haul actually increased 12%

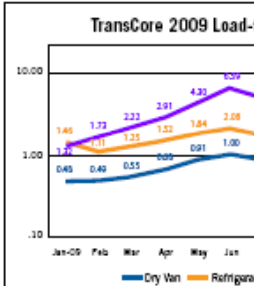




## 2010 Broker Benchmark Survey

### 2009 in Review: Speed Bumps on the Road to Recovery

Where's the freight? - For the first quarter since the market crisis that began in Q4 2008, ATA tonnage index (not seasonally adjusted) was 1.00. Not surprisingly, spot market freight loads available in 2009 than in the first half of the year. Rates declined as brokered freight on the spot market.




**TransCore 2009 Load-to-track Ratio**

Month	Dry Van	Refrigerated
Jan-09	0.46	1.14
Feb	0.40	0.71
Mar	0.55	1.25
Apr	0.69	1.22
May	0.91	1.84
Jun	1.00	2.08


Load-to-track ratio on TransCore's DAT Network beginning in February 2009, for all equipment types surpasses 2008 in year-over-year comparisons.

Spot market rebounds first - Load Network began to show signs of recovery above. By October, TransCore's Freight Index showed steady improvement, on a year-over-year basis slower to recover; the American Trucking Association issued its first positive year-over-year change in freight rates.

Freight rates deteriorated throughout 2009 for all equipment types (in spot rates for refrigerated vans (far right) and for rates began to rise in February 2010 (not shown) but rates began to rise in February 2010 (not shown) but rates began to rise in February 2010 (not shown). (Source: TransCore Truckload Rate Index - Spot)



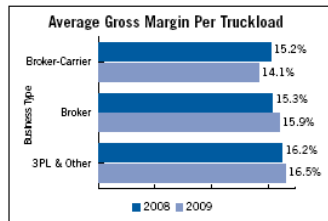
2009 Dry Van Rates Comparison vs. Spot Market



## 2010 Broker Benchmark Survey

Truckers and brokers face bankruptcy - Continuing a three-year trend, trucking companies continued to close their doors or park trucks in 2009, reducing capacity throughout the year. Brokers were squeezed by low freight volume and late-paying customers, leading to a 74% increase in bankruptcies year-over-year (as reported in *Transport Topics*, September 21, 2009). Companies that survived the downturn positioned themselves for future.


### Financial Performance



**Average Gross Margin Per Truckload**

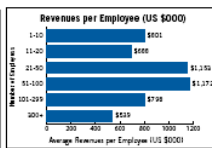
Business Type	2008	2009
Broker-Carrier	15.2%	14.1%
Broker	15.3%	15.9%
3PL & Other	16.2%	16.5%

Average gross margins in 2009 were 15.6% overall, which is not significantly different from last year's survey response. Profitability varied most noticeably by business type: 3PLs earned better-than-average margins of 16.5%, while broker-carriers reported margins of 14.1% in 2009, a full percentage point lower than 2008 responses. In last year's survey, gross profit margins varied most significantly by length of haul. This year's respondents reported an average length of haul that was 10% longer than the average in last year's survey report, but it was not a major factor in profitability.



**Average Margin by Company Size**

2009 Revenue (\$Millions)	2009 Gross Margin (%)
>\$100	18.3%
\$50-\$100	16.5%
\$25-\$50	15.9%
\$10-\$25	15.3%
\$5-\$10	14.1%
\$1-\$5	12.5%
<\$1	11.4%



**Revenues per Employee (US \$000)**

Number of Employees	Average Revenue per Employee (US \$000)
1-100	\$110
101-200	\$133
201-500	\$137
501-1000	\$148
1001-2000	\$153
2001-5000	\$157
>5000	\$161

As in past years, company size was not a good predictor of gross margin per truckload move. The highest average margins (18.3%) were achieved in 2009 by companies with annual revenues between \$1 and \$5 million. In general, the smallest firms achieved higher margins on lower overall revenue.

Respondents reported an average of \$853,400 in revenues per employee, not counting independent agents. The highest productivity, of more than \$1 million per employee, was reported by firms with 21-100 employees.

### 2009 by the Numbers

Ratio of spot freight loads to available trucks, January 2009: **0.82 to 1**

Ratio of spot freight loads to available trucks, December 2009: **2.65 to 1**

Year-over-year decline in total spot market loads, 2009 vs. 2008: **43%**

Year-over-year increase in total spot market loads, Q4 2009 vs. Q4 2008: **50%**

12-month average spot market line haul rate for dry vans: **\$1.13 per mile**

12-month average contract line haul rate for dry vans: **\$1.39 per mile**

### Survey Highlights

Average gross margin per truck load (TL): **15.6%**

Average length of haul: **957 miles**

Average loads per month: **990**

Average annual revenues per employee: **\$853,000**

Average annual revenues per company: **\$34.8 million**

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# Rating Tools

- What are they and who provides
  - Current providers
    - TransCore Truckload Rate Index – [www.transcorefreightsolutions.com](http://www.transcorefreightsolutions.com)
    - TMW (formerly IDSC) – [www.truckloadrate.com](http://www.truckloadrate.com)
    - Internet Truckstop – RateMate – [www.truckstop.com](http://www.truckstop.com)
  - The main load boards now incorporate rates into their services
    - Combining load/truck availability with price helped benchmark lane profitability
    - Initially contract rates were used, not an ideal reflection of rates seen in the dynamic spot market
    - New spot market tools, better reflect the supply and demand dynamics in the marketplace



Compares company to market average

Lane rate results for Van from Chicago, IL to Dallas, TX - 983 miles

Past 15 days as of 04/05/10 - Chicago Mkt to Dallas Mkt

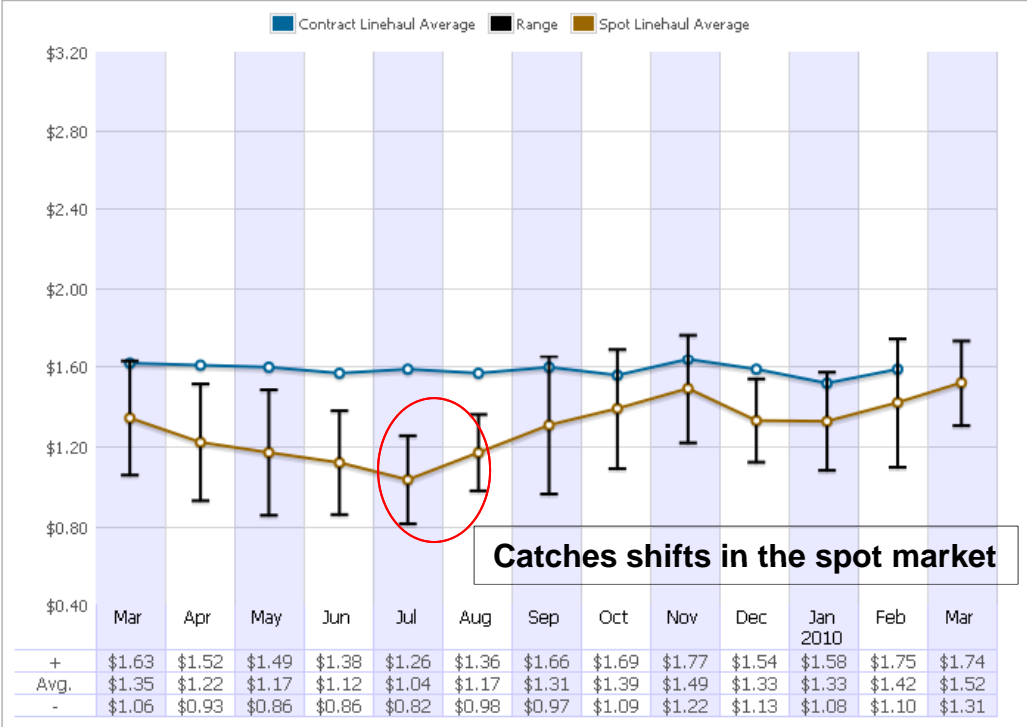
Average Linehaul **\$1.28** Range \$1.68 to \$0.89 + DOE Nat'l Avg Fuel Surcharge **\$0.30** = Total Rate **\$1.58**

7 reports • 5 companies

SMR Test Account - Combo Premium Contributor's Average Lane Linehaul **\$1.36**  
2 reports in past 30 days  
Not incl. surcharges

Current L/T Ratio  
**Vans Outbound IL**  
**12.2 : 1**

Monthly Lane History - Spot Market



Spot Rate Calculator

	Per Mile	Totals
Miles (practical)	983	
Linehaul Avg.	\$ 1.28	\$ 1258.24
Fuel Surcharge	\$ 0.30	\$ 294.90
Fuel Surcharge %		23%
Total		\$ 1553.14
<b>Accessorials</b> <a href="#">Preferences</a>		
# of Stops	0	\$ 0.00
Load Fee		\$ 0.00
Unload Fee		\$ 0.00
Accessory or Other		\$ 0.00
Apply % to Linehaul	0%	
<b>Truck Rate (includes accessorials)</b>		
Pay to Truck	\$ 1.58	\$ 1553.14
<b>Shipper Chg &amp; Gross Margin</b> <a href="#">Preferences</a>		
Gross Margin	18%	\$ 340.93
Shipper Charge	\$ 1.93	\$ 1894.07
Average Linehaul plus Fuel	\$ 1.58	\$ 1553.14

[Reset](#) [Calculate](#)

Quickly calculates rate and margin



TransCore®  
**Truckload Rate Index**

## UNIQUE FEATURES

- Compares company to industry rates by lane
- Simple data extract tools allows for large bulk lane requests
- Fuel surcharge and linehaul break out with lane history
- Details about data time period and geography searched

## UNIQUE BENEFITS

- Improve your margins, or improve market share
- Better negotiation with shippers on buy price that is acceptable in market
- Respond to large RFP's in minutes
- Easier to compare changes in market along with changes in fuel prices
- Higher comfort level for real market rates



Q & A

Thank you

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