

# How brokerages use SONAR

SONAR USE CASE

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## SUMMARY

FreightWaves SONAR provides one-stop access to informed decision-making opportunities with data-driven freight management. While clear benefits exist for all freight market participants, this overview will focus strictly on the value add among freight brokerages in particular.

The following will guide you through the various job titles, organizational functions, or departments at a freight brokerage and how SONAR is implemented to achieve their desired outcomes today.

# Customer service and carriers sales departments use Lane Signal to avoid surprises

Applying real-time SONAR data & market context to understand customer and carrier sales opportunities is pronounced with Lane Signal. Lane Signal affords immediate access to know whether a shipper or carrier possesses a more substantial bargaining power at the origin and/or destination. This allows for faster, more effective spot quoting and helps users see what's happening in today rather than relying on stale, out-of-date information from the past. Remember that Lane Signal considers

the many indices that contribute to meaningful insights, including:

- Outbound Tender Volume Index
- Outbound Tender Rejection Index
- Headhaul Index for both origin and destination
- Inbound Tender Volume Index
- Inbound Tender Rejection Index

A full view of a Lane Signal dashboard is shown below:



Freight brokerage users can further extrapolate insights into how the current Lane Signal compares to that of the prior week and its week-over-week (w/w), month-over-month (m/m) and year-

over-year (y/y) values. Using this data, brokerages can better target customers and carriers to secure more bookings and improve profit margins.

# Pricing teams apply Lane Scorecard to better plan future movements & commitments

Freight brokerage pricing teams use Lane Scorecard and its API-driven connections to seamlessly analyze comprehensive views for large key market lane batches, RFP events, & strategic pricing/capacity commitments. While requiring minimal customer input (simply O/D zips & mode), Lane Scorecard will provide you with the deepest lane-level intelligence that exists. In addition to providing forecasted rate benchmarks over a dynamic time period, Lane Scorecard will provide you with deep insights around rate volatility as well as general carrier network attractiveness (i.e. fulfillment/execution difficulty) at a lane level.

As a result, pricing leadership realizes core benefits, including:

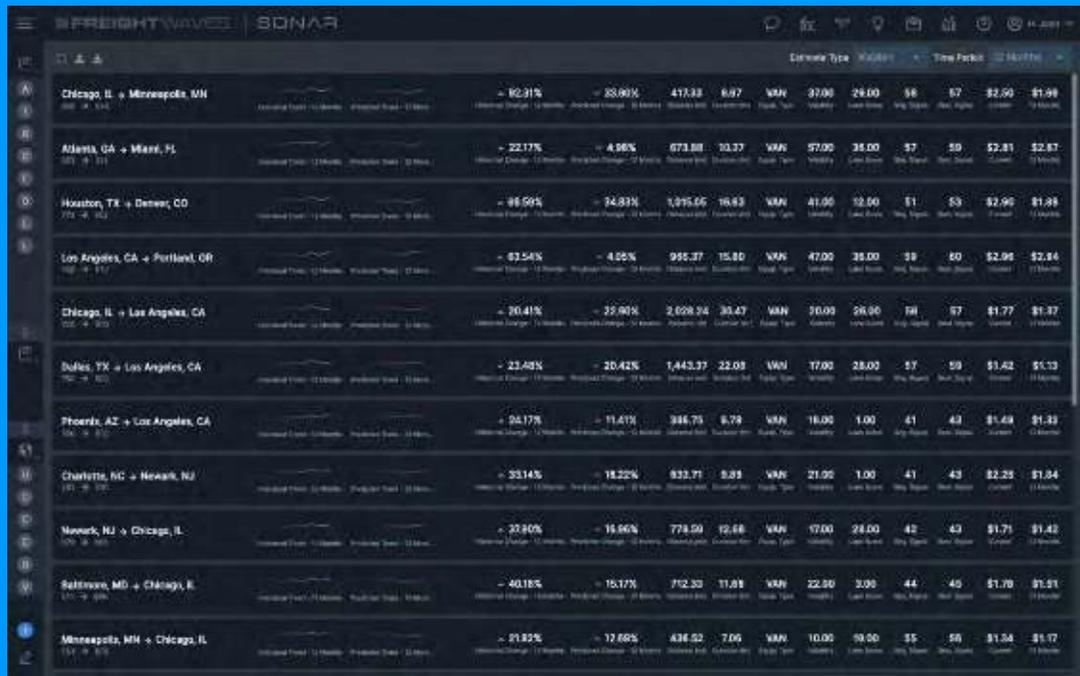
- Deriving short-term and long-term data to prepare and submit annual RFPs, as well as strategically approach mini-bid events.
- Determine which lanes will offer the greatest opportunities to capture revenue and build out more lucrative relationships with carriers and 3PLs.
- Confidently attack new regions/markets/lanes with little internal historical data context with a targeted approach
- Minimize resource drain on construction/data organization prior to beginning the bid analysis

Lane	Historical Change (12 Months)	Forecasted Change (12 Months)	Historical Avg. Rate	Forecasted Avg. Rate	Carrier Type	Mode	Lead Time	Req. Days	Est. Days	Current Rate	Forecasted Rate
Chicago, IL → Minneapolis, MN	+ 82.31%	+ 88.90%	417.38	6.87	VMW	Truck	24-30	58	57	\$2.50	\$1.98
Atlanta, GA → Miami, FL	- 22.17%	+ 4.86%	673.88	10.37	VMW	Truck	24-30	57	59	\$2.81	\$2.87
Houston, TX → Denver, CO	- 86.59%	+ 94.93%	1,015.05	16.83	VMW	Truck	41-50	52	53	\$2.90	\$1.88
Los Angeles, CA → Portland, OR	- 87.54%	- 4.05%	955.37	15.80	VMW	Truck	35-40	58	59	\$2.96	\$2.84
Chicago, IL → Los Angeles, CA	+ 30.41%	+ 35.90%	2,628.14	30.47	VMW	Truck	30-35	56	57	\$1.77	\$1.37
Dallas, TX → Los Angeles, CA	- 23.49%	+ 20.42%	1,443.37	22.03	VMW	Truck	24-30	57	59	\$1.42	\$1.13
Phoenix, AZ → Los Angeles, CA	+ 24.17%	+ 11.41%	346.75	8.78	VMW	Truck	18-20	41	43	\$1.48	\$1.33
Charlotte, NC → Newark, NJ	- 33.14%	+ 18.22%	832.71	8.81	VMW	Truck	21-25	41	43	\$2.25	\$1.84
Newark, NJ → Chicago, IL	- 20.80%	- 15.86%	778.59	19.68	VMW	Truck	24-30	42	43	\$1.71	\$1.42
Baltimore, MD → Chicago, IL	- 40.18%	+ 15.17%	712.33	11.85	VMW	Truck	22-25	39	40	\$1.70	\$1.51
Minneapolis, MN → Chicago, IL	- 21.82%	+ 17.68%	436.52	7.06	VMW	Truck	18-20	55	56	\$1.34	\$1.17

# Carrier sales management teams apply Lane Scorecard to gain forward-looking insights

Carrier sales management also recognizes significant benefit from the use of SONAR Lane Scorecard. Instead of relying on assumptions and broad, lagging market reports published by biased, third-party entities, brokerages can apply scientifically-rooted, forward-looking insights to streamline their processes. Individual staff can make ad hoc decisions and consider how these decisions will affect the overall flow of

goods. This is particularly important for asset-based freight brokerages, which must consider their internal assets and those of third-party carriers. Moreover, compiling it all into Lane Scorecard streamlines the whole process even further. And of course, custom dashboards for all users further improves team efficiency to secure more bookings and lower freight tender rejection risk.



# Market-specific information dashboards improve overall carrier sales and operations workflow management & solidifies market expertise

For brokerages with either regionally-focused carrier sales or customer-focused pod, the creation of market-specific dashboards provide deep, real-time insights strictly tailored to that respective team's area of responsibility. Since the freight brokerage's value rests in how well team members sell services, SONAR empowers those individuals

with customizable market-specific dashboards, shown below, to manage freight better. Using an API-driven solution also lets teams focus specifically on core datasets, including volumes, rejections, inbound versus outbound rates, and more. The added emphasis on load-level visibility helps sales use insights to push carriers to lower rates.



For instance, teams dedicated to managing drayage to and from ports of entry or exit can isolate the market, consider the state of ocean freight, and make better decisions. The functionality

to drill down into the data is undisputed and adds immeasurable value both from an internal training standpoint and from an external shipper-focused educational aspect.

- **Understand headhaul risk and impact on backhauls.** Again, leveraging SONAR helps freight brokerages make the most of both headhaul (inflationary) and backhaul (deflationary) opportunities. There will be times when a feasible backhaul opportunity does not exist for a high-priority headhaul. However, using Lane Scoring data allows brokerages to account for these deviations and losses. In turn, brokers can better understand when a given shipment's value is strong enough to justify a lost backhaul opportunity.
- **Creation of customer freight profiles.** Creating customer freight profiles is also an excellent benefit for brokers with shippers of all sizes. Since it all depends on volume and demand, brokers can account for the differences in shippers using enterprise-class dock scheduling versus a local, mom-and-pop style of management. Thus, creating a way to better understand how shippers' needs affects pick-up, drop-off and more
  - measuring the strain on resources versus the margin.
- **Apply multimodal shipping analyses to get the best real rate.** Since multimodal shipping is often used as a go-to strategy for reducing freight spend, freight brokerages need to know which multimodal moves add the most value. This takes the insights of SONAR's Lane Score, Lane Signal and Lane Manager and applies them into multi-model optimization capabilities. As a result, staff can secure the most lucrative relationships with all available carriers, across multiple modes, and even when freight bundling is necessary.

For brokerage floor managers, SONAR also improves operations workflow management. How? To answer that question, look no further than the implications of SONAR-powered resources, such as Lane Manager, which provides a snapshot into the priority needs across the transportation network.

SONAR Market Lane	orig. mkt.	dest. mkt.	avg. market lane miles	avg. market lane drive hours	LANE SCORE	Prescriptive Action
Chicago, IL - Phoenix, AZ	CHI	PHX	1,764	27.1	3	Most difficult to cover: tight capacity, don't hesitate long on first offers, avoid increase from average rates
Phoenix, AZ - Chicago, IL	PHX	CHI	1,757	27.7	-3	Easy to cover: loose capacity, work available options to maximize margin, strong decrease from average rates
Phoenix, AZ - Chicago, IL	PHX	CHI	1,757	27.7	-2	Easy to cover: loose capacity, work available options to maximize margin, decrease from average rates
Los Angeles, CA - Chicago, IL	LAX	CHI	2,022	30.8	2	Difficult to cover: tight capacity, don't hesitate long on first offers, increase from average rates
Minneapolis, MN - Miami, FL	MSP	MIA	1,738	27.0	2	Difficult to cover: tight capacity, don't hesitate long on first offers, increase from average rates

Freight brokerages can instantly recognize whether a market is rapidly deteriorating or increasing in value to identify who has the leverage in carrier rate negotiations. Meanwhile, innovative insights within Lane Scorecard, a metric based on Lane Signal, further opens the door to new ways to view each shipment. What happens when the origin market is experiencing medium volume, and the destination market is experiencing high volume?

It sounds simple enough. However, reviewing Lane Scorecard provides a new way of approaching that backhaul opportunity and isolating its strengths concerning others. As a result, freight brokerages could more effectively lay out full transportation movements and account for multiple stops, rerouting and more. SONAR provides complete workflow management by transforming the process into a data-driven strategy.

Additional key benefits of this use case include:

- **Increased use of performance measurement of carrier representatives.** Freight brokerages also apply SONAR data to measure performance and manage their teams proactively. Instead of hoping staff secured a profitable margin on each booking, freight brokerage managers can look to the data. The data will reveal what the actual margin was and whether that staff member secured the most profitable booking or not.
- **Predict market rate deviations to "play to" the spot market.** As market change becomes more apparent, shippers will look to play the spot market. The spot market refers to one-off shipments. However, the spot market is an indicator of the overall market strength. Thus, freight brokerages that can better understand

trends within the true market, which derives from the spot market, allows for better management of spot versus contracted loads. This may include initiating new bidding strategies with carriers, freight forwarders and 3PLs to get more affordable rates and effectively protect the brokerage against sudden changes within the spot market that result in either a run or surplus of capacity.

- **Onboard new carriers and lanes based on data.** Regardless of what happens in the market, bidding processes are inevitable. Even if the market is exceptionally stable, every company

will go through an annual bidding process. At the very least, having access to the latest insights and predictions is tantamount to securing the best rates during this bidding process. For forwarders and brokers, accessing the market value can turn freight brokerage services into a more vigorous advocate for their customers and carrier relationships. Think about it; freight brokerages serve a near-consultancy purpose for small and midsize shippers. By any access to this data, freight brokerages can keep their customers better informed.

# Executive-level insights and strategic value through FreightWaves Passport research and Market Outlooks

The applications listed above for management staff will inherently translate into executive-level insights and strategic value. While managing a single freight brokerage in a secluded market is simplified through SONAR, imagine the potential when looking at a global freight brokerage service. Having access to SONAR is only half the equation as well.

Executives can tap the extensive data analyst experience and industry-leading

publications created by FreightWaves SONAR team members to unlock new opportunities to grow, including:

- Full access to the full set of quarterly outlooks and mode-specific dives.
- Insight into the market and economic variables to assist with internal and external reporting.
- Ability to generate custom reports and data comparisons upon request.



It all amounts to improved knowledge during customer meetings, streamlined QBRs, and data-driven corrective action proposals.

## WHAT'S THE END GOAL

Freight brokerages are more likely to secure more bookings, be better able to

manage their businesses, ensure freight can be fully tendered and accepted with a lower rejection risk, and gain more respect as a market leader. It is the ultimate win-win.