



Tackling freight rate complexity

The challenges of rate complexity and volatility are a drain on logistics service providers (LSPs) who require up-to-date, accurate rate management for quoting to customers, collaboration with agent partners, and optimal business functioning. These frequent and numerous freight rate updates must be communicated to clients in a timely manner and it's essential that these updates are effectively managed within a LSPs' four walls so shipment processing, from bookings to invoicing, is accurate and timely.

Pat Fosberry, CES, Corporate Export and Transportation Manager, John S. James Co., says "These surcharges are extremely complicated due to a lack of standardization. There are numerous surcharges from each link in the supply chain. Most freight forwarders (FFs) have contracts with a number of ocean carriers, 20 is not unusual. Some may be direct contracts, while others are from agent partners throughout the globe. For every trade lane, a forwarder may have upwards of 15-20 different service contracts to access rates from and this doesn't include the spot rates from the carriers." Because of this, "Contract management is now a critical operational component of a forwarders' business." Founded in 1941, John S. James Co. is an international freight forwarding and customs brokerage company headquartered in Savannah, Georgia.

To a great extent, the challenge of freight rate and contract management is due to manual processes. Static documents, such as PDFs, spreadsheets and email, even now in this digital, real-time communication 21st century world, are used to distribute and manage freight rates. Static documents are emailed around the world to global agent partners, but rates change so fast these days, the spreadsheet is out of date by the time agent partners look at them. Unproductive, inefficient rate management is unacceptable in our current market environment which is characterized by intense competition and the need for cost and time savings. Additionally, it steals valuable resources away from important tasks such as acquiring new customers and quoting more shipments. Isn't it time for this antiquated way of

distributing and updating rates to be replaced with advanced technology?

"Any intelligent fool can make things bigger and more complex... It takes a touch of genius - and a lot of courage to move in the opposite direction" - E. F. Schumacher

TECHNOLOGY TO THE RESCUE

Launched over 14 years ago, CargoSphere, an innovative, cloud-based confidential global rate solution and Rate Mesh Network, has steadily worked to put an end to rate complexity, the associated inefficiencies, and improve the customer experience. Today, CargoSphere's real-time rate technology and cloud connected networking brings contract and rate management into the 21st century.

The CargoSphere system combines rate management, rate negotiations and quoting into one simple, efficient process. To tackle the burden of continuously updated, multi-page, multi-trade lane carrier contracts, CargoSphere developed SUDS (Smart Upload and Diagnostics Solution) an innovative, one-of-a-kind technology solution for managing carrier contracts and rate agreements.

With SUDS, companies take control of contract management by shifting from outsourced contract management to self-management. SUDS intelligently reads static carrier-rate files, in any format supplied, directly into the CargoSphere cloud database. It significantly reduces the complexity and time-consuming task of managing freight rate contracts.

Forwarders are experiencing accelerated loading time of contracts and rate agreements with large volumes of rates, and achieving greater efficiency and accuracy with SUDS advanced diagnostics and audit processes. The freight rate database created with SUDS allows forwarders to securely share these rates with agent partners and customers via the CargoSphere Rate Mesh.

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RATES IN THE CLOUD

With the Rate Mesh, the rate source company has the ability to share selected rate information on a confidential one-to-one basis with any rate recipient of their choosing, such as agent partners, shipper customers, or regional company offices. Once shared, the recipient sees the rate information on all relevant rate queries and can use the rates in quotations. This provides real-time, transparent visibility to these rates under a SSOT (Single Source of Truth) architecture, which is especially important when working across time zones. The Rate Mesh seamlessly and confidentially connects trading partners allowing them to integrate and simplify rate communication.

“Mutually sharing rates with agent partners has not only helped us increase our transportation volume, but more importantly, our ability to offer diverse services to our clients,” says Fosberry. “Accurate, timely rates need to be quoted to customers and effectively tracking these rates from quoting to invoicing is fundamental to business performance and our customers’ satisfaction.”

“The Rate Mesh is about collaboration and distributing rates directly to recipients,” says Neil Barni, president, CargoSphere. “It enables cooperation on pricing among partners in all corners of the world. CargoSphere users, through a process of reciprocal authorization, create a Mesh network with selected partners. Agents require up to the minute rates for timely response to their customers, in their own time zones. The Rate Mesh eliminates any waiting time between global agent partners and enables important sales functionality.”

STREAMLINED IN-HOUSE RATE MANAGEMENT

“One of the things with the CargoSphere system that we were able to do is centralize the John S. James Co. rate department. With standardized contract rates in the CargoSphere system and visibility over all of them, it was much easier for us to maintain and manage rates from one central location. Before CargoSphere, each of our 40 to 50 export administrators would spend an average of 1-2 hours every day or week depending on what type of desk and account they handled, on rate work. Now, they feed all their rate requests into our rate department, where our rate department of 2 people is now doing what 50 people in our company used to do. The savings for our company has been astronomical,” Fosberry noted.

Logistics leaders understand that the efficiencies and performance improvements achieved with advanced contract and rate management technology serves as a competitive differentiator which helps to set them apart. Today’s marketplace with tight margins and intense competition requires logistics service providers to increase efficiencies, have greater visibility to bottom line costs and offer the best customer experience possible. Cloud-based, intelligent technology, such as SUDS, offers streamlined contract and rate management that will move this historically challenging transactional freight processing area to the 21st century.