DAT iQ Analytics

Building RFPs, the easy way

How to design cost-saving, successful, and reliable networks in RFP season with DAT iQ

Table of Contents

3 Introduction

5 How to handle all that data

7 Setting up RFP goals

12 Let’s look at your network

14 Drill deeper with lane and carrier-level analysis

19 Private fleet opportunities

21 Lane aggregation

23 Modal mixture and LTL performance

26 Network expansion

The market has forced our industry to change how we handle RFPs

Smart shippers are tapping into deep wells of data and analysis to get hyper-strategic – the days of bulky spreadsheets and hunches are fading away. The new razor-sharp RFP process is built on insights into market rates, lane-specific capacity, and thorough carrier vetting.

All of this with good reason, of course. With real-time data, they're best positioned to prepare RFPs, evaluate carriers, award contracts, and monitor routing guide performance.

A successful RFP results in:

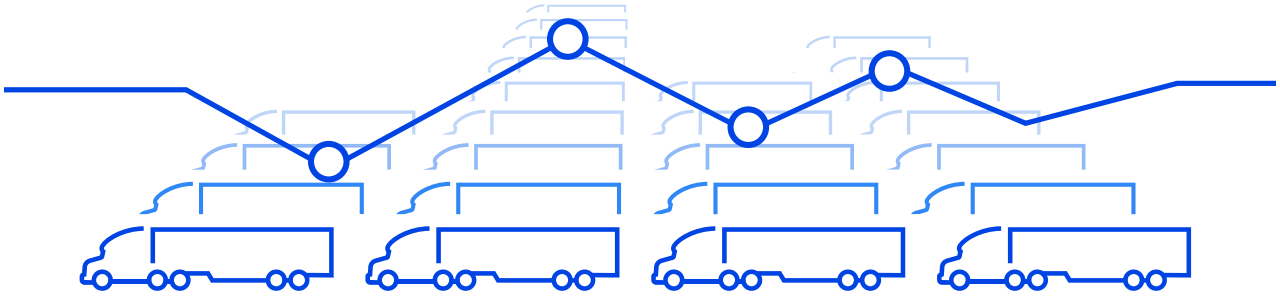
- **Stability with reliable carriers**
- **Fair and predictable rates**
- **No excess negotiation costs**
- **Quality service**
- **Carriers with appropriate equipment types**

Building a thoughtful RFP from the start can make the difference between a grueling, time-intensive effort and a painless, streamlined process that saves time and resources. It sets the tone for the upcoming fiscal year and strengthens carrier relationships.

The top shippers do this with DAT iQ (over half of the top 25 supply chains are powered by DAT iQ, according to Gartner). It delivers network insights that help you prepare a thorough, focused RFP. With historical rates and a suite of tools to analyze your network, each of them benchmarked to the broader market, DAT iQ helps you set realistic cost expectations and focus your RFP on the lanes and carriers that matter most.

Here, we'll cover the ins and outs of RFP preparation, analysis, and network design and show how DAT iQ equips shippers with the insights they need to confidently navigate the initial part of the RFP process.

How to handle all that data

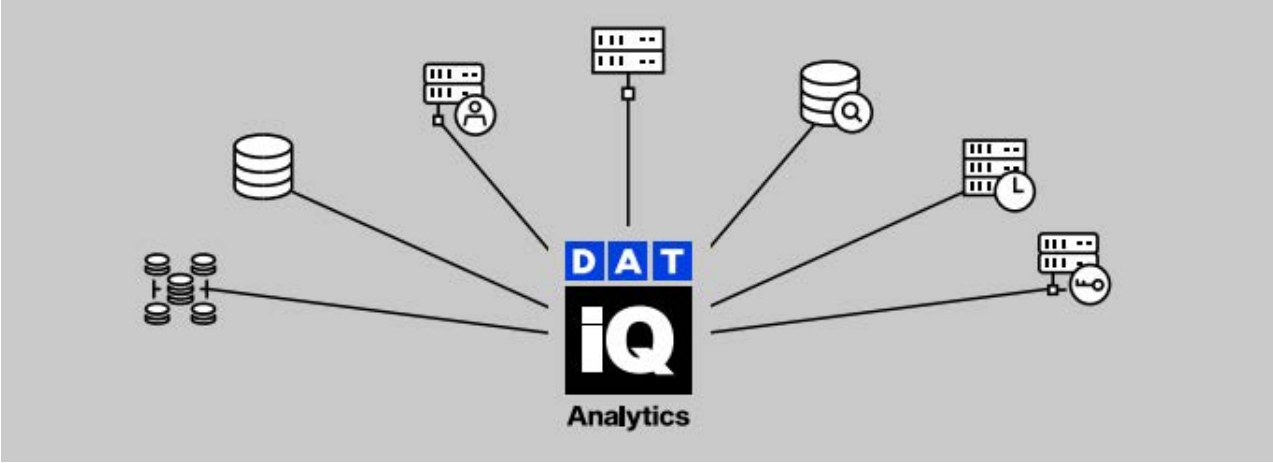


To win in shipping, you need a truckload of data.

Shippers face the challenge of centralizing datasets from a range of siloed internal data sources, often spread out across different departments. The process of aggregating, reviewing, and validating datasets to set the RFP strategy can take even the most sophisticated shippers weeks or even months. We see many struggle to cobble together a single source of truth from datasets that aren't standardized and may include conflicting data points.

You can't succeed in RFP season without a clean view of historical transportation data. Organizations often use different IT systems to report on business functions that are adjacent to transportation, such as ERP (enterprise resource planning) and TMSs (transportation management systems). As other stakeholders report from these systems and integrate with transportation data, data can quickly become static or create conflicting views. You can see how this causes problems.

Creating a single source of truth



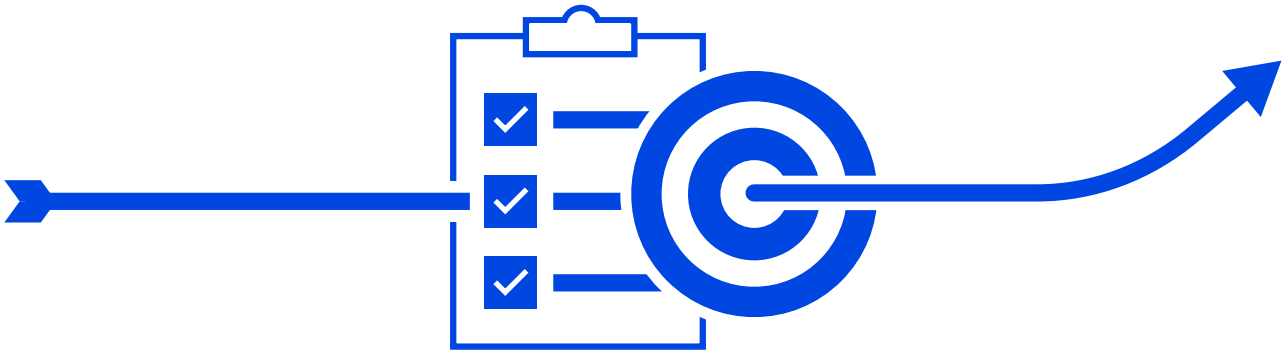
During onboarding, DAT supports customers through what is usually a resource and time-intensive process of compiling and validating datasets across their operations. We take multiple data input files and apply custom logic to translate, validate, and aggregate transportation data into a centralized, trusted source. This process not only breaks down data silos, but also streamlines transportation design, analysis, and planning projects. Most importantly, gives shippers a significant head start in the RFP process.

For even more tailored data prep solutions, DAT's Data Analytics Services offers one-time and ongoing projects to help shippers use their data to address unique needs like data cleansing, custom integrations, and advanced visualizations.

DAT's Data Analytics Services can help with a range of challenges to solve unique business needs:

- Integration of DAT products into tech stacks
- Custom data consumption with flat files and data partitions
- Data cleansing and consolidation for improved hygiene and compliance
- Product usage templates and ROI maximization guidance
- Custom visualizations and dashboards for various stakeholders
- Support for successful analytics adoption and change management

Setting up your RFP goals



Before beginning the RFP evaluation process, you need to understand your network performance and evolving needs.

This preparation work is critical, helping shippers get the most out of the RFP process and maximizing their contracts terms.

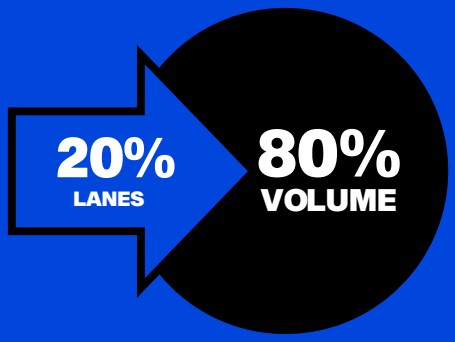
Whether aiming to maintain rates, strengthen relationships, or adjust to market benchmarks, DAT iQ helps set informed RFP goals by showing how consistently certain lanes in your network perform.

Here are our best practices to set the right targets as you prepare for the RFP process:

- Follow the 80/20 rule
- Review internal data and see where you stand
- Understand demand outlook for existing lanes

Follow the 80/20 rule

When preparing your RFP, a general rule of thumb is that the top 20 percent of your lanes represent roughly 80 percent of your volume.



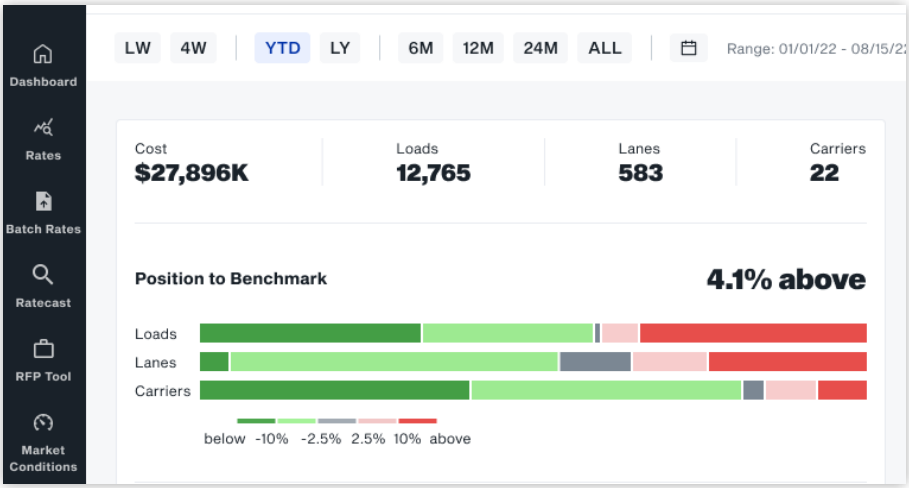
Those lanes are typically where the cost savings and/or cost avoidance opportunities lie, and where you should focus your optimization efforts. Of course, it's important to not neglect a low-volume strategy when implementing the 80/20 rule.

Instead of sending every lane to bid or rolling every lane over to your incumbent carriers, prioritize your efforts by using the 80/20 rule to identify high-priority lanes where additional flexibility will improve cost and service the most.

During the pre-selection process, pinpoint carriers that have the right characteristics to provide year-round coverage in lanes with higher volume and service requirements. For maximum efficiency, gather and review information electronically using transportation databases instead of a manual request for information (RFI) process. Consider variables like equipment types, terminal locations, SmartWay certification, load board activity, and the number of drivers. This ensures only qualified carriers bid on those lanes.

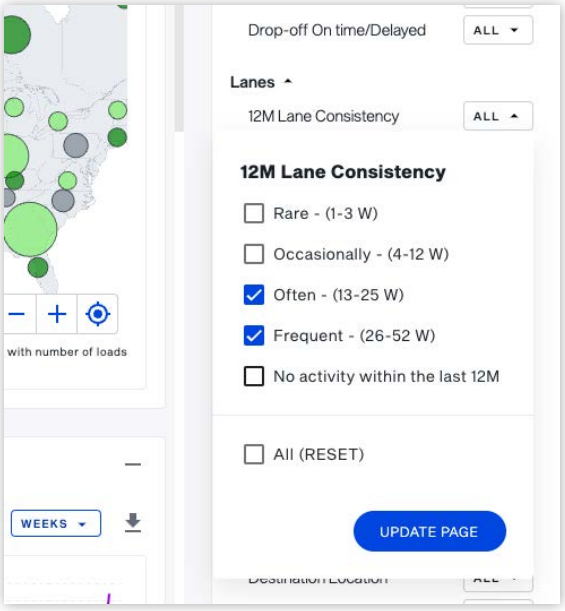
DAT iQ Benchmark tool: Position to Benchmark Bar Chart

Here, you'll see a bird's-eye view of your network in terms of lanes, carriers, and loads to get a pulse on where you have opportunities to improve and what kinds of risks you can mitigate ahead of time, with the option to click into sections of the bar chart to filter the details in the other data visualizations.



DAT iQ Benchmark tool: Lane Consistency Filter

DAT iQ Benchmark now allows procurement teams to use the Lane Consistency metric to filter out inconsistent lanes, segmenting procurement more effectively to focus on the high-impact and high-volume lanes. Once this filter is applied, multiple data visualizations can be used to identify areas of focus. For example, the Lane Details table sorts lanes worst to best (be it by market delta, position to benchmark, performance, etc.), weighted for volume, to highlight the latest that have the highest impact. Keep in mind: These high volume, consistent lanes are where you have your buying power/leverage.



Review internal data and see where you stand

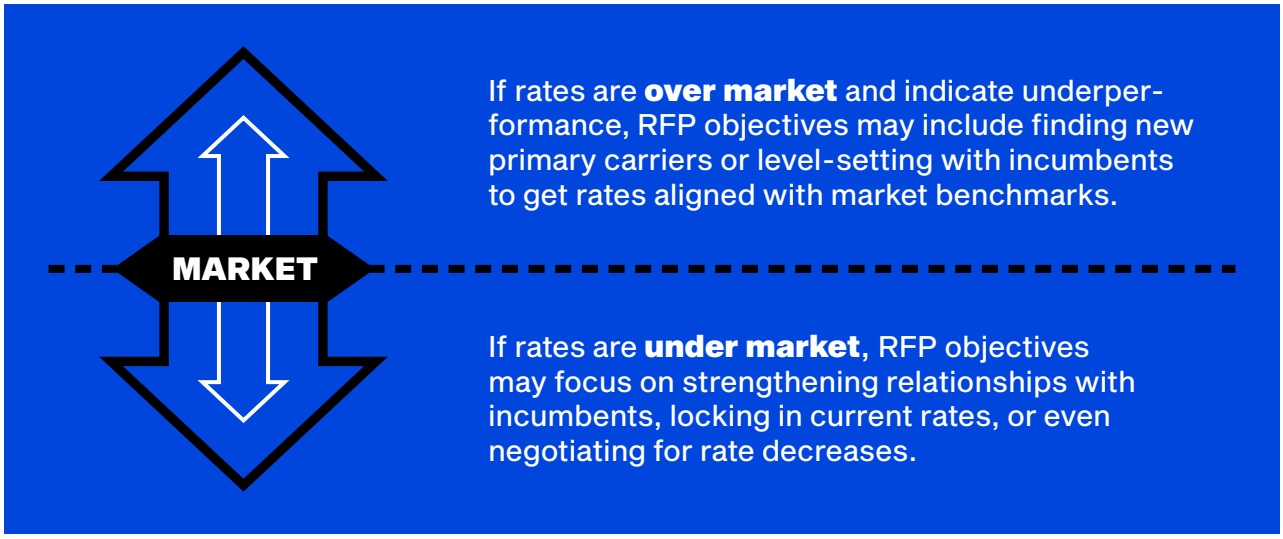
Start by analyzing historical volumes and rates for your existing lanes to establish a baseline for costs and needs. Then, assess your current performance using both internal data (e.g. contract rates and routing guide adherence) and external benchmarks (e.g. market averaged rates). This combined approach helps you gauge the effectiveness of your RFP and identify areas for improvement, ensuring a balanced evaluation of both internal metrics and industry standards.

DAT iQ Benchmark tool: Trends Chart

This visualizes historical trends for several different metrics (average distance, count of loads, fuel/mile, total cost over time, % of spot loads), highlighting the transportation market boom and bust cycles since 2016. This is an important view to share with executives to help explain dynamic freight market conditions, show how your costs compare/differ to the benchmark (and explain why), and better forecast rates at which expiring contracts are likely to reset – all in service of setting expectations with cost-conscious executives.

Use this trendline to understand how your performance has compared to market rates through different conditions over time. This practice is called benchmarking, and it's invaluable for quickly identifying outliers and variances that indicate above or below-average performance. High-level views help provide a quick gut-check to help guide overall objectives.

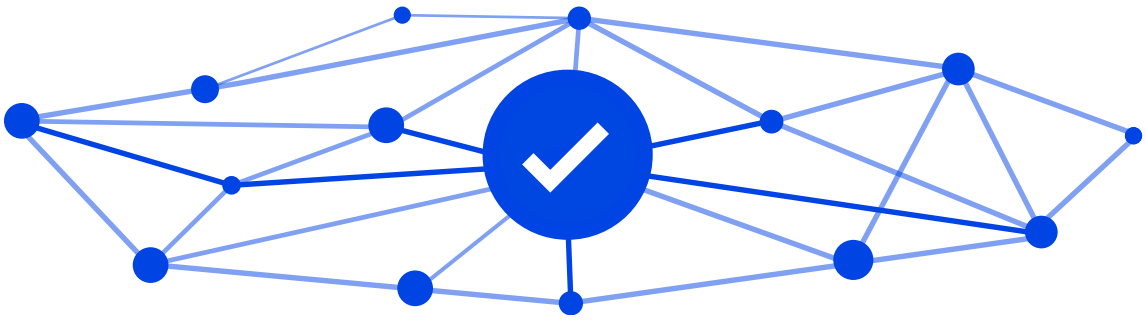
It's important to keep in mind that cost isn't the only factor to consider – shippers need to balance service level with costs to ensure they make good on promises with partners.



Understand demand outlook for existing lanes

Align with internal departments on directional demand forecasts and planned promotions for existing markets and customers. This will help validate and/or refine your focus areas. Additionally, this will make sure any new priorities are on your radar if there are plans to expand or adjust markets (which we'll dive into deeper in the Network Expansion section).

Let's look at your network



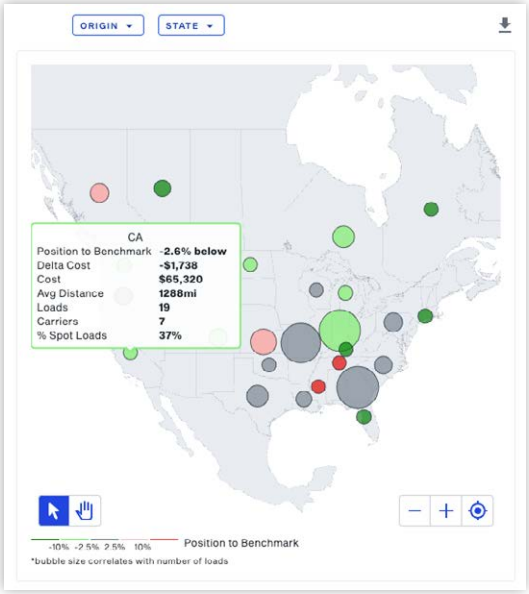
Getting a top-down view of your organization's freight network can be a challenge due to the realities of how typical freight operations systems work.

While Transportation Management Systems (TMS) often serve as the nucleus of transportation and logistics operations, they are dynamic and transactional in nature. They're great for tracking freight in real-time, but a TMS isn't designed to provide views of rates over time, leading to potential blindspots in your historical freight moves.

DAT iQ Benchmark fixes this by providing tools for both deep-dive analysis and high-level reporting.

With a total view of your network, you can contextualize/demonstrate performance to senior leadership teams and get a pulse on performance that can inform your RFP.

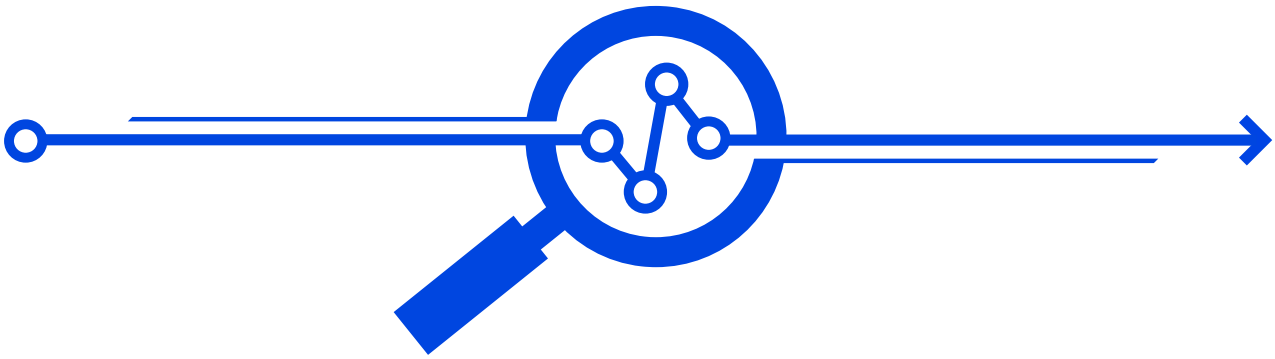
DAT iQ Benchmark tool:
Position to Benchmark Map View and Cost by Attributes Bubble Charts



These are useful for both high-level views of performance distribution, and helping to find outliers in the data and diving in further to find root cause(s). The user can figure out what might be driving variances by clicking into a particular under/over-performing bubble to filter other visualizations (carriers, lanes, etc.).

- **On the map,** click on a location on the map to learn more about performance and trends in/out of that location (toggle between origin and destination).
- **On the bubble chart,** titled 'Cost by Attributes' the vertical axis represents delta cost (dollars over benchmark rate), and bubble color represents percent to market (legend in bottom left corner).

Drill deeper with lane and carrier-level analysis



As network complexity increases, the amount of lanes to take out to bid grows quickly.

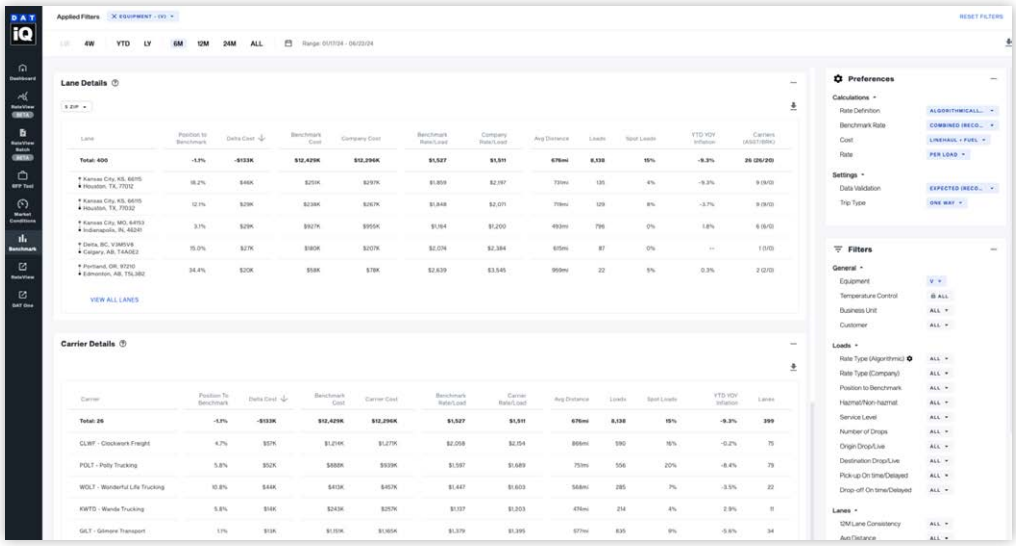
Identifying which lanes to focus on in your RFP is challenging, and finding where cost management opportunities lie adds another layer to the puzzle.

RFPs provide a natural opportunity to assess carrier performance and determine how to approach relationships with incumbents.

Without insights that contextualize carrier and broker performance relative to others within your portfolio and against the broader market, shippers lack objective market data to guide negotiations.

DAT iQ's solution

DAT iQ Benchmark tool: Trends Chart



These offer a dynamic and interactive experience for comprehensive network exploration, particularly when you want to dive in beyond the high-level data visualizations like the Position to Benchmark bar chart. Evaluating performance within the context of the broader freight network provides clarity into a carrier's strengths and weaknesses. Lane-level analysis helps identify lanes that are above market and should be included in your RFP, versus lanes where you're below market and could leave out of the RFP and stick with incumbents.

Explore sample use cases for these tables:

**Details on the following pages*

1. Identify worst-performing carriers and lanes

2. Converting spot lanes to contract rates

Sample use case 1: Identify worst-performing carriers and lanes

Follow along with this training video.

Before diving in, apply any appropriate filters and make sure the time frame is set below zero. From there, click on a trend you want to explore within visualizations like the Position to Benchmark bar chart or one of the bubble charts (doing so will filter other views to display trends, performance relative to benchmark, and other key statistics over time).

Scroll down to the Lane Details or Carrier Details table to sort top lanes or carriers by delta cost (variation from the DAT benchmark) to find improvement opportunities. Review weekly volumes and assess if any anomalies need to be addressed through negotiation, network redesign, or carrier alternatives. Try incorporating these insights into carrier negotiations to resolve problem areas and contribute to building stronger carrier partnerships over time.

DAT iQ filter settings:

> Recent dates, Contract Benchmark Rate, Frequent Lane Consistency

> Analyze carriers to opportunity to swap carriers

> Analyze lane weekly volumes to find internal improvement opportunities

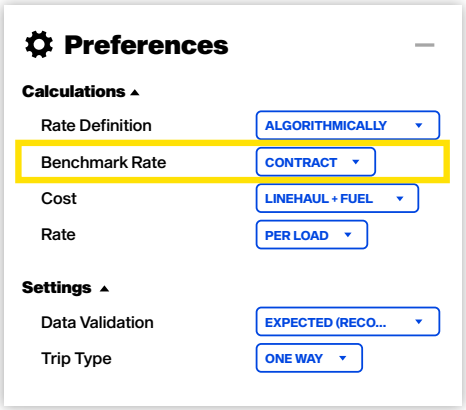
Sample use case 2: Converting spot lanes to contract rates

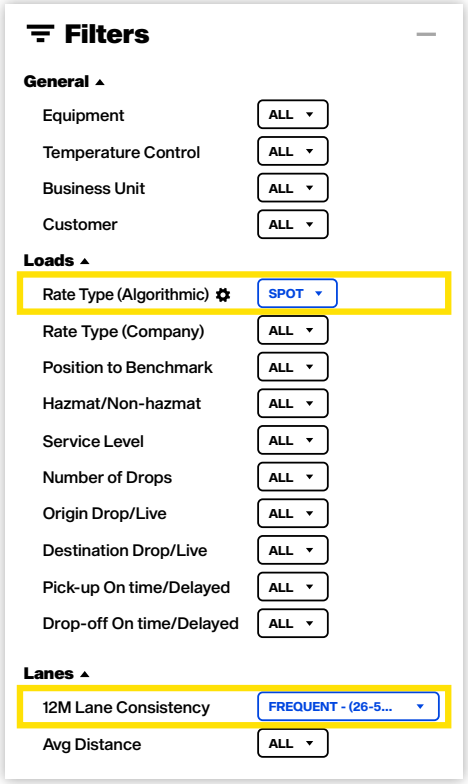
A common practice involves analyzing high-frequency lanes to negotiate lower contract rates and improve service. Especially as the market tightens and spot rates rise, this exercise can even be done weekly to mitigate higher costs and establish more reliable partnerships.

TIP

Here's an example workflow:

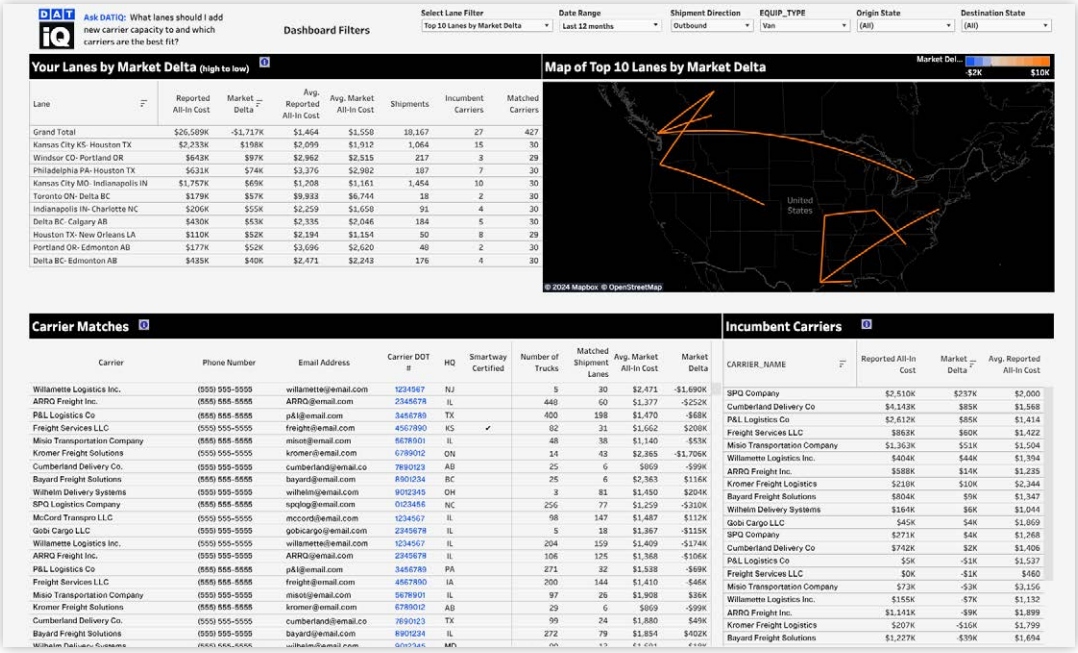
> Set the time range to the last week or month
> Set Rate Type filter to 'Spot'
> Set Benchmark Rate to 'Contract' in Preferences
> Set 12M Lane Consistency filter to 'Frequent'
> Analyze the top 10-20 lanes by highest delta cost to identify conversion opportunities.





DAT Carrier Select

Leverage Carrier Select to identify underperforming carriers and potential alternatives, using them as negotiation leverage or backup if discussions with incumbents stall. Rather than hastily replacing a long-standing carrier, analyze their performance within a broader context to explore other improvement avenues. Carrier Select gives you a full view of your network, enabling detailed cost analysis against benchmarks to uncover savings opportunities. Its filters allow for custom analysis, helping you sort carriers based on key criteria like truck count, SmartWay certification, or usage by other FMIC shippers, and access contact details easily.



Private fleet opportunities

RFP season is a natural time to evaluate your mix of for-hire fleets, dedicated, and private fleets.

RFP season is a natural time to evaluate your mix of for-hire fleets, dedicated, and private fleets. While dedicated and private fleets require a more significant upfront financial commitment than for-hire fleets, they protect you from the price volatility and higher inflation in for-hire freight and deliver more predictable, stable service levels. The challenge is pinpointing where to deploy them and projecting their cost impacts relative to for-hire fleets.

Dedicated fleets are optimal in two scenarios:

1 Short market distances with high volume

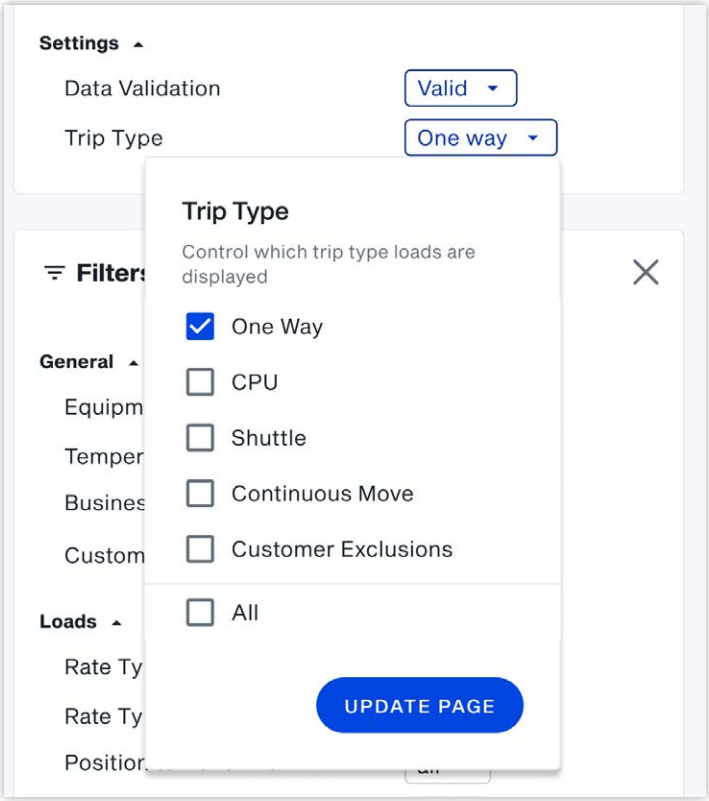
This allows trucks to complete multiple trips per day, reducing costs while maintaining high service levels. Lanes don't have to repeat, but the efficiency of short trips makes it effective.

2 Long-distance lanes

While these increase costs due to empty return miles, they are often chosen to enhance service reliability.

Using the Trip Type Filter in DAT iQ Benchmark

Benchmarking identifies when lanes should shift between dedicated and one-way options. Senior management can use cost inflation comparisons over time to validate that dedicated fleet costs are indeed lower than one-way alternatives. Additionally, benchmarks help compare the performance of different fleets, ensuring that decisions are data-driven and cost-effective.



Lane aggregation

When it comes to aggregating lanes, shippers face the challenge of determining the optimal regional bundling level.

It's a delicate balance of making the routes compelling without driving prices up too much. Larger aggregated areas provide more demand for carriers, but they also introduce more uncertainty around deadhead miles, which can discourage bids or increase prices.

Additionally, inconsistent or low-volume lanes can negatively impact RFPs, leading to either poor bids or carriers opting out entirely. The goal is to balance consistent freight volumes with realistic carrier demand across the entire contract lifecycle to secure favorable rates and commitments.

Encourage the best possible carrier bids to your RFP by presenting a clear, consistent picture of freight volumes that indicate steady demand across the lifecycle of the contract. Failing to include enough detail is a common mistake. Quoting annual volumes in the RFP shows the big picture and identifies which lanes require the most attention.

However, yearly figures miss volume spikes and seasonality that can wreak havoc on networks. For long-term capacity, think about short-term volumes.

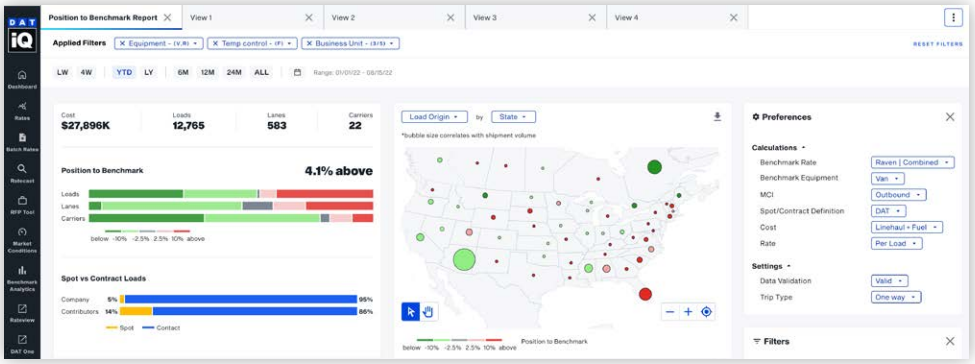
Segmenting volumes by week or month offers greater clarity and improves bid confidence. Sharing network patterns and offering specific feedback on lanes gives carriers information to increase bid accuracy and gives shippers predictable rates throughout the duration of the contract.

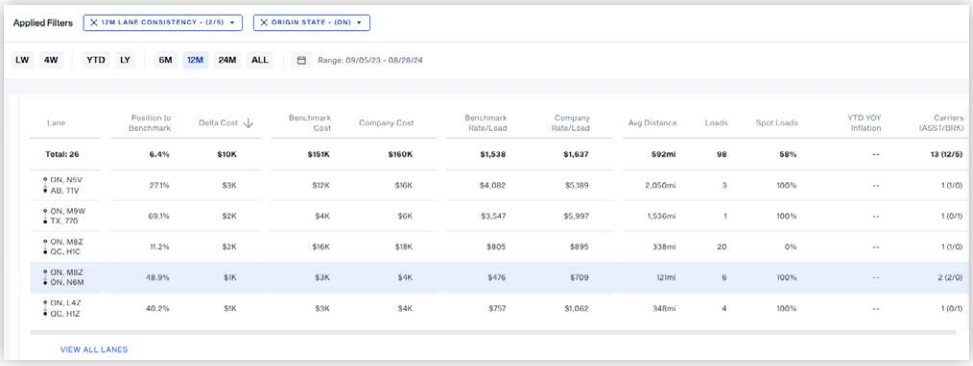
When carriers know when to anticipate volume spikes, they can better prepare and service lanes, which helps shippers to avoid spot market premium exposure. Rate forecasting models make it easy to project pricing for seasonal capacity needs by finding patterns based on historic volume and market trend data.

DAT iQ Benchmark tool: Map View and Lane Details Chart

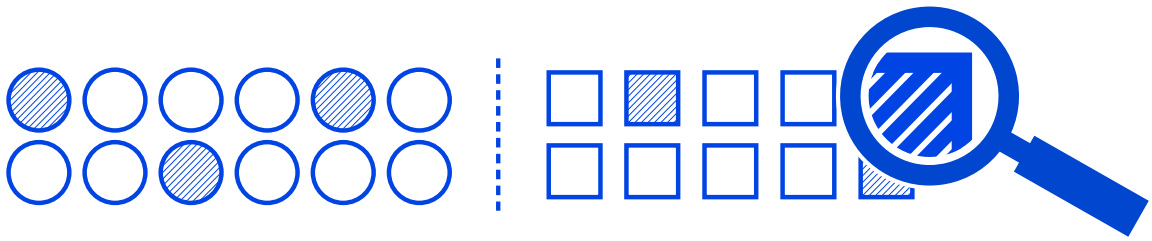
Identify a region to focus on by setting lane frequency filters to Rare and Occasionally, then look at the map view in the Position to Benchmark section. Click on an area that shows a higher concentration of red, which will indicate more opportunity to bring rates down closer to benchmark. This will pinpoint which lanes could potentially be aggregated to give carriers a clearer sense of how their network aligns with yours, improving bid quality.

For inconsistent lanes, the solution is to bundle low-volume lanes into larger geographic areas, such as 3-digit ZIP codes, which pools demand and reduces variability. This approach aligns incentives for carriers, lowers transaction costs, reduces operational complexity, and encourages more competitive bids. It's particularly effective for low to moderate-volume lanes. Using DAT iQ RateView's regional grouping (Key Market Areas) and DAT iQ Benchmark lane frequency filters, shippers can identify opportunities to aggregate lanes and improve bid quality, targeting areas with a higher concentration of above-benchmark rates.





Modal mixture and LTL performance



If your network contains different modes and equipment types, segment your analysis more to dive into particular attributes and isolate lanes with management opportunities.

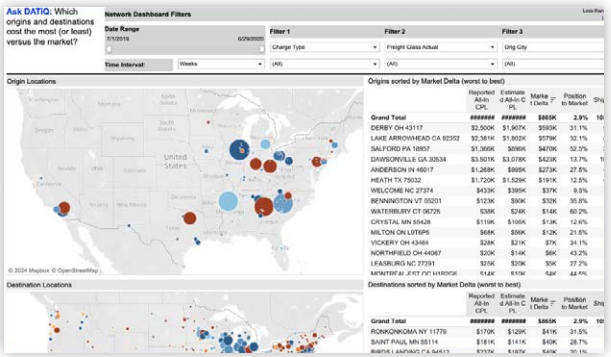
Also, when facing persistent truckload capacity constraints, breaking truckload into less-than-truckload (LTL) freight can provide the flexibility you need to deliver on customers' on-time requirements.

Optimize costs and performance through the composition of your carrier base. Private or dedicated fleets are typically a reliable option if you need consistent capacity with round-trip moves on more predictable lanes. However, it is worth evaluating your mix of freight modes to determine how diversification can get you closer to finding the right balance of service levels, cost, and flexibility for your unique capacity needs.

Not all modes or equipment types are created equal – different aspects can drive up costs, so make sure you're comparing apples to apples. If your network contains a diversity of equipment types or modes, it's important to analyze cost performance relative to market benchmarks for that attribute.

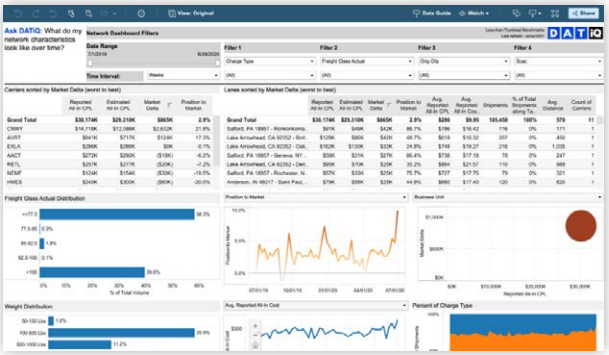
DAT iQ tool: LTL Network Analytics

DAT iQ offers a benchmarking analytics solution specifically dedicated to LTL freight. The solution includes four dashboards to analyze different aspects of your LTL network. The Network Performance Dashboard is similar to the Truckload Company Performance Details Dashboard for Truckload – it highlights which carriers and lanes are most out of sync with LTL market benchmark rates to identify cost savings opportunities for your LTL network.



Market Map

What origins and destinations cost the most (or least) vs. the market?

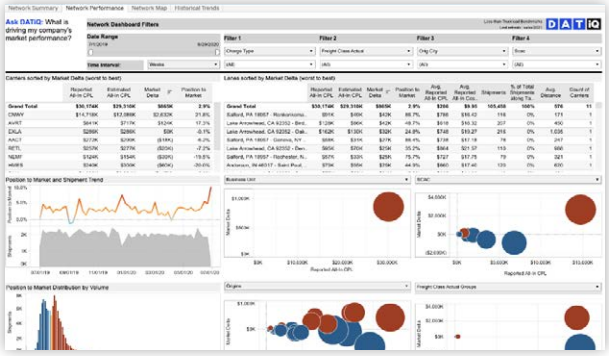


Network Summary

What do my network characteristics look like over time?

Historical Trends

What do my costs look like over time and how do they compare to all LTL shippers?



Network Performance

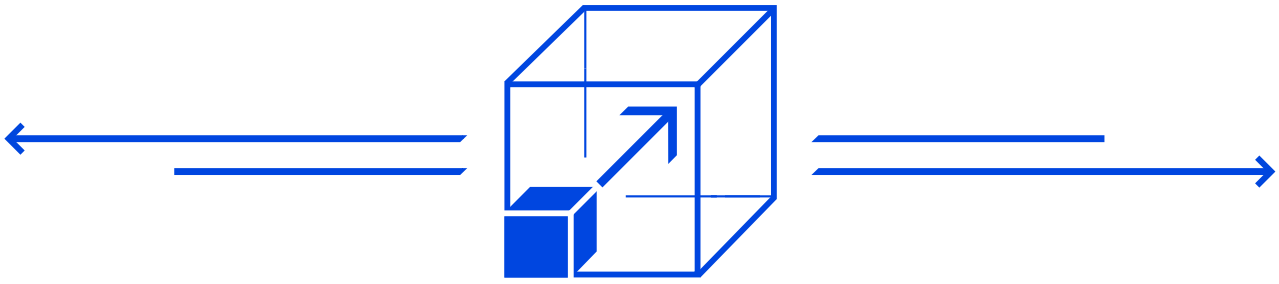
What is driving my company's market performance?

DAT iQ tool: Multi-Lane Estimator

Identify where there may be savings by converting lanes to different modes. You could isolate dry van lanes in DAT iQ, pull data on those lanes, and run them through the Multi-Lane Estimator to get intermodal rates back, then analyze to find any savings via converting to intermodal. This could also apply to converting TL into LTL lanes to help navigate tighter capacity conditions.

Determine whether you're running LTL lanes that could be consolidated into TL (truckload). Pull your LTL data and run against the Multi-Lane Estimator to compare LTL and TL rates on those lanes to find efficiencies.

Network expansion



Supply chain planners face significant challenges when expanding networks.

It's difficult identifying new lanes for expansion, sourcing relevant rate and capacity data, and aligning with cross-functional stakeholders like sales and finance to set realistic expectations to align with set strategies (e.g. product launches, expanding to new markets, marketing plans that will increase demand, etc.).

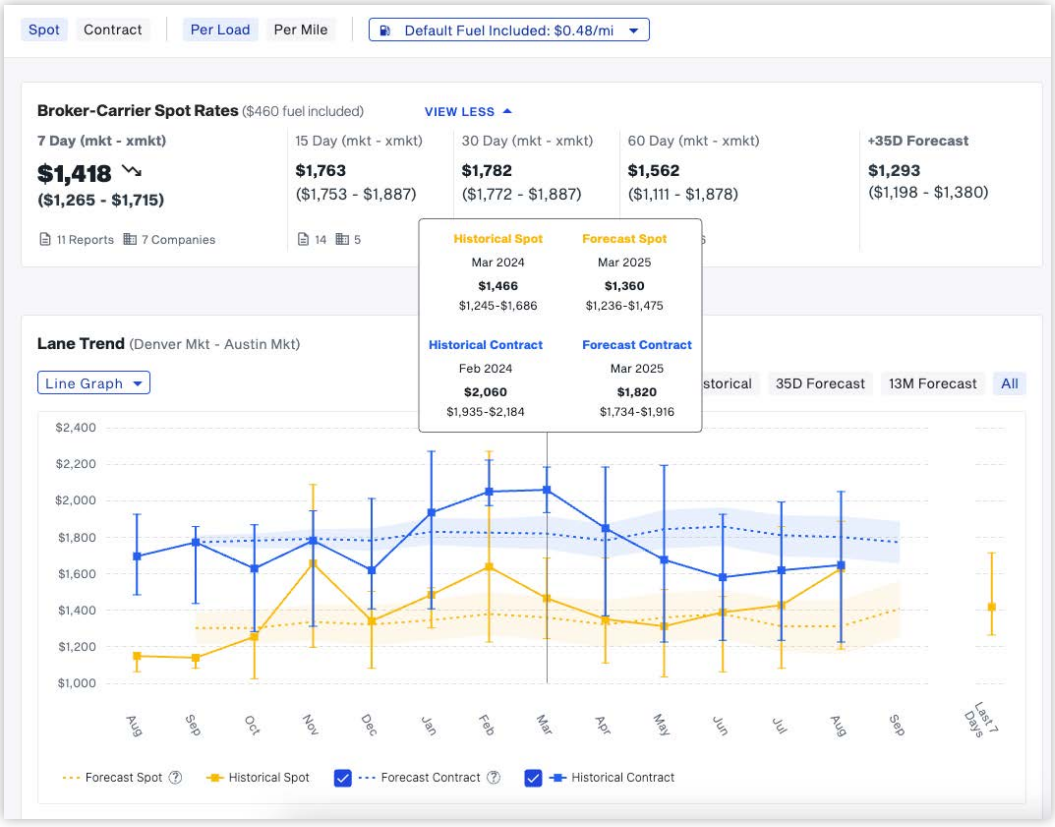
Existing systems like Transportation Management Systems (TMS), which focus on real-time data rather than long-term rate analysis, can create blind spots when planning network expansions, such as launching new products or entering new markets.

Without a deep understanding of current freight rates and carrier capacity, preparing RFPs for new lanes is unnecessarily difficult. Additionally, if current carriers can't meet capacity needs or are driving up costs, planners have to search for new carriers to maintain competitiveness and support growth initiatives like new product launches or market expansions.

DAT iQ provides reliable past, present, and future rate insights to provide comprehensive visibility, set internal cost expectations, and prepare for carrier negotiations for new network lanes.

DAT iQ tool: RateView

RateView delivers seamless lookups for the average rate for single or multiple network lanes, as well as overall rate ranges and associated fuel and accessorial costs. Paired with current rate information, projected rates in Ratecast provide a clear view of future truckload rates to help plan with confidence. Actionable rate insights from DAT iQ can be used to set internal cost expectations and bring certainty to the RFP process.

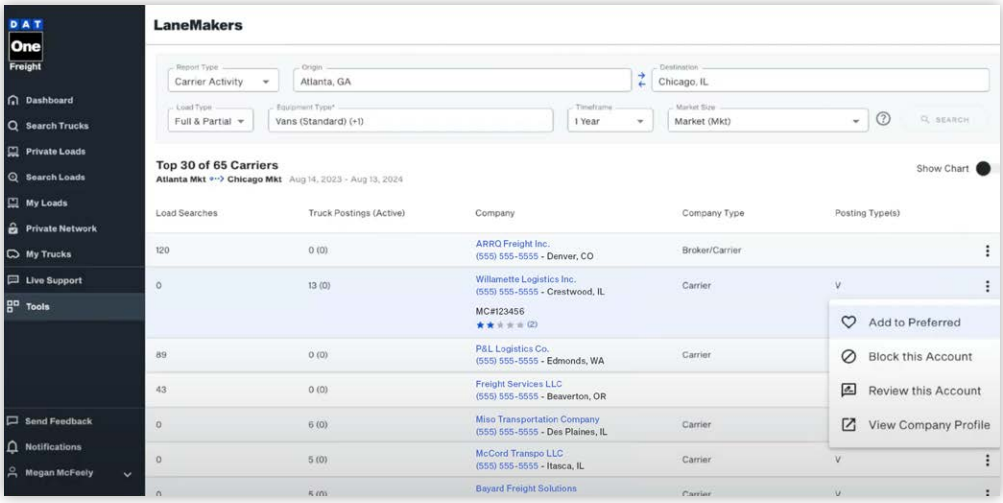


DAT iQ tool: Rate Estimators

DAT iQ provides rate lookups for single or multiple lanes leveraging the industry's most comprehensive dataset – $1T of customer-submitted paid freight invoice data since 2010. The single-lane estimator provides rate insights for individual lanes, useful when you need to check pricing for specific routes. The multi-lane (batch) estimator allows you to look up rates for several lanes at once, which is helpful for planning across multiple routes or when you need historical rates on lanes you've never run before. Plus, this tool can also be used when you're considering switching between transportation modes.

DAT iQ tool: Lanemakers

Rather than conducting lengthy requests for information (RFIs), shippers can use Lanemakers to streamline research and onboarding by using data sources to prequalify candidates based on relevant search criteria such as certifications, equipment type, load board activity, etc. LaneMakers helps shippers expand their network with reliable business partners and find hidden truckload capacity on your most challenging lanes, plus real-time tracking, a comprehensive carrier database, and insights into specific lane activities, helping shippers optimize their network and identify cost-saving opportunities.



RFP season doesn't have to be a headache

Put the guessing games to bed and get hyper-strategic, precise, and calculated. In a market that is anything but static, DAT iQ analytics solutions deliver transportation insights needed to prepare for RFPs with confidence. You'll get fair rates, minimal renegotiation costs, the right carriers, and higher-quality service.

Visit DAT.com/shipperiQ to learn how to craft a more strategic RFP that yields better business outcomes.

DAT iQ

www.DAT.com