DAT iQ Analytics

# Know where you stand

## How to get a grip on objectively evaluating, awarding, and analyzing your RFP bids

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# Trade subjectivity for objectivity

After sending an RFP to prospective transportation providers, the real fun begins: evaluating bids from carriers and brokers against current and future market conditions, deciding who to award, and determining appropriate award rates.

**To do that, it pays to lean on objectivity. And in our industry, objectivity requires real, solid, reliable data analysis. That's DAT iQ's job.**

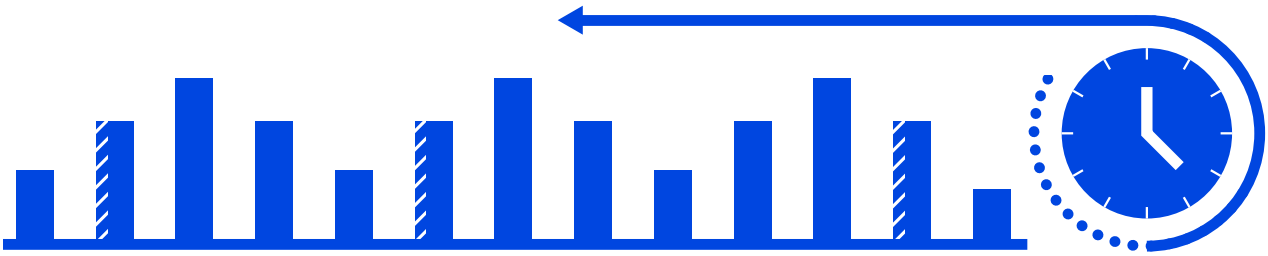
DAT iQ provides insights on past, present, and future rates that contextualize bid evaluations relative to performance benchmarks, strengthen your bargaining position in carrier feedback rounds, and select the winning bids at rates that will hold up throughout the contract and keep costs contained.

This document outlines key DAT iQ solutions that address common pain points and challenges that transportation and logistics teams encounter during the RFP evaluation. Let's hop in.

**In this guide, we'll dive into best practices for evaluating and awarding bids, as well as ways to keep a pulse on performance and report on results with your leadership teams.**

## CHALLENGE ONE:

# Giving your bids historical context



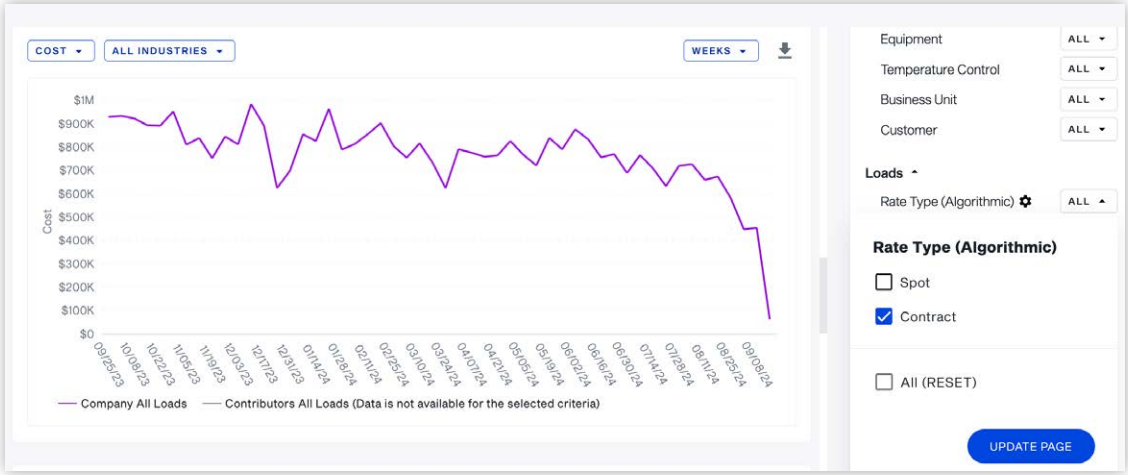
**Conflicting datasets across siloed systems are a frustrating reality for shippers, no matter the size of their operation.**

Most shippers' systems of record are their Transportation Management Systems (TMS), which are effective in tracking real-time freight but not designed to provide a clear historical record of rates. As a result, many shippers lack a single source of truth for historical freight moves, a blind spot that makes bid evaluation challenging.

## DAT iQ solution: Trends

With a single source of truth, shippers can efficiently compare carrier bids to historical and benchmark rates for key lanes.

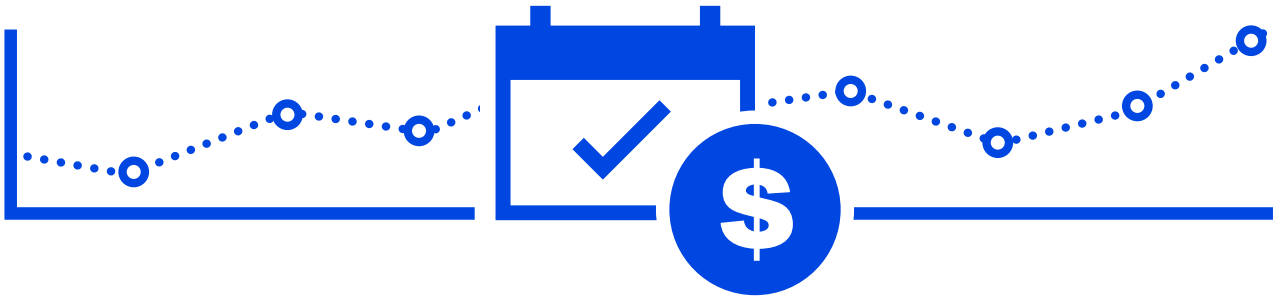
DAT iQ Benchmark provides a clear view of how your past freight costs compare to historical market rate fluctuations – a helpful view to demonstrate any savings to executives, which you may need when its time to justify investment in a data analysis tool. Historical rates allow shippers to evaluate how bids stack up against the market objectively, no need for prior experience, guesses, or well-intentioned hunches.




**Users can track rate reductions or increases in the Total Cost graph, and use the 'Contract' rate type filter to analyze key lanes throughout the contract lifecycle and help compare current bids to historical pricing.**

## CHALLENGE TWO:

# Evaluating bids against current rates



**When evaluating bids, historical context is only part of the story. Understanding how the current market impacts rates is critical.**

This is especially true during uncertainty or shifting conditions. They're likely a more accurate point of reference than transacted rates, anyway. Keep in mind that some at-risk lanes may not align with rate changes on similar lanes if they haven't reset. Especially for new lanes, getting familiar with nuances in each market will help you avoid the risks of awarding at rates misaligned to the market. Staying on top of accurate market rates for every lane is a chore, but DAT iQ has an answer.

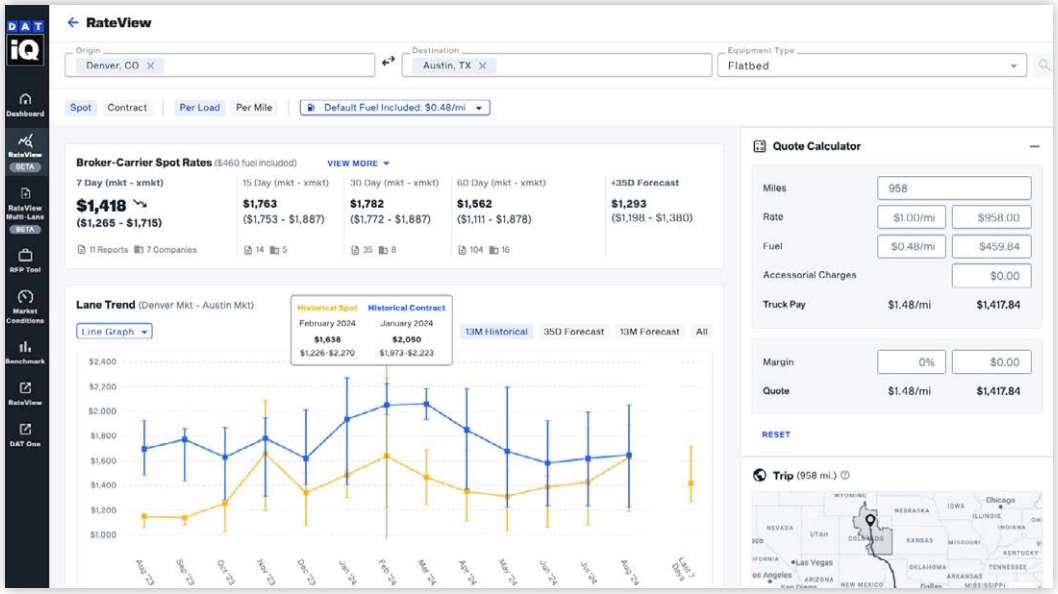
## DAT iQ solution: RateView

DAT iQ provides real-time rate insights for quick bid comparisons against the current rate for key lanes.

If you go too high on contract pricing, you could overspend, but if you set rates too low, you could face spot market premiums if carriers decide to opt for more lucrative opportunities. Real-time insights from DAT iQ RateView, are especially useful when market conditions shift or for shippers analyzing new lanes.

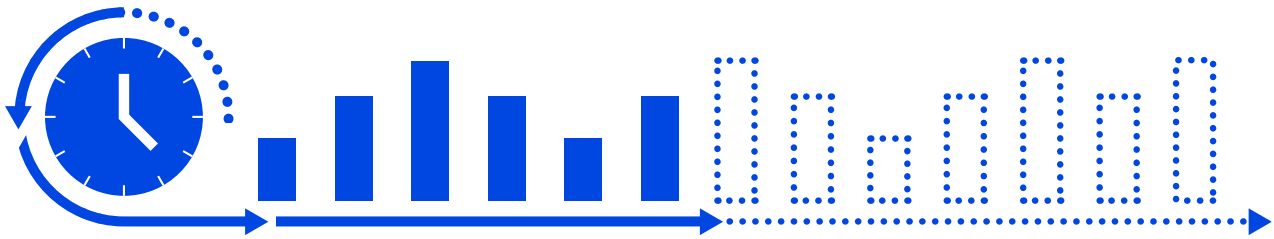
### Bonus RateView solution: Determining headhaul vs. backhaul

Bid evaluation varies between lanes with strong headhaul vs backhaul alignment. An economics definition for whether a lane is a headhaul or a backhaul (independent of regional nuances) is determined by comparing an origin-destination (O-D) rate to the corresponding destination-origin (D-O) rate. If rates on the O-D direction are higher than the D-O direction, that's a headhaul lane. For the opposite, that's a backhaul lane.



## CHALLENGE THREE:

# Forecasting rates for market volatility



**With your bids placed against a backdrop of historical context and present reality, there's only one other frontier to cover: the future.**

Experienced shippers know to award at a price that will be resilient throughout the lifetime of the contract. Though this is often not the lowest rate, it is a more sustainable one that carriers are able to service in the long term.

Simply selecting carriers based on the lowest rates often costs more in the long run. When contract pricing is too low and capacity is tight, tender rejections go up and carriers seek out more profitable opportunities. That's a recipe for routing guide failures and budget-busting spot market premiums. Bid rates should be one factor — but not the only factor — when considering a carrier. Don't skirt on checking out service levels, lane density, and overall network fit, among others.

When it comes to rates, identify trends using historical and forecasted rates on the lane to create a realistic price range that viable carriers should be able to meet. This practice will better secure year-round capacity while maintaining budget compliance. Getting historical, current, and forecasted in one place to make this easy is DAT iQ's specialty.

## DAT iQ solution: Ratecast

Ratecast is an AI-powered rate forecasting tool that enables shippers to anticipate when bid rates might be too high or too low over the life of the contract.

Predictive analytics guide awarding decisions toward a rate that will serve you well throughout the contract to manage overall costs and avoid spot market premiums. This helps mitigate any unexpected extreme cost hikes and sets expectations with leadership where rates are likely to increase.


### Keep the 80/20 rule in mind

When evaluating bids and comparing them against past and forecasted rates, a general rule of thumb is that the top 20 percent of your lanes represent roughly 80 percent of your volume. Those lanes are where the cost management and cost avoidance opportunities lie, and where you should focus your efforts.

Compare bids on your top lanes to both last year's average prices as well as forecasted rates over the first few quarters of the contract to get a realistic reference point. Use rate forecasting tools like Ratecast to predict future rates, ensuring that the bids align with market conditions and support long-term carrier relationships through proactive planning and communication.

Forecasts can also inform how aggressive you want to negotiate with carriers. For example, if the 6-month forecast is significantly higher than the bid rate, negotiating for even lower rates will likely be a losing strategy. Even if awarded, those low rates may only be "paper rates," and you'll end up paying premiums on the spot market anyway.

Don't forget, seasonality is important, as well — if rate forecasts predict a drastic difference between peak and low seasons, you may want to consider awarding primary carriers separate rates for different seasons. This approach helps set resilient pricing and weed out the "bottom feeder" carrier bids. More on seasonality in the following section.

## CHALLENGE FOUR:

# Incorporating seasonality into RFPs & award decisions

**We've accounted for historical, current, and forecasted rates. Let's break down the waves that give those periods their contours: seasonality.**

Annual volume by lane is a starting point for RFP preparation, but annual figures won't give carriers a realistic sense of how your freight network operates through natural business cycles. Including volume estimates by week or month encourages more realistic bids from carriers that align with their capacity, especially during peak seasons.

Seasonality is important to consider from a cost and volume perspective – and not only for your own company, seasonality is top-of-mind for carriers, too. Freight contracts often bind carriers to specific rates but not to volumes, meaning carriers aren't obligated to move all allocated loads at the agreed-upon price. If a shipper focuses solely on securing low rates, they risk tender rejections and being pushed into the spot market at higher rates during peak seasons, when carriers prioritize higher-paying freight. This can balloon costs as carriers shift capacity toward more profitable spot market opportunities, leaving shippers exposed to volatile pricing. DAT iQ's Trends graph can reveal seasonality considerations needed to mitigate this.

## DAT iQ solution: Trends graph in Benchmark

DAT iQ accounts for seasonal spikes and helps discerning shippers manage costs during seasonal troughs with forecasting and historical analysis.

The Loads trendline reveals the seasonal footprint of your network, with the ability to view total volumes by month or week. As you create RFPs, use this view of monthly or weekly historical volumes to build and revise projections by lane. You'll give carriers a more complete picture of the capacity they'll need to service you throughout the contract RFP.


## DAT iQ solution: Ratecast

Use Ratecast to identify predicted discrepancies between peak and low seasons – you may want to consider awarding primary carriers separate rates for different seasons. This approach helps set resilient pricing and weed out the "bottom feeder" carrier bids we mentioned earlier.

## CHALLENGE FIVE:

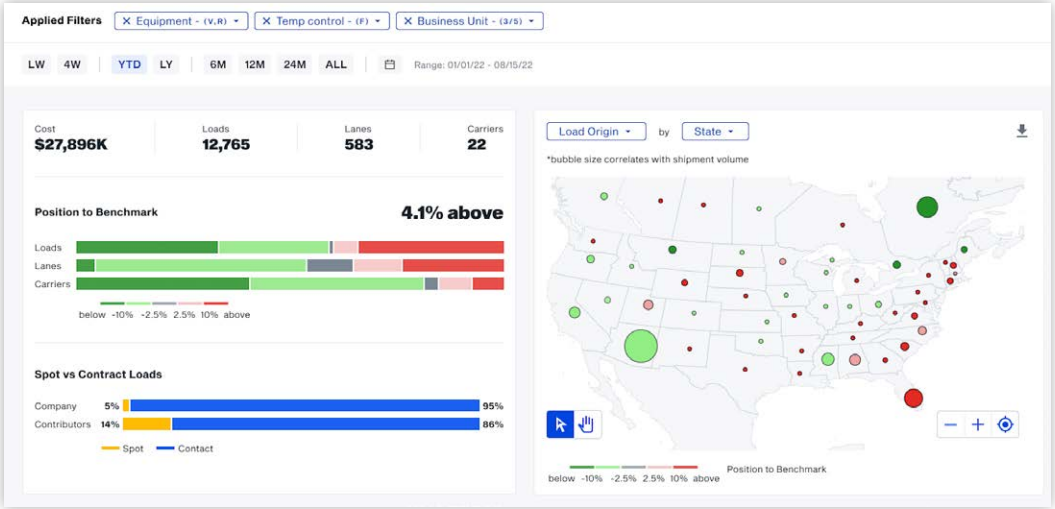
# Proving RFP benefits and executive-level reporting

**Preparing and executing the RFP is one of the most important initiatives for any transportation and logistics team. It is also one of the most resource-intensive and time-consuming initiatives.**

Showing an ROI for your team's efforts to leaders in other departments builds credibility across the organization, but doing so is a challenge without analytics on network performance set against market insights for context. By using both quantitative and qualitative metrics, it's easy to highlight savings from spot market reduction and overall improvements.

Executive-level reporting should include high-level summaries of contract and spot market costs, enabling leadership to quickly assess performance. It often takes multiple views of similar data for it to resonate — not only for you but also for your peers in other departments. Filtering these views down to the time before and after the RFP is executed can reflect the positive impacts of your RFP (or may highlight additional change management opportunities). In addition to viewing your RFP's impacts based on the percentage of your freight in spot vs. contract, add map-based views and charts that show premiums you're paying in the spot market compared to benchmarks.

## DAT iQ solution: DAT iQ Benchmark Executive Summary




The executive summary gives a dynamic snapshot of all the high-level KPIs and metrics your executive team wants to see.

The timeline for these can be filtered down to the specific time period after the RFP was executed to isolate the high-level impacts of the new routing guide in reducing spot market premiums. This initial section provides a dynamic high-level view of company-specific KPIs to establish the context for the following sections. A couple of tools in this section will help your reporting.

### Position to Benchmark Map View

This view shows which regions have the highest spot premiums in your network compared to other shippers. In regions where your RFP was focused, you should see better spot market performance relative to benchmarks (and if not, you should investigate carriers on lanes in that region). Toggle your view to a few months before the RFP to see the RFP's effects on costs by region.

### Spot vs. Contract Loads

Here, you'll get a holistic view of your portfolio to help you:

- Compare the percentage difference between spot and contract rates to see if you're paying a premium
- Determine what percentage of your total shipments are going to the spot market
- Understand how your ratio of spot to contract freight compares to other shippers

The freight market goes through cycles, so as rates increase, it's important for shippers to understand how the nuances of their network present unique circumstances that lead to more or less exposure to inflation. Without a clear understanding of how your network's inflation compares to the broader market and similar shippers, you'll face blind spots in your transportation analysis - not to mention tough conversations with your executive and finance teams. Trends is great for this.

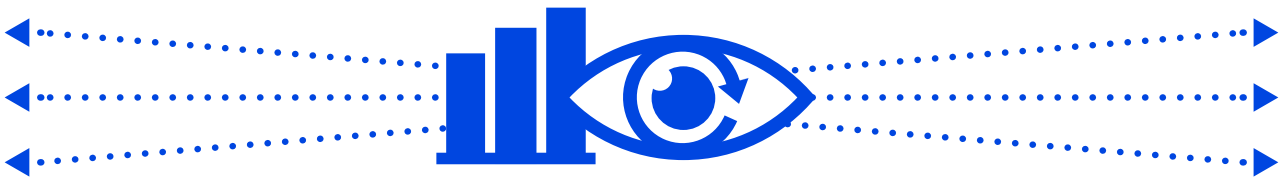
## DAT iQ solution: Trends

This visualizes historical trends for several different metrics, highlighting the transportation market boom and bust cycles since 2016. Context from historical data is invaluable for comparing rates to the benchmark during different market conditions (soft or tight markets). Benchmarking performance against the market provides context for your company, quickly identifying outliers and variances that indicate above- or below-average performance, and demonstrating key wins you may have achieved.

In the dropdown menu, you can change the trendline to represent average distance, count of loads, fuel/mile, total cost over time, or percent of spot loads. For a more in-depth overview, check out the video demonstration here.

## CHALLENGE SIX:

# Ongoing evaluation and routing guide compliance



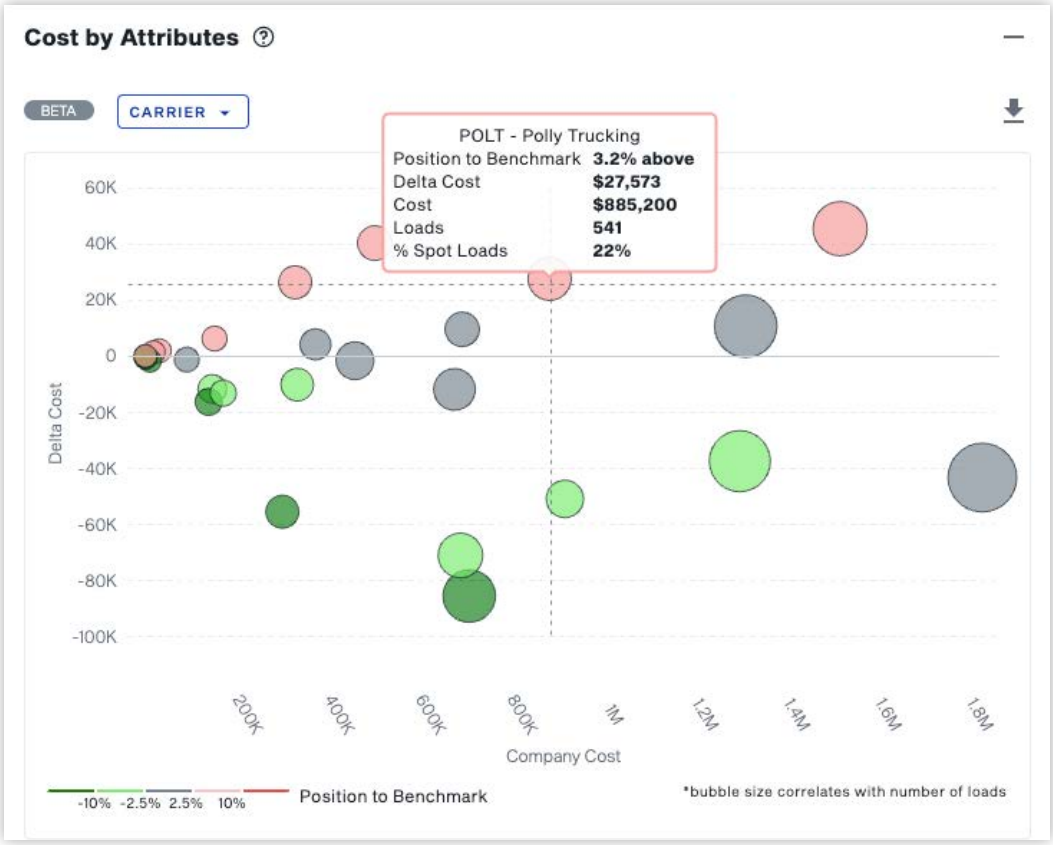
**The transportation and logistics industry is dynamic and requires ongoing monitoring and evaluation of your freight network.**

We recommend monitoring routing guides after the annual RFP is executed and operationalized in your TMS to control costs. As new carriers and updated rates are added to the routing guide, monitoring the RFP's impacts on high-level network costs can be challenging; it's also critical to track new carrier churn and identify "paper rates" where carriers cannot honor the rates committed during the RFP. Track performance trends and identify areas where contract rates can replace spot market usage to prevent overexposure.

As you can imagine, analysts face multifaceted challenges in their role, exacerbated by time-consuming manual processes. DAT iQ Benchmark streamlines data collection, analysis, report creation, and cross-functional communication to enable greater efficiency and free up time for more strategic analysis. The data visualizations beyond the initial overview and high-level views allow for deeper dives into various business drivers, particularly for root cause analysis.

## DAT iQ solution: Cost by Attributes

Cost by attribute filters give you a quick look at a range of metrics to identify any major concerns (e.g. Carrier, Equipment, Business Unit, 12M Lane Consistency, Average Distance, Carrier Type). You can easily evaluate high-level performance distribution and find out why an outlier may be performing above or below benchmark. For root-cause analysis, bubble charts are your best friend here.

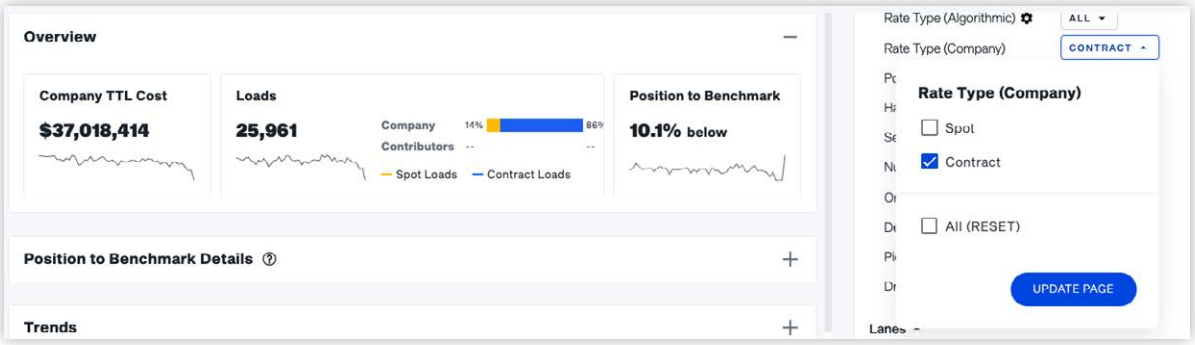


## DAT iQ solution: Rate Type settings

### Identifying routing guide leakage

Understanding spot rate definitions is essential for identifying routing guide leakage. DAT's 'Rate Type (Algorithmic)' setting classifies a spot load as any linehaul rate paid for a shipment picked up within 4 days of booking. On the 4th day or later, it's considered a contract load, based on timing, not volume.

To identify leakage, apply the spot and contract rate filters. For example, filtering for 'Contract' Rate Type (Company) can reveal loads coded as contract but picked up within 4 days, indicating potential leakage or lanes with shorter durations. Refer to the screenshot for example, where the filter is set to 'Contract Rates', yet 14% of loads appear to be spot loads where there is overlap between DAT's and the company's definitions.




**TIP**

### Rate Type setting pro tips

In a tight market, filter spot loads by your criteria and identify opportunities to convert them to contract loads, reducing costs and improving partnerships.

Use the DAT algorithmic spot metric to uncover dynamic rates, a useful indicator of routing guide leakage. Consistent lane filtering can highlight conversion opportunities, enhancing cost efficiency and service reliability.

## Identifying routing guide leakage with the DAT Algorithmic Spot Metric

The DAT Algorithmic Spot Metric is a powerful tool for revealing fluctuating rates, which can serve as indicators of potential routing guide leakage — instances where shipments that should be covered by contract rates end up being billed at higher spot rates.

To effectively utilize this metric, regularly filter specific lanes (the routes used for shipments) to identify opportunities to transition from spot loads to contract loads.

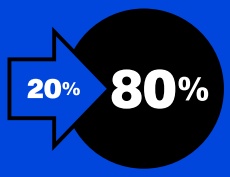
### By consistently applying filters, shippers can:

- **Spot inefficiencies:** Recognize shipments incorrectly classified as spot loads when they should be under a contract, highlighting areas of potential savings.
- **Enhance cost efficiency:** Converting these spot loads to contract rates typically results in lower transportation costs.
- **Improve service reliability:** Ensuring that shipments adhere to contract rates fosters more consistent delivery performance.

## Things to remember when evaluating

**1**

**Follow the 80/20 rule**




**2**

**Monitor tender rejections & routing guide stability**

**3**

**Monitor unique business needs**

### Follow the 80/20 rule

Focus optimization efforts on the top 20 percent of your lanes, as they represent most of your volume and offer the biggest cost-saving opportunities.

Review current performance against internal and external benchmarks: Considering internal data — such as contract rates and routing guide performance — as well as external benchmarks helps gauge the effectiveness of your RFP.

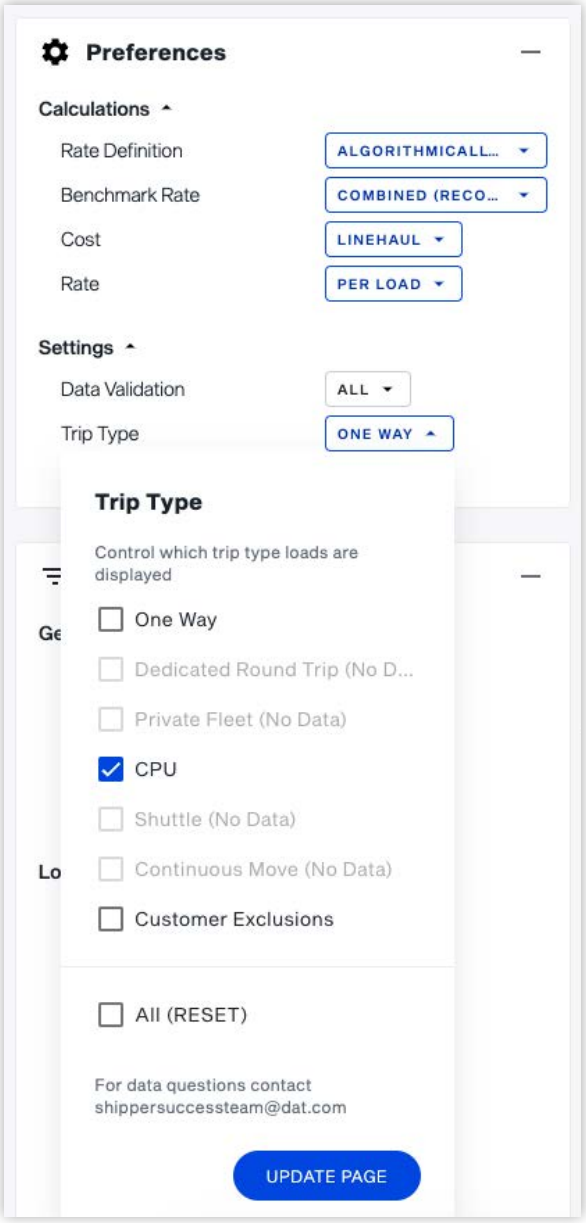
### Monitor tender rejections and routing guide stability

Examine the stability of your key lanes (the top 20 percent) to identify relationships between tender rejections and rate escalation. Tap into your network to find new capacity: For lanes that often fall out of the routing guide, consider adding new carriers to meet your needs.

## Monitor unique business needs

Filters within DAT iQ Benchmark allow for unrivaled versatility in the use cases allowed. For example, shippers can use the CPU Trip Type filter to isolate these specific discounted loads. Some shippers will provide retailers with a discount if they pick up loads using their own fleets or contracted capacity instead of the shipper handling delivery – this is known as Customer Pick-Up (CPU) Pricing.

Example: Assume Shipper B produces paper towels for Retailer A. Shipper B offers a discount to Retailer A if they pick up the load instead of Shipper B delivering. Over time, Shipper B wants to determine whether the discounts they're offering for this exchange are on par with other shippers. Shipper B can upload their CPU lanes and use DAT iQ Benchmark to compare those discounted loads to the benchmark to determine if their discount rate needs to be adjusted.



# RFP season is where a shipper's bread is buttered

**It pays – literally – to get hyper-strategic, precise, and organized. DAT iQ takes a lot of the guesswork, painstaking calculations, and confusion out of RFPs. When it's time to take a temperature on RFP performance, DAT iQ is a shipper's best friend.**

**Ready to make RFPs easy? Schedule a consultation with one of our analytics experts to get started.**

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