



# The New Rules

**Why shippers need  
to get in the game  
and how to do it**

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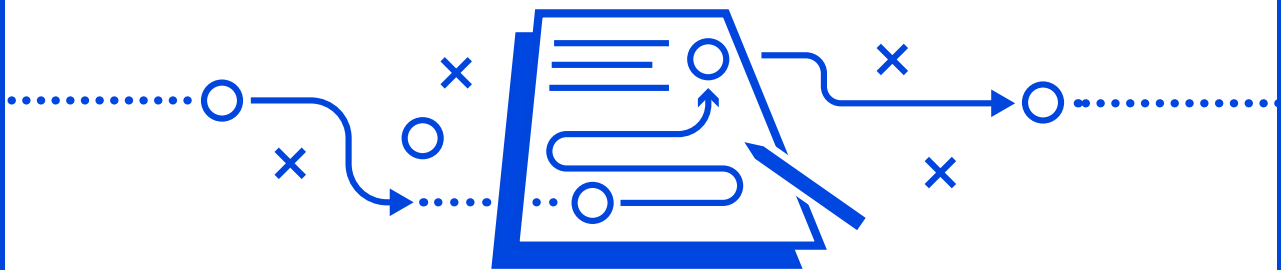
# You've seen the same as us: Shipping is *different*

Uncertainty and complexity, to a certain extent, have always been part of the calculus for transportation, but the industry has found much more efficient ways to navigate it. And when the shipping landscape around you evolves, sticking with business as usual isn't a recipe for success.

These new rules aren't just suggestions or momentary trends – they make up the new, standard playbook top shippers are using to navigate change.

**Adaptation is the name of the game. We've built everything you need to play by these rules – all that's left is for you to get in the game.**

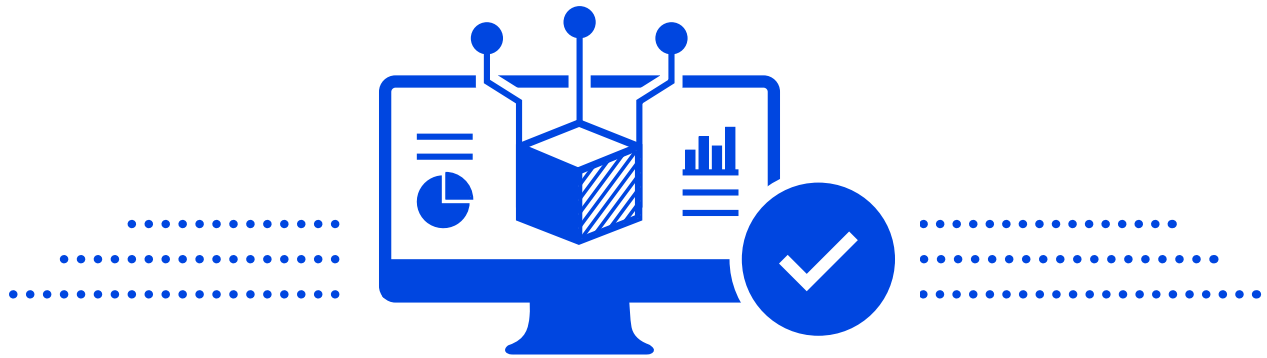
Here, we'll talk about the new rules of shipping, what they mean for you, and what DAT tools are built to help you follow them.



## **RULE #1:**

# **Data and tech are non-negotiable**

**Embrace advanced analytics for more informed decision-making, efficient operations, and hyper-strategic planning.**



## **What it means for you**

In the modern shipping era, the efficiency and competitiveness you hope to achieve isn't possible without reliable, unbiased data. But it isn't just volumes of data that will help you. You need the right tools, analysis, and organization to elevate raw data into action plans. For a long time, leaning into technology and analytics was viewed as optional – that's not the case anymore. Top shippers understand it has

to be the foundation of any viable data-driven procurement strategy.

A digitalized supply chain's effectiveness depends on an organization's ability to act on the insights it provides. Well-defined supply chain management (SCM) planning is equally important to technology adoption.

# What to do

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## Embrace tech and automation

If you've been hesitant to modernize your shipping operation, consider keeping an open mind. It's time to invest in digital tools and automation to streamline the procurement processes and play at the competition's speed. That's not to say investing and implementing modern tools is easy or fast, far from it – it can be a long process. While it may be tempting to delay, sooner is better.

Once you're set up, you can use those new tools for historical analysis, market benchmarking, and accurate forecasts. Reliable, unbiased data and insights enable deeper, smarter analysis and segmentation of your freight network, helping you identify and mitigate potential risks across your lanes and carriers.

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## Get transparent

When you partner with a reliable data analytics provider, you gain a superpower: the ability to view historical, current, and future market rates. It's hard to overpay for moving goods or miss new cost-saving opportunities with that kind of

transparency. These pricing insights help you find the balance between service level and prices paid. Too low, and the former might suffer. Too high, and the latter might not be worth it.

But it's not just for your own benefit – that level of complete transparency carries over and fosters trust among stakeholders, bolsters the integrity of your supply chain, and makes compliance easier.

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## What else?

- **Move beyond outdated processes.**

Making a few updates to your spreadsheet from last year is not going to cut it. Look at the big picture and leverage advanced analytics to make smarter plans and make sure you're measuring cost or efficiency gains (and not to mention, taking the opportunity to show off to your boss).

- **Coordinate with stakeholders across departments** (e.g. sales, sourcing, supply chain) to integrate transportation-focused perspectives into wider organizational strategies.

# How DAT can help

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## Reliable data and business intelligence tools

DAT iQ's advanced analytics suite is powered by real market data, helping shippers convert heaps of raw data into actionable insights that drive ultra-precise and strategic decisions. Beyond that, DAT iQ helps shippers optimize sourcing strategies, strategic planning, and streamline procurement processes. Shippers using DAT iQ are able to create modern, agile supply chains, reducing the likelihood or impact of getting caught off guard by market shifts.

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## Tools to evaluate efficiency and performance

Modern analytics tools help define and measure internal benchmarks for supply chain agility. Comparing yourself against competitors is an easy way to spot ways to improve, where you're falling short,

and where your operation is strongest. Benchmarking identifies waste, the effectiveness of your strategies, and where you can maximize the value of your procurement efforts. But benchmarking doesn't just help you evaluate the external, it helps you give context and garner buy-in to your internal audience too: stakeholders, decision-makers, and key executives.

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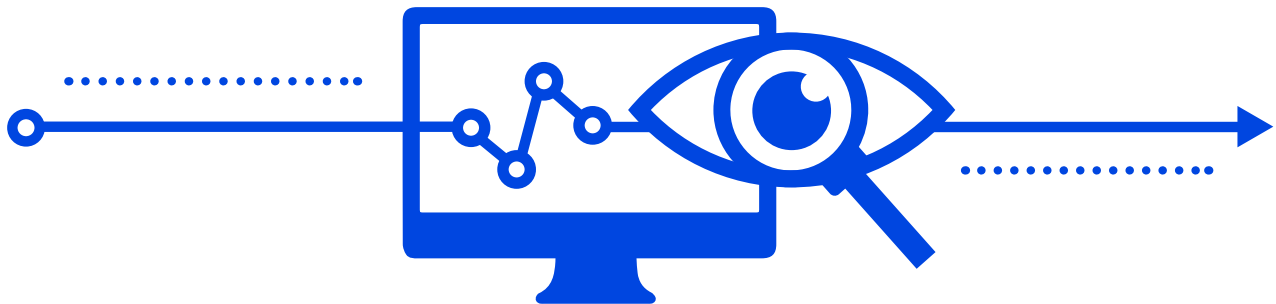
## Unmatched market insights

DAT iQ Rate Analytics provide unparalleled visibility into spot and contract rate trends and marries your decisions to actual cold, hard data. No more hunches, no more best guesses. With it, you make confident decisions, repair routing guides, and deftly navigate volatility. Plus, you'll create strong networks you can trust built on fair, informed negotiations and market-accurate rate offerings.

## **RULE #2:**

# **Your team must be prepared for the spotlight**

**Recognize the distinct characteristics of the freight market, including its cyclical nature and nuanced procurement process – and the importance of educating your C-suite.**



## **What it means for you**

Transportation and logistics are now strategic executive-level issues, so transportation and logistics leaders have a greater responsibility in strategy and cost management. When you're engaging with leadership teams, be prepared to

educate. Supply chains are a major focus of leadership across the industry, but that doesn't always mean they're experts. Help them understand their supply chains with simple explanations and the right context.

## Misalignment may look like this:

C-Suite Expectations	vs	Reality for Shippers
Constant pulse on transportation markets and rates	>	Limited visibility into internal data, carrier expectations, and market insights
Consistent service and minimal spot rate exposure	>	Capacity fluctuations render routing guides ineffective
Drive cost from the network and make accurate forecasts	>	Constant balance between managing costs and maximizing service
Maximize the value of data for cost-service trade-offs	>	Lack of freight market intelligence and benchmarking capabilities

## What to do

### Recognize the unique dynamics of the freight market

- Everyone is a price taker – nobody is a price maker
- The freight market operates in a cyclical manner – it is always in flux, cycling between tight and loose conditions
- It will continue cycling as long as there the long tail exists (96% of TL carriers have less than 20 trucks, but the remaining 4% provide 64% of total capacity)

### Don't forget that routing guides are not set in stone

- The RFP creates the routing guide but doesn't necessarily define the budget; the purpose of an RFP is not to find the market rate, but to align service needs with carrier capacity
- A best practice is to budget for a percentage of freight to cost more than the rates in the routing guide
- Contracts are binding in price, but not in shipment volume or carrier capacity



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### **Adopt a portfolio approach to transportation**

- Combine “make” (dedicated and private fleets) and “buy” (contract and spot carriers) components
- Use dedicated fleets for steady, balanced lanes
- Employ contract carriers for consistent, high-volume lanes
- Utilize spot carriers for one-off lanes and sporadic freight

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### **Consider economies of scope, not scale**

- Truckload freight exhibits economies of scope, but not scale – You can expect lower costs for increasing quantities in other industries, but not ours
- Find efficiencies by identifying carriers with aligned capacity
- Aggregate lanes to broader areas for streamlined bids

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### **Don't equate higher rates with better service**

- Smaller carriers often provide superior service at lower rates on their operational lanes
- National carriers offer wider coverage but at lower service levels and slightly higher rates

# How DAT can help

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## Performance analysis with DAT iQ Benchmark

DAT iQ provides valuable benchmarks derived from aggregated data, allowing shippers to compare their transportation rates with the broader market and drive enhancements in efficiency and cost-effectiveness. And we can back it up with hard data: Half of our shipper iQ Benchmark customers report at least 5% annual transportation cost savings – and a fifth of customers report 10-15% savings.

While shippers use benchmarking in countless ways, we typically find this practice most impactful for a few key use cases:

- **Rate comparison and communication:**  
Communicate performance and rate competitiveness to senior management and executives with a compelling, confident rationale
- **Performance evaluation and monitoring:**  
Monitor your performance over time and in relation to your benchmarks and target budgets so you're never caught off guard. When things need fixing, use benchmarking dashboards for root cause analysis. Those dashboards will be handy when you're presenting to executive teams, too.

- **Operational efficiency and optimization:**

Find insights that make your day-to-day operations smooth and simple. Identify new opportunities at the lane or carrier level.

- **Strategic planning and procurement:**

Set your team up for success with accurate budget expectations months ahead of time. You can use this same data to proactively handle RFPs and carrier reviews.

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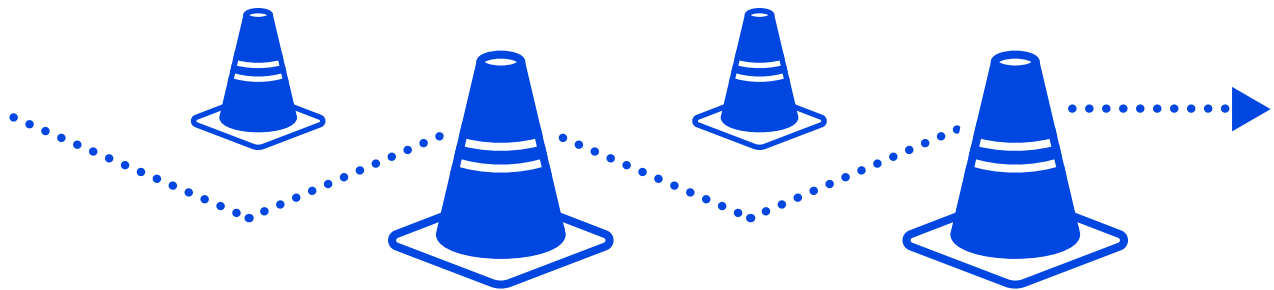
## Rate forecasting via Ratecast

When planning and budgeting, you can't base decisions entirely on the market you're in – you have to account for the market you're going to be in. This is where accurate forecasting separates you from the competition. DAT iQ has been on the cutting edge of freight rate forecasting, developing an AI-powered model in 2018 that helps you respond to market fluctuations in a fraction of the time. You'll get ahead of unexpected cost surges and protect your bottom line, plus be able to use ready-made data visualizations to demonstrate these insights to your stakeholders.

## **RULE #3:**

# **Agility and risk management are your new top priorities**

**Flexible strategies and risk management frameworks will help you navigate market uncertainties, geopolitical factors, and changing consumer expectations while ensuring long-term efficiency.**



## **What it means for you**

The freight market is changing rapidly – but you know that. You see it every day. It requires a focus, maybe an obsession, with resilience and agility to navigate uncertainty. Cost savings and service

levels remain primary metrics, of course, but achieving them requires proactive risk mitigation and operational flexibility. That's just the state of play in today's shipping era.

## Shippers have to find ways to navigate

- ✓ Fluctuating market conditions due to the cyclical nature of the freight market
- ✓ Geopolitical conflicts
- ✓ Climate change and extreme weather events
- ✓ Changing regulations and policies
- ✓ Increasingly demanding consumer expectations and customer-centricity

## What to do

### Embrace structure to enable flexibility

It may sound counterintuitive, but structure allows for flexibility. When your operation is grounded, stability allows for forays into change. With a strong base, you can adopt agile contracting models that can handle rapid market changes. You can also get ahead of the game and mitigate risk by identifying suppliers and creating contingency plans.

### Get proactive about planning and alignment on your team

Depending on what it means for your business, expand your focus from short-term cost-cutting to include long-term resilience. Once your focus is set on the long-term, start evaluating your performance and don't stop — it's a continuous process. In time, you'll be able to build padding to handle market shifts with much less stress.

# Top tips

## 1

### Benchmark continuously



Understand business drivers to quickly identify and address cost issues

Regularly compare your performance against industry benchmarks

Be prepared to justify upfront costs for agility and risk management initiatives by highlighting their long-term benefits and potential for cost savings

## 2

### Create a risk management strategy



Identify potential risks across your supply chain

Create mitigation plans for various scenarios (e.g., natural disasters, geopolitical events)

Regularly review and update risk assessments

Develop metrics to measure the value of avoided risks and the ability to capitalize on market opportunities

## 3

### Foster a culture of agility



Encourage cross-functional collaboration and information sharing to quickly respond to changes and improve speed-to-decision

Invest in training to improve team adaptability and problem-solving skills

Implement feedback loops to continuously improve processes

# How DAT can help

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## Ride pricing waves

### Build proactive risk mitigation plans:

- Leverage market intelligence and AI-enabled forecasting for risk analysis
- Reveal anomalies in rate fluctuations and year-over-year network inflation levels
- Support diversification of supply chain networks on a region-by-region basis
- Help predetermine alternate transport modes aligned to high-risk lanes
- Assist in adopting inventory optimization strategies across transportation networks

### Make more accurate plans:

- Use predictive analytics to guide awarding decisions
- Manage overall costs and avoid spot market premiums
- Help mitigate unexpected extreme cost hikes
- Set expectations with leadership on likely rate increases

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## Spot problems before they happen

### Enable continuous performance monitoring:

- Offer real-time dashboards and alerts for key performance indicators
- Provide benchmarking tools to compare performance against industry standards
- Support quick identification and resolution of emerging issues

### Facilitate scenario planning:

- Offer tools to model various “what-if” scenarios
- Help evaluate the potential impact of different risk events
- Support the development of robust contingency plans

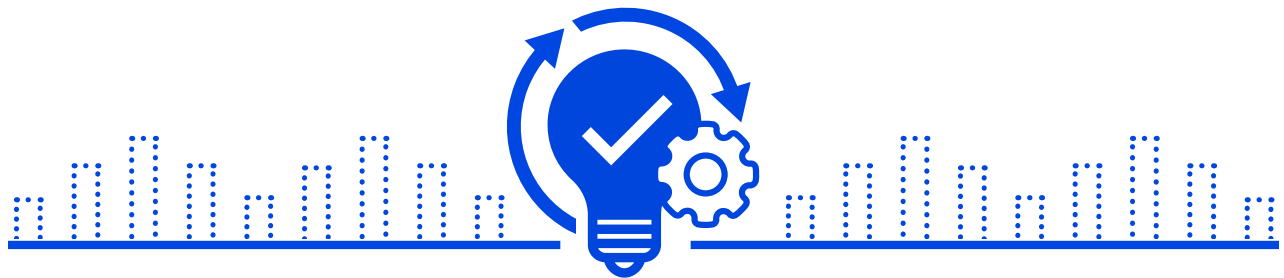
### Enhance visibility across the supply chain:

- Provide real-time tracking and monitoring capabilities
- Offer predictive insights on potential disruptions
- Support better decision-making with comprehensive data analytics

## **RULE #4:**

# **Procurement has evolved – and so should you**

**Adopt an ongoing approach to procurement that goes beyond annual RFPs to get agile and resilient. Consider mini-bids, diverse carrier networks, and data-driven negotiations to optimize costs and service levels.**



## **What it means for you**

The procurement process used to be a relatively static event that happened at a predictable time each year. Not the case, now. In the new era, procurement is an ongoing, dynamic cycle without a start and end date.

To deal with it, you've got to be proactive with adjustments to freight flows,

warehouse and distribution center utilization, modal mixtures, and asset or provider allocation. You'll notice that this new procurement process is fluid, featuring an ongoing cycle of preparation, evaluation, awarding, monitoring, and optimizing phases.

# What to do

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## Take a more strategic approach to the procurement process

Remember the 80/20 rule: 80% of the volume is on 20% of lanes, so prioritize high-impact lanes where additional flexibility will improve cost and service the most (but don't forget to implement a low-volume lane strategy as well). You can also get strategic by tapping into transportation databases for efficient carrier evaluation – consider variables like equipment types, terminal locations, and driver numbers.

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## Foster strong, mutually beneficial relationships with partners

Communicate like your business depends on it to share context and very clear expectations with carriers. And when you're negotiating, don't just use your own internal data – bring unbiased, third-party data to the table and use it as a source of truth. If the ink dries, keep reaching out to new partners for feedback and ways to improve.

That covers going deep with carriers. Consider going wider too. Diversify your carrier network and supplier base to reduce reliance on one source.

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## Evaluate and optimize fleet and modal mixtures

If it's a good fit for your business, consider private or dedicated fleets for consistent, predictable lanes. Then look at multi-modal options to balance service levels, cost, and flexibility. Keep an eye on how these changes benefit you.

But don't stop at multi-modal flexibility – do what you can to break out of the traditional dedicated vs. spot capacity dichotomy. Consider index-based pricing for your lanes. Use mini-bids to optimize and control your spend or expand your network, and consider trial runs with new carriers before long-term commitments. Stay agile, that's the name of the game.



# How DAT can help

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## Provide insights that improve contracting

DAT's tools to segment lanes based on historical consistency and volumes will help you plan with precision, and our machine-learning powered rate engine will give fuel to your dynamic pricing efforts.

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## Routing guide monitoring

You'll see routing guide performance in real time, get alerts for potential issues, and quickly identify the lanes that need your attention.

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## Facilitate key components of the mini-bid process

Ready to get agile with mini-bids? DAT users get insights to help navigate rate negotiation and inform mini-bid contract strategies. Then they can evaluate those bids against real market benchmarks.

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## Support carrier evaluation and selection

You need to know who you're working with. DAT's tools give a comprehensive look at carrier performance, match their capabilities with your needs, and let you review carrier information quickly.

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## Enable market-based negotiations

Negotiations should be based on real market data. No database offers more verified, current, unbiased data than DAT. With third-party data as the foundation of your negotiations, you and your potential partners can trust each is operating in good faith.

Shipping has changed. To get in the game, you need to play by the new rules. We help the nation's top shippers modernize, organize, and get up to the speed of the competition with DAT iQ. Resisting the sea change may work for now, but long term, you risk getting left behind.

**Ready to move at the  
new speed of shipping?**

**Go to [DAT.com/shippers](https://www.DAT.com/shippers)  
to get started.**



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