

CIS: The Cost Intelligence System for Final Mile Carriers

Virtually every shipment that a carrier moves is a unique combination of weight, handling units, density, origin, destination, and other factors, all of which make average-cost calculations meaningless. The Cost Intelligence System provides motor carriers with the cost of moving each shipment from origin to destination, utilizing their company's expenses and operating information supplemented by SMC³ industry database of P&D stop-time and cross-dock handling performance.

CIS has two main purposes: developing projected costs for moving prospective freight for both bid response and spot-pricing, and producing an ongoing costed database of actual freight that is used to analyze the profitability of customers and other traffic segments.

SMC³ Cost Model

SMC³ will develop and deliver a model of each carrier's operations and service areas directly from their own operating expenses and statistics, mapped to SMC³ unit cost categories, so that ongoing updating can be performed quickly and efficiently. Multiple models for various accounting periods and projected future levels of costs and performance can be easily established using SMC³'s maintenance software. The model will include performance data for Pickup and Delivery (P&D) areas, as well as the rates charged by cartage agents. If a carrier has one or more freight terminals with cross-dock operations, or if it stations drivers at certain shipper docks, the model will be configured to develop individual shipment cost recognizing each activity, handling and driving, employed in moving that freight. Standard extra cost codes can be set up and then applied to recognize white-glove service, notification, temperature control, and other costs incurred over-and-above the freight movement itself.

Prospective Cost Analyses

Several tools are available in the user software for the Cost Intelligence System (CIS) to develop the cost of prospective freight:

- **Interactive:** An easy-to-use shipment data entry routine for costing one or more shipments with a minimum amount of key-entry via a template feature, selection lists, and worksheets.
- **Rate Analysis:** To develop custom cost-basis rates (geographic based on shipment, pieces, weight, cube or pallets, even by day of the week), or to evaluate existing rate tables. This routine lets the users set up rate groups for various origin and destination combinations.
- **File Importing:** Allows users to map columns and then read-in shipment data from files, adding other information where available, for efficient bid-response.

These different methods of delivering shipment data to the Cost Intelligence System, which include sophisticated editing capabilities for making "what if" and other data adjustments to large numbers of shipments, allow for precise shipment descriptions and thus more accurate shipment costs.

Pricing CIS

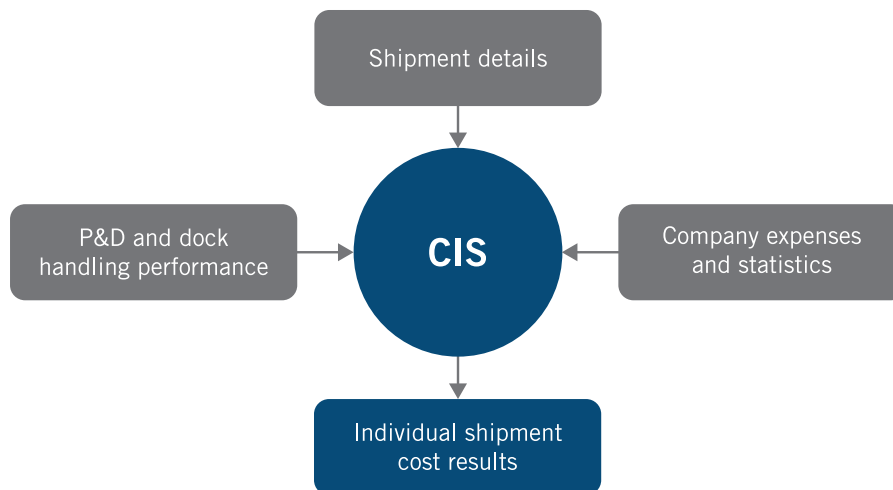
The cost system was designed to interface with Rateware® XL. When applicable, this allows shipments in a cost file to be rated at the same time they are costed, via user-selection of the tariff required for a proposal, allowing shipment discount, fuel surcharge, and/or minimum charge manipulations to determine the most profitable response to customer requests for proposals.

Traffic CIS

The cost model, once established, is then used to cost all of the freight on an ongoing basis, providing a costed traffic database of all of a carrier's business, reconciled each financial period to their actual expenses and payroll hours. Standard month-end reports are automatically generated ranking customers by size and profitability. The CIS user software includes a reporting tool to allow users to analyze any customer's freight by weight, area, density, distance, and dozens of other factors so as to drill-down to the cause of both profitable and unprofitable traffic segments, or even to the individual shipments.

Want to know which customers give profitable freight and which don't?

The Cost Intelligence System provides these answers.



Cost Intelligence System

It's easy to get started

Provide SMC3 with:

- Your chart of accounts
- General ledger and statistics for latest financial period
- Your service area(s)
- Freight terminal(s) and sizes
- Any local performance data you currently collect
- Other customers or yards where drivers are stationed
- Rates charged by cartage agents, if used to serve specific areas



About SMC³

SMC³ is a hub of expertise in the LTL arena. Fueled by heavyweight, analytical APIs, SMC³ delivers its core competency—LTL pricing expertise—through collaborative pricing technology that supports end-to-end, ongoing predictability in shipper/3PL-carrier relationships. More than 5,000 North American shippers, carriers, logistics service providers and freight-payment companies rely on SMC³'s sophisticated LTL base rates, content, and expert bidding and planning tools to make the best business decisions, achieve higher returns on their transportation investment, and meet the dynamic demands of the market. Through hosted API solutions, SMC³ supports the entire supply chain with industry-leading speed, reliability and performance. SMC³: Investing a lifetime to help optimize freight transportation.

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