



LTL Software

NEW ENGLAND CARRIER EMBRACES TECHNOLOGY.

In January 2001, freight was down and the trucking recession was coming on fast. Yet that's precisely when LTL carrier Land Air Express of New England invested in technology — a new enterprise software system to be specific.

Did updated technology make a difference in the difficult year that followed?

"Absolutely," said Tom Spencer, Land Air's VP of administration.

"Just on the administrative side of things it reduced our labor force tremendously. My old system was all manually rated; every freight bill was manually rated. The backup, any associated documentation, would be hand-stapled to a freight bill. I was able to eliminate upwards of 10 full-time bodies instantly by going to this system."

And that was just the beginning of the benefits, said Spencer who grew up in the family-owned LTL business. His brother, Bill Spencer, is company president.

"We're a traditional LTL carrier based in Williston, Vt. We were started by my father back in 1968 and have really grown since 1990 and expanded our service from the Vermont market to more of an LTL-driven company throughout New England."

According to Spencer, Land Air grew dramatically in the 10 years preceding 2001, from two terminals in Vermont and a \$1.5 million gross to eight terminals throughout New England. Land Air expects to gross \$30 million this year and estimates its operating ratio to be under 94. The company employs 350 people.

"We run 250 units, 80% tractor-trailer and a few straight jobs, right down to vans. We still do quite a bit of air freight, specifically in the Vermont marketplace. We haul a ton of air freight out of Logan, which sometimes requires the smaller

equipment. But we're primarily LTL."

Rapid growth had rendered Land Air's original software system obsolete. "It was a system that was geared more toward a one-terminal environment," Spencer explained.

So the company turned to Carrier Logistics, Inc. (www.carrierlogistics.com), a longtime provider of LTL software based in Tarrytown, N.Y. CLI, as the company is known, installed their FACTS2000 system, an end-to-end LTL solution.

"It really begins the moment the pickup is taken and starts to generate a freight bill," Spencer said.

PICKUP, CONSOLIDATE AND DELIVER

CLI VP Kenneth Weinberg said the core of FACTS2000 is the ROUSTRONIC 2000 software for LTL route planning, dispatch and customer service — what he calls the front end of any LTL carrier.

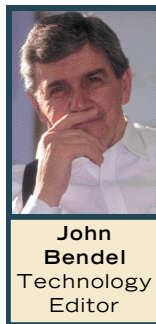
"It's the mission of the company. Pickup, consolidate and deliver," he explained.

According to Weinberg, ROUSTRONIC enables users to plan delivery routes hours before the freight arrives, factoring in special customer requirements, appointments and more. The ROUSTRONIC module generates EDI (Electronic Data Interchange) records as deliveries are made and automatically routes pickup calls to the best unit.

Customer closing times are highlighted and special requirements flagged for dispatchers. ROUSTRONIC 2000 logs customer calls and stores customer requirements, enabling virtually anyone in the company to handle a customer inquiry.

Weinberg said that ROUSTRONIC 2000 is available separately, but comes as part of the comprehensive FACTS 2000 solution, which also includes back office software, including general ledger.

"There are many modules to the system.



Right now we use all but the accounts payable system,” said Land Air’s Spencer.

“We do that in a separate system. I could use it but my AP people really like their system and it wasn’t worth arguing,” he said.

Spencer said that CLI integrated their solution into Land Air’s web site (<http://mylandair.com>), which has become a more important element of the company’s service.

“The thing we like about the web site is that when you’ve got the login and the password you can see everything you want to see from one page — from rates to POD to image. Go to some of the big boys, the Roadways of the world, and you’ve got to go to 8 million different screens to get this information on one shipment,” he said.

The web site is cutting down on customer phone inquiries by offering shipment status information.

“That’s what people want these days. We had people call us every single morning for PODs (Proofs of Delivery) and status. Now they go right to the web site, specifically; a lot of our air freight customers like that.”

Spencer offered the example of a nearby customer who uses the system to see what shipments Land Air will be bringing in that day.

“He pops in his name, says, ‘Show me all the bills from yesterday.’ Since we are an overnight carrier he knows anything we picked up yesterday is coming in today. So before we arrive he knows exactly what’s coming in.

“We didn’t want it to be flashy. We wanted to say, ‘hey, we’re a family-owned business and we’re going to keep this simple. Our hits have increased every month since we went live and it’s continued to grow, which means people are going to it, using it and coming back again,” Spencer said.

The documents customers access on the web site are created by the imaging system Land Air implemented three years ago. The system supplied by Acordex Imaging Systems of West Boxford, Mass. (www.acordex.com), has been integrated with FACTS 2000.

“I host it all right in house. It’s sitting on a wall right outside my office. It’s about 45 DVDs which represent three years worth of documenta-

Rating Critical To LTL Success

Land Air of New England recognized immediate savings by implementing the automated rating in the FACTS 20000 solution. That comes as no surprise to CLI VP Kenneth Weinberg, whose credentials reach back to LTL’s glory days before deregulation.

“The key to LTL is rating. It’s nothing like truckload. There the rating is simplistic; it’s just a function of mileage. LTL is much more complicated, especially today,” he explained.

“In the old days, they had guys with eyeshades and books — tariffs in which they looked up the points and the commodity to come up with the proper rate.”

In those days, Weinberg recalled, rates had to be published and special deals were limited to commodity rates that could only apply to a class of freight and/or certain points, but never to a specific customer.

Not any more.

“We have added complexity to the eyeshades with all kinds of deals. You can have a customer shipping from New York

to Peoria who gets a special rate on this single kind of freight, only for a particular consignee and only for, say, one month. The only thing we haven’t done is factor in the weather — this rate when it’s raining and this one when it’s clear. But that will probably come,” he said.

“A lot of companies can’t keep track of the deals. Customers get upset because pricing isn’t right. That comes back to haunt you. A 50-% correction rate on billing is not unusual. Big operations like Home Depot won’t accept errors in their billing. They’ll change carriers,” Weinberg said.

In fact, it’s problems with rating that drive many software sales to LTL carriers, according to Weinberg, who added that Carrier Logistics has built the ability to incorporate and track special deals into its software.

A number of companies incorporate automated rating in LTL software. The resources listed below also provide a rating module or specialize in LTL rating software:

CT Logistics
12487 Plaza Drive
Cleveland, OH, 44130-1084
216-267-2000
216-267-5945 fax
www.freitrater.com

FreightDATA Software
20311 SW Birch Street
Newport Beach, CA 92660
888-378-3282
949-252-8375 fax
Info@sdafreightdata.com

SMC Atlanta
500 Westpark Drive
Suite 300
Post Office Box 2040
Peachtree City, Georgia 30269
800-845-8090
770-486-5800
770-486-7649 fax
www.smc3.com



IT Solutions

tion. Anyone who doesn't have imaging in this day and age has got to be a dinosaur because it saves so much time," Spencer said.

LOOKING TO THE FUTURE

According to Spencer, business picked up substantially when old-line LTL carrier A-P-A Transport Corp. shut down in February of this year. Improved technology helped Land Air management handle the surge in freight with better strategic information.

"FACTS 2000 is based upon a database that enables us to pull service reports or tonnage reports or lane reports in any fashion you can imagine. This thing can generate thousands of different reports, which helps us manage the bottom line," Spencer explained.

Those reports helped Land Air regain profitability after 2001, he said. By contrast, the old system was very limited as a management tool.

Next on Land Air's technology horizon is cross-dock tracking. According to Spencer, a large Massachusetts customer wants Land Air to provide digital freight tracking. So they're talking to Symbol Technologies, Holtsville, N.Y. (www.symbol.com), providers of handheld computers and wireless tracking systems. Land Air already barcodes its bills of lading and other documents.

"We'll start the process working with this one big customer. Once we get comfortable with it, and we get it incorporated with CLI the way we want it, we will obviously expand that to the rest of the customers," he said.

After that, Land Air hopes to install Qualcomm mobile communications for the fleet. Spencer believes the technology implementations will go well.

"It starts at the top. You've got to believe in it. You've got to want it. Your people have to want to make this change," he said.

Spencer admitted that during the implementation of FACTS 2000 he worried about some veteran employees who were so used to paper systems that change was difficult.

"It took a while. It didn't happen on Day One, but it happened a lot quicker than I thought and with a lot less resistance than I thought.

Except for accounts payable?

"Yes," he said with a laugh, "except for accounts payable." ■