

# The End of the Asset Versus Broker Debate:

How digital freight brokers transcend traditional definitions



INSIGHT  
SOURCING GROUP

+



TRANSFIX

**This whitepaper is part of a series where Insight Sourcing Group discusses trending logistics topics in partnership with industry disruptors to share innovations in the market, changing technologies, and how the logistics marketplace continues to evolve and grow. ISG will share its perspective on how these trends can impact your business and featured partners will give their examples of how they are executing these changes.**

Shippers have historically viewed brokers with a negative lens. They associate them with low performance, low commitment, and low reliability. There is an assumption that because brokers make money by buying lower than they sell to their shippers, they are chasing the cheapest trucks to make a buck. Meanwhile, asset carriers are viewed as an “easy button” to delivering service and pricing sustainability. This has driven shippers to make choices based on subjective allocations of business to asset carriers instead of broker carriers without a deeper understanding of their individual capabilities. However, we are seeing a major paradigm shift in transportation as digital freight brokerages (DFBs) rise above traditional brokerages and redefine the model entirely. Digital capabilities are changing the game by allowing DFBs to deliver better freight through data.

To understand this dynamic, let's take a step back and answer a big

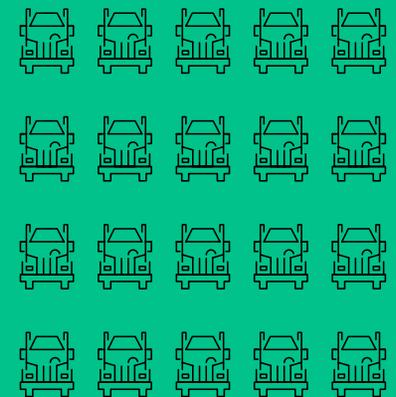
question: Why do we have brokers at all? There are over 700,000 trucking companies in the US. Of these companies, 97% have less than 20 trucks, and 90% have less than 6 trucks. Trying to find all these carriers, let alone manage them effectively, would require massive teams that most companies can't or won't support. Thus brokers stepped in to fill this gap. Brokers give access to capacity through their networks while allowing you to have a single point of contact who manages it on your behalf.

Traditionally, brokers have been perceived as unable to commit to pricing or provide services that asset carriers offer (like drop trailers), essentially serving as transactional players who aren't viewed as strong, long-term partners. Today, digital freight brokers are combating this perception by offering services equal to or better than traditional brokers and asset-based competitors.

**Small Businesses Keep  
The Country Moving**

**97.4%**

of carriers operate fewer  
than 20 trucks.



# DIGITAL FREIGHT BROKERS ARE CHANGING THE GAME IN THREE KEY WAYS

## Committed Pricing & Service

Some traditional brokerages have been viewed with distrust by both shippers and carriers due to their manipulation of market dynamics to make a buck instead of building a relationship. Thanks to machine learning, AI, improved shipment visibility, and data driven predictive technology, the new wave of DFBs are building freight networks that offer return on scale due to their ability to reduce deadhead, creating a win-win for shippers, carriers, and digital players alike.

This approach to freight changes the game in a major way: **DFBs offer committed pricing and service.** DFBs set contract rates that incorporate market highs and lows such that they give a price that commits to a high level of service along with the ability to hold that rate for the requested term. This small but massively meaningful change is possible because DFBs use data science and pricing algorithms to

look at pricing over time. Because rates are based on robust data analysis that reflect real market pricing, they are able to hold rates better than competitors and brokers who may still be dialing for diesel. As a result, these players can:

- 🕒 *Deliver on commitments for on-time and tender acceptance.*
- 💰 *Prevent unexpected budget variance due to tender rejections and spot market pricing.*
- 📉 *Effectively reduce volatility from big market swings.*



### CHANGE IN MOTION: TRANSFIX SPOTLIGHT

Transfix TrueRate™ Pricing Algorithm blends machine-learning algorithms with industry expertise to deliver competitive and sustainable pricing shippers can trust for both contract and spot rates. We incorporate massive amounts of proprietary

historical data, external industry benchmarks, unique lane factors, input from industry experts, and real-time carrier data to deliver fair and competitive market pricing. We guarantee pricing because we believe in transparency.

Transfix TrueRate			
Transfix	↔ Instant Quote	\$1,360	Accept Now
Carrier Name	Status	Bid	
Salama Freight	Submitted	\$1,400	Accept Now
McElroy Trucking	Submitted	\$1,450	Accept Now
Brown Trucking	Submitted	\$1,500	Accept Now

# DIGITAL FREIGHT BROKERS ARE **CHANGING THE GAME** IN *THREE* KEY WAYS

## Dedicated Capacity (*including drop!*)

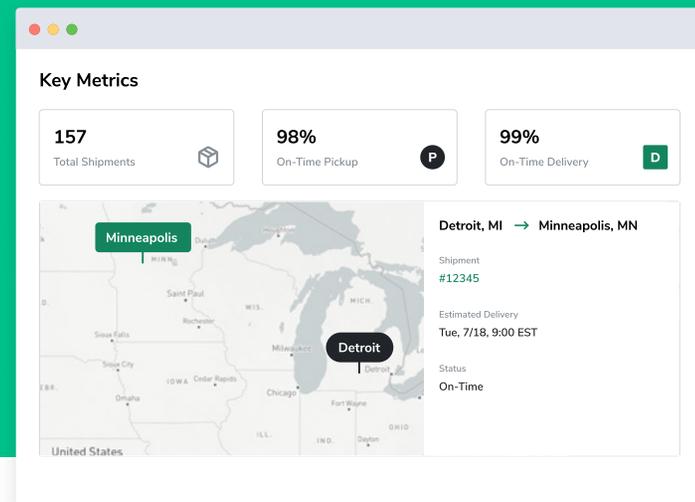
Brokerage doesn't have to mean it's a different truck everytime on the same lane. Brokers can facilitate a mutually beneficial relationship between shippers and carriers by providing shippers with consistent coverage and carriers with consistent freight. Ideally, brokers are taking into account both carrier and shipper preferences to assign dedicated carriers when possible. Shippers get access to a wider range of carriers who can provide dedicated capacity and repeat coverage. Carriers can also become familiar with facilities and processes, streamlining the shipment process and improving service levels. Leading digital brokers can also provide **dedicated drop trailer capacity**. It's no longer just an asset-carrier's game. Contrary to popular belief brokers who specialize in drop can provide more flexibility with drop trailers compared to an asset-based carrier while still maintaining high service levels.



### CHANGE IN MOTION: TRANSFIX SPOTLIGHT

Transfix is focused on building the nation's best carrier network. Once a carrier starts hauling for us, we measure their performance through **Carrier Scorecards** (includes metrics such as OTP/OTD, cancellation, and tracking rates). Scorecards help us actively

manage and reward exceptional carriers with more freight; they can earn dedicated freight through our **Core Carrier** Program. For shippers, this means access to best in-class carriers, repeat carrier coverage, and higher on-time performance.



# DIGITAL FREIGHT BROKERS ARE CHANGING THE GAME IN *THREE* KEY WAYS

## Scalable, Dynamic Capacity

For shippers with low volume, intermittent lanes, lanes with peaks and valleys, new lanes, or for shippers who wield spot markets as a strategic lever, digital freight brokers can provide dynamic capacity based on a shipper's needs. When requirements change in the short or long term, DFBs can flex up and down even across equipment types, surpassing asset carriers' physical limitations. This also allows shippers to leverage a single partner with virtually unlimited scale. This goes back to the original value brokers can bring to your network and is amplified by DFBs' instant access to capacity through data, pricing, and highly rated carriers. Some best in-class shippers use spot market freight as a reward for their best performing carriers and as an opportunity for them to gain new business, allowing DFBs to play a valuable and strategic role.



### CHANGE IN MOTION: TRANSFIX SPOTLIGHT

Transfix's Dynamic Lane Rates™ product helps shippers manage costs and improve performance during tight markets and unexpected volatility periods. By providing guaranteed price

quotes on a daily or weekly basis, shippers can secure fair market rates for demand surge coverage, create a backstop in their routing guide, or benchmark versus market to identify potential cost-savings.

#### Routing Guide

4 Carriers

Houston, TX → Atlanta, GA Dry Van 782 mi \$ 1250-1397

Order	Carrier Name	Rate	Rate Type	Effective Date	Expiration Date
1.	A&B Carriers	\$ 1,250	Line Haul	Jun 17, 2020	Jun 20, 2021
2.	Vista Trans Holding	\$ 1,320	Line Haul	Jun 17, 2020	Jun 20, 2021
3.	Ultimate Freight Cargo	\$ 1,390	Line Haul	Jun 17, 2020	Jun 20, 2021
4.	Salama Freight	\$ 1,397	Line Haul	Jun 17, 2020	Jun 20, 2021

## Strategic Supplier Capabilities

**“Strategic partners should be able to assist in providing market intelligence, creative solutions, and valuable information that shippers cannot normally access themselves or through asset-based carriers.”**

Digital Freight Brokers can hold a key position amongst your most strategic suppliers and be a complement or peer to your asset-based partners. With their focus on technology, DFBs have experience connecting to shippers through a wide variety of TMS, Web Portals, or e-mail configurations. Mature shippers choose to leverage this technological capability to drive live routing guides where DFBs can push daily updated rates with dynamic positioning within the waterfall tender process. This gives shippers a virtual “Buy it Now” button they can leverage at any time during the tender cycle. They can move freight at a guaranteed rate and with less manual work from transportation coordinators. In addition, each of these loads moved comes with live track and trace capability including ETA and exception reporting, preventing “Where is my truck?” calls.

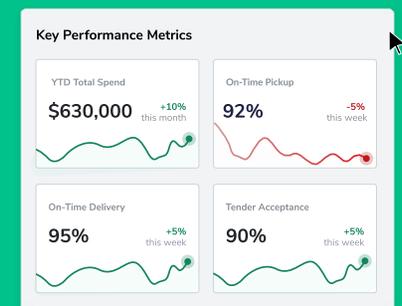
Beyond this integration and acceleration capability, best in-class shippers are leveraging DFB’s access to data to

drive supply chain insights on items which may be affecting their entire supply chain. This data aids their journey towards being a shipper of choice, improving operations, and reducing costs. Strategic partners should be able to assist in providing market intelligence, creative solutions, and valuable information that shippers cannot normally access themselves or through asset-based carriers. For example, detention/dwell time is one of the most important factors in influencing a shipper’s attractiveness to carriers. Without this visibility, carriers often begin refusing loads, lanes, and even entire clients due to long waits and low payouts. DFBs can provide constant reporting and access to information across all of the sites they service, helping shippers understand where and what to focus on. To best support this exchange, shippers and their carriers should communicate freely and openly, with monthly/quarterly business reviews to align priorities and share insights.



### CHANGE IN MOTION: TRANSFIX SPOTLIGHT

At Transfix, we don’t believe in transactional relationships – we build partnerships. Our technology platform enables us to help shippers optimize their supply chain through data. For example, we provide a real-time, online dashboard of carrier performance metrics, monthly performance reports on facilities and shipments, and data-driven recommendations to save costs and time.



# CONCLUSION



Given the rapid innovation of digital freight brokers, the gap between brokers and asset-based carriers has disappeared. Modern digital freight matching suppliers are able to provide service and capabilities above and beyond that of asset based carriers. Working with a digital freight broker as a partner is a step forward in your logistics maturity journey and a strong addition to your strategic carrier roster. There is no “easy button” in transportation; all carriers, asset and broker alike, perform best with high levels of engagement on both sides and strong relationship management programs to align goals and strategy. Consider your awards carefully in your next RFP. Don’t just click “Asset” without truly understanding how the market has changed and how the new players may be better positioned for the future.



## KEY QUESTIONS TO ASK YOUR SUPPLIERS

**As you consider partnering with DFB, or even an asset-carrier, be sure to ask the following:**

- 1. How are you vetting and monitoring the compliance of your carrier network?*
- 2. How do you match my freight with carriers? Can you provide dedicated carriers for my lanes?*
- 3. Do you provide drop solutions (if applicable)?*
- 4. What are your average service level metrics?*
- 5. How do you maintain the service level of carriers and make sure they meet my requirements?*
- 6. Will I have a dedicated account manager or point of contact?*
- 7. Do you provide exception management services?*
- 8. How do you use technology to help with my shipping operations?*
- 9. Are you able to provide flexible capacity for my freight?*
- 10. Do you have visibility solutions?*
- 11. Are you able to provide supply chain analytics and insights for my loads?*

# ABOUT THE AUTHORS



## About ISG

Insight Sourcing Group is the leading consulting firm in North America focused exclusively on strategic sourcing and procurement-related services. Founded in 2002, the firm works with senior executives and procurement leaders to accelerate strategic sourcing savings, increase spend visibility, provide ongoing category analytics for savings tracking, and implement procurement best practices. Insight Sourcing Group has worked with hundreds of corporate clients of all sizes and over 50 private equity firms. To learn more, visit [www.insightsourcing.com](http://www.insightsourcing.com).



## About Transfix

Transfix is a leading transportation solutions provider whose digital brokerage capabilities and logistics software offerings are helping reshape the future of freight. The company combines deep industry expertise and a best in class carrier network with cutting edge technology. The result? Competitive pricing, superior service and reliability, and unmatched intelligence for optimizing the supply chain from start to finish. Today, the world's most recognized brands rely on Transfix's trusted carrier network, including six of the top ten retailers and five of the ten largest food and beverage brands in America. For more information, visit [www.transfix.io](http://www.transfix.io).

