The Ultimate Guide to Choosing a Freight Rate Management System

43% of a freight sales executive's time is spent on pricing and RFPs. The average turnaround time for spot quote requests is 67 hours. About $700 million dollars are wasted every year on invoicing errors alone. Sound familiar?

Reduced profitability, increased carrier/tech competition, and changing shipper expectations have changed how forwarders approach data accuracy for pricing, quotations, and operations.

This is the ultimate guide to finding the perfect rate management system for your organization.

> **"What is clearly needed here is a unified global technology platform that can help deliver online quotation and booking...Everyone is moving in that direction, and logistics managers will come to expect it from all forwarders—regardless of size."**
>
> - DHL Global Forwarding CEO Tim Scharwath

86% of forwarders expect technology will help them work more efficiently. With better data capabilities and affordable cloud platforms, freight management has shifted from "do we need one" into "which one should we choose". But selecting and rolling out platforms can be incredibly challenging.

This handbook includes dozens of tips and strategies for evaluating and implementing freight rate management systems. Every tip was collected from experts with live field experience. For your convenience, this handbook is split into three sections:

Freight Rate Management Capabilities: What To Look For
How to Roll Out Freight Rate Management Technology
Finding the Metrics: What to Measure

Yes, we're biased to WebCargo's incredible freight rate management platforms. However, these guidelines hold true for any freight rate management platform you select.
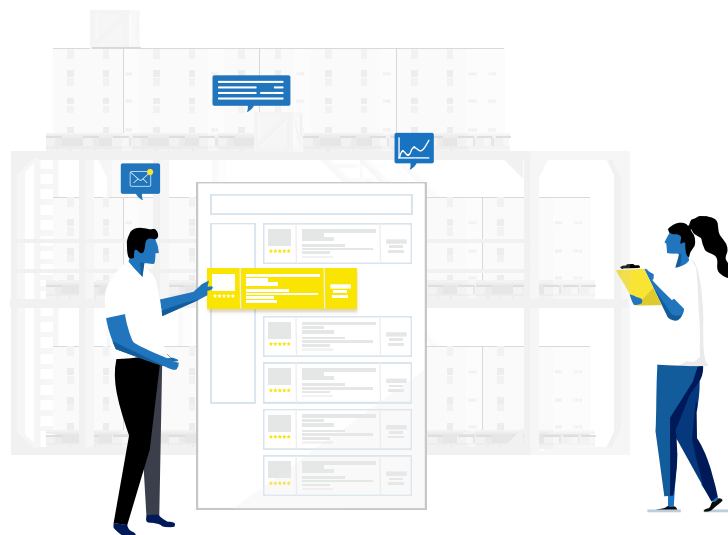
1. WebCargo offers an air cargo rate management platform, and a multimodal rate management platform called AcceleRate. You can learn more about them here.

Freight Rate Management Capabilities: What To Look For

Any freight rate platform should provide comprehensive, rate management capabilities, together with the ability to generate live, bookable, instant quotes for customers. However, it's not that simple. Every company has specific needs. As a rule, bear in mind that "death by feature-itis" is common in SaaS platforms; try to find a platform that addresses your pain points and supports your daily operations, not one that tries to provide everything and the kitchen sink.

Freight Rate Management Platform Capabilities

At the heart of a good freight rate management platform is the ability to ingest carrier rates, and maintain a single-source-of-truth database that can be accessed across the company. Look for:

Ease of initial rate upload.
How easy is it to upload rates? Do uploads require reformatting of carrier rates? Is uploading provided as a service, a paid package, or is it self-service? Most importantly, is the data upload process manual (which can be error-prone), or via API?

Ease and turnaround time for uploads.
 Rapid rate dissemination is critical for real-time pricing, especially given industry pricing volatility. How long does it take to upload new rates? How long does the quality assurance process take for each rate?

Complex Pricing.
Freight pricing is complex. How flexible is the system at dealing with advanced pricing rules?

B2S pricing.
Can the platform process your buy rates and compute sell rates by applying markups and restrictions, or do you need to make these calculations by hand? Can these B2S rates automatically populate quotes?

Direct carrier rate integration.
Removing the need for data upload by direct connection to carrier APIs is important. Can the platform be fed dynamic or spot rate data directly from carriers?

Third-party sales connectivity.
Having access to third-party sales platforms drastically increases revenue. Can your rate management system integrate with third-party sales platforms?

eBooking support.
eBooking is fast becoming the most efficient way of booking shipments. Does your rate management system support direct eBookings? Can it provide direct connectivity to carriers for integrated, in-platform eBookings?

Automated Rate/Quote Capabilities

Having a unified database of company-wide freight rates is important. However, the utility of any database is judged by what can you do with aggregated information. Top-of-the-line platforms will enable instant, door-to-door rate/spot quoting, sharing and online, self-service quoting. Look for:

Automatic door-to-door routing, quoting and pricing.
This is the ultimate goal of rate/quote automation. The ability to instantly crawl all freight tariffs to generate instant, on-demand quotes is a huge timesaver for a busy sales team.

Access to Rates.
How easy is it for the sales team, inside sales, or pricing managers to access and search rates?

Standard Formatting.
 Does the system automatically generate a unified format for all freight quotes?

Organization Sharing.
One of the sticking points for multi-leg quotes is long wait times between offices. Does the system enable flexible sharing of rates between different company branches and countries? How about optional markups?

Manual Quoting.
No matter how well a rate management system is implemented, there will always be exceptions. Make sure your system can support manual quotes.

Filtering options.
Can you force the system to ignore certain options? If there's a port strike or a looming carrier bankruptcy, you're going to need to.

Live market rate benchmarking.
Pricing is a fickle game. With rapid rate changing, querying live rates from outside of the company can be valuable from a business intelligence perspective but can also mean the difference between a won and lost quote.

Customer or agent-facing quoting.
Your website can be your best salesman. Can the platform connect to your website so your customers/agents can price and book quotes online?

Internationalization.
Your business is global; your platform should be too. Can it support all the currencies you currently work with? What kind of language support does it offer?

System integration.
The typical forwarder will have multiple database platforms, ranging from TMSs to CRMs. What kind of integration does the platform offer?

Permission management.
A sales director should have different level of access to rates than a new salesperson. And there's no reason why a branch manager should need to have edit access to other branches' rates. Make sure you can change permissions for different users.

Business Intelligence

Who (and what) is selling.
Can you track quoting and sales activity on individual, team, branch and company levels? What about by specific lanes or customers?

What isn't selling.
Win/Loss performance can give you great insight into market prices and changing shipping habits. Make sure you can get data insights into win/loss ratios for specific customers or sales teams.

Buy/Sell Rates.
Profitability and pricing trends from buy and sell rates are invaluable for knowing which routes need to be doubled down on...and which are due for a price hike.

Live Market Data.
 Access to market data means being able to spot trends in the market and potentially find better rates. A rate management system connected to live market data provides strategic insight at a glance.

User Experience, Details, Pricing

Any solution is only as good as its provider. Investigate the nuts and bolts of the platform, as well as the provider's background. Some things to look at include:

Ease of use.
How user-friendly is the technology? Intuitive technology means less friction during rollouts (and increases the chances of a successful implementation).

Training capabilities.
What support and training capabilities does the company offer? Are external consultants necessary for implementation or training? How long does it typically take them to onboard new clients?

Software or Hardware.

Is the platform cloud-based? Does it require installation? How often is the platform updated? Cloud platforms can frequently provide better security, better reliability and easier integration with other cloud platforms.

Security.

Your data is one of your most important assets. How is it protected? What data security standards are implemented? Referrals. Do the platforms' users like the platform? Ask former colleagues or friends.

Service Level Agreements.

(SLAs). Does the provider offer SLAs? Make sure your system stays operational by asking about SLAs relevant to rate processing, onboarding speed and platform up-time (if the technology is cloud-based).

Pricing.

How does pricing work? Do you pay per user or is there a flat fee across the entire organization? Regarding rate management, are there rate management packages? What are the fees for regular rate updates?

Keeping up with the Joneses.

How fast do new features roll out with changing industry norms? Does it offer eBooking, B2S (Buy to sell) capability, online sales, API connectivity? How often are new features released? How well do they work?

How to Roll Out Freight Rate Management Technology

Choosing the right platform is only the beginning; a successful rollout, from installation to training, is the only way to get value from the system. Here's how we do it:

The Rollout

1. Establish rollout best practices.
2. Set a dedicated timetable for full rollout, complete with any required on-site visits.
3. Ensure C-level buy-in for project rollout. Enlist tactical managerial rollout support on at least a branch level.
4. Identify champion users and leverage their enthusiasm to evangelize platform use.
5. Begin with gradual rollout by sites or region. Ongoing feedback and live performance tracking is key to keeping the process smooth.
6. Track and improve rollout process with an agile, sprint-based methodology, driven by regular weekly and daily meetings.

Ensure Data Quality. Garbage In, Garbage Out.

Clean Data.

Ensure clean, accurate and updated data to the provider to keep the process on track. Bad data will frustrate individual users, establish distrust and can tank a rollout.

Clear Pricing Rules.

Make sure pricing rules are clear. If your sales team doesn't understand the pricing, the rate management company won't either

Quality Testing.

When rates are uploaded or updated, employ a double-layer quality testing process using both self-testing and a Quality Assurance team.

Automated Testing.

Leverage automation for scalable and more comprehensive testing. Automatic testing is the gold standard for high-quality data usage.

Train Hard

Train Right.

Don't underestimate the importance of training. Ensure that every employee receives either external training from the provider or internal training from existing users. The more empowered an employee feels, the more likely the rollout will be successful.

Self-Service Training.

Employ a self-service training platform with webinars, videos and documentation to optimize system usage. Incentivize usage among target audience. Beyond making operations more efficient, this will provide unique insight that can track sales team/office/branch performance.

Segment training:

Train users based on their needs from the platform. For example, sales members do not need training for creating bookings. Match training topics and use cases. This ensures a streamlined rollout, and that employees know what they need to know to succeed without needing to filter extraneous information.

Other Rollout Tips

Buy In.

Don't underestimate the importance of management buy-in. Enforced rollouts are key to platform implementation. Be fully committed from Day 1. Internal debates regarding platform usage, rollout targets and KPIs can hamper successful rollout.

Short Transitions.
Extended transition periods discourage platform usage. Stick to the minimal viable transition period from manual to automated quoting. This can get tricky when shifting from one platform to another but short-term effort can have long-term benefits.

Change Management.
Don't neglect change management. Big changes in operational workflow require realignment between business units and sufficient training.

Finding the Metrics: What to Measure

The ultimate goal of a freight rate management and quoting platform is to create efficiency across the organization. Proper implementation of the right tool should impact data accuracy, sales performance, efficiency, and negotiation powers. But there are layers of metrics to track - rollout metrics and performance metrics. Track core metrics on these two layers:

1. Platform ROI Metrics
2. Platform Implementation Metrics

Platform ROI Metrics

Percentage of win/loss rate changes from faster operations.
For example, WebCargo typically sees a 5% increase in closed deal rates as a result of faster quote turnaround and improved customer service.

Customer quoting turnaround time.
The typical quote can take anywhere from 10 hours to three days. Frequently, this delay stems from delays on one leg of pricing. Holistic global rollout of a rate management platform can significantly reduce quoting time. Even manual quoting can improve with better templating.

Reduction in invoicing errors.
One study found over $750 million annual errors due to invoicing errors. Better data management and single-point-of-truth management can significantly remove them.

Better, data-driven carrier negotiations.
With improved tracking of closed deals, popular lanes, and carrier selection comes the ability to negotiate better.

Platform ROI Metrics

You'll need to start tracking rollout status before you actually see an ROI from your rate management and quoting platform. Here are some key metrics to track before completing implementation.

Percentage of quotes made on system.
Higher quoting percentages are indicative of successful user training as well as user trust in the underlying data integrity of the APIs that feed the quotes.

Contract upload and update speed.
Rapid updates means that active contracts are being used and that sales agents can focus on quoting, not data accuracy. In addition, faster updates and uploads for contracts means less work for the pricing managers and faster cross-organization dissemination.

User adoption rate.
As a platform proves itself, its usage will likely spread across the organizations to new teams. Sales teams generally start as the first users of new freight rate management platforms but once effective, usage will expand to operations, pricing teams, finance and the executive level.

Number of quotes generated.
 More quotes generated within the system mean three things. your customers are getting responses rapidly; every single customer that gets a quote is looking at a standardized template; and you're getting more insight into popular trade lanes, non-competitive pricing on specific lanes, and offices, branches, or sales teams that are doing
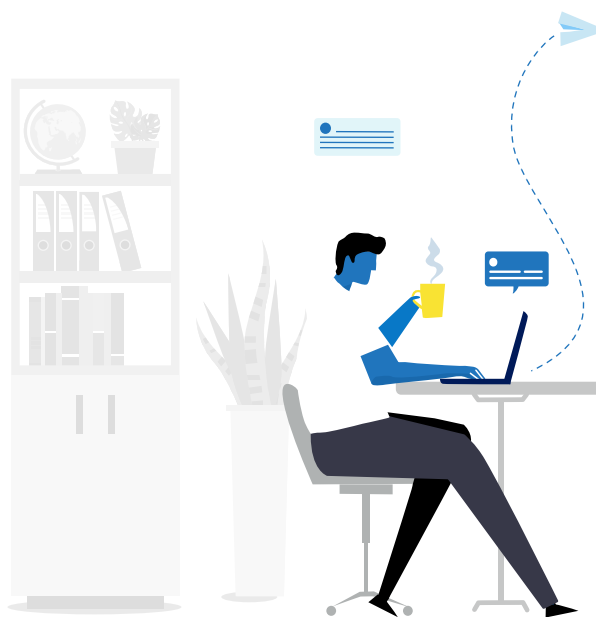
Choosing a rate management platform can be difficult, but with this guide you are well on your way to finding the perfect solution for your organization!