



UBER-TRUCKING IS ON ITS WAY

MOBILE APPLICATION-BASED ride sharing services such as Uber and Lyft have been around only a few years, but they have revolutionized the urban taxi landscape. Ride sharing has emerged as an attractive alternative because of the way it solves so many “getting from here to there” hassles: instant location of a driver or rider, pricing and payment taken care of in the app itself, pre-planned route navigation, and ratings by both parties to keep the risk of problems low.

Now the idea of doing something similar for truckload and less-than-truckload freight is catching fire. At least a dozen companies are in the hunt to develop and promote “smart trucking” apps that provide an all-in-one solution for shippers and carriers of non-contract freight: fast, automated load matching based on location and equipment; turn-by-turn route planning and shipment tracking; algorithm-based instant pricing; and seamless proof-of-delivery, billing, and payment. Such Uber-style apps are looking to displace closed, fragmented, and time-consuming legacy systems:

load matching via online/truck stop load boards and calls to freight brokers, and documentation using electronic data interchange (EDI).

Many of the new trucking apps are being developed by non-traditional technology companies with brokerage authority, and these are looking to increase their appeal by undercutting the middleman fees charged by traditional freight brokers, while offering more comprehensive solutions. Thus much like the taxi industry, which is now fighting back against ride sharing with its own streamlined apps (such as Hailo and Arro), traditional truck freight brokers will need to embrace “uberization” as well – or risk being displaced entirely.

CARRIER AND SHIPPER BENEFITS

The transformative power of smart trucking apps could be vast: On the carrier side, benefits could include lower operating costs, increased loaded miles, higher

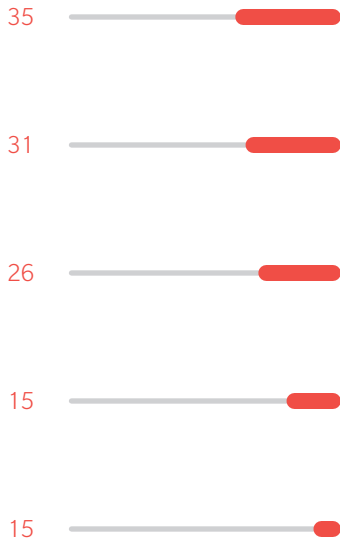
revenues (due to reduced brokerage fees), and better fuel efficiency and asset utilization. More than 90 percent of US trucking companies operate six or fewer units, and these small truckers are likely to benefit the most. All-in-one apps could level the playing field with larger trucking companies by providing mom-and-pops with better routing decisions and fuel prices, low-cost GPS tracking, and the ability to boost their market appeal through customer ratings and reviews.

On the shipper side, larger app-based marketplaces should give small shippers more access to ready capacity, at price points that they can more easily control. Large shippers, on the other hand, should be better able to manage exception freight that falls outside of their typical contract agreements, such as freight surges prior to holidays.

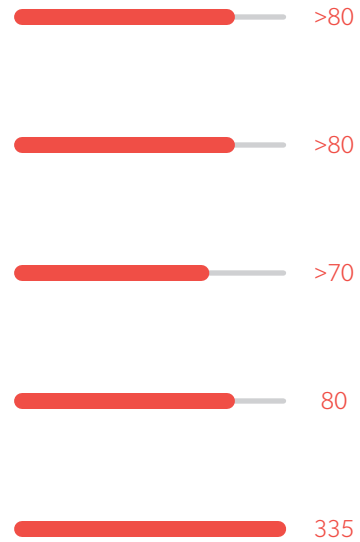
Across the supply chain, uberization promises to increase visibility and transparency for all stakeholders: which truck is nearby and has the right equipment to handle my load; which load will exactly fill out my backhaul and is along my route; what

BACKGROUND TO UBERIZATION
CONTINUED DIGITALIZATION AROUND THE WORLD

THE WORLD IN
2016



THE WORLD IN
2025



Source Oliver Wyman analysis

is the best price I can get/pay for this load that must arrive in 36 hours. By unlocking excess capacity that is now hidden due to logistics inefficiencies and origin/destination imbalances, new load-matching apps also could help offset the growing shortage of truck drivers in the US and Europe. And making load finding less frustrating could improve driver retention.

WHAT HAPPENS NEXT?

As all-in-one trucking apps evolve and become more widely adopted, they could generate disruptions that ripple outward across the supply chain. For example, consider the potential impact of smart trucking apps on private fleets. Companies with large private fleets – such as Tyson Foods or Albertsons – might be able to downsize to meet their average requirements, secure in the knowledge that smart apps used by hundreds of thousands of truckers could readily locate extra capacity when needed to meet peak demand; equally, private fleets could sell

their excess capacity into the market when their own demand is down.

Third-party logistics terminals and distribution centers also could see new and changing demands, such as increased load sharing and load exchanges, which would enable truckers to optimize their schedules and routes and expand opportunities for small motor carriers to compete against large ones.

Eventually, the many different smart trucking apps in development could narrow down to just one or a few choices – meaning marketplaces with visibility across a large share of available loads and capacity, backed by all of the tools required to make booking, transporting, tracking, and payment as painless as possible. As shippers and drivers come to expect the immediacy and ease of use that make mobile-based tools so appealing, even large contract and common freight carriers will need to modify their fleet and transportation management systems accordingly. Prior work we have done with motor carriers suggests that

technology spending is needed every year to stay current and not fall behind.

Many industries over the past couple of decades have endured the pounding of successive waves of disruptive technology – and many incumbents have foundered as a result. Right now, who reaps the value of disruption in trucking is still up for grabs. Realizing that value will require not only embracing evolving technology but also figuring out how to morph organizational and customer-facing structures in tandem (and soon). The choice is going to be as simple for trucking industry stakeholders as it has been for media, taxis, and retail shopping: Don't stand in front of a wave you can't stop.

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