



How Edge Logistics uses FreightWaves SONAR to Automate Years of Tribal Knowledge



Overview

The COVID-19 pandemic brought unprecedented uncertainty to the freight market, sending freight rates from some of the lowest levels in recent years to record-high levels in just 18 months. When looking for partners, shippers are seeking those that actively participate in the freight market in addition to providing strong service levels.

Edge Logistics has quickly become one of the leading tech-forward freight brokerages in the nation. As a member of the FreightWaves FreightTech 100, the company uses key technologies across the organization to disrupt the freight industry. The company incorporates many different data sources, including FreightWaves SONAR and FreightWaves TRAC throughout the organization - from its daily active users to key executives.

Edge Logistics was an early adopter of FreightWaves SONAR and its new Market Dashboard, which is powered by FreightWaves Trusted Rate Assessment

Consortium (TRAC) spot rates. These FreightWaves technologies have hit home across the organization.

While the impact of FreightWaves TRAC spot rates being added to Edge's repertoire aren't directly attributable, company leaders are hearing the FreightWaves SONAR and TRAC terminology seep into daily conversations between brokers. Company executives regularly hear brokers cite SONAR's Outbound Tender Reject Index (OTRI) and confidence scores associated with FreightWaves TRAC spot rates.

Edge Logistics continues to use FreightWaves SONAR and TRAC data to automate years of tribal knowledge learned within the industry to bring new brokers up to speed and set them up for success. Additionally, SONAR and TRAC provide brokers with the supporting data to use in negotiations as they work to increase the brokerage's winning percentage.

Company Profile

Edge Logistics was founded in 2014 in a double-wide trailer on the banks of the East River in Brooklyn, New York. What started as a three-person team of Kerr, Chief Operating Officer Jordan Lanyi and Chief Talent Officer Maria Callegari has evolved into a workforce of over 150 employees, a 7,000-square-foot main headquarters on the banks of the Chicago River, and offices in Los Angeles, Detroit, New York, Phoenix and Colombia, South America.

Edge has assembled an experienced team, which includes the company's president, William Kerr, who broke into the industry as a seasoned carrier representative at another large freight brokerage. Kerr has served as keynote speaker among his peers at conferences and events, such as Mcleod Software's User Conference and FreightWaves Domestic Supply Chain. As 2021's Crain's Chicago 40 under 40 honoree, Kerr has been recognized amongst company leaders and entrepreneurs that have successfully improved the world through their individual companies, services, or technologies and who are 40 years of age or younger and continues to spark ideation and innovation throughout the industry.

The company continues to grow at a rapid pace, finding itself on both the INC. 5000 list of fastest-growing private companies in America for four consecutive years as well as Crain's Chicago Fast 50 2021 list. Edge has achieved a combined growth rate of 693.6% over the past five years, and that growth trend is likely to continue as the **CAPACITY** app reaches critical mass within the market. The company projects to nearly double revenue in 2022, in part by having FreightWaves SONAR and TRAC in the tool belt.

The company also has received numerous accolades, both within the transportation industry and from outside the industry. Edge Logistics was named to the FreightWaves FreightTech 100, an honor for innovation and disruption within the freight industry, in both 2021 and 2022. Edge recently received the 2021 Isometric Technologies Excellence in Service Award. The award recognizes the top recipients in the industry that have displayed exceptional service levels in full truckload transportation and leaders in the supply chain. With its CAPACITY platform and app and other data driven solutions, Edge Logistics is driving the industry forward by finding innovative solutions to modern problems.



Before FreightWaves SONAR

SONAR has only been available for four years, meaning that prior to SONAR's launch, the transportation industry had been relying heavily on old, out-dated information, and so was Edge Logistics. But since its inception, FreightWaves SONAR has been a valuable asset to freight brokerages as well as other segments of the transportation industry.

Prior to SONAR, the Edge team relied heavily on historical data as well as various data points around load boards. Additionally, the team used its tribal knowledge, accrued over the course of many years, to try to understand current market dynamics.

Edge Logistics operates a buy/sell freight brokerage model, also known as the Chicago model, that separates two distinct divisions – sales and operations. Edge's sales teams are responsible for signing new shippers as well as expanding current relationships, while the operations team is responsible for covering loads and negotiating rates with carriers.

Before subscribing to SONAR, building this model at Edge Logistics required significant tribal knowledge in both divisions to help train and accelerate the growth of the brokerage. Edge relied on this tribal knowledge to grow the brokerage, expanding into multiple cities.

Enter FreightWaves SONAR

When FreightWaves SONAR was released in May 2018, Edge Logistics was one of the early adopters of the technology. SONAR brought anonymized volume measures as well as insights into the capacity of the transportation market.

The Outbound Tender Volume Index (OTVI) and the OTRI were the two main indices that signaled how the transportation market changed. These indices were utilized by Edge Logistics, especially in the early days, but were largely used for benchmarking and understanding the market, but were not as important in decision-making.

Over time, the Edge team's use of SONAR has evolved, especially with the release of FreightWaves TRAC as well as the Market Dashboard that showcases FreightWaves TRAC data in an easy-to-use visual display.

The SONAR Market Dashboard and FreightWaves TRAC spot rates were immediately useful with active users because it brought over 650,000 unique zip 3 to zip 3 dry van lanes and around 350,000 reefer lanes, with unique lane-level insights, to brokers' fingertips.



When market dashboard came out, it kinda hit home with a lot of our producers because it's something that they could use all day, every day as they're going about their business.”

In addition to the Market Dashboard, Edge relies on FreightWaves TRAC spot rates through an API connection, which allows the company to use a custom user interface. More importantly, the API connection allows Edge Logistics to develop a custom rating tool that incorporates FreightWaves SONAR data as well as data from other sources.

The custom UI gives carrier representatives that are in the decision-making processes to have current data right in front of them.

Future Uses

FreightWaves TRAC spot rates, which were released in November 2021, are still a very fresh data set, Edge sees the value in the data for benchmarking purposes. The data adds another verified rating source to the company's internal tools, which is always valued by the leadership team.

With differences from shipper to shipper and carrier to carrier, the uses for FreightWaves TRAC data vary slightly in each use. The ultimate goal is to be able to use the TRAC data in conjunction with other data sources, to increase the winning percentage.

The company has nearly doubled in size over the past couple of years (from \$71 million to \$130 million), with goals of continued growth, targeting \$300 million in 2022.

With those lofty goals, the company is continuing to hire across all of its offices. The use of data and technology allows Edge to bring new hires up to speed at a much faster rate. And utilizing FreightWaves SONAR and TRAC helps automate the tribal methods used to analyze rates.

Kerr noted that as he rose through the ranks (he started as a carrier representative), he wished he had the available data that Edge Logistics brokers now have thanks to SONAR and FreightWaves TRAC. The timeliness of the SONAR data and FreightWaves TRAC spot rates provide up-to-date rates based on the day the load is covered compared to data from days (and sometimes weeks) ago. This was a key FreightWaves highlight pointed out by Kerr.

Using FreightWaves SONAR and TRAC spot rates, in addition to other data points, those in the operations side of the business have all the "ammo" needed for negotiations. Additionally, the carrier reps have the language behind the data that allows them to give a "why" for a certain rate. Traditionally in negotiations, those who are able to be confident and sound like an expert in the field are able to show results that contribute to the overall winning percentage.

Shippers have largely known that the cheapest rate isn't always the best rate. There are risks involved when trying to find the cheapest rate, including missing deadlines, carriers falling off of loads and paying significantly more in the spot market. These risks have been highlighted since the onset of the pandemic because the risks have grown much larger than the rewards with the rapid rise in rates.

Edge Logistics uses Logic, which incorporates FreightWaves SONAR and TRAC data, to generate its rates for RFPs. Kerr noted that



We use the FreightWaves TRAC rates as one of many components in our rating model and it's been very effective in the early go."

Additionally, the sales team is able to approach shippers with the rate and show the "why" it is quoted based on the supporting freight market data.

By analyzing FreightWaves TRAC spot rate trends, Edge was able to take advantage of the freight market that picked-up steam around Thanksgiving and continued the momentum into a very good December for the company.

Edge Logistics continues to be a believer in FreightWaves SONAR and TRAC. It plans to continue using the data in decision-making processes from the daily active users to those higher up who focus on the company's continued growth. Kerr stated,



Because of FreightWaves TRAC we're bidding on more freight than we have ever been able to before."