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Questions to Ask When Choosing a Transportation Data Provider

Success in the dynamic truckload market depends on having accurate, relevant and timely rate data and analytics. Not all transportation data sources are equal, however. Each provider has different objectives, capabilities and motives. Understanding the key differences is essential to selecting a transportation analytics partner. Below are five questions to ask data providers in order to find the company best suited to meet your evolving needs.

1

What is the provider's core business?

Is transportation data analytics the provider's primary focus? If not, probe deeper. The provider could be in the market for reasons other than giving customers better decision-making capabilities. If the provider is a 3PL, it may have ulterior motives for collecting and sharing market data, while a media outlet may be more motivated by advertisers and headlines. A third-party analytics company with no interest beyond providing the most accurate, relevant information is best suited to be your trusted data partner.

2

How transparent is the data provider?

Providers should be upfront about how they obtain data and the quantity they analyze. Ask if they get data from actual transportation transactions — like paid freight invoices — or if they use proxies — like load tender rejections — to estimate demand and capacity in a market. Also, ask how they process raw data into usable analytics. Finally, ask if the companies who participate in their data sharing model know exactly how their data is being used.

3

How representative is the data?

Providers have to collect a lot of data from multiple industries to adequately capture the complexity of the truckload market. If data comes primarily from one sector, like mass retailers working with large national carriers, the results will be skewed. Similarly, if a provider only captures raw data from electronic data interchange (EDI) sources, the results are likely to skew towards large fleets and shippers. Most trucks on the road are operated by fleets with less than 20 trucks.

4

What are the data provider's analytic capabilities?

Of all the factors to evaluate, the most important is the breadth and depth of a provider's analytical capabilities. Collecting data is not enough. The data must be processed, cleansed and harmonized and then presented in an easy-to-use format that gives users clear recommendations and insights to make better decisions. All these attributes can be evaluated in more detail with a product demo.

5

What level of trust do you have with the data provider?

Depending on the answers for previous questions, it should be possible now to make a preliminary conclusion. If there is any reason to doubt the accuracy of the provider's data or analytical methods, they will fall short of meeting your expectations or needs. Validating a provider is much easier if it already has decades of experience in transportation and thousands of customers who are using its rate data and analytics to make day-to-day and long-term decisions.