NEW WAY TO MOVE FREIGHT:
DEAL DIRECT.
NO BROKERS.

LOADEXPRESS DIRECT LINKS SHIPPERS AND CARRIERS

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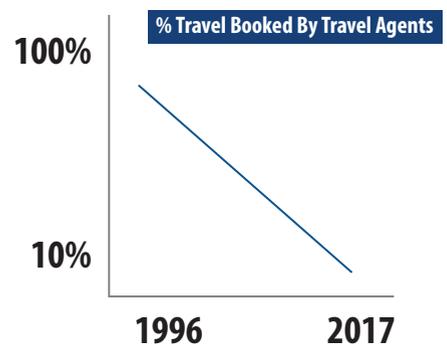**% Travel Booked By Travel Agents**

100%

10%

1996   2017

In November 1999, Continental Airlines, Delta Air Lines, Northwest Airlines, United Airlines, and subsequently American Airlines invested $145 million to form Orbitz (www.orbitz.com), an online travel site that spurred the takeoff of the online travel industry since the five airlines controlled 80% of the airline capacity. The chief motivation of the bold move, against heavy opposition from travel agents, consumer groups and fledgling competitors, is simple yet powerful: they didn't want to pay the travel agents 7% anymore, and thus save billions of dollars every year.

The rest is history. The travel industry grew. It became much more efficient. Travelers enjoyed lower fares, and more control and choices. Airlines saved billions of dollars and had a direct relationship with their customers. What happened to travel agents? Twenty years ago, travel agents handled more than 70% of consumer bookings; today it's less than 10%. Just ask yourself: when's the last time you booked travel through a travel agent?

So why not do the same for trucking? Why is the U.S. trucking industry one of the most technologically backward? The technology has been there for the past 20 years to make it much more transparent and efficient both in pricing and operationally.

THE BROKER PROBLEM

The U.S. commercial long-haul trucking market is about $90 billion, with brokers booking $26 billion, or 29%. The overwhelming majority of those 16,000 brokers are mom and pop shops without any scale or technology to offer, as the top 25 brokers garner about 70% of total revenues. The carrier industry is equally fragmented, with 90% of the carriers owning fewer than 6 trucks. Shippers, too, are mostly small, as 75% of the over 250,000 U.S. manufacturers have fewer than 20 employees http://www.nam.org/Newsroom/Top-20-Facts-About-Manufacturing/. So much of the trucking industry is run with brokers and lots of people using phones, emails, faxes, spreadsheets, and home-grown systems to conduct business. Today's logistics process is universally recognized by everyone engaged in it as highly inefficient, frustrating and therefore *unnecessarily costly.*

There's got to be a better way to streamline logistics processes and save money.

While the travel industry is much simpler than the trucking industry to automate, there are similarities between the two and lessons can be drawn from the travel industry. Both deal with perishable transport capacity. Both are fiercely competitive with narrowing margins. Both shippers and carriers need to be more efficient in order to survive. The airline industry used to pay 7% commissions. In trucking, average broker margins are 10-25%+, with 40%+ margins not unheard of

when a broker gouges a small shipper. Brokers earn $26 billion, or 29% of the commercial long-haul industry. Imagine what a 10% reduction would mean to shippers? That would be a reduction of $2.6 billion in freight cost. What more motivation does the industry need?

However, unlike the major airlines that started Orbitz, small- and mid-sized shippers and carriers, which are the backbone of the truck freight industry, don't have $145 million to invest in a new online system. What they *can* afford is an online system that they don't have to build or maintain, that eliminates broker fees, and that gives them fingertip access not only to finding shippers and carriers, but that also provides 24/7 tracking that can tell them in real-time the precise location and status of any shipment.

That's what LoadExpress is.

HOW LOADEXPRESS WORKS

LoadExpress is the online freight auction and matching marketplace where shippers and carriers deal directly without brokers. Shippers lower freight spend by receiving multiple bids directly from carriers. It is a web platform that small- to medium-sized shippers and carriers can use to manage their truck freight operations and spot market needs. They also reduce operational costs, drive up productivity and reduce the daily hassles of logistics. All you need is a connected computer or mobile device and you can start using it. It's entirely free for both carriers and shippers to join.

LoadExpress is akin to eBay, where buyer and seller come together and conduct business between themselves, but also is an automation and management platform to run freight operations:

1. **Intelligent Load Matching.** Shipper posts a shipment, and carrier posts his availability details. If there is a match, the system sends an alert to the carrier inviting him to bid on the shipment. Shipper can also invite his favorite carriers to bid.

2-3. **Bid/Hot Load.** Shipper has two ways to accept a bid. The first is through a regular bid, where he selects one winner from the bids received. While the lowest price is a critical element, it may not always be the winner due to the

carrier's rating in the system, operational and other reasons that the shipper may have. The second is through a Hot Load bid, in which a shipper offers a price he is willing to accept, and he will choose among those carriers who agree to that price. LoadExpress adds a flat transaction fee to the carrier rate for use of the system, which the shipper will pay.

4. **Electronic Documents.** Once a shipment is accepted, electronic documents (BOL, rate confirmation etc.) will be generated. LoadExpress has its forms, but can accept users' own forms too. All documents, photos, notes, signatures etc. can be generated, stored, verified and printed by/from the system. Nothing is lost.

5. **Real-time Communications, Alerts and Tracking.** Through GPS, email and SMS alerts, both sides can see where the shipment and the business transaction is 24/7. If there is any problem, the customer can deal directly with the driver and all parties in the transaction. This avoids 80% of the daily aggravations of today's process where a simple "check-call" (i.e. "where's my shipment?") can require 5 people in an hour-long series of calls that results in "I'll get with you when I find out."
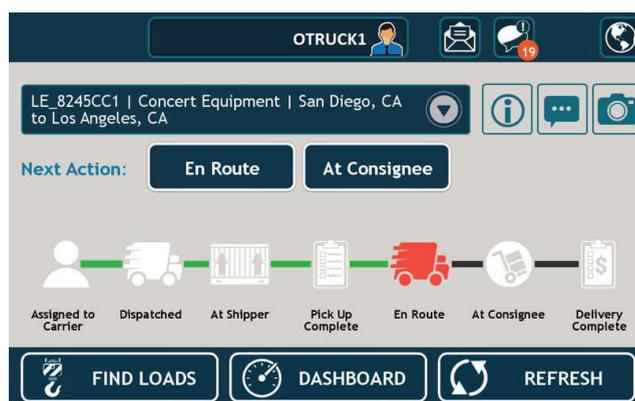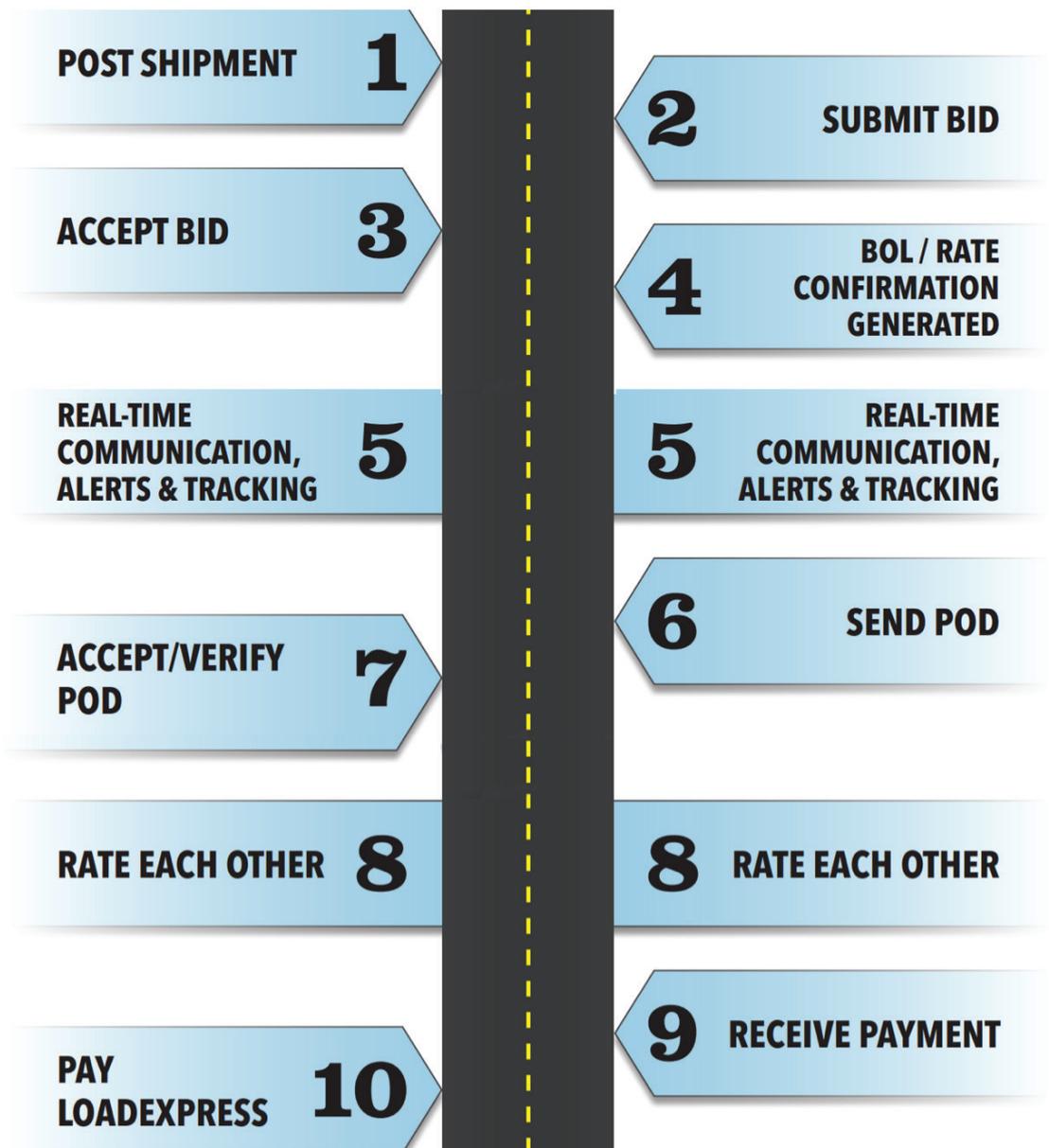

6-7. **Proof of Delivery (POD).** Once a delivery has been successfully completed, the POD will be signed off by the shipper.

8. **Ratings.** Before payment is processed, both sides are required to rate each other to ensure the quality of users in the network and aid

each party in using the other again in the future.

9. **Payment.** LoadExpress simplifies the payment system. To carriers, we have a simple motto: when you do your job, we pay you immediately. No holdbacks, chargebacks, or fees. If you deliver a clean POD signed off by shipper to pay, we'll pay within 24 hours via money code, or 2-3 days ACH. To shippers, we either have a net 30-day policy or they can pay by credit card.

One feature that's important, but not diagrammed, is our exceptions handling capability when there are disputes, damage claims, accessorials, adjustments, canceled loads etc. that need to be made. We do not get involved in the disputes themselves, but provide the platform on which the parties can handle those common issues. We do not profess to have automated everything—which is very difficult—but we have provided the online mechanism for a direct resolution between the parties for many of the most common issues that arise daily. This feature cuts

POST SHIPMENT 1

2 SUBMIT BID

ACCEPT BID 3

4 BOL / RATE CONFIRMATION GENERATED

REAL-TIME COMMUNICATION, ALERTS & TRACKING 5

5 REAL-TIME COMMUNICATION, ALERTS & TRACKING

6 SEND POD

ACCEPT/VERIFY POD 7

RATE EACH OTHER 8

8 RATE EACH OTHER

9 RECEIVE PAYMENT

PAY LOADEXPRESS 10

down a lot of the inefficiencies and hassles in the daily logistics process.

Vetted Members Only. The quality of users is of utmost importance in a marketplace. Thus only qualified shippers and carriers are allowed in the LoadExpress marketplace, which is monitored daily by the LoadExpress compliance department. We accept only FMCSA-authorized carriers with adequate insurance and safety ratings, using an industry standard third-party data source as well as our own vetting.

Smart Numbers. Data is critical. LoadExpress features a data analytics dashboard that records the history of all transactions and helps to manage business better. As we build out the system, there will be more powerful data and analytics.

Customer Service — When all else fails, there's always good old-fashioned customer service via phone and email.

HOW LOADEXPRESS BENEFITS YOUR BUSINESS

Shippers and carriers can save money and optimize their operations as other industry sectors have done by adopting cloud-based technology that only charges them for the transactions they conduct, that gives them a direct conduit to each other, and that offers both tracking and transparency of communications throughout the entirety of each transaction. This is the value proposition of LoadExpress.

LoadExpress provides 4 significant benefits to shippers:

1. **Reduced Freight Spend.** A direct auction system is the most efficient pricing mechanism that's guaranteed to drive down costs through transparent competition.

2. **Reduced Brokerage Fees.** Instead of paying 10-25% margins or more depending on your relationship with the broker and how desperate you are on that shipment, pay just a flat transaction fee to LoadExpress that will in all likelihood be lower than traditional broker margins. No "surge" pricing (i.e. gouging) at LoadExpress.

3. **Reduced Operational Cost and Aggravations.** Logistics operations today are characterized by a highly frustrating, manual process that suppresses productivity. A web platform that a shipper or carrier can use to manage their freight operations and deal directly with each other without brokers is going to jumpstart productivity and reduce the daily grind significantly.
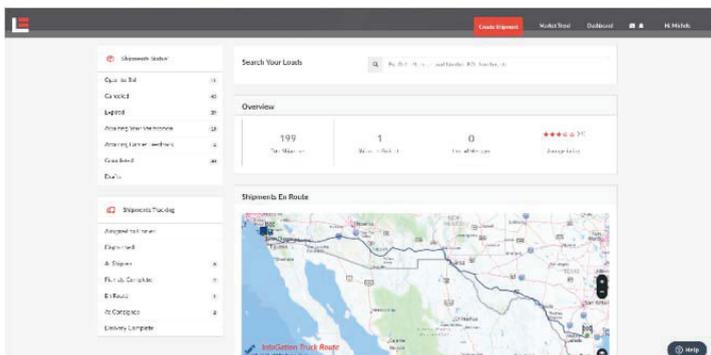
4. **Data and Intelligence.** Operational data and analytics in most of LoadExpress' target customers are, if at all available, spread out across multiple places and silos that are difficult to access, which makes them of limited value. With LoadExpress, everything that happens on it is captured and accessible in one place. As more data and analytics become available, users can use the vast trove of information in it to optimize their business. And when it is integrated into a user's own TMS, ERP or other system, the combination will be a powerful source of business intelligence.

For an industry that operates at net margins that are just over 3%, LoadExpress' ability to cut costs and increase productivity is a game changer. http://csimarket.com/Industry/industry_Profitability_Ratios.php?ind=1101.

For carriers, be it the individual owner operator or fleet, LoadExpress also offers 4 benefits:

1. **Make More Money.** Carriers make more money via LoadExpress in two ways: they bid/accept what they want, and they decide which customers and shipments they want to take. They don't need to deal with a broker's lowball prices or bad loads.

2. **Get Paid Immediately.** Unlike most brokers who hold payment, extract fees or chargebacks, LoadExpress pays carriers immediately upon a shipper signing a clean POD.

LOADEXPRESS

Shipper — Direct — Carrier
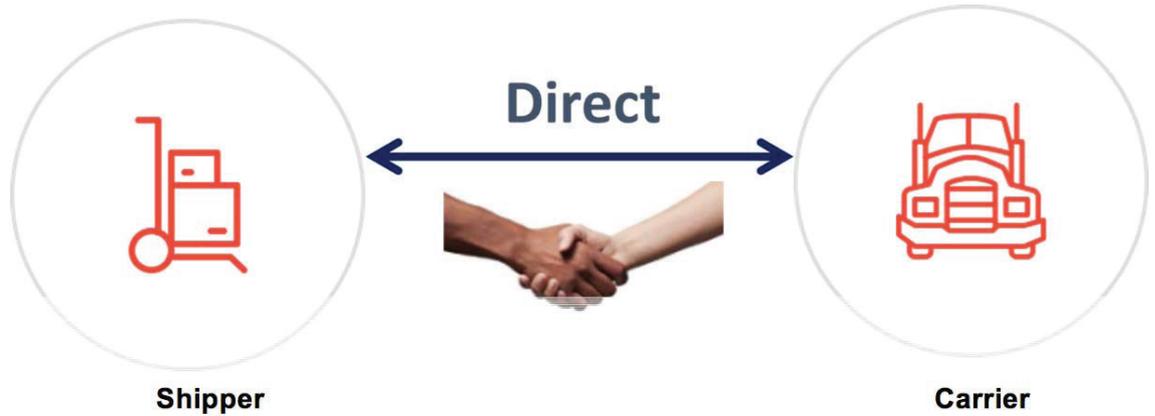
3. **Cut Cost, Increase Productivity.** Just like shippers, carriers' operations feel like a daily fire drill full of aggravations and unproductive interactions driven by a semi-manual process. LoadExpress eliminates all that.

4. **Control Their Own Business.** In the end, LoadExpress is giving control back to the carriers, most of whom have a love/hate relationship with brokers. LoadExpress empowers carriers to get their own customers, set their own prices and terms, and deal directly with them in all aspects without the brokers in the middle controlling the transaction for their own benefit.

FINAL REMARKS

The trucking industry is 20 years behind the airline and other industries which have been totally transformed by Internet and e-commerce technologies. Now, just about every report and survey conclude that adoption of these technologies is the number one priority of every segment of the logistics industry because of fierce competition and squeezing margins. This is especially true for the freight transport business because it is a commodity and it has the lowest margins. The airline industry took a leadership position by creating Orbitz in order to eliminate the 7% commission to travel agents and retain control of the customer relationship. Brokers charge 10-25% margins in the truck freight market. That represents a golden opportunity to change the game.

What the LoadExpress platform has provided is a level-playing field for small- and medium-sized shippers and carriers vs. their big competitors to take full advantage of benefits that technology has proven it can provide. To enjoy those benefits, users need to change their mindset and habits. The current process can be roughly described as "yell at the broker and hope he'll take care of it. If he does, great. If not, yell at him some more." They can't continue to operate like that, and can't continue to complain about their present plight without doing anything and expect things to improve. LoadExpress provides the proven technology to enable shippers and carriers to do their work more efficiently and cheaply, on their own and control the process. With LoadExpress, there is no one to yell at.

The future of the trucking industry is clear: a direct model through automation.

But it will take time, since it requires a mind shift and changing habbits. Brokers will never be completely eliminated, as they are required for complex transactions such as intermodal, 3PL services and major disputes, etc. It's very similar in the travel industry: travel agents still book a large share of cruises and package tours, for example, but less than 10% of commodity bookings like air tickets, hotels and car rentals. This is exactly what LoadExpress has done: automate the commodity truck freight business with a direct auction model. It will cut freight spend for shippers, make more money for carriers, increase productivity and improve customer satisfaction for everyone. SDC