

FROM CARRIERS TO CONTRACTS

Smarter Procurement with the Right Partner

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The New Rules of Carrier Procurement

Shippers today operate in an increasingly complex logistics environment, where securing reliable carrier capacity while maintaining cost efficiency is a significant challenge.

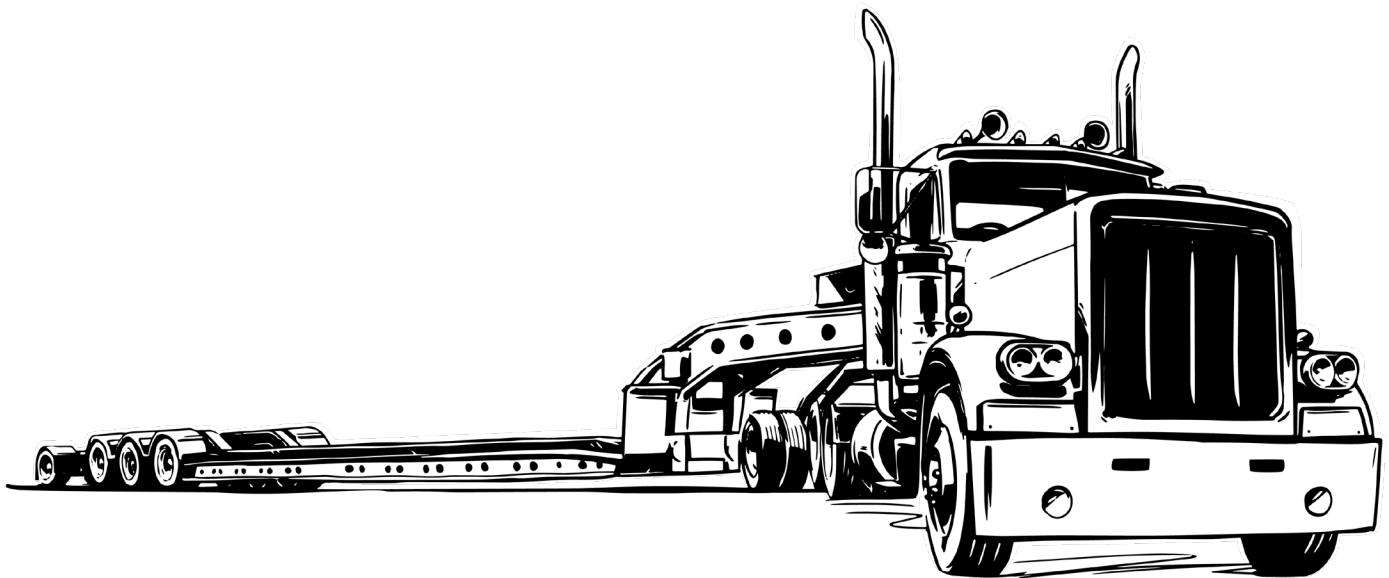
Market volatility, rising freight rates, and capacity constraints necessitate a strategic, data-driven approach to carrier procurement and management.

Traditional transactional relationships with carriers no longer suffice. Instead, shippers are turning to the latest technology, including data analytics, and strategic partnerships, to optimize their carrier relationships and ensure supply chain resilience.

86% of 3PLs use advanced algorithms to optimize shipping routes

Already, 86% of 3PLs are using advanced algorithms to compute optimal shipping routes.¹

This white paper explores the best practices for shippers seeking to optimize carrier procurement and build stronger, long-term partnerships using data-driven methodologies and technology-enabled platforms.



The Shift to Strategic Carrier Relationships

Moving Beyond Transactions

Historically, shipper-carrier relationships have been largely transactional, with shippers selecting carriers primarily based on cost. However, industry research shows that prioritizing strategic partnerships over strictly price-focused procurement leads to more stable service levels and better long-term outcomes.

Long-term carrier relationships boost first tender acceptance by 20%, cutting load rejections

For example, shippers with long-term carrier relationships experience up to a 20% improvement in first tender acceptance rates, reducing disruptions caused by rejected loads.⁵

Carrier Specialization and Alignment

Not all carriers are created equal. Some specialize in specific lanes, regions, or freight types. Shippers that strategically align their capacity needs with carrier strengths achieve better service reliability and efficiency. According to industry data, carriers with high lane specialization deliver 12% better on-time performance than generalist carriers.⁴

Specialized carriers deliver 12% better on-time performance than generalists

Data-Driven Carrier Performance Management

A fundamental component of strategic relationships is performance measurement through carrier scorecards. Scorecards help shippers objectively assess carrier performance using key performance indicators, such as:

- On-time delivery rate (Target: 95% or higher)
- Transit time consistency
- Load acceptance rate (Target: 90%+ on first tenders)
- Freight claim frequency
- Communication responsiveness

Carrier scorecards drive 15% better on-time delivery & cut freight claims by 10%

Shippers that implement carrier scorecards see an average of 15% improvement in on-time delivery rates and a 10% reduction in freight claims.³

The Role of Technology

Supply chain disruptions cost companies \$184 million per year on average

Real-Time Data and Visibility

Supply chain disruptions cost companies an estimated \$184 million annually on average. Using real-time analytics allows shippers to proactively address issues such as carrier delays and bottlenecks.²

By integrating Transportation Management Systems (TMS) and freight visibility platforms, shippers can track shipments in real-time, analyze performance trends, and adjust their procurement strategies accordingly.

Freight Matching Algorithms

Advanced machine-learning (ML) algorithms can match loads with carriers based on lane preferences, performance history, and capacity availability.

In this way, AI-driven digital freight matching (DFM) and freight procurement tools are helping companies to reduce any routing inefficiencies and improve cost predictability.



Key Challenges and Solutions in Carrier Procurement

Capacity Constraints

Challenge: Finding reliable transportation capacity, especially in peak seasons.

Solution: Establish long-term relationships with dedicated carriers and use TMS-based predictive analytics to forecast capacity needs.

Lack of Standardized Carrier Performance Metrics

Challenge: Inconsistent carrier evaluation methods make it difficult to compare providers.

Solution: Implement strategy-specific scorecards that track KPIs tailored to business needs.

Inefficient Manual Processes

Challenge: Time-consuming and error-prone carrier selection and communication.

Solution: Automate procurement workflows with AI-driven carrier selection and freight audit tools.

Market Volatility and Spot Market Dependence

Challenge: Over-reliance on spot market rates leads to unpredictable costs.

Solution: Balance contracted freight with spot market agility to hedge against cost fluctuations.

The Strategic Advantage of Long-Term Carrier Partnerships

95% on-time delivery seen as industry standard by shippers and carriers

Predictable Capacity and Service Reliability

Studies indicate that both shippers and carriers consider a 95% on-time delivery performance as the industry standard.

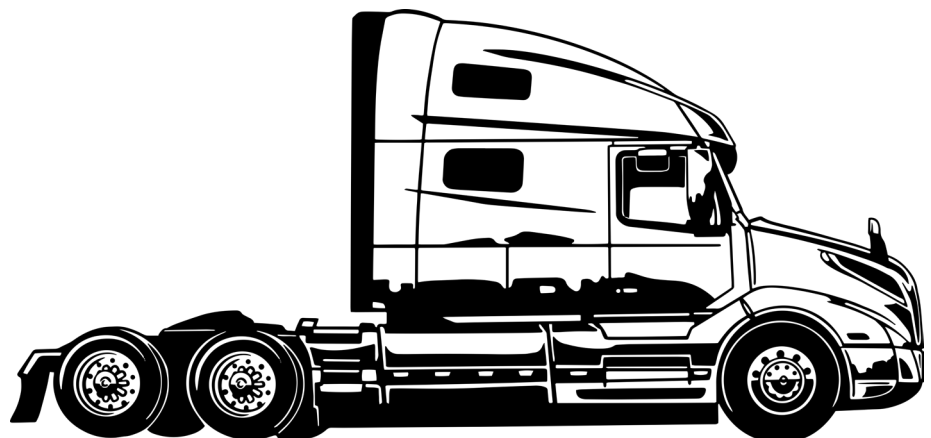
However, the structured nature of long-term relationships often exceeds such performance benchmarks. Dedicated agreements provide consistent capacity and service levels, reducing uncertainty around spot market fluctuations.

Lower Freight Costs Over Time

More long-term relationships or dedicated fleets ensure that shippers have exclusive access to transportation resources, leading to more reliable scheduling, reduced handling, and minimized delays.

Customized Solutions

Shippers can tailor transportation strategies to their specific operational needs, adjusting delivery schedules and accommodating unique cargo requirements. This might include branded fleets, or temperature-controlled units for perishable goods.



Want a Supply Chain that Works?

Partner with a 3PL

In today's volatile market, securing reliable, cost-effective carrier capacity while maintaining service quality is a persistent challenge for shippers. Traditional carrier procurement methods often rely on outdated rate sheets and fragmented relationships, leading to inconsistent service levels, higher costs, and increased shipment delays. Partnering with a 3PL streamlines this process, leveraging technology, data-driven insights, and strategic carrier alignment to drive efficiency and reliability.

Optimizing Carrier Procurement with a 3PL

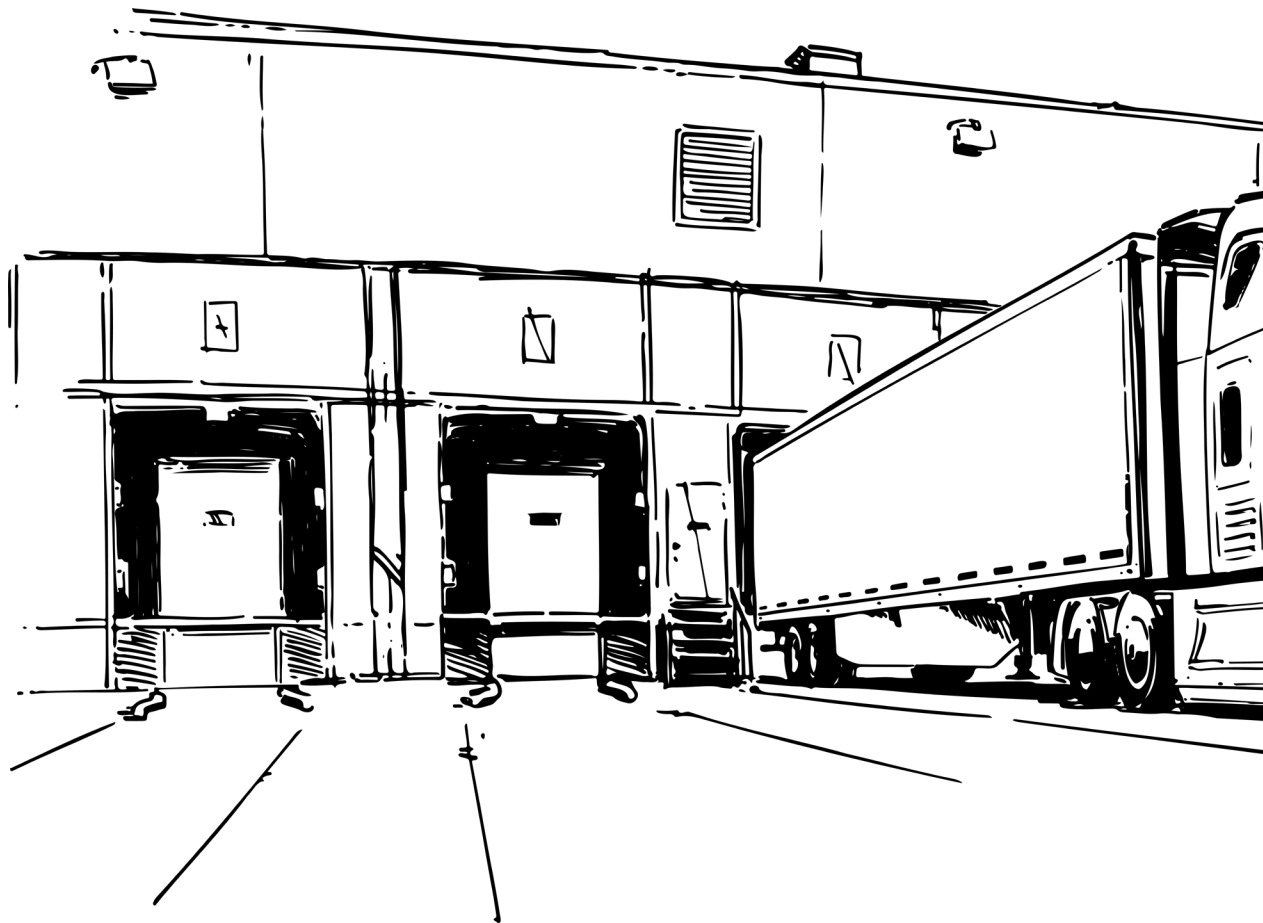
3PL partnerships assist shippers in optimizing their carrier procurement strategies through:

- **Technology-Driven Freight Matching** – Carrier selection algorithms that rank and match carriers with shippers' capacity needs, reduce inefficiencies and lower total transportation costs.
- **Carrier Scorecarding & Performance Management** – Data-backed carrier performance tracking ensures only the most reliable and cost-effective partners move your freight.
- **Real-Time Shipment Tracking & Analytics** – Proactive monitoring provides visibility into shipment progress, reducing the risk of delays and enabling data-driven decision-making.
- **Strategic Carrier Alignment for Cost & Reliability** – Repeat carrier utilization and backhaul optimization enhances service consistency and cost control.

How Spot Delivers a Competitive Edge

Unlike transactional brokerage models, Spot's carrier procurement strategy is built on long-term optimization, not just spot market pricing.

- **AI-Driven Carrier Selection** – Spot's algorithm continuously refines carrier matching based on historical performance, lane preferences, and real-time market conditions.
- **Regional Expertise & Competitive Pricing** – Spot's dedicated carrier account managers operate within six strategically assigned zones, ensuring deep market expertise and cost-efficient solutions.
- **Resilient Capacity Planning** – Predictive analytics and a dynamic routing guide empower shippers with adaptable, scalable carrier partnerships, minimizing disruptions.

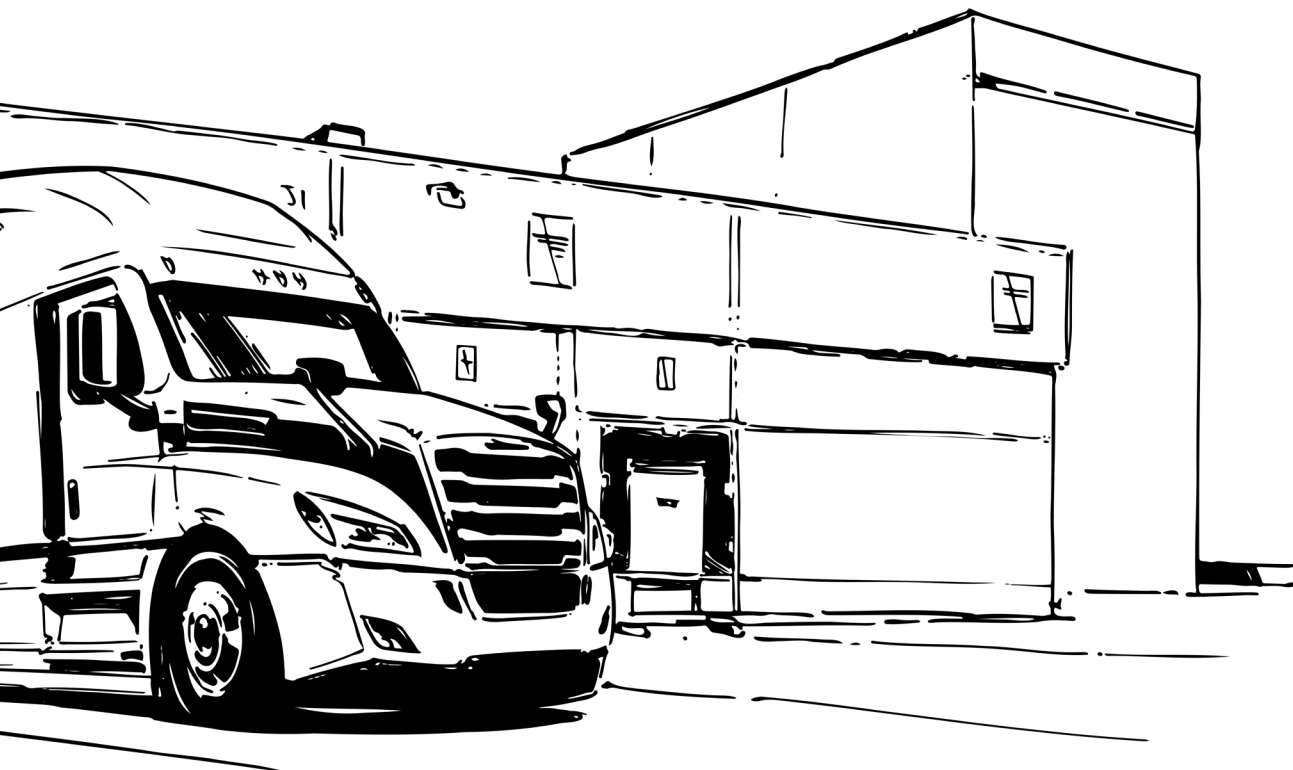


Final Thoughts

Optimizing carrier relationships and procurement requires a shift from reactive, transactional freight management to a more strategic approach.

Spot's expertise in freight technology and carrier relationship management makes it an ideal partner for shippers looking to modernize their supply chain strategies and improve contingency planning.

Aside from technology adoption, improved transparency can prevent the nasty surprises (including re invoicing and fees) that have strained so many relationships in the past, helping to ensure resilience and competitiveness for the long haul.



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