

# CIS: The Cost Intelligence System for Air Cargo Carriers



**Every shipment** is a unique combination of weight, handling units, density, origin, destination, and other factors. This makes average-cost calculations meaningless. The SMC<sup>3</sup> Cost Intelligence System provides motor carriers with the cost of moving each shipment from origin to destination, utilizing their company's expenses and operating information. This is supplemented by SMC<sup>3</sup>'s industry database of P&D stop-time and cross-dock handling performance.

**CIS** has two purposes: developing projected costs for moving prospective freight for both bid response and spot-pricing, and producing an ongoing costed database of actual freight. That database is used to analyze the profitability of customers and other traffic segments.

## SMC<sup>3</sup> Cost Model

SMC<sup>3</sup> develops and delivers a model of each carrier's operations and service areas directly from their operating expenses and statistics, mapped to SMC<sup>3</sup>'s unit cost categories, so that ongoing updating can be performed quickly and efficiently. Multiple models for various accounting periods, and projected future levels of costs and performance, can be easily established using SMC<sup>3</sup>'s maintenance software. The flexible models will:

- Include the carrier's performance data for Pickup and Delivery (P&D) areas or airports served by the carrier's drivers and equipment.
- Use rates charged by cartage agents for any areas they serve on the carrier's behalf.
- Develop individual shipment costs that recognize every activity employed in moving freight.
- Include standard extra-cost codes, which can be set up and then applied to recognize notification, temperature control, and a wide range of other costs incurred in addition to the movement of freight.

## Prospective Cost Analyses

Several tools are available in the user software for the Cost Intelligence System to develop the cost of prospective freight.

- **Interactive:** An easy-to-use shipment data entry routine for costing one or more shipments with a minimum amount of key entry via a template feature, selection lists and worksheets.
- **Rate Analysis:** This is used to develop custom, cost-based rates (geographically based on shipment, pieces, weight, cube or pallets, even by day of the week), or to evaluate existing rate tables. This routine lets users set up rate groups for various origin and destination combinations.
- **File Importing:** This allows users to map columns and then read-in shipment data from files, adding other information where available, for efficient bid-response.

These different methods of delivering shipment data to the Cost Intelligence System, which include sophisticated editing capabilities for making "what if" and other data adjustments to large numbers of shipments, allow for precise shipment descriptions, leading to more accurate shipment costs.

# Cost Intelligence System



## Let's get started

All you need is:

- Your chart of accounts
- Your general ledger and the latest financial statistics
- Your service areas
- Freight terminals and sizes
- Airports where drivers are stationed
- Any local performance data currently collected
- Rates charged by cartage agents

## Pricing CIS

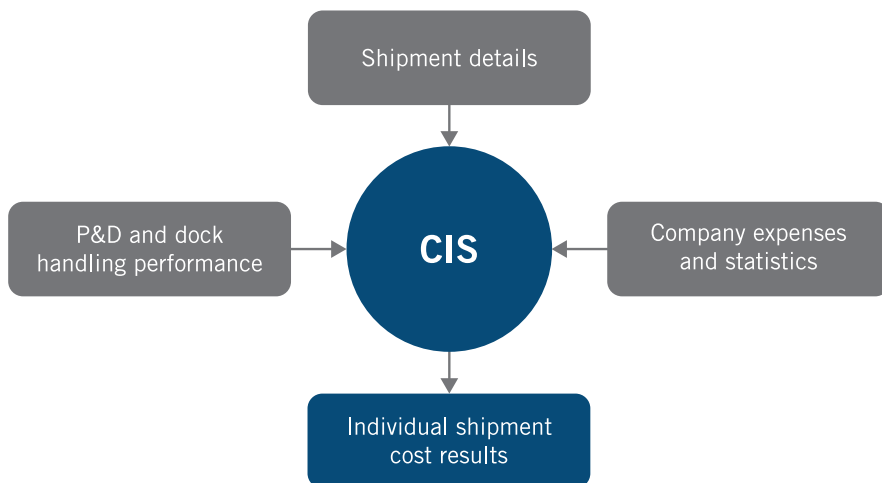
The cost system was designed to interface with RateWare® XL. When applicable, this allows shipments in a cost file to be rated at the same time they are costed, via user-selection of the tariff required for a proposal, allowing shipment discount, fuel surcharge, and/or minimum charge manipulations to determine the most profitable response to customer requests for proposals.

## Traffic CIS

Each carrier's cost model, once established, is used to cost all the carrier's freight on an ongoing basis, providing a costed traffic database of all business, reconciled each financial period to actual expenses and payroll hours. Standard month-end reports are automatically generated, ranking customers by size and profitability. The CIS user software includes a reporting tool to allow analysis of freight by weight, area, density, distance, and dozens of other factors. Users can drill-down to the cause of both profitable and unprofitable traffic segments, or even to the individual shipments.

## Want to know which customers give profitable freight and which don't?

The Cost Intelligence System provides these answers.



## About SMC<sup>3</sup>

SMC<sup>3</sup> is a hub of expertise in the LTL arena. Fueled by heavyweight, analytical APIs, SMC<sup>3</sup> delivers its core competency—LTL pricing expertise—through collaborative pricing technology that supports end-to-end, ongoing predictability in shipper/3PL-carrier relationships. More than 5,000 North American shippers, carriers, logistics service providers and freight-payment companies rely on SMC<sup>3</sup>'s sophisticated LTL base rates, content, and expert bidding and planning tools to make the best business decisions, achieve higher returns on their transportation investment, and meet the dynamic demands of the market. Through hosted API solutions, SMC<sup>3</sup> supports the entire supply chain with industry-leading speed, reliability and performance. SMC<sup>3</sup>: Investing a lifetime to help optimize freight transportation.

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