



Free TMS Software? *The Price is Right!*

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The leading TMS technologies will be offered at no charge to customers in the next few years. True innovators offer free TMS technology as a means to an end: to move more freight for their shipper customers. People will always try free first, and if a free TMS meets their needs, the traditional software companies will become obsolete. In fact, we are already seeing that happen. The model of software companies charging clients for their TMS software is quickly being replaced by companies such as InMotion Global, which successfully gives away its software.

In the recent soft market, some shippers have been shunning brokers and moving to asset-based carriers, thinking they are getting better pricing. While many inexperienced national and international shippers think they will get better prices by going to the asset players, this is mathematically impossible. The wiser and more experienced shippers know that most asset players broker more than 50 percent of their freight moves; some broker 80 percent or more. The brokerage market reflects the entire market at any given point in time and is a much better indicator of steady and reliable pricing and service than even the largest pure asset players.

As soon as an asset is used or geographically displaced, an asset player must become a broker in order to provide the best price and service. So, an intelligent shipping program includes a mix of both asset players and intermediaries. Ultimately, you want the best price, service, and people; and leading intermediaries typically provide all three.

Traditionally, markets find equilibrium pretty fast, and capacity supply and demand work out their differences. Today, however, the markets are not acting normally and certain institutional factors bring about unintended and adverse consequences.

Look at ocean freight, for example. Most large ocean carriers are government-owned, to varying degrees. They have been bleeding money for years and there is no end in sight. The governments continue to supply the necessary funds and shippers have no incentive to change carriers. The weak need to fail. Only then will the market adjust.

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