Statement of
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Transportation Subcommittee on Transportation and
Safety

Hearing: “Examining Technological Innovation in
Transportation”
**Introduction**

Chairwoman Fischer, Ranking Member Duckworth and Members of the Subcommittee, thank you for the opportunity to testify at today’s hearing. As the nation’s first digital load board and online freight marketplace, Truckstop.com has been serving carriers (owner-operators and small fleets), freight brokers (third-party logistics providers or 3PLs), and shippers for nearly 25 years (see appendix). As a result, we have unique insight into the state of transportation and logistics within our nation.

**Introduction of Brent Hutto**

I joined Truckstop.com six years ago, I serve as the Chief Relationship Officer for Truckstop.com which includes ensuring the health of all of Truckstop.com’s external relationships with the hundreds of transportation technology companies that we have integrated with. In my 22 years in the transportation and logistics industry, I have developed extensive experience covering the market including positions of leadership in sales, marketing, media, and communication. I have specific experience with carriers, brokers, shippers, industry suppliers, technology leaders, media companies, and financial firms. Presently, I serve on the Boards, Committees, and have membership with Transportation Intermediaries Association (TIA), National Strategic Shippers Transportation Council (NASSTRAC), Specialized Carriers & Rigging Association (SC&RA), Women In Trucking (WIT), American Trucking Association (ATA), Truckload Carriers Association, National Private Truck Council (NPTC), Intermodal Association of North America (IANA), and National Industrial Transportation League (NITL).

**Introduction of Truckstop.com**

Truckstop.com was founded in 1995 as the first online load board. Prior to Truckstop.com, carriers (truck drivers and trucking companies) and freight brokers (third-party logistics providers or 3PLs) transacted freight via a system of physical bulletin boards, TV monitors, and fax machines at truck stops throughout the country. Today, Truckstop.com is one of the largest digital freight matching marketplaces in North America, with more than 500,000 unique load posted per day. In addition to load board services, Truckstop.com provides a neutral marketplace with real-time visibility into freight capacity, availability, market rates, and truck location. Truckstop.com offers freight management services ranging from carrier onboarding to insurance and payments.

**State of the transportation and freight industry**

My purpose in testifying today is to provide insight into the emerging technology trends within the transportation industry and provide a basic framework for understanding how digitization (the introduction of new digital technologies) could ultimately challenge or evolve existing business models and the impact on current freight and surface transportation infrastructures.

Understanding the transportation and freight industry requires a quick examination of the milestones that have led to our current state. In 1980, The Motor Carrier Act, partially deregulated the trucking industry, resulting in a dramatic increase in the number of trucking carriers in operation (less than 20,000 in 1980 to around 1.2 million today)¹ and paving the way for 3PLs. The highly fragmented market

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created by deregulation made it possible for 3PLs to offer value-added logistics services, increasing competition and productivity within the trucking industry and benefiting the American consumer by reducing costs.²

Two decades later, the introduction of the internet, “dot-coms,” and e-commerce changed the traditional shipping model once again. The rush to free delivery and the increased purchasing of unpredictable sets of items from online retailers, required the transportation industry to adapt to a new set of shipping practices. This change in consumer behavior and the desire for expedited delivery, helps explain increases in the American Trucking Associations’ trucking tonnage index, which has steadily risen since 2001 except for the recession in 2009.³ According to the CSCMP’s Annual State of Logistics Report, e-commerce continues to create multiple challenges for parcel carriers. These include:

- **Delivery density.** With more residential deliveries—often single-package stops—routes are longer and less effective.
- **Variability.** Shipments in the Thanksgiving-to-Christmas window are about twice non-holiday levels. Volumes also fluctuate across weekdays as a flood of weekend orders are picked up Mondays and delivered Tuesdays and Wednesdays.
- **Volume profiles.** As e-commerce expands to larger and irregularly shaped items (mattresses, patio furniture) that won’t fit on standard sorting equipment, special handling is required.
- **Click-to-door requirements.** Same-day, two-hour, rush, critical, urgent—customers have a seemingly insatiable demand for getting their packages as fast as possible.⁴

Today, more than 70 percent of all freight is moved via road in North America. Of this, the for-hire market accounts for 60 percent, with nearly 34 percent of that market in turn accounted for by spot brokerage (shippers broadcasting loads to freight brokers in order to find capacity at a competitive rate).⁵

However, under the current system, empty miles (trucks traveling without freight) and lengthy idle times (sitting in traffic, wait times for loading/unloading) have led to decreased safety and low margins for the trucking industry. This results in fuel waste, non-productive emissions, lost driver hours, inflated operational costs, and unnecessary road congestion.

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As it turns out, of all the miles that truck drivers travel across the country, 40 percent of those trucks are empty. Let’s think about that—40 percent of the carbon impact from trucks today is because of empty mileage.

- For every 1 percent improvement in truck routes and utilization, we can save:
  - Nearly 400 million gallons of fuel from being consumed.
  - 100 million productivity hours from being wasted.
  - 3 billion miles from being driven each year.\(^6\)

To put all of this in perspective, spending in the U.S. logistics and transportation industry totaled $1.64 trillion in 2018 (8 percent of U.S. GDP).\(^7\)

Enter the digital transformation era. Recognizing an opportunity to eliminate inefficiencies and capitalize on one of the nation’s most lucrative markets, new and existing companies have dramatically increased their investment in, and adoption of, new digital technologies, including digital freight brokerage apps.

It is important to note that while multiple industry segments (including finance, healthcare, and retail) have been early adopters of digital technologies, the transportation and logistics industry has traditionally been slower to adopt new technology. A survey of 200 executives working for terminal operators, carriers, logistic providers, shippers, and other supply chain companies found that only 31 percent of respondents believed their industry was as good or better than other industries at adopting new technologies.\(^8\)

To further emphasize the increased interest in technology adoption, we look at global funding for digital brokerage solutions which passed $1 billion in 2017 and exceeded $3.6 billion in 2018; a 260 percent year-over-year increase.\(^9\)

With the U.S. population expected to grow by 38 million between 2015 and 2030, consumer demand will increase the amount of pressure on the transportation and logistics industry to deliver goods in a timely and efficient manner. Digital technology adoption will play a huge role in transforming the industry as we know it today.

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\(^6\) [https://convoy.com/about-us/](https://convoy.com/about-us/)


**Digital freight matching and automation**

Digital freight matching allows carriers to use digital technology (typically a mobile app) to “tap and go.” That means the carrier pushes a button to accept a load at an offered rate and they are on the road. No more time spent manually researching available loads, negotiating on the phone, etc.

The carrier starts by setting up a profile with their list of preferences in their preferred digital freight matching app. For example, they select their preferred lanes (the routes they routinely travel or service), their truck’s capabilities (flatbed, refrigerated, etc.), any additional certifications (hazmat, over-sized, etc.), and load information. An offer would come through as an alert on their phone. The driver can then choose to accept the load if the price, location, haul, and timing are right for them.

Behind what the driver sees, there is a shipper or broker posting the freight they need moved. For freight to be moved at the push of a button, extensive details about the load must be included. Without knowing information like weight, rate, distance, appointment times, and pick-up and delivery locations, a carrier cannot confidently commit to moving the load.

Ideal digital freight matching experiences should have the ability to predictively and proactively push load matches out to its users. It should prioritize a user’s preferred business partners. It should have wide geographic coverage and automatically track loads, so shippers and brokers know exactly where their freight is, estimated time of arrival, and when it is delivered.

**Benefits of digital freight matching**

Digital freight matching is evolving the transportation and logistics landscape by bringing attention to current inefficiencies and outdated practices. Digital freight matching addresses issues associated with empty miles, maximizing truck utilization (capacity), and wasted time, but it also has the potential to reshape some of the more painful parts of the freight negotiation process for both carriers AND brokers. For example:

- It can shorten the amount of time spent between getting a load posted and having it filled by a carrier.
- It can reduce or remove time spent making phone calls trying to find or book a load.
- It can automate processes for finding qualified partners, rates, and loads so users have greater confidence and insight into the entire freight process from initiation to final delivery and payment.
- It can replace outdated systems like fax machines and paper documents for carrier onboarding.
- It can automate proof-of-delivery and document management to increase the trust between parties and decrease the time needed for verifications before payments are made.
- It can increase overall efficiency by eliminating redundant manual tasks and allowing employees to focus their time and energy on more value-added work.
- It can decrease idle time and improve overall asset utilization.
- It can increase available data points and records allowing for better reporting and analytics.

Ideally, digital freight matching will do more than simplify the negotiation process. In fact, it should:

- Provide digital messaging and paperwork like bills of lading, invoices, contracts, etc.
- Connect partners seamlessly.
- Provide insights for business growth and profit.
- Have a quick-pay solution.
- Provide predictive matching so drivers stay loaded.
- Auto-match capacity (find trucks faster) for brokers.
- Integrate into a transportation management system (TMS) or on any mobile device.

As it stands, there isn’t a complete technology solution that can do everything it should when it comes to digital freight matching. However, as noted previously, increased attention on current inefficiencies are rapidly driving innovation, which will have a dramatic effect on the current transportation and logistics system we know today.

**Effects on the transportation industry**

E-commerce will continue to increase the number of short-haul and final-mile trips (movement of goods from a transportation hub or warehouse to the final delivery destination), which will increase the volume of traffic in densely populated urban areas. So, while digital technology has the potential to help the transportation and logistics industry address many of the inefficiencies outlined above, the ultimate success of digital adoption and successful delivery of goods will be closely tied to a reliable and sustainable surface transportation infrastructure that can handle increased capacity while simultaneously ensuring driver and public safety.

The FMCSA Electronic Logging Device (ELD) Mandate has introduced a wealth of new data to the marketplace. This data opens the door to getting better data on transit times and carrier locations and more. As additional technology is applied and more end points are added, data flowing from computers to computers (sensors, mobile devices, logging devices, etc.) will reduce, and in some cases eliminate, the use of telephones to match loads with truck capacity reducing the time it takes to move and deliver freight. It will allow for better prediction of when trucks will arrive despite weather, traffic, and other unpredictable events creating more transparency and visibility for more efficient load matching and pricing.

For shippers and brokers, automation will drastically reduce the number of repetitive processes that have to occur regularly including things like carrier onboarding. For carriers, automation means better loads at more attractive rates—using digital technology to coordinate, track, and manage documents with full transparency—ultimately making them more efficient.

**Conclusion**

According to a September 2018 report by Goldman Sachs Transportation, 3PLs and freight brokerages handle 23 percent of all loads moved in the U.S., a share that has grown 5x since 2000. As technologies continue to evolve, the digitization of the highly fragmented freight brokerage marketplace has the potential to drastically improve the transportation and freight industry. Technology can provide a promise of increased efficiency, however, without supporting surface transportation infrastructure, any gains achieved through digital improvement will be eliminated by problems of congestion, parking availability, hours of service corrections, fuel costs, and wear and tear on trucks due to poorly maintained roadways.
Ultimately, digitization has the potential to improve the entire freight matching process, and that translates to increased safety on the road. The safety benefits of digital freight matching include:

- Automation replaces the hours spent making manual phone calls thus reducing truck driver fatigue.
- Increased efficiency reduces truck driver workload allowing the driver to concentrate on the road and become more profitable while driving fewer miles.
- More profit means less need to bend the rules thus increasing safety.
- Real-time tracking and monitoring of freight movement, increases consumer satisfaction and allows for on-the-fly updates to avoid traffic congestion due to accidents, weather delays, and more.

Truckstop.com is working to smooth the noisy, chaotic, multi-system interface between freight and capacity by automating connections so carriers and brokers (regardless of size or resources) can move freight more efficiently. We believe it’s imperative that Truckstop.com and other software service providers remain neutral and not classified as licensed freight brokers to help ensure a neutral and transparent marketplace enabling all players to succeed—to find, rate, manage, optimize, track, insure, and pay for freight.

We are deeply committed to efforts to continuously improve the success of transportation and logistics operations including relationships between carriers, brokers, and shippers. We believe that adopting digital technology will ultimately improve our nation’s trucking infrastructure leading to improved safety on the roads and happier consumers. We look forward to working with you and National and State officials to help advance the understanding and adoption of digital technologies within the transportation industry.

Thank you, again, for the opportunity to be here today. I am happy to respond to any questions.