

Q&A with Brad Hollister, CEO of ClearView Audit Transportation Management System enabling Supply Chain Professions to Automate Decision Making, View Shipments in Transit, Settle Freight Billings, View Data and Analytics



Brad Hollister
Chief Executive Officer

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Interview conducted by:
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CEOCFO: *Mr. Hollister, what is the vision behind ClearView Audit?*

Mr. Hollister: Our company started out as ClearView Supply Chain. We saw an opportunity in the market to apply technology to all areas of transportation across all shipping modes, from parcel, to LTL freight, to full truckload freight, to rail and even to ocean container, and provide companies the ability to dynamically make decisions and leverage artificial intelligence to make the proper routing decision of which carrier, which mode and how to ship something, view the shipment in transit and then settle the freight invoice from the carrier. We quickly realized that ClearView Supply Chain did not resonate

with our customers. After stepping back we really had a decision to make; should we call ourselves ClearView Technology or ClearView TMS, which stands for Transportation Management System or should we call ourselves ClearView Audit. The challenge we have in branding is that most supply chain professionals want to put us in a bucket they are familiar with. We view our company as completely 'blue ocean' with no competitors anywhere in the world that have the same vision of using technology to automate decision making, view shipments in transit, have visibility of shipments; either outbound or inbound to any customer and lastly, to have the ability to view the data and the analytics and settle those freight bills to make sure that you have not only proper billing, but you can make decisions based on your data.

CEOCFO: *What were some of the bigger challenges in putting the pieces together?*

Mr. Hollister: The biggest challenges that we see in the shipping industry are still old-school thinking about shipping purchasing decisions are made and those antiquated strategies are reinforced by current landscape of legacy transportation technology companies. An example of this flawed thinking would be table based routing decisions where static decision making is made once per year and that is the decision that is being made. When you look at global leading supply chain technologies like SAT and Oracle, they continue to do business the way business was done in the 1980's and these companies continue to sell multimillion dollar technologies to essentially lookup carrier routing based on a table entered once per year (or less). ClearView sees a future that is essentially automated and dynamic which allows people to survey the market on every shipment and choose the best option at any given time (based on price and transit time). This live, real-time decision making is a very large disruption to the status quo in how leading global shipping executives manage their supply chains. Tapping into the Fortune 500 companies has proven more difficult than we anticipated, despite the reassurance from these companies that we are 'years ahead of anything else they've seen.' ClearView has discovered that companies which are adopting a transportation technology for the first time are going to choose the technologies they perceive as safe because these legacy technologies can point to a list of well known companies who have purchased the solution over the last 30 years. However, companies utilizing these legacy technologies are going to have a better understanding of what these systems are lacking and they are going to see what our system does for them truly in having the real time visibility. ClearView is well suited to deploy our cutting edge solution in companies which have the experience to make decisions about functional requirements of what they need in their supply chain.

CEOCFO: Why are you confident you can break through the legacy? Do you see it as just a matter of time? How are you able to take incremental steps to get the message out strongly enough to make a big change?

Mr. Hollister: For 2017 we will end close to \$100 million in revenue and have done so with no sales people. Channel partnerships has been responsible for almost all of our revenue growth. Our profile of target customer continues to raise, because as the supply chain gets more complex the real-time, global visibility increases more and more. Analytics, real time visibility, control tower analytics, control tower visibility are the buzz words for 2017 in the shipping industry. Funny enough, there is not a single provider in the entire industry which utilizes a true cloud infrastructure with non-SQL database. The reason technology architecture is vital is because if you had to process a million packages that shipped on one day and you had to see which ones were wrong and which ones needed to be shipped differently and which user at your factory made mistakes; that would be impossible to do in a legacy environment with on premise services or SQL data bases. That much data cannot be proceeded in this antiquated database configuration. They can only be done in the cloud. Therefore, what we are starting to see for the first time in mid 2017 is that large companies with \$60 to \$100 million shipping spend are starting to understand that they have to be in the cloud because they need real time data. The legacy systems that are either on premise or end server farms cannot support their processing requirements that they need to control their company.

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CEOCFO: Do you offer one solution and companies might use parts of it? Is it all so integrated that once it is in, would it supplement whatever else a company is doing and they would use all pieces? Would you give us some examples of how your solution is used and what the components are?

Mr. Hollister: That is a great question. Oftentimes we start a relationship with a company by filling the need which they perceive need to be filled. So often, companies will say to us, “You will never get us better freight rates, they are incredible,” and we already know we can help them save money on their shipping network because they are not focused on the right target. Simply put, no supply chain executive has what they need to negotiate their own freight rates. They do not have the expertise. They do not have the tools. Most people that come out of an MBA Supply Chain program have never taken a single class about carrier networks, because this class is not offered in a single supply chain school. If it was offered, the moment the text book came off the press, the data would be obsolete. Now these executives are tasked with negotiating freight rates? Huge Mistake. Therefore, most often companies start relationships with ClearView Audit either as a full freight payment and audit solution or a transportation management technology. Once the relationship is established then our solution can make recommendations to our customers about where improvements can be made operationally to reduce costs and improved service or analyze shipping rates to show them areas where they could do better. Most commonly, shipping rates are not in their favor, the contract terms are not in favor with their carriers; sometimes they are just using the wrong carriers to haul their shipments. For example, can you imagine if you had to personally ship a box across town? You are not going to hire a full fifty three foot semi to do that. Companies do the equivalent of that thousands of times every day. We see it every day from very experienced supply chain executives. We see that these companies do not have the visibility or the tools to understand that it is happening, to change it or to even know it should not happen in the first place and there was a better option was available.

CEOCFO: Are you initially dealing with the supply chain people at a company or would you be dealing with an operations person, perhaps a CFO that is looking to save money? Who is your typical contact?

Mr. Hollister: We are finding ourselves working at a higher level such as the controller, the CFO or even the CEO. Typically, when it gets to the CEO it is a larger issue than simply cost. It is an issue of service. Maybe a company’s largest customer had been jeopardized because transportation issues. That it is very common. That is when we talk to a CEO and show them what tools are that we have in place for live tracking that can help to reduce that. Controllers and CFOs; we find that if they have been with the company for a long time they become very complacent. Leaders want to believe in the people they have and that they have made the right decisions for the company. At ClearView we believe that those people have done the best they can to make the right decisions for the company. We just do not believe they have the background to make such important decision. We do not believe they have the tools and we do not believe they have the data to possibly make decisions. Freight costs comprise between five and ten percent of revenue for most companies who ship products inbound or outbound. When you start and think about that number for a moment and start to think about the people at the company that are responsible for negotiating freight rates, you start to scratch your head, because

sometimes purchasing people who negotiate freight rates have never been on a dock! It is not a normal purchasing event. People negotiating freight rates need to have intimate understanding of the current state of carrier networks. These executives need to understand which carriers are strong in which parts of the country at the time they negotiate pricing. To make matters even more confusing is that these conditions literally change by the week, by the month and by the quarter. Therefore, they truly need to have someone with live market data at their fingertips to be able to drive efficiency in the supply chain. Negotiating freight rates is not an annual event! It is a daily activity to constantly realign the network.

CEOCFO: *What is involved in an implementation? How do you ease the trepidation? As you are doing the implementation are you able to spot when something goes wrong and can quickly fix it?*

Mr. Hollister: Normally we find that even if we get the C level endorsements, we need for the C level to communicate, inside the organization, the benefits of the solution, the vision for the solution and we need to keep that C level in check in the reporting structure. That is because we typically find that C levels make the decisions to hire us and then we do not get the adoption, so we start to get inter-fighting with the lower level; people that start to look at this as a threat. The single most important element of a successful deployment is communication, without a doubt. We have to communicate, not only the solution, the timeline and get the buy in from the people that we are working that they are comfortable with the timeline and they see the solution. However, we also need to elicit their fears from lower level users. In what you had said; the technical integration is very, very simple. ClearView has to manage the emotional side of change management. We help to ensure the change move as slow or as fast as the company wants to. I like to believe that all of our customers have the feeling, "Gosh, what did we ever do before this!" We really sleep well at night knowing that we did our best every day to leave our clients with that feeling; that they could not continue without the tools that we have given them.

CEOCFO: *What does a company have to put in place outside of your system? Do they need to have meetings with people to discuss how to go in to advise the customer of how something is sent to them?*

Mr. Hollister: One of the things that we see an opportunity for is the integrity of the data within the company's ERP. Oftentimes, there is a lot more a company can do within their own dataset. For example, if a customer has special delivery requirements or if the products have the dimensions and weights of the products in the ERP, we find perhaps the customer has entered special delivery instructions in the 'notes' section of the order, but not in the separate fields or the product does not have the dimensions stored in the ERP or the weights are not stored on the product. Those are very important pieces that oftentimes is overlooked. If a company was doing static/legacy decision making; for example, "Anything going to Florida, we are going to use ABC carriers." Then there is not really a reason to require better product data in the ERP. However, if ClearView's solution could drive costs down *forty percent* and improve the service of their supply chain in the process simply by having those dimensions on those products or the weights or understanding electronically and automatically what those customers delivery hours are for example, optimal/automated decision making could fix the inevitable in-efficiencies. We see lack of using data as a big challenge with many lot of midsized companies, that the integrity of the data they have in their system and holding the company people and the purchasing department and warehouse folks responsible for constantly managing the data in their system.

CEOCFO: *Number fifty five on the Inc 5000 list is quite an accomplishment! Would you tell us about your growth and how you continue in the trajectory?*

Mr. Hollister: We take pride that we have broken every rule we have read about building a technology company. The reason we have broken the rules is that because most of the rules say "Build a product, raise capital and if a customer does not fit your product then move on to the next customer and make one product that is scalable and so on". We have taken a more customer-centric approach. We believe the opportunity is to make our system work absolutely perfect and flawless for every one of our customers. Oftentimes, our customers do not know what they need or want and the end solution looks very different than originally planned early in the engagement. It often takes time to elicit functionality and requirements from companies over the time of the implementation. Although things change we have made our technology completely configurable to match process within the companies and improve process. The number one factor of our growth, without a doubt, is our people. We have built an environment where people take complete ownership in the product and the service, even in the customer relationship. The people have absolutely been vital in our growth and we cannot imagine our company without any single person there today. We have chosen not to do business with a company because of how they treated our people and it was stronger for us to unite and continue to play on the same team here as a company, rather than to chase a customer that probably was going to be toxic or divisive in our environment. We really are excited about the things that we have done in terms of from a customer's experience, like making the system and the service completely tailored to their fixed process and adhere to their current process. Most importantly we find is that process is usually driven by our customer's customers. Therefore, we have to understand our customer's customers requirements so that the system can make sure that we are being respectful and making sure were are executing the service to our customer's customers that they expect. An example would be are there shipping notice requirements, does

our customer's customer require some kind of notification when something ships, do they require a tracking number, do they require an invoice at that point, what is the requirement, what is the delivery requirement, is it a highly time sensitive industry or it is stock replenishment. Those are the things that we really have to dig into so that we can be better and a better partner to our customer.

CEOCFO: *What surprised you through the whole process?*

Mr. Hollister: The thing that surprised me the most is the inability for non-confident executives to execute improvements within their companies. I would say a large number of executives we speak with can look at ClearView and see the benefits from our tools and then not have the confidence to implement within their own company. We often meet with executives to identify \$3 or \$4 million in savings only to learn these leaders are afraid to ruffle the feathers of a forty year employee who is the person responsible for these inefficiencies. Often these executives will tell us to come back in three years when this person retires, or etc. Meanwhile, there are millions of dollars at stake, which means they are paying that person millions of dollars in inept or antiquated decision making. There are possible huge missteps that could be made in service of the wrong carriers hauling the freight or on a very similar topic, making technology decisions based on who their customers are rather than what their functionality is or what their product roadmap is. Therefore, the inefficiency of top executives to implement process improvement is the thing which has surprised me the most. We can go into major companies that tell us, "You are years ahead of everything that we have seen. We are interested. We definitely love what you guys have, but our competitor uses this other solution, so we are going to use that one." Meanwhile, that product has been around for twenty years and it is on its final stages of its life cycle does not lend flexibility required to improve processes or reduce costs. It simply shocks me every day. It is truly the confidence and the approach that the current enterprise executive field takes towards technology. We are lucky enough to find the ones that value technology, data, and automation, because that is who our opportunity is really with right now. Obviously, that client profile grows every day and it is reflective in our growth trajectory.

