Business Plan & Preliminary Financials

for

**Project Freight**

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**Executive Summary**

**The Problem**

The $720 billion freight and trucking industry is ripe for disruption. Shippers and truck drivers – the primary stakeholders on either side of the freight equation – have long been disintermediated and controlled by a relatively small but powerful group of large motor carriers and freight brokerage firms. The result is that shippers and truck drivers alike are forced to settle for high costs, extreme inefficiencies, a near complete lack of transparency, little accountability, and routinely disappointing service.

**The Solution**

Project Freight aims to address these shortcomings through the wholesale reinvention of the shipping experience iteself. Project Freight’s multi-sided freight logistics software platform will provide maximum transparency and optimal service levels for shippers, while enabling a more efficient, profitable, and dependable experience for truck drivers.

The reinvention of the shipping experience will start with the automation and simplification of transactions between shippers and truck drivers. This automation will be based on “learning” algorithms that leverage predictive analytics and behavioral economics to optimally and dynamically match shippers and truck drivers. The algorithms will be designed to improve over time as they are exposed to increasing volumes of data. The platform itself will run on cloud-based big data infrastructure, architected for flexible and distributed compute capacity that can be throttled up or down based on network activity, thereby minimizing cost. Transparency will come by way of a GPS-enabled, fully integrated hardware solution capable of tracking shipment location – and a host of other shipping parameters – in real-time.

The result will be a paradigm shift in the means and methods of coordinating the movement of truck-based freight. With Project Freight, the shipping experience will no longer be characterized by opacity and undue stress caused by service failures; but rather, by transparency, accountability, and exceptional service. And likewise for truck drivers, the logistical and administrative headaches of the past – to say nothing of the stress created by slow and unreliable payment by unsympathetic middlemen – will yield to a new and dependably delightful experience. With Project Freight, drivers will be rewarded for what counts most: delivering exceptional service for shippers.

**The Opportunity**

The market value of the US freight and trucking industry – defined as Private Trucking, “Full Truckload” (FT) cargo, and “Less Than Truckload” (LTL) cargo – achieved a market value of nearly $720B in 2017.[[1]](#footnote-2) The longstanding powers that be who control the indusry – 3rd party freight brokers and large, vertically integrated freight carriers – run businesses that have commanded high profit margins for decades. These established players, lacking the motivation to innovate, have become complacent. Shippers are thus left with an outmoded experience – one characterized by the same lack of visibility and accountability experienced by their forebears a generation ago. By the same token, truck drivers – the lifeblood of the more than 10 billion tons of goods shipped by truck annually in the US – find it as difficult as ever to meet their own basic needs (e.g., earning a living wage; finding a safe place to sleep overnight; keeping their businesses solvent), and experience largely the same reality today as did the truck drivers plying the newly minted Interstate Highway System of President Dwight D. Eisenhower’s era.

However complacency among members of the industry’s entrenched establishment represents an opportunity for Project Freight. By 2022, we expect to capture .2% of the market bring our gross revenue to over $100M with gross profit hitting over $10M. For 2023 we anticipate an 300% growth rate capturing .8% of our overall target market allowing the company to achieve over $400M in gross revenue and $40M in gross profit. Between 2022 and 2024 we plan to open a sales office in the Midwest and launch our hardware solution. With these two milestones, we estimate claiming 2% of the overall target market giving us the ability to break the $1B threshold for our gross revenue and $100M gross profit.

**PROJECT FREIGHT’s Genesis**

The idea for this project began at Axiom Custom Products in Portland, Oregon. Axiom Custom Freight’s owner, Woody Stratton, time and again witnessed 3rd party freight brokers blocking communications between himself (the shipping client seeking to get a shipment delivered to its destination on time and undamaged), and truck drivers (typically sole proprietor LTL drivers simply trying to fulfill the negotiated terms of the delivery). Woody observed that the communication barriers erected between shippers and drivers was a central contributing factor in each of the dozens of failed deliveries that he personally experienced as a shipping client. And indeed Project Freight’s own market due diligence has borne out Woody’s initial observations: The lack of transparency between and among shippers, truck drivers, and freight brokers leads directly to service failures and high levels of distrust and dissatisfaction, especially between shipping clients and truck drivers. Both sides of Project Freight’s dual target market – shipping clients and truck drivers – have long perceived the need for the kind of platform that Project Freight seeks to introduce.

**How it Works**

For shipping clients, the time in which their freight is in the possession of the truck driver typically represents the most trying phase of the shipping experience. Due to lack of transparency, shipping clients are generally “flying blind” and rendered helpless to affect outcomes during this critical period. Project Freight will address this by building a solution that places equal emphasis on the experiences of both the shipping client and the truck driver – and in fact links the two directly via a common platform. Our embedded hardware will utilize real-time GPS tracking and continuous environmental monitoring. Data from the hardware will flow continuously to the Project Freight platform, allowing for real-time monitoring and reporting for both shipping client and truck driver. Knowledge by the truck driver of this heightened level of visibility on the part of the client will have the effect of boosting accountability and establishing new norms for customer service. If, for instance, the shipment falls behind in its delivery schedule or the temperature drifts outside of its acceptable range, the software will notify both the shipper and the driver in real-time. This heightened visibility will foster vigilent problem solving and issue mitigation on the part of the truck driver.

**Who We Are**

Our founders, Woody Stratton and Carrie Love, are both successful seriel entrepreneurs. They have founded and operated their own businesses, with services including custom design and manufacturing, marketing and strategic planning, and digital development. Clients have included Nike, Adidas, Columbia Sportswear, Intel, Google, the Oregon Lottery, the Oregon Health and Science University, the Oregon Department of Transportation, and the State of Oregon. Individual projects have billed for as much as $2.5M. Stratton and Love intend to create a community of users on both the shipper and trucker sides of the Project Freight platform that will not only generate revenue from freight transactions, but also from advertisers.

**Capital Requirements**

For Project Freight to develop a minimum viable product, we are seeking to raise a seed funding round of $1M, to be dispersed over the course of twelve months. We anticipate the minimum viable product to generate revenue 8 months post-funding. Once our minimum viable product is developed, we will seek an investment of $10M for regional implementation with embedded hardware, followed by $25M to take the platform national. The $10M will allow Project Freight to hire the necessary software engineering professionals to build out the platform and integrate the embedded hardware component. The platform build-out will be managed by Project Freight’s Chief Technology Officer, who will be among the first strategic hires made by the company. Core to the platform will be the design and execution of a host of learning algorithms engineered to improve over time. Increasing volumes of data will allow us to hone the platform’s underlying library of algorithms, including those responsible for the solution’s matching features, pricing matrix, route optimization engine, and troubleshooting tutorials.

**Timing**

Now is the time to disrupt the LTL segment of the freight industry. In launching its efforts in 2018, Project Freight will secure a unique first-mover advantage that will position the firm for maximum competitive differentiation and long term impact. Project Freight will also be well ahead of the coming wave of autonomous trucking. In fact, the intellectual property developed by Project Freight will prove to be accretive to – even critical to – the success of autonomous trucking. This will position the company’s investors to profit twice: Once from the initial disruption of the LTL freight industry; and a second time from the eventual mainstreaming of autonomous driving technologies.

With our focus on learning algorithms specific to the optimization of LTL shipping, combined with what will evolve to become a massive collection of logistics-focused data and freight related IP, Project Freight seeks nothing less than to become the leading force behind a new era in shipping. This includes playing a key role in the success of the autonomous trucking revolution, as and when it manifests toward the end of the next decade.

**Company Description**

The development of Project Freight starts with a problem, a shipping and delivery problem. On behalf of his national brand clients, Axiom Custom Products’ owner, Woody Stratton, regularly ships objects across the globe. These objects require shipping arrangments that are neither inexpensive nor standard. As the objects are typically central to high value corporate events and mission critical corporate projects, their shipping arrangements are generally characterized by inflexible delivery dates and times, and often by the need to maintain special environmental conditions.

Over the years Stratton has collected his own list of failed delivery horror stories. Once, a smashed crate was delivered onto the receiver’s dock in pieces, possibly from falling off the back of the truck. The driver claimed that nothing had occurred during his possession of the shipment and that this was the condition of the goods at the time that he received them.

On another occasion, a driver responsible for a “must deliver” shipment, evidently diverted by another job in a different state, unhooked his trailer, left his load on the side of the road, dodged phone calls from the 3rd party freight broker, and ultimately missed the must-make delivery timeframe.

The last straw for Stratton was when another truck driver failed to notify him (or the 3rd party freight broker) after his truck broke down only a few miles from Axiom’s dock. The driver had not asked for help and so fell a full day behind on the delivery. The project missed the delivery time by 18 hours, leaving Axiom’s Install Team a fraction of the time required for the project’s build-out.

Now squarely focused on the shipping problem, Stratton and his staff began to notice truck drivers arriving at Axiom without proper paperwork for their shipment, sometimes completely unaware of what shipment they were supposed to be picking up. Frustrated that a solution for transparent trucking wasn’t available, and irritated with 3rd party freight brokers who sat unsympathetically between him and the drivers, Stratton began to outline a solution – a solution that would ultimately become Project Freight.

The vision for Project Freight started with the concept of a central, digital platform that would serve to match qualified truck drivers with must-deliver shipments, and thereby obviate the need for a freight broker. The system would be designed to allow for direct communication between driver and shipper, encouraging accountability, and providing additional options and increased control for the shipper. Also, Project Freight would ensure that all of the shipment’s paperwork – an administrative nightmare for shipper and trucker alike – would be created, placed in proper order, and made digitally accessible to both shipper and trucker driver. This would include the all important Bill of Lading, Packing Slip and Delivery Receipt, all of which would be rendered automatically based on the shipment’s specifications, and made available electronically to all parties at the click of a mouse.

Trucking is an industry made up of small businesses. As of June 2017, the Federal Motor Carrier Safety Administration noted that there are over 775,000 “For Hire Motor Carriers” in the United States.[[2]](#footnote-4) Ninety one percent of these motor carriers operate 1-6 trucks.[[3]](#footnote-5) Project Freight will target these independent truck drivers and small owner/operators. This group of drivers primarily works in the LTL segment of the freight market. In 2017 the LTL market saw annual revenues of $58B. The independent truck drivers supporting the LTL segment rely heavily upon freight brokers to provide them with work. When demand is high and capacity low, these independent truck drivers also fill in for the larger freight companies such as JB Hunt, Schneider, and Swift Cargo. Both options leave the independent truck drivers disenfranchised, and lacking for consistency, stability, and professional growth.

**Benefits for Drivers:**

Project Freight’s aim is to eliminate the freight broker, allowing truck drivers to both make more money per delivery and communicate directly with shippers. Not only will the Project Freight platform allow for direct access to the shipping client, it will also allow drivers to promote their services in a highly targeted way. They will be able to create a detailed online profile, highlight their truck(s) and equipment, write a summary about their business and specialization, and display active insurance paperwork. The driver’s profile will also display their score from the Federal Motor Carrier Safety Administration’s Safety and Fitness Electronic Records System (SAFER); their preferred routes; any supporting marketing materials (e.g., website, YouTube Channel, client testimonials, etc.); all recent activity; as well as Project Freight’s proprietary rating system, which will be directly informed by the driver’s past performance in delivering shipments safely and in a timely manner. The driver will allow the Project Freight software to use their location, truck, and available hours of service to match them with the optimal shipping jobs.

Drivers will be rewarded financially for good decisions that result in consistently reliable deliveries. As Project Freight’s drivers hit a pre-defined threshold of successful, issue-free deliveries, they will receive a bonus payment. This will represent a revolution in the trucking industry. Currently, the antiquated nature of internal paperwork, along with the general lack of accountability on the part of brokers, can serve to delay payment to drivers by significant quanties of time. Getting drivers paid has never been a priority fopr the freight brokers, who will often times subject drivers to contractually obligated wait periods of up to 45 days prior to making payment.

With paperwork easily accessible, as well as the drivers’ progress en route trackable in real-time, Project Freight will be able to make final payment to truck drivers within 24-36 hours of shipment delivery. This rapid payment rubric will create stability in the truck driver community and will eliminate the need for independent drivers and small carriers to have to factor their accounts receivables – a common practice in the industry. Solving cash flow issues for truck drivers by paying quickly will also help Project Freight to rapidly gain trust and sew loyalty within the independent driver market.

**Benefits for Shippers:**

Project Freight will allow each shipping client to create a profile that displays a headshot, contact information, and the type of freight he or she regularly ships. Shippers can also preload their shipping and receiving locations. Shippers’ entire shipping histories will reside in their profiles. Their histories will display all of the relevant details of past shipments, including driver, route, cost, and time.

To create a shipment, the shipper will enter the shipment dimensions, weight, and type of packing used. They will also answer a series of questions highlighting what they deem to be the most important aspects of their shipment, as well as identifying the shipments’s critical specifications (e.g., delivery date, availability for pickup, type of shipment, number of Project Freight review stars the driver is required to possess, etc.). Based on the information that the shipper enters, a cost will auto generate and display alongside the shipment’s specification. As the shipper selects or deselects options, the cost figure will automatically update. Once the cost is accepted by the shipper, the shipment profile will be run against the population of drivers that best fits the delivery scenario, and multiple matches will be made. The drivers within this matched group can accept or pass on the opportunity. The system will allow the shipment to be selected by only one driver. Once a truck driver and a shipment have been matched, the shipper will have the ability to track the truck driver en route to their location for pickup of the shipment.

**Hardware:**

For shippers, Project Freight will develop technology to track and report the status of their shipment. A small tamper proof device that records data regarding the shipment’s environment (e.g., g-force changes; temperature/humidity; tilt and geographic location) can also be added to shipments within the Project Freight system. All of this data will feed into Project Freight’s software solution, displaying for the shipper the real-time status of their shipment. If the shipment’s status falls outside of preassigned ranges (e.g., proress of delivery over time; acceptable environmental conditions, etc.), the application will display cautionary warnings and the driver and shipper will each receive notifications via text message and the software’s audience-specific user interfaces (i.e., shipper or truck driver). The shipper will have the option of direct communication with the driver so as to troubleshoot any issues. If the driver is unable to address the issue on his or her own, Project Freight’s software will have the ability to suggest a solution.

**Predictive Analytics:**

To benefit both of the platform’s audiences (shippers and truck drivers), Project Freight’s technology will utilize predictive analytics and other Advanced Analytics techniques. Project Freight intends to use data-driven predictive models – applied to the large datasets that the platform will generate – to predict and solve problems for both drivers and shippers alike. The freight industry will benefit from better utilization of its big data, and the data collected from each shipment will assist Project Freight in identifying trends and predicting future issues. The system will also track common and uncommon routes used by the driving population, directly informing Project Freight’s route optimization engine and improving its analytic output over time. It is envisaged that this information will also be used to attract national hotel and restaurants partners, as well as generate incremental revenue in the form of advertising sales.

One of the elements that makes Project Freight’s approach truly unique is the fact that our software development efforts will focus on improving truck drivers’ lifestyles. Project Freight recognizes the fact that this population – critical to moving freight along our roadways – has not seen any material benefits rebound to it by way of technology or business model improvements for the better part of 70 years. Even the software being developed by Project Freight’s competitors misses this critical point, thus perpetuating the status quo model of brokers on top, drivers on bottom. By eliminating the 3rd party freight broker, and putting the truck driver on equal footing as that of the shipper, Project Freight will upend a model that has kept drivers in a state of hapless servitude for multiple generations. Project Freight’s new model will empower individual drivers by allowing them to determine their own availability, to have the potential to make more money per mile, and to optimize their own activities based on visibility into available shipping jobs near their current location.

**Summarry of Benefits of Project Freight System:**

***For Shippers: Ease of Doing Business, Increased Transparency, Better Control***

* Direct contact with independent drivers
* Heightened accountability of drivers
* More options and control
* Fewer conflicts with drivers
* Shorter delivery timelines
* On-demand shipments, less management and administration
* Fewer damaged shipments
* Better lead times, fewer ugly surprises
* Built-in support staff (Project Freight Customer Service Team)

***For Drivers: Ease of Doing Business, Community, Transparency, Increased Profitability***

* Easier to conduct daily business
* Direct contact with shipping customers
* More freedom and independence
* More time working; less time managing 3rd party brokers
* Increased income and faster payment
* Fewer out of pocket expenses
* Ability to promote themselves in targeted way
* Transparency
* Better lead times, no surprises
* Creating a collaborative community for independent truck drivers
* Built-in support staff (Project Freight Customer Service Team)

***For Project Freight Investors: Industry Disruption; Rapid Value Creation; Follow-on Value Creation via Arrival of Autonomous Trucking***

* Ability to disrupt the $720 Billion US freight industry with a big data, smart technology solution that will establish protectable IP and create value rapidly.
* The plan’s hardware solution is associated with the shipment and not the driver. Technology will apply to (and easily transfer into) the coming wave of autonomous trucking.
* Potential for quick international expansion (Americas, European, Asian markets).
* Data collection alone represents treasure trove of value (e.g., optimal routes, equipment, loading dock measurements, costs, breakdown frequencies and correlations, traffic timing optimization specific to major metropolitan areas).
* US domestic transportation investments are increasingly attractive to foreign investors, enhancing Project Freight’s exit prospects (i.e., via acquisition in the 7-9 year time frame or pursue a public listing within 9-11 years).
* Project Freight actively working with Berkeley Law & Technology Group to protect software, hardware, and other intellectual property. Provisional Patent Application scheduled for submission on or before May 20, 2018.

**Domestic Trucking Market, Projected Revenues, Competition**

**US Trucking Market:**

As of 2017, the US domestic trucking market – comprised of the Private Trucking, Full Truckload, and Less Than Truckload sub-segments – saw freight sales reach $719.2B in annual value. This equates to 79.9% of the nation’s total freight bill – the remaining 20.1% consisting of freight moved by other means (e.g., train; airplane; ship; local courier, etc.). In 2017, the US trucking market over representing.[[4]](#footnote-7)5 This tonnage was handled by a population of 3.5M domestic truck drivers across all trucking categories.[[5]](#footnote-8)

**Project Freight’s Target Market:**

Project Freight’s target market – which excludes Private Trucking – is the Less Than Truckload (LTL) “must deliver” sub-segment. The LTL “must deliver” sub-segment is estimated to represent $58.3B in annual sales value, or 6.5% of the nation’s total freight bill. Removing the $8.3B for the estimated combined revenue of FedEX and UPS Ground –leaves approximately $50B for Project Freight to pursue in terms of Total Addressable Market (TAM). The LTL “must deliver” sub-segment moved over 148 million tonnes of freight in 2017.[[6]](#footnote-9)

**Projected Revenues – Truck Drivers and Shippers**:

Project Freight’s goal is to capture .5% to 2% of the independent truck driver market within 3 years. This equates to a population of 17.5K to 70K active driving users on the platform. These driving users will be available to support our shipping population.

The Bureau of Transportation Statistics’ recent report, *Freight Facts and Figures 2017* it was stated that “American consumers are increasingly reliant on our nation’s trucking to deliver goods timely and efficiently…. today, 122.5 million households and 7.5 million businesses rely on America’s trucks to transport 70.1 percent of total commercial freight.”[[7]](#footnote-10) Project Freight’s goal is to capture .1% of the total shipper market within 3 years, which equates to a population of 7.5K active shipper users on the platform. Extrapolating in the same manner as above, if Project Freight was able to extract, on average, $4.7K per shipper per year in software platform licensing and transaction fees, Project Freight would stand to realize between $30M to $35M in annual shipper gross revenue by the end of its 3rd year in operation.

**Competition:**

Project Freight’s main competitors include Convoy (Seattle, WA); Trucker Path - Truckloads (Mountain View, CA); and Uber Freight (Chicago, IL). Even though we identify these firms as competitors, none are looking at the problem (or the opportunity) in the same way as Project Freight. For now, Convoy and Uber Freight have decided to perpetuate the status quo freight broker model. And Trucker Path – Truckloads has recently been acquired by Chinese firm, Renren, Inc., rendering its market focus and future uncertain.

**Convoy**

We view Seattle’s Convoy is our most significant competitor due to the funding that they have secured and good reviews from their audience groups (Drivers, Shippers, Employees). At the end of July 2017, Convoy completed a capital raise in excess of $60M.[[8]](#footnote-12) On the company’s website, Convoy claims real-time GPS-based tracking capabilities for their shipments, but only visualized via Google Maps only using the driver’s own mobile device. The company has received funding from Cascade Investment; Mosaic Ventures (Bill Gates’ VC firm); and Barry Diller. LinkedIn co-founder Reid Hoffman, on behalf of Greylock Partners, has participated in two rounds. Other Convoy backers include Amazon CEO, Jeff Bezos, and Salesforce CEO, Marc Benioff. Convoy expresses that it is alone in the market, even as Uber Freight entered the fray in May 2017. While Convoy is growing quickly, their intent is not to eliminate the freight broker. Rather, they want to evolve the freight broker’s services. The Convoy staff still stands between drivers and shippers, and the firm does not allow direct communication between the parties. Convoy’s main focus has been to work with larger shipping customers such as Unilever and Amazon, negotiating long-term shipping & logistics contracts.

On the driver side, Convoy allows larger carriers to sign up for their service. Based on the research we have been able to conduct, large carriers dominate Convoy’s load boards and limit the independent drivers’ ability to commit to shipments.

With Convoy’s focus on the larger shippers with multiple distribution centers, Project Freight will be free to focus on the “must deliver” segment of the LTL freight for mid to large size shippers. On the driver side, we will assume the posture of the independent driver’s champion.

**Trucker Path – Truckloads:**

Trucker Path – Truckloads was a contender in the space. In 2014, they developed a mapping platform that focused exclusively on truck drivers. Their crowd-sourced solution displayed a host of potential benefits for truck drivers, such as convenient rest stops, fuel stations, and weigh stations along their routes. Trucker Path depended on their users to update this information, similar to Waze. On their company website ([truckerpath.com](https://truckerpath.com/)), Trucker Path boasts of over 600,000 drivers currently utilizing their app. In 2016, they developed Truckloads which is a traditional load board used by mid-size carriers and national freight brokers. Trucker Path – Truckloads also created a debt service that loans drivers money following completed deliveries, adding a small interest rate. Essentially, they are offering the driver an easier solution for factoring their accounts receivables in lieu of more timely payments by brokers.

On December 29, 2017, Trucker Path – Truckloads announced that they had been acquired by Renren, Inc.[[9]](#footnote-13) Crunchbase.com describes Renren, Inc. as *“An online social network service that offers an extensive interactive communication platform for Chinese users”*. Renren, Inc.’s Founder is Joe Chen, who had been investing in Trucker Path since 2014. Renren, Inc. is traded publicly on the New York Stock Exchange, having floated their initial public offering in May of 2011.

Many of the drivers interviewed during Project Freight’s driver market survey had deleted Trucker Path from their personal mobile devives due to the sale to Renren, Inc. Brent, a truck driver from the Midwest, interviewed at a Jubitz Truck Stop on March 19, 2018, told us, *“I deleted Trucker Path. I do not want a Chinese company collecting information on me.”* This sentiment was echoed by a number of other drivers as well.

**Uber Freight:**

In September 2016, Uber was granted a Department of Transportation broker license for its Uber Freight business. On November 2016 Uber acquired the 5 employees of 4Front Logistics. 4Front Logistics describes itself on its LinkedIn page as *“A third-party transportation brokerage that offers trucking companies, manufactures, and distributors a convenient and profitable option to ship products and reposition tractor trailer units”.* [[10]](#footnote-14)

On May 18, 2017, Uber Freight launched its platform. The Freight platform echoes many of the same attributes as Uber’s consumer platform, although their solution is still based on the status quo freight broker’s approach to shipping. 100% of the loads on Uber Freight are exclusive to them through shipper contracts acquired via the 4Front Logistics acquisition. Some of Uber Freight’s “improvements” to the 4Front Logistics platform include the fact that shipping fees are posted as flat rates – not negotiable by drivers. Also, Uber Freight is working to get truckers paid within 7 working days following a delivery. Their current pay structure can extend to 30 days following completed delivery.

At first Uber Freight targeted the same segment of drivers as Project Freight’s target market, i.e., independent drivers or owner/operators with 1 to 10 trucks. Since its debut, Uber Freight has opened their online solution to any size freight carrier. Carriers that can provide an active DOT/MC number, a Satisfactory Safety Rating with the FMCSA, active bank account, photo or electronic copy of a certificate of insurance, and a completed W-9 form, can utilize Uber Freight.

Uber Freight is closely tied to Otto, Uber’s autonomous trucking company. Uber purchased Otto in August 2016. Otto’s co-founder, Lior Ron, was named head of Uber Freight in September 2016. Critics claim Uber Freight is pushing shipping rates down and collecting data for Otto’s benefit. Recent events in Tempe, Arizona involving an Uber self-driving test vehicle (Volvo SUV) striking and killing a pedestrian has caused a significant headwind for Uber’s roll-out of autonomous vehicles, both cars and semi-trucks. Uber recently suspended its autonomous vehicle tests in Arizona, Pittsburgh, San Francisco, and Toronto. Uber also decided not to renew its test permits in California. On March 28, 2018, Lior Ron announced he was leaving Uber Freight.

Due to Uber Freight’s close association with Otto and the challenging internal struggles at Uber, customers and drivers are reluctant to be associated with the brand. This feeling of ill will toward the company is only exacerbated by the recently announced FBI probe into Uber’s use of their internally developed software, known as “Hell.” Hell allegedly tracked Lyft drivers and rates.[[11]](#footnote-15) This is the third major federal probe into Uber’s business practices, the first two probes relating to the internal development and use of anti-taxi software called “Greyball”[[12]](#footnote-16) and the bribing of foreign governments.[[13]](#footnote-17)

For now, Convoy and Uber Freight are building their businesses on the back of the status quo freight broker model. Both companies have positioned staff between the truck driver and the shipper, doubling down on this problematic practice. And both companies have opened their services to large sized carriers. Project Freight will be built to eliminate the freight broker structure, allowing shippers and drivers to arrange the freight logistics together. Initially, we will pursue shippers directly that need more control of their deliveries and entice them further by offering contract-free services. Project Freight’s hardware technology will allow us to differentiate ourselves in the market from other service providers by offering the ability to track the shipment itself, rather than the truck driver’s mobile device. Also, our system will be designed to connect the shippers and drivers directly through our proprietary matching algorithms and supporting technology, allowing for direct communications.

**Customer Acquisition Plan**

Through Project Freight’s own research and market due diligence, we have come to recognize that both shippers and drivers are underserved in the domestic LTL “must deliver” segment of the freight shipping market. Shippers are subject to inefficient status reporting, lack of accountability from drivers and freight brokers, and lack of control. Drivers experience lack of support and low pay while being heavily regulated by local, state, and federal government agencies. With 3rd party freight brokers creating a gap between the shipper and the driver, the issue is exasperated and leaves all parties dissatisfied. Project Freight’s LTL target market happens to be the most effected by the shortcomings of the 3rd party freight broker status quo, allowing Project Freight to maximally leverage and monetize the frustrations of both shippers and drivers.

**Shippers:**

As stated earlier, the Bureau of Transportation Statistics’ recent report, *Freight Facts and Figures 2017* it was stated that “American consumers are increasingly reliant on our nation’s trucking to deliver goods timely and efficiently…. today, 122.5 million households and 7.5 million businesses rely on America’s trucks to transport 70.1 percent of total commercial freight.”[[14]](#footnote-18)

Shippers and independent truck drivers, while separate, are symbiotically dependent upon one another. When these two groups need to interact, Project Freight’s platform will offer considerable value to each side, with value propositions exclusively crafted for each respective audience.

For shippers we intend to improve the experience of arranging for and securing LTL freight services. Project Freight’s user interface will be easy for any level of user to take advantage of, and will be designed to reflect commonly used functionality found in other well trafficked e-commerce websites. As the shipper enters the shipment’s specifications, our system will adjust displayed costs and driver pools in real-time. This functionality will allow the shipper to align their budget with the services they require. Transactions will carry no hidden costs and shippers will enjoy full transparency related to the fees for services they select. Project Freight’s service fee to the shipper of 10% the freight carrying fees will be stated clearly and separately on each transaction.

Another value proposition provided for the shipper will be Project Freight’s vetting process for each driver. During driver sign-up, we will verify the status of the driver with the Federal Motor Carrier Safety Administration, as well as vet the status of their insurance paperwork. We will develop a protocol to continue to check on these items throughout the year. We will continually monitor a driver’s work history with Project Freight. The smoother the shipment’s process and delivery, the better experience for our customers. Our company will expect a high level of transparency and follow-through from the drivers. We do not take that expectation for granted, we intend to earn it with our actions. We will create an environment where our driving population feels utterly and thoroughly supported (e.g., paid quickly; directed to safe overnight parking; offered helpful services along their chosen routes, etc.). As a result, drivers will be encouraged to rise to the occasion of consistently providing good service for our shippers.

How do we connect with the right customers across the population of 7.5 million businesses that rely on America’s trucking industry? The development and testing of our minimum viable product will focus on the West Coast’s I-5 corridor. We will invite members of Axiom’s West Coast vendor and service partner network to be a part of our beta testing phase. Via this rich and focused network of contacts, Project Freight will target shippers that specialize in specialty fabrication and manufacturing with “must make” delivery deadlines. These beta testing partners will help shape the development of the platform’s shipping functionality, and will be ripe for conversion to active customers once the platform has reached the necessary level of maturity.

Once Project Freight has established a niche with shipping clients along the I-5 Corridor with “must make” delivery requirements, we will begin to expand into the West Coast’s greater LTL Freight market. Project Freight will engage with our beta test partners, discover which trade shows they attend, which trade and other publications they read, and which vendors they use. We will then incentivize our shipping customers to refer us to their own networks of business partners and commerical associates. We will create strategic partnerships with organizations that place similar value on using technology to improve the customer condition.

Project Freight will also invest in a variety of lead generation tools and strategies, web-based and otherwise. We will develop an online community that revolves around an inbound marketing strategy, developing compelling content valuable to our shipping customer community. We will partner with a digital agency to assist in creating a social media presence, as well as develop and execute digital ad campaigns. Project Freight will collect stories from shippers and create a forum for sharing these experiences with the larger Project Freight shipper community. We will develop a variety of best practice tutorials and other educational content specific to shipping, and solicit shipper suggestions for content to share with the larger shipper community. Project Freight will enlist a group of shipping customer “Power Users” to serve the role of “voice of the customer.” These individuals will have a seat at the table with respect to ongoing product development, including direct influence over what features get prioritized on Project Freight’s product roadmap. Finally, we will curate a network of contacts comprised of experts within the trucking industry as well as other major players in our businesses’ extended community. We will actively follow and study business leaders who focus on integrating technology positively into traditional work environments.

Below is Project Freight’s projected rates for converting leads into active shippers based on lead source and campaign in each of years 2019, 2020, and 2021:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **# of Leads or Impressions** | **Source** | **Campaign** | **# of Click Thru Rate** | **# of App Downloads** | **# of Profiles Created** | **# of Active Shippers** |
| 2019 | 100,000 | Purchased | Monthly Newsletter | 10,000 | 2,500 | 625 | 156 |
| 2019 | 250,000 | Social Media | Social Media Campaigns | 25,000 | 3,750 | 938 | 234 |
| 2019 | 50,000 | Trade Show Data Collection | Enter to Win | 5,000 | 1,250 | 313 | 78 |
| 2019 | 250,000 | Digital Ads: Google | Various Messaging | 5,000 | 2,500 | 625 | 156 |
| 2019 | 150,000 | Trade Associations | Various Messaging | 15,000 | 3,750 | 750 | 150 |
| **Total** | **800,000** |  |  | **60,000** | **13,750** | **3,250** | **75** |
|  |  |  |  |  |  |  |  |
| **Year** | **# of Leads or Impressions** | **Source** | **Campaign** | **# of Click Thru Rate** | **# of App Downloads** | **# of Profiles Created** | **# of Active Shippers** |
| 2020 | 250,000 | Purchased | Monthly Newsletter | 30,000 | 7,500 | 1,875 | 469 |
| 2020 | 500,000 | Social Media | Social Media Campaigns | 60,000 | 15,000 | 3,750 | 938 |
| 2020 | 75,000 | Trade Show Data Collection | Enter to Win | 9,000 | 2,250 | 563 | 141 |
| 2020 | 350,000 | Digital Ads: Google | Various Messaging | 7,000 | 3,500 | 875 | 219 |
| 2020 | 250,000 | Trade Associations | Various Messaging | 30,000 | 7,500 | 1,500 | 300 |
| **Total** | **1,425,000** |  |  | **136,000** | **35,750** | **8,563** | **2,066** |
| **YTD Total** | **2,225,000** |  |  | **196,000** | **49,500** | **11,813** | **2,841** |
|  |  |  |  |  |  |  |  |
| **Year** | **# of Leads or Impressions** | **Source** | **Campaign** | **# of Click Thru Rate** | **# of App Downloads** | **# of Profiles Created** | **# of Active Shippers** |
| 2021 | 500,000 | Purchased | Monthly Newsletter | 75,000 | 18,750 | 4,688 | 1,172 |
| 2021 | 750,000 | Social Media | Social Media Campaigns | 112,500 | 28,125 | 7,031 | 1,758 |
| 2021 | 100,000 | Trade Show Data Collection | Enter to Win | 15,000 | 3,750 | 938 | 234 |
| 2021 | 500,000 | Digital Ads: Google | Various Messaging | 10,000 | 5,000 | 1,250 | 313 |
| 2021 | 300,000 | Trade Associations | Various Messaging | 45,000 | 11,250 | 2,250 | 450 |
| **Total** | **2,150,000** |  |  | **257,500** | **66,875** | **16,156** | **3,927** |
| **YTD Total** | **4,375,000** |  |  | **453,500** | **116,375** | **27,969** | **6,767** |

**Independent Truck Drivers:**

Creating a compelling set of value propositions for the truck driver is simple. These 3.5 million workers are an underserved portion of our domestic work force. They drive up to 11 hours a day, not knowing where they will park overnight. They are forced to comply with NET 45 post-delivery payment terms. Maintenance expenses come directly from their meager earnings and they spend much of their time away from home and their families. Older drivers have adapted to these conditions, the average driver’s age is between 45-54 years-old,[[15]](#footnote-19) over 61% being white and 94% male.[[16]](#footnote-20) At the same time that this population is leaving the workforce, new and younger drivers, who are needed to meet the demand, view the status quo conditions as unacceptable. Project Freight’s intention is to help improve these conditions for the entire driver population.

One of Project Freight’s critical value propositions will be to help bring online more options for safe overnight parking for drivers. We will incentivize our shipping audience to list available overnight parking spots. Drivers will have the ability to check in and out of these spots, reserving them through our system. These spots will be offered on a first come, first served basis.

Another critical value propostion relates to assisting drivers with services that provide much improved cash flow for better management of their business and personal expenses. Project Freight intends to pay driver’s out of pocket expenses throughout the driver’s trip, as well as finalize the overall payment for the shipment 24-36 hours following a successful delivery. This quick payment rubric will create stability among our driving customers. It will also help Project Freight establish trust and engender loyalty among its drivers.

Lastly, Project Freight will allow the drivers to be more independent and have more freedom than they have experienced historically. Drivers will be able to schedule their own availability and update it seamlessly via the Project Freight app. Within their user profiles, drivers will be able to select the days they would like to work, number of miles they are willing to travel for shipment pick-up, and the routes they would like to drive. Their availability and location will determine the driver pools they will be included in. Drivers will be able to update this information in real-time, any time. Project Freight’s digital approach will be similar for our shipping audience.

Additionally, in order to help gain access to additional prospective driver audiences, Project Freight will join organizations such as the American Trucking Association, the California Truckers Association, and the Owner Operator Independent Drivers Association. Once membership has been established, Project Freight will have entre to these organizations’ combined total of over 250,000 professional truck driving members. Project Freight’s team will attend the major national industry trade shows, such as the Great American Truck Show and the California Truckers Association’s Annual Member Conference. There we will conduct product testing and demonstrations of the Project Freight platform, as well as expand our network further via with the employ of key industry influencers who are driving the market.

Below is Project Freight’s projected rates for converting leads into active drivers based on lead source and campaign in each of years 2019, 2020, and 2021:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **# of Leads or Impressions** | **Source** | **Campaign** | **# of Click Thru Rate** | **# of App Downloads** | **# of Profiles Created** | **# of Active Drivers** |
| 2019 | 750,000 | Purchased | Monthly Newsletter | 75,000 | 18,750 | 4,688 | 1,172 |
| 2019 | 150,000 | Social Media | Social Media Campaigns | 15,000 | 2,250 | 563 | 141 |
| 2019 | 50,000 | Trade Show Data Collection | Enter to Win | 5,000 | 1,250 | 313 | 78 |
| 2019 | 150,000 | Digital Ads: Google | Various Messaging | 3,000 | 1,500 | 375 | 94 |
| 2019 | 250,000 | Trade Associations | Various Messaging | 25,000 | 6,250 | 1,250 | 250 |
| **Total** | **1,350,000** |  |  | **123,000** | **30,000** | **7,188** | **1,734** |
|  |  |  |  |  |  |  |  |
| **Year** | **# of Leads or Impressions** | **Source** | **Campaign** | **# of Click Thru Rate** | **# of App Downloads** | **# of Profiles Created** | **# of Active Drivers** |
| 2020 | 1,000,000 | Purchased | Monthly Newsletter | 120,000 | 30,000 | 7,500 | 1,875 |
| 2020 | 250,000 | Social Media | Social Media Campaigns | 30,000 | 7,500 | 1,875 | 469 |
| 2020 | 75,000 | Trade Show Data Collection | Enter to Win | 9,000 | 2,250 | 563 | 141 |
| 2020 | 250,000 | Digital Ads: Google | Various Messaging | 5,000 | 2,500 | 625 | 156 |
| 2020 | 300,000 | Trade Associations | Various Messaging | 36,000 | 9,000 | 1,800 | 360 |
| Total | 1,875,000 |  |  | 200,000 | 51,250 | 12,363 | 3,001 |
| **YTD Total** | **3,225,000** |  |  | **323,000** | **81,250** | **19,550** | **4,735** |
|  |  |  |  |  |  |  |  |
| **Year** | **# of Leads or Impressions** | **Source** | **Campaign** | **# of Click Thru Rate** | **# of App Downloads** | **# of Profiles Created** | **# of Active Drivers** |
| 2021 | 2,000,000 | Purchased | Monthly Newsletter | 300,000 | 75,000 | 18,750 | 4,688 |
| 2021 | 750,000 | Social Media | Social Media Campaigns | 112,500 | 28,125 | 7,031 | 1,758 |
| 2021 | 100,000 | Trade Show Data Collection | Enter to Win | 15,000 | 3,750 | 938 | 234 |
| 2021 | 500,000 | Digital Ads: Google | Various Messaging | 10,000 | 5,000 | 1,250 | 313 |
| 2021 | 500,000 | Trade Associations | Various Messaging | 75,000 | 18,750 | 3,750 | 750 |
| Total | 3,850,000 |  |  | 512,500 | 130,625 | 31,719 | 7,742 |
|  |  |  |  |  |  |  |  |
| **YTD Total** | **7,075,000** |  |  | **835,500** | **211,875** | **51,269** | **12,477** |

**Autonomous Trucking**

Driverless trucks are here, Project Freight does not dispute it. And in fact, Project Freight stands to profit off of the autonomous trucking industry. California, Florida, Michigan and Utah have recently passed laws to allow testing where autonomous trucks drive in “platoons.” Platoons allow two or more trucks to drive together and coordinate their movements. At this time, all platoon driving requires a human driver in the front vehicle. With players like Tesla, Uber, Amazon, Volvo, and Google heavily invested in autonomous vehicle development, the use of driverless trucks on our highways will expand.

Infrastructure improvements will need to be made to our roadways to progress the new technology. In Los Angeles, Volvo’s latest driverless technology wasn’t able to read the markings on the city’s streets, and therefore wasn’t able to collect enough visual data to permit the vehicle to move.[[17]](#footnote-21) Currently in the USA, the roads and highways are maintained for human visual cues – which are not necessarily machine-readable.

We have many years before autonomous trucking becomes a commonplace reality. MIT’s Technology Review 2017 concluded that while driverless cars are already performing well within a city environment, driverless trucks will not be commonplace for another 10 years. During their own study, Volvo admitted that they have no intention of using driverless trucks on highways, finding them *“a better fit on private land at mines and ports.”*[[18]](#footnote-22)

Based on Project Freight’s research, the easy target for autonomous trucking is FTL freight. FTL freight represents fully loaded trailers that need to be moved from one location to another location, and generally at a great distance. This segment of freight represents almost half of the overall 2017 trucking market, and sits at $333 billion, or 43.5%, of the nation’s overall trucking segment.[[19]](#footnote-23) It is thus seen as the “low hanging fruit” for autonomous trucking.

LTL Freight, Project Freight’s target market, is not an easy model to tackle for autonomous trucking. LTL Freight is typically non-standard, meaning it’s characterized by multiple, non-repeating pick-up and drop off locations. LTL Freight will be impacted by driverless trucking, but this impact is expected to hit much further out in the future.

In conclusion, yes autonomous trucking is upon us, but Project Freight estimates up to 10 years of conventional LTL trucking operations and data collection before this technology impacts the LTL market. During that time, our data collection efforts and algorithm development will serve to inform this new technology and help adapt it to the LTL market segment when appropriate.

**Corporate Description**

Project Freight is a C-Corporation and is incorporated in the state of Delaware. Since July 2017, we have been working with Ted Karr and Oleg Salakhov at Berkeley Law and Technology Group in Beaverton, Oregon, to secure protection of our intellectual property. We will be submitting our provisional application for patent in May of 2018. Project Freight has also retained legal representation from David Lee of SheppardMullin, based in San Francisco, who has extensive experience with, and a practice focused on, supporting early-stage technology start-ups.

**Leadership Team**

**Project Freight’s Founders**

***Woody Stratton,* Project Freight*’s Chief Executive Officer and Board of Directors Chairperson***  
Woody Stratton is the owner of Axiom Custom Products, a modern manufacturing company that combines leading technology with traditional craftsmanship. Since 1996, Axiom Custom Products has experienced remarkable growth. A simple handheld router was Axiom’s first tool, and a small room with a payphone at the neighborhood bar was Axiom’s first conference room. Without a garage door to the shop, anything larger than the doorway needed to be manufactured on the sidewalk. What started as a team of ten has grown into what is now more than 140 employees manufacturing quality custom products in a 95,000 square foot state-of-the-art facility. Axiom Custom Products has an impressive breadth of capabilities including full-service design, complex 3D production, stunning casework and millwork, and immersive retail environments. Stratton’s hard work and tenacity has gained Axiom a broad range of clients including local Portland staples OMSI, Stumptown Coffee Roasters, Umpqua Bank, and Nines Hotel, as well as global brands Nike, Converse, Facebook, and Intel, among hundreds of others. Stratton’s strategy of integrating tried-and-true fabrication methods with innovative solutions and the latest technology has allowed him to build a successful and truly differentiated business.

***Carrie Love: Chief Operating Officer and Sales, Marketing & Customer Care***  
Carrie Love grew up in a small Northern Maine town near the Canadian border. Love’s parents believed in distributing chores equally across their entire brood of children, regardless of age or gender. This belief led to a young Carrie cutting logs with a chainsaw, cleaning freshly caught trout, and sewing patches on her hand-me-down pants. These childhood adventures prompted her to spread her wings and attend Simmons College in Boston, where she earned a full academic scholarship. Later she would fly further, to Colorado, and after a couple of years as a back-country dog sledding and whitewater rafting guide, Love settled into a professional career in the Colorado Ski Industry. She spent time organizing and developing revenue generating events for Vail Resorts around the same time as the birth of super pipes and rail parks. Tired of starting snowmobiles in below zero conditions, Love opted to move to a mid-size resort, Monarch Mountain, as the mountain’s Director of Marketing, Sales and Communications. During her time at Monarch, Love developed a central reservation system for the ski area and local lodging community, successfully developed a marketing campaign to rebrand the extended community as a year-round recreation destination, and ushered in new, Colorado-based ownership of the ski area. Love longed to be back in a city and decided to move to Portland, Oregon, arriving in 2005. In Portland, she launched her own business, Combustible Media. Specializing in project management for overseas and domestic print production projects, the company grew rapidly, expanded into the Denver market, and sold at the end of 2016. In 2017, Love became a founding member of Project Freight, a multi-sided platform business model for the domestic trucking industry that will improve the shipping experience through increased transparency and efficiency.

**Project Freight’s Board of Directors**   
  
***Charles Iragui: Board Member***  
Charles Iragui is a financial analyst and equity research expert who specializes in combining the disciplines of conceptual, qualitative research with traditional, quantitative research. Over the course of his 25-year career in finance, Iragui has worked in the service of large, multinational corporate clients for a broad range of global financial institutions, including Deutsche Bank, Citigroup, and Morgan Stanley. This international exposure has allowed Iragui to gain deep expertise in the areas of business intelligence, wealth management, and financial advisory services, and has taken him to farflung assignments across the globe, including St. Petersburg, Paris, Beijing, London, Tokyo, Frankfurt, and Mexico City. Iragui holds a BS in Foreign Service from Georgetown University, an MS in Finance from George Washington University, and a JD from Georgetown University School of Law.

**Project Freight’s Advisory Board**  
  
***Brad Voelpel***  
Brad Voelpel has managed logistics and transportation for a multitude of companies for nearly 20 years. He earned his Bachelor’s degree from University of Tennessee’s Logistics and Transportation program in 1999, at the beginning of the logistics and transportation supply chain management era. Out of college, Voelpel worked with Maersk Line in a management training program before moving to Singapore to work on Maersk’s trans-pacific line operations with marquee customers such as Walmart, Target, Home Depot and Lowe’s, to name a few. He took on a Human Resources role for Maersk that took him to the Hague, then transferred to Maersk Logistics in Atlanta and Charlotte, North Carolina to manage several big box retailers' product flow from Asia to the United States. After 15 years fulfilling a variety of roles and responsibilities with Maersk, Voelpel moved to Williams-Sonoma Memphis, and in 2014 he shifted to the footwear side of logistics to work as the Director of International Logistics & Supply Chain for Keen Footwear.  Today, Voelpel is responsible for KEEN's Global Logistics and Compliance program. With his notable success in contract and capacity management and shipping rate negotiations, Voelpel is a master at being adaptive and reactive in a fast-paced field. His career has taken him to a multitude of cities across the United States, as well as Copenhagen, Singapore and the Netherlands.

***Doug Gross***

Gross is a seasoned sales and business development executive focused on clean technology software solutions at the intersection of energy, information, and analytics. He is a specialist in helping early-stage companies identify and monetize untapped value and drive sales into new and emerging markets. Gross has proven successful at anticipating early market needs, developing winning go-to-market strategies, and formulating and executing effective sales and business development campaigns. Over the course of more than a decade of enterprise software sales focused on North America’s leading electric utilities, Gross has overseen millions of dollars’ worth of transactions and developed an extensive network of relationships among key utility executives, clean energy technologists, and academics. With Envision Energy, a global leader in renewables, Gross is charged with helping solar asset owners and plant managers to increase energy yield and operational efficiency. Prior to joining Envision, he served in various sales and business development leadership roles at energy software and smart grid firms, Sunverge Energy, Opower, Thomson Reuters, and Bechtel Corporation. Gross earned his MBA from Columbia Business School and his BA in History from Colorado College.

***Joel Siedenburg***

Siedenburg has founded three successful organizations dedicated to innovative marketing and brand identity enterprises. He is co-founder of Switchyard Creative Group, a brand identity, online strategy, and application development agency in Portland, Oregon. Switchyard’s clients have included the Portland Timbers, Portland Community College, and Voicebox, among others. Over its four-year lifespan, Switchyard achieved an average annual growth rate in excess of 95%; and in 2011, the organization was awarded Travel Portland’s Agency of Record partnership. The firm was later sold to a Seattle advertising agency. Following the sale of Switchyard, Siedenburg set up a new consulting practice and expanded his marketing and advertising focus to the national stage with clients that included American Express, 7-Eleven, Pepsi, and Frito-Lay. Siedenburg later founded Gift2Grow, a business growth company that offers an alternative to the marketing agency model by focusing on simplicity, accessibility, affordability, and customer gratitude. In his role as Principal and Director of Accounts, Siedenburg is responsible for oversight of internal operations, development of new business, and the ongoing stewardship of the organization.

**Extended Definition of Products and Services**

Project Freight is developing a multi-sided platform business model that will dramaticalll improve the experiences of both independent truck drivers and shippers by facilitating transparency and direct access for both parties, and eliminating the traditional 3rd party freight broker.

**Shipper Side of Platform**

Our target shipping customers are those that have experienced issues with freight brokers failing to follow through, truck drivers showing up without the correct paperwork, and missed delivery deadlines. These shipping customers are used to having to change their production schedules in order to accommodate delivery timelines as dictated by freight brokers – and yet, spectacular shipping failures still occur for them regularly.

Shipping customers have long been frustrated by the status quo. And while most shippers have endeavored to search for other freight options, there just aren’t any good alternatives available. For most shippers, the concept of finding their own independent truck drivers is an overwhelming scenario. How does a shipping customer hope to engage with a driver, while not being able to guarantee a certain amount of annual business? When a driver is needed, how does one know where to find one that can be trusted with the shipper’s mission critical cargo?

Shipping customers are often firms working on aggressive production deadlines. They neither have the time to pre-qualify truck drivers, nor the wherewithal to keep up with the administrative burden of confirming a driver’s good standing with respect to safety and insurance. In short, hiring an independent truck driver is an audacious task. This dynamic plays directly into the hands of freight brokers and large carriers – the entrenced power players who command an industry vertical that hasn’t seen meaningful disruption in nearly 75 years… Until now.

Project Freight’s platform will allow shippers to create a work profile, upload their logo, preload their commonly used pick-up and receiving locations, add a credit card, include multiple staff members on the account, and complete site surveys regarding their locations. Once these steps have been completed, shippers will have the ability to advertise their shipping jobs (inclusive of detailed shipping instructions and cargo parameters), accept the fee schedule offered, and be matched to an independent truck driver in real time. Fees displayed will automatically adjust depending on shippers’ needs and priorities (e.g., the use of a particular kind of truck, team driving crews, lift gates, dedicated truck option, pallet jacks, cross bars, load bars and/or blankets, etc.). As shippers work through their shipment’s specifications, the system will simultaneously create a pool of independent truck drivers, visibile to the driver, that match the shipper’s job stipulations. This pool of drivers will adjust as the shipper makes updates to his or her shipment, and finalizes the details of the shipment. Once the shipper has accepted the cost for the shipment, he or she will have the ability to invite multiple drivers to accept the available shipment. Ultimately it will be the shipper’s decision as to which driver gets rewarded with the shipping job.

Project Freight’s system will auotomatically send notifications via the system’s driver mobile app, text message, and email, to the selected drivers. If all criteria are identical, the driver who is geographically closest to the pick-up location will have the advantage in matching. The system will allow only one driver to commit to the shipment. Once a truck driver has accepted the terms of the job, the shipment is formally assigned, and the shipper’s credit card will be charged with a fee deposit. As an additional service, the system will automatically notify the shipper with respect to the driver’s progress en route to their pick-up location. The driver’s current location will be viewable to the shipper within Project Freight’s system 24-hours prior to their expected estimated time of arrival. At the same time, the Project Freight platform will activate a functioning message thread between shipper and driver. The shipper will be able to communicate directly to the driver within Project Freight’s platform through this active message thread.

A critical aspect to freight delivery is chain of custody. Project Freight will simplify any required freight exchanges by tracing the chain of custody in real time as the cargo gets shifted from one stakeholder to another, whether it be shipper to driver, driver to driver, or driver to receiving agent. Ultimately the possession of the freight indicates the individual responsible and liable for the freight’s well-being at that time.

Another function that will add value to the Project Freight system is the auto-generation of mandatory paperwork for the shipment. Based on the information added in the system by the shipper the Bill of Lading, packing slip and delivery receipt will be auto-generated. The BOL is a legal document required to be completed before a freight shipment can be hauled. Frequently this document is not completed by 3rd party freight brokers or not shared with all parties prior to pick-up. The Project Freight system will create and store this document with the shipment, allowing it to be electronically signed by – and visible to – all parties. The BOL will be easily accessible on mobile devices and desktops. It will be a highly valuable tool for both shipper and driver, and will assist in orchestrating the hand-off of freight (i.e., chain of custody), as and when required. Signatures will be added electronically, and the BOL and delivery receipt will be emailed to all parties as the delivery is completed. The Packing Slip will also be available within Project Freight’s system, as it will always be attached to the shipment’s profile.

Project Freight will also automatically prompt the shipper and driver to add photos to the shipment at critical points, such as at the time of packing, pick-up, delivery, and opening. These images will be generated and uploaded by the shipper and driver depending on the timing of the transaction and possession of the freight. At the point of transferring possession of the freight, Project Freight will allow both shipper and driver to view the BOL, packing slip, delivery receipt and images, and report on any perceived discrepancies.

Once the shipment has been picked up by the driver and the BOL and images have been accepted by both parties, the shipper will be able to view – in real time – the progress of their shipment en route. The tracking will be achieved in two ways, (1) with Project Freight’s hardware solution; and/or (2) by using the driver’s mobile device.

As previously mentioned, Project Freight is developing a hardware solution that will be married to the shipment and will be installed inside the crates or pallets by the shipper. It is a tamper proof device that will be linked to Project Freight’s software platform to show real time status of the shipment’s condition and location. The status parametres are defined by the shipment’s specifications, as initially recorded by the shipper and accepted by the driver at the point of the system’s matching. The hardware solution will have GPS tracking capabilities, tilt measurement, a g-force recorder, thermostat/hygrometer, and possibly a pressure sensor.

The shipper and driver will have the ability to see the real time status of the shipment on their chosen device. If the shipment falls outside of the agreed upon specifications, the hardware will alert the driver and shipper via push notifications and text messages. The driver will receive the notification first so as to trouble shoot any issues. The problem could be as straight forward as a dramatic shift in the trailer’s speed, a sudden change of temperature, or additional pressure being applied to the top of a crate. The driver will be given a pre-assigned window of time in which to address the issue. If the issue has not been resolved within a set timeframe, and the driver doesn’t record the fix by answering a series of prompts, Project Freight’s Admin Staff will be notified, followed by the shipper.

The hardware’s feature set and attendant benefits will expand as Project Freight builds toward the national rollout of its platform. The hardware is a key differentiator for Project Freight – unique within the industry – and will help attract and maintain a pool of the most trustworthy and hardworking drivers. Project Freight’s hardware component could easily represent a stand-alone business in and of itself, and represents yet another entry point into autonomous trucking as and when autonomous trucking goes mainstream.

As of 2015, it was found that 95% of all truck drivers have a smartphone, and of those, 67% actively utilize it in order to find work.[[20]](#footnote-24) Through Project Freight’s own survey of the market, of those truck drivers interviewed, we found that 100% kept a smartphone on their person at all times, and that more than 85% of these individuals used it to find work. Absent Project Freight’s hardware solution, the tracking of shipments would be achieved using the driver’s mobile device. This lower level tracking could be sufficient enough for our launch and a sub-segment of Project Freight’s shipping customers.

Our stand-alone hardware product will be paired and bundled with Project Freight’s automatic BOL, packing slip and delivery receipt generation feature. This product will be tailored for those shippers who are not necessarily in need of independent truck driver services, but are in need of knowing the location and condition of their shipment or product en route. The shipper will have the ability to enter the shipment’s specifications into a modified platform designed to support the use of the hardware solution, BOL, packing slip and delivery receipt generation. Once the shipment’s information is entered into our system, the Project Freight platform will generate a BOL, packing slip, and delivery receipt and allow the shipper to attach a Project Freight hardware unit to the shipment. The use of GPS monitoring will need to be accepted by the shipper and intended driver. This acceptance will be accomplished by way of dual electronic acceptance of the BOL at the time of pick-up.

Armed with the bundle of the hardware solution and the automatic generation of the BOL, packing slip and delivery receipt as a stand-alone product, Project Freight will be empowered to pursue larger shipping clients who still rely on freight brokers and larger motor carriers. Project Freight will target shipping clients using the most common Enterprise Resource Planning (ERP) systems (e.g., SAP, NetSuite, Microsoft Dynamics, Oracle JD Edwards, etc.), as their internal ERPs, which will allow Project Freight to test additional capabilities and features of the hardware solution, including the ability for a shipper to pre-load the shipment’s inventory into our hardware solution at the time the shipment is created. Then at the receiving location, this preloaded inventory would leverage geofencing or RFID technology to automatically drop the shipment’s inventory into the ERP system. This capability would eliminate the need for workers to have to scan shipments upon receipt, or otherwise enter the shipment receipt information into the ERP manually.

Another target customer for the stand-alone hardware product will be the Domestic Pharmaceutical Logistics Industry. In 2016 the top 15 pharmaceutical freight providers’ combined net revenue was over $28B. The pharmaceutical companies would not only have the ability to track their shipments in real time, but would also be able to monitor the temperature-controlled environments that are increasingly required for the domestic shipping of pharmaceutical products.

Another goal of the Project Freight platform is to enslist shippers to help our driving population with basic needs. We will ask our shipping community to offer our drivers safe overnight parking when available. The drivers would be expected to register for these areas ahead of time and the spots would be first come first serve. If bathrooms or trash services are available to drivers 24/7 at their facility, shippers will be asked to indicate as much with the parking spot description. Finding a safe place to sleep at night was one of the single most significant complaints registred by those truck drivers who completed Project Freight’s market survey.

**Driver Side of Platform**

Project Freight’s platform will allow truck drivers to spend less time managing their work and more time driving. By eliminating 3rd party freight brokers, the platform will provide drivers with the freedom to pick and choose work that best fits their availability, vehicle characteristics, and location. The Project Freight platform will allow the driver to actively select his or her available days, desired work, and preferred routes. The Project Freight system will automatically match them with corresponding freight jobs. Earnable income will be clearly displayed to the driver on a per job basis, eliminating the need to haggle over fees and terms with 3rd party freight brokers. The drivers will have the ability to create a detailed online profile, inclusive of photo, trucking company logo, highlights of their truck(s) and equipment, a summary of their business, and active insurance paperwork. The driver’s profile will also include their satisfactory score on Federal Motor Carrier Safety Administration’s Safety and Fitness Electronic Records System (SAFER), their preferred routes, any supporting marketing materials (e.g., company website, YouTube Channel, etc.), recent shipping activity, and Project Freight’s rating system (which will measure the driver’s past performance). An Project Freight matrix will be designed to display these ratings based on the driver’s overall performance, as logged within the system. When assigning a driver’s rating, Project Freight’s matrix will consider multiple aspects of the equation. Ratings will not be based strictly on the shipper’s feedback. Drivers with high ratings will be financially rewarded by Project Freight.

Once the driver has accepted the terms and conditions of an active shipment, and the platform has assigned them the job, he or she will receive the exact pick-up location, exact drop off location, the shipper’s contact information, and the Bill of Lading – all automatically and electronically. The driver’s current location will be viewable to the shipper within the Project Freight system 24 hours prior to their estimated time of arrival. Simultaneously, the platform will activate a functioning message thread between the shipper and driver. The active message thread will operate through the duration of the delivery. The BOL, packing slip and delivery receipt will be available to the driver for viewing, although the shipper will be the only party allowed to update these documents. The system will automatically notify the shipper of the driver’s progress in getting to the pick-up location. The shipper and driver will be able to communicate with one another based on their progress or location. The shipper will have the ability to post messages through the active message thread, (e.g., “Shipment ready for Pick-Up and located at our Dock;”“Need 1 more Hour to get the Shipment ready,”etc.). This open communication between the two major stakeholders will increase the ease of doing business, decrease waiting time for the driver, and give the shipper the opportunity to be proactive should issues arise with the shipping process. It will also function like an electronic ledger of communication, with all interactions recorded and time-stamped.

Once the driver arrives at the pick-up location he or she will have all of the shipment’s details, BOL, packing slip and delivery receipt available within the Project Freight system. Photos will be taken, the BOL will be reviewed and mutually agreed upon, the possession of the freight will be transfered to the driver (chain of custody) and loaded onto the truck. Within the Project Freight application, the driver will proceed through a series of prompts to confirm that the freight’s condition is as entered by the shipper; that it has been loaded onto his or her truck; and that he or she is ready to complete a site survey. Before departing the facility, the driver will answer questions describing the pick-up location: available bathroom, safe overnight parking, operating hours, measurements of the lanes and loading dock, and any particular information regarding the approach or departure. Completing site surveys will increase the driver’s rating within the Project Freight platform by showing their commitment to the overall community. When completed, the driver will be ready to leave and will notify the Project Freight system as he or she pulls away from the dock.

During the driver’s delivery route, Project Freight intends to pay the driver for anticipated out of pocket expenses. Within the first 20 miles of the driver’s departure, the first installment of money will be transferred; thereafter funds will continue to transfer as the driver achieves certain progression milestones.

The driver will be tracked either by the use of Project Freight’s hardware solution or their own personal mobile device. The system will prompt the driver to confirm their location throughout the trip. This manual confirmation by the driver will auto-generate a notification to the shipper. If Project Freight’s hardware is being used, the driver will be able to view the same shipment status screen as the shipper, although they will be notified first should the status fall outside of acceptable parameters. Project Freight wants drivers to have the opportunity to troubleshoot any issues, and to request help if needed. In a time of trouble or crisis, it is Project Freight’s main objective to support the driver in addressing the issue or ensuring safety. When the driver begins troubleshooting any issues, the system will support the driver by offering solutions. Some of the solutions offered within the Project Freight app will include local service and maintenance providers available in the driver’s current location; other drivers in the area who may be willing to team drive; and/or other drivers with similar equipment to assist in offloading the freight in order to keep it moving towards its end destination.

Throughout their trip, drivers will be asked to provide updates regarding weather, hazards, or traffic. The system will automatically send simple prompts for the driver to answer. These crowdsourcing actions will assist the entire community of drivers and shippers, as well as help improve Project Freight’s route optimization algorithm. Drivers will not be obligated to engage in these interactions with Project Freight’s system, although by taking the time to help the overall Project Freight community, drivers stand to improve their overall ratings within the system.

When the driver reaches the receiving location, they will be prompted to complete a series of questions that they answer together with the receiving agent. The electronic BOL, packing slip and delivery receipt will be reviewed. The receiving agent will be asked to sign and date the delivery receipt. At minimum the receiving agent will need to provide their name, signature and date. If available, email address and phone number can be added. The signature and date will be electronically added to the delivery receipt and saved with the shipment information. Additional pictures will be requested at the time of delivery. Once the possession of the freight has been transferred to the receiving agent, the driver will be prompted to respond to confirm their departure. Once confirmed, the updated and signed delivery receipt will be automatically timestamped and emailed to the shipper.

Before departing the facility, the driver will be asked to complete a site survey. Again, they will answer questions describing the receiving location: available bathroom, safe overnight parking, operating hours, measurements of the lanes and loading dock, and any particular information regarding the approach or departure. Completing site surveys will increase the driver’s rating within the Project Freight platform, demonstrating their commitment to the overall community. The driver will receive his or her remaining payment within 24-36 hours following their on-time, damage-free, and signed off delivery.

Following a completed delivery, the shipper and driver will receive an automatically generated service survey. Both parties will have the ability to rate each other, although only the driver’s ratings will be displayed on their profile. The shipper’s rating will be collected and viewed internally at Project Freight. If any member of the Project Freight community gives or receives a 1 or 2-star rating, a Project Freight representative will reach directly to all parties involved in the transaction. One and two-star driver ratings will be reviewed by Project Freight prior to posting under the Driver’s profile.

The shipper will have 5 working days to open a dispute on the delivery. Due to the processes Project Freight will create, direct communication between the shipper and driver, and the ability to anticipate possible issues by using predictive analytics, disputes will be minimized over time.

**Big Data Collection and Usage**

Project Freight intends to build a big data platform to collect, manage, and utilize the valuable data that we collect as a result of our operations. Project Freight‘s platform will translate this data into actionable insights using Advanced Analytic techniques. We envision improving our productivity and lowerering our operating costs based on a data-driven decision making approach.

Data collection will include but is not limited to: the routes our drivers use; actual shipment environments over time; mechanical breakdowns; documentation of the final 53 feet of every shipping and receiving location visited by our drivers. Project Freight hopes to assist drivers with fewer delays, less down time, and better fuel efficiency. We will use our data to attract ad revenue to Project Freight’s platform, including advertising services alongside drivers’ routes.

Project Freight has also identified the Department of Transportation as a potential strategic partner, especially with respect to analyzing big data in the trucking industry. The Project Freight Team will petition the Department of Transportation to utilize their existing data and request for the ability to tap into the DOT’s network. In the Summer 2016, the Federal Highway Administration (FHWA) launched an Integrated Transportation Data Analysis Platform. It combines project-level data on financial investments with annual data from the Highway Performance Monitoring System reported by States, annual data on the National Bridge Inventory and information reported by State highway agencies, and traffic flow data.

This new platform has enabled FHWA to perform integrated analysis with greater flexibility and efficiency. It offers not only timely analysis of the results of program implementations and impacts by translating data into information, but also the evidence needed to decipher how certain conditions (e.g., roadway surface conditions, traffic, weather, etc.) impact one another. The system is currently available for use only by FHWA; as it is further enhanced, the agency plans to make it available to the public. Project Freight is targeting this system as another potential contributor to its overall database of domestic truck driving information.

**Customer Training, Involvement and Feedback**

Project Freight will develop a portfolio of straight forward customer training programs tailored to both shippers and truck drivers, as well as additional training programs tailored to Project Freight’s online customer service representatives. Project Freight’s program will include a Best Practices in Shipping training for the shipper, which will be informed by 20 years of shipping experience from Woody Stratton and his staff, and guidance and tips for making the most of Project Freight’s shipper software. Once the shippers have completed the Best Practices in Shipping training, their profile will be updated to include a badge indicting course completion. Drivers will also have access to a library of online tutorials which, when satisfactorily completed, will earn them points that contribute directly to their Project Freight ratings.

Project Freight will regularly solicit feedback from those customers who actively use the platform, and we will seek to make product improvements via regular software updates so as to accommodate and prioritize the most popular product improvement requests. Project Freight will also actively monitor product-related customer feedback across all digital channels. In addition, Project Freight will sponsor in-person regional Q&A sessions throughout the year, inviting local Project Freight users to interface directly with Project Freight product managers. We will conduct live broadcasting of these sessions via Facebook; post historical sessions via YouTube; and invite customers to participate remotely using their Project Freight login credentials. These Q&A sessions will be designed to establish shippers and truck drivers as valued partners in Project Freight’s product development process – not merely customers but key contributors with a stake in evolving the Project Freight platform and enriching the Project Freight ecosystem. To encourage word-of-mouth customer leads, drivers will have the opportunity to invite up to 10 other drivers to join the platform. For every confirmed new user, the referring driver will receive a $25 bonus.

Project Freight also plans to hire between 5-10 individual truck drivers to test our technology during the prototyping phase. These early test drivers will be integral to expanding our understanding of how best to improve the truck driver’s experience vis-à-vis the Project Freight platform.

As Project Freight develops and grows, a percentage of the firm’s profits will be used to create a foundation to benefit Project Freight’s driver base. We can use the foundation money to assist in driver’s completion of continuing education courses; business development assistance; or to expand their fleets. Once we have established a relationship with our driver population, we will explore other ways to keep these members actively engaged. This is a population seeking the opportunity to feel acknowledged and valued, especially the younger generation of drivers.

**Development of our Products**

The launch of Project Freight will begin with our minimum viable product, which will be designed to support up to 300 truck drivers and 100 shippers. Our initial geographic focus will be the I-5 corridor between Seattle and San Diego. The platform will use drivers’ personal mobile devices to track their locations en route. The minimum viable product will include the most important features thus far envisaged, including auto-generation of price figures based on shipping services selected; drivers being able to set their own availability; automated digital generation of BOLs, packing slips and delivery receipts; transfer of payments as the drivers progress along their routes; and weekly notifications for drivers that show the most popular routes and equipment being hired.

Project Freight’s product prototyping efforts will allow us to rapidly test features, resolve programming bugs, and gain a nuanced understanding of how both driver and shipper audiences will interact with the platform. We will include our hardware prototype with projects leaving the shipping dock of our incubator, Axiom Custom Products. We will use the resulting data and product feedback rapidly mature the solution so as to begin selling the service to additional shipping customers in Seattle, Portland, San Francisco, Sacramento, Los Angeles, and San Diego. Project Freight will develop our hardware technology with our engineering partners and our internal embedded software engineer. After our Series A Funding, the further development of the hardware is projected take 18-20 months, with product production adding another 1-3 months.

As Project Freight is developing its hardware solution, we will also be securing cross docking locations across the country. We will use research generated by The Freight Analysis Framework, a partnership between the Bureau of Transportation Statistics and FHWA, to help identify locations of high trucking activity along major highways. Our approach will be to find small existing warehousing and fulfillment facilities and contract cross-docking services for our drivers. Contracting with this network and securing cross-docking services will allow Project Freight to expand nationally and offer a fuller breadth of services to our shipping customers. By the end of Project Freight’s 3rd year of operations, we plan to have built a sales and customer service team in Des Moines, Iowa, as well as a corresponding cross docking facility. The expansion into the Midwest will assist with completing our national footprint.

Project Freight intends to integrate the latest technology into domestic trucking, keeping the driver as our main focus and opening up new possibilities in the LTL sub-segment freight industry. Our focus on collecting and mining data will allow us to rapidly evolve our matching process; route optimization programming; cost engines; and automatic trouble-shooting tutorials. With time, Project Freight’s platform will be able to predict shipping needs in every region of our operational footprint. The advanced analytics solutions that Project Freight builds will be able to forecast the number of trucks needed in each operational region and to communicate that demand directly to our driving population. Project Freight intends to lead the way toward better working conditions and profits for our drivers, better service experiences for our shippers, and a more transparent and fruitful dialogue among the members of the shipper-truck driver communities that the Project Freight platform will support.

1. American Trucking Associations *Freight Transportation Forecast 2017 to 2028 See Appendix A Page 9* [↑](#footnote-ref-2)
2. American Trucking Associations *American Trucking Trends 2017 See Appendix B Page 9* [↑](#footnote-ref-4)
3. American Trucking Associations *American Trucking Trends 2017 See Appendix B Page 6* [↑](#footnote-ref-5)
4. 5 American Trucking Associations *Freight Transportation Forecast 2017 to 2028 See Appendix A Page 9* [↑](#footnote-ref-7)
5. American Trucking Associations *American Trucking Trends 2017 See Appendix B Page 12* [↑](#footnote-ref-8)
6. American Trucking Associations *Freight Transportation Forecast 2017 to 2028 See Appendix A Page 9* [↑](#footnote-ref-9)
7. *Bureau of Transportation Statistics released a report title Freight Facts and Figures 2017 Appendix D Page 9* [↑](#footnote-ref-10)
8. <https://worldnews.se/tech/2017/07/25/convoy-raises-over-60m-led-by-y-combinator-to-scale-nationally/> [↑](#footnote-ref-12)
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15. American Transportation Research Institute *Truck Driver Age Demographics Across Two Decades – 2014 Appendix C Page 14* [↑](#footnote-ref-19)
16. American Trucking Associations *American Trucking Trends 2017 See Appendix B Page 12* [↑](#footnote-ref-20)
17. <https://www.reuters.com/article/us-autos-autonomous-infrastructure-insig/wheres-the-lane-self-driving-cars-confused-by-shabby-u-s-roadways-idUSKCN0WX131> [↑](#footnote-ref-21)
18. <https://www.technologyreview.com/s/603493/10-breakthrough-technologies-2017-self-driving-trucks> [↑](#footnote-ref-22)
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