

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

SECTION 5a APPLICATION NO. 46 (SUB-NO. 20)
SOUTHERN MOTOR CARRIERS RATE CONFERENCE, INC.



211048

REPLY COMMENTS OF
NATIONAL SMALL SHIPMENTS TRAFFIC CONFERENCE, INC.

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I. INTRODUCTION

The National Small Shipments Traffic Conference, Inc. (NASSTRAC) hereby provides its Comments on the Application of Southern Motor Carriers Rate Conference, Inc. ("SMC") for authority under 49 U.S.C. § 13703 to operate nationwide. As detailed below, NASSTRAC is concerned about potential impacts of this change on motor carrier ratemaking and competition.

While a case could be made for denying SMC's application, denial would not permit the relevant facts to be developed through experience with at least one nationwide rate bureau. NASSTRAC believes that any grant of nationwide authority should be subject to conditions designed to address shipper concerns, and increase the likelihood of nationwide operations that serve the public interest. In addition, if nationwide authority is granted for SMC, it should be granted for no more than three years. At the end of that period, the results of expanded authority for SMC can be assessed, along with the need for additional (or fewer) conditions.

II. IDENTITY AND INTEREST OF NASSTRAC

NASSTRAC is a non-profit membership corporation whose regular members are shippers of freight ranging from Fortune 500 companies to individuals. Since 1952, NASSTRAC has participated in ICC, STB and court proceedings on behalf of its shipper members, with an emphasis on truck transportation issues. NASSTRAC also has associate members including LTL and TL motor carriers and intermediaries.

In the era prior to 1980, trucking was pervasively regulated. Contract carriage was restricted and rare, entry barriers limited competition, and motor carrier operating authority was geographically circumscribed. During that period, NASSTRAC was a

leader in challenging the rate bureaus' periodic general increase filings. Since then, NASSTRAC has continued to express its members' concerns in proceedings dealing with the National Classification Committee ("NCC") and the regional rate bureaus. Of particular relevance here is that NASSTRAC filed extensive comments in the STB's recently concluded reform proceedings involving the regional rate bureaus, including SMC, and the NCC: Section 5a Application No. 118 (Sub-No. 2), EC-MAC Motor Carriers Service Ass'n. Inc., et al., and Section 5a Application No. 61 (Sub-No. 6), National Classification Committee – Agreement.

III. BACKGROUND OF THIS PROCEEDING

The deregulation that began in 1980 has been a tremendous success in NASSTRAC's view, largely fulfilling the call of Congress for "an approach emphasizing market discipline, in contrast to public utility style ratemaking, as the principal regulator of motor carriers." Central & Southern Motor Freight Tariff Assn. v. United States, 757 F.2d 301, 311 (D.C. Cir.), cert. denied, 474 U.S. 1019 (1985).

The trucking industry prior to 1980 was dominated by cartels that resisted competition and the service improvements that competition brings. Today's trucking industry is characterized by intense competition, generally reasonable rates, generally excellent service, and a level of responsiveness to customers that far exceeds what railroads and water carriers manage to provide. Since 1980, more efficient motor carriers and more efficient shippers, working together, have produced a more efficient distribution system benefiting the entire American economy.

There is an obvious inconsistency between the new policy of deregulation and competition in the trucking industry resulting from the Motor Carrier Act of 1980, and

collective freight classification and rate setting with antitrust immunity by the NCC and the rate bureaus. As stated in the legislative history of the Act:

No issue has received more attention during the debate before the Committee than whether this immunity should be allowed to continue. The debate centered on whether there continues to be a reasonable public quo in return for the collective ratemaking quid of the Reed-Bulwinkle Act.¹

Though Congress decided to preserve antitrust immunity for the NCC and rate bureaus, it also required changes. Rate bureaus would no longer be allowed to consider or discuss individual carriers' single line rates, and the right of independent action of member carriers was enhanced, in order to minimize uniform, noncompetitive rate-making.

Compliance with the new strictures against collective action influencing individual carriers' single-line rates was not immediate or ungrudging. See, e.g., Clark & Reid Company v. United States, 851 F.2d 1468 (D.C. Cir. 1988), and Niagara Frontier Tariff Bureau, Inc. v. United States, 780 F.2d 109 (D.C. Cir. 1986). Nevertheless, many trucking companies learned to set their own rates in the new competitive marketplace.

However, carriers generally did not abandon the old system of class rates tied to commodity classifications. The trucking industry preserved the NMFC and NCC classification determinations as well as rate bureau class rates (although some carriers adopted their own, individually determined class rates). Competitive pricing took the form of a system of discounting off the class rates. For an extended discussion and analysis of this development, see Investigation of Motor Carrier Collective Ratemaking and Related Practices and Procedures, 7 I.C.C. 2d 388 (1991).

¹ House Report No. 96-1069, reprinted in 1980 U.S. Code Cong. & Ad. News 2283, 2309.

The system of class rates and discount rates had its defenders, who argued that these arrangements simplified ratemaking and permitted shippers to compare rate quotations easily. If Carrier A and Carrier B offer discounts of 50% and 45%, respectively, off the same baseline set of class rates, it can be assumed that Carrier A's services will be less expensive than Carrier B's, other things (such as service and ancillary charges) being equal.

However, this system also demonstrated drawbacks. Chief among them was that the system of class rate tariffs and separate discount rate tariffs, coupled with the filed rate doctrine, led to the undercharge epidemic. Bankrupt carriers (or carriers that had gone out of business or no longer valued the goodwill of their shipper customers) frequently sought to deny, challenge or repudiate the discount rates they charged to attract shippers' business in the competitive marketplace, in hopes of retroactively substituting the much higher class rates.

Another drawback of this system is that it has preserved the incentive of the NCC and the rate bureaus to take advantage of their antitrust immunity to increase carrier revenues by increasing Class ratings in the NMFC, and class rates in the rate bureaus' tariffs. When Carrier A, in the example above, obtains a shipper's business based on a quoted 50% discount, it may be difficult for the carrier to persuade the shipper to accept a 45% discount when Carrier A wants to raise its rates. A direct rate increase is unnecessary, however, if the class rates underlying the 50% discount rates are increased by the rate bureau that publishes those class rates. The shipper's rates may go up indirectly and without actual notice. And if the shipper does notice the increase, Carrier A can claim that the increase resulted from rate bureau action for which it is not responsible.

Similarly, if a shipper's principal cargo is reclassified from Class 100 to Class 125 by the NCC, the class rates for those shipments will go up by 25%. Discounts may temper the increase reflected on individual carrier freight bills, but the result remains a rate increase. And any inquiries by a shipper who notices the change may be met with the explanation that the increase was not Carrier A's idea; it resulted from modification of the NMFC by "objective" trucking industry classification specialists.

Knowledgeable shippers often try to protect themselves against these "stealth" rate increases with contracts that lock in agreed rates, and they try to avoid increases based on commodity reclassifications through the use of freight-all-kinds or "FAK" classifications. However, the effectiveness of such protections is generally temporary. Sooner or later (normally, at least annually), contracts or contract rates are renegotiated. When they are, increases in class rates and reclassifications of commodities to higher class ratings will almost invariably be cited as grounds for a rate increase, if the increase has not been implemented already through the discounted class rate pricing system.

Periodically, of course, the prices of service providers, like the prices of wholesalers or retailers of goods, need to be raised, to cover cost increases or to enhance profits. The trucking industry is not unique in wanting to make more money. Nor is it necessarily unique in sometimes raising rates indirectly, or claiming the rate increase results from decisions made by others, or circumstances beyond the carriers' control.

What is unique about the trucking industry is its ability to raise rates either individually or through commodity reclassifications and/or class rate increases with antitrust immunity. Because collective ratemaking may conflict with the intent of Congress to promote competition in the trucking industry, STB approval of existing or expanded rate

bureau authority should be granted sparingly. Moreover, through the use of appropriate conditions, the Board can increase the likelihood of a "public interest quo" if SMC obtains a nationwide "collective ratemaking quid."

IV. PRELIMINARY PROCEDURAL ISSUES

NASSTRAC supports the decision of the Board to reopen this Docket and accept further comments on SMC's application for nationwide authority. As noted in the Board's decision served March 23, 2004, that application was originally filed in 1994, and was resubmitted in 1996 under the docket number that the instant proceeding bears. SMC's application was sidetracked due to a 1999 Congressional prohibition against consideration of any rate bureau application for nationwide authority. That prohibition has since been rescinded.

The Board's May 23, 2004 Decision also notes that, in a December 15, 2003 filing, two other regional rate bureaus, EC-MAC and Rocky Mountain Motor Tariff Bureau, suggested that the issue of nationwide authority should "be resolved in the periodic (5-year) review proceeding that the Board is required to begin again in 2004 to evaluate current bureau agreements under 49 U.S.C. § 13703(c)(2)." Decision at 3. The Board elected instead to reopen the proceeding instituted in 1996, to consider SMC's renewed application. As a result, the procedural posture of this phase of this proceeding is somewhat tangled, but NASSTRAC wishes to state for the record its understanding of the issues that are and are not presented at this time.

First, the fact that the Board has reopened an old docket instead of commencing a new one suggests, and SMC's April 22, 2004 Initial Statement appears to confirm, that the only issue before the Board and parties at this time is whether SMC's current author-

ity should be expanded to permit collective ratemaking nationwide. The issue of whether SMC's authority should be renewed under 49 U.S.C. § 13703(c)(2) is not a subject for comments in this proceeding. Some of the practices of SMC warrant review whether or not SMC obtains nationwide authority.

Put another way, regardless of whether the Board decides to deny SMC's application, grant it subject to conditions, or grant it without conditions, the Board will presumably institute a separate proceeding (or expand this one) at a later date. At that time, the Board will review the collective ratemaking agreement of SMC and other rate bureaus. NASSTRAC does not propose to revisit nationwide expansion issues then, but NASSTRAC has seen no indication that issues other than nationwide expansion are ripe for comment now.

A second and related procedural issue is whether a request for nationwide authority by any rate bureau other than SMC is before the Board and parties in this Docket. In its Initial Statement, SMC says, in its "Background of Proceeding and Summary of Argument," at the bottom of the fourth (but unnumbered) page:

Both [Pacific Inland Tariff Bureau, Inc. and Middlewest Motor Freight Bureau, Inc.] have filed nationwide rate-making applications with the STB, and SMC has not and will not oppose their applications or that of any other organization seeking that authorization.

NASSTRAC is aware of no such applications by Pacific Inland Tariff Bureau or Middlewest Motor Freight Bureau, other than applications filed more than 6 years ago that have not been renewed or revised.

NASSTRAC assumes that before nationwide authority for any other rate bureau would be considered, an application for nationwide authority would have to be filed, and

NASSTRAC and other interested parties would be given a chance to file comments. This Docket has not been reopened as an omnibus proceeding for consideration of rate bureau nationwide authority generally. NASSTRAC reserves the right to consider whether it would take the same position or file similar comments as to requests for nationwide authority by rate bureaus other than SMC. The other rate bureaus do not appear to have embarked on commercial ventures to the degree that SMC has, and different terms might be appropriate if they seek expanded authority.

V. THE SMC APPLICATION SHOULD NOT BE GRANTED
WITHOUT CONDITIONS

In considering the extent to which the public interest is served by collective rate-making among competitors in today's deregulated trucking environment, it is helpful to consider the main functions performed by a rate bureau like SMC. One function is to publish a class rate tariff like SMC's CzarLite. Another is to consider and vote on periodic adjustments to the class rates, normally through annual general rate increases.

It appears from its extensive website that SMC also performs other functions, including distributing the National Motor Freight Classification (though the NMFC's content is controlled by the NCC), and producing and marketing rating software of various kinds. Part of SMC's success is no doubt due to its successful revenue-producing programs. SMC also hosts educational programs and circulates materials addressing transportation issues.² NASSTRAC will focus first on SMC's baseline tariff function.

² Some of SMC's activities, both for profit and not, may not require antitrust immunity and may not need to be subject to conditions if SMC operates nationally, but it is not clear where any such line should be drawn. If SMC seeks antitrust immunity for all of its activities, it should say so. If not, it should specifically identify the activities for which it seeks immunity.

A. Baseline Rate Tariffs can be Pro-Competitive

Rate bureau class rate tariffs like CzarLite are potentially pro-competitive, in that they can provide shippers and carriers with an accepted baseline for carrier discounting. NASSTRAC finds SMC's website more useful and informative than those of the other rate bureaus, but has suggestions below for further improvements. (SMC argues in its Initial Statement that class rate tariffs also facilitate interlining, but since interlining seems to present no problems today, that factor does not appear to support nationwide authority.)

In the recent rate bureau reform proceeding, shippers originally questioned whether antitrust immunity was warranted for such tariffs, given that baseline tariffs not developed collectively were available for use in negotiations. However, NASSTRAC and others eventually abandoned their call for elimination of antitrust immunity for the rate bureaus. This was partly in light of the Board's reforms (though the STB did not go as far as NASSTRAC recommended) and also due to the statutory provision for periodic review of rate bureau antitrust immunity. The potential benefits of rate bureau tariffs are not the whole story, but must be balanced against detriments, particularly when a major bureau seeks expanded authority.

B. Shipper Concerns and SMC Dominance

Even if rate bureau class rate tariffs can be beneficial, the trucking industry's reliance on such tariffs, and the practice of discounting off unrealistically high rates that cannot be justified in the marketplace, raise concerns for shippers.

These concerns, which are addressed in more detail below, are exacerbated by the perception of the increasing dominance of SMC. SMC argues that it is the most profes-

sional, transparent and customer-friendly of the rate bureaus. NASSTRAC has had a long and generally positive relationship with SMC. Many NASSTRAC members are associate members of SMC, and SMC's open General Rate Committee meetings at which shippers may speak should be used by more rate bureaus.

Nevertheless, there is a real possibility that SMC's CzarLite class rate tariff will become the national class rate standard for carriers and shippers in the U.S. This possibility, which would become more likely if SMC gains nationwide authority, could concentrate baseline pricing decisions for the entire industry in the hands of SMC's member carriers.

SMC acknowledges in its Initial Statement that some rate bureaus, including New England Motor Rate Bureau, Inc., Motor Carriers Tariff Bureau and Willamette Tariff Bureau, have gone out of business. SMC points to these losses, and the possibility of others, as support for its application. SMC argues that CzarLite will become less accurate as a nationwide tariff without input from other regional bureaus, unless SMC itself is authorized to fill in the gaps.

There may be some merit to this argument, but the waning of other regional bureaus reinforces NASSTRAC's concern about the waxing fortunes of SMC. SMC also argues that Pacific Inland and Middlewest are thriving, and that the former supports SMC's application for nationwide authority.

It is possible that these bureaus and others may survive. Indeed, it is also possible that nationwide authority for SMC may lead to nationwide authority for other bureaus, which may publish their own national class rate tariffs. However, NASSTRAC is not aware of any serious competition for CzarLite today, and expects that nationwide author-

ity for SMC will increase SMC's dominance. Even if they survive, the other bureaus may not provide any material competition for SMC and CzarLite.

It may be argued that there is only one national freight classification tariff, the National Motor Freight Classification, and that the existence of a single national class rate tariff should therefore be of no concern to shippers. This is a non-sequitur for two reasons.

First, the Board found in its decision in the NCC reform proceeding that shippers had too little voice in freight classification, and it established new procedures intended to reduce the likelihood of the NMFC being used by its carrier members as a device for stealth rate increases.³ Second, despite those reforms, shippers do not believe NCC classification decisions are unaffected by the self-interest or institutional interest of its carrier members. Higher class ratings lead to higher class rates, and higher discounted rates. Moreover, this circuitous system provides cover for carriers and is poorly understood by many shippers.

The NCC parallel is also relevant in another respect. The Act provides, in 49 U.S.C. § 13703(g)(1), that

[a] motor carrier of property whose ... rates ... are determined or governed by publications established under agreements approved under this section must participate in the determining or governing publication for such provisions to apply.

If CzarLite becomes the de facto national standard class rate tariff, carriers that are not now members of SMC may be required by law to become members in order to participate.

³ See the Board's Decisions served November 20, 2001 and March 27, 2003 in Section 5a Agreement No. 61 (Sub-No. 6), National Classification Committee – Agreement.

Many shippers believe that the NCC continues to exist mainly because most of its proposals lead to small increases in ratings and rates that make a significant aggregate contribution to carrier revenues over the above what the free market would support. The prospect of a similar concentration of power, and similar results, as to class rates, holds little appeal for shippers. Accordingly, NASSTRAC would oppose any grant to nationwide authority for NCC that is not subject to protective conditions.

C. Undiscounted Class Rates are Unreasonably High

Even if there were no future general rate increases, the full undiscounted class rates in effect today are extremely high. Almost 15 years ago, in Investigation of Motor Carrier Collective Ratemaking, supra, the ICC found that discounting was "pervasive" (7 I.C.C. 2d at 413). The Commission also found that the average discount nationwide was approximately 40%. See 7 I.C.C. 2d at 450, and see Addendum E to the decision for trends in discounting between 1985 and 1991 for several major rate bureaus. Since 1990, GRIs have produced even higher undiscounted class rates, and deeper discounts for knowledgeable shippers.

It was the disparity between the actual discounted rates prevailing in the marketplace and full undiscounted rates that led to the undercharge epidemic of the 1980s and 1990s. If trustees of bankrupt carriers and their attorneys and consultants could come up with a pretext for repudiating negotiated rates, they could file collection actions seeking millions of dollars by rerating old freight bills up to undiscounted class rate levels.

The Negotiated Rates Act of 1993 and court decisions referring reasonableness issues to the STB largely ended the undercharge epidemic.⁴ However, the law does not prohibit undercharge actions, and the disparity between undiscounted and discounted rates could fuel future undercharge cases, particularly in view of the Board's puzzling reluctance to state that full undiscounted class rates are presumptively unreasonable. In addition, shippers continue to complain of occasional shipments via a carrier not under contract (e.g., return shipments from customers) that may be billed at undiscounted class rates.

The rate bureau themselves have not attempted to defend the reasonableness of full undiscounted class rates. On the contrary, during the pendency of the rate bureau reform proceeding, NASSTRAC protested GRIs by SMC, EC-MAC and other bureaus on the ground that they would exacerbate the problem of high class rates the Board had cited in that proceeding. EC-MAC, Rocky Mountain, Middlewest and others then voluntarily adopted so-called minimum discount programs, providing for a 35% minimum discount absent any other discount agreement. SMC adopted a 20% discount, arguing that its class rates were lower than those of the other bureaus (reflecting lower operating costs in the South).⁵ See the Board's decision served November 20, 2001 in Section 5a Application No. 118 (Sub-No. 2), et al., EC-MAC Motor Carriers Service Ass'n., at pp. 6-7.

The Board there noted (*id.* at 6, n. 13) one deficiency of these arrangements: they were generally not true minimum discounts. Because applicable only if no other discount

⁴ One Congressman compared the bankrupt carriers' collection efforts to a hypothetical situation in which a bankrupt airline sued passengers flying on discount tickets for the difference between full coach fares and the amounts they paid.

⁵ In light of this cost disparity, NASSTRAC is unsure how much weight to give the Statement of SMC Witness James Ridley, whose analysis found SMC's class rates generally lower than the individual class rates of 7 unidentified LTL motor carriers.

was in place, a 35% discount could be superseded by a lower discount if a member carrier could persuade a shipper to accept less of a discount, and this has clearly happened. In conjunction with the Board's decision to condition continued rate bureau antitrust immunity on disclosure of discount ranges (called "truth-in-rates" by the Board), the rate bureaus were required to file status reports identifying the lowest (and highest) discounts of their member carriers. The lowest discounts for several bureaus with 35% discount programs were actually lower than that: 20% for EC-MAC, 25% for Rocky Mountain and 25% for Midwest.⁶

If SMC gains nationwide authority and it and CzarLite come to dominate trucking industry class rates, there is every reason to believe that rates will rise, because of higher costs in and outside the South, and minimum discounts will fall because SMC's 20% will supersede the 35% discounts of the other bureaus. Why this would be in the public interest is hard to discern.

D. CzarLite Pricing Will Become More Important and Controversial

Higher rates appear to be likely for shippers even if SMC is not granted nationwide authority, and higher rates may be more likely if SMC is granted nationwide authority and CzarLite becomes the dominant or only national class rate tariff. Higher rates are, of course, not illegal when set individually in a competitive market, but expanded collective ratemaking that leads to rates higher than would be produced by market forces does concern shippers. Similarly, while discounting will no doubt survive whether or not SMC obtains nationwide authority, shippers are wary of reduced discounting due to expanded collective ratemaking.

⁶ See the status reports filed on May 27, 2003 by EC-MAC and Rocky Mountain in Section 5a Application No. 118 (Sub-No. 2), et al., and the status report filed May 23, 2003 by Midwest in Section 5a Application No. 34 (Sub-No. 10).

In addition, CzarLite is not free or even cheap. It appears that, through a combination of foresight, hard work and some built-in advantages (e.g., its sponsorship of the National Traffic Database discussed in Witness Daniel Acker's Statement), SMC has positioned itself to offer not just CzarLite, but a large number of ancillary services that have attracted buyers.

It is likely that the ratemaking capabilities SMC has developed will increase in value in the coming years. More and more companies rely on computerized Transportation Management Systems ("TMS") to check freight rates and select carriers. CzarLite appears to have been designed partly with these uses in mind. In this connection, see the May 18, 2004 Press Release issued by SMC, attached as Appendix A, promoting a new service for facilitating shipper requests for proposals from carriers, incorporating CzarLite and other SMC service offerings.

See also Appendix B hereto, consisting of several pages downloaded from SMC's website (www.smc3.com) that discuss CzarLite, related services, and SMC pricing policies. As the appended information indicates, the cost of these CzarLite-based tools can easily run into many thousands of dollars annually.

Many of NASSTRAC's shipper members use and praise CzarLite. However, other members, large and small, have concluded that the costs are too high. Of particular concern are SMC's pricing practices for intermediaries – the brokers and third party logistics companies that have become successful in the transportation marketplace by matching the needs of many shippers with the services of many carriers.

It is also fair to ask how things might change if SMC operates nationwide and the result is reduced competition among rate bureaus, and the emergence of CzarLite and

SMC's other software and e-commerce packages as essential but sole-source items. SMC would end up with a monopoly on a highly valuable suite of ratemaking materials. Questions concerning monopoly pricing, discrimination, tying arrangements, all potentially unregulated and immunized from the antitrust laws, naturally arise.

NASSTRAC has been advised that under current SMC policies, CzarLite licensees must also purchase SMC's autorating software ("RateWare"), and pay a transaction charge on each freight bill that a customer or 3PL wants to rate. SMC also reportedly reserves the right to cancel customers' right to use CzarLite and RateWare in conjunction with non-SMC pricing software. These reports, if correct, accentuate concerns about SMC's business plans if nationwide authority increases its market power.

Excessive or discriminatory prices for the right to use CzarLite and ancillary materials could even reduce the ability of intermediaries and smaller carriers to remain in business, if operating without CzarLite becomes commercially impracticable. It would be anomalous for the STB to expand collective ratemaking and carrier antitrust immunity in such a way as to reduce competition in the marketplace for truck transportation.

NASSTRAC is not suggesting that SMC would inevitably abuse any such market power. SMC also sells the NMFC. Though the NMFC is available nowhere else, it is hard to argue that SMC's price of \$159 per copy is unaffordable. In its recent antitrust case, Microsoft was found to be a monopoly, but may not have overcharged for Windows. It is possible that with more buyers, SMC could reduce its charges for CzarLite.

However, there is a reason why antitrust immunity is disfavored, and the abuse of market power by monopolies is hardly unknown among carriers. SMC's Initial Statement does not address the issue of future pricing for CzarLite, and NASSTRAC cannot

simply assume that in the absence of competition, regulation or the antitrust laws, SMC will always price CzarLite and its other services fairly.

In assessing where the public interest lies, the STB can certainly give some weight to the potential benefits of a class rate tariff that covers the nation (though CzarLite does that today), and that is discussed at open meetings shippers can attend, using information that is said to be made public. The Board should also consider the countervailing concerns of shippers about the high and rising absolute level of class rates, the unreliable nature of the rate bureaus' "automatic" discounts, the risk of lost competition among bureaus if most of the trucking industry joins SMC, and the potential for abusive pricing of what may eventually be the only widely-accepted national class rate tariff.

E. SMC's General Rate Increase Procedures Should be Improved

To the best of NASSTRAC's knowledge, SMC is the only regional rate bureau that has shippers as associate members and allows shippers to attend (though not to vote at) meetings of its General Revenue Committee, which considers and adopts SMC's general rate increase. SMC deserves credit for these approaches.

However, if SMC obtains national authority, its GRIs may become the only GRIs that really matter for trucking industry pricing purposes. It may be that even the largest LTL trucking companies, which currently publish their own individual class rate tariffs, will join SMC. Under these circumstances, SMC's GRIs will require greater shipper scrutiny than is the case today.

Even in an era of pervasive discounting, GRIs are important, for several reasons. For shippers that do not monitor motor carrier rates closely, a 6% general rate increase

may translate into a 6% increase in their freight bills. To the extent that the GRI is unjustified by market forces, so is the shipper's rate increase.

Shippers who are aware of the process but whose bargaining leverage is limited may get relief from some portion of a class rate general increase, but this process may take some time. Until it is completed, the shipper may pay above-market rates.

There are large shippers that are able to negotiate immediate reductions in GRIs, or even contracts that are not subject to any rate increases. However, even for these shippers, the level of a leading rate bureau's GRI may influence bargaining with carriers when the contract is renewed, which is normally (though not always) an annual event.

Of course, price adjustments are common in competitive markets, and the leverage of shippers with more freight, more attractive shipping patterns, and more carrier-friendly operating practices will normally exceed the leverage of shippers with less or less appealing freight. But there is a difference between carrier pricing in a marketplace with no price leader, and carrier pricing in a marketplace dominated by a single carrier. The risk of market distortion is even greater if one large carrier group, operating collectively with antitrust immunity, sets general rate increases in baseline rates for an entire industry.

For these reasons, NASSTRAC believes additional transparency in SMC's GRI procedures is needed if SMC is to receive nationwide operating authority. Specific conditions are proposed below.

VI. RECOMMENDED CONDITIONS FOR SMC IF NATIONWIDE
AUTHORITY IS GRANTED

The shipper concerns discussed above, and others that may be cited in this proceeding, show why SMC's application must be considered cautiously. A case could be made for denying SMC's application because of these concerns, and NASSTRAC understands that NITL and DOT will ask the Board to reject SMC's request. NASSTRAC looks forward to reviewing SMC's rebuttal, which may provide a clearer sense of how SMC would address these concerns than we have now. In its Initial Statement, SMC essentially argues that other rate bureaus will survive and compete successfully. This might happen, but the possibility that it won't makes unconditional nationwide authority for SMC a risk NASSTRAC would rather not take.

To increase the likelihood that nationwide authority for SMC will not lead to market concentration and anticompetitive conduct inconsistent with the public interest, nationwide authority should be approved for SMC only if conditions are imposed. The Board clearly has the authority to impose conditions on rate bureaus under 49 U.S.C. § 13703(a)(3) and § 13703(c).

The choice of conditions is made difficult by uncertainty over the impact on other bureaus, and on shippers and the trucking industry, of nationwide authority for SMC. Scenarios range from that proffered by SMC, which believes everyone will benefit, to more conservative scenarios, under which unconditional approval of SMC's application could significantly affect the stability and competitiveness of an industry that is today working well, as Congress intended when it deregulated trucking.

NASSTRAC believes that the Board should be conservative in dealing with SMC's application, consistent with the fact that antitrust immunity is disfavored, and in

recognition that the benefit/cost ratio for what SMC proposes is uncertain. NASSTRAC urges the Board to adopt the following conditions, at a minimum, if it decides to allow SMC to operate nationwide.

Three Year Limit

First, the Board should approve nationwide authority for SMC for no more than three years, rather than the usual five, if it grants SMC's application. This three year period could serve to test the impacts of the change. If they are beneficial or at least not harmful, and other rate bureaus follow suit and develop rate bases that compete with CzarLite, and if GRIs are processed openly and with opportunities for real rather than apparent shipper input, the Board could renew SMC nationwide authority for a full five years, reducing or eliminating protective conditions.

If, on the other hand, the experiment produces unanticipated adverse impacts, the parties and the Board will have an opportunity to review those issues in 2007 rather than in 2009. By 2009, it may be too late to reverse some of the problems that arise. Approval of SMC nationwide authority for five years would make it all the more important that other conditions be imposed and that SMC's actions be monitored closely.

Presumptive Unreasonableness of Undiscounted Class Rates and Need for Minimum Discounts

To address shipper concerns about the high absolute levels of class rates and the weaknesses in bureau minimum discount programs, the Board should do two things. One is to adopt a policy that the collection of full undiscounted SMC class rates will be presumptively unreasonable. Such a policy has no downside. Evidently no current carrier member of SMC has expressed any need to charge rates in excess of 80% of the class rates (i.e., class rates with a 20% discount).

If, in unusual (and unforeseeable) circumstances, a carrier needed to charge higher rates, it could rebut the presumption, or impose a separate surcharge. The loss in carrier pricing flexibility would be minimal. However, no shipper would be defenseless if billed by an active carrier or by a collection agent based on collectively set rates that were never intended to be imposed in the marketplace.

In addition, the Board should condition any approval of SMC nationwide authority on the requirement that adherence to the 20% discount off class rates that SMC has already adopted will be a condition of use of SMC's national class rate tariffs, including CzarLite. Here again, the detriment to carrier pricing flexibility is slight because carriers can always rate their services individually. However, the option of discounting off CzarLite but taking advantage of unwary shippers by offering a discount below the minimum (as some carriers in EC-MAC, Rocky Mountain and Middlewest have obviously done) would be eliminated. If other rate bureaus do not survive, the 20% minimum discount should be increased.

Fair Pricing for CzarLite

NASSTRAC does not expect the Board to regulate SMC's pricing of CzarLite. However, the Board can and should condition nationwide approval for SMC on the requirement that SMC monitor and report to the Board on the extent to which CzarLite is subject to competition from other class rate tariffs or rating products, and on any pricing changes SMC adopts either to make CzarLite more accessible or inexpensive to users, or to make it more expensive and less accessible without additional purchases from SMC.

SMC should also make public financial statements detailed enough to permit shippers, carriers, intermediaries, other bureaus and the Board to be aware of its revenues

from CzarLite and other sales of services. If SMC is becoming the Microsoft of motor carrier pricing, this fact should not be concealed.

To address concerns about SMC's policy of preventing the use of CzarLite with non-SMC rating programs maintained by others, SMC should be prohibited from requiring that those who want to buy CzarLite must also buy SMC's rating software (though SMC should not be prohibited from offering both services). If there are technical changes in CzarLite that make it inoperative with other programs, a version of CzarLite that is not so limited should be offered.

In addition, SMC should be directed to meet with representatives of intermediaries to discuss their pricing concerns, and to report to the Board on the results of those discussions.

More Shipper Input in GRIs

To increase shipper input in SMC's GRI process, NASSTRAC urges the Board to apply remedies like those it adopted in the NCC reform proceeding. In its decision served November 20, 2001 in Section 5a Application No. 61 (Sub-No. 6), National Classification Committee – Agreement, the Board called on the NCC to provide advance notice to the public not just of the proposals to be considered at the next meeting, but also of the supporting data for those changes. As a result, NCC has become more responsive to shipper questions. The Notice and Appendix circulated on March 4, 2004 by NCC, and posted on its website for the May 2004 meetings in Docket No. 2004-2, are the most informative that NCC has issued.

SMC's willingness to allow shippers to participate in its General Rate Committee meetings is helpful, but it would be even more helpful if, like NCC, SMC would provide

advance notice of rate proposals on its website, and would accept and answer inquiries from interested shippers before the meetings. With this information, shippers might be in a position to determine in advance of the meeting whether they wanted to travel to Atlanta and speak at the meeting. While SMC's recently announced 6.1% rate increase may not seem out of line when compared with other motor carrier increases, the 6.1% is an overall revenue impact. In certain traffic lanes the increase is likely to be significantly higher. Shippers need to be able to understand and assess the details of SMC's GRI proposals and SMC's supporting documentation.

Along these same lines, greater shipper access to the process by which decisions are made would increase confidence in the process. NASSTRAC has been aware for some time of SMC's use of a "Carrier Cost Index," in place of the Department of Labor's Consumer Price Index or Producer Price Index, in assessing cost changes for GRI purposes. However, we have not researched in detail the makeup and impact of the CCI. That may have to change if SMC and CzarLite increase in importance.

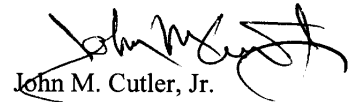
Another issue of concern for shippers is the possibility of paying rate increases based, in part, on fuel cost increases, and paying carrier fuel surcharges. Many, if not most, NASSTRAC members have agreed to fuel surcharge provisions in arrangements with carriers. However, paying twice for higher fuel costs appeals to no one. SMC should be directed to minimize any risk of overcollection of fuel cost increases by its members using SMC class rate tariffs for pricing.

VII. CONCLUSION

For the foregoing reasons, NASSTRAC urges the STB to approve SMC's request for nationwide authority only subject to conditions that address shipper concerns and re-

duce the risk of an expansion of collective ratemaking authority that is not in the public interest.

Respectfully submitted,



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Washington, DC 20037
(202) 775-5560

Attorney for National Small Shipments
Traffic Conference, Inc.

Dated: May 24, 2004

CERTIFICATE OF SERVICE

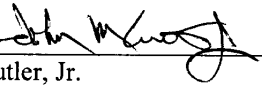
I hereby certify that I have this 24th day of May, 2004, served a copy of the foregoing document on counsel for applicant and other known interested parties by first class mail, as follows:

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John M. Cutler, Jr.

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Appendix A

SMC³ to Release New, Online Transportation RFP Service

Breakthrough offering will unite carriers and shippers in a shared bid process

Peachtree City, GA May 18, 2004 SMC³, a leading nationwide provider of *Technology Tools for Transportation*®, today announced the upcoming release of an Internet-based bid package solution that facilitates and manages a collaborative bid process between shippers and carriers.

SMC³'s BidSenseSM for CzarLite® optimizes the decision-making process so that shippers can make the best choice in awarding their carrier contracts. As the leading provider of LTL base rates, tools and technology solutions and services, SMC³ is uniquely qualified to provide this solution to the transportation marketplace.

"BidSense is different from the other transportation RFPs on the market today," said Jack E. Middleton, president and CEO of SMC³. "The difference is that it's designed to support the entire, end-to-end RFP process utilizing SMC³'s characteristic understanding of LTL pricing and processes."

BidSense includes an exclusive set of LTL information and reusability tools to improve accuracy and reduce the time and cost of RFP preparation, administration, evaluation and award. The service was designed with both carrier and shipper input, ensuring the delivery of key shipment information to the carrier and sensible bid responses to the shipper.

BidSense acts as a facilitator; the shipper submits their electronic RFP to their selected carrier group, each carrier provides complete pricing and service information to the shipper, and the shipper compares and evaluates the standardized responses received. When a decision is reached on the shipper's part, BidSense is again used to notify the carrier and manage the contractual process. All exchanged information is secured by SMC³'s system of servers and stored at the shipper's discretion for historical re-use.

"Many online RFPs out there today are set up according to a 'blind' bid process," commented Warren Patterson, project lead for SMC³'s BidSense offering. "With BidSense, the carrier who offers the lowest price doesn't necessarily win the bid the process is all about weighing several factors so that the shipper can make the best business decision."

Other key features of BidSense include powerful tools for pricing analysis, shipper-defined "weighting" mechanisms, and standard data formats for easy integration of in-house or online tools. BidSense seamlessly incorporates SMC³'s CzarLite® base rates and also integrates with SMC³'s RateWare®, CarrierConnect™ and FastClass® technology products.

"There's no doubt that BidSense will revolutionize the way carriers and shippers do business,"

said Middleton. "Shippers will be amazed at how they can leverage their control over the bid process, and carriers will benefit from business that fits their unique service levels."

SMC³'s BidSense for CzarLite is scheduled for an August 2004 release. Specialized demonstrations and introductory pricing are available now. For more information, visit www.smc3bidsense.com, call 800.845.8090 or email sales@smc3.com.

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About SMC³

SMC³ is a leading nationwide provider of technology tools for transportation. SMC³ enables its customers to achieve greater success in the marketplace by supplying advanced technology tools, superior data management services and smart processes that ensure the accurate and timely availability of pricing information throughout the transportation community.

SMC³ presently serves more than 5,000 customers throughout the United States, Canada and Mexico, and is committed to remaining at the forefront of technology and pricing intelligence through a dedicated staff and partnerships in the industry. The company is headquartered in Peachtree City, Georgia, and has a satellite office in Louisville, Kentucky.

Company keywords: Technology, Transportation, LTL, Pricing

5/24/2004

CzarLite Family

Overview

For more than 13 years, CzarLite™ base rates have been the focal point for successful shipper, carrier and third party transportation agreements. CzarLite base rates combine an intelligent and fair pricing system with a full line of related products that can be easily implemented in mainframe, PC, UNIX, AS/400 and Internet-based applications.

The CzarLite pricing system is the basis for hundreds of less-than-truckload (LTL) contracts that annually account for over nine billion dollars in managed transportation. CzarLite pricing products are licensed to over 375 carriers, including all 50 of the largest national, multi-regional and regional LTL carriers. LTL carriers understand CzarLite pricing structures and have benchmarked them with their individual pricing systems. This standard base for pricing of LTL adds value through better understanding of your transportation pricing and easier implementation into your business processing. Waste and inefficiency are driven out of the computing and transportation supply chains and profit is sent to the bottom line.

When you select CzarLite as your LTL pricing standard you adopt standard data structures for your information technology needs, leading to rapid implementation of systems and productivity gains for your IT department. Your technical experts will choose the CzarLite technology that best integrates the data with the systems that drive your order processing, distribution, freight payment and other logistics and accounting systems. SMC³ has technology and software available for use with PCs, networks, mainframes, AS/400, UNIX and Internet/intranet. This technology helps eliminate paperwork and redundant procedures for entering and processing information.

The following information about our CzarLite family of products will help you make the best decision for the standardization of your LTL pricing data and technology.



**MORE
INFO!**

Getting Started

When you select CzarLite as your base rate for your transportation RFP (request for proposal), you proceed with the confidence that your selection is the industry standard. Independent analysis has measured that CzarLite is used annually as the base for over nine billion dollars of LTL transportation, more than any other base and continually growing.

Step 1 Obtain Your CzarLite Base Rate License

Getting started with CzarLite is easy. Our license to use CzarLite as a base rate is scaled to the size of your business (measured in annual revenues). Each license includes a single-user copy of CzarLite PC and an Associate Membership in our organization. The PC technology is a fully functional, yet simple method for managing and evaluating your transportation bids, and the Associate Membership provides you with many valuable informational and educational tools throughout the life of your CzarLite agreements.

CzarLite (U.S./U.S.)

CzarLite International (U.S./U.S. and U.S./Canada)

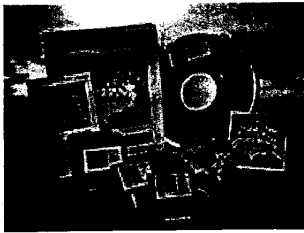
Step 2 Determine Your CzarLite Technology Requirements

Your CzarLite base rate license includes a single-user Windows Rating System. For additional

technology requirements you may select from the listings below. For custom data configurations or interfaces to your vendors' software, email sales@smc3.com at SMC³ or call 1.800.845.8090.

CzarLite Family:

COM Object Computing for CzarLite
CzarLite AS/400 or iSeries
CzarLite for eCommerce
CzarLite HP UNIX
CzarLite International Plus
CzarLite Intl Canada-Mexico
CzarLite Intl Mexico
CzarLite Intl PC
CzarLite Linux
CzarLite Mainframe
CzarLite Online
CzarLite PC
MexicoLite



Name	CzarLite Base Rate LTL Pricing System (U.S. to U.S.)
Product	6560-WR
Revenue	To Order Call 800.845.8090
Type	CzarLite Family
Price	Pricing Table

Product Menu

When you select CzarLite as your base rate for your transportation RFP (request for proposal), you proceed with the confidence that your selection is the industry standard. Independent analysis has measured that CzarLite is used annually as the base for over \$10 billion of LTL transportation, more than any other base and continually growing.



Getting started with CzarLite is easy. Our license to use CzarLite as a base rate is scaled to the size of your business (measured in annual revenue).

Each CzarLite base rate license includes:

1. A single-user copy of CzarLite PC or a CzarLite data module for RateWare, and
2. An Associate Membership with SMC³.

The PC technology is a fully functional, yet simple method for managing and evaluating your transportation bids, and the Associate Membership provides you with many valuable informational and educational tools throughout the life of your CzarLite agreement.

Your CzarLite base rate license includes a single-user Windows Rating System. For additional technology requirements you may select from the listings below. For custom data configurations or interfaces to your vendor's software, email sales@smc3.com at SMC³ or call 1.800.845.8090.

CzarLite Family:

COM Object Computing for CzarLite
CzarLite AS/400
CzarLite for eCommerce
CzarLite HP Unix
CzarLite Int'l Canada-Mexico
CzarLite Int'l Mexico
CzarLite Int'l PC
CzarLite Linux
CzarLite Mainframe
CzarLite Online
CzarLite PC
MexicoLite

For more information on CzarLite, please read the product overview.

Print

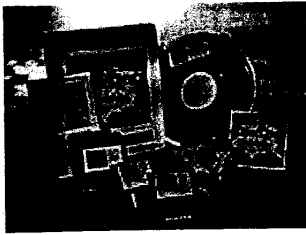
Product Pricing for CzarLite Base Rate

Price Per Revenue

Annual Revenue	Price	Annual
\$ 0 - 50 million	\$995.00 each	\$995.00 each
\$ > 50 - 500 million	\$1,600.00 each	\$1,600.00 each
\$ > 500 - 1 billion	\$2,500.00 each	\$2,500.00 each
\$ > 1 - 5 billion	\$3,500.00 each	\$3,500.00 each
\$ > 5 - 10 billion	\$5,000.00 each	\$5,000.00 each
\$ > 10 billion	Quote	

Pricing applies to shippers using CzarLite as a base rate for transportation agreements. For carrier, 3PL and service bureau licensing, contact SMC³ Sales at 800-845-8090.

Return to **Product Information**



Name	COM Object Computing for CzarLite
Product	8097-E CD
Quantity	To Order Call 800.845.8090
Type	CzarLite® Family
Price	Pricing Table

Product Menu

SMC³'s RateWare COM is a Microsoft COM-compliant object, and it is the product to use for integrating CzarLite data into outside vendors' software or within your own, in-house applications. This object is extremely small, fast and efficient. The design is fully self-contained, which technically means that the target machine does not require any additional files or DLLs to register and work. From a non-technical viewpoint, this means that the system can easily integrate with your existing programs using simple techniques and minimal time requirements.

Note: COM Object Computing for CzarLite requires that you have a CzarLite Base Rate License. For more information on CzarLite, please read the product overview.

Print

Product Pricing for COM Object Computing for CzarLite

Annual License

Annual License	Price	Annual
1 +	\$17,318.00	\$5,195.00

Pricing for Intranet Applications

Price Per User

Users	Price	Annual
1	\$2,250.00	\$495.00
2	\$4,420.00	\$941.00
3	\$6,590.00	\$1,440.00
4	\$8,730.00	\$1,921.00
5	\$10,913.00	\$2,401.00
6	\$13,085.00	\$2,809.00
7	\$15,185.00	\$3,341.00
8 - 11	\$1,975.00 each	\$434.00 each
12 - 15	\$1,690.00 each	\$372.00 each
16 +	\$1,500.00 each	\$330.00 each

1. Pricing does not include the required data license.
2. For Commercial pricing and Internet pricing, contact SMC³ Sales at 800-845-8090 for quote.

[Return to Product Information](#)



Name **RateWare Server**
Client Server Technology
Product 8095-E3 CD PC
Quantity **ADD TO SHOPPING CART**
Type Software Development Tools
Price Pricing Table

[Product Menu](#)

Overview

SMC³ offers a complete family of client/server tools for a TCP/IP network. The RateWare family includes the RateWare Server, RateWare Professional Client (Windows rater), the RateWare COM client and RateWare BatchMark Client.

Combined with RateWare Server, the COM client is used in both your developmental and production processes as a client for your application. For users needing more of a production tool for rate quotes and freight payment purposes, SMC³'s RateWare Professional Client is the solution. For those who need to rate or re-rate multiple bills for price benchmarking, bid processing and analysis, SMC³'s RateWare BatchMark Client is the solution.

The complementary tools found in RateWare offer you a powerful network rating system. This technology is a very effective and efficient way of distributing transportation data throughout your company. Its scalability permits resource allocation and expansion on an as-needed basis.

RateWare products can be used to:

- Manage LTL shipment costing and pricing, including carrier-specific discounts and accessorial charges, in a streamlined and efficient process
- Quickly and easily convert and validate data through a simplified process for updating motor carrier tariff information and expiration dates
- Support rating requirements with various lookup, discounting and support activities
- Increase planning flexibility and reduce the complexities of LTL rating for shippers, distributors, logistics service providers and transportation exchanges
- Incorporate CzarLite rate tariffs in your logistics platform.
- Improve labor efficiency through more rapid and accurate decision-making on transportation pricing and faster responses to shipping inquiries
- Help LTL carriers manage hundreds of different customer-specific pricing lists
- Provide one complete system that's efficient, easy to maintain and accurate for a network of users
- Analyze bids, benchmark and conduct pricing studies with SMC³'s BatchMark application

Small Package Rating

A new software interface distributed as part of the RateWare Server and RateWare COM technology products supports standard FedEx and UPS rates in a multi-carrier shipment rating engine.

SMC³ makes the FedEx and UPS package rates available from all points to all points within the contiguous U.S., and provides all service levels (express, ground, cwt., etc.) in an integrated system.

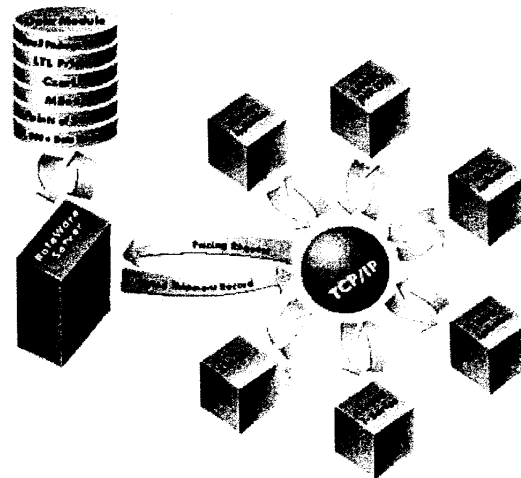
Having FedEx and UPS rates along with the standard LTL rates gives you one-stop shopping for

all your rating activities. And, the SMC³ name means that your package rates will be received in a timely manner.

RateWare Server

RateWare Server runs on a machine attached to your Ethernet network and provides shipment rating to client applications through TCP/IP and Windows Sockets technology. The client software can be SMC³'s RateWare Professional Client, RateWare BatchMark or another application that was developed to work with the development COM client. The system is delivered with a comprehensive technical manual, detailed transaction layouts, test data, test programs and a system of error messaging to help you develop and maintain your application.

If you desire, you may also design and develop your own client from detailed specifications outlined in the RateWare technical manual. Developing your own application using the RateWare Server for your shipment rating requires an understanding of TCP/IP and Windows Sockets protocol version 2.2 and above.



RateWare Server is a quick and simple process to obtain your rated information. Simply enter a request from the application running on your workstation. This application (i.e., RateWare Professional, RateWare BatchMark or a vendor's program) then routes the request to the RateWare Server via the TCP/IP Ethernet connection. When the RateWare Server receives the request, it is processed through the RateWare engine for pricing details. This rated information is then returned to the application and displayed on the client workstation.

The implementation of the RateWare Server enables you to fully realize the advantage of a durable rating engine with a library of more than 4,000 data modules. This client/server technology, which replaces current file server technology, will drastically reduce network traffic and decrease response time. This is because with a standard file server application, reading from and writing to files is handled across the network connection, meaning that a lot of data is being transferred across the connection. With RateWare, the server is doing all the input/output locally. The client passes the necessary input information (i.e., origin ZIP, destination ZIP, tariff to be used, etc.) to the server and the server only passes back the necessary output (i.e., rates, charges, etc.). Not only does this method significantly reduce network traffic, but it also gives you a huge cost advantage in computing technology while decreasing labor expenses and improving rating accuracy — a perfect scenario for motor carrier billing, freight payment and corporate computing.

COM Client

RateWare Server is distributed with a development COM object client to assist you in your development process. A Professional client application including complete rating and carrier pricing management applications is also available.

RateWare's development COM client is a client object that is designed to work in conjunction with SMC³'s RateWare Server. This is a Microsoft COM compliant object that gives transportation software developers access to the shipment rating capabilities of SMC³'s LTL rating engine. This multi-user system reduces network traffic and eliminates bottlenecks throughout your transportation management channels. The COM client contains the functionality to interface with your application and obtain the rates and/or charges for small package and LTL shipments.

To utilize the development COM client, you must have RateWare Server installed along with the desired SMC³ data modules.

Additional RateWare Clients:

RateWare Professional Client

RateWare BatchMark Client

Software Maintenance and Support

The RateWare product and its associated clients are upgraded several times throughout the year. Each time an upgrade occurs SMC³ ships you the newest version. The RateWare Software Maintenance and Support program also includes full access to our dedicated technical support team.

This product requires Data Modules
Product Requirements

Print

Product Pricing for RateWare Server

Price Per User

Users	Price	Annual
1 - 3	\$6,695.00	\$1,473.00
4 - 6	\$11,021.00	\$2,425.00
7 - 9	\$14,361.00	\$3,161.00
10 - 12	\$17,459.00	\$3,840.00
13 - 15	\$20,509.00	\$4,512.00
16 +	\$1,050.00 each	\$225.00 each

1. Pricing does not include the required data license.
2. For Commercial pricing and Internet pricing, contact SMC³ Sales at 800-845-8090 for a quote.

Return to **Product Information**

SMC³ Product Catalog

Licensing and Pricing
Guidelines

No Products in Cart ➡ 

CzarLite® Family	Pricing and Routing Tools	Software Development Tools
Overview	Overview	Overview
COM Object Computing for CzarLite	BatchMark	CarrierConnect COM NEW!
CzarLite AS/400 or iSeries	Carrier Raters	RateWare BatchMark Client
CzarLite Base Rate	CarrierConnect	RateWare COM
CzarLite for eCommerce	Data Services	RateWare HP-UX
CzarLite HP UNIX	FastClass	RateWare Linux
CzarLite Intl Base Rate	National Traffic Database	RateWare Professional Client
CzarLite Intl PC	NMFC/NMF 100-AD	RateWare Server
CzarLite Linux	Priority1	LTL & Small Package Data Modules
CzarLite Mainframe	ProRater2000	
CzarLite Online NEW!	ProRater2000 Data	Web-Enabled Technology Tools
CzarLite PC	ProRater2000 International	Overview
Server-Based Computing for CzarLite	RateWare Professional	BidSense for CzarLite NEW!
		CanadaLite Online
CzarLite® for Mexico		CarrierWorks
CzarLite International Plus NEW!		CzarLite Intl Online
CzarLite Intl Canada-Mexico NEW!		CzarLite Online NEW!
CzarLite Intl Mexico NEW!		FastClass Online NEW!
MexicoLite NEW!		iRater
		webRater

Please locate your SMC³ Account Number and Email address,
it will be needed when checking out.

If you have an account with us and do not know your account number contact us at webadmin@smc3.com.

Licensing and Pricing Guidelines

Overview

SMC³ licenses products to both end users and developers to integrate into their software products. Our developer tools include software, technical documents, program and data testing, test files and support from our technical staff. All of our technical documents contain both written "logic" and detailed record layouts so that you can easily implement the software into your programs.

Our pricing is segmented into four categories that address the needs of distinctly different business applications and sales channels.

Retail Pricing

By far the most common pricing, this is a traditional software license and support agreement. In most cases, this pricing applies when an end-user customer buys directly from SMC³ for implementation by the company's IT department. Retail pricing also applies when SMC³ products are purchased as "ready-to-install" to an outside vendor's system, or when vendor sales do not meet Alliance Program qualifications.

Commercial Pricing

This pricing applies to high volume pricing applications where individual user licensing is impractical or price prohibitive (i.e., motor carrier billing systems, freight processing, audit and payment activities, and other service bureau environments). This pricing model is metered on the number of rate requests processed through the system, and allows SMC³ to offer a scaleable solution while giving you the flexibility of multiple users.

Alliance Pricing

Vendors of transportation or business software who meet certain wholesale/retail qualifications in terms of quality, unit sales and marketing efforts may qualify for Alliance pricing programs.

Internet Pricing

This pricing applies to e-commerce and dot.com firms interested in integrating SMC³ software into a Web-based environment. Certain requirements must be met before licensing the software. Pricing is determined based upon your market, your customer base and how the application will be used.

Developer's Guarantee

Your SMC³ development software purchase is risk-free. If at any time within the first 30 days of receiving your software product you determine that it is unable to meet your functional requirements, you may return the software for a full refund. For more information on the Developer's Guarantee, please contact SMC³ sales at 800.845.8090 or sales@smc3.com .

Data Maintenance

SMC³ maintains service and pricing data for over 80 of the most popular national, multi-regional and regional carriers.

Pricing data typically changes on an annual basis, and we monitor these changes in the marketplace and keep you informed of changes in rates, basing and service applications. Updates to pricing are promptly added to our programs so you always have the most current information.

SMC³ also maintains the points of service and transit times for over 110 carriers. Our data technicians continuously monitor postal bulletins and carrier data for changes and implement those changes throughout the systems' distance and basing matrices, thus maintaining the most current service data. As a developer, you can download data directly from our Website on a daily basis or receive timely updates every 120 days via CD.

Software Maintenance & Support

Maintenance and support of SMC³ software is provided on your original order for 12 months from the date of delivery. Maintenance for subsequent years is purchased per pricing as listed in this catalog.