



INTERMODAL UBERIZATION

Florida East Coast's EZ Buy makes ordering, loading and delivering intermodal shipments as effortless as Uber.

By ROY BLANCHARD, Contributing Editor

The freight railroads are at a crossroads. Coal, the long-time backbone of the freight franchise that once amounted to 25% of all North American Class I revenue units, is gradually going away.

The challenge thus becomes not only replacing the revenue stream, but attracting new lines of business that offer the same stability and consistency as coal once did.

Intermodal containers are part of the solution, and Florida East Coast Railway has developed a system called EZ Buy to make ordering, loading and delivering shipments as effortlessly as calling up a Black Car on Uber to get you to the airport or a night on the town. The name of the game is reducing transaction costs, from finding a

driver to deliver an empty container to your door, to taking the load to your customer.

This writer calls EZ Buy the Uberization of freight, and the reason is simple. Punch up Uber on your iPhone and tell the app you want to go "Home" and that's all there is to it. The advantage is that you avoid the transaction cost of hailing a cab, explaining where you want to go, and digging out the cash or credit card for the driver.

Similarly, bring up www.fecconnect.com/app/ezbuy on your desktop or tablet browser (a smart-phone app is in the works), punch up your origin and destination, your desired date and time of pickup or delivery, and the system gives you the service options as well as a price. You can either accept the

price presented or negotiate one more suitable to your needs (within limits). You've lowered your transaction cost by getting all the shipment details in one place at one time. No waiting for call-backs or tracing en-route required.

The advantage to FEC is avoiding the transaction cost of a driver waiting for a load, and of building a train as the orders come in, making train size variable day to day. At the destination end, FEC avoids the costs of parking the load while it waits for the drayer and dealing with many different drayers. Moreover, FEC captures a constant stream of data about every customer and load, making many transactions repeatable and predictable.

Constance Hunter, Chief Economist for KPMG, calls such data capture

“putting digits around widgets.” Her message: The more you know about the customer, the less time you have to spend figuring out what the customer wants—wrapping data (digits) about the buyers around what (widgets) they are buying.

Applied to the railroad transaction, digits around widgets is a real

game-changer. EZ Buy is a disruptor of set-in-stone railroad practices.

Steve Sashihara from Princeton Consultants writes in “Digital Disruption in Freight Transportation” that there are five major categories of technology-based disruptors:

- Self-driving/autonomous trucks.
- Drones.

• The “uberization” of freight transportation.

- The internet of things (IoT).
- Big data.

“The Uber aspect holds great promise for lowering rail transaction costs,” he says.

Sashihara says Uber in a very-low-key way has created Uber Cargo as an

American Railcar Industries
Specializing in Tank and Covered Hopper Railcars

TANK CARS:
General Purpose Flammable & Non-Flammable Liquids, Pressure Tank

HOPPER CARS:
New Covered Hopper for Grain Service, Plastic Pellets, Pressure Differential, Small to Jumbo Size

ARI
American Railcar Industries, Inc.
100 Clark Street, St. Charles, Missouri 63301
(636) 940-6020 • FAX: (636) 940-6100
email: sales@americanrailcar.com
www.americanrailcar.com

Providing Robust and Reliable Railcars for over 150 Years

Florida East Coast's EZ Buy system is a disruptor of set-in-stone railroad practices.

experiment in Hong Kong. Right now, it's just cargo vans and largely not too different from “I'll pick you up,” but more of “I'll pick you and your stuff up as well.”

“I think the Uber for freight transportation is about looking at the business model that the Uber company has turned on its head—the taxicab industry—and saying, how can we take some of those lessons on for here?” says Sashihara. “If I'm a shipper, why do I have to look on my TMS system? Why shouldn't there just be an app that lets me [buy and] track my own freight?”

Enter EZ Buy. This writer has been running some trials with it in his iPad and iMac. He's seen the demo, and it truly lets the user pick an origin, a destination, and the desired pickup or delivery time.

EZ Buy is an intermodal product, and FEC controls every aspect of the move. This writer likes the select delivery time feature because it lets vendors assure delivery to their customers as needed. He predicts that not only will EZ Buy be a game-changer for FEC, but that as customers get comfortable with it, they will demand similar tools from other railroads.

Or, absent such, they will stick with the truckers they know. **RA**