

# NTE's driving force

Jim Davidson, president and chief executive of NTE, the pioneering online freight exchange, doesn't speak in techno-jargon. Not a word about expanding footprints or providing solutions or promoting visibility in the demand chain.

"Maybe I've just lived in the Midwest too long," said Davidson, a resident of Glen Ellen, Ill. "But I'm tired of all the hype."

Davidson uses the analogy of a towering oak tree, with a magnificent cave of shade under its leaves to describe what he wants NTE to become. That's what he wants to build, he said. At the moment, NTE is little more than a sapling, an online exchange for truck cargo that hunkered down to weather the dot-com shake-out.

The company, founded in 1994 as the National Transportation Exchange, grew a little too fast and had to cut

its 140-person staff to about 100. Davidson said the experience helps him keep in check the ego that's needed to run a business. "Every time we hire someone, I worry," he said. "They have a family, they have car payments, college fees. It has kept me humble."

Davidson flies coach and drives a Chevy Blazer. "We're still a start-up," he said. "We haven't earned the right to call ourselves anything else yet. We're still venture-capital-backed." Davidson says NTE will turn a profit in the third quarter of next year. "We've got enough money in the bank to get us there," he said.

NTE started as an online trucking freight exchange that ran on a clunky, proprietary system. Little more than an electronic bulletin board, it was nevertheless the first of its kind, set up by entrepreneur Greg Rocque. Despite what the techies would describe as "first mover" advantages, NTE lost momentum sometime around the middle of 1999, just as Web-based transportation exchanges were

beginning to clamor for attention. The management was having trouble adapting to the new Internet-inspired world. That was where Davidson came in.

At the time, Davidson was head of the North American division of Amadeus, the online flight-booking centralization system that had just gone public. NTE's backers begged him to come and turn the waning trucking exchange around. "I was really intrigued that the transportation industry was so large and so dispersed," he said. "I mean, compared to the airlines it had no centralized booking, no clearinghouse, no hefty adoption of technology. Only the big guys were investing anything at all in technology, so I was very excited by the idea of bringing technology to bear on buying and selling transportation."

NTE has tried to show that its technology isn't just smoke and mirrors. In contrast to many start-ups, which Davidson said "put half their money into marketing," NTE has spent about \$40 million of its \$72 million venture-capital pot to make itself technologically sound.

Davidson took over as CEO in December 1999. Assembling the right management team was more of a challenge than he bargained for, he admits. But 18 months later, he believes he's finally gotten it right. The last piece of the puzzle fell into place in March, when he poached his chief operating officer, Tom Jendrowski, from BAX Global.

Meanwhile, the NTE tree is beginning to grow. Fourteen months ago, a shipper using NTE could expect to fill three out of 10 transportation requests by using the service. Now that's up to eight out of 10 loads. NTE has attracted several larger carriers, including Schneider National and Covenant Transport, as regular users.

Getting the carriers involved was a challenge. Most carriers have been shying away from any kind of online transportation negotiation services because they fear the sites were designed only to drive their rates down. And with no sellers, you don't have an exchange.

"You have to have a business model that's fair to both sides. It's tough to get that sorted out," Davidson said. NTE now can provide carriers with access to desirable customers they otherwise wouldn't see, as well as providing shippers with a reliable load-matching service and a chance at competitive rates, he said. For those not comfortable with an open online marketplace, NTE offers private exchange facilities, where shippers and carriers can form closed communities for buying and selling on the Internet. "We're a services company, not a software company," Davidson said.

— Helen Atkinson