*In this live interview replay, we answer CTRM and fuel supply questions and discuss best practices alongside our featured guest and Opportune partner, Kurt King.*

*Kurt helps energy companies transform their operating models with digital technologies such as AI, IoT, collaboration, and process automation. Kurt has over 30 years of diverse experience in hydrocarbon supply and distribution, gained through operational, strategic, and consulting roles with both public and private companies.*

**Chris Henry:**

Thanks everybody for joining. I'm Chris Henry with BizSpeed and I've got Kurt King from Opportune. Kurt and I have worked together for a pretty long time. We started working. I think might have been 20, 5 or 30 years ago, it seems like.

These webinars and our live interviews are basically what we've done as a process just to share best practices.

And I was talking to Kurt and Kurt, I'll let you introduce yourself and Opportune. But you know there's a lot of things you guys do that I think is probably applicable to our customers, and so I thought that it might be a good chance for us to talk and kind of hear about you and opportune and what you do.

So, if you want to give a quick intro on you as well as Opportune.

**Kurt King:**

I appreciate it. Curt King. So I'm a partner in a firm called Opportune. We're an energy industry advisory firm. So all we do is consulting in the energy industry, whether that's upstream, midstream, downstream, all the various commodities and sectors and things.

We are headquartered in Houston. We have offices in Tulsa, Denver and Dallas, but predominantly most of our staff are there in Houston. Given the nature of us being an energy firm, our firm has a variety of service lines. If you go out to our website, we do some finance and accounting and tax and petroleum engineering work and investment banking work. but I lead our process and technology group, which, when we started it, we actually called the energy supply and trading group.

So we really, at our core, work a lot on supply and distribution for our clients who are either producing energy commodities, like you know, producing oil, or they're refining it like a refiner and producing, gasoline and diesel and things like that, and then on down to distribute all the way down to the convenience store would be the final leg of where as far as we go.

So anyway, so I've spent 30 years of my career in the supply and distribution space and I think you know Chris and i were talking that you know maybe some of my experience around trading

and risk management or against blind distribution systems. I might be able to add some insight as to how, what, how our clients use them and the benefits they get out of them.

**Chris Henry:**

Yeah, because we have not typically done really large C-store distributions. Obviously, from a BizSpeed standpoint, we're a petroleum logistics company, have mobile apps for last mile distribution, also routing, and we partner with companies that I know. We typically don't do as much with a large C-source chain. But when you and I were talking, you said that you guys have implemented Right Angle as a commodity trading and risk management package and you've done a lot of those.

I thought it might be helpful to talk about what those systems are. What is a CTRM product? Then we can talk about who they're good fits for.

**Kurt King:**

Yeah, that's right. One thing at its core is to invoice customers. So they take bill of ladings and they apply it against contracts and pricing, whether that be Opus prices and then the transportation rates, and you know everything involved, all the accessorial fees, and they can take the bill of lading- things that happen every day, all day long, and route it through a system that isn't an ERP, isn't a corporate financial system.

It's more of what we call a revenue system, that's taking in that activity, that they're specifically built in this example for really crude and products, space and NGL. So it can handle propane and other types of LPG-type things.

And so customers put them in, usually to manage your contracts with their suppliers or their customers. They are usually the contracts can. they can go from simple an index minus a deduct to much more complicated ones, maybe with a basket of indexes, or you know, it can have tier pricing, it can have, you know, incentive clauses, all this kind of stuff right, and you know you can start with. Just I kind of call it. I need to settle and I need to keep track of my inventory.

So that's another thing that systems do is they're very robust in inventory, tracking whether that's at a terminal down to the tank level if you want. Sometimes they don't go. Customers don't put field tanks into the system, but they can, but they'll start more in the bulk tank level and they're constantly receiving supply and they're constantly having trucks pick up or pipelines pick up product and taking it downstream. So keeping track of all that volumetrically is the core.

You have to be able to keep track of your volumes to be able to do anything accurately. And then, once you keep track of the volumes, then you layer them into the contracts so that you can price them. Whether what you're paying you know so it could be a payable or it could be so what you're buying from your suppliers, or it could be what you're selling to your customers and

so it could produce invoices on that side. So it does all that. And probably the last leg that you know for your customer base is you know hedging is - do you want to take a hedging program in place to you know, if you feel, like you have say, index exposure that you'd like to mitigate? if you now a lot of our clients I wouldn't call traders.

I know we call these trading and risk management systems, but they don't think of themselves as traders. They're supply and distribution companies. But if you look at their contracts they've got exposure to, I'll call it public indexes that are very common all the way from the NYMEX down to Opus and then anywhere in between. And they find out sometimes in the worst situations that they've got exposure to that pricing.

And that could be that you've had inventory that one month is now worth a lot less the next month. Sometimes people like to focus on when your inventory value goes up, but in many cases it can also go down. So they may implement a fairly basic, straightforward hedging strategy.

And you know Opportune can help with that. We work with some consultants once on the call today, Mark Smith, that can help, can help negotiate contracts, supply contracts with people. We can look for embedded risk or unknown risk in these contracts and make some suggestions on how you can mitigate that risk. We can do analytics around buying activity and selling it to demand forecasting to help you negotiate or give you the information you need to negotiate contracts.

You know, talking with Chris, I think you know most clients all have multiple contracts at particular racks and you call off of each one. Clients have come to us and asked for, I can pick off 3, 4, 5 of them, but I do have minimum commitments and they spend a lot of time just trying to make sure that they adhere to their contract provisions. And so that ends up either with a system that can help you understand that pretty easily, or it ends up with this kind of shadow Excel spreadsheet world of where people are trying in the back office to try to figure out where you are.

**Chris Henry:**

And I was telling you, you know we were talking. I said most of our clients have our customers have they have a pricing team, but the pricing a lot of them, if they're doing the pricing, they're managing it on spreadsheets, and so even even ones that are, you know, hundreds of millions of gallons a year. They still do a lot on spreadsheets.

So, like, when does somebody know? Is there a specific size or any other indications? Because you asked me about risk exposure, but when does somebody say: Hey, you know what. I should at least learn more about a risk management system.

**Kurt King:**

I don't know if there's a gallon number. Certainly a hundred million would be a lot, I think, or it would be a number. I'd say: Look, if you're growing and maybe you're getting into new regions or you know, maybe you're introducing new products. so it's not just diesel, maybe it's lubricants, or maybe it's propane or whatever. I think the more diversification you have, the more beneficial you can have for these systems, because these systems do handle all those kinds of commodities and they all have different indexes and maybe different exposures.

As I mentioned earlier, usually clients decide they need a. There's 2 reasons they decide they need maybe a hedging strategy. One they had a blow up somewhere and they lost a lot of money and they didn't know it, and that is very common. The other one is someone thinks: well, I could probably make more money if I just hedge this, and then they realize that they do it. but maybe they, hedges are one of those things when prices are going up depends on your hedge. Maybe you make more money, or maybe prices are going up, maybe you're actually losing money.

And so it's an interesting discussion with whether it's a president, a founder or if you have a board, as to what do you want to get out of your hedging program. Because, again with my clients, it's usually not to make more money. It's usually in a sense of using the hedge to make more money. It's using the hedge to try to mitigate and keep if your back office keeps growing, whether that's price- and I consider pricing as part of a back office too. anybody in the corporate world not driving a truck right.

So companies in this space tend to grow through acquisition. And if you're continually, if your volumes are, say, doubling but you're doubling the back office staff, well, that's not ideal. And so these systems or moving off of spreadsheets is maybe another way of saying it. It'll help you scale.

So maybe if you double your volume because you acquired another regional business. But maybe you don't double the back office staff. Maybe it's only a twenty percent or something like that. And so these systems, while we call it again risk management, I started with a lot of their accounting systems. They're trying to help you do payables and receivables and they can do it in a completely automated fashion, where you know we've done basically every client we have. As the BOL comes off, your software, the speed software, the BOLs come off and we integrate seamlessly, flow them into the ETRM, and then it does and matches everything up and says: either you need to pay this much or you need to create an invoice for this much, and it'll do that and it'll automatically list it out.

So what happens is essentially, let's say, 99 percent of your transactional volume each month, your BOLs, gets settled without human intervention, except for the truck driver saying: here's what the gallons were, and that's how you achieve scale.

So I wouldn't be afraid of the term CTRM, ETRM. We don't do hedging, we're not traders. I'd say, don't overthink that. Think of them as a hydrocarbon supply and distribution, volumetric and dollar accounting system. that's very specific to the nuances of that supply chain, which could

be RACs, terminals, tanks, pipelines, trucks, could be rail cars, if someone ever gets into rail cars, um, and it even does marine if you happen to be selling a, not BizSpeed's, maybe not BizSpeed's customers, but a lot of refined products has moved on in marine from Houston to wherever. So, anyway, as long as those needs happen.

**Chris Henry:**

What's it so like when you implement one of these things like what's involved? How much effort? what do you know? Because I asked before: um, when you and I were prepping for this, you know what? What kind of skills do they need, both on the technology side, not just to implement it but to keep it running? Not everybody's got, you know, a large it staff, I would say, even though they do a lot of volume.

**Kurt King:**

Yeah, it certainly needs, I'd say, specialized skills for the implementation side from the ongoing maintenance and support. If you don't have those skills or a large enough IT staff, Opportune and our competitors and even the software vendor themselves provide, call it, outsourced, cloud-hosted solutions, and so most of your technology support can be outsourced to like, say, either the vendor or somebody who, like us, who may have implemented that system. but they are unique skills, it's not, I mean, it's no different, I guess, that someone at SAP or they had Oracle. well, you kind of need to know what those systems are to have to implement them correctly. so

We implement the most common solutions out there. Right Angle is one. They're all owned mostly by this company called ION, and they went around a few years ago and bought up all the major competitors of these E-Tierms. And one's called Triple Point, one's called Allegro, another one's Endure and another one's called Right Angle. In the liquid hydrocarbon space, I would say right angle is by far the dominant one and the safest choice. It may not be the cheapest choice, but it's the safest choice.

Every time I talk to my clients who are considering these systems, if they're in this space, I'm like, you probably should just buy the right angle because your project will be successful. But another way. It says it will not fail because the software doesn't work. The software works. It's been around. I implemented, I think, version 2 in 1998 at Koch Industries, and so now it's. They're on version 25, I think right now. So they mature. Who's who? of customers from the biggest suppliers, and maybe like a BP or Shell or something like that?

**Chris Henry:**

I think a lot of people think of that, right, like it's a, you know, it's at a major level or a large mid-major, you know, it's like. I don't think that's the case, really right?

**Kurt King:**

No, we don't know. if our clients have less than ten users on it, maybe 5, and they have some other smaller products that we can help evaluate on that are cheaper and maybe meet some of the needs. You know, jokingly I do kind of tell you sometimes it's hard to be half pregnant being, you know you still, If you go cheap, in many cases you still have the same requirements of the largest of the large. You just don't have as much throughput as the largest of the large, but you still have the same kind of needs. And so you will spend far more money if you pick the wrong system than if you pick the right system, even if the right system has a higher cost per license or something to get the right system.

And that kind of goes to other thoughts nowadays, which is, If you want to get rid of manual activity, or, I'd say, the greatest source of inefficiencies and frustrations within the corporate world and our clients is the amount of manual activity. Every executive to a person tells me: I have all this IT stuff and I don't get any information. But yet then he also or she will look out onto a floor and be like: but I got, like you know, 25 employees out here. I don't even know what all they do, except I think they're all accountants, you know. And so it's: how do you, how can you maybe not have as many of those accountants who are really invoice? Processors is one of my controllers and clients have told me, because I have a bunch of processors. they process BOLs, they process invoices.

How do you do that? And so these systems will help you do that. You need to invest in integration, because you want from you, literally want from you know. they got your software that helps automate dispatch, you know, and gives them tools to manage that side of the equation, the dispatch.

But how do you even know what to dispatch? And then, once they dispatch it, you want, your software captures the BOL, and we want all that flowing back and forth. Call it real-time, certainly every day, so that no human really has to touch much of it. So you know you're getting the cost to implement. I mean they can go from a few hundred thousand dollars to several million. Now, don't let the million scare people.

Most of that's I'd say in a regional distribution business. It's under a million, Still a big number for a lot of private, particularly privately owned companies. And that's where you know. we can help you with business case justification too. But you gotta to get the achieve the benefits of this integration, of this, of the complete automation. You have to put some stuff in at the beginning. that just takes time for somebody like myself, a systems integrator, to put in place. but once it's in place, some of it's free, some of it's free.

**Chris Henry:**

Just by doing this. is it you know? because you and I had an old Accenture partner, Bill McIntyre, that sold an ERP system to Pencil a long time ago and he said I just. he said I just. there was no ROI with an ERP. So I just need to know: are you going to get smaller, stay the same size or get bigger? And he ended up putting a much bigger system because the CEO of

Pencil told him he was going to. He said I'm not going to tell you what I'm going to do, but he doubled and people thought that he looked. But it was the reason that looked like he was a genius. But the reason was because you just need to get the right size system.

So do they? do? People look at these from an ROI standpoint, because ERPs aren't really ROI based, or do they look at it from a? You know, I need to have something in place to start. You know, risk, more risk management, hedging?

**Kurt King:**

There's. there's certainly again the some of the easier conversations is when a client has had a blow up and they can say: I lost, you know, seven million dollars that month and you're like, well, there's. there's your justification right there, if you can argue that you could have avoided it. then there's the business case and it's, you know, that's the end of the conversation, which is really nice.

I'd say, unfortunately, a lot of these vendors sell. they think you can reduce staff. And I'm going to come back to that in a sense that then you can create an ROI that says: well, I'm going to let 5 people go and here's how much I pay them and things like that. I tend to counter that and say they don't reduce. I really haven't been a part of a project where the client at the end of it said: great, now I get to let go of 5 people. What tends to happen is it's a foundational amount that allows you to grow and scale your volumes without adding more people. And so, it just kind of depends. And now, if someone said they have an egregiously amount of invoice processors, then we can probably help with that.

So when you're looking at some of these personnel, though, I'm just going to say if each of these accountants makes a hundred thousand dollars a year or seventy, five thousand dollars a year, whatever it is, it doesn't take many to recoup your money if you do get to reduce those positions.

But a lot of my clients just, they want their employees looking at data and call it being more analytical than processing invoices. It can significantly reduce the amount of errors in invoicing. Some clients do things around days outstanding on invoices and some other things like that that you can get into.

But you know it's probably not the right consulting answer, which is, I don't love building ROI business cases, because, rarely does anybody ever go back 2 or 3 years later and truly try to compare and say: well, did we? Or, more commonly, the business has changed in 3 years, and so your difference in size and so it's just like - What are we trying to do here? I think there's a difference between saying I'm going to help create the justification for a system versus some sort of value-based metric that we're going to, in 3 years from now, go back and evaluate that decision on, because most of my clients don't have the discipline, 3 years from now, to go back and look back.

**Chris Henry:**

It sounds like part of it. I mean that's the same thing that you get with implementing a logistic system like ours. If you're growing it, it's one of those things you have to have it. It's like you just got to figure out: do you need a small, medium or large? If you're going to grow, you got to have a system in place to do that. it sounds like.

**Kurt King:**

I totally agree. It is painful sometimes where, I guess it's painfully obvious that the way things are being done today in a company is not ideal. And you know you and I are kind of technologists at heart too. So we're like: Hey, I can automate that for you or I can give you a dashboard with great interest. I can answer that question of. I don't get any information. I can give it to you, and it's just a better way of doing business. And, and yeah, there are certain clients that just started just happy with the way they've always done it.

But if you're trying to grow or you're trying to maybe make yourself less reliant on certain super user employees, every one of my clients has got somebody or more than one person who has been there for a long time, who is indispensable. They may not be a founder of the company, but they are not as important as a founder and they know everything.

They know where, every how everything works from start to finish. And it's maybe I don't know if it's a coincidence or not- with COVID and things like that, with great resignations and people entering retirement early, or maybe it's just the aging of the workforce. A lot of projects I do is to become less dependent on that super employee. Not to diminish that employee, but you can't run a business for several decades and be relying upon one or 2 employees and you hope will never quit, never get sick and never retire right.

And so another way to look at this technology is: How do I institutionalize all the great things that maybe have been done by people over the last 15 or 20 years and building up your company and putting it into how it's like an operational platform of ethos of this is how we want our company to run and we want to hand that down to the next generation. Or, and the more you automate or institutionalize those processes, you can actually then go and hire some, maybe younger employees who like to work with technology, or you can hire some people who maybe you don't have to pay as much because they don't need 30 years of industry experience. You can hire them and you have something from them to learn on the way you do business and the way you've institutionalized it with your processes and your technology and things like that.

So I've seen that a lot lately, particularly since COVID, that executives are talking more about the next generation than they are talking about just today's market.

**Chris Henry:**

We always kind of look at this on the logistics side, but a lot of times, I would say, we still have a lot of customers where we're replacing paper. So most of these implementations replacing paper and spreadsheets- or are they the second generation of ETRM? Is it more people that are going from spreadsheets and paper or people implementing, as this is their second, go round at it.

**Kurt King:**

I would say everybody's still got paper, Everybody's got Excel. I tell you that, and it shocks me to this day, having done this for 30 years, how the companies that maybe Chris and I consulted at in 1994 still rely so much on Excel and paper too. So it's crazy, I would say, in the analogy you gave, our client base that comes to us is a client that has systems, but either they don't talk to each other or the systems were purchased to focus on one thing: They have an accounting system. They may have outsourced their payroll to ADP or something like that. So they have ADP. They've had an accounting system that might be Microsoft Dynamics or Oracle, NetSuite or something like.

And then they- oh, I need a trucking system for a TMS system. And they do that. What you end up having is 4 or 5 different systems that all are independent of each other, and then everybody exports them to Excel and produces a report for management or somebody else. Right? And they do it every month, every year for decades.

And so they come to us a little bit more like, hey, maybe it's under digital innovation or digital transformation moniker, and now it's AI. The thread is: can you just get all this stuff together?

Now they usually start with the question: is there one system that I can just do that would do all this stuff? And the answer is no, there's not. And your Chris' system isn't going to replace Microsoft Dynamics or NetSuite or SAP or whatever you want to use. The trading systems I'm talking about can't replace your core GL accounting system or your payroll system or whatever.

So you got to understand, you're going to have multiple systems the more diverse you get, and unfortunately there's usually not one system that does it all. um, if there's, if there's systems that do a lot, let's say a PDI- and i'm not a pdi expert by any stretch of imagination so, but it was geared and written to do one particular customer base, I'd say the C-store. um, owner, and people have tried to walk that upstream a little bit more. And then that's when they find that that system doesn't work very well for their needs.

And so we run into that a lot too, where people have tried to use the systems they have and at some point they just realize that system is written for a different purpose and it doesn't meet my needs. I need something else. I'm tired of fighting with it and, so that's i think that's more. The when they call us more than anything else, is stitching together everything they have or identifying new solutions to fill in the highly manual gaps in their operating platform is where I usually see it.

And they also will come in and ask us about data analytics -I got all this data. It's in 5 different systems. Can you just pull it all together for me? And we can. and that's one approach, and it's not a bad one.

**Chris Henry:**

Yeah, because I get asked that a lot. It's like if you look at any of the large ERP systems. really almost every ERP system has a warehouse management module, a WM. But somehow Manhattan is in every SAP, Oracle, JD, Edwards, Dynamics. So I asked a couple of supply chain guys, I'm like, why is that? Because everybody says, oh, I bought SAP or Dynamics, Oracle or whatever to have everything in there. The answer generally is: as soon as you get any level of complexity, you have to go to a dedicated system. That's kind of what ends up happening.

It's like everybody has this goal of well, I wish I could buy it all in one system, generally as soon as you get any kind of complexity. I get to talk about it on the WM side. I asked the question: well, what's an example? They said, like kitting, if you have to kit products like those, those large ERP systems aren't great. And as soon as you start you know they're like yeah, so I'm assuming that's probably the same thing. You're just kind of getting started, it might be okay, but as soon as you do,

**Kurt King:**

Right. And kind of why I mentioned earlier that these trading systems, I call them kind of the rev that they're upstream of an ERP. They're too specific. They add a lot of value to customers because they are specific, but none of that functionality is inside of an ERP and their clients have tried to build it in ERP.

And I would say they all fail or if they do, if they're somehow customized enough, there's a couple of things. 1, I bet they still run all of the details in a spreadsheet and then they just upload the results some point in time of the month in the ERP. So it's like, okay, well, what did you really accomplish? By doing that. The other thing is by customizing your ERP some way and somehow you've now increased your support costs and your IT staff or you're dependent upon a third-party vendor be your IT staff around that problem. Don't do it. Stick with what the product does well.

And we do things, I call them purpose-built apps, where we may build something that kind of bridges to systems, not as an interface, but actually a view to allow you to execute a task the most efficient way possible. And maybe that needs to then save the data in one system and save the data into this other system. But let your employees in a purpose-built environment something that does their niche of their business really really well because where these systems create headcount is when they try to become due generic and these ETRMs can be guilty of that at times where they're trying to support natural gas and power in the same business as

diesel fuel distribution. They're completely different, but they put them in one system. And one byproduct of that is it can dumb down the system.

And you want to find, that's why I mentioned this right angle product that we work with is at its core, it was built to handle NGLs and refined products, and then it can do crude too. But it was built from the ground up to deal with liquid-based hydrocarbons and as they say if you can put it in a bucket they can keep track of it right and that's where if you go and try to find one of these systems that can do everything power and gas but you can't put power in a bucket um you know it's challenging to put gas in a bucket, you'll lose it, but you know you need to find the systems that can help you and are written for your business and I do think in y'all space that the client base is whether they're a wholesaler or a transporter. I think they have these different personas that you need to dig into to figure out that you're not trying to sell one system that was good for a wholesaler, someone who's most of their business is their transporter or something, or a C-store software, but your customer doesn't own C-stores.

And so I think those are some things as a consultant, we need to make sure that we understand what our customer does and try to get them into the best product possible, knowing that there's nothing perfect, but possible.

**Chris Henry:**

I saw somebody just from an audience standpoint or an attendee. If you have a question, just type it in the chat. And, and I'll make sure that Kurt answers it or Charlie will. So Charlie's helping to monitor what's going on. So somebody had raised their hand, but yeah.

**Kurt King:**

Okay. So, you know, one thing you mentioned to a little earlier, we'll get to Charlie's question in a second is, it's very common extremely common for our clients to receive data from third parties via spreadsheets and emails daily where that's bulletin bulletin posting prices could be contract revisions could be confirms could be whatever they they decide to do and so we have had great success and taking those emails and the attachments and things like that and using technology automatically process them and then move that data along.

So we, we have a client right now. Well, Philip, I'll say is a they're in this space a little bit. And they had to send out to let's say their suppliers in this example. Every month and get what we call allocations back. And it was, if you added them all together, it's thousands of rows of data. And they would take that data, which is usually volumetric and percentage-based allocations, or it could have been the dollars, could be whatever. And they would type it in to their ERP. And that was the first step in their settlement process.

Well, we took that and ran it through. And it was very little amount of effort, honestly, with today's tools to process those emails coming in. And we can, 1, when they do it right, we can process them and load it into the system and no human touches it. And we've had, you know,

80 percent of all those emails get handled without a human ever seeing it. And then we also can receive those files and the computer can sit there and say, hey, they manipulated this file, like they added columns or they move something around and we'll email them back and go, hey, appreciate your submission. Could you send it back in a format that which we agreed to? And then they and then they send it back.

My point is that if you've got a back office that deals a lot with emails coming in with various pieces of information, a lot of it's pricing, daily price bulletins, all that kind of stuff, there's easy ways to reliably process that, aggregate it, and put it somewhere that your team can use without having to do the manual entry.

**Chris Henry:**

I know you had a comment to me about manual. You're like, you should not have that, right?

**Kurt King:**

I get so irritated with it. No one, no, talk about ROI. Another one. There's the, did I make more money or did I spend less money? Maybe in manual processing, but there's another side of this is most employees don't want that to be their job. They don't really want to be the data entry person every day for 20 years. And so, honestly, your highest performers certainly don't want to do it. And if you keep making them do it, they may leave, you know, or you may want to elevate them to a higher position, but you can't release them from doing the barely clerical work.

And so there's an element of automation that has a direct impact on employee retention and getting the right people into more highly valuable skill or services for you. Because no one just wants to do that. Now, there's probably an employee base that just wants to type stuff in all day long, all year long. I'm pretty opinionated. I'll say that may not be the most highly valuable employee you have, and you probably know it. Those are the things that a lot of larger corporations have outsourced offshore. Now, you don't need offshore. You can easily, cost-effectively develop these things with the Microsoft suites and some other stuff to automate that.

Because if someone's doing the same thing over and over and over again, or they're doing anything that you could send offshore, because that's the blueprint. Send it offshore because we're going to make them do the same thing over and over and over again. That's all coming back. That is actually one of the greatest, I guess, services that are at risk due to AI is the offshore services. Accounting functions that some people have hired. Maybe your client base hadn't hired them, but if you're ever reading about it, the offshore industry is in a world of hurt because by nature that work was fairly clerical and repetitive in nature. And that is exactly what the new technologies can do for you. And because it's in the cloud and because it's easy tools, it's not expensive to put in place and you'll get a lot of ROI in that space.

**Chris Henry:**

Yeah, we started doing that too. So we have an agent that we built that'll read some of our customers dump, which we're rolling out and they don't get all of their they don't get all of their uh they get their prices some of their prices they get through email instead of through etn or opus and it's exactly that right it's like somebody has to read the email it ends up you know it's perfect for AI because every terminal, every supplier's product list is different, right? So it's like one will say ULSD number 2, then it'll be ULSD 2, ULSD space 2. But AI is really good about reading the emails and interpreting those and processing them. Yeah, I think your comment to me was like, there's really not any, everybody should be looking at things that are manually done and figure out how you can automate those. And I think you can do it without offshoring it these days.

**Kurt King:**

Absolutely. And everyone uses these chat GPTs and you go out there and if you haven't, I would encourage you to do it. Every it's dumbfounding as to what it can do. And so, but that's the underlying technology, honestly, that these tools use. So if you think you can go ask that GPT or grok or anthropic a question about, I mean, reading your x-ray or your blood sample that you got from lab results from a hospital and it can interpret an x-ray, I'm telling you, it can interpret your email. It can read an email or BOL and do it pretty successfully. And so I would lean into that. And I just think it's kind of table stakes for most corporations going forward.

The other side of, you've talked a little about some of our client base of maybe when do they get to the point of justifying a CTRM. We do have a lot of client base who are maybe rolling up these regional companies. And so they go into us and they used to be in Florida. Now they're in Florida and Georgia. And then they keep moving around. Now they're in Texas. And what they get to a point where they either need their own operating model. Or because they've acquired 3 or 4 companies, they've got 3 or 4 different ways of doing things.

Maybe they all had a different dispatch and TMS system. Maybe they all had a different accounting system. They need to try to aggregate that all. And I'll tell you, if anybody does have multiple systems that do the same thing because they acquired somebody, you need to really think about just picking the one you like the best and moving and getting into that one system for that function. That's what drives a lot of the largest of companies crazy is they don't want to do the same thing 3 different ways. And so they'll spend money on trying to standardize. So I'd say if you ever acquire somebody, focus on bringing that acquired company onto your platform, not leaving yourself with both of them.

**Chris Henry:**

I know we're probably running running a little bit towards the end of time, so what are you seeing I always ask people this question we started talking about AI what are you seeing on the AI and machine learning side our customers are your clients asking you about it. What are the

kinds of questions what are you hearing and what do you see they they're asking all the time about it and and some of these clients are?

**Kurt King:**

Fortune 500 in the world, I guess. They've gotten some mandate or edict from on high to go find some AI use cases. So that's the general terms. They don't have an answer, honestly, in many cases. The easy AI cases, I would say, are much more geared towards, I mean, lots and lots of data, a lot of our own measurement, but it might be things like that it's going to be, I don't know, say the operator of a pipeline, and it's kind of going in and reading all of the flow rates and the pressures and temperatures and all this kind of scientific, I'll call it, kind of data.

So those are pretty easy because you can get a bunch of these scientists and quants, we call them, and they can go crazy around all that kind of stuff. But when you get more into it, call it a business transactional system, which I would call yours and most of our clients have, it's like, well, what's the use case? Because one, I don't have hundreds of millions of rows of data that are relevant to some decision I'm making right now. And so it's like, I kind of struggle with what that use case is.

So automation, like we just talked about, there's a lot around parsing disparate forms of data, PDFs, Word documents, emails, Excel, and trying to get all that together. You know, the technology is called OCR, optical character. It's been around for a long time, but it's gotten a lot better. And it's also gotten cheaper. And it's gotten to the point that, like Microsoft has these things called studios, where you have, you know, your average employee can kind of point and click and do some of these things. So we're seeing around that of just, again, trying to digest information as much as possible.

A lot of data warehouse projects that people think they think their solution to I don't get any information is to take everything have and put in one place. I think that was some mixed results as to how valuable that that really is. I've seen a lot of questions around reconciliations between the accounting system and, say, the feeding system. And so in your world, it might be a client who wants to reconcile all the BOLs that you have against the invoicing in their accounting system- Did I bill for everything is a very good question to ask.

And I guarantee you, somebody every month is trying to export to Excel, did every BOL that we, that BISB generate, turn onto an invoice. That, through machine learning, that can do that. So we're getting lots and lots of questions around because we have a lot of clients who feed all this stuff into an ERP from various systems. Hey, can you help me reconcile all this using machine learning? So that's an area. And, you know, so that's kind of what we're seeing the most of, I'd say.

**Chris Henry:**

I think we see it, you know, there's a lot of people, obviously, when we talk about this, I think on the programming side, you know, it's starting to change a lot, right? And I think the big thing with it is not just that it can generate code as an example from the programming, or you can do this, it's called robotic process automation. There's a couple of companies that do that, exactly what you're talking about, where you can kind of script even somebody going in and if you've got somebody, not just reading in Excel, but if you've got somebody that's logging into a system, whether it's web-based or whether it's a client server or Windows app, you can automate that. So that part of it I think is interesting and that's where you'll see it anyways.

My point was, the big thing is how quickly it's changing because it's like the AI intelligence part of it is like doubling every 3 months. And that's where, you know, so it's like people look at it and go, yeah, like it's only 90 percent of the way there. It's like in 6 months it's going to be 95 percent of the way there. And that's where that's where I think people kind of miss. You know, it's like they haven't looked at it, but it's like it's changing. It's that the pace of change is what's really amazing.

**Kurt King:**

It is. I've had clients say, you know, and even some of my employees say, oh, it's only 90 percent accurate. I'm like, man, I got a long list of clients that will take 90 percent accurate. from their employee base because I know for a fact it's not. So that's one aspect of it. You mentioned the RPAs, robotic process automation, which is automated typing and stuff, really. Those vendors are in trouble because some of our customers spend millions of dollars on that software and now tools that are open source free or they come from Microsoft are a whole lot cheaper and can get you everything you need. So those companies are in risk of becoming extinct.

But on the other side, last thing I'll mention the generative AI stuff, every one of our clients is researching chat bots or their own employees to query and get answers to questions. And so you can sit there and we've done it where you hook it up to your data and say, well, who was my number? Who did I sell the most gallons to last month? You know we can write reports for that too but the chat bots are helping you kind of get to that pretty easily and and and low cost type of way as well so the chat bots. Any kind of research you do, you can do it. Any contract reviews you want to sit there and say show me a dump all your contracts into one spot and it can be all of them PDFs and say, tell me all my contracts that are using, you know, Opus as the index for pricing and or has tiered pricing.

It's going to answer just like that. Those are really easy and cheap because what Microsoft has done is they want you to put all of that documents in their data repository, like SharePoint, and they're the ones that are exposing all, essentially they're indexing all of that information so that you can then put one of their little chat bots on top of it and answer those questions.

So I would leave you with, don't think you're too small to use technology. Don't be afraid of it. As you mentioned, it's changing so rapidly. And I would say it's changing towards being more friendly to the consumer and not just to the scientists and the people who have the phds in

computer science or whatever it's really that what's rapidly changing or is benefiting the consumer whether it's me my parents my kids you know whatever.

**Chris Henry:**

It's a reporting standpoint but that's a good idea you know because if you can't quite find the report i mean it's it's it is unbelievable how you can upload images. It doesn't matter. I mean, chat GPT, the number, right. That rock that'll read the image, do that, you know, but if you were to upload all of your PDFs, you know, it can scan through them and it's pretty good, but the ability to do that. And then just, cause that's kind of the cool part, right.

It's like, if I just wanted to ask a question, you can ask it a question with your data and, that, might, then it's like, you're not going and asking a developer to go build a report. You're getting it right away.

**Kurt King:**

And like, if you're going to ask that same question every month for the next 5 years, well then build a report, but there it's that you can pretty quickly figure out, or, you know, some simple questions, which supplier decreased the most from that I purchased from last month or increased the most, or this is, this is what I have questions. And, the more it looks at your own personal data, I would recommend you get these private clouds within Microsoft. So it's only your data that's out there. But it, it looks just like whether you use Dropbox or Box or OneNote or whatever those documents are. But you can do that really easily, point and click, and you just kind of use it and start dropping all your documents in there. And that way, it's only available to you and your employees.

**Chris Henry:**

We should probably do a follow-up in a few months and see what new things you've come up with on the AI side.

**Kurt King:**

Yeah, it's all the time. And I will say this and I tell this to all of my employees: It is crystal clear which of our employees have leaned into AI and tried to learn and which ones don't. Their performance, their innovation, their productivity, whatever you want to call it, is very apparent to me and my co-partners and all these things. And so it's a little bit of a challenge- or throw a gauntlet down that we've done with our employee base, and, interestingly, the youngest of employees have been the ones that are the most interested in adoption, and it's the older ones like me that are probably the least leaning into it, and I've had my clients tell me the same thing: same demographic, same profile, but you can see easily which employees have integrated- I'm just going to use AI as a broad term- into the way they deliver their own personal work and management sees it, and it's real easy to see.

If anybody here has enough of an employee base, particularly on the back office side, challenge them to come up with some examples of how they're incorporating these tools into how they do work, because I think you'll be surprised by the cool things they've come up with and you'll be surprised by maybe some people that you think are stars, that haven't really scratched it and even tried it out.

**Chris Henry:**

I think the ability to automate that stuff on the AI side is, you know, is amazing, and this has been good. So I know we're running up the hour, but yeah, if anybody has any questions for Kurt or me, type them in the chat box and we'll ask Kurt. But this was, you know. I appreciate you doing this. It's a good chance for people that maybe haven't been exposed to CTRM type systems, I think, understanding what they are, you know, why would I look at a CTRM system, standalone versus oh, my ERP vendor says that they can do. You know trading and risk management in there.

I think it's one of those things like: well, if you're thinking about it, you should probably talk to somebody and I'll, I'll have Kurt's information at the end of this. everybody that signed up. So you get. you can ask, you know, contact her directly, but I know you've done a lot of these and from small, medium-sized companies to large ones.

**Kurt King:**

I'm no short of opinions, but it's always to get to the right answer. And we're advocates for our clients, their interests, and i will call bs on a software vendor who's saying they can do stuff that they can't, or they're not communicating to the client. Yeah, they can do it, but they've got to write it like it doesn't exist and you know it's like what that i don't want to be a part of that. But there's a long history and it's on the higher end of sap claiming that it can do ctrm and the largest of largest supply and distribution companies move on to try to move on to that and ultimately it fails. And even if they ever went live, I know I have a couple of clients who are going to move back off and go back to these tools we're talking about. So i'm a big believer in, by purpose-built tools, schools that were specifically written for your space.

And again, one way to look at these CTRMs. If you don't want to lean into the risk management side, if you don't think you really have that, that's fine. Think of them as an engine to completely automate the feed to your dispatch team and the feedback from your truckers with the BOLs, to where all of that- 99 percent of the time- can be fully automated.

And there's one thing we talked a little bit about: ROI. What's what's? trust and confidence in your data work to you. Instead of asking the question: did we bill for everything this month? What if you had a complete trust that you did? What is that kind of do for you when you go out to execute your business? And can you do you focus more on your customers and talking to your drivers and your employees, because you're not talking to the back office just to make sure

you didn't lose money because you didn't bill for it. There's, there's an element of confidence, I'd say and in your data and your processes, and then your people, and everything's going okay.

That is kind of hard to quantify in an ROI, but it's certainly important if you don't have trust that things are working correctly every month. so you have to verify.

**Chris Henry:**

I think a lot of people don't know, but that's kind of the issue. I know, you know, when we started talking about this original, your question was: well, do they have any? is there any? are there? is there any risk exposure if they do? And you said: well, you know, you mostly deal with wholesale. We mostly deal with wholesale. So I think it's a good. you know, it's a good initial discussion for people if they haven't really gotten into it. just to have an idea of. At a broad level, what these do, and you know, kind of have an understanding of what the costs are.

People think half a million dollars is a lot, but when you're buying all that fuel, being able to manage that and being able to manage it better tends to be a good thing, and a lot of times what we see is that these ERP systems, that's where the pricing occurs, but these are purposefully built to handle, you know. so as you're growing, that's something that you want to do right. It's like you got to put a system in place, including ours, selfishly, you need to have, you need to get out of tribal knowledge and you need to get systems in place in order to grow right, and that's, I think, part of what this is.

**Kurt King:**

One last comment- I guess we'll wrap up at 2 here- you can talk about risk. Probably the most important financial decision you make is probably in this pricing discussion and negotiations on your contracts with your suppliers. So you do that, say, annually. Those decisions are going to probably drive your profitability more than anything else we're talking about.

And so, being armed with the data and not have it, just be live in a spreadsheet but be able to give you tools that allow you to slice and dice or to go into those negotiations with your best case to share with you. Hey, did you know, I buy this many gallons from you every year? You'd be surprised. I bet some of the suppliers don't even know. And did you have more information? is going to help you feel at least that you were the best prepared for your negotiation. And so those are things that we can do, as well as to help you is aggregate that data and present it back to you in a way that helps you with your negotiations.

**Chris Henry:**

I appreciate you doing this. Again, it's our chance to just kind of share best practices And if anybody has any questions, you'll get an email from Charlie. that's got the link to the video and it'll have Kurt's information on there as well.

**Kurt King:**

I'm happy to answer any questions.

**Chris Henry:**

This is helpful and hopefully this has been good for the audience. So thanks for doing it as always.

**Kurt King:**

Appreciate it and good seeing you.

**Chris Henry:**

All right. Thanks, man. See you.