



Transcript

Investor Webcast – Artificial Intelligence and Machine Learning

June 26, 2023, 11 a.m. Eastern

Jared Weisfeld, Chief Strategy Officer:

All right. Good morning, everyone, and thank you for joining RXO's investor webcast, covering artificial intelligence and machine learning, and how our RXO is using both to differentiate ourselves in the freight industry.

I'm Jared Weisfeld, RXO's chief strategy officer, and I'm joined by three RXO technologists. With me today are Yoav Amiel, chief information officer, Tudor Bodea, director of data science, and Alyssa Myers, vice president of technology, freight brokerage.

Yoav has been in the field of artificial intelligence for more than 30 years, working at the world's largest technology companies. Tudor has a Ph.D. in civil engineering and statistics and has written a book on pricing analytics. Alyssa has been a technology product manager for almost 15 years and has a background rooted in supply chain management.

During this call the company will make certain forward-looking statements within the meeting of federal securities laws which by their nature involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those in the forward-looking statements.

A discussion of the factors that can cause actual results that differ materially is contained in the Company's SEC filings as well as in its earnings release. You should refer to a copy of the Company's earnings release in the investor relations section on the Company's website for additional important information regarding forward-looking statements and disclosures and reconciliations of non-GAAP financial measures that the company uses while discussing its results.

So, with that, let's get started.

I'll start off with some introductory remarks to help set the stage. I'll then hand it over to Yoav, Tudor and Alyssa for their presentation, and then I'll moderate a Q&A session. I anticipate today's session to last approximately 45 minutes, and a

transcript of today's event and supporting materials will be available on RXO's website.

Over the past 10 years we have invested hundreds of millions of dollars into our cutting-edge technology, including artificial intelligence. These investments have facilitated a strong 42% return on invested capital, best-in-class gross margins and significant volume out performance that resulted in RXO of growing three times faster than the brokerage industry from 2013 to 2021.

To give you an idea of the scale at which our technology operates, every weekday, as we are matching freight, RXO's pricing suite of products is pinged hundreds of thousands of times, which allows us to benefit from best-in-class dynamic pricing.

We developed our technology from the ground up with three specific cohorts in mind: Our customers, our carriers and our people. The technology is critical to enabling our people to drive outsize results for RXO. But, for us, it's all about the intersection of technology and human capital. AI and ML will not be at the expense of our people.

We are leveraging technology to drive productivity and efficiency gains which will help us achieve 500 million dollars in EBITDA in 2027. While we have a decade of experience using AI and ML to drive real business results, we are still at the very beginning of our journey.

With that, I'm going to hand it over to Yoav and our team to discuss our use of AI and ML in more detail, and then I'll rejoin after the presentation to moderate a Q&A session. Yoav?

Yoav Amiel, Chief Information Officer:

Thank you, Jared. Hi, everyone. I'm Yoav Amiel, RXO chief information officer. AI and machine learning is my passion, and for more than 30 years now I've been involved in this domain, building innovative and scalable solutions for several big companies in the high-tech industry.

Now, before we dive into the details behind machine learning and AI, it is important to highlight the technology foundations behind RXO's systems. We are the original disruptors in the freight industry and built our transportation platform RXO Connect™ from the ground up.

At that time, we embedded machine learning into our tech stack and the technology we are using has gotten significantly more sophisticated over the last 10 years.

RXO Connect is a scalable and integrated ecosystem that supports all modes of transportation, as well as all sides of the transaction, including thousands of employees, independent carriers and shippers.

The fact that we built it from scratch allows us to focus on innovation and minimizing the need for maintenance and trying to glue together existing systems. We are releasing new functionalities and capabilities every two weeks. When looking into machine learning and AI, data is a key component. We have more than 10 years of data collection serving as a critical input for our proprietary algorithms and engines.

The fact that we have our own data sets allows us to reach actionable data with high density and granularity. Important to know that the internal data sets include attributes that are not available elsewhere, and third-party data sources are not nearly as high quality. So, those in the industry that don't have their own years-long data sets are at a disadvantage.

During today's session we will focus on AI and machine learning, highlighting the components, the processes and the success criteria for building strong and efficient engines. We will review a couple of use cases and we'll touch on the future state as well, including the opportunities that generative AI brings to the table.

Before we dive into the different capabilities, let's have a brief review around the history of AI and how it evolved. So, what is artificial intelligence?

AI evolved over the years, but on a high level it is the development of computer systems able to perform tasks that normally require human intelligence. In short, it is the science of getting computers to perform human tasks.

Known AI areas include visual perception, which is the ability to interpret visual information like pictures or videos and give it a meaning.

Speech recognition – today you could find it embedded in smartphones and home devices, decision making and even translation between different languages.

Machine learning is a subset of AI. It focuses on development of algorithms and models that enable computers to learn and make predictions or decisions. As a result, computers no longer need to be explicitly programmed for each specific task. For instance, in traditional programming, you write "If, then" statements. "If this, then do that." But when using machine learning, you feed the computer with examples, also referred to as the training data set, and let the system come up with the answer. Usually around classification, recognition, or recommendation.

Deep learning is a subfield of machine learning. It focuses on learning through multiple and continuous layers of representations of the data. In many ways it tries to mimic the way a human brain works. For example, neural networks are the backbone of many deep learning algorithms.

Generative AI, a term you which you are probably very familiar with right now, is a category of AI. It is all about generating new content based on patterns and examples from existing data. Now, while the awareness started from OpenAI and ChatGPT, generative AI is not limited to chat bots.

It could be around text, images, videos, music, even programming code. The beauty or opportunity around Gen AI is the fact that it opens the door for use cases we did not have in the past – mainly around content creation, interactions and optimization.

I'll hand it over to Tudor to speak about the key ingredients for successful AI and machine learning algorithms.

Tudor Bodea, Director of Data Science

Thank you, Yoav. Hi, everyone. I'm Tudor Bodea, director of data science at RXO. I have been with the company for five years now and fortunate enough to work on most of what we are going to cover today.

Prior to RXO, I led the dynamic pricing disruption in the hotel industry. And, Yoav, just as an FYI – I was in grad school when deep learning emerged as an AI and then a subfield, and have vivid memory still about how novel it was at the time.

Now, that aside, while there are there are many ingredients that contribute to successful AI and ML models, in general they revolve around the following core areas.

First and foremost, what everyone wants, but only a few can get: That is data and lots of it. In today's world the successful AI and ML models require you to be comprehensive, covering multiple domains and high-quality data.

And the data usually abounds around us. Think of load, facility, geospatial and market-intel data to name just a few. Think of those maybe Chicago to Atlanta loads that every broker likes to talk about when asked about industry staple O/D moves.

All of this data, while it exists, needs to be captured in the cost-efficient way and monetized appropriately. As with everything else, the time impacts how AI and ML models perform to account, among other things, for economic cycles of various lengths. Past data collected and curated over longer time periods is preferred.

And, as one would expect, usually leads to superior AI/ML models. On top of the long-history longitudinal data, the shorter the time to market for an initiative powered by AI/ML models, the faster the revenue realization which in a commercial setting like ours is an absolute must.

Following the time ingredient, the algorithms, now fully integrated within sophisticated cloud-based AI/ML platforms, bring the AI innovation closer to the user and typically create efficiencies so that the same tasks are done faster, better and safer. Along these lines, as an example, and Yoav maybe hinted to this earlier today: just think of the personal assistant algorithms that now can find loads for a carrier following a simple set of voice commands. That, in itself, is really outstanding.

Now, to turn data into meaningful and profitable insights, the training of the algorithms needs to happen on specialized datasets. Over their entire life cycle, these datasets need to consist of accurate, reliable and consistent data. On my side, years ago I learned of the importance of data consistency when I could not recreate the gross margins from the buy and the sell rates that were provided to me – and, let me tell you, right there, right then, that was not funny at all.

Last but not least, strong AI/ML model governance is required if an organization were to capture untapped business opportunities and really compete successfully in high velocity environments where experiencing major tech or AI/ML incidents, or, in plain English, disasters, is not an option.

Building on the generic success ingredients covered on the previous slide, I would like to highlight what positions RXO for success in the space of AI and ML. These are all differentiators and are likely unique to RXO.

On the data side, we own proprietary data curated by engineers and, equally important, by our operators. Augmented with 3rd party provider data, our data sources show breadth and depth, are difficult to match and are the #1 reason why the power of our algorithms cannot be replicated easily. As an example, as Jared mentioned moments ago, on any given workday we make hundreds of thousands of pings to our pricing infrastructure – all of which, upon completion, help us expand the footprint of our data sources.

For us, time acts as a catalyst for success. The decade that we have spent gathering and understanding the data has accelerated our ability to learn and really improve our systems. We have ten years of data and feedback loops that show how customers and carriers both behave, and how pricing reacts to their moves, across nearly every kind of freight market cycle. There is really no doubt in our minds that

the 10+ year head start in this area creates a competitive advantage for us over any new entrants in our industry.

In regards to the algorithms themselves, we always build them so that they align with the business objectives and create value for their target audiences. Our approach to leveraging this technology is to equip our business partners – the shippers, carriers, and employees – with powerful solutions that allow them to maximize value creation. Our algorithms are developed drawing upon the vast experience of our user base and evolve continuously based on well-established and, more importantly, in-time perfected feedback loops.

The feedback loops tie directly into training. Our algorithms are RXO-built and trained on state-of-the-art AI/ML platforms using unique and industry relevant datasets that benefit from the business know-how of our operators, which most of you know are industry veterans.

Finally, from a governance standpoint, we rely on best-in-class processes, tools and people to monitor the performance and quality of the outputs of our algorithms. We have purposely spent time building control mechanisms that are capable of changing on the fly the behavior of our algorithms so that they continue to really be responsive to the ever-evolving market conditions. Perhaps really unique in this space, and, a differentiator too, our operators are an integral part of governance as they really contribute the feedback and, ultimately, are the beneficiaries of the system changes.

To conclude, our tailored approach to each of the key ingredients for a successful AI/ML model creates a competitive advantage for RXO. We focus on value creation first, which is core to what we do, then leverage our data, our long history in the industry, our experts, and our technology to create AI/ML solutions that not only make an impact, but they also drive commercial results.

And, maybe for those in the audience who are visual like me, we are summarizing the sources of our AI/ML competitive advantage in the following figure.

Starting at the top, our proprietary, insight-rich datasets together with the industry know-how of our operators help build and train AI/ML models that are uniquely positioned to create value and outperform in the marketplace.

Shippers, carriers and employees offer specific and timely feedback, which together with the best-in-class governance assures that our AI/ML models evolve and continue to deliver value and commercial performance in the field.

And now, I will hand it over to Alyssa who will discuss a few relevant AI/ML use cases.

Alyssa Myers – Vice President, Brokerage Technology

Great. Thank you, Tudor. I'm Alyssa Myers and I am responsible for the technology that our brokerage team uses. I've been with RXO for nine years and helped design many of our proprietary systems, which are now used companywide.

What I'd like to do today is to walk you through a few use cases of how RXO is actively leveraging AI in our technology solutions, and the first use case I'll cover is pricing.

So, we realized early on that pricing automation would really shorten our sales cycles, which would allow us to capitalize on opportunities and achieve faster scale. But we also realized it's not just about getting the price – it's about getting a very accurate price.

In my role here at RXO, I give a lot of demos of our technology products, including RXO Connect. One of my favorite moments in these demos is when my audience sees the power of our pricing automation. Their interest is immediately piqued. I get questions like: Do you guarantee that rate? How do you know that it will be profitable? I then get to point back to our track record of profitable growth as evidence of the power of our pricing technology.

So how have we been able to evolve our pricing intelligence so effectively?

Well first, we started by combining our data with leading price, supply and demand indicators. One of the key pieces of value that our own data brought to the table is that it's been collected over years, so we were able to deduce patterns based on past market cycles, and then use these patterns in combination with public market data, to predict a price.

Next, we leveraged our experts. We began surfacing these prices to our internal employees and they would provide feedback on whether the prices needed to be higher, whether they needed to be lower, and then they'd give us reasons why. We incorporated (and continue to incorporate) their feedback on an ongoing basis.

Finally, we began to surface our pricing directly to carriers and shippers and used their interactions with those prices as an additional feedback loop. These feedback loops from our employees, shippers, and carriers allow our pricing to pick up on shifts in price sentiment faster than a market indicator would, so that our algorithms can respond quickly.

Our early focus on data collection and really understanding the importance of pricing accurately at scale has enabled us to realize strong, profitable growth. We

grew volume over 60% in the last three years, and we've consistently achieved healthy profitability. In addition, our ability to price in real-time has been a key automation driver for us. The fact that we can win freight from a shipper or cover a load with a carrier automatically is highly driven by the fact that there's no dependency on a person to actually provide that price.

Moving on to our next use case, let's talk about freight matching. At the heart of our business model is matching loads that we receive from our shippers with the best carriers who can service the freight.

The opportunities we saw with freight matching were two-fold. First, we had a productivity opportunity. If we could predict the best carriers for a load, we could surface this information in our tools to allow our reps to become more productive. And then second, by surfacing loads directly to carriers that we know they'll be interested in, we can create a deeper, stickier relationship with them.

Understanding these two opportunity areas, we took a broader approach to developing our AI solution for freight matching. We realized that our solution needed to account for carriers working with us in our online tools like RXO Connect, but it also needed to work for our employees, who were proactively reaching out to carriers. Additionally, we also wanted the solution to be capable of matching carriers to both spot and contract freight. And the result is a single AI process that is capable of servicing multiple channels used by both our operators and carriers.

Carriers can seamlessly interact with a list of very personalized load recommendations through RXO Connect. Then our operators are also given information about the best carriers to reach out to on any given load, eliminating their need to search. They also have the option to browse carrier matches with contract opportunities, which is really key for carrier relationship building.

This matching technology is continuously updated to take into account feedback based upon what reps and carriers did or even did not interact with. It provides both productivity gains to our operators and it creates a lot of stickiness with our carriers. In Q1 of this year, we reported a carrier 7-day retention rate of 79%. It is very evident that this personalization for carriers is creating a compelling experience that they want to continue to come back to.

And then on top of this, getting a head start on this matching technology allowed us to scale our workforce productivity. So if we look at 2018 through 2021, our productivity actually increased by 50%. This has allowed enabled us to grow volume faster than headcount.

As we look toward the future of AI, generative AI has been and will continue to be a key area of focus. Gen AI is a tool that will allow us to address the more complex challenges and possibilities that our industry faces. I'll walk you through how Gen AI is opening these new doors, then will touch on several use cases that are top of mind for us at RXO.

As Yoav touched on earlier in the presentation, generative AI is a deeper form of AI. While traditional AI is focused on taking known inputs and outputs to create automated intelligence, Gen AI builds upon automated intelligence to deduce responses, predictions and forecasts based upon other known patterns. So, in essence, Gen AI steps beyond pure automation and has the capacity to explore creative solutions.

As we see it, Gen AI really enables three key areas. The first is creativity. Gen AI engines can combine variables that our human biases may cause us not to consider, and this can inspire very creative approaches to solving problems or uncovering opportunities.

The second is interactions. It has the capacity to draw parallels and create connections between patterns and data, providing new insights. And finally, there's optimization. Gen AI is able to analyze infinite sets of possibilities for us to leverage to identify new opportunities or even potential areas of risk.

Applying these 3 areas of opportunity to the transportation industry can have a huge impact on the way we operate. One application that ties back to creativity relates to sales optimization. Imagine using a Gen AI solution that looks across many data sources to build customized sales strategies for a seller, allowing them to spend less time on research and more time having meaningful conversations with more leads.

Looking next at interactions – digital assistants will play a key role in how we interact with stakeholders. These assistants can creatively craft communications regarding detention and collections, allowing our workforce to actually be more productive.

And finally, if we look at optimization, areas such as network optimization will evolve dramatically. Gen AI's ability to run multiple scenarios on supply chains can help highlight risk factors and make recommendations for risk mitigation.

So, in summary: As the technology evolves, our possibilities are really continuing to evolve. We are proud to continue to embrace new use cases that will drive our business growth, just as we have done in the past. We believe that the key to being successful in this new generation of technology is to not only embrace the technology, but we have stay close to the needs of our shippers, carriers, and

employees. It's these relationships that provide us with new inputs and ideas to leverage the power of technology to create tremendous value.

I want to thank each of you for joining today's webcast. I really hope you've enjoyed the presentation. Now, I will hand it back over to Jared to moderate Q&A.

Weisfeld:

Great. Thanks, Alyssa. So we're now going to transition to the Q&A portion of the event.

What I've done is I put together the most frequently asked questions across the investment community regarding RXO's investments in technology and artificial intelligence, and now we can get answers directly from RXO's technology team. So let's get right into it.

So, what are the biggest challenges with adopting these initiatives that we just talked about? Are our customers and other stakeholders actually ready for this?

Myers:

I'm happy to chime in on this one. The tools in the technology are absolutely accessible, and they're highly available. And, as we all know, there's a lot of buzz around this this topic, and I think one of the potential biggest pitfalls when it comes to adoption is, you know, falling too susceptible to the buzz. I think companies have to be very careful that they're not just doing AI for the sake of doing AI. They really need to stay focused on how we use the technology to truly create value. Because, you know, if that's the approach that's taken, and that's kind of the barometer that we have in mind, customers and stakeholders will absolutely adopt solutions that make their lives easier, and that create value.

The other piece I want to hit on, though, is the governance component because there could be an AI solution out there that creates a lot of value but maybe the content isn't quite right. So having that governance in place and those eyes on what that those algorithms and that AI is actually producing is absolutely critical. In summary, customers and stakeholders are ready for compelling experiences that really bring them value. And we need to leverage this technology with that in mind.

Weisfeld:

Thank you, Alyssa.

Now let's move to where we finished the presentation. We talked about potential future use cases from an AI perspective. So, how can our so leverage AI to expand it to new markets longer term and drive new revenue streams? Can we get some examples?

Amiel:

I can take this one, Jared. We've been leveraging AI and machine learning for our growth for many years now, building and optimizing our proprietary engines like matching a pricing recommendation, capacity, aggregation and more.

Now, while these engines helped us with automation, productivity, optimization and volume growth, when we look at our future growth plan we want to increase our customer reach and drive more volume overall to the company today. Today, we have more than 10,000 customers already and we see an opportunity to expand it into the SMB market.

Now, if you take into account the generative AI capabilities, we can further automate the interaction engine and help this type of a self-service capability specifically for that segment. These capabilities will support transaction with high digital percentage, leveraging a robust existing technology while minimizing the need for support or interactions.

Weisfeld:

That's a great call out on SMB. Maybe just to remind everyone, when we look towards our 2027 guide, which calls for 500 million dollars in EBITDA, we've got multiple growth initiatives to get us there. We're going to continue to expand share within our existing customer base. We're going go after new customers within the large enterprise in terms of Fortune 100, Fortune 500. But to Yoav's point, we're also going to go ahead and go after SMB, which today is still relatively small for us. So that's a huge opportunity for RXO longer term.

So, to the next question: Will artificial intelligence lower the barriers to entry in the freight industry longer term?

Yoav Amiel:

Surprisingly, I would say that this trend could even have the opposite impact on barriers of entry and increase that gap – something that we are already seeing today.

We all know that AI and machine learning can bring efficiencies and automation into the day-to-day operations, but you need to do it the right way. You need to have accurate results and be profitable to the organization. Now, we explained throughout the presentation there are two key ingredients for successful AI and machine learning: One is data and the other one is scalable infrastructure one.

So first, if you look at our infrastructure, we invested hundreds of millions of dollars into our Connect platform, allowing us to scale and leverage the power of AI. And second, if you look at data, new companies without these dense and granular internal datasets will find it difficult to leverage the real power of AI.

Bodea:

And maybe, Jared, perhaps just to complement Yoav's insight: Now, AI is a key enabler, nevertheless. But it still needs to be fed with the appropriate data if it were to perform well. The industry knowhow that allows one to really make sense of the data and, through AI, to learn meaningful insights of commercial value – that will still remain highly valuable and come with a premium that, to Yoav's earlier point, can only widen the gap.

Building on the example that you refer to and which I tried to emphasize: We make hundreds of thousands of calls to our pricing infrastructure every day, right? The data, the knowhow, the infrastructure and all of the processes that make that the reality – it's something that's very difficult to replicate, no matter how AI-savvy an organization is.

In in this context, in my mind, protecting and retaining the intellectual property becomes incredibly important, as that is really the source for a competitive advantage. Pure and simple, you cannot replicate it. It's that simple for us.

Weisfeld:

Thank you, Tudor.

So, we talked earlier about how AI can open up new addressable markets, drive new revenue streams. But what about from the cost side? Can AI, I'm thinking, you know, improve matching, pricing, routing technologies? Can that materially bring down the needed headcount in order to operate?

Myers:

When we first began focusing on AI solutions, what we really had in mind was 'how do we use this technology to enable future scale?' Our goal wasn't necessarily to reduce headcount. We wanted to make sure that we could grow the business faster than headcount and I think you cited a couple of great examples: matching, pricing both of which we talked about earlier in today's presentation.

We look at the productivity gains that we were able to really recognize between 2018 and 2021 when our productivity increased by 50%. And we're not even close to being done. We have a fantastically long runway ahead of us, especially as this technology really continues to get smarter and smarter by the day.

The other thing I would tie that into, though, too, is, we talk a lot about automation. You've probably heard us use the metric 96% of our loads are either created or covered digitally. So that automation is a key productivity driver and when you think about what really enables that automation, a lot of it is our pricing. I think I mentioned earlier the fact that we can get a load from a shipper, cover a load with a carrier without having that person there to provide the price has really been a key productivity enabler for us.

Weisfeld:

Thanks, Alyssa. So, Yoav mentioned this earlier and most on the call have certainly heard that those words generative AI, especially algorithms such as ChatGPT, which I'm sure everyone's used at least once. So how will our RXO implement generative AI going forward and can we get some use cases here as well?

Amiel:

Well, the good news is that it's not the future. It is already happening right now. At RXO, we already have several generative AI capabilities in different maturity stages.

Our initial focus is in the areas of content explorations and interactions, tackling internal facing capabilities first. One example is our sales enablement tool, allowing our sales group to gather intel on customer in seconds instead of hours before going to a meeting.

Another potential use case is around the SMB growth opportunity that we just mentioned earlier. Tapping into that self-service capability of generative AI, making customer interactions intuitive and conversational can help grow our volume overall and more efficiently.

Bodea: Jared, since this is dear to my heart too – the technology is novel still. We can provide the audience with the general view into some of our learnings to date.

I do not know how many did get a chance to experiment with the technology, but certainly a bit of learnings from someone who has tried it: From an execution standpoint, the AI and ML platforms that support the Gen AI technologies make it relatively simple to initiate the work on fit use cases. That said, use cases that maybe go above and beyond the obvious require business and tech knowhow that's still rare and at times difficult to acquire. On our side, it really showcases the fact that we do need to specialize in in this area.

And then last, but not least, as a technology Gen AI is evolving rapidly. Newly released workflows need to be really revisited and reworked as soon as they are released, simply because the base and the underlying large language models evolve so rapidly and update so frequently that if you don't do it, then you are going to be left behind.

So with that, Jared, back to you.

Weisfeld:

Thanks, Tudor. That was helpful. Can AI speed up the development and adoption of autonomous vehicles. And, if so, how do we think about the potential impact to RXO?

Amiel:

AI is already the engine behind autonomous vehicles. And you know the existing engines utilize AI for image and video recognition, LiDAR which is the pulse laser

interpretation, and decision-making that is happening on the car while it's on the road.

Moving forward, AI will continue to speed the development in in the AV domain as the computer power expands and the AI methods are becoming more and more robust.

Now, if you look at RXO, AV is a good thing. It will increase the available capacity and reduce our operational cost overall. We are AV agnostic. Our platform is API-based and such integration with AV providers will be quick and straightforward.

So, while RXO is agnostic to the implementation of AV, and we'll be in a position to work with them just as any other carrier. It's important to note that we are very long way off before AV become a significant percentage in the available capacity.

Weisfeld: Thanks, Yoav. Are we using third parties or building our AI capabilities in house? And do we also do we leverage cloud service providers?

Bodea:

Jared, I can offer a view into this.

We have an in-house AI and ML data science practice that helps build RXO proprietary capabilities in in various areas. I think that Alyssa mentioned pricing matching. Even in ancillary revenue management, we try to apply it.

Now, we build these capabilities ourselves to fully address first the needs of the business, then retain the IP, and then control and accelerate the delivery of the innovation. While we certainly build and likely will continue to build core capabilities in-house, we do try to be practical and integrate creatively with specialized third-party vendors where and when required.

To remain competitive, as I mentioned, and be able to scale as our business scales, we do deploy and execute our workloads on cloud-based AI platforms. We do have a strong business relationship with one of the key cloud-based and cloud-based AI/ML technology providers.

To summarize: We build the core AI and ML capabilities in-house, but we do so creatively by leveraging and integrating when required with third-party providers and with cloud-based technologies.

Weisfeld:

Thanks, Tudor. In the interest of time this be the last one. My guess is Yoav, this is probably best for you. How will RXO sustain our competitive advantage and avoid potential disruption from new adopters or new entrances into the industry?

Amiel:

As we called out multiple times, we started our tech journey more than a decade ago, adopting AI and machine learning from the beginning and embedding it into our tech stack. So, we have that first mover advantage.

But in technology, as we all know, you can never rest. At RXO, we always progressing. As I mentioned earlier, we already have multiple Gen AI use cases in different maturity stages. The hype around Gen AI just surfaced to the broader audience, the power of AI that we've been using for many years now.

Now the fact that we built our platform from the ground up allows us to focus on innovation and minimize maintenance efforts. I would say that we have the unique combination of operational knowhow, scalable technology, robust internal data sets, and years of fine-tuning the algorithms through these feedback loops that we receive. So, if a competitor will try to build something similar, it will take them years to get to where we are today – and while they are trying to catch up, we will continue to innovate and broaden the gap even further.

Weisfeld:

Thanks, Yoav. I want to thank you all for joining today's webcast. The longer-term opportunities are enormous across AI, ML, generative AI and more.

We're going to continue to effectively leverage our technology to penetrate new markets, expand our total addressable market, increase the efficiency of our people and automate processes. Importantly, we are still at the very beginning of our journey.

A transcript of today's event and supporting materials will be available on RXO's website. Have a great day, everyone. Thank you.