



Emerging Venture Analysis

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Company

FreightPath, LLC
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Stage

Emerging. FreightPath was spun out of Fountainhead International, an established logistics software company, in October 2004 to pursue development of an Airline Cargo Management system with features that supported both domestic and international air freight. The company is currently supplying systems to customers worldwide.

Summary

FreightPath LLC develops and markets airline cargo management software. The FreightPath product's unique combination of high-functionality and low-cost has enabled the company to gain traction with a variety of clients at an early stage.

Target Customer

Initial target segments in the air cargo global market include the Regional and the medium size full-service international airlines. This market consists of more than 200 airlines; in addition there are other segments ranging from start-ups and low cost carriers to the larger airlines.

In the short-term the company will continue to target the small- to medium-size airline market. Receipt of capital will allow more attention to the medium to larger carriers. In addition the company plans to increase its attention to international markets.

According to The Colography Group's International Air Cargo Trends, 2001 export U.S. air cargo revenues were \$7.9 billion USD. The industry average for IT spending as a percentage of revenue is 7.8%. This gives a conservative estimate of a \$140 million dollar total market for the FreightPath product.

Customer Motivation

Currently only 70 of the 280 members of the IATA use an IT solution, the rest still manage their air cargo business using paper-based solutions.

Customers need to replace home-grown solutions that no longer fit their needs. Companies need a system that will enhance functionality while reducing costs as compared to a hosted legacy solution that are unaffordable because of both their high initial and recurring costs.

Product

FreightPath® software provides air cargo carriers with a powerful set of tools to address critical internal functions. Managing vital documents such as air waybills, flight manifests, and even flight processing can now be processed by one tool. Additional reporting capabilities address customers' needs for vendor auditing, internet-based cargo booking and tracking and other essential functionality.

FreightPath® can be delivered as a licensed product or through an application service provider (ASP) model, further underscoring the power and flexibility provided by the product, while maintaining a competitive price point for their clients.

The system is an Enterprise System and addresses all facets of the air cargo business including full air waybill data capture and processing, auto-rating, accruals, A/R and A/P with integration to the corporate G/L, all document generation, customer invoicing, vendor auditing, sales commissions, flight processing, manifesting, tracking, EDI, financial and operational reports, sophisticated ad-hoc, flexible reporting, Internet booking and tracking and more. The system currently interfaces with different accounting packages, including MAS200, Solomon and Axapta . Each airline has a unique way of handling its cargo business; likewise, FreightPath® is

flexible, while having extensive user preferences and parameters.

The system was developed as a Microsoft® Windows application using an SQL Server database.

Revenue Model

Sale of software license plus training and customization fees. Recurring revenue from service contracts. The software is also provided under a software as a service model.

Sales Channels

Direct using personal relationships and customer referrals as well as through worldwide partners.

Recent Success Stories

Current clients include:

Everts Air Cargo, Alaska.

Canadian North, Northwestern Canada and to Ottawa.

Air Greenland.

Wasaya Airways, Northwestern Ontario and the Timmins area.

Strategic Partners

C.A.L.M. Systems - Electronic flight management and MRO suite of applications.

MIS Choice - Full service Network Support Company based in the Greater Chicagoland area. Hosts the FreightPath software as a service solution.

S8Cargo - A powerful routing tool that builds the best connection services, does all the analysis and can set policies on acceptable routings.

TIK Systems - Software solutions for the travel industry.

Key Competitors and Differentiators

The company believes it has few competitors in the small to mid-sized market. Legacy system competitors include Unisys LMS and Sabre-Cargo System.

Established cargo solutions vendors have been competing amongst themselves for the major airlines. The smaller-to-medium-sized airlines have been largely ignored by the traditional solutions vendors, even though their needs are acute.

FreightPath believes their domain expertise, price advantage, loyal customers and worldwide partners give them a considerable advantage. Combined with a proven management team and significant industry experience, FreightPath is well positioned to take advantage of growing market demand.

Metrics

Number of full time equivalent employees and contractors: 8 global resources

Investment Capital

FreightPath, LLC is currently seeking \$1,000,000 in financing to further develop our namesake product and advance the business model. FreightPath, LLC has a firm development schedule for FreightPath®, the product, in place which will be accelerated with the receipt of investment funds. Remaining capital will be applied to marketing and sales efforts to further expedite growth of the business.

Lead Investors

The company was originally owned by Fountainhead Int'l and Ted Braun.

Presently the company is owned by Ted Braun 86.5%, MIS Choice 10% and a private investor 3.5% of the units in FreightPath LLC

Management Team

President: Ted Braun - brings over 30 years of hands-on experience to the venture. Mr. Braun's expertise includes all-cargo airline operational experience with Seaboard World Airlines and Flying Tigers, gained during postings throughout Europe and the U.S. He was a program manager for cargo solutions at Unisys Corporation's Airline Division in Blue Bell, Pennsylvania whose customers included the leading airlines in the world. Mr. Braun played an industry role as Assistant Director for Cargo Procedures and Automation at the International Air Transport Association (IATA) from 1991 to 1997 in Geneva, Switzerland. Upon returning to the U.S., he was a co-founder and Country Line of Business Manager-North America for Atlanta based Atraxis

Cargo Solutions from 1998 to the end of 2001. Following this, Ted started Braun & Associates, a cargo IT solutions consulting practice. During this time he provided services to Fountainhead International during 2002-2003, laying the groundwork for what would become FreightPath, LLC. Through Mr. Braun's leadership, FreightPath, LLC will build a world class operational and sales management team.

Advisors

Legal: McGuireWoods LLP

Accounting: Rosenthal & Kaplin, P.C.

Board Members: Ernest Van Den Broeck - former head of cargo IT at Sabena Belgian Airlines; Rolland Heller - Managing Director TIK Systems, Thailand; Alexander Kiss, CEO MIS Choice, Inc. a systems integrator and former Lufthansa Cargo and Systems manager

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