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ARTIFICIAL INTELLIGENCE

Canadian Trucking Firm Adopts AI, Then Jumps Into Consulting

Polaris Transportation decided to monetize its AI experience by catering to other trucking companies



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Canadian trucking company Polaris Transportation Group has spun off an artificial-intelligence system it developed to automate its customs paperwork into a consulting firm that plans to offer AI advice to other transportation businesses.

Polaris, which owns about 200 tractors and 300 trailers, began its document-automation project in late 2017. The Mississauga, Ontario-based company processes between 700 and 800 documents daily. Before it deployed the new system, six to eight people at Polaris were dedicated to processing documents—sorting, reading and analyzing reams of shipping documents for accuracy and completeness—with each person taking several minutes to go through each stack of papers

The error rate by human readers resulted in about 60 freight shipments a day failing to clear customs, resulting in delays of several hours to several days for each shipment.

Polaris's AI system has cut customs rejections to about 15 to 20 a day, said Dave Brajkovich, the company's chief technology officer.

Within several months of its technology upgrade, Polaris sensed an opportunity and last year decided to create a new company, NorthStar Digital Solutions, to turn the experience into a sustainable business opportunity, said CEO Dave Cox.

Working with a technology company Polaris declined to name, it created a cloud-based system that uses machine learning to read structured and semistructured data on various forms submitted for customs clearance. The system is able to identify missing information and correct some problems in the customs invoice documents that are sent customs brokers. The final result is electronic permission to cross the border. Two people manage the

algorithms, which can process the digital paperwork in several seconds, sometimes less than a second, Mr. Brajkovich said.

NorthStar plans to resell the technology and also provide project management, development, hosted cloud services and software engineering.

"As the journey proceeded we wanted to make it a profit center versus a dead cost," said Mr. Brajkovich, who is also NorthStar's CTO. "The face of Polaris is not a trucking company as much anymore. It can also be seen as a digital company that has trucks."

NorthStar is led by Mr. Cox, but also has six employees who don't work for Polaris, Mr. Brajkovich said. The spinoff is a legally separate entity that will be governed by non-disclosure agreements to protect future clients' trade secrets and proprietary information from being exploited by Polaris. NorthStar is in talks with three potential clients, two in supply chain and one in finance, Mr. Cox said.



Polaris Chief Executive Dave Cox also heads the trucking company's AI consulting spinoff. PHOTO: PALMER MARKETING

Consulting services offered by a midsize trucking company aren't the norm but they are also not unheard of. Pitt Ohio LLC has a management consulting arm that provides such services as route-planning optimization.

In 2016, Pitt Ohio spun off Idelic Inc., a technology that uses AI to predict driver accidents, said Geoff Muessig, the Pittsburgh-based company's chief marketing officer. The AI interprets factors including driver tardiness, arguments with customers or dispatchers, and other behaviors that could indicate a higher risk of an accident.

Still, NorthStar is different because it goes beyond Polaris's core competency, trucking, said Tom Wroblewski, chief strategy officer of Slync.io Inc., a supply-chain platform for tracking and managing freight shipments.

"What's shocking to me is to spin off an AI project-management consulting capability because that's brand new and, quite frankly, that's not your area of expertise," Mr. Wroblewski said. "It's such an ever-changing environment and to keep up with that—in addition to trucking—is an incredible challenge."

Mr. Brajkovich said that NorthStar will be a reseller of the technology it designed with its technology vendor. NorthStar is finalizing the terms of the partnership.

NorthStar has billed Polaris for about 1,500 hours for its services over more than a year, Mr. Brajkovich said. The consulting company performed project planning, project management and developed the intellectual property of the algorithms, Mr. Brajkovich said. The entire project has cost Polaris more than \$1 million for consulting fees, software licensing and other services.

"It's a sustaining model," Mr. Cox said. "It's the inherited documentation, the knowledge, the training. All of that, call it proprietary stuff, stays within."