

CASE STUDY

Empowering a 3PL to Optimize Parcel Shipping Profitability

THE CHALLENGE

A leading third-party logistics (3PL) provider faced significant challenges managing its parcel shipping operations. Their business model relied heavily on negotiating discounted FedEx contracts and reselling these rates to other shippers, with their primary revenue coming from the markups applied to these rates. However, their processes were outdated, relying on Excel spreadsheets for tracking revenue and customer markups. This made it difficult to gain real-time visibility into profit margins and operational performance across their multiple contracted customers.

Additionally, the 3PL sought to offer transparency to their customers regarding shipping costs without revealing the actual rates they paid to FedEx. Traditional business intelligence tools, including FedEx's BI platform, couldn't meet these unique needs.

“Reveel’s Shipping Intelligence Platform has been transformative for our operations. The real-time visibility into our shipping performance and customer-specific markups has significantly improved our profitability and decision-making. We’ve moved beyond outdated processes and now operate with a level of efficiency and transparency that was previously unattainable. Reveel has not only helped us optimize our FedEx contract but has also empowered us to strengthen trust with our customers while protecting our proprietary data.”

— CFO, Leading 3PL Provider

THE SOLUTION

Reveel implemented its advanced Shipping Intelligence™ Platform, specifically tailored to address the 3PL’s challenges. The solution delivered comprehensive tools for contract optimization, markup calculation, revenue tracking, and customer-facing transparency.

Contract Negotiation and Optimization:

Reveel’s Parcel Spend Management 2.0 (PSM 2.0) enabled the 3PL to renegotiate their FedEx contract, securing more competitive shipping rates. These improved rates allowed the 3PL to increase their profit margins when reselling to customers. Additionally, the platform empowered the 3PL to strategically manage their contracts, ensuring long-term cost savings and maintaining competitive pricing structures.

Custom Markup Calculation:

Leveraging Reveel’s Analytics Hub, the 3PL

developed a customized process to calculate precise, customer-specific markups. The platform provided detailed visibility into the exact up-charges applied to each client’s shipments under the FedEx contract. This level of transparency ensured accurate and consistent pricing strategies, enabling the 3PL to maintain reliable profit margins across their customer base.

Revenue Tracking and Visibility:

Reveel implemented a robust month-to-month revenue tracking system, giving the 3PL real-time oversight of their operations.

With over 400,000 annual shipments, the 3PL could monitor performance closely, quickly identifying trends and anomalies. This real-time visibility allowed for data-driven decisions and proactive problem-solving. By leveraging these insights, the 3PL consistently maintained profit margins exceeding \$2 per shipment.

Customer-Facing Analytics Instance:

To provide transparency without compromising sensitive data, Reveel set up a dedicated instance in Domo for the 3PL's customers. This instance mirrored the look and feel of Reveel's Analytics Hub but offered limited access—customers could only view their marked-up shipping charges, not the 3PL's actual costs. This solution ensured customer trust while protecting proprietary data.

THE RESULTS

Enhanced Profitability:

The 3PL maximized their profit margins through precise markup calculations and optimized carrier contracts.

Operational Efficiency:

Transitioning from Excel spreadsheets to a real-time analytics platform significantly improved the accuracy and efficiency of their shipping operations.

Customer Transparency:

By offering controlled visibility into shipping costs, the 3PL strengthened customer relationships while safeguarding their sensitive pricing data.

Improved Decision-Making:

Month-to-month revenue tracking provided insights that were previously unattainable, enabling the 3PL to identify trends, research anomalies, and make informed decisions.

CONCLUSION

Reveel's Shipping Intelligence Platform revolutionized the 3PL's parcel shipping management. The advanced tools optimized profitability, streamlined operations, and enhanced transparency, giving the 3PL a competitive edge in the logistics industry. By leveraging Reveel's tailored solutions and powerful analytics, the 3PL achieved sustainable growth, operational excellence, and strengthened customer trust—positioning them for continued success in a dynamic market.



Reveel is the leading Shipping Intelligence™ Platform that enables companies to level the playing field with FedEx and UPS. With over 17 years of parcel agreement management expertise and \$400M+ in savings for its clients, the company provides actionable insights to help customers make smarter business decisions and have peace of mind. Reveel helps shippers leverage the power of data science and peer comparison data to capture significant ROI and improve their competitive advantage.

Request a demo today to see how you can leverage automation to synthesize your data, ship more for less, and reduce the time needed to identify issues and action items.

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