

CASE STUDY

Empowering a Fast Growing, Billion-Dollar High-End Yoga Apparel Brand and Retailer to Transform its Parcel Shipping Operation with Reveel's Shipping Intelligence™ Platform

When Sunriise Business Solutions' business process and project management experts embedded at a high-end yoga apparel brand were asked to bring the company's shipping operation from a 3PL in house, they began by deploying Reveel's Shipping Intelligence™ Platform – a decision that delivered more than \$1.8 million in initial savings.

Ken Seidl's career helping Fortune 100 companies save money, uncover efficiencies, design and manage large capital projects, and enhance customer service began in a sector that remains close to his heart: parcel shipping. Seidl began his 17-year tenure at United Parcel Service as a driver before working his way into leadership roles where he helped national accounts improve their operations.

Later, after obtaining undergraduate and graduate degrees from John Hopkins University while working full time, Seidl honed his skills at major organizations like Industrial Distribution Group and Fruit of the Loom. Those experiences inspired him to create his own consulting firm, one able to serve as an extension of customers' operational teams and a true partner.

Today, his firm Sunriise Business Solutions, reflects that vision – helping fast growing brands tackle mission-critical questions and projects. Whether it is helping a European conglomerate decide if it makes sense to enter the North American market or providing a large domestic apparel company with the information it needs to decide where to build its next distribution center, Sunriise's experts see extensive projects through from start to finish.

For example, they might identify locations for a new distribution center based on numerous variables, and then oversee the design process to ensure that they best utilize new advancements in sorting, picking and packaging technologies. Sunriise teams can even manage the entire construction process to ensure that warehouse projects are completed on time and under budget.

RAPID GROWTH BRINGS A HIGH-END YOGA APPAREL BRAND AND RETAILER'S SHIPPING OPERATIONS TO A CROSSROADS.

When Sunriise's customer, a high-end yoga brand experiencing meteoric growth brought Seidl's team in to help streamline its parcel shipping operation and asked for help to transition from a 3PL to an in house operation, the complexity of the question was immediately apparent. With 40% year-over-year growth, more than \$1 billion in sales, a skyrocketing e-commerce business and a rapidly-growing network of brick-and-mortar stores, the company's inventory management, warehousing and fulfillment needs were changing.

But no one knew how much the transition away from a 3PL would cost or how much it would save. What was known was that the company needed to have the control it would only gain by managing and owning its own fulfillment process.

"As an exceptionally successful omnichannel retailer, our customer was keenly aware of the dramatic impact parcel shipping performance



has on the bottom line – with some online businesses spending up to 20% of revenue on it,” says Seidl. “They were also aware of its impact on top-line results and offered complimentary 2-day shipping – absorbing those costs to provide yet another benefit to customers. Using a 3PL made absolute sense early on, but as growth intensified senior leadership rightfully wanted to move those functions in house where they could be better controlled.”

While inventory and warehouse costs associated with the move would require a detailed analysis, Seidl knew that information could be attained. And he knew it would be factual and data-driven.

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What he was most concerned with was the shipping operation. The company had basic visibility over its shipments, but no way to put that information in context, let alone see how any carrier contracts it might secure on its own would compare to those enjoyed by the 3PL vendor. In fact, no one knew what an optimal carrier contract would look like given the company’s shipping profile or its dramatic growth.



“Historically there has been very little transparency in parcel shipping because most

organizations have no way to make sense of the numerous variables that impact what it costs to ship any package from one point to another,” adds Seidl. “And of course the carriers benefit from this lack of transparency and create additional complexity to keep it that way as evidenced by the innumerable fees, surcharges and rules hidden in the fine print of contracts that are themselves highly complex.”

Like most shippers, Sunriise historically turned to consultants to help its customers better manage and analyze their shipping contracts, better negotiate with their carrier, and identify areas where they could lower costs. Seidl had worked with Reveel on other engagements and knew it was adept at providing such services, but he also knew he needed far more than consulting support – he needed definitive answers that only a factual analysis of the high-end yoga apparel brand’s shipping data would provide.

REVEEL'S SHIPPING INTELLIGENCE™ PLATFORM – THE FIRST SAAS SOLUTION THAT PUTS POWERFUL DATA SCIENCE AT SHIPPERS' FINGERTIPS

In July of 2021 Reveel introduced the industry's first Shipping Intelligence™ Platform, a Software-as-a-Service-based analytics, contract analysis and negotiation solution that features advanced data science capabilities, machine learning, powerful analytics and artificial intelligence that enables shippers to gain real-time visibility and control over their parcel shipping data – all while providing them with actionable insights they can use to immediately save money.

With the platform, shippers – who previously had no ability to visualize or analyze their shipping data to make decisions – now benefit from the competitive advantage true shipping intelligence makes possible:

- **Real-time insight into shipping vital factors:** Fundamental indicators of parcel shipping success are immediately accessible when using the platform. These factors include total shipping spend, surcharge spend, average cost per shipment, average weight per shipment, minimums and average zone – all insights that should be monitored to ensure that shipping operations and shipping costs are managed effectively.
- **Contract analysis and comparison:** Reveel's Shipping Intelligence™ Platform makes it

easy to conduct side-by-side comparisons of even the most complex carrier contracts, not just in a generic sense, but in a highly targeted manner that shows how each will impact each organization based on its specific shipping data. In this way, Reveel empowers shippers to know in an instance not only how contracts vary from one another, but also how those differences will directly impact the performance of the shipper's operation and their costs.

- **Real-time insight into operational imperatives:** Reveel's platform also enables shippers to continually monitor and track numerous metrics that enable them to strategically manage their organizations. For example, in an instant they can see how close they are to reaching the carrier's next volume discount pricing tier, or how many packages are being charged for their dimension weight versus their actual weight.
- **Accurate budgeting capabilities:** The carriers' annual general rate increases (GRIs) do not include the surcharges, new rules and fees that radically impact costs, leading shippers to inaccurately budget each year. For example, for 2023 FedEx and United Parcel Service (UPS) introduced a record GRI – 6.9% – but using the real shipping data on its platform to run a macro analysis, Reveel showed even before they went into effect that less than 5% percent of customers will see their shipping costs increase by 6.9% percent or less this year. (On average, U.S. businesses will pay 10.2% more to ship via UPS and FedEx customers will pay 9.1% more.) With the platform, shippers can

see exactly how the new GRIs will impact their specific costs by running a model that applies them to their actual shipments.

- **Proactive course corrections:** Reveel's Shipping Intelligence Platform also enables shippers to proactively address problems as they arise, not after they have received the invoice. Examples include enabling them to see when a discounted surcharge expires before the carrier contract ends, or when a new rule makes an existing box "oversized" before it is used to ship out an entire product line at a loss because of overages.
- **The industry's first objective performance metric:** The powerful algorithms in Reveel's platform enable shippers to gauge their performance in comparison with their peers – organizations with a similar shipping profile. The Reveel Peer Index, (RPI), is the industry's first objective performance metric of its kind.
- **Benefit from what-if scenarios and negotiate like a pro:** The advanced data science within the Reveel Shipping Intelligence™ Platform lets shippers pose any number of what-if scenarios and parse



their shipping data in innumerable ways – both to strategically manage their operations – for example, “can we offer free shipping on this product and still make our margin?” or to negotiate with a clear understanding of the facts, for example “if the carrier agrees to lower their fuel surcharge by 1% how will it impact my total shipping costs?”

“The powerful algorithms in Reveel’s platform enable shippers to gauge their performance in comparison with their peers”

A BILLION-DOLLAR HIGH-END YOGA APPAREL BRAND AND RETAILER TURNS TO REVEEL'S SHIPPING INTELLIGENCE™ PLATFORM

Seidl appreciated Reveel's track record of delivering savings and its candor and demonstrated effort to bring transparency to the process of carrier contract analysis and negotiation. He decided to explore how the Reveel Shipping Intelligence Platform could help in the high-end yoga company's decision to transition its 3PL operations in house.

"Initially I was struck by the ability Reveel's platform would give us to do a real-world and detailed side-by-side analysis of the competing contracts the high-end yoga apparel brand received from FedEx and UPS," he says. "And just as importantly, using the platform's advanced data science capabilities, we could look at what it would have cost to make the company's previous shipments under those proposed contracts – in that way determining not only which contract made the most sense, but how those costs would compare to what the retailer paid to the 3PL. The ability the platform gave us to answer such complex, and previously problematic questions with real facts and complete confidence seemed almost too good to be true."

Seidl notes that he was also surprised how easy and intuitive the platform was to set up and use.

"Onboarding was super easy. You simply connect Reveel's platform to your shipping data and you are off and running," adds Seidl. "The platform has an amazing dashboard that not only provides you with numerous actionable insights on how can you save money and make improvements in your shipping operations, but it also lets you easily slice and dice your shipping data in innumerable ways – enabling you to act on intelligence that is not only valuable for the shipping department, but also senior leadership and departments like marketing that need to keep fulfillment costs in mind."

Using the decision-making intelligence Reveel's Shipping Intelligence Platform delivered, the high-end yoga apparel brand and retailer was able to negotiate a highly favorable contract with UPS while securing more than \$1.8 million in savings by moving its operation in-house from the 3PL.

"I love Reveel's Shipping Intelligence Platform because it empowers us to understand and negotiate our own agreements with carriers, and immediately see how any changes to carriers' rates, new surcharges and rules will impact our costs," says Seidl. "We can now budget for our parcel shipping operation with a level of precision that was absolutely unimaginable before and we've found that the \$1.8 million in savings Reveel's platform made possible is just the beginning."

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DELIVERING ADDITIONAL SAVINGS IN DAY-TO-DAY OPERATIONS

Today the high-end yoga apparel brand is using Reveel’s platform to continually identify new opportunities for savings and improvements in its shipping operation. While Seidl notes that the many actionable insights the platform delivers and the ability it gives users to slice and dice their data and pose “what if?” scenarios and explore outcomes are powerful, just having the ability to stay informed of the fundamentals has been a game changer.

He encourages shippers to keep the following fundamentals in mind and to use the Reveel Shipping Intelligence Platform to stay informed and keep them under control.

- **Know your shipping vital factors:** “With Reveel, you can easily see your shipping vital factors in real time and see how they will change or be impacted by other variables, like new rate increases. Knowing these vital factors – service spend, surcharge spend, average cost per shipment, weight (including dimensional weight,) minimums, and average zone will dramatically impact your
- **Keep an eye on minimums:** “It’s crucial to know what percentage of packages you are paying the carrier’s minimum charge on. All too often shippers aggressively negotiate discounts that rarely are activated because the minimum charge has not been met. You absolutely must watch the minimum charge and negotiate to lower it if you see it being activated.”
- **Watch out for surcharges:** “Surcharges can amount to up to 33% of total parcel spend, so it’s imperative to know when they kick in and to negotiate exceptions. With Reveel’s platform, the days of finding out you were subject to a new surcharge for thousands of shipments only after you received your quarterly carrier invoice are over.”
- **Don’t lose track of dimension weight:** “You want to know what your dimensional weights look like. Surprises are never good in parcel shipping. Keep an eye on your DIMs.”

parcel shipping operation.”

Is Parcel Consulting Dead? — A Note From Josh and Chad

Nearly twenty years ago we left our jobs as sales reps for a global freight and package leader to create Reveel. Our motivation was straightforward: we wanted to help businesses level the playing field with carriers and bring transparency to fundamentals like carrier pricing that even today remain blurry for most companies – in part because of age-old carrier practices like not including new surcharges, rules and fees on rate cards.

As a parcel consulting firm that provided our customers with carrier contract analysis, parcel audits and negotiation services, we saved our customers a lot of money, but in time we began to feel another option was needed. In advanced data science we saw a great equalizer, one that would enable shippers for the first time to make sense of the complex web of variables that impact what it costs to send any parcel from one point to another.

Just as other industries were revolutionized by Software-as-a-Service companies like Turbo Tax for accounting, Travelocity for travel planning, E*TRADE for investing and Redfin for real estate, we believed a platform that used advanced AI and machine learning could empower shippers to do themselves what once required consultants – Reveel included.

Ultimately, we acquired a technology company and set to work creating what is now the Reveel Shipping Intelligence Platform used by hundreds of leading companies to radically lower their parcel shipping costs. Our decision was not without risk. In creating the platform we knew we would not only disrupt the industry, but also our own company – a reality that prompted us and others to ask, “Is parcel consulting dead?”

Today, more than 2 years after the introduction of our platform we know the answer. Just as SaaS applications in the past upended industries, they did not negate the need for consultants. Travel agents are still needed even though the average consumer can book a flight on their own, accountants still play a crucially important role while many consumers file their own tax returns online, financial advisors still help clients navigate the markets, and realtors still help people buy and sell houses.

Parcel shipping and Reveel’s Shipping Intelligence Platform are following a similar trajectory. Yes, if you work with one or two parcel carriers you can probably use our platform to do what you once hired parcel carrier contract analysis and contract negotiation consultants to do. It is likely that the gainshare followed by the industry will also increasingly come under what many would say is long overdue scrutiny.

And yes, if you have a complex parcel shipping operation you may use the intelligence the platform puts at your fingertips, but if you are dealing with overtly complex operations – regional carriers, 3PLs and internal and external shipping operations – it makes sense to work with a consultant, one who can guide you and ensure you are asking the right questions when manipulating your data.

So is parcel consulting dead? We don’t believe so. In fact, we see parcel consultants becoming even more effective, and in many cases more needed than ever before with the data science the Reveel Shipping Intelligence Platform puts at their fingertips.

Sincerely,

Josh Dunham, co-founder and CEO of Reveel

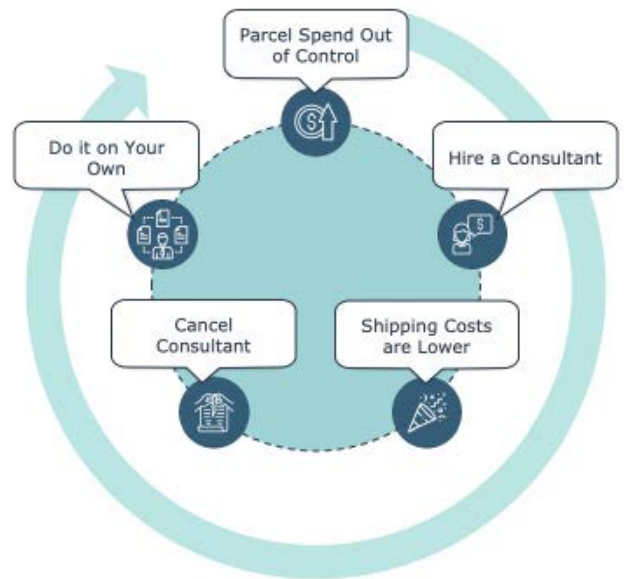
Chad Beville, co-founder and president of Reveel

The Vicious Cycle of Parcel Consulting

“The problem with parcel consultants is that while they uncover significant savings, they don’t have the ability to analyze any one organization’s data in a granular fashion or at scale, nor can they alert you proactively when a mistake is made – for example shipping an entire product line for a loss because the carrier recently changed how it defines oversized parcels,” he adds. “They also lead to what I call the ‘crazy uncle’ syndrome. They save you money, but it turns into a vicious cycle where you end up paying them a lot, too – and the gain share model most use is why virtually every shipper experiences payment fatigue at some point.”

In a gainshare model, the standard among parcel shipping consultants, the consulting firm receives a percentage of the savings it secures, typically over a three-year period. Payment fatigue occurs when shippers find themselves in a vicious cycle: They turn to parcel consultants in the face of rising shipping costs, only to then pay them for three years for the savings they secure.

Shippers are also painfully aware that such a model is highly advantageous for parcel consultants, who often enjoy three years of ongoing revenue for work that occurred in the initial stages of an engagement. The parcel audit is a great example, with even the most rudimentary effort finding savings of at least 1%, often in the form of refunds when carriers failed to meet their own service level guarantees such as when a package arrives late.



Reveel’s Shipping Intelligence Platform addresses these issues by providing shippers with the shipping intelligence and actionable insights they need to do for themselves what they typically paid consultants to do, including carrier contract analysis, negotiation and more.





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 \$200M+ in savings for our clients, we provide actionable insights to make smarter business decisions and give you peace of mind. Leverage the power of data science and peer comparison data to capture significant ROI and improve your competitive advantage. For more information, visit our website here, or follow us on Twitter, LinkedIn or Facebook.

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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