

CASE STUDY

MindWorks Innovations Secures Dramatically Lower Contracted Shipping Prices with UPS Using Reveel's Shipping Intelligence™ Platform

The Leading Brand of Dietary supplements, Books and Resources for Brain Health Used Intelligence it Gained from Reveel's Platform to Secure Significant Price Reductions in its Most Successful Carrier Contract Negotiation Since the Creation of its E-commerce Business

BACKGROUND

MindWorks Innovations is best known for BrainMD, the leading brand of dietary supplements, books and resources devoted to, and focused on, brain health. Based in Irvine, Calif., the company is owned by Daniel G. Amen, M.D., celebrated psychiatrist and founder and CEO of both MindWorks Innovations and Amen Clinics, a network of clinics that provide patients with a wide array of mental and brain wellness treatments.

In the face of the dramatic growth of MindWorks Innovations' e-commerce business — the company experienced several years recently in which online sales increased by 50% or more — Director of Operations Corey Liebig knew it was time to take a closer look at the company's parcel shipping operation.

“We are on pace to do close to \$25 million in business this year and like all companies that sell online, parcel shipping is a crucially important and necessary function in our business, as well as one that significantly impacts our profitability,” said Liebig. “Even so, we've been growing so fast that we really haven't had an opportunity to look into the finer points of our shipping operation or to optimize it for savings.”

Like most companies MindWorks Innovations relied on the invoices it received from its carrier, United Parcel Service, (UPS), for insight into its parcel shipping activity. And nearly all of the discounts attained by the company were volume based.



“Our service from UPS was and continues to be exceptional. The catalyst for taking a closer look at our shipping operation, and more specifically exploring how we might get better prices, terms and conditions, was that our shipping costs kept creeping upward. We decided not only that we needed to look into the rates we received, but also consider switching carriers if it came to that.”

CHALLENGE

Negotiations centered on MindWorks Innovations’ longtime relationship with its UPS representative.

A 17-year veteran of the company, Liebig — who oversees all of Mindworks Innovations e-commerce business — typically negotiated with his longtime UPS representative directly. With the shipping operation experiencing exponential growth, he felt it was time to bring in outside experts.

“Over the years I developed a real rapport with our UPS rep, and never hesitated to reach out to him to ask for better pricing as we grew, but with such rapid growth, I felt it was time to take a more fundamental look at our parcel shipping and really dissect the costs involved.

Simultaneously, we wanted to look more broadly and strategically at whether it might make sense to open a distribution center in a new location,” he says.

Initially, Liebig planned to bring in a parcel shipping consultant to analyze the company’s contract with UPS, assess its shipping operation and processes, help it negotiate better prices, terms and conditions; and analyze the impact of moving to a new location. Then a colleague mentioned Reveel.

“Initially, I was really skeptical of Reveel, but there was clearly no risk in trying it, so I kept an open mind and we plugged our shipping data into Reveel’s Shipping Intelligence platform using the API, which is a completely straightforward and easy process,” says Liebig. “We also reached out to FedEx to inquire what they might offer as well.”

Data science delivers the intelligence needed to negotiate radically better shipping prices.

Liebig didn't take the decision to vet Mindworks Innovations' carrier relationship lightly. His long standing working friendship with the company's carrier rep was but one facet of a long relationship with UPS.

"At MindWorks Innovations we believe in doing good business and we value the relationships we foster with our suppliers," he says. "We want them to succeed and do well as we contribute to their growth, and that includes all of our partners, from small businesses to large corporations like UPS. I genuinely like and still think highly of our UPS sales rep, and I value the integrations UPS helped us foster with companies like Zonos for our international shipments and for the provider of our warehouse management system. Nonetheless, it was clear that UPS planned to continue raising its prices. When our overall outlay for parcel shipping hit 10% of our revenue, we knew we had to do something."

Once MindWorks Innovations' shipping data was loaded into Reveel's Shipping Intelligence Platform, it began identifying ways Liebig and the shipping team for BrainMD could begin to lower their shipping costs longer term. The powerful data science within the platform also quickly identified actions within the many millions of disparate shipments the company makes each year that it could take to immediately save money.

Simultaneously, pricing strategists and analysts at Reveel, including many who worked for carriers earlier in their career, used the resulting shipping intelligence from the platform to help Liebig quickly create a compelling business case for attaining better prices and terms and conditions from UPS and other carriers. The Reveel team also provided coaching on how to use the software to guide the approach to the negotiation process.

"It struck me in my conversations with Reveel that UPS's own reps have a tool called Deal Manager that was introduced last year and gives them detailed pricing analytics to use while they negotiate deals," adds Liebig. "With Reveel, we were now armed with powerful data science and could negotiate not on hypotheticals, but fact. Those facts included how our prices compared to other shippers with a similar shipping profile."

BrainMD achieves more than
\$300,000
in initial savings and other benefits

RESULTS

Using the intelligence gained from Reveel's Shipping Intelligence Platform, FedEx provided a very competitive proposal, first beating UPS's offer. Ultimately Liebig and his team received three separate proposals for new contracts from UPS – Reveel stresses that shippers should not take the first offer or even the second – before settling on a contract that immediately saved MindWorks Innovations more than \$300,000

and set it on a path that will deliver strong savings throughout the coming year and as its shipping volume continues to increase.

Liebig also began using the data from the platform and the modeling capabilities within it to pose “what-if” scenarios regarding plans the company is considering to open a new distribution center in a different location and in that way explore the costs involved. He also looks forward to having the most accurate shipping budget in the e-commerce operation’s history next year.

“With all of the hidden costs, rules, surcharges and fees that are not included in the carrier’s annual general rate increases, it can be really hard to budget for shipping costs,” he adds. But with Reveel, I can run a model that takes all of the shipments I made in the previous year and run it against the new rates, surcharges, rules and fees to see exactly how my shipping costs will be impacted in the year to come.”

Liebig notes there were other benefits as well:

“In addition to learning more about our own operations, I also learned a lot about how the UPS pricing system works. Understanding how your partners do business is always beneficial.”

Notably, MindWorks shipping costs increased 8% this year. That is more than the 6.9% published general rate increase UPS introduced for 2023, but significantly lower than the 10.2% increase that Reveel’s data scientists found to be the average for American companies doing business with UPS.

“The world we live in and the costs it takes to do things are scary,” adds Liebig. “It’s comforting to know that with Reveel we not only have gained visibility over our shipping, but have the intelligence to manage it at a granular level that was inconceivable previously. This year we expect to achieve a 22% increase in order volume and will see if that gets us to another tier volume discount. This time we will know right away because Reveel tracks that continually for us. I also learned a great deal in this process about fact-based negotiation and came to the conclusion that we really don’t need to spend money on a parcel consultant. We now have the intelligence and the ability to answer our questions more effectively using Reveel.”



Reveel is the leading Shipping Intelligence™ Platform that enables companies to level the playing field with FedEx and UPS. With over 16 years of parcel agreement management expertise and \$300M+ 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.

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