



Small parcels analysis

Home and personal care company

- Analyzed the existing small parcels contracts to identify potential levers for savings on shipping expenses.
- Evaluated a proposed small parcels contract with the existing scenario to size the potential savings opportunity on shipping expenses.

Home and personal care retailer needs to conduct small parcels analysis

Picture this...

You're looking to understand, model and evaluate the existing small parcels spend and estimate the potential savings from switching/negotiating a new contract.

You turn to Accordion.

We partner with your team to analyze the existing small parcels contracts to identify potential levers for savings on shipping expenses and to evaluate a proposed small parcels contract within existing scenario to size the potential savings opportunity on shipping expenses, including:

- 1) Developing a comprehensive understanding of the structure/intricacies of the small parcels contracts and the nuances that exist between UPS, FedEx, and other vendor offerings
- 2) Modeling small parcels contracts for UPS and FedEx to make the spend analysis dynamic with user inputs for changing contract terms (DIM factor, incentive structure, etc.)
- 3) Mapping UPS and FedEx offerings to estimate the impact of a switch without affecting delivery SLAs
- 4) Estimating savings that would arise due to the shift at both the base price and the surcharge level to identify key categories of savings and opportunities for re-negotiation

Your value is enhanced.

You have identified key contract terms that can be re-negotiated based on specific client needs, resulting in ~25% savings in shipping expenses

SMALL PARCELS ANALYSIS

KEY RESULT

- ~25% savings in shipping expenses

VALUE LEVERS PULLED

- Spend analysis
- Small parcel contracts modeling

Small parcels logistics procurement analysis for a CPG company

Situation

- There was an opportunity to evaluate the existing small parcels spend and also estimate the potential savings from switching/negotiating a new contract
- Partnered with the client to understand, model, and evaluate the small parcels contracts that are currently in place and identify opportunities to switch vendors/renegeotiate contract terms

Accordion Value Add

- Developed a comprehensive understanding of the structure/intricacies of the small parcels contracts and the nuances that exist between UPS, FedEx, and other vendor offerings
- Modeled small parcels contracts for UPS and FedEx to make the spend analysis dynamic with user inputs for changing contract terms (DIM factor, incentive structure, etc.)
- Mapped UPS and FedEx offerings to estimate the impact of a switch without affecting delivery SLAs
- Estimated savings that would arise due to the shift at both the base price and the surcharge level to identify key categories of savings and opportunities for renegotiation

Impact

- Identified key contract terms that can be renegotiated based on specific client needs, resulting in ~25% savings in shipping expenses

Methodology & workflow

SHIPMENTS SUMMARY

- Shipments across the country to **all 50 U.S. states**
- Total of **~2M shipments per year** which translated to ~\$16M annual small parcels spend
- Parcels analyzed had **dimensions varying from 2” to 21.5”**, actual weights up to **100lbs** and **dimension weights up to 120lbs** (calculated based on the parcel volume and DIM factor)

ANALYSIS STEP

Service name

Base price estimates

Surcharge estimates

Savings estimates

UPS CONTRACT

UPS service name from the invoice

UPS base prices based on the existing shipment invoice data

Delivery area surcharge, additional handling surcharge, fuel surcharge, and residential surcharge are isolated based on the breakout in the invoice data

Identified key surcharges in current contract terms that could be renegotiated to generate savings

FEDEX CONTRACT

FedEx service name is based on the description on the website that matches the UPS service

Estimated FedEx base prices based on origin / destination, dimensions, and DIM factor as per the contract

Estimated various surcharges based on the destination ZIP, dimensional weight, fuel prices, and FedEx terms

Model output: Estimates potential savings opportunities

Savings by service type

UPS Service Type	FedEx Service Type	# shipments	Net Price			
			Current UPS Contract, \$	CoreTrust FedEx Contract, \$	Savings, \$	Savings, %
GROUND	GROUND	1,616,628	\$13,316,741	\$15,947,786	-\$2,631,045	-20%
SUREPOST (LB)	SMARTPOST (LB)	328,120	\$2,081,812	\$3,410,103	-\$1,328,292	-64%
2ND DAY AIR	2DAY	18,096	\$299,612	\$417,451	-\$117,839	-39%
SUREPOST (OZ)	SMARTPOST (OZ)	34,464	\$141,886	\$252,285	-\$110,399	-78%
NEXT DAY AIR SAVER	STANDARD OVERNIGHT (SO)	5,327	\$138,027	\$137,234	\$793	1%
NEXT DAY AIR	PRIORITY OVERNIGHT (PO)	890	\$26,294	\$24,544	\$1,750	7%
NEXT DAY AIR EARLY	FIRST OVERNIGHT (FO)	92	\$13,988	\$14,810	-\$822	-6%
3 DAY SELECT	EXPRESS SAVER	491	\$5,911	\$6,258	-\$347	-6%
Total		2,004,109	\$16,024,271	\$20,210,471	-\$4,186,200	-26%

Mapped UPS service types to corresponding FedEx service types to ensure no impact on delivery times after switching

FedEx pricing is calculated based on the parcel dimensions, origin/destination details, and associated surcharges

Savings by surcharge

Surcharge	# Shipments Applied on	Current UPS Contract, \$	CoreTrust FedEx Contract, \$	Savings, \$	Savings, %
Residential Delivery	1,500,708	\$2,451,767	\$4,632,345	-\$2,180,578	-89%
Fuel Surcharge	1,948,440	\$781,164	\$899,755	-\$118,591	-15%
Delivery Area	376,809	\$608,091	\$718,089	-\$109,997	-18%
Others	51,954	\$13,325	\$52,884	-\$39,559	-297%
Total	2,004,109	\$3,854,347	\$6,303,072	-\$2,448,726	-64%

Savings are estimated by surcharge to identify key surcharges that need to be renegotiated