"Give The Gift Of Entrepreneurship"

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"Anyone who has never made a mistake has never tried anything new."
- Albert Einstein

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Deal Radar 2009: Shipwire

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Shipwire offers outsourced warehousing and shipping services for online retailers and small business clients. Businesses use Shipwire for on-demand e-commerce order fulfillment services through a global warehouse network. With warehouses in Los Angeles, Nevada, Chicago, Toronto, Vancouver and the UK, Shipwire allows merchants to reduce shipping costs by locating inventory closer to buyers. This shipping solution integrates and adds order fulfillment and shipping for online shopping carts and inventory management systems.

The company was founded by Damon Schechter, CEO, who has over fifteen years of experience as an entrepreneur, business manager and R&D leader. He co-wrote "Delivering the Goods: The Art of Managing Your Supply Chain", was an active advisor to over 30 e-commerce and supply chain management startups and managed the flagship product family for Cobalt Networks. There he developed the first web and e-commerce servers that helped Cobalt grow into a worldwide leader in the category, culminating in a successful IPO and acquisition by Sun Microsystems for $2 billion.

Other key people on the management team also have years of industry expertise: Evan Robinson, CTO, built scalable web infrastructure at Yahoo! Autos. Saul Smith, Chief Logistics Officer, has 25 years of logistics experience. Financial backers David Becker, from MBVC, ran logistics for Dole Foods and Ivan Hoffman was the president of FedEx Ground. In October 2007, Shipwire raised a $4 million Series A round led by Meakem Becker Venture Capital.

The Sunnyvale, California-based company is focused on bringing enterprise-scale logistics to small businesses to make storage and shipping as easy as using eBay or PayPal. Schechter aims to "give small businesses the logistics expertise of a Fortune 500 retailer."

Their main competition is Do-It-Yourself warehousing, where businesses handle their own order fulfillment via solutions such as garages, small warehouses and storage units. There are about fifty shipping companies in the US, and big names like Amazon Fulfillment and eFulfillment are competitors. Businesses can get a price comparison on sites like ShipGooder or FreightQuote.com to find the best offers.

Shipwire offers a free trial wherein clients can ship up to six orders free and learn how the system works, at no risk or cost to them. Merchants can choose which plan best suits their needs and can scale up or down on-demand. Usage-based plans start at $29/month and enable merchants to place inventory in any or all of the Shipwire warehouses globally with no contract commitments, for one monthly price and through one interface. Plans can be customized based on the number of orders to be fulfilled. The site also offers shipping calculators and price comparisons to help small business owners.

The top target segments are e-commerce toy, electronic and apparel merchants. The total storage and shipping market is generally earmarked at 10% of GDP. In 2007-2008 this was about $1.4-1.6 trillion. The small business market for B2C and B2B storage and shipping was estimated to be between $225-250 billion in 2008, with storage being about $175-200 billion. Shipwire's business model, based on that of PayPal and FedEx, is simple: provide a core business functionality, storage and shipping, across many countries and give small businesses one point of access that works with their existing e-commerce tools.

Shipwire's revenue grew over 300% in 2008. The company is targeting another 300% this year but has yet to achieve profitability. It boasts y-o-y growth from 0 to 15% of merchant sales internationally and an increase from 1 to 13% in B2B selling. Merchants using Shipwire have seen a 37% reduction in per-item shipping fees by shipping products from warehouses closer to the end buyer.

For the future, the Shipwire is trying to increase its customer base, help merchants grow and sell internationally, and leverage new marketplaces.

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Jay @ work at home · 46 weeks ago   0

ShipWire is pretty good! I would recommend there services to any of my clients.

Reply

Tim · 23 weeks ago   0

I joined Shipwire in 06/06. They had a solution to warehouse and fulfill online orders. No limit on shipments/mos. No contract. Fulfilment service was $1 for them to Lick and Stick (stick postage on the box and ship them). I shipped merchandise to them. I paid for costs of shipping orders. My merchandise volume is high so I also agreed to additional storage fees. Fair enough. In 11/09, I told them I want to close my account and remove all 1356 units. They told me my plan only allows me to ship 8 units/mos. To remove it all, I need to upgrade to a 1250 units/mos plan +$3.50/item over 1250 units. Total=$ 2,552.95. There was no membership like this when I started. I was never informed of the change. I never agreed to it. I asked them to show me something that proves that I agreed to their new rate plan. Still no response. I didn't ship anything since early '07. I kept the merch there. It was safe, they billed my card. They still won't discuss the issue. Now they're threatening to dispose of my merchandise unless I pay for the DEC-FEB monthly membership fees in arrears that are in arrears because I've been contesting the new rate plan I never agreed to. I've been trying to cancel since NOV. They won't let me cancel my account and retrieve my merchandise unless I pay them almost $3000 according to a plan I didn't sign up for in 2006. While my merchandise is in there, they continue to bill the new monthly membership fees that I refuse to pay for since I've made it clear I don't want their services. They won't even discuss it. I've tried to get Damon Schechter and Alex Sverdlik on the phone to discuss with no response. I opened my account with them. All I get are emails from some uninformed customer service rep. It's plain criminal.

Reply

Tim Ronan · 13 weeks ago   0

Regarding above post... All matters with Shipwire have been resolved to everybody's satisfaction.

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