E-COMMERCE

EXPERT ADVICE

Use the Cloud, Luke: Easier Shipping Is in the Stars

By Damon Schechter
E-Commerce Times
06/18/09 4:00 AM PT

🖨 Print Version
✉ E-Mail Article
🖹 Reprints

On-demand shipping and inventory management services are further leveling the field for small and medium-sized e-commerce players. Companies can shave costs and improve services to their customers by taking advantage of efficiencies made possible by the cloud. Think of it as power without the pitfalls.

Using Software as a Service (SaaS) or cloud computing to outsource otherwise costly infrastructure -- such as human resources, call centers and automated payroll -- has allowed many savvy small businesses to improve efficiencies, grow profits and maintain their business focus by buying services on demand. The benefits of the on-demand model, such as low- or no-cost resources on demand, and paying only for services used are now being applied to previously cloudless business practices.

Unlike the Amazons and Targets of the world, smaller e-commerce 🛒 businesses understandably have limited resources to channel into infrastructure. The past decade of e-commerce has been a story of small companies using online and Internet-delivered services to "act like the big boys." To date, the leveling of the playing field made possible by the Internet has not carried over to physical infrastructure investments like warehousing or shipping. However, all that is changing with Internet-delivered warehousing and order fulfillment.

Shipping and inventory storage are an integral part of business, but e-commerce companies usually find the costs involved in building an infrastructure stifling. Companies spend time, money and precious resources on warehousing and fulfillment -- all of which would be better spent on inventory investment and business growth.

Digging Up Quality Time

Why spend scarce cash on warehouse leases, warehouse management systems, warehouse employees, forklifts, security systems ...? The list goes on and on. Why not simply plug into an online service, buy those resources on demand, and then plow scarce cash into inventory or marketing?

Eliminate the hassles of storage and shipping, and you will unearth a large amount of time to focus on growing your business. In addition to outsourcing and eliminating a potential stumbling block for merchants -- packing and shipping -- online services can generate massive shipping cost savings, simply by smartly storing inventory in warehouses closer to the end buyers.

This is where Internet-delivered applications and services come to the rescue. Instead of sinking money into warehouses and trucks, an online shipping service provides all required resources on demand, on a pay-as-you-go basis. Take a step back, and you will see a model that serves up a tempting offer in today's uncertain economy, with unpredictable sales demand that can fluctuate severely between months or quarters.

This model can be especially attractive for merchants that are interested in overseas expansion to large markets in Europe or Canada, but are fearful of the potentially massive costs and risks posed by an unstable market.

Beyond Trimming Costs

It's easier than ever to get your order fulfillment needs met at the click of a mouse. With newer cloud applications, order fulfillment is not only easy, but also can go a long way toward making small and medium-sized businesses a success.

The benefits of an online order-fulfillment solution extend far beyond cost-cutting:

- Freedom to Focus. Outsource the hassles of inventory storage and shipping and free up time to focus on sales, marketing and growing your business.
- Success-Based System. Avoid expensive up-front high sunk-cost infrastructure investments and only pay for shipping and fulfillment when you sell.
- Pay-for-Use Model. With a pay-as-you-go model, the company is protected from unpredictable market volatility.
- Volatility Protection. Shipping in the cloud also means scalable growth and expansion, even in a recessionary market. Scale up and back without hiring or firing.
- Expertise On Demand. Letting another company handle the shipping process means bringing its expertise and cost savings to the supply chain while gaining a larger reach to new markets, perhaps even overseas growth.
- Integrated Applications: With integration across Web channels and shopping carts, customers and the company have more power over shipping without any of the associated pitfalls.

Shipping as a Service Checklist

The cloud has already brought a significant amount of efficiency to companies, both in terms of costs and operations. With most business operations taking the online route, could shipping be far behind? A handful of companies are offering Shipping as a Service, transforming online order fulfillment from a futuristic business dream to a modern day business reality.

Here's a checklist of the basics to consider in order to get on board with Internet-delivered order fulfillment:

- Try before you buy;
- Stay away from contracts, commitments or minimums;
- Opt for options with low/no initial investment and a pay-for-use model;
- Make sure the service plugs into all your e-commerce sales tools and marketplaces; and
- Ensure the provider has multiple warehouses around the world so that you can strategically locate product closer to buyers and cut your shipping costs. 🔲

Damon Schechter is chief executive officer of *Shipwire*, a service provider that manages storage, packing and other logistical details for retailers shipping goods from warehouses in the U.S., Canada and Europe. Schecter is the coauthor of *Delivering the Goods: The Art of Managing Your Supply Chain.*

The Next Wave of E-Tail: Considered Commerce
June 17, 2009

E-commerce came of age by selling easily understood, easy-to-ship goods like books and CDs. However, today's online shoppers have grown more comfortable buying -- or at least shopping for -- big-ticket items like furniture and large appliances through the Web. This takes e-commerce into the realm of "considered commerce," and getting it right means playing by a different set of rules.