



# **The Advantages of Multi Carrier Shipping Solutions**

A QAD Leadership White Paper for Global  
Trade and Transportation Execution

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# THE ADVANTAGES OF MULTI CARRIER SHIPPING SOLUTIONS

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## INTRODUCTION

UPS, FedEx and other carriers spend large sums of money advertising that all of your parcel shipping needs can be satisfied by one vendor. In return for your business, the carrier will provide (at a very low price, or even free) the hardware and software your company needs to automatically create shipments, assign tracking numbers, print labels, and produce the required end-of-day reports. All you need to do is pick, pack, wrap, and have it on your dock. And, by placing all of your parcel requests with one carrier, it is reasonable to assume that you will be getting the best rate, given your level of volume. How can things get better than that?

For some companies, this may be the case. Companies with low volumes, and/or stable shipping patterns, might be best served by opting for such a one-carrier solution. However, with the growing demand for more frequent but smaller orders shipped directly to the end user, that scenario is increasingly hard to find. Parcel shipping, by its very nature, is dynamic as to the number of the destinations required. Even if your market is primarily domestic, you must be ready to ship internationally.

Like any other provider of transportation services, each parcel carrier has some routes that are more advantageous to them than others. Because of the location of their facilities, they can offer better rates on specific lanes. Conversely, there are other routes where they are not so favored, and must charge more to provide the same level of service.

The concept of level of service is critical. To truly compare one carrier to another, you must ensure that you are keeping service levels — such as next-day delivery or international express shipping

— as well as dimensions and shipment weights consistent.

An astute company can lower their shipping costs by paying attention to which lower cost routes and service levels are most advantageous. But this requires a complex analysis of the shipments being made.<sup>1</sup> When you make hundreds of shipments each day (or, in the case of some of our customers, tens of thousands per day), it becomes too complex of an optimization problem for anyone to consider. Adding the concept of zone skipping<sup>2</sup> raises the level of complexity by an order of magnitude.

Another scenario is to pick two or three carriers and switch between them when there is a cost advantage or to comply with your customer's requests.

This is one way that a parcel shipping solution can save your company money — by always picking the carrier with the lowest rate for that order (or group of orders) that will still provide the level of service required.

While this may be an improvement over the single carrier model, it also means that the shipping area can become overcrowded with redundant scales and printers. Plus, it means that more systems have to be integrated and maintained in order to avoid the cost and error generation that comes with duplicate data entry.

Another alternative is to use a multi carrier shipping solution. This allows you to ship from anywhere to anywhere, including international, while always picking the optimal rate for the level of service required. Like the software that is supplied by a carrier, it allows you to print carrier-certified labels, assign tracking numbers and prepare end-of-day reports. It also allows you to

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comply with your customers' requests to use their preferred carriers, but without having to worry about redundant equipment. The table below summarizes the advantages that can be gained from using a multi carrier solution:

FACTOR	MULTI CARRIER	CARRIER PROVIDED SYSTEM
Shipping Costs	Pick the lowest price carrier for the level of service required, including LTL consolidation for the first leg.	One rate per route, which may or may not be the best. Restricted to parcel carriers for all legs.
Labor	All required data is fed directly from the Order Management system.	Order information may have to be re-keyed into the carrier's shipping system.
Availability	Shipping requests can be made from any (authorized) terminal in the company.	Shipping requests must be re-keyed into the terminal supplied by the carrier which is located in the shipping department.
Trade Compliance	Can be integrated to a compliance checking system to avoid shipping goods to denied parties or embargoed countries.	Limited compliance checking available from some carriers.

## SHIPPING COSTS

When an organization selects a single carrier, typically the aim is to lower costs. This reduces the time required to research rates from a number of carriers and to process each shipment. However, not all carriers handle every type of shipment equally well. Organizations using a multi carrier shipping strategy have more flexibility. They can choose the carrier that provides the best service for each shipment. They can also leverage regional carriers and "local heroes" too.

Another issue with a single carrier strategy is that you are somewhat at the mercy of that carrier. Leaving your carrier for a different provider is a time-consuming process. You would first need to research and negotiate rates with the new carrier, sign new agreements and so on. This can often take several months.

Because of these challenges, carriers and shippers may become relaxed about their relationship. As long as the carrier is generally meeting expectations, shippers may not be keeping abreast of new services that other carriers offer. Furthermore, carriers may not offer existing customers their most competitive service options or rates, especially if the customer seems satisfied with what they're currently getting.

With a multiple carrier strategy, organizations gain negotiating power. You're constantly informed of the best rates, routes and service levels available. Carriers also know they need to earn your business on every shipment. This allows you to negotiate lower rates and drive down shipping and freight costs, increasing profitability and margins.

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## ENSURE ONGOING ON-TIME DELIVERY

There's a reason people advise against putting all your eggs in one basket. And that advice never rang more true than when it comes to your shipping operations. Shipping is subject to significant risk: carriers can change their service levels, or eliminate service to some regions altogether.

Problems can arise with lost or delayed shipments because of natural disasters or inclement weather. Multi carrier shipping helps organizations keep global shipments moving regardless of what's happening in the air or on the ground—whether it be hurricanes, typhoons, earthquakes, or volcanic eruptions. By implementing a multi carrier shipping solution, organizations can mitigate risk by having other channels to distribute your parcels should the unexpected occur. A comprehensive multi carrier shipping solution will offer visibility into each shipment's location and access to global and regional carriers working across multiple modes of transport. This allows logistics managers to quickly and easily research alternatives and reroute shipments around the globe.

## ABILITY TO ACCOMMODATE CUSTOMER REQUESTS

Customers themselves may have preferences about which carrier you should use. B2B customers, for instance, may prefer that you ship packages or freight to them on their account. Consumers may wish to take advantage of carrier services, such as carrier drop-boxes or pick-up/drop-off (PUDO) options.

When you're locked into a contract with a single carrier, you're unable to satisfy these kinds of requests without creating problems. Your preferred carrier may even penalize you with higher rates or loss of favored shipper status. With a multi carrier shipping strategy, your organization can meet customers' expectations around shipping.

## MORE FLEXIBILITY ON RETURNS

Return shipping is becoming a bigger challenge for shippers everywhere, particularly retailers. Online sales are subject to significantly higher rates of returns than goods sold in brick-and-mortar stores — three times higher, in fact.

The higher volumes of returns creates a business challenge for many shippers that are committed to a single carrier strategy. That's because, while some carriers may excel at shipping outbound parcels, they are less adept at managing reverse logistics. Shippers that handle forward and reverse logistics well, may not offer the most competitive rates.

Organizations that want the best rates and service for both their outbound and reverse shipping may find that it takes more than one carrier to get the job done — making multi carrier the better strategy for handling all aspects of their shipping business.

## BETTER SHIPMENT VISIBILITY & EXCEPTION MANAGEMENT

Leveraging multiple carriers in different parts of the world reduces costs, but it can be a challenge to monitor all shipments and maintain all of these relationships. Furthermore, different carrier systems mean that current and historical shipping data is siloed. To check three shipments from the same facility, a logistics manager may need to check three different carrier interfaces. By standardizing all shipping with a global multi carrier solution, you gain a single source of truth for all shipment data across all regions.

Companies leveraging a best-in-class multi carrier shipping solution can track any shipment, with any carrier, anywhere in the world — all from a single portal. For companies shipping hundreds of parcels every day, visibility is not enough. The system must allow you to manage by exception,

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alerting the appropriate personnel to problem shipments so that they can proactively resolve issues if or when they arise.

## **WHY QAD MULTI CARRIER SHIPPING?**

With a global network of over 5,500 carriers and services, QAD Multi Carrier Shipping is used by high volume, high value and time-sensitive global shippers. QAD's customers span multiple industries including banking and finance, life sciences, high technology, retail, industrial, automotive, higher education and public sector as well as logistics providers. To find out how QAD can streamline shipping processes, increase efficiencies and control delivery costs across your organization, schedule a consultation today.

## **ABOUT QAD - TRUSTED GLOBAL TRADE AND TRANSPORTATION EXECUTION (GTTE)**

QAD GTTE provides industry-leading global trade compliance, and multi carrier transportation execution solutions from a single, integrated platform. An ISO-certified company, QAD assists companies to streamline their import, export and transportation operations, optimize deliveries, and increase logistics ROI. QAD GTTE is a scalable and extensible solution that integrates with existing ERP and WMS solutions. Industry leaders in every region of the world rely on QAD to leverage thousands of carrier services and manage millions of global trade and shipping transactions every day.

For more information about QAD, visit our website: [www.qad.com](http://www.qad.com)

## **REFERENCES**

1 "We're seeing that companies are not using one contract for all parcel shipping. They are recognizing that, based on the rules each carrier has for weights and sizes, there may be indications that one carrier might be better for one region or service than another." C. Dwight Klappich, (former VP Supply Chain Applications, Meta Group; now VP Analyst, Gartner.

2 "Zone Skipping" is the practice of bundling multiple shipments together to send them to an area, and then breaking that shipment down into individual packages for local delivery.



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