

## CASE W1.1

**EC Application****FEDEX SOLUTIONS**

FedEx provides a host of Web-based logistics (shipping, etc.) solutions to business customers. Listed here are the major services provided to these customers.

**FedEx Distribution Centers.**

This service uses a worldwide network of warehouses to provide ready-to-use warehousing services to businesses. This allows for instant expansion of distribution capabilities and is especially helpful to small businesses. The networked distribution system is managed electronically, and all communication with the shippers and receivers is done online.

**FedEx Express Distribution Depots.**

This service is primarily limited to U.S. businesses and provides a one-stop source of express distribution capabilities. Goods in these depots are available for delivery 24 hours a day. This service is targeted at time-critical businesses. Again, all communication is done online.

**FedEx Returns Management.**

FedEx NetReturn is designed to streamline the process of return of unwanted products to retailers or manufacturers. FedEx business customers can use the Internet-based system to schedule pickup of packages from consumers and to obtain time-definite delivery as well as online status tracking and customized reporting.

**Other Value-Added Services.**

FedEx offers several Web-based value-added services. For example, products can be shipped from a FedEx-operated warehouse instead of the business customer's warehouse. In addition, FedEx can provide a "merge-in-transit" service to customers, like Micron Computers, that operate on rapid turnaround and delivery. Under the merge-in-transit program, FedEx stores peripherals such as monitors and printers in its Memphis, Tennessee, air hub. FedEx then matches those products with the computers en route to a customer. If a customer in Boston, Massachusetts, for example, orders a popular PC model online, Micron sends the electronic order to FedEx, which will transport the computer from Micron's warehouse to FedEx's Boston station. FedEx electronically matches the computer with a standard Micron monitor and printer shipped from a FedEx-managed warehouse in Memphis. The FedEx driver then delivers the computer, monitor, and printer together to the customer's home.

New and improved EC services offered by FedEx as of 2002 include the following.

**Online Wireless Portal.**

FedEx customers now have a wireless tool with which to access FedEx service information. Subscribers to Nextel Online, a wireless service from Nextel Communications Inc.,

can now efficiently view the shipping status of their packages through a wireless Web site dedicated to mobile package-tracking and drop-off services.

**Improved Custom Clearance Operations.**

Customers doing business internationally benefit from improved convenience acquired with the express clearance operations currently conducted by the Fritz Companies.

**Simplified Shipping for North American Importers.**

FedEx Trade Networks uses ocean or air transportation to provide customized and cost-effective solutions that enable shipments from Asia and Europe to go to multiple destinations within North America.

**Enhanced Online Shipping Toolkit.**

Features now enable customers to quote, schedule, track, and map shipments as well as view corresponding shipment documents.

**FedEx Ground Visibility.**

FedEx InSight is the first Web-based application in the market that offers visible current status information on inbound, outbound, and third-party shipments. It enables the parties in a shipping transaction to go online to find information about FedEx Ground shipments and helps keep logistics channels running at peak efficiency.

**Help with Global Shipping.**

FedEx has the first carrier-provided, online duty and tax estimator on its Internet-based FedEx Global Trade Manager application. International shippers now have an easier and more affordable way to estimate the multitude of governmental charges, duties, and other fees associated with many of their inbound and outbound overseas shipments.

**Sources:** Compiled from Rao et al. (1999); from FedEx press releases (2001–2003); and from *Business Wire* articles, "FedEx Now on Nextel," "FedEx To Acquire Certain Assets," "FedEx Companies Compete," "FedEx Custom Critical," and "FedEx InSight," January through April 2002.

**Questions**

1. What are the benefits to a company of outsourcing logistics (shipping, etc.) to FedEx?
2. What are the benefits of the EC services to shippers?
3. Visit *fedex.com* and identify more EC-related business services.