

ShipitSmarter gives financial institution effective Management Information System

ING Groep has been using the e-marketplace ShipitSmarter to procure shipping and courier services since 2001. ING tells us how it's gone up to now.



Interview with Otto Nützel, Logistics Consultant
By Regonda van de Sluis, eMarket Services,
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Industry	Transport & logistics
Location	Amsterdam, The Netherlands
Company	ING Groep
Company URL	www.ing.nl
Products traded	Transportation services
Description company	Financial institution providing banking, insurance and asset management products and services.
eMarket	ShipitSmarter.com
eMarket URL	www.shipitsmarter.com
Description eMarket	Marketplace for courier, shipping and logistics services

Lessons Learned:

ShipitSmarter has improved the quality of logistical activities within ING Groep enormously. We now have a Management Information System that gives us the information we need. We know precisely what is being shipped every day, by which service provider and at what price.

Everyone's heard of ING, but can you give us a brief description of your company?

ING Groep is a financial institution of Dutch origin with world-wide operations. It has 115,000 employees who offer 60 million customers in sixty countries banking, insurance and asset management products and services. Our customers range from private individuals and families to small and large companies, institutions and government bodies. We have about 29 branches in Amsterdam alone. The members of ING Groep include ING Bank, Postbank, ING Direct, Nationale Nederlanden (NN) and RVS. The Postbank has approximately 7 million account holders all by itself. Many account holders receive an account statement every other week, and that means that ING generates a large number of external and internal logistical movements. Such movements include internal document flows (between our own offices), back-up tapes, and the dispatch of stock certificates, bank guarantees and mortgage documents.

Why has ING decided to procure the shipment of such important and valuable packages and documents on an e-marketplace?

We had a few reasons for doing so. ING used to have its own fleet of vehicles and its own planning department. When we analysed the figures, it turned out that maintaining our own fleet and planning department was much more expensive than contracting out the activities. We decided at that point to outsource our

dispatch and courier departments to an external shipping firm. We didn't want to involve ourselves in the planning any longer, but we did want to stay in control. At the same time we reorganised our mailrooms so that all the various processes would be uniform. Every mailroom had its own history and used its own working methods and its own couriers, and that meant that we had a lot of different couriers. We had to reduce that number and at the same time consolidate the procurement volume. We were looking for an all-round service provider that would take care of our entire package and document dispatch needs. We carried out a benchmark study and looked into a few planning software packages, but they didn't live up to our expectations. We then investigated the option of e-marketplaces and decided that this was the best solution in the end. We chose the e-marketplace ShipitSmarter because it allowed us to tailor the marketplace to our client's wishes – and by client I mean all the branches and offices belonging to ING Groep. A large number of our shipments go to our offices abroad.

How has ShipitSmarter tailored the marketplace to meet your client's specific wishes?

We already had a contract with a shipping firm to dispatch larger packages along a standard route. If we have to ship additional smaller packages along the same route, ShipitSmarter offers us the same shipping firm as our first option. You might say that the contracts we've signed with shipping companies are "attached" to the e-marketplace. The e-marketplace scans the contracts and shows us the various options available to us, with the relevant costs. The cheapest alternative is shown first. The client we are acting for can then decide which option it wants: the most expensive (delivery today) or the cheapest (tomorrow). We allocate the shipping costs to the client's internal cost centre, and later we pass them on to the client. This way the client understands what is being spent and is more price-conscious as a result. After the shipping company or courier has been selected, we confirm the choice online and enter the time, place, delivery address and any other particulars. We then wait for a confirmation. If the relevant company doesn't respond within 10 minutes, we call or look for someone else.

Do you also invite bids for the shipment of bank guarantees on ShipitSmarter?

Certainly. The department that draws up the bank guarantees (Letters of Credit or L/Cs) enters all the name and address details and assigns the bank guarantee a shipment number. The guarantees are then sent to the mailroom for shipment. The shipment number is entered in ShipitSmarter and the address details appear. This saves us a lot of time and probably typing errors! We are talking between 200 and 250 shipments a day, after all.

How does the current outlay on logistics with ShipitSmarter compare with past expenditure?

We're spending considerably less. We pay couriers a kilometre rate for interregional services. ShipitSmarter calculates the number of kilometres per trip on www.locatienet.nl, and we pay the shippers their fee based on this calculation. We used to get the feeling that we were regularly being charged for more kilometres than we should have been (diversions, waiting times, etc.), and that led to higher costs. We've also been able to cut down on the number of full-time equivalents by reorganising the mailrooms.

We also pay a fee for using ShipitSmarter, of course; it comes down to a percentage of the e-marketplace turnover. ShipitSmarter makes all the technical adjustments to the system, so that's one worry that's been taken off our hands.

We've also paid for the fact that ShipitSmarter tailored the marketplace to suit our clients.

Are all of ING Groep's internal shipments dealt with via ShipitSmarter?

No, about 85 percent of the shipments from our Dutch branches are procured on the e-marketplace; these are shipments between our Dutch branches and from our Dutch branches to our foreign branches. Shipments from our foreign offices to the Netherlands are not procured via ShipitSmarter.

Our "heavy users" in the Netherlands use ShipitSmarter. Clients that use a shipping or courier service only a few times a year are not hooked up to the system.

It all sounds very positive. Did you have any doubts before you started working with ShipitSmarter?

Admittedly, I did. As I mentioned before, ING always had its own fleet and planning department. The planners were naturally set on retaining their planning activities, and so were the staff in the mailrooms. A new system means cutting back on staff, and that's not always very pleasant. I never had any real doubts about the security of the system, however. The marketplace has been adapted to our needs. If clients want to use it, they have to log in first. We also have multiple authorisation levels. Our shipping companies and couriers can print out tables showing the trips they have made and the relevant rates. They can use this information to draw up their invoices and send them to us directly, rather than via ShipitSmarter.

Do you intend using ShipitSmarter for other purposes or will you be making use of other e-marketplaces in future?

We already intend trying to get all shipments between our foreign and domestic offices to run via the e-marketplace. Right now that isn't the case for shipments from our foreign offices to our Dutch branches. We also want to offer our registered post (parcel post) services on ShipitSmarter. We've become quite experienced at trading on an e-marketplace, and we intend to put our experience to work for us in future. Maybe some day we'll book our staff's business trips via an e-marketplace.

Do you have any suggestions for companies that aren't dealing on an e-marketplace yet but might want to do so in future?

Before a company starts to buy or procure services on an e-marketplace, they should have a clear idea of what they want to achieve and why. I advise them to draw up a Programme of Requirements ahead of time.

What lessons have you learned?

ShipitSmarter has improved the quality of logistical activities within ING enormously. We now have a Management Information System that gives us the information we need. We know precisely what is being shipped every day, by which service provider and at what price. The system has allowed us to reduce the cost of shipping considerably, consolidate our procurement volume and pay for the kilometres calculated on www.locatienet.nl; in other words, we no longer pay for extra kilometres caused by diversions, waiting times or other problems.

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