

# Delivering the goods

A courier company goes online

**M**ANY successful businesses have been started by someone exasperated by being given poor service. Tom Allason was convinced he could do better when a courier company failed to deliver tickets for an important tennis match in time for the recipients to attend it. He got together with Jay Bregman, an America friend he met at college in the United States, and in the autumn of 2004 the pair launched eCourier in London.



Check out my algorithm

When they took a closer look at the courier industry, they found it had low barriers to entry and was very fragmented. Most companies were small and competed solely on price, which resulted in low levels of service and discouraged investment in new ideas. The way most of these businesses operated was to take an order over the telephone and pass it on to a dispatcher, who then sent a radio message to find a free courier. If a delivery was late, more phone calls and radio messages would be needed to find out where it had got to—and every time that happened, costs would go up.

The idea behind eCourier is to put the whole system online. Bookings are made mostly on the company's website. The customer enters the collection and delivery addresses and the order is automatically relayed to the courier best placed to do the job. Customers can then watch the delivery vehicle's progress on their computer screen as it collects and delivers the goods. Collections and deliveries are confirmed by e-mail. The company's couriers use global-positioning-satellite (GPS) devices and hand-held computers to keep eCourier's computer system updated.

The key to the service is picking the right courier, says Mr Allason. The one whom the GPS system shows to be nearest to the job may not necessarily be the most appropriate. For instance, a courier in London may be only a few hundred yards away from a collection address, but if he is on the other side of the Thames it could take him 15 minutes just to cross the river. Other information, such as traffic problems and the performance of individual couriers, also needs to be taken into account.

This is a mathematical problem, and eCourier spent some time hunting around for someone able to solve it. Eventually it found a team led by Cynthia Barnhard, a logistics expert at America's Massachusetts Institute of Technology, which devised an elaborate algorithm that

is now at the heart of eCourier's business, in much the same way that a mathematical formula drives Google's search engine. What Mr Allason particularly likes about his internet-based courier system is that it is easily "scaleable": more couriers and markets can be added without having to hire many more dispatchers or people to run a call-centre.

"There is no longer any need to pick up a telephone to find out where your package is," says Mr Allason. "Now you can see where it is." Some 85% of the company's bookings are made over the internet. Business is growing quickly: whereas in its first month in September 2004 eCourier delivered only 25 items with four couriers, it is now delivering around 15,000 items a month with 90 couriers. Needless to say, Mr Allason now gets all his tickets delivered on time. ■