

YOUR BUSINESS

Couriers have high-speed connection

A pair of internet-based upstarts in east London tell Jonathan Moules how they are putting pressure on their slow-moving competitors

Up until a few years ago, university friends Tom Allason and Jay Bregman knew little about the courier business except that they could probably do a better job.

Mr Allason decided to act when, stuck in meetings at work, he arranged to have some tickets for that day's play at Queens Tennis Club biked over to some friends.

The courier not only arrived late and delivered the tickets to the wrong person, but Mr Allason found the person arranging the booking had little clue about where his precious cargo was until it was too late.

"It wasn't so much that I didn't know what was going on, but that they didn't either," Mr Allason recalls. "I decided enough was enough and set about trying to provide a better solution by myself."

The answer he and Mr Bregman hit upon was to create the world's first online same-day delivery business, called eCourier.

Each of eCourier's van drivers and bike riders log in for work on handheld com-

puters, equipped with a global positioning system so they can be tracked throughout their shift.

At the heart of the business, however, is a software system that can do the work of an army of regular courier administration staff, accepting bookings and allocating jobs to available drivers according to their GPS location.

The data the system gathers can be used to compute who is the best rider for a job, their estimated time of delivery and their exact progress on a map.

This information is then shared with customers, who can see the exact position of each of their jobs by logging on to eCourier's website.

After just 19 months of operations, eCourier is handling 15,000 deliveries a month for some of London's largest investment banks, law firms and retailers.

Harrods, for instance, uses eCourier to fulfil some of its online orders. The service is even being used by logistics businesses for their same-day deliveries.

The company's office, in an east London warehouse close to Brick Lane, feels more like a library than a dispatch depot because it employs only a handful of people, most of whom are hunched over computer screens.

Mr Allason says there are few calls to field because 85 per cent of customers book and track their deliveries online and can see any problems and what is causing

grilling their top logistics experts, according to Mr Allason.

They enlisted the support of Dr Cynthia Barnhard, a logistics expert at the Massachusetts Institute of Technology, only after Mr Allason and Mr Bregman tracked her down on a family holiday in Hawaii and wooed with gifts.

They were also fortunate in attracting several high-profile investors, including

know, we get a lot of help from our board of investors," Mr Allason says.

"It sounds terrible to have management by committee but what we have done is split it into teams for technology, finance, sales and marketing led by a different investor."

Having spent little on marketing to date, eCourier intends to launch a £130,000 sales push over the next four months. Expanding the existing sales team of eight people to double delivery bookings by the end of the year is a key objective.

Mr Allason believes that a little money can produce a dramatic change in perceptions. "Once our sales guys get in front of someone they have an 80 per cent chance of closing the deal. The limiting factor is this belief in the market that all courier companies are the same."

The ultimate aim is to use the reliability of eCourier's service to expand the potential of same-day deliveries, creating a brand as big as DHL. The founders believe there is a big opportunity for

eCourier to provide same-day deliveries for e-commerce sites, such as Amazon.com and eBay.

"The focus for us is really on evolving the business and getting the word out," Mr Allason says.

He and Mr Bregman are also keen to acquire rival courier companies to consolidate what is a very fragmented market. The courier industry in London alone is worth about £450m but is split among about 600 suppliers.

"Rival companies tend to want to talk to us when they have discovered we have just taken their biggest customer," Mr Allason says.

However, growth through acquisition is likely to be difficult in an industry unused to such aggressive young upstarts.

Mr Bregman notes that competitors have sent people on delivery bikes to stand guard outside companies where eCourier has been taking their business.

"The competitors aren't happy, but that is a sign we are doing well," he says.

'Rivals tend to want to talk to us when we have just taken their biggest customer'

them as quickly as eCourier.

The technology is so advanced for an industry that in some parts still relies on walkie-talkies that Mr Allason and Mr Bregman believe they have a three-year head start on the competition.

Developing the software has been eCourier's most difficult task to date, involving two years of trawling the world's top universities and

Esther Dyson, founding chairman of the internet domain name body Iann, and Harry Cragoe, founder of PJ Smoothies.

These experienced entrepreneurs have been as valuable for their advice and support as they have for the £500,000 of start-up funding they provided.

"Because Jay and I are quite young and don't have the experience that others



Reving up: Tom Allason (right) and Jay Bregman have got eCourier off to a good start, and are planning a marketing drive to take it up a gear

Daniel Lynch

ASK THE EXPERTS E-COURIER

Jez Frampton, managing director of Interbrand, the marketing consultancy, is a great believer in the internet's ability to shake up delivery services since he is also a non-executive director of Ocado, the online grocery business, writes Jonathan Moules.

He believes that eCourier should rather be positioning itself as a premium brand, complementing rather than competing against the multinational logistics businesses, such as FedEx and DHL, which

specialise in overnight delivery.

The best way eCourier can spend its £130,000 marketing budget, according to Mr Frampton, is on stunts aimed at the personal assistants and post room workers, who make the decisions about which delivery firm gets their business.

"Their basic challenge is to interrupt a habit where the person calls the blokes they call when they need to get a package from A to B," he says. "You are trying to charm the

PA's and post room people out of the trees. You can either find a way of gathering them in one place, going to them individually or coming up with something clever to send to them."

The web is an ideal medium to attract these people's attention, Mr Frampton adds.

"A lot of PA's and post room people have access to the internet and, like the rest of us, they don't always use it for work. You can have some fun with the parcel tracking software

and make some games for people to play."

The best way for eCourier to tap into the e-commerce market is to get on the books of fulfilment specialists such as Metapack and Geopost, according to James Roper, chief executive of IMRG, the online retail industry body.

These companies are often the first port of call for online retailers, such as Figleaves.com, when they are looking for the fast delivery offered by eCourier.

Most large online retailers use a single logistics business, which will do 80 per cent of the work well, 15 per cent averagely and 5 per cent terribly, Mr Roper adds.

The challenge for eCourier is to get noticed when the retailer's logistics supplier is struggling.

Mike Southon, serial entrepreneur and author of *Sales on a Beermat*, believes that eCourier has already built good foundations for its sales team, having already appointed a sales

director to manage the process.

The next step he believes is to gather case studies from existing eCourier clients, writing them in the form of a story about how eCourier solved a problem, which can then be sent to prospective customers.

"If you want to double sales immediately go back to your existing customers and ask for referrals. People love to tell you about those people at another company who are having a terrible time with their couriers."