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# Pass the parcel is no game for rival portals

By MARTIN ROEBUCK

The demise of web-based parcel booking exchange Firesend in February probably had dotcom sceptics nodding sagely at each other and agreeing there was no future in this sector for an online marketplace.

Firesend, backed by venture capitalist Speed Ventures, had entered commercial agreements with two major national operators and was talking to others.

The company initially targeted smaller ad-hoc parcel shippers, offering cheaper rates for higher volumes, but when they proved resistant to change, Firesend adjusted its business model and sought to involve larger corporate clients which it hoped would trade using its software.

The idea never got past trial shipment stage. Customers had too much to lose and too little to gain, and the launch capital ran out.

Yet the UK same-day courier market, with its thousands of small local operators, was, surely, just what the Internet was designed for. And two main products have emerged – financed in different ways, but both designed on the principle that if you can bring together a parcel or vital document and an empty-running driver, your electronic sub-contractor network can maintain service levels while improving efficiency.

"It's a highly fragmented market. No matter how big your black book, you can't work with 5,000 companies down to owner-driver level," said Lyall Cresswell, MD of Courier Exchange.

The company went live in February 2000



Boniface: helping to build and support a community

and has signed up more than 1,500 UK members, of which 400 are paid-up subscribers. It now boasts another 400 members in Germany, where it has been marketing its service for just nine months, and has just begun a promotional campaign in the Netherlands.

Courier Exchange charges an annual subscription of £360 (€576) for a UK-only matching service and £1,000 (€1,600) a year for access to European work. "On the UK side, we're approaching break-even, if you strip out the development costs. We are signing up 50 new subscribers a month and the 'churn' is reducing," said Cresswell.

Access to the company's online services starts free, but is gradually reduced once registered members have had a taster. European goods-to-move is only available to subscribers, while some areas, such as a recruitment page, stay free to view.

Rival trading platform Expeditus, backed

by venture capitalist Consulta, has signed up 450 members in its first four months, an estimated 15% of the UK same-day market.

Expeditus charges a one-off enrolment fee of £120 (€192) and an annual subscription of £240 (€384), but also charges 10% of the value of each transaction completed over its site.

The company's sales proposition is that couriers can trade spare capacity over a secure network – and get guaranteed payment. Members scanning the system can see in as little as six seconds what might be available as a return load.

"Using traditional HTML methods this is just not possible, and calling up 10 companies to see if they have anything coincident in time and space is impractical," said MD Roy Boniface.

"We are well worth our 10%. Just the fact that we collect and pay is worth a lot, bearing in mind that the average cost of raising an invoice is £24 (€38).

"We're not trading over our site as much as we could, but our first priority was to build the network," said Boniface. "We will shortly be in a position to announce our first big player, which will be pumping out several hundred long-distance jobs a day."

Although they are the more conventional dotcom funding mechanism, transaction charges concern Courier Exchange's Cresswell. "If you're touting a truly neutral marketplace, you don't take a commission," he said.

"If a job gets cancelled, who's your principal? Who are you working for? Once you take a commission, you're beholden to one or other party. I'm there to put A in touch with B in touch with C, giving access to the market without taking ownership of the job."

Boniface insisted that was irrelevant. "We're as neutral as anyone. We're not the principal, we're the platform. We don't mind who trades with whom."

Ultimately, the battle will be won and lost on the jobs available over the sites and on added services rather than the funding mechanism. "Our aim is to be more than just a trading portal. We are helping to build and support a community," said Boniface.

"For example we have just negotiated a deal with the AA, under which our members will get roadside breakdown cover as part of their subscription.

"We offer a good deal on computers, for those who need it, and we also have a number of 'stealth' projects, like online vehicle tracking, which we want to bring in when we have found a cost-effective way of doing it."

Courier Exchange, meanwhile, has added a tendering service for planned movements alongside its ad-hoc service, has begun accrediting its members to ISO standard and is looking at credit insurance for members. A booking management system is promised by the end of the year.

"You get your quotes back, select a sub-contractor and the system automatically sends out the job details as a text message or e-mail," said Cresswell.

"This brings instant IT to the courier industry. You don't want a sub-contractor to have to invest £1,000-£1,500 in a mobile data terminal for a once-a-month job when he's handling jobs for loads of other clients as well."