

A large, dark red chevron graphic pointing to the right, positioned behind the text "High performance. Delivered."

High performance. Delivered.

# **Analytics Driven Network Brokers**

## **Big Bang Disruption in the Postal & Parcel Industry**

### Video Transcript

**Brody Buhler,**  
Global Managing Director,  
Accenture Post and Parcel  
Industry Group

All right, the second of these:  
Analytics driven network brokers.  
What we see here is a new emerging  
model where they are knitting  
together networks based on  
analytics to drive a different sort of  
consumer experience.

So they are doing in a scale they  
have got to sign up large contracts  
with retailers and e-tailers to make  
this work.

They have to be analytics-driven  
using price and service  
responsiveness data to drive that.  
They are all multi-carrier focused on  
first and last mile capabilities. So  
they are knitting together these  
networks and they are all looking at  
end-to-end visibility with  
proprietary networks. So, they give  
that capability that does not exist  
today as you cross across networks.

The most interesting of these that I  
have found is a company in china  
called Cainiao and I won't go into  
the lot of the details here but they  
are 40% owned by Alibaba, 30%  
owned by a real estate development

and five largest CEP companies  
within China, each have a 1% stake  
and what they have said is they are  
going to offer a D +1 network  
across China, 2000 major cities  
using only nine processing centers.  
So, that is what they are going to  
build and they are going to buy the  
rest.

Here is how they match up on those  
building blocks. Alibaba 96% of C to  
C in China goes through an Alibaba  
property, 45% of B to B, 50% of B  
to C, so they have got scale  
immediately.

They are currently selecting on price

and service responsiveness across the country and where it does not exist today you cannot get D+ 1 across China or you couldn't before

Cainiao, you can now and it didn't take much of an investment to do it. They are sourcing the network from the five largest CEP companies.

They have invested in a big grand transportation company and they are building out their own hubs to make it all come together and then they have their own tracking system called Logistics Pal that creates tracking across those networks.

So, if you are cheapest from Beijing to Shanghai you are going to get the volume. If you are not you won't, but if you are the best last mile in Shanghai then they will transfer it over to your network for last mile.

These sorts of network brokers are better and that they are offering improved service performance. They have got better speed typically than can be achieved by the other networks and they are going into remote locations by leveraging your networks.

The postal networks to get USO. They are analytics-driven so they are finding the price points that matter and using arbitrage to source networks that are cheaper. They are leveraging spare capacity in other people's networks, where you got density to make the price points work and there is minimal investment. They are bringing them up all over the place. They are not more personal.

This document makes descriptive reference to trademarks that may be owned by others. The use of such trademarks herein is not an assertion of ownership of such trademarks by Accenture and is not intended to represent or imply the existence of an association between Accenture and the lawful owners of such trademarks.

Copyright © 2015 Accenture  
All rights reserved.  
Accenture, its logo, and  
High Performance Delivered  
are trademarks of Accenture.