

DHL and DHL Multishipping

Changes in the Nordic logistics market

The Nordic logistics market has changed in its core during the past 20 years. From being an analog industry with a high degree of manual labor, logistics have increasingly been digitalized. One of the main contributors to the digitalization is that which is called EDI¹. EDI has digitalized and automated transport bookings and transport information.

Björn Hedenborn, Manager Customer Integration at DHL, is one of those who have worked with EDI since the beginning and who has closely followed the Swedish development within digitalized logistics to the world leading level it is at today. EDI and Transport Management Systems (TM-systems) have had a large impact on both DHL as an individual carrier and on the entire Nordic logistics market.

“Before we started working with our TM-system DHL Multishipping, we had a degree of EDI that barely reached 25 percent. That has radically improved and our degree of EDI today is close to 97 percent. This has naturally had great positive effects on our internal organization and enables a way of working that is barely comparable to the way it used to be.”

During the late 1980's the handheld computers came to Sweden and this fueled the development of a system that can be called a predecessor to the TM-system of today. The system was PC-based and in spite of its simplicity it showed the carriers that EDI was a key to efficiency. In the middle of the 1990's the so called Pharos-project was launched in order to maximize the efficiency of the industry. The Pharos-project meant that the large Swedish carriers agreed upon a common EDI standard that applied to the entire Swedish logistic industry.

“In the 1990's we set the EDI standard which made it possible for a system to communicate with several carriers in the same 'language'. We still had PC-based systems at that time but Kristian Hansson, a colleague of mine, believed that the transport bookings should be possible to handle over the Internet. Based on that idea he founded Memnon Networks and one of the first systems that the company developed was that which came to be DHL Multishipping.”

Initially DHL used a PC-based TM-system but it soon turned out to be both time demanding and costly to maintain. As an example any change in a transport service required that a floppy disk containing the update was sent to each user of the system. The first cloud based TM-system was developed in order to decrease administration and this system was DHL Multishipping.

Launch of DHL Multishipping

The launch of DHL Multishipping soon generated transport bookings through EDI and became a sought after service for DHL's customers. DHL Multishipping was therefore used as an

¹ Electronic Data Interchange, i.e. electronic information about shipments and transport bookings

important sales tool in sales towards new and existing customers. The TM-system thus became a competitive advantage that generated value for DHL as well as for their customers.

Manual transport bookings which are booked without EDI are very time demanding for a carrier to handle. Most of the Swedish carriers in the 1990's therefore started charging a fee for transport bookings without EDI. These fees led to DHL Multishipping and other TM-systems becoming even more attractive for the customers. During a couple of years the digitalization of transport bookings therefore increased dramatically.

With DHL Multishipping the shipper can easily book their shipments and follow the latest status through track & trace. The system also provides the user with all transport information gathered in one and the same place. A TM-system thereby delivers great efficiency benefits to the user. For the carrier there are even greater benefits. One of the largest benefits is a significant reduction of the time spent to receive and manage transport bookings.

During the years DHL has gone from 25 percent EDI to 97 percent. This change applied to 10 000 transport bookings per day gives a clear image of the difference in efficiency:

10 000 shipments per day with 25 percent EDI means that 7 500 shipments have to be handled manually. With 97 percent EDI the corresponding number is 300 manually handled shipments. Transformed in to time, given that the handling of one shipment requires 1 minute, this means a saving of 120 hours per day.

A high degree of EDI bookings is therefore crucial for a large carrier like DHL who handles more than 10 000 transport bookings per day.

DHL Multishipping today

DHL Multishipping is today one of the largest TM-systems on the market and stands for over a third of the incoming EDI to DHL in the Nordics. With 97 percent EDI the largest benefit with the service is no longer to increase the digitalization but to ensure better quality in information and in user experience. The focus of DHL Multishipping is now to support the customers' needs in the different stages of their supply chain and to provide DHL with possibilities to communicate with the customer.

In addition to efficiency benefits and user experience, DHL Multishipping has affected other aspects such as the customers' labelling of goods.

"Mistakes cost a lot of money. The fewer errors, the better the process from sale to delivery. With DHL Multishipping we have not only gained a better quality in information but also correct labels and other freight documents from our customers. In that way everything is correct through the entire transport process, which naturally is beneficial for us as well as for our customers."

Continuous customer focus now and in the future

DHL Multishipping is focused on the customer benefit. The system is not an internal DHL system but is delivered by Memnon Networks. Björn Hedenborn gives his comment about the set up:

”Memnon Networks have a holistic approach regarding the customers’ development in the TM-system. The customer can book their shipments in DHL Multishipping and there get acquainted with digital transport bookings and its advantages. If their needs increase and they for some reason outgrow DHL Multishipping then the customer can easily be transferred to Memnon Networks’ carrier neutral solution. This provides a great safety for the customers and gives us an offer that benefits the customers’ growth.”

Digitalization and automation are key factors for the development of the logistic market and the digital infrastructure is now as important as the physical infrastructure. Shippers and carriers grow increasingly more digital and so does the communication between them. Between these parties is the TM-system, such as DHL Multishipping, who has greatly contributed and continues to contribute to the development of the market.