



celigo

The Definitive Guide to 3PL Automation: All Your Questions Answered by the Experts

With contributions from

easyship

pacejet

ShipBob

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Ebook

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Introduction

While outsourcing your supply chain and logistics to a 3PL (third party logistics) provider takes a heavy load off your business, this also introduces new logistical challenges that are often overlooked. After all, incorporating a new partner into your day-to-day business means adding new systems and processes that still need to function together cohesively. **Automating inventory management, order fulfillment, inbound shipments, and further 3PL processes are essential to maximizing your investment in those services.**

For this guide, we interviewed some of the leading names in commerce, fulfillments, and logistics to answer your most pressing questions about 3PL automation:

1. What are the typical challenges retailers face when working with a 3PL, and how can these pitfalls be avoided?
2. Which processes tend to be the most time-consuming?
3. When's the right time for a business to start looking into automation?
4. What are the risks and opportunity costs of delaying automation?
5. How do you get on the path to start automating 3PL processes?
6. Can you share some real world examples that show this advice actually works?

Since we'll be referring directly to their advice throughout this eBook, we'd like to take the opportunity to first introduce the experts.

About the Experts

Easyship is the world's leading cloud-based shipping technology platform that helps merchants ship their products globally. As a user-centric product, Easyship has helped to simplify the complex world of cross-border logistics for clients worldwide.



www.easyship.com

Pacejet offers Fully Connected Shipping with live carrier connections and smart ERP integration for midsize enterprises. Its flexible, scalable platform uses advanced cloud technologies to streamline processes across the entire shipping ecosystem, increasing shipping efficiencies, reducing time and costs, improving the customer experience, and creating a new competitive advantage. Pacejet solutions provide rapid return-on-investment and may be deployed incrementally as agile improvements over time.



Pacejet is a division of 3Gtms, a leading provider of multi-modal transportation management software used by 100+ leading 3PLs and freight brokers. Users of Pacejet can connect to these 3PLs over our Transportation Management Cloud or via a 3PL directly. This offers shippers a flexible way to connect and work with 3PL services as needed.

www.pacejet.com

ShipBob is a technology-enabled logistics company that provides an order fulfillment solution for over 3,500 brands. By distributing inventory across any combination of our ten facilities in North America and Europe, brands can reduce shipping costs and transit times, and increase sales. ShipBob routes each order to the fulfillment center with available inventory that's closest to the end customer to optimize for the cheapest, fastest delivery. ShipBob's order and inventory management software displays real-time inventory counts, analytics on how to distribute products, calculations to prevent stockouts, and more. ShipBob has integrations with Celigo, Shopify, BigCommerce, WooCommerce, Squarespace, Wix, Amazon, Walmart, and more, as well as an open API. ShipBob also owns its entire tech stack including its proprietary warehouse management system used across all of its fulfillment centers.



www.shipbob.com

Skubana is taking on modern commerce, one product at a time. We're everything post checkout to run and automate your business. That includes orders, inventory, purchase orders and replenishment, forecasting, demand planning and profitability analytics. We look at Skubana as the yin to Shopify's yang. Shopify powers everything you see on the outside, such as the eCommerce site itself, the popups, listings, shopping cart, etc. Skubana handles the gritty operations of a retail business on the back-end that you can't see, such as inventory and order management, 3PL connections, and more.

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Common Challenges When Working with 3PLs

As much as 3PL providers benefit retail businesses, you should also expect some unique challenges to arise when incorporating a new partner into your operations. The best way to prevent these challenges - and pave the way for future automation - is to conduct thorough due diligence before jumping into a new relationship with a 3PL. Some of the chief considerations to assess include:

- The direct costs of working with a particular 3PL provider
- How their fulfillment systems and logistics function with yours
- Experience with your product type and other unique business needs

We asked our experts for advice on what to look out for, along with suggestions for how you can mitigate these issues while laying the groundwork for automation. Each expert approached the question from a different perspective, so be sure to cover all the bases with your due diligence.

Assessing the Costs of Working with a 3PL

by Easyship

For merchants making the choice to work with a Third Party Logistics provider (3PL), this is typically an exciting development as it means their business is growing and they have the budget to outsource their fulfillment. However, this new relationship does come with its own unique challenges that every business owner needs to understand.

The first challenge is the initial set up costs. Business owners need to properly budget for this transition to keep their finances sound. The most significant upfront cost will be arranging a freight shipment and notifying the fulfillment center with an "advanced shipping notice" (ASN), a form that describes what items you're shipping, the quantity to be shipped and other simple attributes.

A second challenge will be understanding the various fees and services that a 3PL offers and if they are right for your business. Here are some common order fulfillment costs:

- **Pick and Pack:** Fees associated with picking an item and packing it for shipping. This fee can be charged per unit, carton, or pallet.
- **Gift wrapping:** Have items gift wrapped for special occasions.
- **Kitting:** Process in which individually separate but related items are grouped, packaged, and supplied together as one unit.
- **Refurbishment:** Checking returned items and bringing them back to sellable condition.
- **Retail compliance:** Process of generating UCC-128 labels, transacting activity in a retailer's portals, and all other activities needed to conform with a retailer's requirements to avoid chargebacks.

Another challenge for merchants will be integrating their 3PL with their marketplace software such as Shopify or BigCommerce. Fortunately, these services, and shipping software like Easyship make it easy to integrate with a 3PL to assure a smooth transition. However, merchants will want to work closely with their warehouse onboarding manager to make sure there are no problems once up and running.

Avoiding Outdated Transportation Management Systems (TMS) and Processes

by Pacejet

One of the top challenges in working with 3PLs is managing the information flow that makes up the lifecycle of an order. In an ideal world, the shipper is able to electronically submit orders directly to the 3PL's system and have real-time visibility on the order status from fulfillment through delivery, as a result of updates from the 3PL system back to the shipper. It's also beneficial if the 3PL can provide the shipper with a portal, where they can enter one-off orders for processing, and also receive status messages back.

In reality, not all 3PLs have the systems capability to provide this level of automation and visibility to the shipper. As a result, requests for service are handled via phone, email, fax, etc., and reporting can also be cumbersome. The 3PL may be manually processing and compiling summary reports for you, and you may not know it. With today's new TMS systems shippers gain tight integration, streamlined order processing, and real-time visibility, 24/7 via customer portals.

The bottom line is that you want to work with a 3PL who has experience managing a business like yours and has the staffing and technology platform to grow with you as your business grows. We recommend that you find out which TMS system the 3PL under consideration is using and dive into the details to understand how exactly they will process and report on your work. Most 3PLs today use commercial TMS software platforms that can be easily researched, but if they are using an in-house system, ask about their R & D spend, frequency of upgrades, etc. Talk to other customers. Find out as much as you can.

Performing Thorough Due Diligence on a 3PL

by ShipBob

Not all 3PLs are created equal, and different 3PLs offer different solutions. Working with one that isn't meeting your business's needs can lead to stunted growth, harmed margins, and lost customers. Here at ShipBob, we have a lot of experience in aiding in the 3PL transition — with brands coming to us from less innovative 3PL providers.

Common challenges merchants have with a 3PL include:

- The 3PL is messing up orders or has too many errors that they don't make right.
- The 3PL is not advancing and improving or thinking ahead.
- You've outgrown the 3PL (e.g., your order volume is growing fast and they can't help you hit the next level of scale; they only have one location or a couple fulfillment centers).
- You have to rely on them to make changes for you (a 3PL should help you be self-sufficient and remain in control of your fulfillment, even if it's not happening within your own walls).
- Their technology is archaic (a 3PL's technology should offer more than a basic portal and integration with your storefront. Brands today need a foolproof way of offering bundles, managing subscriptions, and merging duplicate SKUs across channels with the right backend logistics to round out the commerce tech stack).
- The 3PL's fulfillment pricing and cost structure can be confusing with hidden costs that add up quickly.
- You get what you pay for and, often, the cheapest 3PL is not going to be the best.

Here's what we recommend you dive into when evaluating 3PLs:

Technology: A 3PL for today's competitive landscape goes beyond the traditional pick, pack, and ship model. Technology and integrations are key.

ShipBob owns the entire tech stack to increase the velocity and scale at which we can make improvements based on customer feedback. We built our own warehouse management system (WMS), which acts as a control center to compile fulfillment metrics across all elements of our fulfillment centers. We also created a proprietary merchant dashboard that connects to our WMS and provides the following:

- Deep insights into fulfillment performance and shipping metrics visibility into order status and inventory counts
- An algorithm that selects the fulfillment center with available inventory that's closest to the end customer

Fulfillment centers: If you're only shipping from one location, you're limiting your business's reach in key markets where your customers reside — and probably paying too much for shipping. Working with a 3PL that has multiple fulfillment centers allows you to split your inventory across several locations. In turn, this puts your inventory closer to your shipping destinations, meaning packages ship to lower shipping zones and therefore cost less for you and your customers. You can also offer two-day shipping via ground for customers in areas surrounding the fulfillment centers, which can be much cheaper than expedited air shipping.

ShipBob operates a robust, growing international fulfillment network. Since every fulfillment center location is powered by the same technology, you can track inventory and fulfillment performance across multiple locations. Using the data we provide, you can choose optimal locations to split inventory across any combination of our fulfillment centers and continue to grow with us. And you'll never have to worry about losing space with us as we continue to expand into additional locations and capabilities.

SLAs and accountability: Understand all service-level agreements (SLAs) before you enter in a partnership with a 3PL. Make sure there is visibility into operations, so the 3PL is held accountable against their agreed upon SLAs. These SLAs can range from shipping orders out on time, to the speed at which they receive and stow your inventory.

Matching a 3PL with Business Needs

By Skubana

Initially, the problem with 3PLs is scale. You need to have a lot of order volume to make hiring a third-party logistics provider profitable for your bottom line. The next challenge is when you start going direct-to-everywhere and you start becoming omnipresent. It's hard for 3PLs to throttle between direct-to-consumer fulfillment, B2B selling to big box retailers, and FBA prep, which is required to get your product into the Amazon Fulfillment Center.

Another challenge is simply finding a 3PL that meets your unique business requirements. Some 3PLs specialize in low-touch or high-touch services. Some of them focus on furniture which can be hard to transport, or dietary supplements which require temperature controlled units. It's really important to have all of your data unified and all of your requirements properly documented to ensure a successful partnership.



Priorities and Considerations for Automating 3PL Processes

With so many workflows to streamline in a typical 3PL system, your next question is most likely where do I even start? The best plan of attack is to first identify which processes tend to be the most time-consuming for your staff, thus making them prime candidates for automation. Secondly, you should determine the existing pain points and looming areas of risk that your business incurs by sticking with archaic processes. For this section, we asked the experts for specific examples of processes that tend to produce the biggest payoffs when automated, as well as material losses that might result when those processes aren't streamlined efficiently.

Which manual 3PL processes tend to be the most time-consuming?

Pacejet: The most time-consuming process for 3PLs is usually scheduling carriers. That's the process of working with the actual carrier arranging pickups/deliveries, and tracking the shipments while in transit. Many are still physically calling carriers on the phone and sending emails back and forth to handle this. They may also be manually auditing freight bills and your invoices. That amounts to wasted time and a greater risk of errors in the shipping process, not to mention more manual processes, which adds to your overhead costs.

Again, this is where it is critical to understand what the 3PL's TMS platform is, and what its capabilities are. Modern systems are capable of automating the entire carrier selection and tracking process, and providing that information back to the shipper, whether in on-demand reports or via a customer portal where the shipper can log for updates.

ShipBob: Without automation, you'll have to spend time sending orders via email or spreadsheet upload and always be on the lookout for new orders. This is a waste of time for anyone and essentially prevents the business owner from taking a day off (or they risk major delays in order processing if they're not continuously sending new orders to be fulfilled).

A lack of ownership of the entire fulfillment stack with a more traditional 3PL makes it difficult to rectify or identify issues, unlike with ShipBob who owns the entire stack: inventory and order management system, warehouse management system, and their fulfillment centers.

Using automation, with the click of a couple buttons you can enable integrations, stay up-to-date on everything that's happening inside the 3PL's fulfillment center, and spend less time on logistics tasks (and even spend no additional time on operations as you grow).

Skubana: The most time consuming manual 3PL processes are definitely picking and packing and inventory counts. And that's really what 3PLs were built around, but there are ways to automate this. The beautiful thing about Skubana is that out-of-the-box in our app store we have integrations into top 3PLs like Celigo. This

allows you to take the data and make actionable decisions. It allows you to maintain perpetual inventory count accuracy by alerting you when and how much to buy based on your velocity, across B2B or B2C sales channels. With automation it's easy to see what stock is aging, what's the quickest to move. What SKUs are going to make you the most money. What are your winners and what are your losers?

Easyship: The most time consuming process is manually syncing new orders with the shipping software and 3PL. Through 3PL automation, merchants have the opportunity to ship from multiple warehouses in strategic domestic and international locations and have professionals pick and pack their shipments.

Through software such as Easyship, merchants can automate the entire shipping process. Here are steps:

1. Let our system know what couriers you want to use. You can do this by installing our Rates at Checkout feature, which will automatically choose the best couriers for your customer. With our analysis tool, you can see the top regions your customers are located and also choose a warehouse strategically based on this to cut down shipping costs and lead times.
2. Enter your product information in our Products feature. By entering information such as the SKU, product name, dimensions, and weight, Easyship will be able to provide the most accurate quote for your shipment.
3. Easyship will automatically sync your orders daily. Couriers will be chosen based on the Checkout options, or your shipping rules. All required shipping documents will be automatically generated, and they along with the order details will be sent to the warehouse for fulfillment every day.
4. The warehouse will pick, pack, and ship your orders.

How much risk does a business incur by going without automation?

Pacejet: From the shipper's perspective, a few top risks come to mind. The first is the loss of time and additional labor required to manually provide the information needed by the 3PL to process the orders. Manual processes are ripe with the potential for errors – which are costly, cause delays, and potentially the loss of customers, if the 3PL doesn't get the shipment to the consignee right. Another big risk is the loss of opportunity savings, if you're working with a 3PL handling shipment processing manually.

If the 3PL is using a modern TMS system, it is designed to automatically find best choice carriers, consolidate like shipments, choose the mode and even route multi-stop movement, all while having the ability to automatically execute shipments with the carriers selected to move the freight. This frees the route planner from tedious duties and allows them to focus on exceptions and true problems. Exceptions always happen in the shipping world, and the key to good automation is how many of these exceptions can you let your technology tools handle and free up your planners for the important work.

ShipBob: Without automation, you have to manually check to see if orders are placed, guess which packaging materials work best to keep the shipment safe and be the least expensive, and risk human error when entering data manually.

With a tech-enabled 3PL like ShipBob, orders are automatically sent to our fulfillment center, optimal packaging is selected based on the product weights and dimensions as well as the merchant's preferences on mailers or boxes, address validations occur on screen, order tracking is automatically sent back to the ecommerce store to be shared with the customer, and every step of the process is tracked digitally.

Managing your own warehouse, investing in fulfillment infrastructure, hiring a team, purchasing equipment, and doing everything yourself can be very unappealing for many reasons. ShipBob can forecast demand with tools that help predict fluctuations based on historical data across thousands of merchants, so that we can scale up seamlessly for unplanned demand spikes.

To utilize automation to its full extent, you need to properly set up your account, install integrations, configure your settings (e.g., accurate ship option mapped to your ecommerce store, selecting your packaging preferences between box or poly mailer, marketing items as fragile, etc.), complete test orders to verify everything is working as planned, and most importantly follow the 3PL's processes.

For example, what are the 3PL's requirements for how you must send them inventory from your manufacturer? If you fail to include the proper documentation, you may face receiving delays. Also, which fulfillment center locations do they recommend you stock to optimize delivery routes? If you don't keep these facilities stocked, you may encounter split shipments and defeat the purpose of distributing inventory across locations.

Additionally, if you fail to set reorder point notifications at the SKU level (meaning you are alerted when stock levels fall below a certain threshold so you can order and send more inventory) or order the wrong inventory quantity, you can run out of product. If you mismanage inventory, you may even accidentally oversell product on your store when you're in fact out of stock.

If you keep fulfillment centers stocked, each order may properly route to the location that's closest to your end customer that also has the ordered quantities available.

Skubana: The costs vary from business to business. Depending on your product characteristics (weight, need for refrigeration, bundle and kitting requirements, etc), choosing not to automate 3PL operations early-on can be catastrophic. You can fall behind on order fulfillment, which limits your ability to scale. Shipping will be more expensive because you can't dynamically find the most cost-effective method. This all leads to disappointed customers who have to wait longer and pay more for your products. You lose the opportunity to innovate because you're stuck doing manual tasks, or paying someone unnecessarily to do it for you. You're also unable to work with real-time data which can only be collected when you have an order and inventory management system that automatically pulls that data from your fulfillment and sales channels. Automation is the future, and it enables brands to be nimble, accurate, and efficient while lowering overhead and cost-of-goods sold.

Easyship: Without automation you run the risk of sending duplicate orders to the 3PL, and there can be times where different systems may not sync causing missing logs and other errors. Streamlining and automating this process through one software provider like Easyship will reduce the chance of errors.



When to Start Investing in 3PL Automation

Automation isn't typically emphasized early on in a business' life, when manual workflows are still manageable with the level of order volume. However, when every business strives for growth, this mentality runs contrary to the objective you're actively working towards. It's important to think about how your business will scale, rather than waiting until processes break down.

Interestingly, our experts all had different perspectives on when the best time to start seriously looking into automation would be. The most important takeaway is that there's arguments for how early - but never waiting until it's too late.

When's the best time for a business to start looking into automating their 3PL processes? Is there any particular criteria they should pay attention to?

ShipBob: Businesses of all sizes work with 3PLs (from pre-launch companies to public brands) but the single greatest way to know when it's time for automation is when you're growing fast and can't keep up. As soon as your order volume increases, you are faced with a new pace of everything — you must replenish inventory more often, acquire a larger space to store it all, pack additional boxes, ship more packages, and respond to more customers.

By outsourcing fulfillment to a tech-enabled 3PL, businesses can take managing inventory, packing boxes, dealing with carriers, and more off their plates. This usually occurs around the mark of shipping hundreds (or even thousands) of orders per month.

Skubana: We believe in investing in systems and infrastructure at the onset of the business. If you start to scale and you don't have the right foundation, everything is just going to crumble. It's like building a house on swampland. Investing at the onset in the foundation enables and empowers you to grow. It also makes your life a lot easier when you're hitting critical mass and you're scaling and you're trying to reach escape velocity. It allows you to move and be that much more agile and nimble.

EasyShip: Each business is unique so there is no single criteria when determining when to choose 3PL automation. However, in most cases when managing inventory and shipping become overwhelming and start taking up more time and eating into profits is when you should look into finding a 3PL partner. For some, this could be a threshold of a certain number of orders per month, but again, that depends on the business!

With a service like Easyship, there are no minimum requirements, so we can support businesses of all sizes and find a partner to meet their needs. A general rule is that if shipping starts to feel like a burden, and you are not able to focus on other aspects of your business, then you need to consider working with a partner. This is definitely a situation you want to find yourself in though, because it means your business is

growing! A provider like Easyship with our global network of warehouses are experts in shipping and fulfillment. We remove the burden and allow you to focus on growing your business.

Pacejet: It depends on mode and freight spend. For non-parcel moves, the 3PL using a modern TMS system can typically reduce your freight spend by 10% through automation and optimization. Yet the 3PL is going to need some amount of that 10% to do the work. The more significant factor is whether you can integrate between the 3PL and yourself. Do you have IT resources to assist? How long is the integration process, and how much will it cost?

What's the opportunity cost of waiting too long to invest in 3PL automation?

ShipBob: While it may seem counterintuitive to hire a company to do something that you can do for 'free,' there are many hidden or opportunity costs when relying on manual processes. Time is money. Every hour spent completing a \$10/hour task like packing boxes instead of a \$10,000/hour task like signing partnerships to acquire new customers, you are effectively losing \$9,990/hour in revenue-generating activities. By delegating the low-dollar tasks, you can focus on the higher-dollar tasks that generate a positive ROI and help scale your business much quicker. See chart from this article here for a visual.

Skubana: The costs vary from business to business. Depending on your product characteristics (weight, need for refrigeration, bundle and kitting requirements, etc) choosing not to automate 3PL operations early-on can be catastrophic. You can fall behind on order fulfillment, limiting your ability to scale, shipping will be more expensive because you can't dynamically find the most cost-effective method. This all leads to disappointed customers who have to wait longer and pay more for your products. You lose the opportunity to innovate because you're stuck doing manual tasks, or paying someone unnecessarily to do it for you. You're also unable to work with real-time data which can only be collected when you have an order and inventory management system that automatically pulls that data from your fulfillment and sales channels. Automation is the future, and it enables brands to be nimble, accurate, and efficient while lowering overhead and cost-of-goods sold.

Easyship: The opportunity cost by not investing in 3PL automation is that merchants cannot focus their time on growing their business. Through automation, merchants are able to focus on optimizing their marketing and customer acquisition, product development and testing out new products, and expansion into new markets. For a growing business, there will come a time when they need to automate their fulfillment and shipping if they want to grow and expand. Most businesses will not have the capital to build out their own infrastructure, so partnering with the right 3PL will be critical to expanding their business.

Pacejet: To minimize costs, it may be best to find a 3PL that has already invested in a turn-key integration into your ERP or directly into your shipping software. You don't want an expensive integration project as it then becomes difficult to fire that 3PL. Without a turn-key integration, we typically see non-parcel shipment spend over \$2M before integration.



Planning and Implementing 3PL Automation

Once you've figured out your business' 3PL automation requirements, it's time for the real deal: actually putting your vision into practice. In this section, we'll break down how to make 3PL automation into reality in two parts: planning and practical implementation.

Planning

We asked our experts what a retail business can do to plan their 3PL transition and put themselves on the path to 3PL automation.

Skubana: Once you have a 3PL in place that understands your operational workflows, you can move forward to start introducing automation into your fulfillment operations. The first step is always to unify and synchronize your data. Today is all about being direct-to-everywhere to make actionable decisions, so you need to unify your sales data whether that comes from Amazon and Walmart or Shopify and BigCommerce. If you don't have a way of consolidating your order data, consider an order management tool like Skubana which features an App Store to connect your business to new sales channels including marketplaces, commerce platforms, and of course 3PLs. The configurations are endless. Once your data is synchronized, you can leverage logic statements or "rules" that can automatically apply an action based on predetermined criteria. Within Skubana, that tool is called Orderbots. An orderbot's filter is conditional logic that looks at an order to see if it matches your desired criteria, such as a sales channel, order weight, requested shipping service, etc. Skubana allows you to set multiple attributes using an AND qualifier, so you are able to apply orderbots to orders with a very specific attribute, completely autonomously. I love automation so much that I've actually run an entire business with just one employee. Hundreds of SKUs, over 30 sales channels, and multiple fulfillment providers all handled by orderbots and automation.

Easyship: Once you've decided that it's time to outsource your fulfillment, then you need to properly budget and plan for the transition. We recommend that you take at least one business quarter to devise and implement this plan. Our step by step guide to warehousing and fulfillment provides merchants with the basic definitions, benefits and process for selecting a 3PL partner.

Pacejet: First, we recommend that you work with 3PLs who view a modern TMS platform as the critical foundation of their business, and find out which system they are using. That will enable the 3PL to provide you with the most flexibility and cost savings. You can also gain excellent insights by talking to TMS software vendors who specialize in serving the 3PL industry. These vendors have a thorough understanding of the market, who the best 3PLs in the business are, and have invested in technology that helps you, the shipper. You are looking at forming a partnership and want a 3PL that will represent your culture and values; it's more than just shipping freight.

If you're planning to automate the process with a 3PL, work with a cross-functional team in your company to define the actual order-to-delivery workflow you require and next determine your integration plan. If you lack IT resources to handle this process, we recommend that you work with an integrator who ideally has experience with your ERP system.

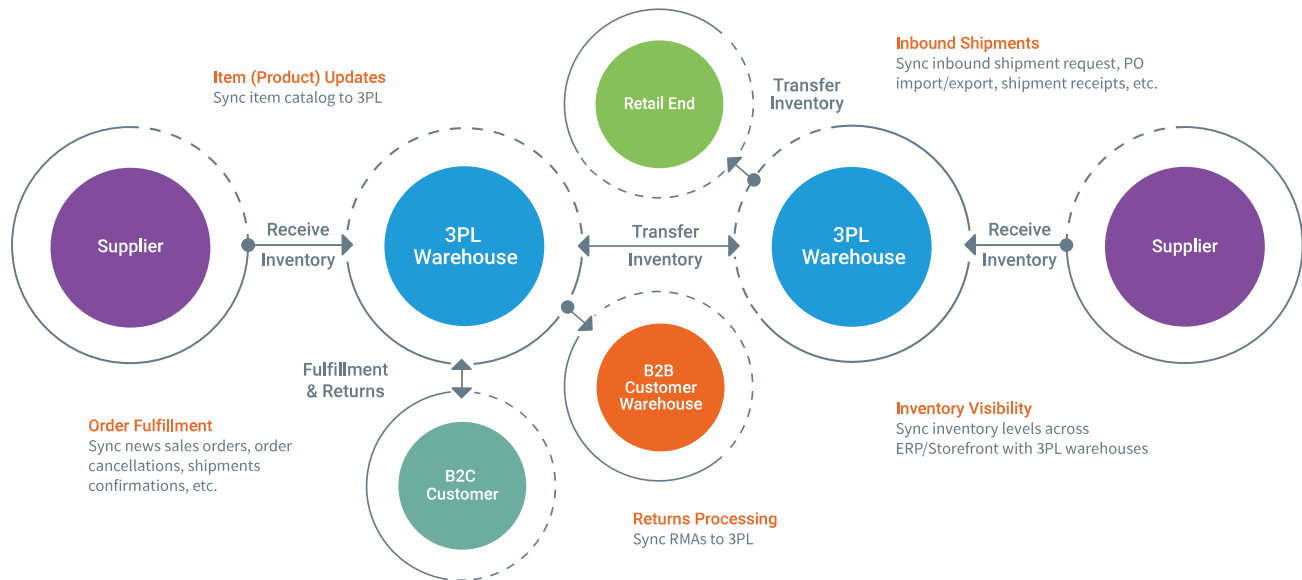
ShipBob: Request a quote from various 3PLs and have discussions that get into your business needs and whether it would be a good mutual partnership. ShipBob can provide you with a comprehensive data analysis to show which locations would save you the most money before you get started, including average order cost and transit times (and we automatically provide this in our analytics tool once you start working with us).

Our implementation process entails assigning an Implementation Engineer to your account, a subject matter expert who makes it simple for your business to get started by catering the process to meet your most important needs. This is your dedicated point person throughout implementation (pre-, during, and post-3PL transition).

Throughout this time, there will be at least three dedicated training sessions including account configurations and other preparations prior to your first shipment, and more check-ins throughout your first 30 days of shipping. We aim to make sure that each new customer launch is set up for success operationally in terms of services utilized, inventory needs, shipping preferences, technology, and more.

Implementation

The good news is that if you've already figured out the specific workflows you want to automate, you also have a strong idea of what you want your 3PL system to look like. The image below serves as an example of what a typical 3PL system looks like.



The root of inefficient manual processes lies in the fact that data is siloed across multiple disparate systems. With respect to 3PL processes, the most common examples revolve around syncing new orders and inventory levels between your storefront and the 3PL warehouse. Making sure that data goes where it needs to be often isn't prioritized as it should, meaning that these are often re-entered manually. Besides wasting time on double (or triple!) data entry, you're also compromising the consistency and accuracy of your data.

In order to successfully automate your 3PL processes, you're going to need to integrate these disparate systems.

If you're not familiar with the term, integration means connecting two or more systems or applications together. As integration bridges the gaps between your 3PL systems, it serves as the primary means through which you can automate processes involving them. For instance, integrating your storefront(s) with your 3PL lets you automatically sync orders for fulfillment.

When shopping for a 3PL integration solution, you should make sure whether it can support the specific needs of your business:

- Retailers need a solution that can support the sheer volume of unique 3PLs in existence, and the flexibility to switch between providers with minimal impact.
- Most retailers already operate multiple storefronts and/or have plans to expand in the future.
- Retailers generally employ specialized processes which require a custom solution that can be tailored exactly to their use-case.

For these reasons, you should use an iPaaS (integration Platform as a service) to integrate your 3PL system and manage all of your integrations in one place.

Without an iPaaS, attempting to integrate all of the systems involved in your 3PL processes and maintaining them separately will end up reproducing the bottlenecks that necessitated automation in the first place.



The diagram shown above represents a fairly typical 3PL ecosystem for an established retailer. **Fully automating a system of this complexity with ad-hoc integrations can be fairly cost-prohibitive, both in protracted development and post-launch maintenance.** They also typically can't be customized after deployment without costly development work. **Most pre-built, native integrations are nonextensible point-to-point integrations that can't support additional endpoints or use-cases.** Your ability to tweak or tailor these pre-packaged flows lies at the mercy of developers applying a "one size fits all" mentality to every business system. If you wanted to add workflows outside of simple order or inventory syncing - returns processing, for instance - you can forget about streamlining those within the native integration.

Celigo's iPaaS, integrator.io, makes it easy to build and maintain custom integrations between your storefronts, 3PL providers, ERP, CRMs, and anything else involved in your 3PL processes in a centralized place. Our platform specifically adds value to 3PL automation in the following ways:

- **Flexibility:** If you were to change 3PL providers or migrate any of your systems for any reason, it's fairly simple to swap out endpoints for an existing integration with minimal disruption to your workflow ecosystem. This is particularly important if you need to change providers because you've outgrown them or they no longer prove to be cost-effective.
- **Resiliency:** Since we do the hard work of maintaining our iPaaS on the back-end, we ensure the stability of your workflow automations in the long-term. No need to worry about a system breaking down from lack of maintenance or massive data loads.
- **Cost-Effective:** Not only is our platform designed to get your integrations up and running as soon as possible, but we also strive to minimize the cost of ownership. Managing your integrations on our iPaaS doesn't require hiring a specialized systems administrator, but can be accomplished by a tech-savvy user in the departments that rely on those integrations in just a few minutes.

Here are some examples of popular systems that we have experience integrating with. Note that these categories are not mutually exclusive, as you will likely want to integrate between systems listed in the same category.

Examples of eCommerce applications successfully integrated with Celigo	Examples of 3PL providers successfully integrated with Celigo
<ul style="list-style-type: none"> • Easyship • Pacejet • Skubana • 3dcart • Amazon Seller Central • BigCommerce • CartRover • ChannelApe • Easyship • eBay • Google Shopping • Loop Returns • Magento • Newegg • Pitney Bowes • Precisely • ReCharge • RetailOps • Shippo • ShipStation • Shipwire • Shopify • Snapfulfil • Solid Commerce • Spree Commerce • Square • Vroozi • Walmart • Wish.com • WooCommerce 	<ul style="list-style-type: none"> • ShipBob • 3PL Central • Amazon MCF • CIMS • DCL Corp • DHL Logistics • Extron • Fed-Ex Logistics • Fosdick Fulfillment • Geodis • Happy Returns • Ingram Micro • Integracore • Jenne Direct • Kuehne+Nagel • Logistics Pro • Marketspeed Logistics • Modus Link • Newgistics • NuOrder Quiet Logistics • ProPack • Quiet Logistics • Radial • Ramp Logistics • RedPrairie (SmartTurn) • Saddle Creek Logistics • ShipHero • ShipStation • Shipwire • Snapfulfill • UPS Logistics • Ware2Go

Ultimately, the best practice for automating 3PL processes involves integrating your 3PL on Celigo's iPaaS with best-of-breed applications like Easyship, Pacejet, ShipBob, or Skubana. We hope that you found the advice in this guide helpful for setting you on the right path to 3PL automation. If you've already got a strategy in mind and need help to implement it, feel free to reach out at info@celigo.com.



Selected Case Studies

If you were wondering what the journey to 3PL automation is actually like in the real world, look no further! We've compiled some of our favorite stories from our customers outlining the path they took, and the ways their business benefited from the transformation

Celigo

[Afloral](#): When Afloral adopted Shopify as their eCommerce hub, they needed to automatically connect and share data between their webstore, 3PL, and warehouse. Using Celigo's iPaaS to integrate these three systems enabled automatic, unified data updates for over 3,500 SKUs.

[Hairhouse](#): Hairhouse needed to integrate their NetSuite ecosystem with a 3PL warehouse service in order to streamline fulfillments for their B2B & B2C orders. Optimizing their 3PL logistics through integration allowed them to complete ahead of Amazon in the Australian market.

[OZ Naturals](#): OZ Naturals wasn't able to expand beyond their Amazon storefront because archaic 3PL processes caused them to struggle with fulfillments and lose track of their inventory. With Celigo's iPaaS, they were able to tailor very specific automations with custom 3PL integrations. Not only did 3PL automation enable OZ Naturals to properly scale, but they eventually expanded to 6 different marketplaces, a company website, new retail partners, and even international reach.

[Perfect Keto](#): Although Perfect Keto partnered with Skubana to manage inventory between their eCommerce platforms and 3PL fulfillment warehouse, their delayed quote-to-cash process made it difficult for them to forecast inventory and properly leverage Skubana's strengths. Streamlining their quote-to-cash processes and effectively integrating Skubana with their storefronts meant that they could focus on value-added cash forecasting and optimizing their inventory levels.

Easyship

Our customer Tropicfeel ran a successful crowdfunding campaign for their 4-in-1 "ultimate travel shoe," which ended up selling over 25,000 pairs to global backers. At first, they opted for using one shipping courier which proved to be too expensive, cutting into their profits. So on their second campaign, they switch to Easyship, integrating our software into their Shopify store.

Through our partner network, we were able to connect them to three 3PL providers on three continents which greatly reduced their costs by 20%, increasing their delivery times while putting innovative shoes on the feet of passionate travelers.

Pacejet

Getting the automation process right is critical, and it requires detailed knowledge of your specific business workflows and processes. As a TMS vendor for 3PLs, we often get asked to establish integration and setup business flow automation for our 3PL clients to their shipper customers. We recommend that you design the integration workflow so that order data flow is bi-directional and dynamic. This allows the TMS and 3PLs route planners more flexibility to maximize savings and deal with disruptions in real-time as they occur.

The key to all of this is to keep the process simple and easy for the customer, maximize automation so that everything runs “lights-out” and the automation of the TMS takes care of most exceptions. Intelligent exception management in the 3PL’s TMS keeps manual processing to a minimum, allowing everything to flow as smoothly and cost-efficiently as possible.

ShipBob

Prymal started working with ShipBob after a bad experience with a 3PL whose processes were very manual and integrations were lacking. Nothing seemed to come easy — even getting a reshipment was nearly impossible. Founder Courtney Lee felt like she had to babysit them. Everything was done on spreadsheets and it was very difficult to get the fulfillment data she needed. Now they’re working with a tech-enabled 3PL (ShipBob) that seamlessly provides data to help her make business decisions. She loves that ShipBob actually operates its fulfillment centers — they know their operations and they are very clear about it. ShipBob having multiple locations was also huge, being able to keep their inventory in Chicago and Los Angeles has brought cost savings since ShipBob automatically ships from the locations that are closest to the customer.

“ShipBob’s analytics tool is a game-changer and it’s helped me grow my business tremendously. It’s so easy for any of my team members to pull data in real-time. I felt like I couldn’t grow until I moved to ShipBob. Our old 3PL was slowing us down. Now I am encouraged to sell more with them. My CPA even said to me, ‘Thank God you switched to ShipBob.’ Other companies who are approaching or are in an inflection point will benefit from ShipBob because they allow entrepreneurs, like myself, do

what we do best — create, sell, and grow! A lot of entrepreneurs and companies underestimate the cost-savings and power of choosing your entire supply chain and partner network wisely. These choices will make or break your business.” -Courtney Lee, founder of Prymal

The results? After switching to ShipBob, Prymal grew 300% and started saving \$8,000 per month in fulfillment costs. Read more: <https://www.shipbob.com/blog/prymal/>

Skubana

With ThinkCrucial, my business prior to starting Skubana, we actually managed and maintained our own warehouse. We had never built a warehouse before. We'd never built that kind of operation pick and pack assembly lines, et cetera. We moved to a 3PL to double down on something that was not our core competency; finding the right 3PL partner turned our weakness into a strength. Let people do what you can't. Identify your weaknesses, let somebody accomplish that and celebrate your progress.

We started shipping our product from my apartment in 2008-2009. It was taking up our entire living room. It was just a mess. It was a jungle. So then I moved and found a storage space with no windows on the second floor of a building. The second we moved in, we started exploding from that space. We started using the hallway space. We couldn't ship out packages fast enough. I was hiring short term high-school employees, and people off the internet and the quality of my post-purchase experience started to suffer. And then moved to Little Ferry, New Jersey to a much bigger warehouse about 5,000 square feet. But the ceiling height was like 60 feet.

After a journey of managing 30 warehouse employees and unpacking containers, it started to bottleneck. I started thinking about how I could grow faster. How can we grow efficiently and build a sustainable business where I can really appreciate where I'm spending my time and grow this business thoughtfully? It was out of the discomfort of some of those issues that we faced at those businesses at that warehouse that I was like, okay, this is not working anymore, it's time to get a 3PL. So I took a risk, and that risk has paid a ton of dividends when it came to winning back my time and creating more longevity and infrastructure around the business to operate efficiently, to outsource our weakness.



More than an iPaaS. Your blueprint for success.

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