



Customer Story

A Thing of Beauty: Scalable, Flexible eCommerce Fulfillment



OPERATIONAL
ADVANTAGE

How one FLEXE customer went from shipping orders from their office to fulfilling more than 100,000 orders/month with FLEXE—just in time for their busiest season.

Industry: eCommerce Luxury
Cosmetics Company

Size: 11-50 employees

Type of FLEXE customer:
High-Growth eCommerce
Retailer

The world of cosmetics is a personal one. Whether it's a staple item, or something new a shopper wants to try, having it available as quickly as possible is a must. And, when eCommerce is the sole selling channel, ease of ordering, price, and cost of shipping are as paramount as the quality of products being sold.

Yet, when you're a startup with a smart product and effective marketing, managing logistics and fulfilling orders can become cumbersome overnight—especially when demand grows rapidly. This was the case for one FLEXE customer.

This company was creating rapid high-volume demand and was outgrowing its current fulfillment strategy: a part-time shipping team fulfilling orders from its office. That solution was no longer sustainable, and a better one was needed—one that could scale and support its continued business growth.

BY THE NUMBERS

MONTH 2

First full operating month:

38,489

orders shipped

MONTH 7

Peak-season demand:

100,428

orders shipped
per month

MONTH 9

Maintaining order momentum
after peak season:

99,476

orders and

232,386

units shipped

CHALLENGES:

Finding a Solution in Time for the Holidays

The Shipping Predicament

In their second year of business, this retailer was no longer able to fulfill orders quickly and efficiently—it didn't have the resources to scale with demand. Orders were growing and hitting more than 1000 per day. In a world where delivery promise is everything, it became increasingly difficult to keep up.

As a small, nimble team with little internal expertise in shipping and logistics, they needed a solution provider that could solve both their strategic needs, and tactically meet shipping requirements.

Forecasting Demand

As a startup, this company knew they had a great product that customers loved, but didn't know what the future had in store. Would it grow 2X, 10X, 50X in the next 6-12 months? With such uncertainties, investing in a traditional, static warehousing and fulfillment solution didn't make a lot of sense. They needed a solution that could support the unknown.

Timing Is Everything

With their peak season just a few short months away, their strategy couldn't keep up with current demand let alone their busiest season. They needed to make a change, and make it quickly.

SOLUTION:

Finding Speed and Flexibility in FLEXE eCommerce Fulfillment

Outsourcing a solution can feel complicated and risky—especially when you're asking someone to help you manage your product, your delivery promise, and, ultimately, customer experience.

But this company would limit their growth if they didn't find a new fulfillment solution. Knowing a new strategy was needed to manage and sustain growth, they didn't want to sign long-term leases with a traditional third-party logistics provider (3PL) to solve for the unknown. They needed more flexibility than that.

With FLEXE, they gained a logistics partner, not just a provider. Together, we determined in which location a FLEXE facility was needed and identified a warehouse provider in the FLEXE network that had the right capabilities.

Determining the Right Location

Many customers use the FLEXE network to build out their fulfillment networks using multiple locations. But that's not always needed.

As a first step, this retailer needed to remove operations from within its office. And, because they were shipping small parcel that didn't incur high shipping fees, they needed to optimize for volume over cost. Instead of opening multiple facilities across the U.S.—a strategy designed to reduce shipping costs—our teams determined that this customer needed only one FLEXE facility to see results, and that was the perfect first step to outsourcing fulfillment.

To centrally position inventory closer to their general demand pattern, we determined that a facility in Reno, Nevada was the best location. We matched this company with our warehouse provider, Iron Mountain™, giving them a dedicated fulfillment team to process orders. Making the move from Seattle to Reno made it possible to reach more than half (53%) of customers with two-day ground delivery.

Turning Up the Volume

It took five weeks to integrate with the FLEXE platform, get inventory delivered to Reno, and fulfill the first order. By the second month, they were fully operational with FLEXE, and shipped more than 38,000 orders. By month seven—at the height of peak-seasonality—more than 100,000 orders were shipped to meet demand—all through a single FLEXE facility.

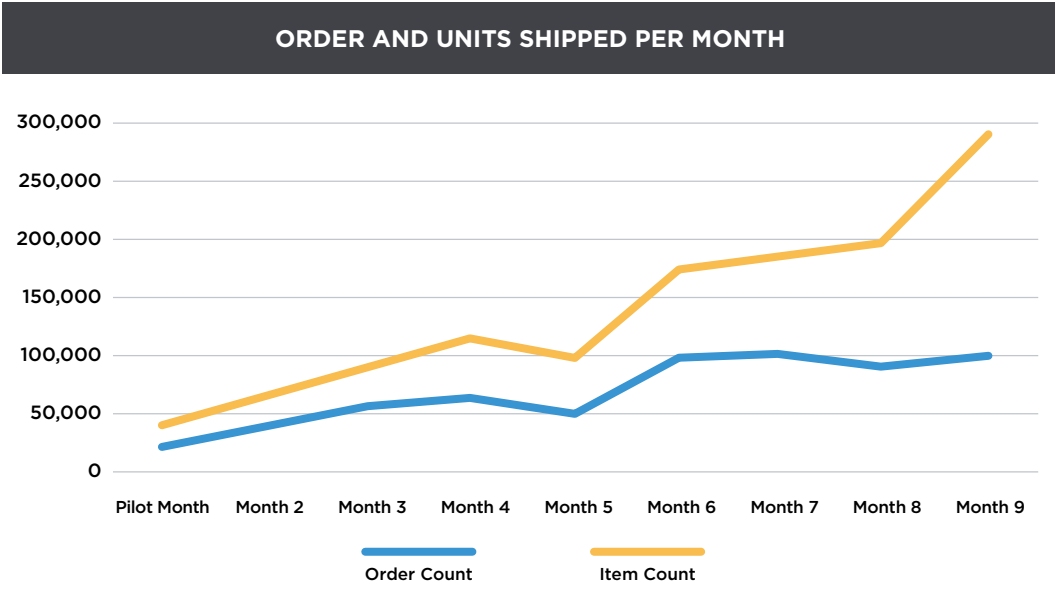
This retailer also offers free shipping on orders of more than \$35—often increasing basket size to more than one item per order. On average, most orders included between two and three items. In the first nine months, nearly 1.5 million units across 693,975 orders were fulfilled through FLEXE—approximately four times the volume they were doing out of their office.

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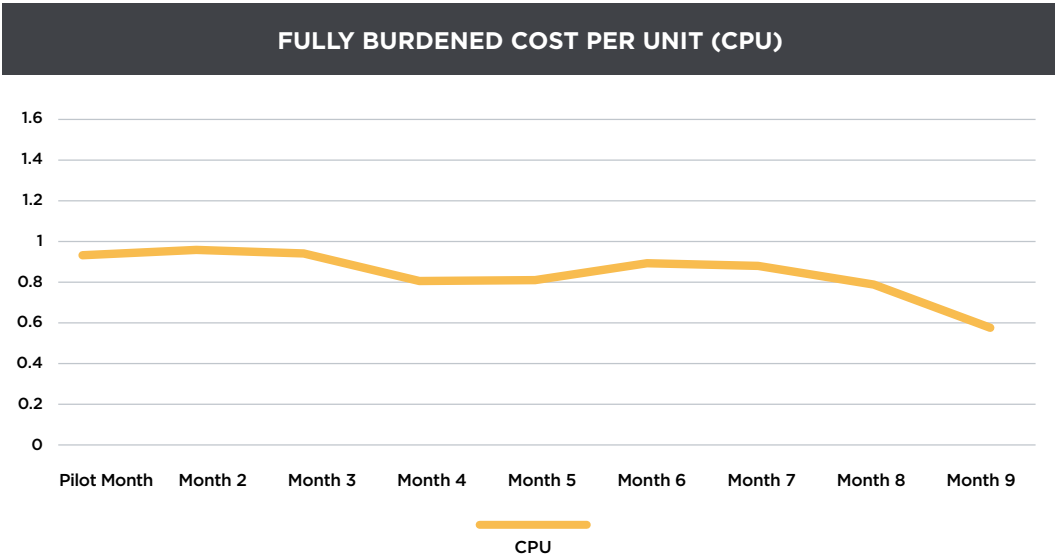
Operationally, the Iron Mountain teams used the FLEXE technology platform, including software and mobile scanners, to ensure orders were picked and packed accurately.

For the FLEXE Operations teams, inbound and outbound shipments were monitored and measured with Shipped-on-Time metrics. On average, Iron Mountain maintained more than 99.8% accuracy on picked orders and ship times.



Driving Down Operating Costs

Over time, our customer was able to drive down the fully burdened cost-per-unit, decreasing to more than 30% in the first 9 months. The fully burdened price includes cumulative costs for inbound shipments, storage, outbound shipments, hourly labor, and supplies. On average, their CPU was \$0.85.



Finding the FLEXE Right Provider in Iron Mountain®

The FLEXE team determined Iron Mountain was the best match for this company's fulfillment solution. Iron Mountain has been recognized as a FLEXE Premier Provider after repeatedly demonstrating their ability to meet and exceed FLEXE customers' expectations on multiple projects.

To manage order volume, Iron Mountain dedicated more than 12 part-time employees to cover the shifts needed for picking, packing, kitting, and shipping.

Together, the Iron Mountain team tested and optimized processes to streamline operations and work more efficiently to make sure orders got out on time. Even during the peak season, the team maintained 99.8% accuracy on orders.

"We internally managed our own kind of quality control with the help of FLEXE," said Deborah Bisel, Operations Supervisor, Iron Mountain - Reno. "It enabled us to optimize our processes to improve accuracy and help our team get orders right—even during weeks when we'd process more than 30,000 orders."

The Iron Mountain team adapted to changes quickly, including exponentially higher order volumes, new specifications for kitting, and making sure all hands were on deck to get orders out the door.



About Iron Mountain®

Iron Mountain Incorporated (NYSE: IRM), founded in 1951, is the global leader for storage and information management services.

Iron Mountain operates warehouses in support of its data storage and management business. Providing fulfillment services for eCommerce is a natural extension of its facilities' capabilities and resources, and lets Iron Mountain increase yield from their locations.

Iron Mountain first joined the FLEXE network in 2015 and has since done more than 50 projects with FLEXE. The company and their warehousing teams have been recognized as FLEXE Premier Providers in both 2017 and 2018.

FLEXE eCommerce Fulfillment: Simple, Transparent, Scalable

This case is just one FLEXE customer. Others in our customer portfolio are benefiting every day through our simplified solutions of putting excess warehouse capacity and fulfillment services to use. All of our customers enjoy only one contract, billing, and invoicing system for their warehousing and fulfillment needs that span North America, and gain a single solution for managing inventory and eCommerce orders across their FLEXE network.

About FLEXE

FLEXE is the leading provider of on-demand warehousing and fulfillment services. Backed by a team of technology and logistics experts in Seattle, FLEXE connects retailers and brands to a network of more than 900 warehouses through a single software platform.

Unlike traditional solutions, FLEXE makes warehousing available on-demand and uses software to streamline the entire process from sourcing staffed operators through centrally managing inventory across the entire network. As a result, FLEXE customers easily resolve their warehouse capacity constraints, scale retail distribution operations, and dynamically expand their eCommerce fulfillment networks.

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