

3PL Fulfillment Optimization and Procurement

Case Study

Shipware Helps Fashion Brand, FARM Rio, Procure and Implement New 3PL Fulfillment Partner—Saving \$1.1 Million and Eliminating 80% of U.S. Duties and Taxes

Client



FARM Rio is one of Brazil's most recognizable and beloved women's fashion and lifestyle brands and growing rapidly. They distribute dresses, jackets, and accessories direct-to-consumer (DTC) and through traditional brick and mortar retail stores.

Challenge

The company was experiencing significant growth pains with 50% growth over a three-year period. FARM Rio approached Shipware, an **SIB company**, with several challenges. The cost of their third-party logistics (3PL) support was rising while service from their incumbent provider was declining.

The challenges were affecting customer experience:

- Inventory management issues.
- Declining turnaround times / slower order processing.
- Inaccurate orders.
- No contractual service level agreements (SLAs).

Attempting to resolve the problems on their own only delivered minimal improvements. Having leveraged the same U.S. and European 3PL for several years, the FARM Rio team was unsure of alternative global 3PL options and had no access to 3PL pricing benchmarks. They leaned on SIB's Shipware team for the following reasons:

- To assess FARM Rio's fulfillment data.
- To determine the right provider(s) and costs.
- To craft and implement SLAs to ensure their provider is held accountable to service standards that would improve customer experience.

Solution

Shipware began with research and discovery, getting educated on FARM Rio's product lines, company values, short- and long-term goals, distribution strategy, and their existing 3PL relationship and challenges.

Our team performed a comprehensive current state assessment of FARM Rio's fulfillment operations including:

- Reviewing operational issues and determining root causes.
- Evaluating FARM Rio's contract terms and pricing against our industry benchmarks.
- Reviewing historical and anticipated growth rates and drivers.

Once our assessment was complete, we collaborated with FARM Rio's stakeholders to define priorities, which were to eliminate service issues, improve customer experience, reduce costs, and develop and implement SLAs.



We then developed a five-step **3PL fulfillment optimization strategy**:

- Explore service improvement solutions, contract renegotiation with FARM Rio's current 3PL and issue RFPs (requests for proposal) for alternative vendors.
- Identify target pricing and SLA requirements.
- Identify a short list of potential global 3PL partners.
- Develop RFP requirements unique to FARM Rio.
- Define FARM Rio's evaluation process and criteria.

The Shipware team managed the entire RFP process. This completely removed the burden from the FARM Rio team, saving valuable personnel hours and sidestepping pitfalls that similar businesses fall into throughout the 3PL RFP process. Our 3PL Optimization team evaluated all vendor responses and options, then worked closely with FARM Rio to select finalists based on the requirements and criteria previously established.

Once the evaluation was complete, Shipware and FARM Rio directly negotiated the Master Service Agreement (MSA) with the chosen vendor, leveraging our pricing benchmarks and industry experience to attain best-in-class pricing and SLAs—both best practice SLAs and those developed specifically to meet FARM Rio's needs. With the agreement signed, we provided support throughout the implementation of the new 3PL to ensure a smooth transition with minimal disruption.

Results

We reduced costs and enhanced FARM Rio's operations—positioning them for accelerated global growth while maintaining excellent customer experience standards.

- **\$1.1 million** in annual cost savings to FARM Rio.
- **80%** of U.S. duties and taxes eliminated.
- **New 3PL fulfillment partner** procured and implemented.

Shipware helped select a cross-border Mexico-based fulfillment partner with the necessary expertise in apparel to hit FARM Rio's turn time, accuracy, and inventory management targets. In addition, we substantially lowered transaction costs by leveraging Maquiladora and Section 321 Programs from the Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA) to eliminate 80% of U.S. duties and taxes.

Learn more about 3PL fulfillment optimization at www.shipware.com



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About Shipware

Shipware, an [SIB company](#), empowers businesses to combat rapidly rising transportation costs by securing best-in-class shipping and fulfillment rates. Our carrier pricing benchmarks, insider knowledge, contract negotiation and audit & pay services level the playing field between you and your carriers. Spend smarter and maximize your profit margin by rightsizing your shipping costs with Shipware.

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