

Startup aims to take the blues out of retail logistics

Most of us have missed a delivery of online shopping loot. blu started out as a solution to that problem – and it's not ending there. BY JANICE HENG

YOU might expect a start-up that rides on the e-commerce wave to be run by tech-savvy, code-fluent computer wizards with obscure engineering backgrounds.

Yet blu founder Prashant Dadlani, 26, is living proof that you do not need a digital background to launch a tech-related business.

All you need is a central idea, and a team to help you realise it. Of the 30-odd employees in this retail logistics startup, five to 10 work in technology development.

Mr Dadlani's own background is in business and finance. It was while pursuing his degree at the Singapore Management University that he hit on the idea of filling a gap in the local e-commerce scene.

The scenario will be familiar to most online shoppers: you buy something in minutes, but receiving your purchase is far less hassle-free.

Either you have to set aside a block of time to wait for the delivery, or the deliveryman shows up when no one is home, making it necessary for you to reschedule the delivery, or go out of your way to a post office to pick up your parcel.

Mr Dadlani said: "There's no point fulfilling orders fast if you can't receive orders fast." From the customer's perspective, what matters is the total time taken for the goods to reach their hands.

Enter blu.

Officially launched in October 2016, it is one of several firms in Singapore that offer self-service pick-ups, allowing online shoppers to retrieve their purchases from a range of locations at their own convenience.

There are now 67 bluPorts – automated parcel lockers – in locations such as convenience stores, petrol kiosks and shopping malls.

Besides retailers, blu also works with logistics companies such as DHL, so that parcels can be picked up at bluPorts instead of being delivered to homes.

What sets blu apart is that it provides services beyond last-mile logistics by going higher up the retail value chain; these services range from order management to warehousing, inventory management and order fulfilment.

With such end-to-end integration, orders can be placed, fulfilled and delivered to a bluPort within a day.

Sporting goods store Qoolmart and health supplement shop GoPure are among the online retailers using blu's end-to-end services, making same-day delivery possible.

All these services are offered via a single cloud-based inventory and management system, bluPortal.

Retailers use it to track the performance of different online sales channels, monitor inventory, and update their product catalogue.

At the front-end, blu's system is integrated into retailers' own e-commerce sites. Shoppers can simply choose bluPort delivery at the checkout page.

Back-end integration means that once an order is received on the retailer's own e-commerce site, it is automatically fulfilled.

This is thanks to bluStore, the company's 30,000sq ft warehouse in Jurong East.

There, hidden behind tall walls in the company's colours of blue and yellow, the automated inventory system works its magic, picking items to be delivered to customers' chosen bluPorts.

blu currently handles "thousands" of parcels each week, but has the capacity to do much more. Its robotic picking process is capable of fulfilling up to 200 orders an hour.

This level of productivity is within reach for any firm willing to make the investment – for after all, blu's system was not developed from scratch.

The firm uses Swisslog Autostore, a well-established automated storage and handling system.

With such options readily available on the market, taking the step towards automation need not be daunting. In fact, automation is relatively straightforward, said Mr Dadlani: "It's very easy to automate. It's not easy to integrate."

The true challenge is to go beyond simply adopting digital technology or automation, he added.

Rather, firms should look at their entire business process, from front-end to back-end, and consider how integration can be achieved along that chain.

Integrating internal systems also helps with efficiency, such as making sure the accounting and human resources systems are linked.

In the beginning, blu benefited greatly from Spring Singapore's Capability Development Grant, which it tapped for the initial set-up of all its systems.

As a young start-up that began with digital solutions in mind, blu may not seem like an obvious example of transformation within the retail or logistics industries.

Yet its story is part of a bigger picture of industry transformation.

After all, the market niche which blu seeks to fill is one that has opened up, thanks to the rise of online retail.

By providing end-to-end solutions, it has also helped traditional retailers to catch the e-commerce wave.

Retailers with no experience in selling online can tap bluPortal to explore that new sales channel, since the system handles everything from order management to fulfilment.

Beyond retail, blu is part of advances in the logistics sector too.

Automated self-collection points such as blu's represent a growing trend of letting customers choose where and when they want to receive their parcels.

bluPort delivery is available even to firms that have not become direct partners with blu.

"We realised we can't integrate with everybody," said Mr Dadlani.

"So the question was, how do we allow consumers to shop everywhere but still use the bluPort?"

Last October, the company launched bluGate – its answer to that question.

By providing a special shipping address, customers can choose bluPort delivery with any online shopping check-out.

This brings the convenience of self-service pick-up to a wider consumer base, furthering the reach of this trend in last-mile logistics.

New niches

Besides being part of a rising trend, blu hopes to create new niches of its own.

Last October, it launched a pilot of bluChill: a temperature-controlled self-collection terminal.

Located in Downtown Gallery in the Central Business District, it is mainly a proof-of-concept for now, but has been used by shared cooking space OUE Social Kitchen for the pick-up of food.

"We are linking up with partners who want to offer it as a trial option in their check-out process," said Mr Dadlani.

blu is not restricting itself to retail, he added. After all, bluPorts are useful for "basically anything that requires effective distribution".

He really means "anything" – they have been used as collection points for items ranging from wedding invitations and favours to the RFID (radio frequency identification) bracelets used to gain entry to last year's Ultra Music Festival.

This Chinese New Year, blu tied up with Nestlé for the food-and-drink company's festive redemption campaign. Customers could pick up redemption items such as cookware from bluPorts.

Mr Dadlani does not even like referring to bluPorts as "self-collection" points, as doing so "constrains the perspective too much". After all, they could function as drop-off points too.

He envisions one day moving into the "customer-to-customer" segment, where one blu user can drop off an item for another one to pick up.

In the future, blu could even go full circle, from e-commerce back to physical stores. Mr Dadlani imagines another possible use: logistical support for on-site inventory.

"Fast fulfilment can support brick-and-mortar," he says.

A clothing retailer, for instance, could choose to hold less inventory in the store itself. When stocks are running low, a quick delivery can be arranged to a nearby bluPort.

The extra space gained from holding less inventory could be used to make the physical shopping experience more exciting and attractive to customers, Mr Dadlani suggested.

Talk of blu-sky thinking.

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"The processes can be automated but the human element should not be."

blu founder Prashant Dadlani (above) on how high-tech processes can be complemented by employees' own ideas

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