

▼ RDS Delivery is always on the move, and so is its tech. You got a problem with that?



# Manhattan Transfer



How technology helps keep one  
New York messenger service on its feet

by David Propson

**A BEAST WITH 200 FEET IS LOOSE ON THE STREETS OF MANHATTAN. IT DUCKS THROUGH CROWDED INTERSECTIONS, CRAWLS DOWN SUBWAY STAIRS, DIVES THROUGH THE DOORS OF CLOSING ELEVATORS. IT'S ON THE LOWER EAST SIDE, ON THE UPPER WEST, IN THE VILLAGE, STALKING THE LITERATI IN MIDTOWN, TRACKING DOWN THE SUITS ON WALL STREET. IT HAS SOMETHING FOR THEM, WITH THEIR NAME ON IT.**

**CONTROLLING A BEAST LIKE THIS ISN'T EASY** – especially when your business depends on it. It's an everyday problem for brothers Larry and David Zogby, the owners of Manhattan's RDS Delivery. The messenger service has almost a hundred couriers, and among them they deliver over a thousand packages a day. That's a lot of addresses to find, a lot of signatures to collect, and a lot of unforeseen problems to deal with. But at \$10 or more per delivery, there's a lot of money on the line.

"The concept is very simple," David says. "Pick up a package and take it from point A to point B. But the logistics can be difficult, and many things can go wrong."

When the Zogbys' purchased RDS Delivery fifteen years ago, it was a totally different operation. First, the company had only about 20 employees (forty feet, if you're counting), and the technology that the company and the rest of the industry were using hadn't changed much for decades. Messengers would be venture out, pick up a few packages, wind their way to the destination, and give headquarters a call when they were done. But as far as the dispatchers knew, the couriers could have been taking a walk in Central Park. The Zogbys quickly started keeping tabs on their messengers using what were then state-of-the-art pagers – "large, clunky ones," that only sent out a tone signal – as David recalls, and they've kept their company in new tech ever since.

Now technology and the Internet are not only changing

the way RDS does business, but are also turning the delivery business upside down. The Zogbys must figure out where it's going – and get there first.

### Central Intelligence

The brains of the beast is the database system back at their Lower East Side headquarters. RDS has been using a system from Datatrac Corp., a software provider for logistics and delivery companies nationwide, for the last 10 years. It constantly upgrades the system and keeps it up to date. It has the records of all the customers, deliveries, and messengers for most of the company's history.

So how does it deliver results more quickly? Start with a package, sitting somewhere on an executive's desk. How it will be handled, who will pick it up, and when they will drop it off depends on all sorts of different factors. When a customer or client calls in to order a pick-up, RDS's customer service staff grills them. "We start with their phone number, what we're picking up, who we're delivering to, floor numbers, room numbers, special instructions – is what we're carrying fragile?" David says. "Often we find that we're exasperating our customers."

Once the reps extract the information from the callers, they enter it into the Datatrac system, so that RDS's dispatchers can access it. That's where the difficult work begins. The dispatchers have to take all the information about

the packages, their destinations, and the messengers who are going to deliver them, match the right packages with the right messengers, and send them along the most efficient route.

“Dispatching is like air-traffic control,” David Zogby says. “They’re managing time, and managing the courier’s ability, and things of that nature. It’s fast paced and exciting, but it’s incredibly stressful.”

Before most messenger services computerized their systems, deliveries took much longer and cost a lot more. Many delivery services, including RDS, simply established scheduled routes and only picked up packages that were ready by a certain time of day. Collecting and communicating all the information to make new assignments on the fly was just too difficult.

“You’d get caught in absurd situations where you have a pickup at 16th Street, but while the courier goes to do it, you can’t get in touch with him to let him know that there’s also a pickup at 15th street, right around the corner,” David explains. “That’s a costly problem.”

Now the dispatchers can pull up all the information about the delivery on their computer screens. If a package is fragile and the nearest messenger is already carrying lots of heavy, non-fragile packages, they can see that and pick another messenger who may be slightly further away. Or they may see that they can’t assign a certain courier because he still has several pickups and only 15 minutes to complete them.

They also make their own additions to the order, noting when they assigned the package and when they received word from the messenger that the package had been picked up or dropped off. So a complete report of what the package is, where it’s going, and where it is can be pulled up in a few moments by anyone on the system. On the other hand, if they want to know all the messengers who are taking deliveries from the Lower East Side to the Upper West Side, and when they’ll complete those orders, they can do that, too.

### Signed, Sealed, and Delivered

RDS’s database system is a great way to centralize all its information, but first the staff needs to collect it. The customer service reps and the Datatrac software take care of half of the operation, but the other half – keeping tabs on the messengers themselves – is trickier. Currently, most of RDS’s messengers carry alphanumeric pagers. They receive instructions from the dispatcher and then call to acknowledge that they’ve received the assignment or that they’ve successfully picked up or dropped off the



David and Larry Zogby have the island covered, from the Bronx to the Battery.



package. It’s a complicated system that’s about to get a whole lot better.

A few months ago, RDS began introducing a new device called the Acknowledger. The handheld device, from Wireless Links, lets the dispatchers transmit wireless information to a messenger, who can then automatically send wireless confirmation to the main computer that he has received it. When the pickup is made, another button transmits another set of signals to the database, confirming the pickup. The device also attaches a signature, is wirelessly transmitted to the database, and is faxed to the client who sent the package.

The cost for all these new devices and the back-end systems to make them work is considerable, but worth it, David says. “There’s a demand among our clients for more information. We can instantaneously fax confirmation to them. Or they can just use us as a resource if they want to make reference to it.” The most immediate benefit of the system, according to Larry, will be a drastic reduction in phone calls. “Sending data wirelessly reduces overhead cost,” he says. “And your dispatchers don’t get winded by the end of the day, since they’re not talking all the time.”

Teaching their large staff of messengers to use the new technology promises to be a challenge, but the Zogbys aren’t worried. RDS has been down this same road before, and they know how to train employees on new technology. “The trick is to phase it in stages,” David says. “Grab a couple of veterans, and start it slowly. Get involved with companies that already have it up and running, and learn from them.”

## Putting It in Their Customer's Hands

About a year ago, RDS started distributing versions of Datatrac's new client software (called OTIS) to customers interested in placing orders electronically from their own desktop computers. Datatrac recently introduced a Web-based version of the system that it hosts on its own computers, which would let RDS shift its operations onto the Web.

For now, customers simply use OTIS software to dial into RDS's servers and place orders. "Customers feel in control," Larry says. "They know that they put the order in, and feel good with that. Also, they can bill their clients immediately."

The system also reduces overhead costs for RDS because RDS's customers are essentially taking over part of its workload. The only cost to the company is the few cents it pays to Datatrac for each transaction. "You ask yourself, would you rather have the fixed cost of hiring another full-time employee, or just pay every time the service is used?"

Because the system refuses to process orders unless all the required information is provided, it helps prevent mistakes – without customer service reps having to repeatedly nag impatient callers. But the most important benefit of an automated, self-service system is that both the customer and the business can refer to a permanent record if anything does go wrong.

RDS and its customers both have access to the same information. That keeps both of them honest. Let's say a user logs

onto the system at 2:00 p.m. to check on a 2:30 p.m. delivery, and sees that it hasn't even been picked up yet. They know who's to blame, and RDS has nowhere to hide. On the other hand, if the customer claims they put in a rush order and the package wasn't rushed quite enough, RDS can check to see exactly how that customer entered the order.

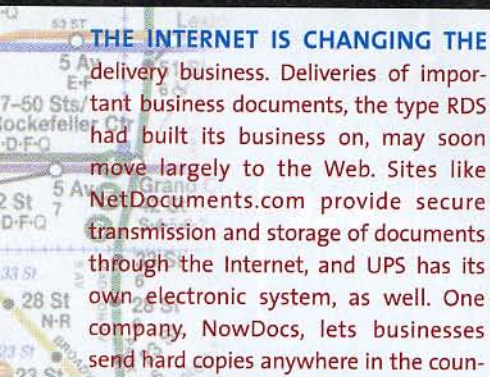
"In the past, you could lose business," Larry says. "If they've got to cover themselves, someone's got to take the fall. Blame the messenger service. It can get ugly, and you never know when that ugliness can affect a \$100,000 account."

All the benefits from this kind of technology will increase as more people are given access to it. But teaching customers to accept new technology isn't always easy. RDS started its system about a year ago with a dozen users who placed orders frequently and who were excited about the technology. David Zogby says they accept that some people may always prefer to talk to a customer service representative in person. "But eventually we want most of them to feel comfortable using it," he says, "whether it's the occasional user or someone who requests several pickups a day."

With customers zapping in orders and couriers zipping back signatures, the busy RDS offices will take on a totally different tone. "Can you imagine that?" David asks. "A messenger office where phones don't ring? That would be a quiet, quiet world." ■

## Speedy Delivery

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**THE INTERNET IS CHANGING THE** delivery business. Deliveries of important business documents, the type RDS had built its business on, may soon move largely to the Web. Sites like NetDocuments.com provide secure transmission and storage of documents through the Internet, and UPS has its own electronic system, as well. One company, NowDocs, lets businesses send hard copies anywhere in the coun-

try within two hours: Upload a file, and they print and deliver it.

What does that mean for RDS? "We're going to be carrying fewer envelopes and getting involved in delivering more boxes and more cargo, more consumer goods," David Zogby says. "Our position has suddenly gotten a lot stronger. Our industry has been catapulted into a new arena, and we'll be delivering to markets we never had before." E-commerce depends as much on UPS as it does on ISPs. Established messenger services like RDS may be in a position to provide the wired world with same-day delivery of products.

Already, the "last mile" market, as it's called, is getting crowded in Manhattan. It started with Kozmo.com and its imitator UrbanFetch.com. These are what David Zogby calls "errand companies" – rent a movie, buy some candy or popcorn, and they deliver it to your door. Now

they're delivering goods of even more companies. And this past Christmas, BarnesandNoble.com experimented with same-day delivery, using its armada of brick-and-mortar stores as "warehouses." RDS has been in contact with several chain stores and dot-coms to discuss partnering closely with them.

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