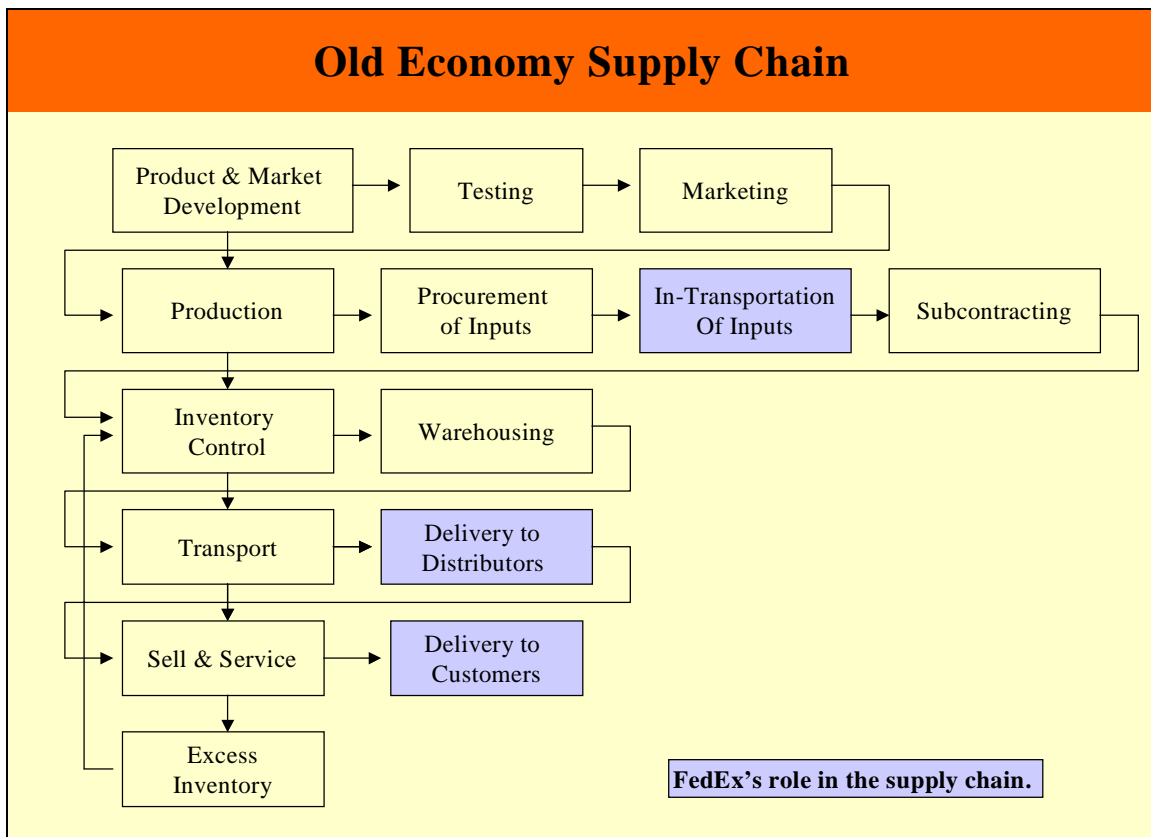


Epilogue

The evolution of FedEx in many ways has mirrored the transformation of businesses and consumers from the Old Economy to the New Economy. Fred Smith and his FedEx team launched the “express revolution” originally to add efficiency to an Old Economy supply chain. Old Economy supply chains were mostly based on fragmented and compartmentalized systems, where players added value in their particular niche operations. FedEx provided time-definite and express deliveries of valuable parts and components to facilitate production, and also delivered final products to distributors and customers. FedEx added enormous value to businesses, particularly high-tech firms, by perfecting the express transportation network and the information systems that supported it. However, within that framework, FedEx’s role in the supply chain remained compartmentalized, as seen in the following chart.



New Economy dynamics have transformed the supply chain. Forced by the reality of competition, firms can no longer manage production, inventory control, transport, and sell and service as functions independent of one another. The New Economy supply chain is an entirely different animal, defined by its “organic” nature, whereby operational impacts of any part of the organism are keenly felt throughout the entire supply chain. Firms that want to compete and excel in the New Economy need to integrate demand management, inventory management, distribution, and customer fulfillment with seamless information flows, from the supplier level to the production level, and on to the customer level in real-time. Each of the supply chain components must be supported by sophisticated information systems that provide the highest degree of visibility, precision, and efficiency. This is particularly true for companies engaged in e-commerce.

This is why FedEx launched “The Third Revolution.” The focus of new supply chain management strategies offered by FedEx is on customer “demand-pull” solutions. These strategies abandon the concept of stocking shelves and then building demand. In the new model, products are “pulled” by customer demand, not “pushed” by supply. Integrated information systems are used to provide moment-by-moment awareness of the status of a company’s overall materials and processes.

FedEx is now one of the best-positioned companies to assist its customers in planning and executing a comprehensive Internet-based supply chain strategy. The FedEx approach provides a single source solution that includes consulting and solution design, planning and scheduling, and order fulfillment. FedEx has developed standardized file formats to enable the exchange of shipping, tracking, fulfillment, and revenue data between third party systems and FedEx’s systems. In the New Economy supply chain, FedEx’s role has expanded and will continue to deepen to link up all components of the supply chain.

The logistics role of FedEx has expanded, through the continuous investment and future-oriented service development that have always characterized the corporation, to encompass nearly all facets of the New Economy supply chain, as can be seen in the following chart. The greatest impacts of FedEx’s Third Revolution have yet to come.

New Economy Supply Chain

