Chapter 2 Global E-Business: How Businesses Use Information Systems

Case 1: How FedEx Works: Enterprise Systems

Tags: digital firm; business processes; types of information systems; enterprise systems

Summary: Here is a segment from Reading Rainbow about how a package is shipped and handled at the FedEx facility from one point to another. Levar Burton from "Star Trek: the Next Generation" hosts. L=7:01.

URL: http://www.youtube.com/watch?v=Ug4GH3IPjaI&feature=related

Reading Rainbow segment -- How FedEx sort thei...
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Case

Federal Express is a logistical services company based in the United States with approximately 100,000 employees worldwide. FedEx provides transportation, e-commerce, and business services. Founded in 1971 by Frederick W. Smith, the company was created to remedy what Smith viewed as inefficiency in the distribution system for air freight. Since that time, Federal Express has garnered a reputation for revolutionary business practices, speed, and reliability. Their information systems are a critical component of their success. This video illustrates business processes and some of those systems in action.

The route a typical package takes from start to finish is as follows. First, a FedEx agent picks up a package and scans it, entering it into the system under a unique identification number. It's then transferred to a hub, or sorting center, via a truck containing other similar packages. Once it reaches the nearest sorting center, which are over two football fields long and have anywhere from five hundred to a thousand workers, the packages are sorted via a system of conveyor belts.

FedEx uses several types of technology to sort the packages it ships. A dimensional scanner gets the length, width, height, and weight of the packages to determine their size and eventual cost of shipping. Another multidimensional scanner reads the barcode from any location on the package except the bottom. Then, paddles nudge the packages onto different belts depending on the eventual destination. Some packages require manual sorting instead of this automated method.

Once the packages have been sorted, they are placed into boxes together. The boxes are shaped in such a

way that they will fit into a plane with maximum efficiency. A FedEx air control center coordinates the arrival of trucks and monitors airport and airplane conditions. Once the planes take off, travel, and reach their destinations, a FedEx courier delivers the package by hand, and scans again to signify the completion of the transaction.

Case Study Questions

1. List the business processes displayed in the video.

2. List the types of information systems shown in the video. Can you describe how systems that were not shown might be used at FedEx?

3. The system displayed in the video is an enterprise system. Why is this true? Explain your answer.

4. How important is technology to FedEx's business processes?

5. How could FedEx's shipping process be made even more efficient?