

THE LOGISTICS POINT

YEAR 4 | ISSUE 07 | JULY 2023

EXCLUSIVE
VIDEO CONTENT
INSIDE

MISSION POSSIBLE: EXCITING CONSUMERS ABOUT DELIVERIES

Retail is putting more pressure on the logistics sector to add value to the consumers' brand journey



THE ROLE OF
PROCUREMENT IN
NETZERO

How the function has evolved to create more value than ever

UK'S
MANUFACTURES
VS WEATHER

Extreme weather is reshaping the way manufacturers work

BATTERIES:
WHAT'S GOOD &
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Batteries have many great advantages



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EDITOR'S NOTE

Always right

We have all heard that the customer is always right. I am sure many who work customer facing roles would wish this was not the case. But logistics is now playing such an important part of the customer journey, that we can't ignore the statement.

Retailers are relying on the industry to deliver not just the goods but also the brand's values and post-purchase experience. In this edition we look at how logistics is embracing this new (not so new) role and why it brings competitive advantage.

Procurement rules

We are also exploring the role of procurement and how it leads the way towards NetZero and green logistics. We take a look at the way EVRi, one of UK's largest courier companies, uses its procurement department to drive efficiencies and sustainability. We also take a look at the overall role of procurement for the supply chain as a leading actor that is now not just focused to lowering costs.



Deeper look

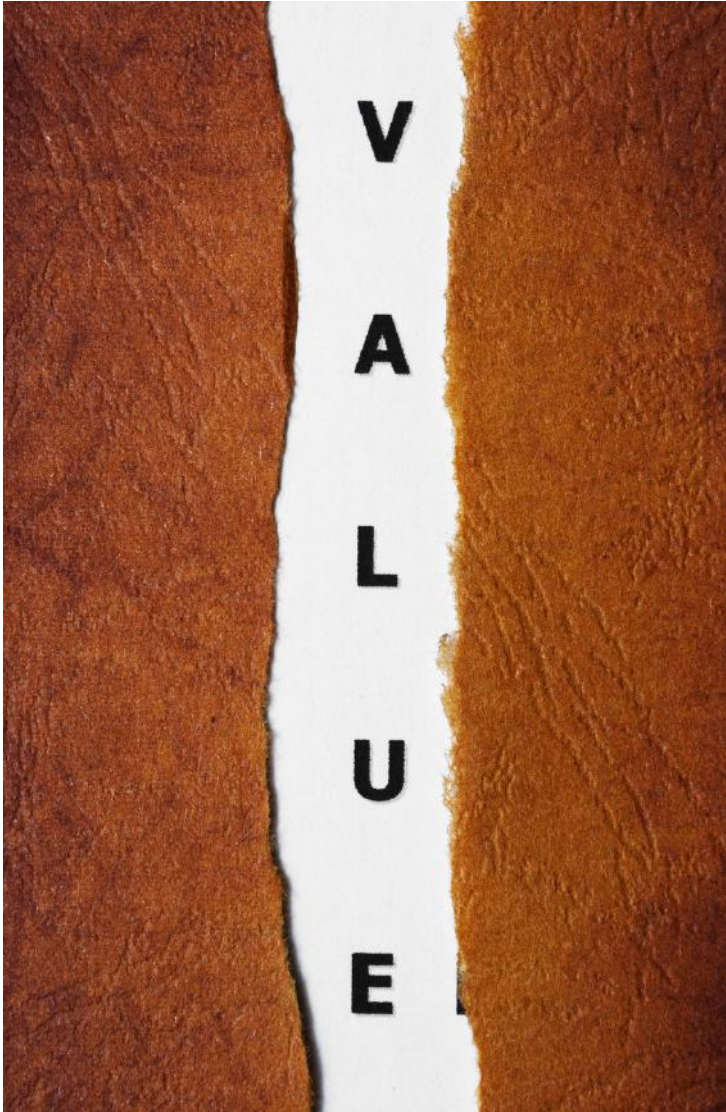
From September we are introducing a new deeper look into the world of logistics and supply chain. The Logistics Point Features will dive into some of the hottest topics for the sector and how leading companies are channelling their expertise.

You can learn what we are going to work on on [page 42](#). And to take part in one or more of our features, just message us.

We hope you enjoy the July edition and we will be back in September with more in depth stories from our favourite industry.

Nick Bozhilov
Editor in Chief
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VIDEO **EXCITING & ENGAGING CONSUMERS ABOUT THE FINAL MILE DELIVERY**

Missed deliveries and lack of feedback are things many retailers and logistics service providers deal with on a daily basis. Often the solution is to ignore them and pay higher costs, both in financial and brand terms. We spoke to Gary Rosier-Taylor, Sales Director at [Descartes Systems Group](#) about how consumers get involved with the delivery process, share feedback and become active participants that rewards retailers and logistics. You can watch the full video interview now.

Gary, where do logistics & retailers fail when it comes to consumer engagement and how can they do better?

What we see from a consumer standpoint is all related to information sharing. All businesses have enough information but the biggest weakness we have seen is how to share it with the consumer seamlessly. That is the single biggest thing that creates a positive end-customer experience on the day of service.

We see most businesses holding up to that information and it is the thing that can help with engagement, customer experience and ultimately the operational side of the business.

Why do companies hold on to this information and do not share it with consumers?

I do not think organisations think about it. For many businesses the thought is that they have the information and know what is going on. However, they do not translate that into whether the consumer knows what is going on. It comes to utilising the available information and sharing it proactively.

On the other side, companies would say that they would not like to send constant notifications and spam to their customers. What is your opinion on that?

If I have paid for a product or service, I would like to know when and where it is arriving. I also would like to know any updates should something change. When we talk about spam it is about promoting a new product or a service that the customer may or may not want.

From a consumer's standpoint it has to be timely and relevant. There is no need to share every single status change. Consumers should be told the approximate time, where in the queue they are, any changes and when there is a more accurate estimate about the arrival time.

You can also learn more about Descartes Systems Group [here](#)



DESCARTES & LOCALZ

Recently Descartes Systems Group acquired the assets of Localz, a provider of the services we discussed with Gary in this interview. You can see a platform demo of the service below. The Localz platform combines real-time vehicle location tracking and communications to deliver safe, transparent, customer-centric SaaS solutions that transform the customer delivery experience. End customers can schedule services and deliveries through an online portal, and then follow the progress of their order in real-time with advanced notifications built in. Localz also helps retailers provide a premium, highly efficient “click-and-collect” solution that improves the in-store collection process.

How proactive are consumers when they receive this type of information?

Customer engagement is quite important when it comes to the delivery and the day of the delivery itself. Typically we focus on the engagement with the brand, but what we look at is how engagement with the consumer is on that specific delivery.

With our solution we see a huge increase in how engaged consumers are. The more proactive, timely and relevant the information is, the more interested consumers are. We have around 60 - 70% consumer engagement with the notifications we send. The information provided should not be too detailed but it should not also be very limited.

If somebody is engaged with content early on, around 60% of consumers refresh the page regularly. We've had cases and instances where clients refreshed the map in excess of 100 times, because they are so keen to know what is happening.

The most valuable and core information is where the driver is and when they will arrive at the address. Companies can choose to provide other information around regularly asked questions, or a help desk.

Platform demo below

We also have a solution that allows the consumer, the driver and head office to have a conversation. It is low usage but very high impact, especially for consumers with special needs. If someone does not hear well, they can inform the driver to be louder. If they can't walk fast enough, they can ask the driver to wait longer at the door. It has a big impact on the customer journey with the brand.

The post-purchase experience is also part of the customer journey and logistics has become responsible for it too. Getting feedback, however, is hard. How do we make it easier and more efficient?

In the retail space it is very common to receive a delivery and be asked for feedback in a week's time. We send a survey straight away and we have seen that 90% of consumers reply within one hour from the delivery.



GARY ROSIER-TAYLOR, SALES DIRECTOR
AT DESCARTES SYSTEMS GROUP

If there is some negative feedback, the company can speak directly with the consumer and resolve the issue. Sometimes it is not about fixing what happened but acknowledging it and promising not to do it again.

If I have paid for a product or service, I would like to know when and where it is arriving. I also would like to know any updates should something change. When we talk about spam it is about promoting a new product or a service that the customer may or may not want.

If somebody is engaged with content early on, around 60% of consumers refresh the page regularly. We've had cases and instances where clients refreshed the map in excess of 100 times, because they are so keen to know what is happening.



The logistics space is very competitive with low margins and being able to show that you have high positive feedback and you tackle the negative feedback is critical. This is a useful tool for organisations to win additional business.

You can watch the full interview with Gary below and learn more about consumer engagement with the delivery and post-purchase process. You can also learn more about Descartes Systems Group [here](#) and check other content we have created with Descartes [here](#). *



Choice

Choice

IS RETAIL BLIND ABOUT CONSUMERS' WISHES?

Delivery choices are an important part of the customer journey. Both retail and logistics have invested many hours to think about how best to serve their customers. However, many suffer from baskets being abandoned at the checkout due to lack of choices. We spoke to Bobbie Ttooulis, Group Marketing Director at Global Freight Solutions, about the need to offer more delivery choices and what the obstacles preventing retailers from doing this.

“The research highlights that consumers expect a minimum of around 5 different delivery options,” begins Bobbie when asked why the choices are not there, and points to how strange it is for retailers not to have them when the topic has been so widely discussed. There needs to be a mix between the options: different consumers expect different things. Some would prefer a premium option like faster delivery or a specific time slot.

Others would be more flexible and would go for the free delivery that will be in a few days time. This depends a lot on the demographic. Older generations, who have more time, would often go for the free delivery. Those under 45 years old would prefer something faster, which can be paid. Both, however, want it to be highly reliable.


Why not do it?

Retailers claim the costs and complexity of adopting a multi carrier approach is what stops them from offering more. 'Each time you onboard a new carrier you need to go to IT and ask for additional system upgrades,' Bobbie explains. Unfortunately, working with just one carrier is not a sustainable option as they might not be able to offer you everything your customer wants. Spreading the risk is a sound strategy with its own drawbacks.

The obvious solution is to turn to a company that offers a multi carrier management system. The conversation moves to how good such systems are. 'There are gaps in many shipping platforms,' Bobbie admits. The tech is developing quickly and such gaps should not be something to stop both retailers and logistics to adopt them.

Leading the choice expansion

Logically, how many choices are offered should be led by the retailer as it is their website, their customer and their loss. Delivery has evolved greatly over the last 5 years. It is no longer seen as simply a logistics problem, but a customer experience problem which impacts customer revenues and retention. This should be jointly owned by the operations and sales departments. The challenge is breaking away from the traditional approach of working directly with multiple carriers, to working with a single multi-carrier partner - this requires a change in mindset and approach.



MORE CHOICES

Should you really give your customers more choices? Does this not increase complexity and outweigh the benefits? According to the research retailers see this as the main barrier to offering more options. This would mean yet another service and carrier to integrate. Mastering the delivery choice is something that saves money. For the first time the research quantifies the cost of lost sales at the checkout due to inadequate delivery options at £30.5 billion.

Unfortunately, working with just one carrier is not a sustainable option as they might not be able to offer you everything your customer wants. Spreading the risk is a sound strategy with its own drawbacks.

Debunking myths

One of the myths is that if you do not offer free delivery, the customer will not shop with you. 'We asked around 2000 UK households what their preferences are. They often spoke about the express delivery, a nominated day or time of delivery.' A lot of retailers do not offer those, because they think customers are not prepared to pay for them. People would be prepared to pay around £2 extra for premium delivery.

The really non-negotiable part is the quality of the service and its reliability.

The UK is predominantly a home delivery market. Click&Collect is also a top choice for people. However, many retailers do not offer it, despite that, it's an easy way to satisfy a wide set of customers whose main priority is convenience or sustainability, or both. *

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VIDEO

PROCUREMENT STEPS UP ESG COMMITMENTS

Procurement has always played an important role in the supply chain but often it was undervalued. In recent years, due to the pandemic, the war in Ukraine and many other crises, procurement's status has been elevated. Now it is a critical function directly linked to the ESG commitments of companies. We spoke to Pauline Potter, Procurement Director at EVRi about the role of procurement in greening logistics up. You can watch the full video interview below.

Pauline, EVRi has one of the most ambitious ESG targets in the industry. What is the role of the procurement department in achieving them?

We are committed to be NetZero by 2035. We have a number of other ambitions around human rights management, for example. On the very front, as a logistics business, is our carbon footprint, of course.

Procurement has a clear responsibility to support Scope 1 & 2 by vehicles we acquire, the electricity we use in our buildings, etc. My team also has a bigger responsibility for supporting our central ESG team.



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Procurement is often seen as just about lowering costs. How does the department operate when its main focus is on marrying together with environmental consciousness?

Procurement as a function is really changing at the moment. Our reason for existing is driving value for the business and in the past that usually revolved around price. We have added to that quality and service, and the environmental part is just an evolution of that trend.

Now, we also want to drive the best value for the business but also we talk about our suppliers about their carbon footprint, the initiatives they have. We don't just manage costs but also the carbon footprint of suppliers.



PAULINE POTTER, PROCUREMENT
DIRECTOR AT EVRI

How did you set up the whole operation and decide what steps to take first?

We work very closely with our central ESG team (you can watch a video interview with Nancy Hobhouse, Head of ESG at EVRI, [here](#)).

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We sat down and looked at our priorities to see which are influenced by our purchasing decisions and which will lead us to a different choice of tools. Some areas would be led by procurement and others will be supported by it.

How do you manage the relationship with your suppliers?

First is making our expectations known. When I speak to peers the biggest frustration is that suppliers are not doing as much proactively as they should. I do not disagree with that but we live in a world where you need to ask for what you want.

We spoke to our suppliers and shared our commitments. We asked for much better data, clear commitment and a roadmap.



You can learn more about how EVRi has transformed its procurement team, the hurdles they faced and how they overcame them in the full video interview with Pauline Potter below. *



**BE A
CHANGE
MAKER**

PROCUREMENT EMBRACES ITS ROLE OF CHANGE MAKER

Every function across the supply chain is facing a multitude of challenges that are evolving constantly. Beyond raw material shortages and trade disputes, broader issues that have been talked about for years - such as climate change and sustainability - are finally starting to have tangible implications for businesses. We spoke to Prerna Dhawan, Chief Solutions Officer at The Smart Cube, about the transformation of the supply chain and where procurement fits into it.

'Procurement as a function used to be about getting a contract done,' begins Prerna. It was about getting suppliers onboarded and dealing with paperwork. After the recession of 2008, procurement became more involved in bigger decisions. Prerna says that in the last ten years she has seen procurement being involved in R&D projects, value chain re-engineering, driving sustainability initiatives and more.

The sector woke up and the expectations are much higher now. 'The biggest challenge now is that stakeholders expect procurement to really make a difference and drive value,' Prerna goes on. Procurement managers are asked to have the credibility and be able to talk the language of other business functions proficiently.

'Some procurement organisations have really embraced the challenge and risen up to become even more important,' Prerna continues. Those who have stuck to just being about cost savings have struggled.

Collaborations

The biggest theme for procurement and the whole supply chain has been collaboration. It runs through every area and it is not surprising so many organisations have embraced it. 'I have increasingly seen collaboration not just with internal stakeholders and suppliers, but also among peer companies,' Prerna says. Category managers do not share competitive advantages but they work together to reach the same goals.

This makes sense as what procurement and the supply chain is faced with, are challenges way above the abilities of a single organisation.



PRERNA DHAWAN, CHIEF SOLUTIONS OFFICER AT THE SMART CUBE

Collaborations have put the spotlight on supplier innovation too. Now procurement managers are more focused on building a lasting relationship with their key suppliers so they can proactively innovate together and rely on each other's experience. 'The type of questions companies are asking their suppliers has changed,' Prerna explains. Terms have changed too. 'I am hearing more about Supplier Engagement and Collaboration, rather than Vendor Management.'

AI and technology can help you get the data before you meet with a supplier. Automation and the broader drive to digitise the supply chain will free up time and space for more value-adding tasks. Automation brings the data and then the procurement manager can do the business. It is recommended to create a special relationship with key suppliers.

Automation Vs Relationships

Over the course of the last couple of years, procurement has automated a huge part of its day-to-day operations. How does this marry with the idea of creating better relationships?

'AI and technology can help you get the data before you meet with a supplier,' Prerna explains. She believes automation and the broader drive to digitise the supply chain will free up time and space for more value-adding tasks. 'Automation brings the data and then the procurement manager can do the business.' Prerna recommends creating a special relationship with key suppliers.

Investing in suppliers

People are looking into long-term strategies and depending on the items being procured they take a holistic approach. Farmers have become beneficiaries of subsidies by large organisations that want to ensure a secure source of raw materials, for example. 'Companies are looking at the total cost of ownership,' Prerna says. In the short term companies might spend more but they invest in the future and manage the broader argument around sustainability.

'I know this is mostly true for larger and more progressive companies,' Prerna admits, 'For mid-size businesses it is more challenging but good examples do exist, and we are seeing more and more emerge.'

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HOW UK MANUFACTURERS CAN IMPROVE SUPPLY CHAIN OPERATIONS IN THE FACE OF EXTREME WEATHER

**TONY PLAYER, DOMAIN PRINCIPAL, SUPPLY CHAIN
AT ANAPLAN**

In recent years, organisations have recognised the inherent business risk associated with a fragile supply chain ecosystem, elevating supply chain resilience to a boardroom discussion. It's clear that an agile, streamlined supply chain operation is critical to a company's ability to stay stable in a volatile economic environment.

This is a major concern given the International Monetary Fund's (IMF) forecast of a 0.3% contraction in the UK economy in 2023. A rise in extreme climate events and the transition to Net Zero further underscore the urgency. This is driving an increasing number of UK businesses to raise the alert regarding the resilience of their supply chains.

A rise in extreme climate events and the transition to Net Zero further underscore the urgency.

This is driving an increasing number of UK businesses to raise the alert regarding the resilience of their supply chains.

It's a wake-up call for UK manufacturers in particular, given their reliance on the import of raw materials, ingredients, and components. The UK relies heavily on global supply chains for products ranging from food and machinery to semiconductor chips. These supply chains are already under pressure due to years of disruptions brought on by the pandemic, and now weather-related change is taking its toll.

The Climate Change Committee's Climate Change Risk Assessment emphasises a significant lack of resilience in the UK's domestic and international supply chains, which is supported by the government's risk assessment. Earlier this year, for instance, weather conditions had a negative impact on harvest in Europe and North Africa, leading to a shortage of imported vegetables in the UK.

For UK manufacturers there is an urgent need to not only mitigate climate-driven risks and disruptions in the short term to protect profit margins but to re-think long-term strategies to deliver a more sustainable supply chain operation while also aligning with evolving ESG regulations and the Net Zero transition.

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So how can UK manufacturers act now to reduce their vulnerability, build their resilience, and drive more responsible—and profitable—operations into the future?

While it's a complicated challenge, the following are my recommendations as to where UK manufacturers should start.

Identify and actively manage risk

Unexpected climate-related events can profoundly disrupt supply chain operations, from manufacturing plants to transport networks. While manufacturers cannot predict individual environmental disasters, they can plan ahead to prepare their supply chains for increased volatility and climate-related events.

Actively assessing and managing risk is a critical first step and an exercise that should be done on a continuous basis. A supply chain digital twin, which essentially provides a virtual copy of a physical supply chain ecosystem, can enable manufacturers to contextualise risk across their entire network of suppliers and partners. Decision-makers can combine data from suppliers and producers, warehouses facilities, and logistics providers, with real-time signals from external data sources, such as weather data. This comprehensive data mix can help manufacturers identify supply chain vulnerabilities.

After identifying these weak points, developing 'what-if' scenario models is an excellent way to stress-test supply chain plans, forecasts, and operations. Leaders can examine the impact of a potential



TONY PLAYER, DOMAIN PRINCIPAL,
SUPPLY CHAIN AT ANAPLAN

climate event on a specific planning model, such as a standard inventory or assortment model, in both the short and long term. They can then implement contingency plans based on predicted outcomes, which can speed up decision-making in the event of a disruption.

For UK manufacturers there is an urgent need to not only mitigate climate-driven risks and disruptions in the short term to protect profit margins but to re-think long-term strategies to deliver a more sustainable supply chain operation.



Running real-time scenarios in the Anaplan platform has helped Del Monte, one of the world's leading producers, distributors, and marketers of fresh fruits and vegetables, stay on top of production and predict and accommodate market changes in real time. Where unforeseen events, like El Niño, used to make it challenging to prioritise product allocation, now Del Monte can run real-time scenarios to see what areas of the supply chain might not be profitable, then adjust strategies to limit food waste and increase profitability.

Establish communication channels with partners and suppliers

Real-time communication and visibility are also critical to ensure a continuous flow of goods. With so much change happening at such a rapid pace, manufacturers need to collaborate closely with their supply chain partners to avoid jeopardising profits. Establishing a single, real-time data hub—using a cloud-based platform, for instance—can help manufacturers remain

in constant dialogue with their suppliers and partners on topics such as pricing, sourcing and production, downtime, workforce, and carbon emissions.

Opening the lines of communication will not only help manufacturers stay on top of unplanned weather-related disruptions, but it will also help organisations track their progress toward Net Zero goals and targets.

The transition to Net Zero will not happen overnight, and, with the cost-of-living crisis, Brexit-related policy negotiations, and ongoing geopolitical turmoil, it will be a fluid conversation at best. New regulations and reporting requirements will be implemented, goals and targets will shift, and a business's ability to recalibrate and adjust will be critical to success. With greater supply chain transparency, however, manufacturers will be able to accurately manage and report progress and work with partners to make the necessary adjustments if and when regulations shift.

A more nimble and sustainable future

Given the UK's reliance on global supply chains, preparing operations for the impact of a changing climate—from extreme weather events to shifting ESG principles—should be a top priority for UK manufacturers in 2023 and beyond.

This will likely mean a change in processes and a change in thinking. Strategies and plans will need to evolve over time, just as the world around us continues to shift. That means actively managing risk, stress testing, and forecasting on a regular basis, and maintaining open lines of communication with supply chain partners to stay ahead of the negative impacts of weather events, or to address new policies or regulations.

These foundational changes can assist UK manufacturers in addressing vulnerabilities, navigating weather-related volatility, and building more resilient and sustainable supply chains. *

Opening the lines of communication will not only help manufacturers stay on top of unplanned weather-related disruptions, but it will also help organisations track their progress toward Net Zero goals and targets.



RE- FORECAST OFTEN

Unexpected weather events are likely to continue disrupting normal operations, new regulations will shift existing targets, and a general sense of uncertainty will linger for years to come. Manufacturers should realise that forecasting can no longer be done on a yearly or even quarterly basis and instead adopt a more continuous approach.

Forecasting on a more regular basis—using external signals as well as data from up and down the supply chain—can help manufacturers mitigate business risk in the short term, while also identifying long-term growth opportunities.



REDUCING SCOPE 3 EMISSIONS: TAKING THE RIGHT STEPS

Scope 3 emissions are what stops many companies when it comes to reducing emissions. It is not a surprise, as the area is notoriously hard to understand, monitor and change. We spoke to Serge Schamschula, Head of Ecosystem at Transporeon, about the challenges faced but mostly about what solutions can be put in place and how companies are embarking on this mammut journey.

Serge, what are the challenges when it comes to Scope 3 emissions?

Scope 3 emissions reduction presents two issues. Firstly, there is a data-sharing issue: parties in the supply chain are still reluctant to share data, and it isn't limited to emission-related data. This is particularly valid if real data can be shared, as it means that it gets out of the supplier's control.

This lack of a data-sharing culture can be described as a "lack of trust". We see examples where a shipper and its logistics service providers maintain a long-term trustful relationship and share data with a plus 90% coverage, while other shippers must live with a coverage of less than 10% in the same set of data.

This issue cannot be solved by “technology” such as blockchain. What can help to overcome some of the hurdles is a neutral body in between the parties, acting like a trustee.

Secondly, there is a data-quality issue: with GHG emissions, the quality of the data makes a decisive difference. Only calculations and insights based on high-quality data enable the actors in the supply chain to plan, manage and improve emissions in their network.

Where can data come from and how do we collect and analyse it?

The data for emission calculation can have different sources: shipper, LSP or carrier. Each source has a different data quality, whether it's planning data or execution data. The data can also be default averages, modeled, or so-called primary data. Primary data is always execution data at the carrier, since the execution takes place there.

In the simplest use case, which is FTL (full-truckload), primary data is the entire consumption of energy used during the transport, including empty miles and the energy type that triggers a specific carbon equivalent intensity (also including the energy production if we talk about well-to-wheel). If this data is given, no other information is needed to calculate the CO₂e, thus giving a realistic picture of the situation.

If this information isn't provided, we come to modeled calculation. The value of modeling is widely debated. Delivering useful results requires a high data accuracy, such as actual transport mode, vehicle information, fuel/energy type, payload, routing/total distance per vehicle or mode, etc.

Finally, most data is just an industry default average, which is an industry standard today. The result is that every FTL load from e.g. Brussels to Milano shows the same emissions, regardless of the transport mode (e.g. truck, rail or intermodal transport), how the vehicles are powered (diesel EUR-V, a bio-gas truck or a BEV), or whether it was routed via Switzerland (350 km shorter but more expensive), Austria (longer but cheaper) or via Central Europe where the driver spent his weekend.

The above observations are equally valid for every norm adhered to, whether it's the GLEC framework, the new ISO 14083, or any older standard.

What can help to overcome some of the hurdles is a neutral body in between the parties, acting like a trustee.

What happens at the data source? To calculate by industry defaults, one can use planned or execution data. For modeled calculation, “better” data may come from the shipper or – more likely – from the carrier. Primary data simply comes from where the industry gets its (accurate) data for scope 1 and scope 2 emissions from: sensors. For vehicles, this data comes from the telematics / rFMS. If the data is only claimed to be primary but shared from other sources, we would name it “wanna-be primary” and categorize it for modelling. Case studies show that data from sources other than sensors tend to be counterproductive.

Primary data coming from carriers does not have to be shared with their customers, as the latter must not know what parameters led to a high or low carbon intensity. This is where a neutral intermediary body can help, by receiving primary data from the carrier and sharing the insight with the customer.

Thus, we can consider that primary data only is a high-quality data type. It can be trusted and disaggregated, it makes differences between suppliers visible and allows for informed decisions.

Once the data is analysed, how do we know it is factually accurate and usable?

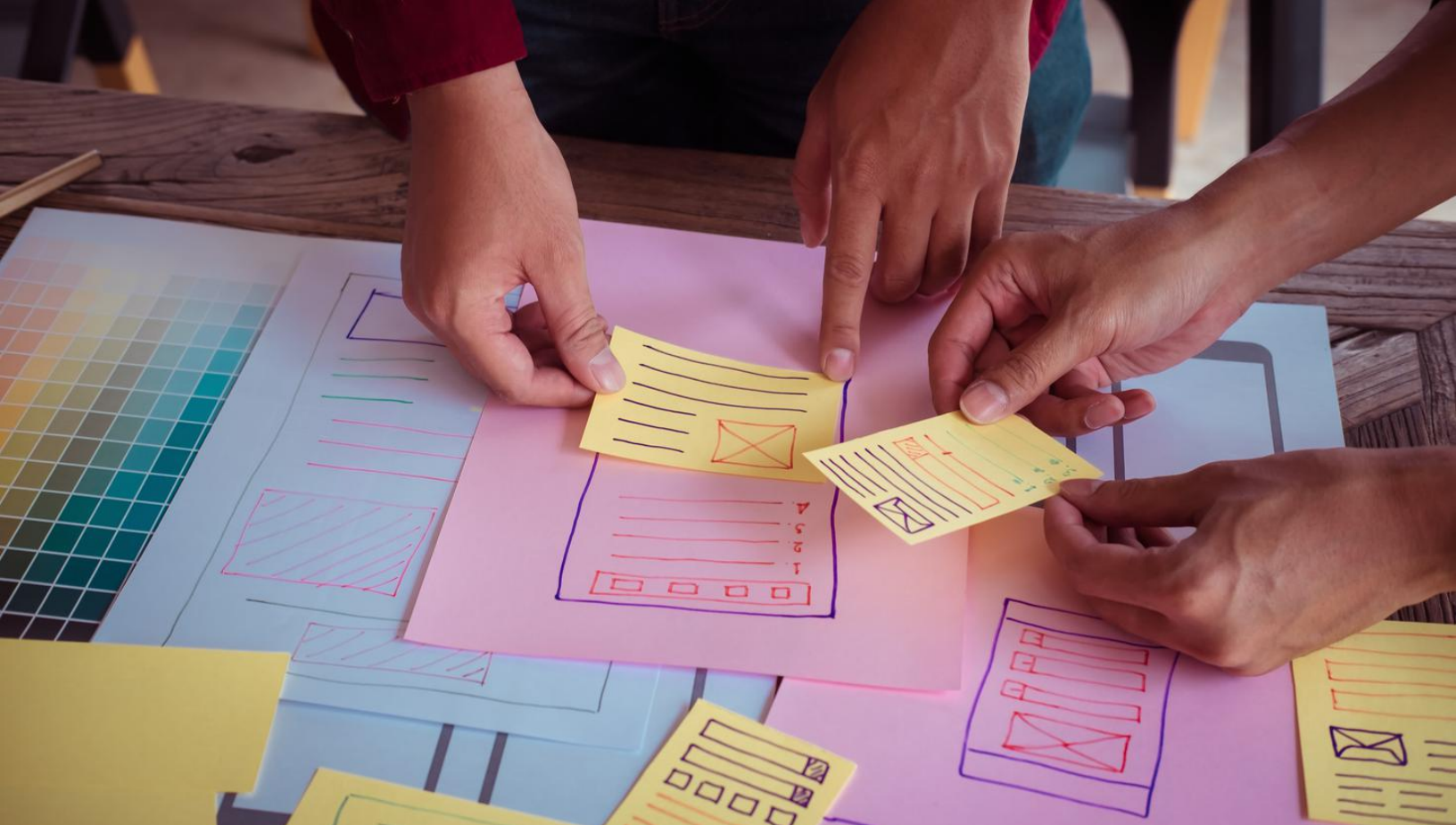
The accuracy of the data lies in the data quality. The usability lies in the granularity of the data, where corridor, carrier, and transport modality can be properly identified.

How can we act upon the results? How do we measure success and set KPIs?

One can act by implementing a decarbonisation strategy at the corporate level, setting a NetZero target or climate neutrality goal in line with the SBT science-based target initiative. Then, field reduction targets, which include logistics, need to be deducted. Since companies can have a hard time controlling their scope 3 emissions, the reduction targets for transport usually start at a lower level.

From a shipper’s or LSPs point-of-view, the main KPI is the CO₂e/tkm (carbon dioxide equivalent intensity per ton-kilometer), wtw (well-to-wheel) – or, even better, including emissions caused by production. The absolute CO₂e needs to be observed too. Finally, both need to become climate neutral.

These targets need to be pursued during strategic network planning and sourcing, tactical planning (procurement), and execution in parallel. The different measures are well referred to in the [ALICE roadmap to NetZero](#), following the system established by Alan McKinnon. However, it is essential to combine short-term abatement solutions (carrier selection, means of digitalization, ...) with mid-term solutions (such as modal shift and collaborative purchasing) and long-term investments (fleet electrification, green energy production, ...). *



THE PLANNING DISRUPTION TAKING OVER THE SUPPLY CHAIN

Planning is a key feature of logistics and supply chain organisations. There are plenty of software tools and experts who provide advice and help. However, the industry still seems to be challenged by planning. We spoke to Marco Limena, CEO at Board International about a recent study the company conducted around planning and what issues supply chain organisations are facing.

Marco, what disruption would you say is on top of the list for supply chains right now?

Board recently surveyed 2,450 global business decision makers and found that 89% of supply chain professionals who tried to initiate some form of planning transformation since 2020 failed in some aspect. In light of this, I think it's safe to say the supply chain industry is experiencing a planning disruption. While many organisations have implemented a range of sales and operations planning best practice tactics, many businesses are still taking an inconsistent and manual approach to supply chain planning. This is self-disruptive because it could have a negative, domino effect on the productivity, transparency, efficiency, and output of the process.

In practical terms, there are examples of common supply chain weaknesses, which stem from little or obsolete planning strategies:

- Lack of centrality in data silos – growing volumes of data are still held in disparate repositories with no link between them and no single point of truth which fosters little to no communication between teams.
- Lack of focus – business users spend more time trying to collate data sets at different stages of the process to gain clarity rather than evaluating options and making decisions.
- Low accountability – lack of a central, agreed plan results in departments or divisions focusing solely on their own activities with little consideration for their impact on other business units.
- Poor flexibility – traditional planning solutions (either spreadsheet-based or otherwise) are not able to cope with changing business demands, which slows down the planning process further.

Why do you think planners and managers are unprepared?

Many planners and managers in the supply chain industry are not ready for future disruptions simply because they're in reactive, or repetitive mode. Too often, supply chain leaders wait to deal with the aftermath of a disruption when they should focus on preempting such aftershocks.



MARCO LIMENA, CEO AT BOARD INTERNATIONAL

If we look to the modus operandi supply chain planners operate from, according to our data, 98% are still using basic excel spreadsheets, which is fast becoming obsolete in comparison to smart technology, which has the capability to arm businesses against looming threats to the industry.

Predictive analytical insight and scenario planning is vital for making informed and important decisions that will ensure supply chain businesses prepare for unforeseen challenges, and stay ahead of the curve in a highly competitive industry.

Through using advanced analytics and automated planning tools, companies can make better decisions faster. Businesses can also identify operational risks and opportunities, optimise inventory levels, reduce costs, and improve customer service.

Are there resources lacking in the supply chain: knowledge, human resources, financial, etc.?

The lack of knowledge, particularly when it comes to understanding available simulation tools is probably the biggest hindrance to supply chain professionals. Many companies remain unaware of Business Intelligence tools available to help improve supply chain processes. These tools also help supply chain businesses reach informed decisions.

A good example of applying simulation tools to provide insight into decision-making within the supply chain process, is Tetra Pak, a world-leading food processing and packaging solutions company. Tetra Pak used enhanced intelligent planning technology to undertake agile simulation capability in a demanding modern market. This replaced Tetra's legacy Excel-based modus operandi with speed-to-scenario tools, which facilitated increased simulations to rapidly test scenarios and adapt to hypothetical supply chain disruptions.

What solutions do you think can be implemented?

Businesses can implement Integrated Business planning (IBP), which is the new standard for modern planning activities. At its core, it enforces integration between departments and removes data silos, which increases alignment and accountability, improves visibility, and generates better decisions across supply chain teams.

On a practical level, below are some ways businesses can deliver a range of improvements to increase overall efficiency and effectiveness in the supply chain, through IBP:

- Integrate planning solutions to optimise production schedules - don't just add inventory to protect against forecast inaccuracy
- Use estimated demand as input to the production plan - this will ensure constant on-shelf availability of products, minimal waste, and unnecessary inventory
- Estimate material and resources requirements as part of the production plan - this will help determine fixed and variable costs, manage shortages and enforce alignment with procurement and HR departments.

Lamb Weston, a global frozen food processing company, is living proof that taking an IBP approach can revolutionise supply chain processes. The company had faced operational challenges which threatened to significantly hinder its future plans to scale and boost revenue growth. Through building out a defined supply chain plan through IBP, the company became more agile in its decision-making processes which positioned them to confidently forecast sales a few months in advance. *



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HOW DATA IS INCREASING DELIVERY EFFICIENCY

Data is everywhere but how many logistics organisations are using it to increase their efficiency? We were honoured to be part of MOVE 2023, one of the largest events for logistics, and speak on the topic together with Zach Burns, International Sustainability Supervisor, UPS, Mark Thomas, EVP Marketing and Alliances, Ridecell, and Phillip Davies, Co-founder, Magway.

Data can be used to increase the sustainability element in last mile operations. This could be anything from choosing the best route to providing information to the driver on the way they drive, when the vehicle is idling, etc. 'The approach should be to streamline the data,' explained Mark Thomas from Ridecell.

For UPS data plays a vital role in decarbonising their last mile fleets and reaching their NetZero goals. Zack Burns from UPS looked at how data is being used in terms of EVs. 'You cannot expect to plug in an EV the same way you do with a smartphone and see the same results,' he said. Data in those cases is used to distribute where the energy goals and how vehicles are being prioritised.

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Data is used to remove pressures on the grid for example and also increase the ROI. 'We need to move fast and be more effective,' Zack continued. All participants agreed it would be vital to make the most out of data sets and employ people that know how to analyse them and take further actions.

Integrating data

Data comes from many different sources and it is vital to make sure that all systems talk to one another. Phillip Davies from Magway looked at how hard this could be and also what the benefits of such proper integrations are. 'We all need to communicate with one another to make the best out of it,' Phillip explained.

Another important point raised during the discussion was why logistics organisations are not willing to share data. Many are scared they will expose a competitive advantage but according to the panellists it will be helpful for all parties, reduce emissions and create more efficiencies.

Primary data

'One of the biggest challenges is how much primary data is needed to make an impact,' outlined Zack.

What will be essential is to standardise the way data is being collected and what is being collected. That would streamline the process and improve the way systems communicate with one another.

Courier companies have another layer of difficulties as they have large networks of self-employed delivery drivers. It is hard to get data from them on many occasions.

Data silos

'Part of the problem is that so much data exists in silos,' Mark continued. This can be resolved by implementing systems that can speak to one another and collect relevant information. Some of those can be about how the driver is behaving on the road, whether they turn off the engine at each stop, how many stops there are, etc. All of these might seem like minor changes and points to monitor, but taken together they improve efficiency, save costs and make the business greener and more sustainable.

Phillip reiterated how important it is for data handover to be seamless. This applies to thighs in the last mile but also when information is transferred between middle mile and last mile. *



CYBER RISKS CAN'T BE IGNORED BECAUSE OF FEAR

Cybersecurity risk is one of those vulnerabilities that has been on the radar, but it has not been the most critical threat for the logistics and supply chain sector. With the ever-growing importance of automated and digital tools, however, the industry has finally awoken to its importance. But does it still take a back seat? Who is responsible for the success of a cybersecurity program, and what happens when things do not go according to plan? We spoke to Alex Toews, Director of Product Management at Fusion Risk Management about how the supply chain industry is rapidly embracing cybersecurity.

'Everyone is responsible for cybersecurity, and there needs to be a communicated and built-in culture to protect organisations from cyberattacks,' starts Alex. He admits that the topic has been difficult for many people to wrap their heads around, with some thinking that they do not have the subject matter expertise to understand all the potential risks. Cybersecurity should be approached like any risk that needs to be controlled and managed.

Organisations need to think about it the same way they look at operational or compliance risk and build protective mechanisms and continuously educate their workforce. Due to its nature cybersecurity needs to be part of every functional area within a company, as all corners are equally exposed.



Understanding the risk

Cyber risks have many faces. 'In 2023 cybersecurity can be plainly understood as the risks that your organisation is exposed to through the use of technology,' Alex explains. Risks are constantly evolving and oftentimes we are not aware of those which are emerging. Alex is adamant that all organisations should see themselves as technology organisations. 'By entering the digital domain, you should knowingly accept the fact that you are exposing yourself to cyber risk.'

Risks in the supply chain are nothing new and managers are typically well-versed in managing the known threats and vulnerabilities. The same should be true for known and controllable cyber risks. Companies use multiple tools to procure, operate, and deliver their goods and services.

These tools can be constantly exposed to malicious attacks in the digital world. Risks also can come from suppliers and third parties that operate outside an organisation's four walls.

'The way you approach cybersecurity will depend on the role you are playing in the management of your end-to-end supply chain,' Alex continues. Procurement would be a critical function for protecting the organisation, as it is often the area that identifies, negotiates, and binds organisations to third parties.

Alex talks about some simple protective measures that need to be taken by individuals: things like not writing down your passwords, avoiding suspicious digital messages, and not sharing information with unknown entities.

While these measures sound quite obvious, they are often not taken seriously by employees who do not consider themselves a critical entryway for malicious actors. Organisations need to consistently train their employees and show them examples of phishing emails and other malicious content.

Measure efficiency

You should also put protocols in place to measure how well you are educating your employees and what the results are. There needs to be a clear expectation that cybersecurity is an essential part of everyone's day-to-day responsibilities and an understanding of the potential consequences of failing to make it so.

Setting up training is not enough and you need to enable direct action when education and knowledge sharing aren't making an impact.



ALEX TOEWS, DIRECTOR OF PRODUCT
MANAGEMENT AT FUSION RISK
MANAGEMENT

Once something happens, it is useful to have protocols in place that will help you measure the impact of the breach, swiftly stop the bleeding, and investigate root causes once the situation is contained. Organisations must make sure they have a well-developed cybersecurity program to ensure they understand the likelihood of cyber risks and are mitigating the impact in line with their risk appetite. *

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BATTERY ELECTRIC VEHICLES: THE GOOD, THE BAD AND THE DIRTY!

There are many benefits associated with BEVs (Battery Electric Vehicles) over their diesel counterparts. For instance, many BEV users are seeing reduced emissions among other operational benefits like reduced noise and odour, as well as torque, lower fuel cost, and lower maintenance costs. But we also need to look at the other side of the argument. We spoke to John McCaw, VP of Sustainability at Breakthrough, about the benefits and negatives of EVs.

'The emissions reductions with BEVs can be significant, but it's important to consider the source of electricity from a lifecycle emissions perspective. The greatest emissions reductions come with the use of renewable sources of electricity such as wind, solar, and hydro,' explains John.

Typically, we see emissions and price reductions of at least 30% on a load based on location, fuel schedules, and MPG (Mile Per Gallon) efficiencies, among other variable factors.

Barriers to adoption

Barriers to adoption associated with BEVs for fleets include the total cost of ownership (TCO), range limitations, and

vehicle supply, as well as a lack of charging infrastructure availability for heavy-duty trucks and the long lead times to develop the required charging infrastructure (12-24 months).

In the recent State of Sustainable Fleets survey ([2023 State of Sustainable Fleets Report](#)) the top challenge reported by more than three-quarters of BEV users is vehicle cost followed by range and vehicle availability.

Polyfuel approach

Shippers exploring alternatives to fossil fuel are considering a [polyfuel approach](#) based on their transportation sustainability goals, the geographic location of the route, and the length of haul. CNG/RNG, biodiesel, renewable diesel, battery-electric vehicles, and hydrogen fuel cell vehicles are all relevant options in the 2023 energy landscape. A polyfuel strategy is necessary as cleaner alternatives build infrastructure and shippers and carriers transition their fleets.

'This strategy also enables a gradual transition from fossil fuels to cleaner alternatives. With innovative decarbonisation solutions emerging, it is imperative to begin considering the infrastructure and partners available,' John continues.

Shippers have the opportunity to lead sustainable transportation practices. By proactively learning and understanding the various alternative fuel options and limitations, they can reduce emissions and costs simultaneously, optimize their networks, and build strategic partnerships. As aggregate demand increases for sustainable capacity, carriers and energy providers will respond by offering sustainable options. Regulatory support, as observed in California and parts of Europe today, can further incentivise action and facilitate the transition. *

A polyfuel strategy is necessary as cleaner alternatives build infrastructure and shippers and carriers transition their fleets.

SAFETY

SAFETY-AS-A-SERVICE: DRIVERS ADOPT SAFETY SOFTWARE

Majority of fleet operators in logistics are small to midsize organisations and when it comes to acquiring new technology, they can struggle on many levels. On one hand, they might not have the budget to implement something complicated, or their fleet is so small that it makes no financial sense to equip vehicles. We spoke to Marcus Newbury, COO and co-Founder of Driver Technologies, about how software has become easier to access and why no logistics company should shy away from such solutions.

'Safety is of utmost importance for many reasons, including because it is mandated by authorities and insurance companies,' Marcus begins when asked about the importance of safety technologies onboard vehicles. Because of budget constraints, it is not always feasible to install complicated software that can monitor behaviour. For Driver Technologies, one solution is using mobile phones as a device to provide safety information.

Coaching

Having information is great for fleet managers, but just presenting it in a nice dashboard does not do enough. Organisations are now focusing their efforts on coaching and training so they can use the available data and help drivers and fleet managers increase efficiency and safety. 'How information is portrayed to the driver is critical,' Marcus says.

Having information is great for fleet managers, but just presenting it in a nice dashboard does not do enough. Organisations are now focusing their efforts on coaching and training so they can use the available data and help drivers and fleet managers increase efficiency and safety.



MARCUS NEWBURY, COO AND CO-FOUNDER AT DRIVERS TECHNOLOGIES

Different solutions offer different capabilities and it is important to understand how each company is going to use the safety system and why they implement it. 'Some companies do not look at the video data provided unless there is an accident,' Marcus explains. Others might look just at the average safety score for each driver.

Communication with the driver is important too. There have been instances where drivers would purposefully obstruct safety devices that monitor the road and their behaviour. 'Sometimes drivers feel like this tech is there to micro-manage them.'

Safety as a service

Driver Technologies also looks at how costly such solutions are. The company offers a monthly subscription model for individual drivers as well as a customised enterprise solution for fleets. 'There has been a massive adoption because drivers realise that in case of an accident they need to have proof,' Marcus continues. *



TRADE FLOW SHIFTS CREATE NEW GLOBAL E-COM OPPORTUNITIES

The global e-commerce market is a beast that keeps growing. Despite a slowdown after the pandemic boom, things are now realigning. New market giants are emerging, and the focus is shifting from established trade hubs to new locations. We spoke to James Doyle, the newly appointed CEO of LATAM (Latin America) of Eurora, an AI/ML-powered cross-border trade company, about how global trade is shifting and the implication of these changes to LATAM and Africa as well as some of the established players.

'A growth period is coming,' James asserts. Drawing on his two-decade experience in global trade and in-depth understanding of LATAM and African markets, he elaborates on the changing dynamics in e-commerce and global trade. He explains that supply chains are becoming derisked and increasingly decentralised, paving the way for new, emerging hubs for e-commerce giants.

Latin America, he believes, is one such promising hub. Countries with specialised knowledge, he says, should be amplified and positioned as leaders. This shift in global supply chains is unveiling LATAM's potential, a view substantiated by market trends. LATAM's digital buyer base, currently at 300 million, is expected to surpass 360 million by 2027.

LATAM's digital buyer base, currently at 300 million, is expected to surpass 360 million by 2027. Its e-commerce market, meanwhile, is projected to grow 25% between 2021 and 2025, hitting the \$700 billion mark.



JAMES DOYLE, CEO LATAM (LATIN AMERICA) AT EURORA

Its e-commerce market, meanwhile, is projected to grow 25% between 2021 and 2025, hitting the \$700 billion mark.

This shift isn't just beneficial for emerging markets. Established trade hubs in North America and Europe will also stand to benefit as they can tap into markets that have specialised knowledge. 'Trade across borders used to be hard but not anymore,' James explains and looks at how software tools and AI are helping to streamline operations. Large and small businesses are now benefiting from Software-as-a-service solutions that can be easily installed and operated. This has unlocked global trade routes for many who previously could only dream of reaching international markets.

Culture matters

During the conversation James looks at how important it is to understand the cultural differences of markets and says they can be used as an advantage. Overall differences are not that substantial. Partners across the globe are interested in NetZero policies and sustainability initiatives.

The real focus is on consistency and standardisation as an enabler of global trade. 'If you are not consistent you lose customers,' James cautions. 'Consistency is what you need to make global trade possible.' *



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