THE LOGISTICS POINT

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EXCLUSIVE VIDEO CONTENT INSIDE

NAVIGATING THE WAREHOUSING REVOLUTION: AI, LABOUR & FLEXIBILITY

How are warehouses changing & adapting to meet new demands & old challenges

EXPRESS COURIERS DRIVE UK'S ECONOMY

CARGO BIKES: WHY ARE THEY SO NEEDED?

FOCUS ON AI: WHAT MAKES IT RIGHT FOR YOU

2024

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EDITOR'S NOTE

The warehousing market has changed dramatically following the many challenges we have all been experiencing. In this edition we focus on how those changes are impacting operations and what the sector is and should be doing to protect itself and deliver growth.

Video Interview
We take a look at the express courier market too with a video interview with Matthew Ware, CEO at CFL, about the role of express couriers, the growing markets, and the challenges.

EU's Emissions' Trading Scheme
The European Emissions Trading System (ETS) is a measure to incentivise emission reduction based on market principles and allowances which have a significant commercial impact. Serge Schamschula, Head of Ecosystem at Transporeon, A Trimble Company takes a deeper look.

AI in the centre
We cannot escape the topic of AI for one minute. A lot of companies are promoting AI and there is much good about it. But is it really that transformative? Can e-commerce and retail in general leverage a technology that many doubt will bring positive change and growth?

Much more in this edition too.

Happy reading!

Nick Bozhilov
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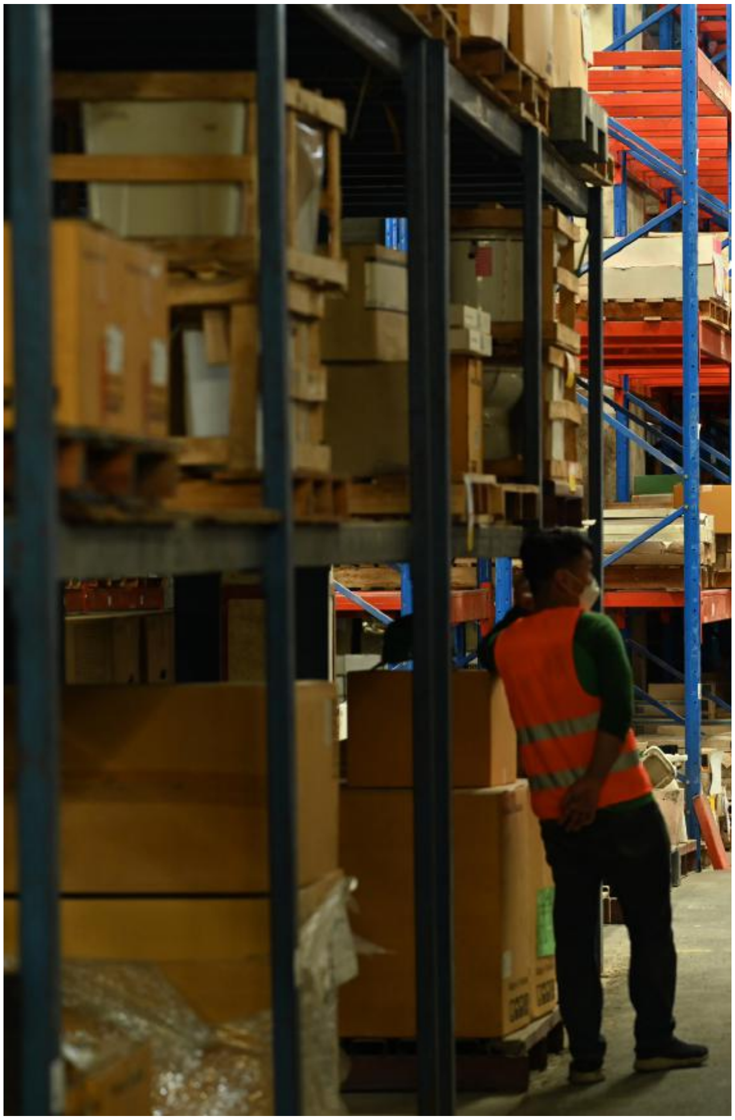
IN THIS EDITION



IN THIS EDITION

NAVIGATING THE WAREHOUSE EVOLUTION: AUTOMATION, WORKFORCE SHORTAGES & INCREASED FLEXIBILITY

With consumer expectations soaring for faster deliveries, Warehouse Operations leaders are embracing automation solutions to optimise processes. From stock reception to order dispatch, efficiency is the name of the game. To combat rising return costs, warehouses are prioritising error reduction through technologies like barcode scanning and quality control. In this month's feature we take a look at the dynamics shaping modern warehousing.

In the face of the pandemic, Brexit, geopolitical tensions, and surging inflation, warehouse and logistics businesses are navigating unprecedented challenges, pushing them to enhance resilience and efficiency. The spotlight is on achieving more with less, prompting a surge in omnichannel strategies.

Businesses are increasingly servicing both B2B and B2C orders from a single warehouse, fostering streamlined inventory management, cost reduction, and optimised logistics and fulfilment processes. Additionally, warehouses are being viewed as extensions of manufacturing capabilities, with the incorporation of value-added services to drive economies of scale and elevate operational efficiency.

Automation takes a central stage

'Technologies such as drones, robotics and autonomous vehicles have increased over the last few years as warehouse operators look to improve their efficiency and reduce the risk of errors that can have financial repercussions,' tells us Adrian Peiris, Business Manager – Contract Logistics, GAC Qatar.

A research by SCALA suggests that 42% of manufacturers, retailers, and 3PLs are planning to invest equal to or more than their annual warehousing costs on automation over the next five years.

> *"Picking and packing technologies also help to streamline operations as they can relieve staff of repetitive and often error-prone tasks to deliver greater accuracy while freeing up the workforce to focus on more strategic and value-adding tasks.*

'The challenge for organisations will be adopting the right technology to meet the specific needs of their business while ensuring this is integrated effectively into existing systems and workflows to deliver the desired improvements and ROI,' comments Dave Howorth, Executive Director at SCALA.

Rhyce Dawson, Associate Director at TMX Transform takes a look at simulations and digital twins, which are also growing in importance.

'These technologies can now provide critical insights into operations and greenfield facilities to help uncover hidden opportunities and make informed strategic decisions. Above all, they allow for sensitivity analysis to ensure that when decisions are made, they are robust enough to withstand the dynamics of today's world,' he says.

There are many opportunities for technology to be implemented to reduce the increasing demand for workers in warehouses.

Rich Trahey, VP of Global Sales and Marketing at Configura, however, says that companies should not underestimate the importance of the workforce. 'Warehouse and DC designers should expend as much effort as needed to design beautiful operations where people will enjoy working,' Rich explains.

Arguably, software is the easiest and most flexible solution to implement. For instance, in years past, there may have been 50 people walking and picking orders in a warehouse. Now, walk times can be reduced through technology, and smarter choices can be made on when to bring similar orders together to optimise the picking process. What used to take 50 people can now be done with only 20 or even fewer with automated solutions.

The workforce question

'The biggest challenge moving forward will be striking the right balance between investment in automation and robotics technologies and utilising the strengths of the human workforce to improve results,' agrees Dave Howorth.

Businesses must conduct regular workforce planning and forecasting to anticipate staffing needs and proactively address potential shortages. Just as crucial is retaining, developing and promoting employees effectively.

"Promoting a positive work culture is crucial to help maintain employee satisfaction and improve retention. This means fostering an environment where employees feel valued, respected and motivated, as well as providing an open channel of communication between employees and managers,' Adrian Peiris adds.

Across the business world, there is a fear that automation and AI will displace jobs, but for many employees, including those in warehousing, it can be an opportunity to upskill, retrain, and deliver more rewarding and strategic work. Bringing employees on the journey and offering appropriate training and support can make all the difference in the success of the implementation.

GOING UP

In response to escalating land costs and heightened capacity demands, warehouses are shifting their perspective from expanding horizontally to maximising vertical spaces. The latest trend involves leveraging verticality more effectively through the implementation of multi-tiered racking systems, integration of mezzanine levels, and the installation of high-bay automated storage and retrieval systems. This strategic approach aims to enhance storage density and is indicative of the innovative ways warehouses have adapted to evolving operational requirements.

'By ensuring their layouts are flexible and modular, warehouses can now reconfigure spaces quickly and seamlessly adjust to accommodate diverse products and requirements,' explains Trevor Stamp, General Manager – Contract Logistics, GAC Dubai.

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Where to start from

Pallet wrapping, pallet putaway and retrieval, and product movement using conveyors are typically good places to start, as they tend to be easy to implement and deliver clear returns on investment.

Picking and packing technologies also help to streamline operations as they can relieve staff of repetitive and often error-prone tasks to deliver greater accuracy while freeing up the workforce to focus on more strategic and value-adding tasks.

Capital availability is a significant barrier for businesses to transition into large-scale automation. 'Companies need substantial financial resources to invest in end-to-end automation, which is challenging considering rising interest rates and other economic challenges hovering over the industry,' hightlites Rhyce Dawson.

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VIDEO
UK'S ECONOMIC ENGINE: THE CRUCIAL ROLE OF EXPRESS COURIERS IN THE UK ECONOMY

Express couriers services are a vital part of the UK's economy. A report by York Aviation suggests that UK companies of all sizes and across multiple industry sectors are highly dependent upon the availability of a fast and reliable international express courier service. We spoke to Matthew Ware, CEO at CFL, about the role of express couriers, the growing markets, and the challenges.

Matthew, what is the state of the express courier space in the UK at the moment?
We have a very mature express courier sector in the UK and many businesses rely on it for trading in and out of the country. A key part of that is the quality of the infrastructure, but we need to note how key it is to keep investing in it, which includes a robust road network and logistics sites.

When we talk about international services, one of the big benefits is that we have Heathrow airport, which is a global connector and provides a whole variety of different options.

What should companies and the government aim for when it comes to improving the infrastructure?
We need a flexible infrastructure that is capable of dealing with growth and demand. In the UK, for example, there are aspirations to build lots of new houses, which would require warehousing space to be able to meet the demand of those living in them. You cannot build new housing without planning the logistics capacity. This is the joined up thinking we need at every part of the chain.

As I said, Heathrow is a tremendous asset to this country, but it is 40 years old. There needs to be an investment in those kinds of facilities. Private companies can do that but we need those provisions from the government too.

India has become a really important express market into the UK and is a growing one out of the UK. Similar trends are coming from Indonesia, Thailand and Malaysia.

What areas have seen the most growth?
India has become a really important express market into the UK and is a growing one out of the UK. Similar trends are coming from Indonesia, Thailand and Malaysia.

Australia used to be particularly strong, but it is not as it used to be for our customers. We have seen similar things with the USA and some of the Middle East. In general, Asian countries are performing really well.

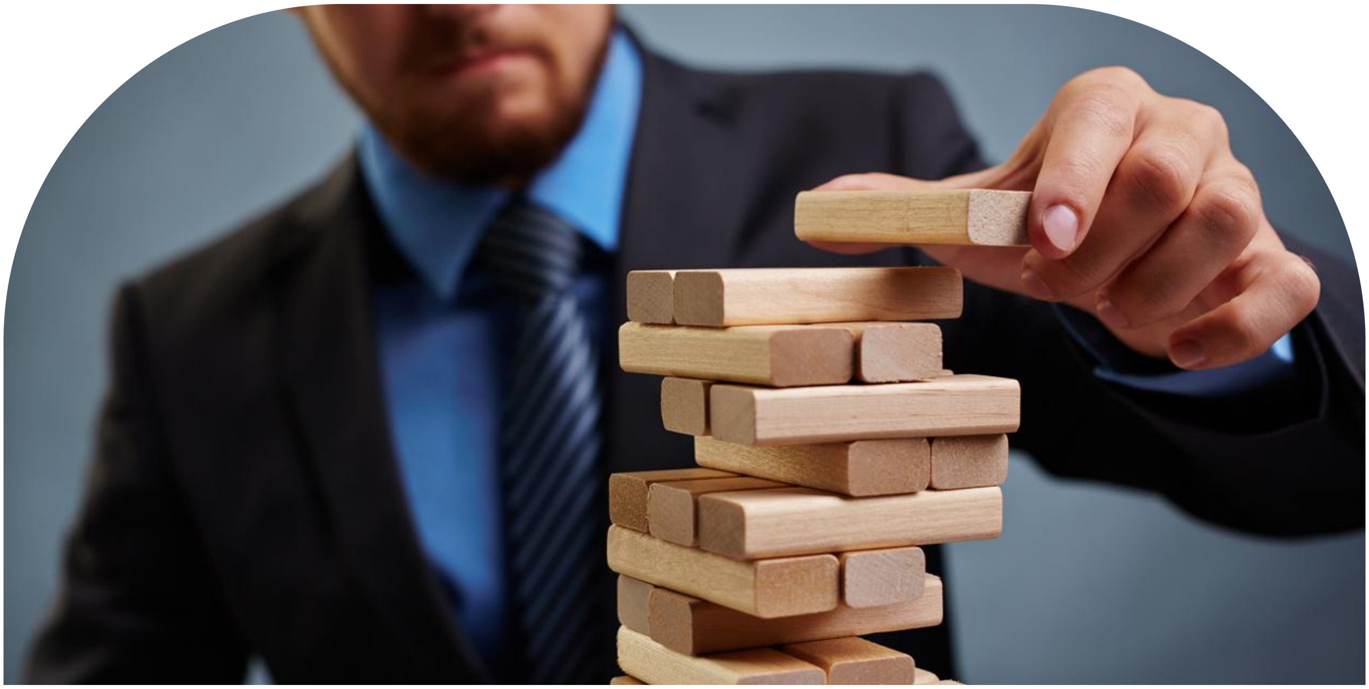
You can listen to the full interview with Matthew Ware, CEO at CFL, covering more on how the express industry is unaffected by the container shipping crisis is affecting express couriers and the role of technology in a sector that did not pay too much attention to digitisation.✷

WOULD 2024 INSTABILITY BRING DOWN LOGISTICS & SUPPLY CHAIN?

2023 was an interesting year for consumers and companies. The consumer market exhibited promising signs at the end of 2023, and this trend is anticipated to continue. At the same time 2024 brings more uncertainty and geopolitical instability. We spoke to Trevor Stamp, General Manager – Contract Logistics, GAC Dubai and Adrian Peiris, Business Manager – Contract Logistics, GAC Qatar about their expectations for the year and what to be careful of.

'The past year was somewhat sluggish. Logistics companies have spent the past 12 months looking for ways to optimise costs until the markets exhibited positive trends again,' tells us Adrian. When addressing concerns for supply chain managers, Adrian emphasises the impact of political instability on shipping routes and efficiency.

He underlines the importance of supply chain resilience, urging businesses to diversify suppliers, develop contingency plans, and optimise demand forecasting. Trevor reinforces the significance of relationships in building resilience and advises regular assessment of partners' performance, financial stability, and ethical practices.



To enhance supply chain protection and efficiency, it is suggested businesses assess inventory levels, create contingency plans, and evaluate alternate suppliers and routes. Leveraging advanced solutions for increased visibility and standardising operations are key steps towards overall efficiency.

Always uncertain

"The future is always uncertain, but it is crucial to be prepared for any eventuality. Collaboration and transparency between partners can go a long way to promoting a more interconnected and complex supply chain landscape by sharing data and information, building trust and improving end-to-end supply chain coordination,' Trevor continues.

To enhance supply chain protection and efficiency, it is suggested businesses assess inventory levels, create contingency plans, and evaluate alternate suppliers and routes. Leveraging advanced solutions for increased visibility and standardising operations are key steps towards overall efficiency.

The continued revolution of logistics through automation is expected, emphasising its role in improving efficiency and reducing human errors. Sustainability remains a focal point, with businesses investing in eco-friendly initiatives.

Meanwhile, local governments are digitalizing trade transactions and enhancing trade infrastructure. ✷

WHY IS COLLABORATION STILL A DIRTY WORD IN LOGISTICS?

Supply chain leaders can be reluctant to collaborate due to a variety of factors. For shippers, there's a balance between openness that improves operations and safeguarding their flexibility to pivot across logistics service providers (LSPs) as market conditions change. Meanwhile, LSPs and freight forwarders want to validate patterns and trends without revealing their strategic approach. Stephen Dyke, Principal Solutions Consultant Manager at FourKites, lists for us some of the key challenges and opportunities.

Overall, here are four reasons why those in logistics are reluctant to collaborate:

- **Competitiveness.** Logistics providers are still independent companies competing for business, even when working with the same manufacturers or retailers. There is a reluctance to share data or insights that may compromise their competitive advantage.

- **Lack of trust.** Collaborative relationships take time to build trust and alignment. Without that foundation, partners may be hesitant to share information or rely on others in the supply chain.

- **Tech limitations.** Disparate IT systems, data incompatibility, cybersecurity fears, and lack of tech-savvy can hamper collaboration, even when the desire exists. Overcoming these barriers takes investment and expertise.

- **Siloed incentives.** When supply chain partners have conflicting KPIs or narrow priorities only optimised for their organisation, it creates less incentive to collaborate for the greater good.

Suppose a shipper wants to drive an initiative like emission reductions or carrier consolidation. In that case, they must first outline the specific key performance indicators — this ensures all parties share an understanding of the intended value,' tells us Stephen.

With goals defined, McKinsey offers an insightful framework for evaluating potential partners:

1. Assess if there is sufficient potential value to justify the collaboration investment
2. Confirm strategic alignment in the targeted area of collaboration
3. Validate capabilities and infrastructure exist to enable the priorities

Rather than assume that the largest players always provide the greatest value, optimal collaborations require an alignment of incentives between parties of comparable readiness and capability — regardless of sheer size or scale.

Once the right partners are secured, pragmatism is key during execution:

- Start small with isolated use cases to demonstrate concept viability
- Rigorously quantify improvements to build confidence
- Align on data standards upfront to prevent delays
- Secure executive commitment
- Ensure mutual value distribution across partners

All about the costs & revenue

To start, shippers should work with providers to clearly define success metrics — lead time, inventory turnover, demand forecast accuracy, and supplier delivery performance are all good examples. By benchmarking these metrics before and after implementing new collaboration strategies or technologies, companies can quantify the operational improvements.

The next step is to translate those operational gains into financial impact. For example, if lead times are reduced by three days, calculate the working capital improvement from faster cash conversion cycles. Or if inventory turnover increases by 10%, estimate the savings from reduced inventory holding costs.

It's critical to continue monitoring these metrics over time to prove sustained impact. Periodically revisiting the benchmarks, recalculating cost savings, and highlighting new performance milestones maintain executive support for collaboration initiatives. And the data can reveal additional opportunities for improvement. ✷

LEADERS

With the right expertise and analysis, shippers can identify targeted segments of their network where deeper coordination is most acutely needed, whether due to constant disruptions, margin pressures or other quality issues. These priority areas might involve a problematic distribution path plagued by unreliable carriers, unstable final mile delivery routes, or long-lead-time SKUs from international vendors.

Once the goals are clearly articulated, it's time for partners with deep domain expertise – typically logistics service providers and/or solution providers – to take charge, providing frameworks for success that align with budget and desired outcomes. Importantly, as collaboration efforts unfold, building a cross-functional team will help avoid internal and external silos.

UNDERSTANDING THE WORKPLACE CHARGING SCHEME

The Workplace Charging Scheme (WCS) is a government initiative that provides support towards the up-front costs of the purchase and installation of electric vehicle (EV) charge points. It's aimed at businesses, charities, and public sector organisations to encourage the adoption of electric vehicles by helping them install charging infrastructure. We spoke to Tom Bloor, Managing Director of evec, a supplier of affordable charging solutions for domestic and commercial use, for more detail.

Tom, can you help us understand the Workplace Charging Scheme: its benefits and drawbacks?

Through the Workplace Charging Scheme, eligible applicants can receive up to £350 per socket, with a maximum of 40 sockets across all their sites. This scheme contributes towards the cost of purchasing and installing EV charge points, making it more financially feasible for workplaces to offer charging facilities for electric vehicle users.

Here are some key points regarding its benefits and drawbacks:

Benefits

- Financial Support: The scheme offers financial support in the form of grants to help with the upfront costs of installing EV charge points at workplaces.
- Encourages EV Adoption: By making charging more accessible at workplaces, it supports and encourages employees to transition to electric vehicles.
- Reduces Emissions: Promotes the use of cleaner transportation, contributing to the reduction of greenhouse gas emissions.
- Business Image and Corporate Social Responsibility: Companies implementing WCS can showcase their commitment to sustainability and environmental responsibility, which can enhance their brand image.

Drawbacks

- Initial Costs: While the WCS provides grants, the initial installation costs can still be significant for businesses, especially for smaller companies.
- Space and Infrastructure: Workplace charging installations may require adequate space and suitable infrastructure, which might be challenging for some workplaces, especially older buildings or smaller spaces.
- Management and Maintenance: Operating and maintaining the charging infrastructure might require additional resources and management.

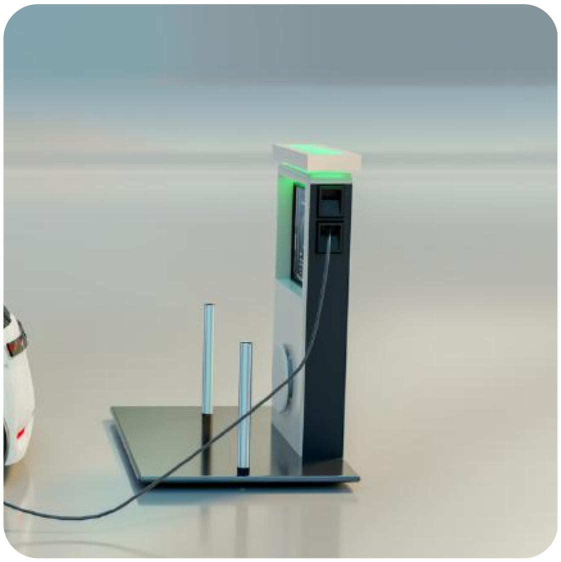
Demand Management: If the number of EVs exceeds the available charging points, it might lead to congestion and potential dissatisfaction among employees.

The UK has been actively supporting the development of charging infrastructure for electric vehicles (EVs). Initiatives include the government's commitment to invest in expanding the public charging network and providing grants to support the installation of chargepoints.

What is being done to support charging infrastructure development in the UK?

The UK government has been actively supporting the development of charging infrastructure for electric vehicles (EVs). Initiatives include:

- Grants and Funding: The government offers grants for workplace charging points through the Workplace Charging Scheme (WCS). These incentives help reduce the upfront costs of installing EV chargers.
- Public Charging Network Expansion: Continuous efforts are made to expand the public charging network. Organisations like the Office for Zero Emission Vehicles (OZEV) collaborate with local authorities and private entities to increase the number of public charging points across the country.
- Regulations and Standards: The government sets standards and regulations to ensure interoperability and reliability of charging infrastructure. It works with industry stakeholders to establish common standards for charging connectors and payment methods, enhancing user experience and ease of access.



- Investment and Partnerships: Collaborations between government bodies, private companies, and investors drive investment into charging infrastructure projects. Partnerships with companies like BP, Shell, and various other energy firms have accelerated the rollout of EV charging stations.
- Incentives for Businesses: Various incentives are provided to businesses to encourage the installation of workplace charging stations. This not only supports employee EV adoption but also contributes to the overall charging infrastructure development.

How would you evaluate the work?
Significant progress has been made in expanding the network of public charging points, with various stakeholders contributing to this effort.Some challenges persist, such as the need for more rapid chargers, standardisation of charging points, and enhancing accessibility in rural areas.

The UK government's Electric Vehicle Home charge Scheme and Workplace Charging Scheme have contributed to the increase in charging infrastructure.

What more needs to be done?
Increasing the number of rapid chargers across the country is crucial for faster charging and facilitating long-distance travel.Implementing standardised charging protocols and improving interoperability between different charging networks is essential.Focus on expanding infrastructure in rural areas where charging points might be scarce.

Who should be the main investor in this?
The government plays a vital role in investing in infrastructure. However, private companies, energy companies, and charging network providers, also need to contribute significantly.

When can we expect a more comprehensive infrastructure in place?
A comprehensive infrastructure rollout is an ongoing process. Projections indicate a continuous expansion over the next decade. The UK government aims to ban the sale of new petrol and diesel cars by 2035, which should further accelerate infrastructure development. ✷

EU'S EMISSION TRADING SCHEME: HOW DOES IT IMPACT LOGISTICS?

The European Emissions Trading System (ETS) is a measure to incentivise emission reduction based on market principles and allowances which have a significant commercial impact. Since its introduction in 2005, the EU's emissions have decreased by 41%. However, there were several exceptions to the ETS (for certain industries), which has ultimately led to the ETS 2. Serge Schamschula, Head of Ecosystem at Transporeon, A Trimble Company takes a deeper look.

Depending on the latest energy price development, the ETS 2 emission trading system will become operational for sectors not initially covered by the ETS, including road transport, as early as 2027. And, a cap of €45/ton CO2e has been agreed up until 2030, replacing the market mechanism of ETS.

This means that experts expect ETS 2 prices to become much more significant, in excess of €100 and up to €300/ton as per mid 2030's. Intermediaries, such as companies selling fuel and heating (not shippers or carriers), will also be required to comply and will be charged at the point of energy supply, meaning that additional costs will already be factored into the LSP's (logistics service providers) freight rates.

Adding to this, the industry, LSPs (Logistics Service Providers), and carriers (those who own the vehicles) will follow distinct paths, converging only at the conclusion of the journey.

What is next?
Starting with the carriers, the immediate impact will simply be that energy costs will rise.

However, the level of cost increase is still within the average range for fuel, which can vary over time. To which extent this will result in further actions on the part of the carrier is subject to question. Fuel consumption reducing measures are already available today but not widely used: only 17% of carriers and LSPs responding to a survey from November 2023 monitor fuel consumption. If we take an analogy from recent, comparable events, we may assume that such costs are going to be passed on, but the share of empty miles (20% of average) will be subject to negotiations.

Shippers and LSPs (with exception of those operating with a significant fleet of their own) will see much of the above costs rising. However, they can use a much wider set of measures to deal with that impact than carriers.

In fact, they can start a modal shift, such as moving shipments from road to intermodal transport and railfreight. They can also start to measure, compare and manage their road carriers, since in reality there are quite significant differences in the carrieŕs emission footprint.

Although, to be able to execute this carrier optimisation, shippers and LSPś need to measure their providers emissions based on so-called primary data (instead of industry default averages), which may take a few years. State-of-the-art load and routing optimisation is a third measure shippers can set to balance the impact coming from ETS 2. This is where transportation management solutions come into play.

Fuel consumption reducing measures are already available today but not widely used: only 17% of carriers and LSPs responding to a survey from November 2023 monitor fuel consumption.

Add in the drastic costs increasing as the industry approaches 2030, LSPs and shippers should prepare themselves now without further delay in order to comply with changing trading schemes. Strategic network design and procurement roadmaps require such granular data to avoid making wrong decisions, and any investment now in obtaining primary data will pay off in 6 years from now. ✷

COURIERS TAKE ON THE CARGO BIKE CHALLENGE: WHAT ARE THE ISSUES THEY FACE?

EVRi is one of the UK's largest courier companies and is heavily committed towards achieving ambitious ESG goals. The company invests in cargo bikes and is currently working in Wimbledon in London. The plans are to expand further into the UK’s capital. We spoke to Alan Dickinson, Head of Courier Operations- South at EVRi, about the present and future of cargo bikes in their network.

Alan, it is very clear why companies invest in ESG, but what is harder to understand is the how. What steps does EVRi take?

Just from an environmental point of view, it's the right thing to do. Also, there is legislation that tells us we need to do it. In addition, for many companies it is a new and exciting way of doing their business.

At EVRi we have already tried cargo bikes, for example, and now we are looking at scaling up the whole model and find what the best way of doing it is. At the moment around 1.5 million parcels per year are being delivered by bike in our network. We would like to see that go up to at least 5 million in the next 12 months.

We are doing this in different ways. One is through partners and cooperations. We also have our own bikes and we are recruiting riders, training them. For example, in Wimbledon in London we have 16 bikes out on the roads per day. In addition, we plan to add more locations in London and our main question is not whether to do it but what the best and most scalable way of doing it is.

A key part is that we are still trying out things.

How long does it take to kick-start the process and to measure how successful a trial has been?
It is certainly going to be months and not days or weeks. We need to consider the initial set up, training, the Highway Code, etc. There is a lot of additional training compared to our usual model.

The three main areas we look for when calculating success are: service level, doorstep experience, and cost. Each one of them is as important as the others. There are many variables and we need to admit we have never done this, so it will take some time.

How about the costs and the overall ESG investment? Would it slow down due to macroeconomic problems?
We are heavily committed behind this. Ultimately we need to be careful and admit that it is currently cheapest to execute the final mile with the diesel vans. To move past this we have got to find efficiencies that can actually minimise the costs, both initial and maintenance.

How about investing in the infrastructure and changing it according to the specific needs of cargo bikes?
It is not easy. What we do at the moment is review all the sites around London and see how they can be incorporated and used for cargo bikes' deliveries. The local infrastructure has to be a consideration as it is not safe to send riders on busy roads, in case there are no bike lanes.

We plan to piggyback on our existing infrastructure as much as possible. It is not just about the investment, but also finding the efficiencies in the network I spoke about earlier.

How hard is it to transition from the diesel vans to electric bikes?
Cargo bikes are completely different. We have people who currently perform regular maintenance checks on them. But we have those 2035 commitments and rules being enforced. We have to do it. This is why companies are trying many different things including bikes, drones, etc.

Of course, we experience problems with lead times, infrastructure and uncertainty around government rules. There are big questions around the whole thing and we do not have all the answers at the moment. Would targets be postponed or move forward? As I said, the whole team is behind it and we have constant meetings to measure and analyse the results. ✷

HOW THE LAST MILE INNOVATES

Welcome to the dynamic realm of city logistics, where innovation is not just a choice but a necessity. In a fiercely competitive industry with slender margins, logistics pioneers are navigating a landscape where customer expectations and political regulations are steering the course. We spoke to Swobee about how the last mile embraces innovation.

The last mile logistics sector, in particular, stands at the forefront of disruption, witnessing the testing and implementation of novel distribution, storage, and delivery processes within the bustling confines of urban landscapes. City logistics is undergoing a metamorphosis, embracing innovation to redefine its very essence.

LEVs

Meet the game-changers in city logistics—the latest generation of electric heavy-duty bikes. Logistics companies are seizing the opportunity to employ these highly efficient light electric vehicles (LEVs) within urban landscapes. Beyond their sustainability and city-friendly features, operating LEVs can also prove cost-effective for companies and address challenges like driver shortages, eliminating the need for a driver's licence.

These leaders must not only keep a watchful eye on market dynamics but also proactively invest in research and development.

Cost considerations play a pivotal role in shaping the direction of innovation. Leaders need to strategize ways to optimise operational efficiency, enhance cost-effectiveness, and introduce technologies that provide long-term value. Balancing the immediate financial implications with the long-term benefits of innovation is crucial for sustained success.

Legal regulations, an ever-evolving aspect of the logistics landscape, also necessitate proactive leadership. Leaders should engage with policymakers, stay abreast of regulatory changes, and advocate for frameworks that foster innovation while ensuring compliance.

Leading innovation

Innovation in logistics needs to be spearheaded by a collaborative effort involving various stakeholders within the industry. While competition serves as a driving force, pushing companies to continuously seek new and improved solutions, it's imperative for industry leaders, both large corporations and innovative startups, to take the lead.

Calculating costs

Calculating the costs of innovation involves a nuanced approach that goes beyond straightforward financial metrics. While it may be challenging to precisely quantify the value of innovative endeavours, companies should focus on assessing the tangible results and overall impact on their operations.

It's essential to consider both direct and indirect costs associated with innovation, including initial investment, ongoing maintenance, and potential disruptions during the implementation phase. The key lies in establishing clear performance indicators and benchmarks to measure the success of innovations. ✷

COULD AI BE THE ANSWER TO LAST MILE WOES?

While optimising transportation routes is crucial, the last mile delivery aspect is equally vital, especially during the holiday season. AI-driven algorithms excel in optimising last mile delivery by considering variables such as traffic conditions, weather, and fuel costs. Tim Lawrence, Director of the Digital Supply Chain Hub took a deeper look for The Logistics Point.

AI algorithms are effective at analysing data that manufacturers, suppliers and businesses have obtained during years gone by. From this data, AI platforms can predict when there is likely to be demand for specific products, allowing manufacturers and businesses to prepare for busy periods in advance, ensuring that they have enough stock in supply to meet customer expectations.

This helps businesses to maintain an agile supply chain, ensure that products in demand are available, and encourages businesses to minimise waste, excess stock and the impact of supply chain disruption.

Predicting the bad

AI can also predict risks. . During busy periods, businesses must be prepared for the unknown, and leaders should feel empowered that they have the tools necessary to overcome any obstacle that may arise. Using AI-powered solutions, business leaders have the tools they need to predict risk, and manage disruption effectively as and when it arises. For example, adverse weather conditions, canal problems and industrial action are all examples of events which could disrupt the supply chain and cause problems for businesses and their customers next Christmas.

AI-enabled solutions, can however, help businesses to predict when a disruption could occur, and provide data and analysis on how this could be mitigated, strengthening in the supply chain during the coming months.

Enhances visibility

One notable benefit of AI is its capacity to not only trace the entire supply chain journey but also to amplify visibility into supplier practices. This enhanced visibility serves to instil trust among customers and commercial partners, particularly during busy seasons like the festive period. By leveraging AI, businesses can address the growing demand for transparency, ensuring that they meet ethical and sustainable criteria, and consequently, fostering greater confidence in the relationships they cultivate with stakeholders and partners. ✷

SECURING THE FUTURE: THE IMPERATIVE OF CYBERSECURITY IN LOGISTICS

In the rapidly evolving landscape of the logistics sector, the integration of digital technology has become a hallmark of progress. However, the increased reliance on digitalization comes hand in hand with a growing emphasis on cybersecurity, elevating it from a mere operational necessity to a strategic business priority. We spoke to Chris Reynolds, Head of Transport at Softcat about why cybersecurity matters.

‘The substantial investment in cybersecurity within the logistics sector is a direct response to the sector's deep involvement in both national and international commerce,‘ Chris explains.

The sector's digital transformation, while enhancing operational efficiency, has also exposed it to a heightened risk of cyber-attacks such as ransomware and data breaches.

The proliferation of Internet of Things (IoT) and smart technologies further amplifies the threat landscape, necessitating a comprehensive cybersecurity approach.

The substantial investment in cybersecurity within the logistics sector is a direct response to the sector's deep involvement in both national and international commerce. The sector's digital transformation, while enhancing operational efficiency, has also exposed it to a heightened risk of cyber-attacks such as ransomware and data breaches.

How to be safer

Conducting thorough risk assessments is identified as a fundamental step, providing insights into potential vulnerabilities and areas that require heightened protection. Implementing layered security architectures is highlighted as an effective defence mechanism, creating multiple barriers to deter and repel cyber threats at various levels.

In addition to technological measures, cultivating a culture of cyber awareness across the entire logistics business is deemed crucial. Employees play a pivotal role in maintaining the security posture of an organisation, and fostering awareness ensures that individuals are vigilant against potential cyber threats.

Core strategy

The relevance of legislative frameworks in fortifying cybersecurity practices cannot be overstated.

Compliance with regulations such as the EU's NIS Directive not only ensures adherence to cybersecurity best practices but also serves as a regulatory benchmark for the industry.

Industry insiders note that an increasing number of logistics clients are integrating cybersecurity measures into their core business strategies. This strategic alignment aims not only to effectively mitigate risks but also to safeguard the future resilience of the logistics industry against an ever-evolving cyber threat landscape. ✷

RISK AVERSION HINDERS INNOVATION. WHAT CAN YOU DO?

The processes involved in innovating may induce a degree of risk aversion, causing certain industry players to approach innovative solutions hesitantly. Striking a balance between the potential benefits of innovation and the perceived risks poses an ongoing challenge in the ever-evolving logistics sector. We spoke to Eric Ménard, Vice President Strategy and Business, Astrocast, about some useful tips on how to overcome risk aversion and more.

'Innovation is a priceless catalyst for progress, and although it may not have a tangible price tag, we can measure its impact in various ways,' explains Eric.

By avoiding hefty investments in custom-tailored solutions, companies can optimise their resources and focus on efficient, cost-effective approaches. The accurate measure of success lies in the visibility of goods, a factor that saves companies substantial amounts of money and contributes to a reduction in global waste.

Win-win

In essence, success in innovation is a win-win situation where companies benefit financially, and the world benefits environmentally. The ability to quantify this success through return on investment emphasises the practical value that innovation brings to the table.

Eric thinks that now shipping and container companies should take advantage of what is technologically being offered and make the most out of it. With a shift towards sea alternatives over air transport, a visibility challenge arises due to the lack of cellular coverage at sea. This presents a significant opportunity for satellite communication solutions.

These projects aim to leverage satellite technology to gather data along the entire shipping route. By enabling logistic companies to monitor their cargo efficiently, these initiatives not only enhance visibility but also contribute to environmental sustainability by minimising the impact on the environment, while also reducing significant waste,loss or theft in the of goods.

Experience matters
In the logistics and supply chain realm, the impetus for innovation lies in the hands of seasoned system integrators and solutions providers with extensive industry knowledge. These experienced professionals are crafting innovative solutions tailored to the intricacies of the supply chain.

The onus now shifts to shipping and cargo container companies to lead the charge in adopting these cutting-edge technologies. These entities can spearhead transformative advancements in the logistics landscape by grasping the broader perspective and recognizing the substantial return on investment these solutions offer. ✷

CALCULATING ROI

You can calculate the ROI on investment. The collaborative efforts of talented individuals, such as engineers, system integrators, and solution providers, bring forth solutions that significantly reduce development costs in terms of both money and time.

Innovation success is best gauged through the return on investment these solutions yield for a company over the long term.

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LOOK AT YOUR DATA STRATEGY BEFORE RELYING ON AI

In a world of significant bottlenecks, restrictions, and sudden surges in demand, many supply chain organisations yearn to implement artificial intelligence (AI) in their processes to drive actionable insights – to analyse masses of data to be faster and effective in their decision-making, to rapidly seize opportunities and minimise disruptions. Mark Holmes, Senior advisor for supply chain, InterSystems, takes a deeper look for us.

The imperative for data platform technology

A data strategy must be the foundation of all AI and decision intelligence ambitions involving three key elements:

- Consistent data - Harmonising and normalising disparate sources and formats — relational, non-relational, streaming, etc
- Real-time data - Ingesting, processing and analysing data in real time without delay and at scale, without moving or copying the data for analysis
- Intelligent processes – Interoperability, enabling seamless, accurate, connected supply chain orchestration and AI-enabled intelligent business processes

Even though organisations rightly proceed with AI implementation on a use case basis, learning from the first implementation, they still need to resolve the problems of inconsistent, inaccurate, and incomplete data. It is poor quality data, a lack of data governance, and a lack of trust in the data outcomes that prevents organisations from moving forward to advanced supply chain orchestration.

A robust data strategy is the foundation for AI and analytics

With a wide range of analytics capabilities, including data exploration, business intelligence, and machine learning embedded directly into a data management platform, supply chain businesses will gain new insights and power the decision intelligence they seek, employing predictive and prescriptive services to tell them what is likely to happen and what their options are.

Once solid data foundations are in place, supply chain organisations can realise the true benefits of AI, machine learning (ML), and advanced applications to augment human decision-making, moving along the path to digital maturity. Supply chain leaders will be in a position to accelerate the business outcomes they want, driving efficiencies in a supply chain that is infinitely more agile. They will be able to reroute or resupply at the drop of a hat to ensure customer satisfaction.

Whether the focus is on improving forecasting of supply and demand, optimising inventory allocation, or achieving near-perfect on-time in-full (OTIF), the use of AI in decision intelligence can enable supply chain leaders to see, understand, optimise, and act to attain an agile and resilient supply chain model. ✷

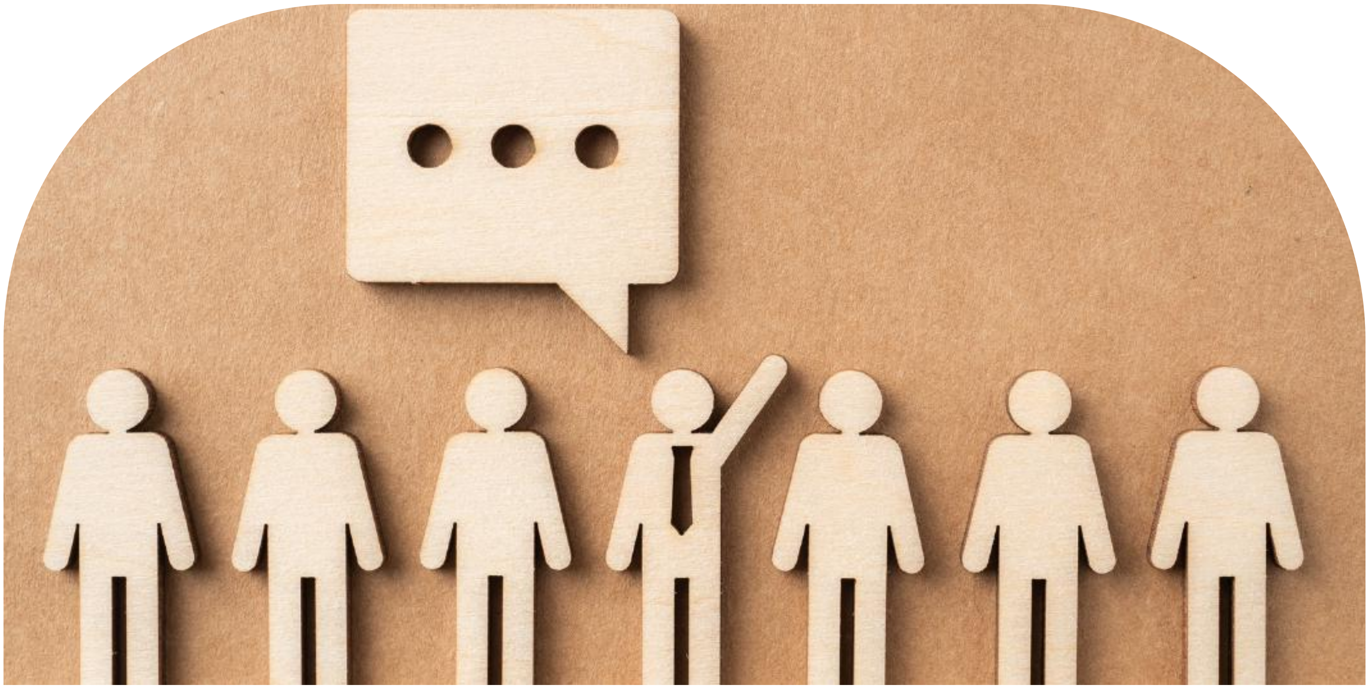
PLANNING YOUR CONSUMER COMMUNICATION CAN SAVE YOUR BRAND

The impact of uncertainty has been felt by all companies, but some suffered more than others. We only need to take a look at the previous Christmas Season to see the winners and losers. We spoke to Tobi Buxhoidt, Founder and CEO at parcelLab, about how consumers have changed their habits and what it means for the wider delivery sector.

'The energy crisis in 2023 had a significant impact on the way consumers spend. A lot of the spend on non-essential goods went down,' begins Tobi. Consumers have chosen to prioritise essentials and this led to many brands experiencing slower or negative growth. Tobi takes a look at the luxury goods markets.

At the start of 2023 it looked like the sector was immune to the volatility that plagued the others in retail. Recently, however, many luxury brands have had to rethink the way they operate with some even having real problems staying afloat.

For many retail brands Peak Season was good enough to get them through the year and the overall mood has improved. With some of the supply chain disruptions gone, companies also have a brighter view.



However, things keep changing and new challenges are being added and pop up elsewhere all the time. 'We have seen positive signs, where retailers are ready to once again invest and do new things,' Tobi explains.

Addressing disruptions head-on

A universal rule has emerged where supply chain experts know that disruptions will never end. For Tobi the big question is how companies respond to delays. 'Would you be selling the stock you are still waiting for on your website or not?,' he asks. Whatever the answer for Tobi the key thing is to address consumers' expectations. Retailers have started to now take full responsibility and implement transparency with their customers. 'Make sure you do not fall short on promises and address changes head-on,' Tobi suggests.

Honesty would be rewarded. Communicating well with the consumer on their shipment will improve brand loyalty.

'You might have to send messages explaining the situation and your continued promise to deliver,' Tobi goes on. Of course, the strategy might not work that well with products that can be substituted by other retailers, so a dual strategy would need to be devised.

'During Covid we worked with IKEA Italy on that premise,' Tobi says. 'We took the orders and we openly communicated with the clients the reasons why there will be a delay.'

The conversation then moves on to what tools to use for the communication. Tobi believes that AI might be overhyped at the moment but certainly has the power to deliver better customer service in the long run. ✷

WHERE TO FOR AI & E-COM NOW?

A lot of companies are promoting AI and there is much good about it. But is it really that transformative? Can e-commerce and retail in general leverage a technology that many doubt will bring positive change and growth? We sat down with Kevin Ledversis, VP of Sales at Newcastle Systems, to talk about the power of AI in e-com and what is next.

‘AI will certainly be used to make the buying experience easier and faster,’ Kevin starts. It could monitor shopping habits and suggest appropriate goods that might go hand-in-hand, like eggs and milk, for example. Technology can predict patterns and think about them. AI will be great at managing transactions and understanding massive amounts of information to provide data on what to buy now and in the future.

Retail stores could also benefit. AI could visualise who you are, how old you are and what you might want. This could help retailers to better tailor their service and what the consumer does in the store.

Change in infrastructure

'We are not that far away from having a highly useful AI,' Kevin believes. At the moment e-com and the supply chain can use AI to understand the massive amount of data that is being generated and often sits unutilised.

AI can also identify trends and patterns that will affect operations six months into the future. 'This is an affordable way to analyse things,' says Kevin. People are now able to make decisions faster and better, and in general lives are being improved.

Consumers' behaviour

The US economy escaped recession but people are buying less expensive items. They spend on experiences but have become more accustomed to buying worse quality products.

AI can also identify trends and patterns that will affect operations six months into the future. 'This is an affordable way to analyse things,' says Kevin. People are now able to make decisions faster and better, and in general lives are being improved.

Retailers would have to adapt and have products on their shelves that are priced appropriately. 'People have fewer dollars to spend today and retail needs to address and accept that.'

Problems, such as those in the Red Sea, can impact how retailers think. The USA has improved its lead times and inventory but consumers are concerned about the economy.

Solving the problem

People will be focusing even more on how easy it is to find information, whether retailers notify them about their order, and the overall experience. Returns have become a big problem not just for consumers, but mostly for the retailers.

'Not many companies succeed in this,' Kevin admits. Large e-com companies are particularly good at the return process, but others have serious problems keeping up. They have also started to ask themselves whether investing so much in returns is worthwhile.

Products may come back in very bad conditions and most supply chains are not geared up to do well with those. 'Often they refuse to take the item back. If the item is pricey, the company has lost money on the transactions,' Kevin explains. ✷

AI CREATES THE TRUE WINNERS. BUT HOW DO YOU GET THERE?

The demand and supply of raw materials has hit a rocky landing. General expectations at the end of 2023 were that disruptions would ease, but this is not what happened. According to GEP's Global Supply Chain Volatility Index – tracking worldwide demand, and capacity to meet that demand through a monthly survey of 27,000 businesses – demand for commodities, materials and components at its softest in nearly a year, and we're facing persistent weakness in global manufacturing.

Faced with a myriad of new challenges, procurement and supply chain are once again having to navigate a disruption that they have little control over. We spoke to David Doran, vice president, consulting, GEP about demand, volatility and opportunities.

"There might be excess capacity in some supply chains, but others are really struggling,' David begins. It is concerning that Asian suppliers, specifically the global manufacturing hubs like China and Japan, are under-utilised. It's much worse in Europe and the UK. Even in the US, which was relatively resilient throughout 2023, is now softening especially with intermediate and capital goods."

But how are these challenges different to what has been going on in the world for the last couple of years?

"Five years ago most companies were in the same bad position, with little visibility into their global value chain and being at the mercy of supply disruptions and shocks. Today the organisations who invested in their capabilities, specifically to gain real-time visibility and diversified their suppliers and physical infrastructure, are seeing better return, less volatility and their weathering the storms."

"However, it is never too late, because the world is getting more unpredictable' David underlines. Companies are worried because they're falling behind and feel they are pushed to adopt technologies that probably scare them." AI is one of those that has gathered immense popularity but many are still hesitant about. For many, AI presents a worry and they only see it as a problem,' David explains.

The reality is more mixed. Solutions like AI can alleviate many of the headaches organisations are facing. At the same time they are a short term problem due to the lack of know-how and experienced staff. In the long-term they will become a vital element of the whole supply chain system.

"Figure out who your vendors are, what they do and the whole supply chain," David recommends. "Today, companies are applying AI and their data to compare costs from suppliers, optimising inventories, and scenario planning in the event of supply shortages, longer lead times, or facilities that are forced offline," explained David

Solutions like AI can alleviate many of the headaches organisations are facing. At the same time they are a short term problem due to the lack of know-how and experienced staff.

Understanding the impact on operational costs will be crucial and David thinks it will drive many organisations towards overcoming AI worry. For others M&A opportunities might become more interesting as they fight to stay competitive.

Why AI?

'There will be fewer people willing to do the grunt work in procurement,' David admits. This means systems will be put in place so people can produce more with less. Companies need to map out their whole activity cycle to see how all will adapt and fit AI, to automate procurement.

If you do not have the capabilities, partner with those who have them. Collaborations have become an integral element of supply chain excellence and organisations of all sizes are embracing them more openly. "If you want to be a leader in your area and sector, you have got to be doing this day in and day out." ✷

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