

THE LOGISTICS POINT

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EXCLUSIVE
VIDEO CONTENT
INSIDE



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SUPPLY CHAIN**

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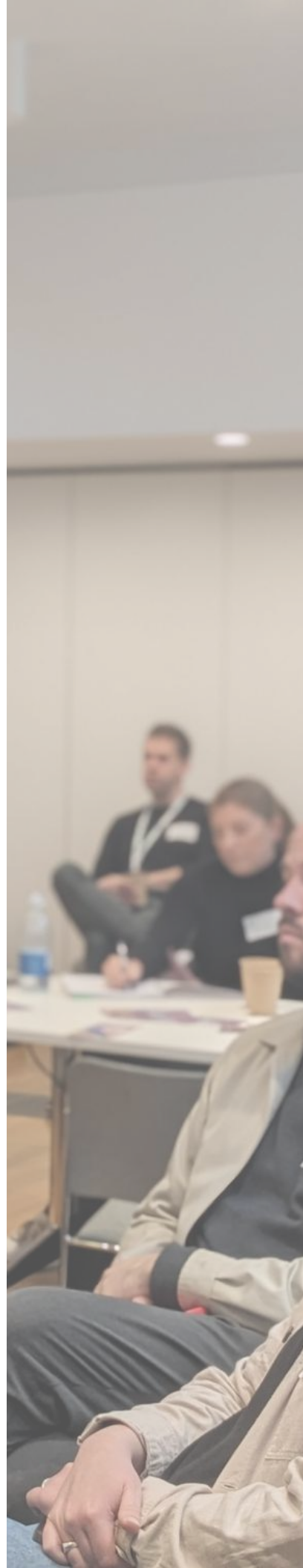
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EDITOR'S NOTE

Startups are an integral part of the logistics industry. They not only bring innovation and fresh thinking, but manage to transform business models, improve efficiency and profitability.

In this edition we take a deeper look at how the startup landscape in the supply chain and logistics sector is doing, what are the challenges and what investors have to look out for.

We also dive deep into the world of Pick-up & Drop-off location, their importance for the UK market and how [Parcelly](#), a leading company in the area, has managed to transform the way consumers and retailers see PUDO.

Geopolitics is also on the table. With all the events happening around the world, supply chains need to be prepared to better respond to the rapid change in winds. But how can this be done? You can read more about the role of geopolitics in supply chain too.



Last but not least, we take a look at the role of consumers & their needs. Have they become too powerful for retailers and logistics providers to satisfy? You can read more about the topic in this edition.

And there is not much left until our [ESG event on the 24th May in Central London](#). You can register now & meet like-minded logistics professionals for a morning of sustainability talks.

Happy reading!

Nick Bozhilov
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FEATURE

GEOPOLITICS SHAPES SUPPLY CHAINS' MOVEMENTS FOR BETTER AND WORSE

FROM PROBLEM TO PROFIT: TACKLING LOGISTICS CHALLENGES FOR START-UP INVESTMENT

When we talk about logistics and supply chain operators, we're really talking about a tough business. Start-ups looking for funding should really get to know the industry they want to join and its challenges. If they can show they understand how to solve these problems, they'll have a better chance of getting investment. In this feature we take a look at how investors see the industry, is there really profitability and what tech companies need to be careful when entering the logistics space.



“Don’t pitch to everyone under the sun. Spend some time researching and finding those investors that align with your business strategy. It’s important to maintain transparency and honesty throughout the fundraising process to build trust and credibility with investors,” says Tristan Thomas, CEO and co-founder of Packfleet when asked what mistakes startups make.

The logistics industry tends to move at a steady pace. It’s known for being complicated and cautious, which can make it tough to introduce new ideas, even if they’re great ones.

Plus, getting these projects off the ground often requires a big initial investment in technology, infrastructure, and hiring. If you’re aiming to shake things up in logistics, it’s important to grasp where those involved are coming from so you can address their concerns effectively.

“Everything comes down to being able to understand and communicate your story with all different kinds of people. In the early days of a start-up, that means transforming an idea that’s sometimes barely even formed into a story that ignites people’s imagination and gets them invested. Stories make people care,” tells us Marc Gorlin, the Founder and CEO at Roadie.

“You need to know the market that you are operating in. You need to be able to articulate the challenges that the industry is facing and how your technologies or services address those challenges.

Also, you need to be able to highlight how you stand out from any potential competitors,” adds Andrei Danescu, CEO and co-founder, Dexory.

“

Lastly, it's crucial to "show your work." If you're an early-stage start-up, demonstrate that your product or service works through successful pilots.

Early customer interest is a powerful indicator of potential for investors.



Start-up organisations thrive on innovation. The more groundbreaking and inventive your product is, the greater your chances for investment. Make sure to highlight your unique technologies, business models, or innovative solutions to industry-wide challenges.

However, technology is just one piece of the puzzle. You also need to demonstrate that you have a capable team in place to execute both the product and business strategy. The stronger your team, the more opportunities you'll attract.

Lastly, it's crucial to "show your work." If you're an early-stage start-up, demonstrate that your product or service works through successful pilots. Early customer interest is a powerful indicator of potential for investors. For later-stage start-ups or scale-up businesses, showcase customer deployments, financial stability, and a long-term business plan for both product development and profitability.

How interesting is investing in logistics?

The last mile delivery market in the UK is booming, valued at over £14 billion, and London alone sees around 500 million parcels delivered each year. As the sector continues to expand, there's a growing call for more sustainable delivery options. Online shoppers are becoming increasingly aware of the environmental impact of deliveries, and a vast majority of Londoners are eager for greener delivery solutions. This is only one of the reasons why many are optimistic about how interesting for investors the sector is.



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“Especially with the ongoing surge in e-commerce and the growing demand for efficient and sustainable solutions, the sector is profitable enough to be interesting,” answers Marc. However, given the sector's competitiveness, startups need to bring something fresh to the table.


The logistics market is becoming increasingly attractive to investors for several reasons. Firstly, the high cost of capital is prompting companies to seek alternative solutions for their supply chain infrastructure, leading to a surge in outsourcing. Secondly, advancements in software, AI, and data analytics are enhancing visibility and efficiency across supply chain operations, making outsourcing more appealing.

“Companies are drawn to the cost savings and flexibility offered by outsourcing, such as improved working capital management and reduced inventory carrying costs. This shift towards outsourcing allows companies to maintain financial flexibility and better allocate resources,” comments Todd Bremer, vice president of consulting at GEP.

Making it appealing

For startups entering the logistics space, it's crucial to demonstrate how they can assist companies in cutting operational costs and expanding their market presence. A significant portion of logistical expenses goes towards personnel, including drivers and office staff, who often command substantial salaries. High turnover rates further complicate matters, adding to the challenge of retaining experienced employees and managing internal operations effectively. Innovations that address these challenges stand a good chance of success in the industry.

However, it's important to note that logistics operators tend to be hesitant about adopting new technology. Therefore, any innovations must be user-friendly and come with low operational costs to gain widespread acceptance. As companies seek to invest in streamlining operations and reducing costs, they will prioritise solutions that offer a clear return on investment and total cost of ownership calculations. Striking the right balance between innovation and cost-effectiveness will be key to success in the logistics market.



Neglecting to craft a robust business plan and clear financial projections can severely hamper the prospects of startups. When presenting to investors, it's essential to go beyond highlighting innovation and demonstrate how it translates into profitability. Rather than inventing solutions in search of problems, focus on addressing existing business challenges.

Moreover, it's vital to recover swiftly from setbacks. Spending excessive time dwelling on mistakes or uncertainties can be more detrimental than the errors themselves. Embrace failure as a natural part of the entrepreneurial journey. The key lies in embracing failures as learning opportunities, swiftly adapting, and continuing to progress forward. Remember, resilience is key to success in the startup world.

Investors be ready

"2024 looks like it will follow the trend of 2023, where robotics and AI technologies are still generating a lot of buzz and investment.

However, that doesn't mean that investors are going to throw money at any company that says that they offer AI and robotics solutions. Investors will be looking at how the products fit the market demand, but also at the evidence of the problem that the solution addresses,' explains Andrei.

Investors are on the lookout for companies and technologies capable of rapid scalability, enabling them to seize market share swiftly and outpace competitors. Moreover, they are constantly seeking out groundbreaking technologies that can redefine entire industry categories.

Crucially, investors prioritise finding the perfect match for their portfolio. They carefully assess how your product aligns with their investment strategy and seek synergies that promise a mutually beneficial partnership. It's about finding the right fit that ensures success for both parties involved.

'Because no one has a crystal ball, most investors support a number of companies and technologies to increase their likelihood of success. What works well in supply chain and procurement is evaluating software companies based on the underlined market demand for their solutions, the proprietary technology, leadership, industry knowledge, and client roster, adds Todd.

As an investor talk to lots of people – listen to both praise and criticism and earnestly hear out all the feedback. Take the time to figure out who the competition is and talk to them, too. All of the details matter when your money is on the line, so make sure you do your due diligence.

“Also, asking yourself if you are investing in the right team is essential. Is there a team? Who is on the board of advisors? I suggest that any investor spend time with the management after vetting the idea. It's important to understand who they are and what makes them tick. Are they after quick gains, or are they in it for the long run? How much relevant experience is there? How much skin in the game is there? All of these questions will give investors clear answers when looking for the right product and idea to invest in,' finishes Sascha Dobbelaere, CEO at Tweave.



VIDEO **UNLOCKING CUSTOMER LOYALTY: THE RISE OF PUDO SOLUTIONS IN UK ONLINE SHOPPING**

70% of online shoppers in the UK expect a PUDO (Pick-up & Drop-off) solution at checkout. Offering PUDO is in line with consumers' wants and it adds a layer of flexibility that can improve brand loyalty, profitability and sustainability. We speak to Sebastian Steinhauser, CEO & co-founder of [Parcelly](#), a hyperlocal and multichannel logistics technology company, about the rise of PUDO.

Sebastian, how has PUDO changed over the years, especially in two of Parcelly's key markets the UK and Germany?

The market has evolved from dedicated parcel shops, parcel lockers and all sorts of Pick-up & Drop-off to being a bit more agnostic. The market structure used to be fairly exclusive and related to specific carriers, but has now moved to being more carrier agnostic, with solutions operated separately, even if they are part of a carrier's network.

In the UK, for example, manned PUDO locations are the market standard and are generally linked to a convenient store. The more you go East, the more you will find that the preferred options are the unmanned location.

Both provide specific advantages and it feels that a blend of both is needed to provide a blend of convenient, time efficient and cost effective service.

How do you onboard your partners?

Location partners working with us do not need to choose anymore what couriers they would like to operate, the type of terminals and headsets they would have to train the staff to work with. They have only one device that can service all of the partners.

We consider ourselves to be one of the many solutions that should be offered to consumers either at the checkout or in the process of the parcel being delivered. Due to the change of demand, depending on day and time, Parcelly is the perfect solution for a specific bracket of the last mile.

The solution is either found at the checkout as one of the many options that can be chosen, or couriers provide the option inflight and the home delivery cannot take place for whatever reason.

Parcelly operates 4000 PUDO locations within the UK and in London you can reach one without utilising public transport or other active travel methods. Then there is literally no more sustainable and financially advantageous way of delivering.

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How often do consumers choose PUDO instead of home delivery, which in the UK is seen as the Holy Grail?

The trend still is home delivery, that being said, adding additional variables like rural vs urban, ported buildings vs non-ported, you will find a quite diverse change in the average. The rate of growth of PUDO is unbroken and continuous. Within the next 5 to 10 years we would see a shift towards home delivery being a premium, paid option and PUDO being the standard.

Parcelly operates 4000 PUDO locations within the UK and in London you can reach one without utilising public transport or other active travel methods. Then there is literally no more sustainable and financially advantageous way of delivering.

I am often asked whether PUDO is for any retail brand and the answer is 'Yes'. Many consumers opt for a PUDO based on the value of the basket, however, we are seeing a much more diverse range of shipments and basket values.

For the online retailers the benefit is that PUDO provide a solution for delivery whenever it is hard to do so to the home.



THE PERFECT PUDO LOCATIONS

A few things come into play when choosing the perfect PUDO locations. Sebastian explains that Parcelly has a wide range of locations from convenience stores through pharmacies, charity shops, and even pubs. 'Every year we add new examples of where a PUDO can go,' he adds.

An important consideration is not just the post cost but how easy it is to get to the PUDO. What needs to be taken into account is local travel preferences. Some countries have a well developed public transport network, in others cycling or walking are the main way for getting around.

For the online retailers the benefit is that they provide a solution for delivery whenever it is hard to do so to the home.

70% of online shoppers in the UK expect a PUDO solution at checkout. Offering PUDO is in line with consumers' wants and it adds a layer of flexibility that can improve brand loyalty, profitability and sustainability. More than a 1/3 of those shoppers are willing to switch the retailers depending on whether the preferred delivery options are available.

About Parcelly.

'Setting up a new market is not an operational challenge for us,' Sebastian says. The platform is asset light and can be introduced with ease both on the side of couriers as well as retailers.



Founded in 2014 Parcelly converts underutilised business space for the use of retailers and logistics companies.

The PUDO technology platform ensures a frictionless process for rapidly scaling first-mile delivery & instant fulfilment, both branded or white labelled.*

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THE TRANSITION TO MULTI-ENERGY FLEETS & THE BENEFITS OF INVESTING NOW

Many fleets are operating a multi-energy fleet or are about to begin their transition while still experiencing a lack of awareness and readily available, trustworthy guidance. A new survey by Teletrac Navman, a Vontier company, has recently been announced and we spoke to Carlos Caponera, Chief Marketing Officer about the finding and what they mean for the industry.

'It's particularly interesting to see how the transition to alternative fuels has become a pressing issue, indicating a significant shift in the industry's focus towards sustainability and environmental responsibility,' Carlos begins.

But many organisations feel the government is not doing enough to provide the necessary help and have doubts about the support they will get and the direction that is being taken. So should fleet managers invest in sustainability without a clear direction? For Carlos the answer is more than positive. Investing in green operations can lead to long-term cost savings, improved brand reputation, and customer loyalty. Moreover, being proactive in sustainability can position a company as a leader in the industry, potentially influencing policy and setting new standards.

Influencing the pace

Government commitment can significantly influence the pace and scale at which sustainability measures are adopted. Supportive policies, subsidies, and regulations can make it easier and more cost-effective for companies to invest in green technologies and practices.

In addition, heavy government commitment through subsidising or providing funding for increased adoption and acts as a catalyst for growth. 'However, a lack of commitment can result in barriers to adoption and missed opportunities for industry-wide progress,' Carlos points out.

What can slow us down

One major concern is the potential gap between the pace of technological advancements and the industry's ability to adopt them. There's also the challenge of ensuring that the infrastructure for alternative fuels keeps pace with the demand.

'What often doesn't get enough attention is the need for a skilled workforce to manage and maintain new technologies, as well as the importance of aligning all stakeholders, including suppliers, customers, and governments, to create a cohesive approach to sustainability,' Carlos finishes. *



MANAGING COSTS & MAINTENANCE

Companies can better manage fuel and maintenance costs through various strategies:

- **Implementing telematics and fleet management software to optimise routes and improve fuel efficiency.**
- **Investing in regular maintenance to prevent costly repairs and extend vehicle life.**
- **Exploring the use of alternative fuels and more fuel-efficient vehicles.**
- **Adopting a proactive approach to fleet renewal, phasing out older, less efficient vehicles.**
- **Encouraging eco-driving behaviours among drivers to reduce fuel consumption.**



CONSUMERS IN CHARGE: THE DARK SIDE OF VISIBILITY

Supply chain visibility has improved over the last few years but because it incorporates so many different aspects, there is still more that needs to be done. With consumers gaining the ability to dictate to retailers how and when to deliver, visibility has become more than just an internal area to optimise. We spoke to Richard Tucker, Director of Supply Chain Business Development at Endava, about the changing role of visibility that is being driven by the consumer.

'The importance of visibility in the supply chain is connecting all from the source through to consumers,' Richard begins. Due to the fact that it encompasses the whole journey, better consideration needs to be taken when devising a plan and delivering it.

Piecing together the manual elements of the supply chain still possess challenges and is something that retailers are working on. Retailers still rely on multiple technologies and systems and connecting them all together is not an easy task.

Richard specifically looks at the manual processes involved in retail that are still not well mapped. 'People would need to bring those together and get the data out of them,' he explains.



The toughest market

'Retail is really the toughest market as we have to work from the consumer backwards,' Richard points out. With the ability to choose anything with a few taps, same-day delivery and unlimited returns, consumers have become the true masters of the retail space. This has its benefits, but can create a true challenge when enabling visibility.

It comes as no surprise that consumers want things faster, cheaper and most likely even for free. Is this model sustainable from an operational point of view? 'Consumers have the technology to order from anywhere in the world, but they also have the ability to see what is going on very easily.' This means that they demand more and more information.

But many retailers, both traditional and online, are now finding it harder to satisfy the need for more visibility or it might even interfere with their operations as visibility for consumers is directly linked to reaching delivery targets. The lack of visibility can lead to consumers engaging on social media and portraying brands in a bad light.

Visibility does not sit all alone as a way to get more knowledge about internal operations. It is now directly linked to retailers' performance and profitability. Brands are judged on how well they communicate and how accurate the information they provide is. 'If you deliver not in the way you said you would, consumers would go somewhere else,' Richard adds.

Not in control

Ultimately retailers rely on logistics providers and courier to deliver on the visibility promise. Speed and visibility on the delivery process are only two of the many things that need to come together to satisfy consumers and retailers. 'Retailers who offer same-day delivery have found that consumers are now unhappy about the packaging for example,' Richard says. What could the solution to this be?



Wanting everything now is not sustainable, as companies that operate large volumes, based on speed, would not be able to meet all criteria effectively.

Convenience for consumers would stay a priority, but techniques can help. 'Giving consumers the ability to think how urgent their order is by offering discounts on the delivery is one way,' Richard says.

According to Richard retailers would need to give a bit more time to consumers to think about how urgent their orders are. Focusing on the speed of delivery can increase costs in many ways and still not lead to a happier consumer. Consumers also need to play their role.



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CUSTOMER SERVICE & LOGISTICS: RETAILERS LOOK FOR VALUE & COMMITMENT

What are the fundamentals of a good relationship with the customer? Delivering large projects is tricky, no matter the size of the organisation and this is where communication plays a key role. Helen Beebe, UK Managing Director at AJ Products, speaks to us about how to build a good relationship and the role of their logistics provider for the overall brand experience.

'The first step to building a good relationship is really understanding what the client needs,' tells us Helen. Honestly is the next thing she mentions and the ability to be open about what can be delivered and what alternatives are available.

The conversation also includes the importance of sustainability which has become a key consideration for customers when they choose a service provider. AJ Products know a few things about sustainability too. 'We have our own forests and we also manufacture in Europe, which adds to our overall ability to reduce emissions,' Helen says.

In addition the company would revise delivery options in line with their sustainability framework and also work towards improving the carbon footprints of their buildings.

Why does this matter? 'We are continuously asked to prove how sustainable we are and this is an evolving area for us,' Helen continues. The company produces a sustainability report every year setting out what is happening. Helen also adds that sustainability has become a high priority for the company and a key way to build on the relationship with existing and prospective clients.

The picture on how important sustainable credentials are for success is not the same across the business sector. As governments require greater visibility and sustainability, larger companies are those that lead it.

For large projects, reports such as those produced by AJ Products are a competitive advantage. SMEs are a different story. Although still focused on their green credentials, they might not be as stringent as big enterprises.

'The first step to building a good relationship is really understanding what the client needs,' tells us Helen.

Honestly is the next thing she mentions and the ability to be open about what can be delivered and what alternatives are available.

'For those who are eco-focused or B-Corps, this matters a lot,' Helen adds. More needs to be done as companies cannot work alone. Collaboration between competitors would be key to reach a more sustainable sector and, ultimately, benefit customers.

Logistics service

Helen also talks about the relationship between retailers and their logistics providers. 'We operate in a very competitive sector and we look for logistics providers that don't just deliver but have an added value in their service.' Competing on price and choosing only based on cost cannot be a long term strategy for brands who want to have a continuously good relationship with clients.

'We believe we will succeed by offering the best possible delivery service and customer experience.' That is where the logistics provider plays a key role. Helen advises retailers to find a partner that cares about the product and can offer high quality both on service and delivery methods. 'Look for a logistics partner who cares about their own reputation too as a measure of how good they are,' she finishes. *



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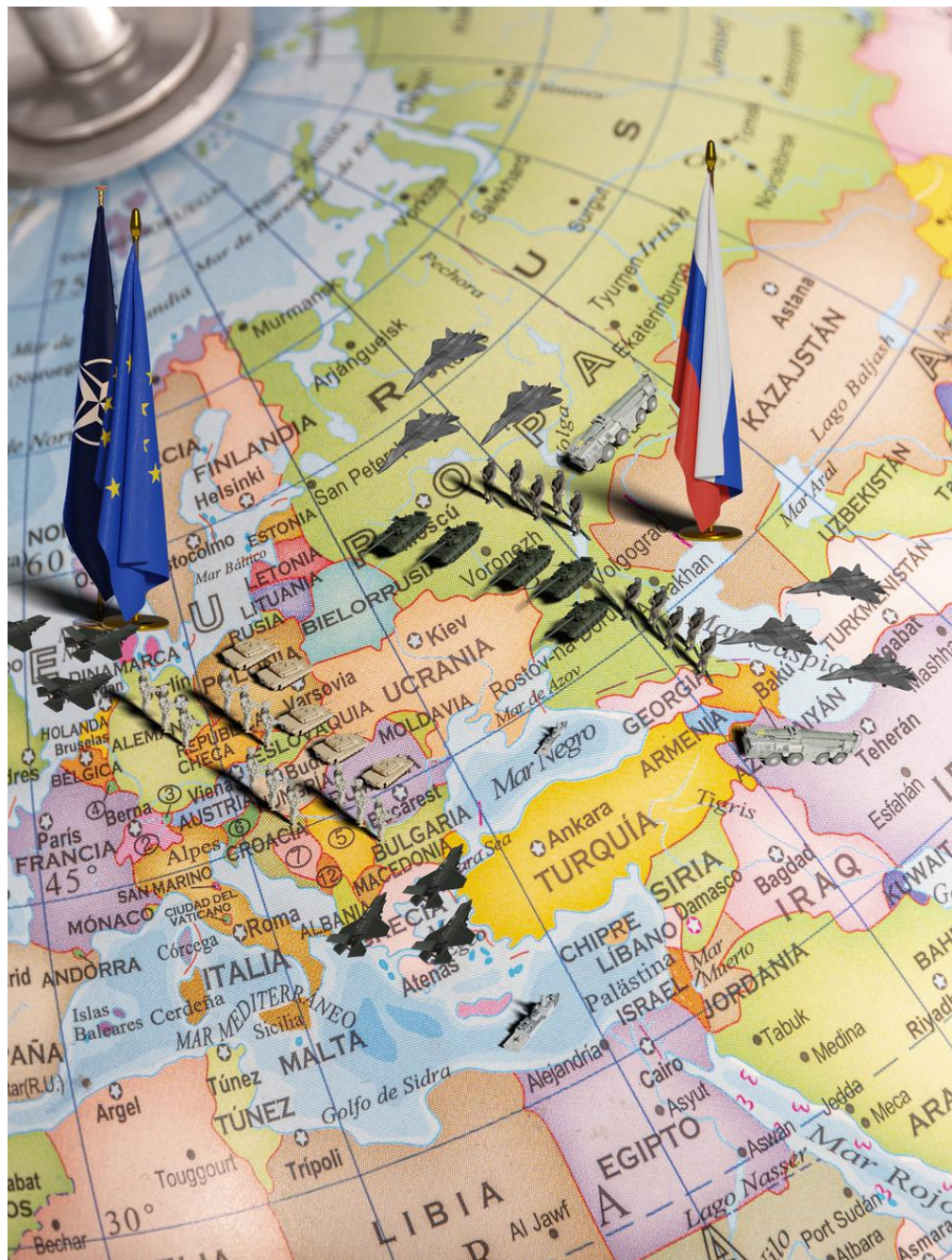
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GEOPOLITICS SHAPES SUPPLY CHAINS' MOVEMENTS FOR BETTER AND WORSE

GfK Consumer Confidence index figure remains low at -21 and it is not surprising that the topic of geopolitics and supply chain uncertainty is a recurring theme for managers. Disruption at any stage in the supply chain can create knock-on effects down the line. In some cases, these can be passed down to the end consumer in the form of order delays or price increases. This can affect customers' intent - and ability - to buy, amid an already tough economic landscape.




The Red Sea crisis is arguably the most significant disruption we've seen to global supply chain operations in recent months. Obstruction to this major trade route between Europe and Asia has caused widespread diversions for those transporting goods globally, adding around two weeks to shipping timescales. From a cost perspective, some shipping lines are levying surcharges relating to the increased risks, adding to the financial implications of diverted transportation. And that's not to mention the commercial risks of dissatisfaction among end consumers who could experience delays to their orders.

'The issues in the Red Sea are the latest in a long list of challenges that have compromised operations; we've seen Brexit, the pandemic, war, and economic downturn cause ricocheting effects across the industry in recent years. Industry professionals have been forced to exercise agility and pivot continuously in response,' tells us Scott Whiffin, executive director at global supply chain and logistics consultancy, SCALA.

Lena von Fritschen, Director Market Intelligence at Transporeon also talks about the myriad of challenges faced by supply chains. 'The problem isn't that delays happen 'too suddenly' for shippers to act, but that there's a lack of information-sharing within the industry. Shippers routinely lack regular updates on the status of their freight, and if freight has been booked via a third party, tracking information is often completely unavailable,' Lena adds.

“

The rising geopolitical tensions pose significant risks to supply chains today.



In challenging socio economic and geopolitical times, it's important to plan ahead and make strategic investments for the future. One approach is to consider increasing inventory to anticipate delays and ensure timely order fulfilment. Alternatively, investing in advanced demand planning processes and platforms can enhance forecasting accuracy, expand supply options, and support strategic decision-making.

Ultimately, having insight is key to staying competitive during periods of operational disruption. Before making major decisions, it's prudent to conduct a thorough review of your supply chain and logistics processes. This includes reassessing sourcing and warehousing choices, transportation routes, fulfilment methods, and manufacturing practices, taking into account both cost implications and service levels.

Top risk

Geopolitical uncertainty is one of the [Top 5 Risks for 2024 mentioned by DHL and Everstream Analytics](#). The rising geopolitical tensions pose significant risks to supply chains today. According to experts at Everstream, the ongoing tensions and regulatory issues between China and Taiwan highlight a potential hotspot for supply chain disruptions. This could lead to increased regulatory barriers for exports, particularly in sectors like semiconductors, agriculture, aerospace, and IT.

Any escalation of these tensions could spell trouble for industries ranging from electronics and textiles to plastics, rubber, chemicals, and base metals. Furthermore, disruptions in the Taiwan Strait would impact nearly half of the world's container ships that traverse through it.



GLOBALISATION STILL STRONG

„The most recent findings of the [DHL Global Connectedness Report](#) unequivocally dispel the notion of globalisation reversing course. Far from being a mere buzzword, globalisation is an influential force that has profoundly reshaped our world and has further great potential. Expanding markets and fostering opportunities empower individuals, businesses, and entire nations to flourish in unique ways. Embracing globalisation allows us and our customers to forge a promising future, fostering an increasingly interconnected world, more prosperous for all - and poised for further growth.“ - John Pearson, CEO DHL Express.

The report affirms the considerable potential to continue growing global flows. It pegs the world's current level of globalisation at only 25%, on a scale from 0% (meaning no flows cross national borders) to 100% (borders and distance have ceased to matter at all).



GEOPOLITICS BRINGS SUPPLY CHAIN DIVERSIFICATION

Over the past decade, the logistics and supply chain sector has been greatly impacted by ongoing geopolitical events. Significant factors include escalating trade tensions between major economic powers like the United States and China, along with geopolitical conflicts in regions like the Middle East. We spoke to Sarfaraz Alam, CEO and founder of HashMove, about how geopolitics shapes supply chain. You can read a feature on the topic on [page 28](#).

The events around the world have disrupted traditional supply chain routes and operations on a massive scale. Moreover, tariffs and trade restrictions imposed during events like the US-China trade dispute have compounded challenges for supply chain professionals.

As a result, businesses worldwide have experienced delays, shortages, and increased costs. 'In recent years, we've witnessed significant changes in economic patterns and trading dynamics.

The rapid advancement of digital technology has fueled the widespread adoption of e-commerce, revolutionizing traditional retail and supply chain models,' tells us Sarfaraz.



However, globalization has encountered obstacles, including increasing protectionism, trade tensions, and geopolitical conflicts that disrupt global trade flows and supply chains. In response, there's a renewed emphasis on building resilient supply chains capable of adapting to unexpected shocks.

Companies are diversifying their supplier base and investing in technology for better visibility and agility. Sustainability considerations, encompassing environmental, social, and governance (ESG) factors, are also gaining prominence in business strategies and investment decisions. This shift is compelling companies to integrate sustainability goals into their operations.

Meanwhile, emerging markets continue to drive global economic growth and trade, while fintech innovation and the rise of digital currencies are transforming traditional financial systems and payment methods.

Adapting to these changes is essential for both businesses and policymakers to navigate the complexities of the evolving global economy.

As global supply chain disruptions persist with no immediate resolution in sight, companies are feeling the pressure to adapt. In response, they are turning to alternative methods, embracing more resilient and flexible supply chain strategies.

Many organisations are opting for connected and multi-modal logistics platforms to enhance their global supply chain operations. These platforms enable them to diversify sourcing channels, implement robust risk management protocols, and leverage digital technologies to navigate the uncertainties arising from geopolitical events. *



STRATEGIES FOR OVERCOMING SUPPLY CHAIN HURDLES IN BIOREFINERY OPERATIONS

Biorefineries suffer from the same challenges that traditional supply chains have, including driver shortages and delayed deliveries. However, there are unique problems too. We speak to Andreas Meggendorfer, Director Supply Chain & Sourcing at UPM Biochemicals, about how the company is creating the world's first industrial scale biorefinery in Leuna, its supply chain challenges and successes.

"We are in this supply chain more dependent on weather impacts, which might lead to the situation that the wooden logs can't be transported out from the forest," explains Andreas. Compared to other raw materials used in the biorefinery the raw material wood and also the supply chain of wood has their very own challenges. An important thing to mention is the relatively high seasonality due to the practices in sustainable forest management, but also due to safety reasons.

Due to what UPM is trying to achieve, its supplier base is more fragmented and complex compared to other players in the industry, which needs special attention and supply chain set-up.

Recently the company announced the first deliveries of wood have now been made to Leuna by rail, establishing and testing the direct rail link to the Leuna operations' wood yard. The partnership with DB Cargo aims to reduce the carbon footprint and alleviate some of the transportational headaches.

'With start-up of the refinery by end of the year, we will transport wood for longer distance also by rail, however we plan to source most of the wood of course regionally,' Andreas says.

UPM is investing EUR 1,180 million to build the world's first industrial scale biorefinery in Leuna that will convert sustainably sourced, certified hardwood into next generation biochemicals – enabling the vital shift away from fossil-based to renewable materials across a wide range of industries.



The Leuna biorefinery is part of a broader growth area, UPM Biorefining, that is scaling refineries to produce a variety of renewable fuels and chemicals made from sustainable biomass. *

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SAME DAY IS COSTLY, SO WHY DO RETAILERS BENEFIT SO MUCH?

79% of the companies notice an increase in costs after introducing same day deliveries. So why is this something that retailers are pushing for? In a recent survey by Roadie, a UPS company, the vast majority (80%) of companies reported increased revenue after implementing same-day delivery. We spoke to Marc Gorlin, the Founder and CEO at Roadie, about the survey and its findings.

'It's an investment in staying ahead of the competition,' tells us Marc. When considering how to manage initial costs, businesses have several options for pricing strategies. These range from offering free trials to implementing subscription models.

By experimenting with different pricing structures and service levels, you can find the right balance that works best for your business. Additionally, collaborating with experienced professionals who have navigated similar challenges can be invaluable in keeping start-up costs low.

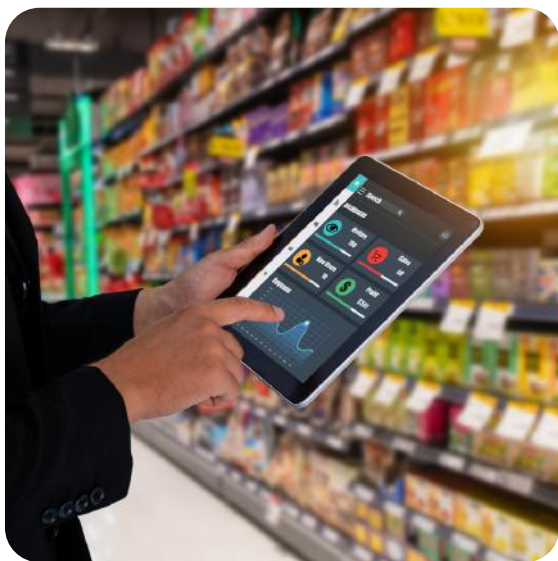
Better competition

Despite the initial jump in costs, a solid 80% of the retailers surveyed reported increased revenue after introducing same-day delivery.

In addition, for many of these companies, this was not just a small bump. Nearly a third of them reported an increase of more than 10%.

In addition to that, there were several gains reported including higher customer satisfaction (80%), a boost in sales volume (70%), and improved customer loyalty (66%). Another surprising takeaway was the unexpected soft benefits of same-day delivery including improved insights and better use of warehouse space.

'Retailers should understand that same-day delivery isn't just a flashy perk – it's what customers want and expect. And it drives more revenue for the retailer. For years, retailers have bet that same-day delivery would make them more competitive, and now we know that offering the option is also a data-backed way to increase revenue,' Marc adds.



The playbook?

There really isn't a right or wrong here. It's about finding the balance that works for you and your customers. Some retailers have had success experimenting with free trials and subscription models. Other retailers choose to charge fees for delivery, set higher product prices to cover delivery costs, establish order minimums to qualify for same-day delivery, and so on. It's all about finding that sweet spot. Choose a partner who can help you in your journey to figure it out.

The list of important variables

There are several variables: Ensuring you have the logistical infrastructure to handle same-day delivery, establishing accurate order cut-off times and geographic limitations, having a proactive customer communication plan in place, as well as assuring you have efficient technology for inventory management, order processing and delivery tracking. *

For years, retailers have bet that same-day delivery would make them more competitive, and now we know that offering the option is also a data-backed way to increase revenue.

The image features a glowing blue circuit board pattern on a black background. In the center, the letters 'AI' are displayed in a large, white, sans-serif font, enclosed within a white hexagonal outline.

AI

AI CAN SAVE WAREHOUSING \$1.77 TRILLION, BUT HOW TO USE IT BEST?

By 2030, the warehouse robotics market is expected to reach just under \$ 16 billion, indicating the industry's rapid evolution, according to Next Move Strategy Consulting. In addition, 77% of organisations are serious about automated warehouse systems and mapping a plan to maximise data-driven performance. Andrei Danescu, CEO of Dexory takes a deeper look at the AI's impact on warehousing and efficiency for The Logistics Point.

AI powered tech will transform the way data is utilised in warehousing as it would allow to get a real-time picture of what really is happening. Using AI to automate routine tasks, from stock ordering to counting, not only saves time but also minimises the risk of human error.

According to the global research and advisory firm IHL Group, the cost of stock mismanagement reached a staggering \$1.77 trillion last year.

This highlights the importance of efficient functionality that optimises operations.

The journey towards accurate inventory management begins with:

- **Accurate Data Capture:** Data capturing in the warehouse is still done either manually, or infrequently, leading to gaps in accuracy of data. What organisations need in the modern business environment is real-time and actionable data. Getting access to accurate and up-to-date data is going to be crucial in understanding inventory levels, accuracy of your warehouse occupancy and giving operators an insight into how to optimise their operations. This informed decision-making will enable efficient resource allocation.
- **Data Filtering:** Sophisticated algorithms filter out noise and extract reliable information once data is captured. These algorithms enhance the accuracy of inventory data. By refining data sets and minimising inaccuracies, businesses can effectively manage inventory, streamline processes, and meet evolving demands with precision.
- **Processing Data with Distributed Computing:** Efficient data processing is crucial for leveraging AI in warehouse management. Distributed computing techniques distribute the workload across a network of computers, reducing latency and enabling real-time analysis.



This approach ensures that accurate inventory information is readily available, supporting agile decision-making and enhancing overall operational efficiency.

Space Optimisation

Warehouse space is at a premium - for every £1 billion spent online, an additional 775,000 sq ft of warehouse space is needed. However, traditional warehouse space allocation often leads to underutilised areas and inefficient layouts. AI-driven solutions can revolutionise this aspect by:

- **Advanced Space Mapping:** AI algorithms enable warehouses to conduct comprehensive space mapping exercises. Through analysing real-time data on available space, inventory levels, demand patterns and storage capacity AI can generate optimised layouts tailored to warehouse needs.

What organisations need in the modern business environment is real-time and actionable data. Getting access to accurate and up-to-date data is going to be crucial in understanding inventory levels, accuracy of your warehouse occupancy and giving operators an insight into how to optimise their operations. This informed decision-making will enable efficient resource allocation.

- **Dynamic Inventory Placement:** static storage arrangements can lead to wasted space and inefficient retrieval processes. AI-powered dynamic inventory placement systems continuously analyse inventory movement patterns and adjust storage locations accordingly.

This ensures that high-demand items are strategically placed for easy access, while less frequently accessed items are stored in less prime locations, maximising space utilisation without compromising operational efficiency.

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- **Predictive Analytics:** predictive analytics algorithms forecast future inventory demands and storage requirements with unprecedented accuracy. By analysing historical data and identifying trends, these algorithms can anticipate fluctuations in inventory levels and adjust space allocation accordingly.
- **Automated Space Optimisation:** automated systems can continuously monitor inventory levels, adjust storage configurations in real-time, and optimise space allocation based on dynamic demand patterns. This automated approach not only enhances efficiency but also frees up valuable human resources. *

WORKFORCE EFFICIENCY

- **Enhancing Employee Focus - Automating mundane yet essential warehouse tasks such as stock-taking and inventory management** allows employees to redirect their focus towards more challenging tasks that require human creativity and insight.
- **Improving Safety and Risk Management:** AI-powered systems can enhance safety measures in warehouses by identifying potential hazards, monitoring equipment performance, and alerting workers to potential risks. This not only reduces workplace accidents but also enhances overall risk management practices.
- **Boosting Engagement and Productivity:** By relieving employees of repetitive tasks, automation enhances their engagement and overall productivity. Employees can contribute more effectively to strategic tasks that drive business growth and innovation. Companies can invest in training programs to help employees adapt to technological changes and take on more complex roles within the warehouse environment.

DELIVERING GREEN

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