

# Digital Transformation in the Logistics Sector: Be a Transporter of Choice

Your customers, both current and potential, are going digital. Whether they are manufacturers, distributors or retailers, leading organisations are using the latest technology tools to drive operational efficiencies across their supply chains. Digital solutions are automating repeatable tasks to boost efficiency and promote faster and better decision-making; and early adopters are enjoying a competitive advantage in their chosen markets.

The outsourcing of services, especially transport requirements, has become the norm. Companies are focusing their time and resources on developing their core businesses while engaging experts to deliver support services. It is becoming increasingly clear that transporters need to keep pace with the way their customers wish to engage with their service providers. The migration to an interconnected transport world is already here.

## Why are companies going digital?

According to a recent KPMG presentation at the e2open Connect2023 conference, there are five real disruptors in global supply chains, driving the need for digitisation.

## 5 Major Real Time Disruptors in Today's Supply Chains

Changing customer preferences	Fluid market dynamics	Labor and material shortages	Geopolitical disruptors	Technology developments
<ul style="list-style-type: none"><li>• Increased customer service expectations</li><li>• Focus on Environmental, Social and Governance (ESG)</li><li>• Omnichannel experience</li><li>• Growing reliance on digital technologies</li></ul>	<ul style="list-style-type: none"><li>• Greater consolidation of markets through inorganic growth</li><li>• Near-shoring of formerly global supply chains</li><li>• <b>Prioritization of low-risk supply chain vs. low-cost supply chain</b></li><li>• <b>Shift from “Just in Time” to “Just in Case” supply chains</b></li></ul>	<ul style="list-style-type: none"><li>• Bullwhip Effect – unexpected surge in demand for unprepared supply chains</li><li>• Upstream supply chain bottlenecks</li><li>• ‘International labor shortage increasing labor competition and labor cost</li><li>• US driver shortage increasing lead times and cost</li></ul>	<ul style="list-style-type: none"><li>• Barriers to trade (Brexit, US-China) leading to increasing complexity and cost</li><li>• Compulsory climate reporting and more ambitious CO2 targets are imminent</li><li>• Consideration of adjusting driving time-based regulations to address driver shortage</li></ul>	<ul style="list-style-type: none"><li>• Rise of digital operations and its impact on workforce and customer expectations</li><li>• New platforms have supported expansions of aggregator / group purchasing organizations, enabling dis-intermediating in the market</li><li>• Use of blockchain to improve supply chain traceability</li></ul>

With disruptions come the opportunities to improve. Changing customer preferences and omnichannel expansion is altering buying behaviour. The business-to-consumer market (B2C) is directly influencing the business-to-business model (B2B) with the expansion in the use of hand-held devices and mobile applications. This can be seen in the popularity of home delivery Apps like Uber Eats and online travel aggregators such as Booking.com. The consumer is now used to tracking their order from meal preparation to last mile delivery and the corporate customer is now asking for similar visibility and tracking from their transport and logistics service providers.

## **What the customer wants**

Leading companies in every industry are aiming for the most cost-effective method of moving goods from source to destination. The goal of adopting new digital technologies is to improve customer service and reduce operating expenses. With transport services, companies are looking to outsource to specialist service providers but retain control: to do this they need visibility, flexibility, and transparency. Agility is key to being able to deal with supply chain disruptions and unexpected delays with supply chain intelligence driving proactive rather than reactive decision-making.

But that's not all. Customers also want confidence that their communications are secure, that there is compliance with regulations and there is an audit trail of transactions. There is also pressure on all companies, particularly listed ones, to embrace sustainability goals and be able to report on it in their annual financial reports. For transport service providers, this may mean a requirement to track carbon emissions and provide road safety statistics to your customers. All of this is dependent on real-time data that is accurate, reliable and integrated – a key area that is a current weakness for the small-to-mid sized transporter. To achieve this, customers are embracing applications rich in data such as transport management systems (TMS) and telematics or IOT devices to gain real-time visibility of supply chain activities.

## **What does this mean for transporters?**

The days of running a transport business on WhatsApp groups, Email and Excel spreadsheets are behind us. The way transporters receive offers of loads from customers will continue to change as the journey to digital transformation evolves. It is now common for a transporter to have to log in and monitor multiple customer ERP systems or TMS platforms to view offers and accept loads. This means being able to view and accept demand (often at short notice) from multiple systems and platforms – a task that would be far simpler and accurate if it was system talking to system rather than human intervention which has its own limitations. Data transparency, integration and visibility are key factors in driving improvements in transport logistics and visibility of data means knowing what is happening in your organisation now as well as providing vital clues for what may happen in the future.

## **What are customers looking for when hiring transporters?**

Beyond transparent pricing and the right service offering, companies look for customer service, reputation and proven experience. Also important are technical capability and data rich technology solutions that are widespread across the transport sector such as track and trace and telemetry. Customers are looking for access to the data that you can provide from IOT or telematics devices for real-time monitoring of loads to ensure that their goods are being optimally handled with the minimum delay. Any transporter aiming to stay relevant should focus on how best to track shipments online and communicate this data in real-time with the customer, ideally through integration with their systems. Transporters who are slow to modernise and embrace new technologies may soon find themselves left behind. One way to differentiate yourself from your competitors is to embrace the new reality.

Overheads and margins are always top-of-mind for transporters and although any additional cost may seem like a grudge purchase that will need to be passed on to the customer, the best way to differentiate yourself from your competitors is to embrace this new reality and accept that is the modern way of doing business. Fortunately, prices are coming down as more companies take advantage of these necessary cloud-based Software-as-a-Service (SaaS) solutions in transport management.

In responding to the challenge to become integrated, real-time and accurate, transporters must invest in a platform that enables:

- fast, flexible connectivity to partner systems (Customers, Telematics, Drivers, Warehouses).
- real-time integration of data feeds (such as telemetry, real-time pricing, demand signals) to enrich existing business processes.
- automation that supports proactive intervention.

### **Platforms built for Transporters**

Transport management platforms have transformed the way companies requiring outsourced transport services engage with transporters. For transporters operating in this new environment, demand may come from multiple sources including directly from manufacturers and their systems, via distributors or from the customer's contracted 3PL or 4PL service providers.

Blupath is a platform built for transporters by people with a deep passion for transport. It is a multi-party platform that allows a transporter to consolidate all their demand (from multiple sources) in one place and execute their daily plans from different client systems on one platform.

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