

# SUPPLY PROFESSIONAL

FEBRUARY 2019

## LIMITLESS POTENTIAL LORI BENSON ON TECHNOLOGY, DIVERSITY AND SUPPLY CHAIN SKILLS



**Peering into supply chain's future**

PM 43096012

Cybersecurity

LA & Detroit auto shows

Freight forwarding  
digitization

Air travel innovation

# INNOVATION OR IRRELEVANCE?

## THE DIGITALIZATION DEBATE IS OVER AND DISRUPTERS ARE JUST COMPETITORS

If you hadn't noticed, your business environment has changed irrevocably, and forwarders face a simple choice: innovation or irrelevance. If there can be anyone left in the shipping and forwarding space who is skeptical of digitalization, the fact that the market leaders are evolving into digital businesses means that the path is clear for the rest to follow. The only question is, will you be quick enough to benefit from their efforts, or follow in the wake hoping for some scraps?

Maersk have committed to be the first integrated provider of digital global containers logistics, while Kuehne & Nagel launched a half dozen digital platforms last year and expect to increase continuously their digital capabilities in the short term. These developments have pressured their nearest competitors to try and follow suit—and so the need to evolve cascades.

### FINDING THE VALUE

In my opinion, the real challenge for forwarders and other operators is not whether to be digital, but to identify where the real innovation value and ROI is going forward. The point is, there's

no value for most of us in technologies like blockchain, the Internet of Things (IoT), big data and artificial intelligence (AI).

There's questionable value in freight portals and other online markets. There are even questions surrounding the long-term profitability and viability of the most successful digital start-ups, including Flexport.

Arguably, the most important element of any digital transformation is a digital shop front that will allow your customers to transact with you on any device. The rationale is that this digital capability dramatically reduces the cost to serve and gives your client a much better user experience.

And with shipping tech already maturing, there are vendors out there that can give you 'off-the-shelf' digital shop fronts, so you don't even have to build your own.

But at what cost and where's the ROI? While you should explore the potential of this technology for your business—if for no other reason than being able to talk about it, as a 'proactive digital approach'—your focus really should be on the quick wins. And that

means leveraging your existing technology to provide more value to your existing customers, attract new customers and provide new revenue streams for your business.

### TRANSPORTATION MANAGEMENT SYSTEMS

Your transport management system (TMS) deals with the planning, execution and optimization of the physical movements of your clients' shipments. It's a logistics platform that enables your team to manage and optimize the business's daily operations.

The rationale for buying your TMS is probably lost in time, but is likely to have included better customer service, tracking capability, business efficiency and seamless communication. Depending on the capability of your TMS, forwarding, origin, destination, intermediate vessel and flight requirements, brokerage, customs, invoicing and costing requirements can all be managed within that one environment.

Which means your customers are receiving a higher level of service and can access the data and buyer-supplier information that is shared across your operation, minimizing delays and reducing the potential for errors—and they don't even know it.

What does all this mean? It means that the threat at the start of this piece to 'innovate or be irrelevant' should be hollow for most forwarders, who can leverage their TMS to provide 'digital' solutions today to be the next disrupter.

The type of TMS you operate will typically be dictated by the relative size of your customers. The larger the shipper, the more volume and complexity there is to manage and the TMS is chosen to match the task. This complexity creates opacity in the supply chain, shrouding many transactions, interactions and outcomes, which hampers optimization.

Bolt-on technology exists to supercharge your TMS, so that your customers can get more value out of their vendors and cut their supply

THE REAL CHALLENGE FOR FORWARDERS AND OTHER OPERATORS IS NOT WHETHER TO BE DIGITAL OR NOT, BUT TO IDENTIFY WHERE THE REAL INNOVATION VALUE AND ROI IS.



Steve Walker is consultant and advisor with Steve Walker Global Ltd.

---

chain costs, while generating new and recurring revenue streams for you.

With the right 'off the shelf' products, planning and implementation there is no reason why you cannot use your TMS as the foundation to develop your own e4PL solution, a unique product that will win new business and up-sell into your major accounts.

Your objective is to configure your client's e4PL platform, so that they (and you) can monitor the performance of all carriers and use

that insight to control rate discussions across all channels including parcel, road, air and ocean.

Your e4PL solution can automate repetitive manual process to eradicate errors (which can average 25 per cent) and reduce cost, automate invoicing and reconciliation and provide evidence of performance, to negotiate reductions with service providers and vendors.

This e4PL offer can be enhanced further with business intelligence tools that squeeze every bit of value from the data, so they can correct the past, master the present and predict the future.

As technology transforms freight, the forwarders that thrive will be the ones that understand it is a new opportunity to get closer to their clients and create brand new revenue streams. **SP**