

Technology will fuel change in logistics for the next decade

By Thomas Hansen

Like the rest of the world, the supply chain in the Australian and New Zealand markets is undergoing enormous change. As everyone in the industry knows, much of this has been driven by the accelerating shift to online retail, as well as customer demand for faster turnaround and more services. But this is just part of the bigger picture.

While we are finding ways to use new technologies to add value and better service, global politics and socio-economic factors are also playing a hand to forge a brave new world of logistics.

Retail is changing the supply chain

Traditional retailers are doing what they can to compete with the new online retailers, and many are changing their own business models in order to give customers services that are similar to Amazon and other ecommerce retailers. As logistics providers, we're already feeling the effects of this throughout the supply chain.

But while this shift to an omnichannel retail model has been going on for some time, it's still very much evolving. Technology is changing so fast that no sooner has the sector acclimatised to one development, the next big thing comes along to upset the apple cart all over again. We can expect much more of this as traditional retailers realise that if they can't keep up with the big players, they will be consigned to the past.

Clearly, this will have a huge effect on the logistics arena for years to come. Like these traditional retailers, we are having to change our business models to reflect the paradigm shift that is being felt throughout the industry. We don't want to be left behind or lose market share.

Which is why it's vital we remain alert to advancements in technology, as well as disruptions within the economic and socio-political arenas. Here at Röhlig, we've already responded to the global shift in the supply chain and continue to monitor developments, adapting our systems and processes as the march to an omnichannel business model

While technology is changing our industry and creating challenges, it is these same technologies that will safeguard our businesses and allow us to thrive in the future

accelerates and the world around us evolves.

Adapting with the environment

This is particularly relevant for our market in Australia and New Zealand as manufacturing is relatively limited. Here, our industry is driven by imports, and a growing population means this is likely to increase in the short to medium term.

A big focus for us over the next two years will be the further deployment of the Sirius.VM system in these markets. This is a good example of how technology can help logistics providers adapt.

Sirius.VM is a supply chain management SaaS (software as a service) platform that gives our clients the opportunity to manage their suppliers through a number of KPIs, providing full visibility of the supply chain and increasing the speed to market for our clients' goods. It's useful as it can be tailored to operate through a number of parameters such as purchasing, inventory management and transport. It's especially useful for clients with a large number of suppliers, and we're already seeing how it can deliver real returns on investment for those using it.

Sirius.VM will be vital to our success going forward, especially with expected consolidations in the forwarding sector.

Tackling new challenges with the power of technology

This new era for logistics will bring with it new challenges. We're already experiencing one in labour and recruitment of staff. The industry continues to have a driver shortage, and there's an increased need for warehouse staff to cope with the increasing demand due to online retail.

One way in which this is being addressed is through the use of autonomous robots. As a result, the industry that develops this technology is also in the ascendancy.



Logistics providers need to be aware of new developments in this area and how the technology can help us with our own endeavours, lowering costs and improving ease of scalability. Right now, the technology is getting to the point where using leased RaaS (robots as a service) is beginning to compete with the cost of hiring staff – and the costs are predicted to fall further.

Socio-political instability

Another shadowy challenge is appearing in the shape of new trade agreements and tariffs. While the change has been slower than anticipated, this year it has gathered momentum, and the industry must be prepared for the unknown ramifications of further political and socio-economic developments.

Global politics will play a significant role in driving the changing dynamics of the logistics sector, with trade wars and Brexit both having an impact. Multinationals will need to redesign their supply chains to take account of these disruptions and manage regulatory issues in order to avoid longer lead times due to new border requirements and increasing tariffs.

Some companies already have analysis projects in place to try to forecast what the effect will be on supply chains and make some form of preparation for changes to tariffs and trade agreements. But it's tremendously difficult to predict what will happen, given

the rapidly shifting nature of the global political climate.

Look to the future

Nevertheless, we do know that new applications as a result of developments in AI (artificial intelligence), blockchain, robotics, IoT (internet of things) and machine learning will play their part in addressing new challenges as they arise. Stakeholders in the logistics industry and throughout the supply chain must invest the resources to see how these innovations will affect them and how they can benefit.

Certainly, in the medium to long term, 3D printing is one technology that has the potential to completely revolutionise the logistics industry. The ability to print products locally will remove the need to ship or even store them. The implications of this would obviously be massive for our industry – depending, of course, on just how powerful the technology becomes.

Further down the line, driverless vehicles will have an impact, especially on last-mile deliveries. We're already seeing drone deliveries affecting this sector of the business.

While it is these technologies that are changing our industry and creating challenges for us logistics providers, it is these same technologies that will provide the solutions that can be used to safeguard our businesses and allow us to thrive in the future.



Thomas Hansen is the regional director for Röhlig Australia and New Zealand; during his 20-year career at Röhlig, he has seen a lot of change in the global logistics sector