

Global logistics: The link between technology and productivity

Survey-led report produced in partnership with CargoWise



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Foreword

Logistics is a performance business. The successful management of goods in transit can be benchmarked with clear targets such as speed, cost, and accuracy.

However, as global supply chains become more complex and the pressures created by shifting demands in both the B2B and B2C spaces increase, consistently delivering on these metrics has become much more complicated.

To keep pace with capacity demands and navigate the considerable disruptions that have affected the industry over the last two years, logistics providers must act fast to improve the productivity and efficiency of their operations.

Extracting greater value from processes, improving operational yield, and providing a higher quality of service to customers are all crucial to remaining competitive.

It has become an obvious fact that increasing digital capabilities and practices is the way ahead for the logistics industry.

Digital transformations have been ongoing for many years, but the constant and unpredictable pressures that have been placed on the industry and global supply chains in recent years, have accelerated the need for faster and more lasting implementations.

Logistics providers simply do not have time to languish in the technology doldrums. The expectations on performance and consequences of failure are too high.

Through our research, we have investigated how businesses can drive productivity within their operations and the crucial role that technology will play in achieving this.

By exploring strategies to streamline incoming data flows, overcome the failings of legacy systems, and explore the best investments that will empower workforces, this report showcases the results highlighting the intrinsic importance of linking technology and productivity in logistics.



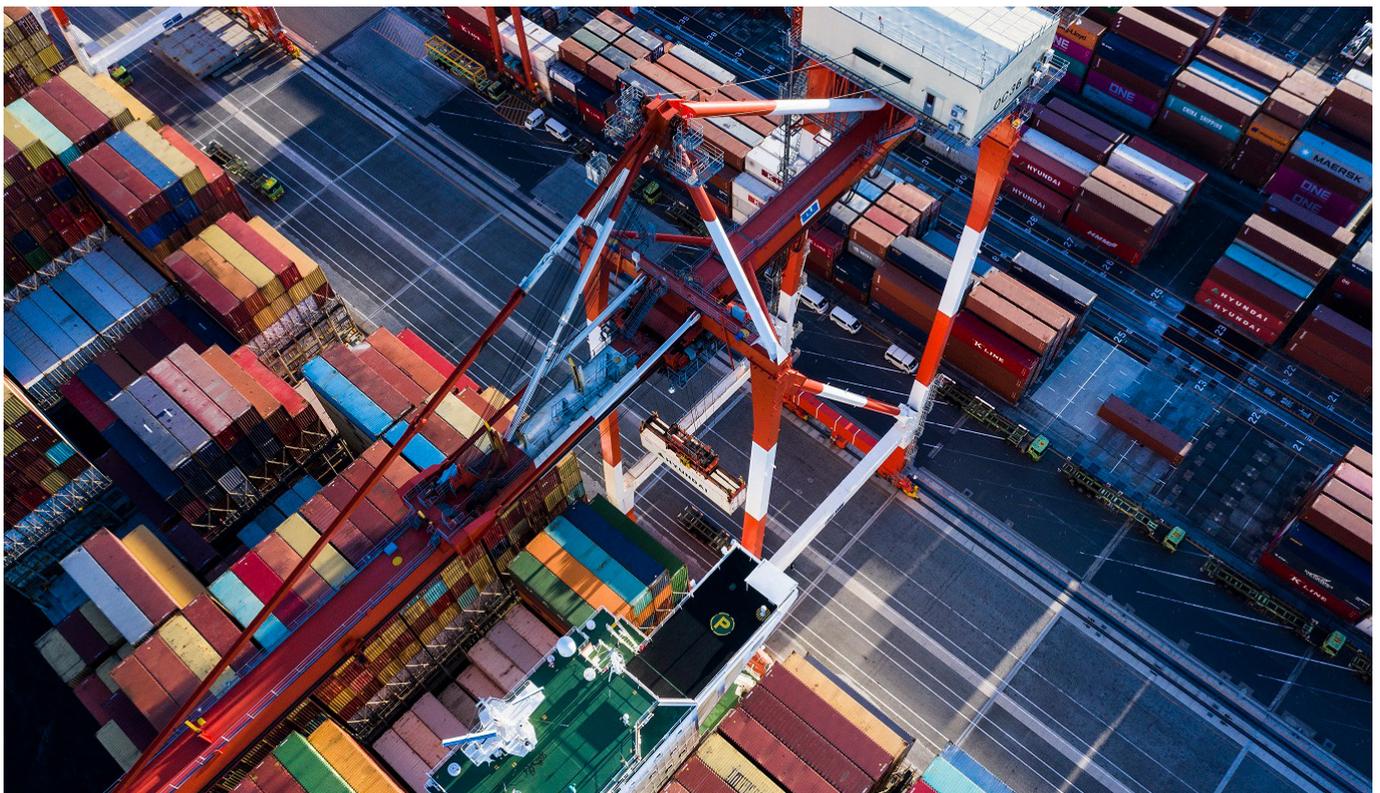
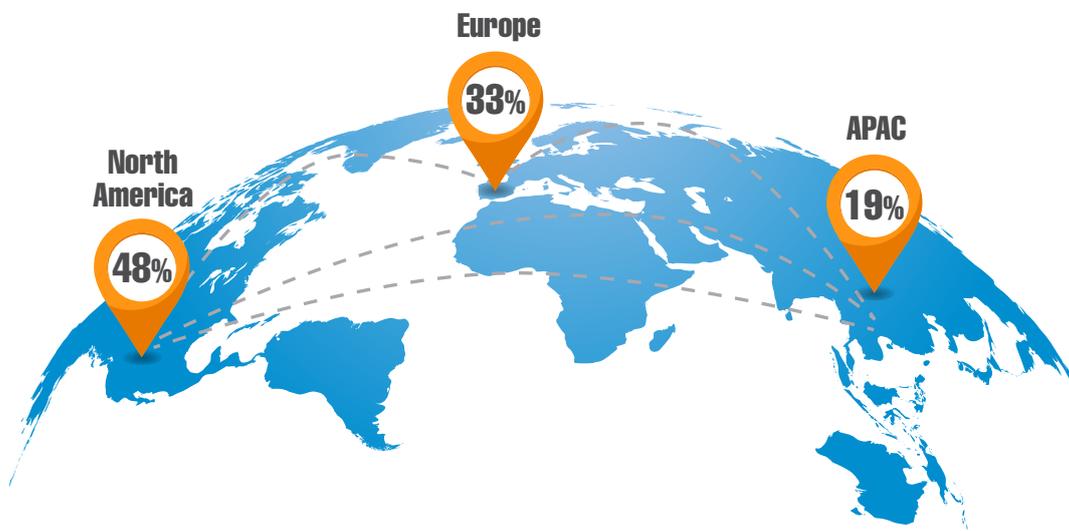
Gene Gander
General Manager, Global Sales
CargoWise

Methodology

A total of 488 logistics and supply chain professionals from around the world were surveyed between January and February 2022 for this report.

Respondents were from North America (48%), followed by Europe (33%) and Asia-Pacific (APAC) (19%), highlighting the global nature of the survey.

Their responses – analyzed anonymously – represent what these industry representatives consider to be some of the biggest challenges and opportunities facing logistics operations at this time.



Logistics operations: Where pressure and opportunity converge

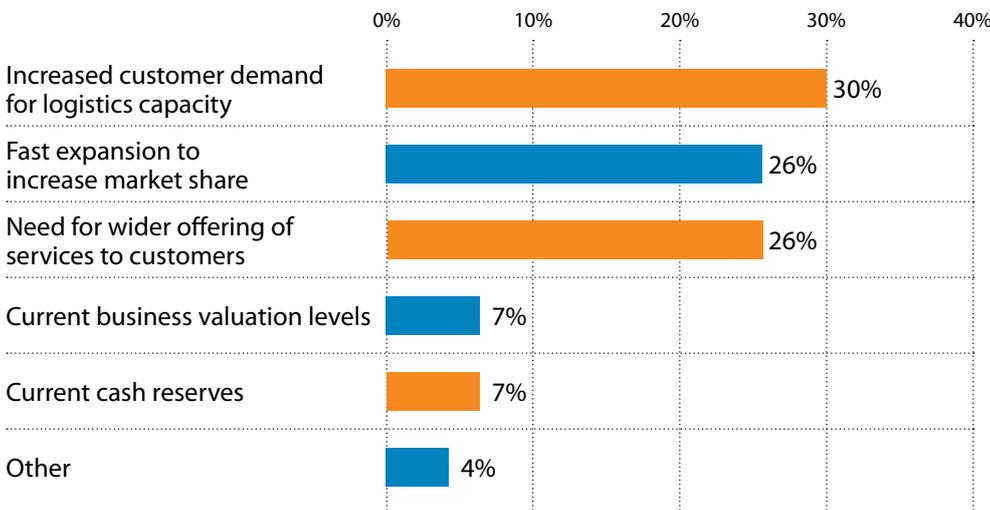
COVID-19 has had a profound effect on the business world. Huge changes have occurred across how and when operations and services are delivered. Businesses have had to adapt quickly, and for the logistics industry, the change has been significant.

Changes to competitive dynamics

The disruption generated by the pandemic has created an environment where merger and acquisition (M&A) activity has and will continue to flourish.

With ongoing volatility and continued high consumer spending on goods, it is understandable why close to a third (30%) of respondents considered increased demand for logistics capacity to be a key driver of M&A activity in the sector.

What do you consider to be the main drivers behind increased M&A activity in the logistics sector?



However, challenges and opportunities often go hand in hand. Fast expansion to increase market share highlights this mindset well, with one in four respondents citing the chance to gain a “larger slice of the transportation pie” as a key reason to pursue inorganic growth.

Global logistics: The link between technology and productivity

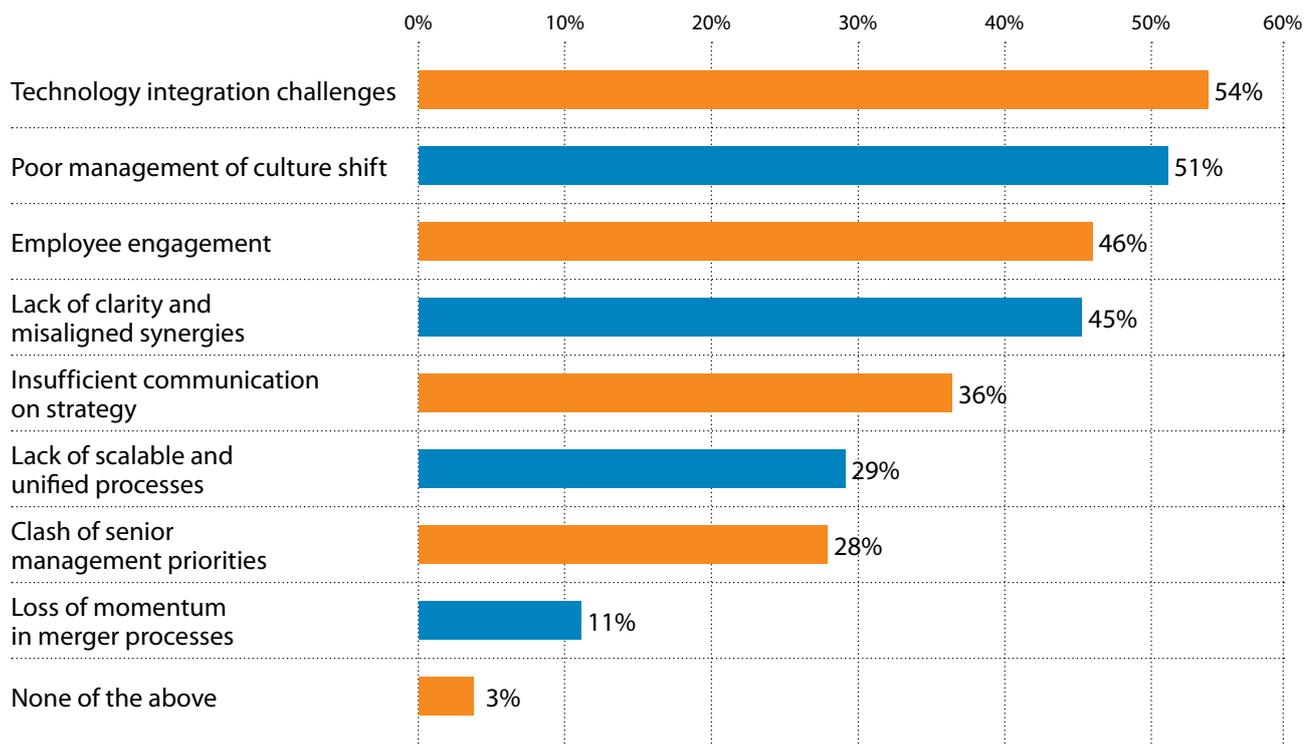
M&A is of course not always a smooth process and long after the paperwork is signed, businesses must negotiate integration processes which can sometimes take years to realize.

Respondents highlighted that effective management of culture shifts (51%) and maintaining employee engagement (46%) were two of the biggest challenges to a successful integration, both of which have roots in the human aspects of business.

However, the role technology plays post M&A is also critical. Technology integration challenges were flagged by more than half (54%) of respondents and understandably so, as combining disparate, digital systems and processes can create a headache for some businesses in the short-term.

But for those that stay the course, significant and sustainable operational efficiency and productivity improvements are achievable and can help future proof the business.

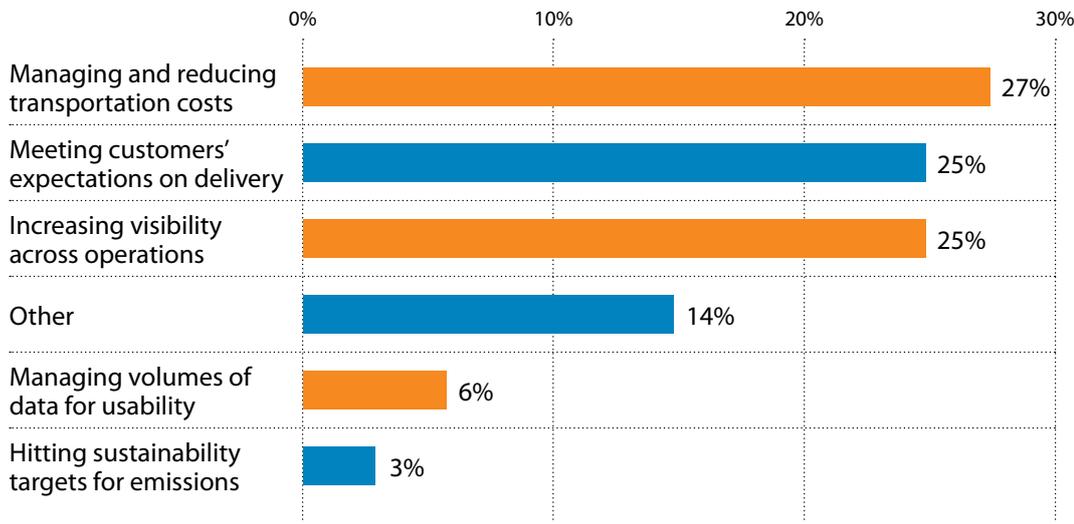
What do you think are the three biggest challenges when integrating, post M&A activity?



Changes to operational dynamics

For one in four (27%) respondents, managing and reducing transportation costs was the biggest operational challenge, followed by meeting expectations on delivery.

Which of the below is the biggest challenge you are facing in your logistics operations?



Finding a balance between the two is critical for logistics providers to flourish, and in many cases can be enabled via technology. For example, investing in a single digital platform that draws on multiple data streams and variables from many parties can enhance visibility across operations and help to track and realize progress and productivity gains.

As the last two years have consistently shown, when resilience is paramount, the price of passivity can often be more costly than pre-emptive expenditure.

“There’s been a shift in what customers expect from their freight forwarder. They want much more engagement from us. They expect the information to be pushed through to them or available at the touch of a button, any time, any day.”

Michel Scheuble, Director, Fracht Australia

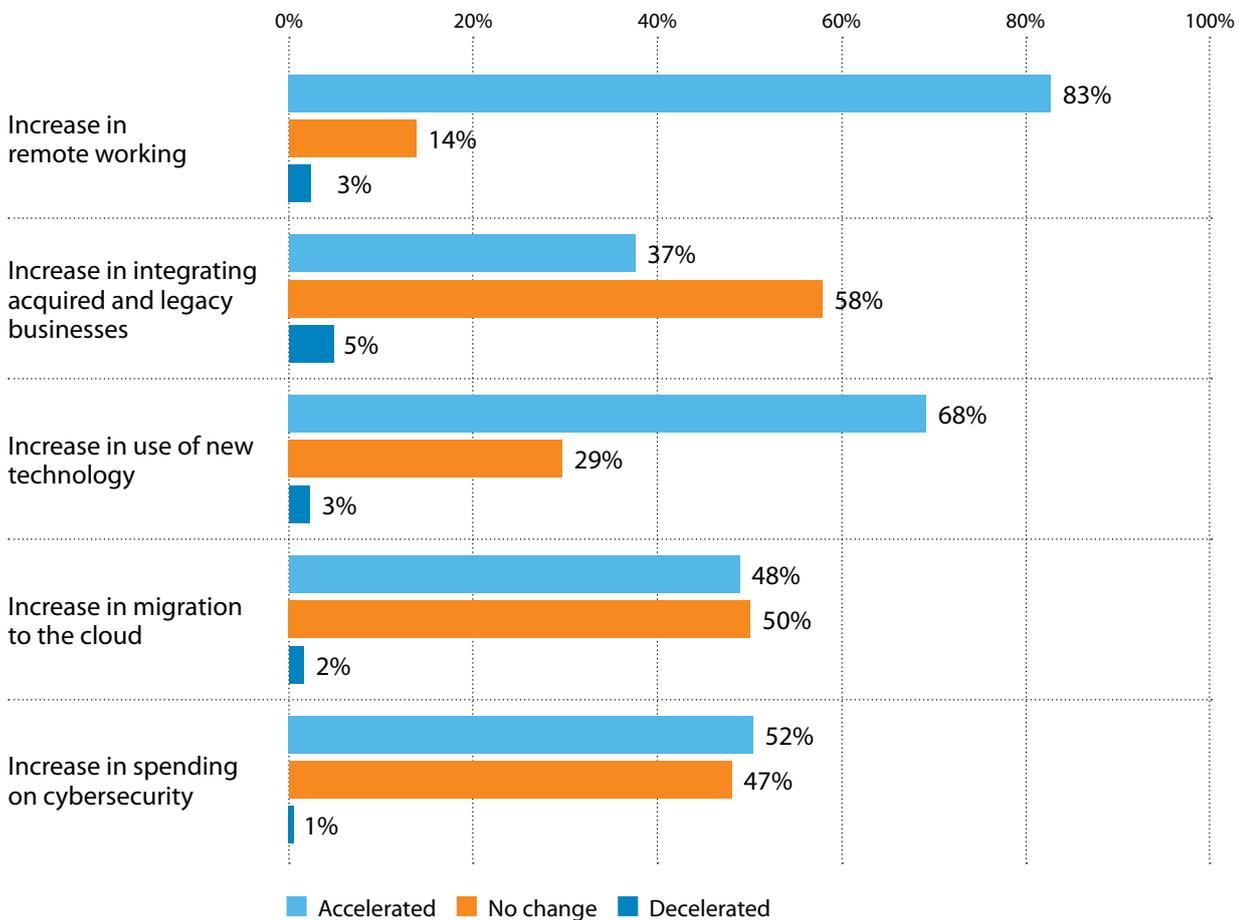
Changes to where and how we work

Four out of five respondents said the pandemic accelerated an increase in remote working, which while driven at first through necessity, remains in place today across many companies and roles.

This contributed to an interesting secondary shift – the prioritization of digital transformation projects, some of which had been on the agenda for years.

The increase in use of new technology was flagged by 68% of respondents, acknowledging the need and desire to move away from an over-reliance on manual, error-prone processes towards more digitally enabled operations.

Which option below best reflects how the COVID-19 pandemic has impacted each of these key corporate and digital initiatives?



68%

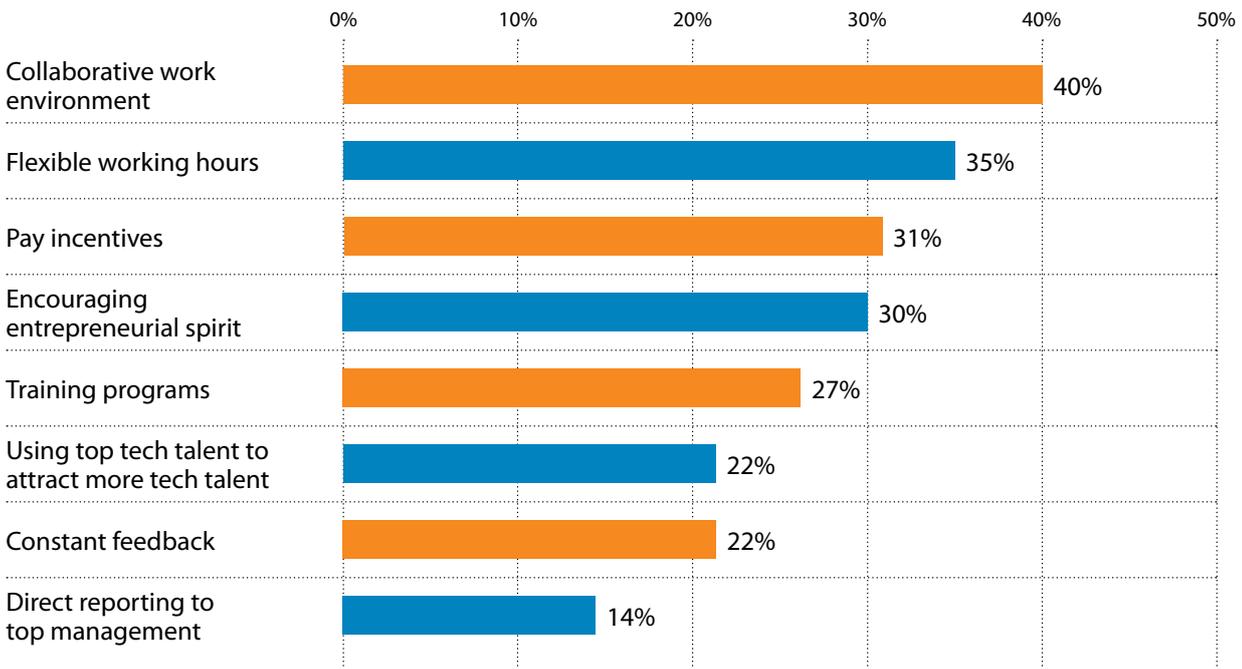
agree that over the next 12 months their investment in new IT systems and technologies will increase

Changes to how we attract and retain talent

With the heightened emphasis on digital capabilities, attracting and retaining top tech talent has become critical for the industry.

Interestingly, when it comes to what prospective talent are most motivated by, a collaborative work environment (40%) and flexible working hours (35%) rated higher than pay incentives (31%).

How are you attracting top technology talent to your organization?



“We give our local people all the strengths and responsibilities to run the company as if it were their own. This is especially motivating for them because they can strategize and execute their own ideas, whilst staying true to our global vision.”

Ruedi Reisdorf, CEO, The Fracht Group



Logistics operations: The productivity opportunity

The ability of logistics providers and carriers to keep goods moving at times of crisis has been celebrated over the last few years, and rightly so. With unprecedented and unexpected events becoming more common in an increasingly globalized world, resilience to shocks is essential for logistics providers and the success of their operations.

Productivity has increasingly become a focus for logistics providers to ensure that output is being maximized given the time, cost, and resource pressures that are being placed on the industry.

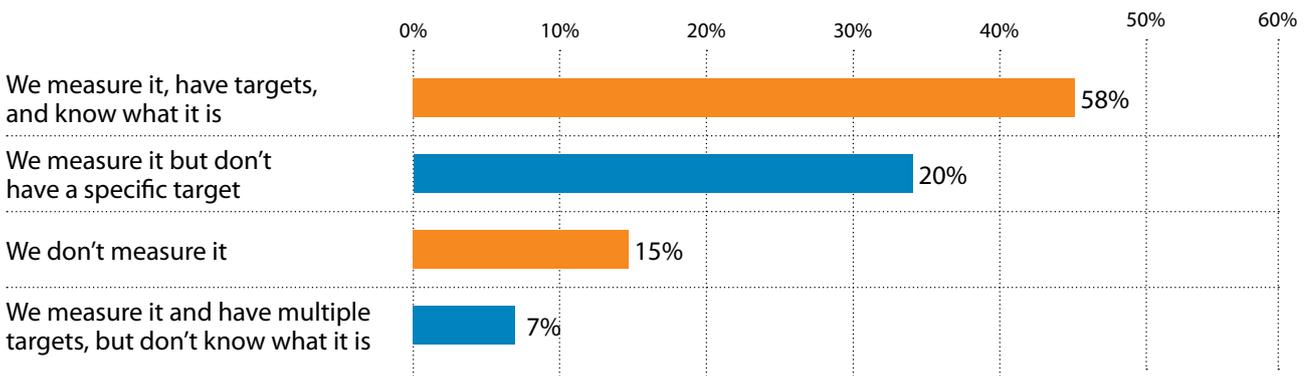
Defining productivity metrics

Understanding what productivity means to business operations is key. However, more than a third (35%) of respondents do not measure productivity or have specific targets to benchmark success.

Despite this, it is interesting to note that 58% of respondents believe they have a good handle on their productivity goals.

What this tells us is that there appears to be a disconnect between highlighting the importance of productivity within a business and setting tangible performance metrics.

Does your organization have a specific measurement for productivity?



69% agree that productivity is a priority in their logistics operations

When it comes to the desired outcomes of improved productivity, increased operational efficiency and improved customer service were top of the list.

**What does productivity in your logistics operations mean to your business?
(Rank in order of importance)**

1. Increased operational efficiency

2. Improved customer service

3. Increased profit

4. Increased operational throughput

5. Increased revenue

6. Increased market share

7. Decreased turnover of staff

Surprisingly, more traditional metrics such as increased profit, increased operational throughput, and increased revenue appeared lower on respondent's priority list.

Whilst still significant, it highlights a potential mindset shift away from historical, financial metrics of success to more customer and employee orientated targets.

It may be too early to understand the full extent of this shift and of course, this does not imply that revenue and profit are not still high priorities. However, there is no denying the pandemic has driven a transition towards "value over cost" sentiments for some aspects of logistics and supply chain operations.

"Some in our industry have the mentality that their job is only to send the freight off the dock as quickly as possible, and what happens further along the supply chain is not their problem. If a mandatory Incoterm is not included, for instance, it may delay settlement and timely release at destination. That only adds rework and eats into margins. Get it right at the start rather than fixing it at the end. One area's 'efficiency' should not come at the expense of the company's total throughput or productivity."

Gene Gander, General Manager – Global Sales, CargoWise

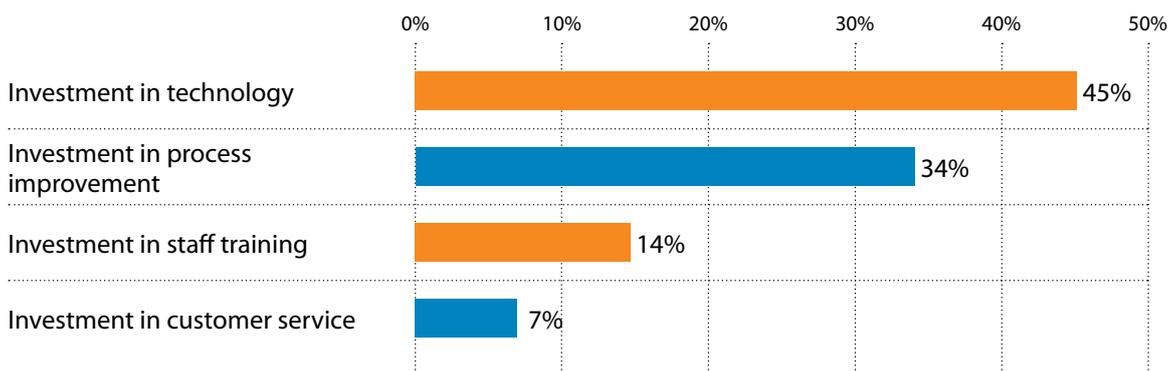
Logistics operations: Linking technology and productivity

Technology continues to transform traditional logistics practices and operations. The need for increased digital capabilities is widely accepted and most logistics businesses have in recent years, placed a higher emphasis on the importance of tech investment to increase productivity and efficiency within their business.

Driving productivity outcomes

When it comes to what logistics providers believe will have the biggest potential impact on their productivity, investment in technology (45%) rates highest, followed by investment in process improvements (34%).

Which investments do you consider would have the biggest impact on your productivity targets?



If we look in more detail at investment in technology, automation of manual tasks and real-time visibility are two outcomes that respondents believe will have the most significant impact on their organization's productivity.

When it comes to your digital investment, what are your main priorities? (Rank in order of importance)

1. Automation of manual tasks
2. Real-time visibility
3. Cybersecurity
4. Streamlining number of software systems used across the enterprise
5. Building software internally
6. Acquiring external software solutions
7. Integrations with third parties
8. Compliance capabilities

The benefits of freeing up staff via an automated system with real-time visibility are multifold. Not only does a single, integrated system enable staff in all locations to complete more work in a more efficient and timely manner, it also provides more time for staff to focus on those parts of their role which simply cannot be automated – like strategic planning, collaboration, and innovation.

“Our advantage is that we started the company with a technology first focus. The business plan was predicated on the fact that if done correctly, automation and technological integration with skilled people could provide an incredible point of difference in a saturated freight forwarding market.”

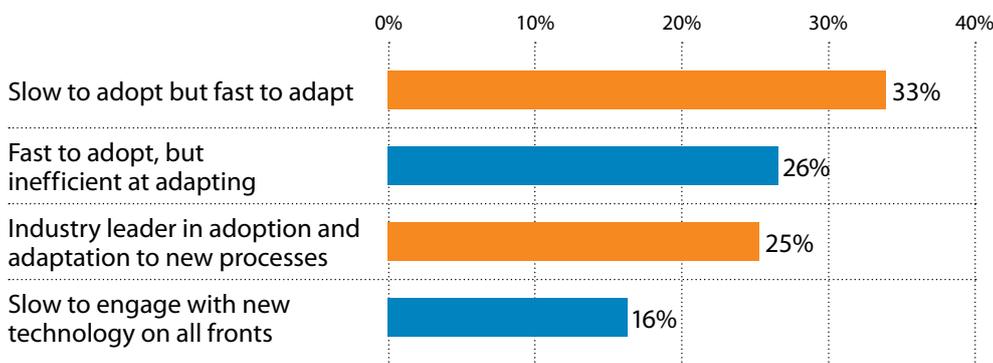
Sean Cook, Director, NEOLINK

Adopting a digital mindset

According to the research, a third of logistics providers consider their business’ approach to technology as slow to adopt but fast to adapt.

With only one in four respondents claiming that they would define their company as an industry leader in adoption and adaptation to new processes, there is clearly some way to go before the logistics industry reaches its vision of a more automated and productive environment. It does seem positive that the majority of surveyed executives believe their business is capable of being agile once a decision on adoption is taken. This is key to operational productivity.

How would you define your company when it comes to adoption of new tools and technology?



Of course, multiple tech investment strategies exist, but for an industry that has historically been more hesitant than others when it comes to adoption, a proactive, productive mindset is what most logistics providers consider to be the best way to make up the time lost.

“At CLASQUIN we are dynamic, and we are all working towards our long-term goals. When you deploy quickly, it may not be perfect, but you will reap the benefits of the system much faster and start really seeing value. People will start using and understanding the system faster, and you will develop a deeper understanding of its capabilities.”

Frederic Serra, CIO, CLASQUIN

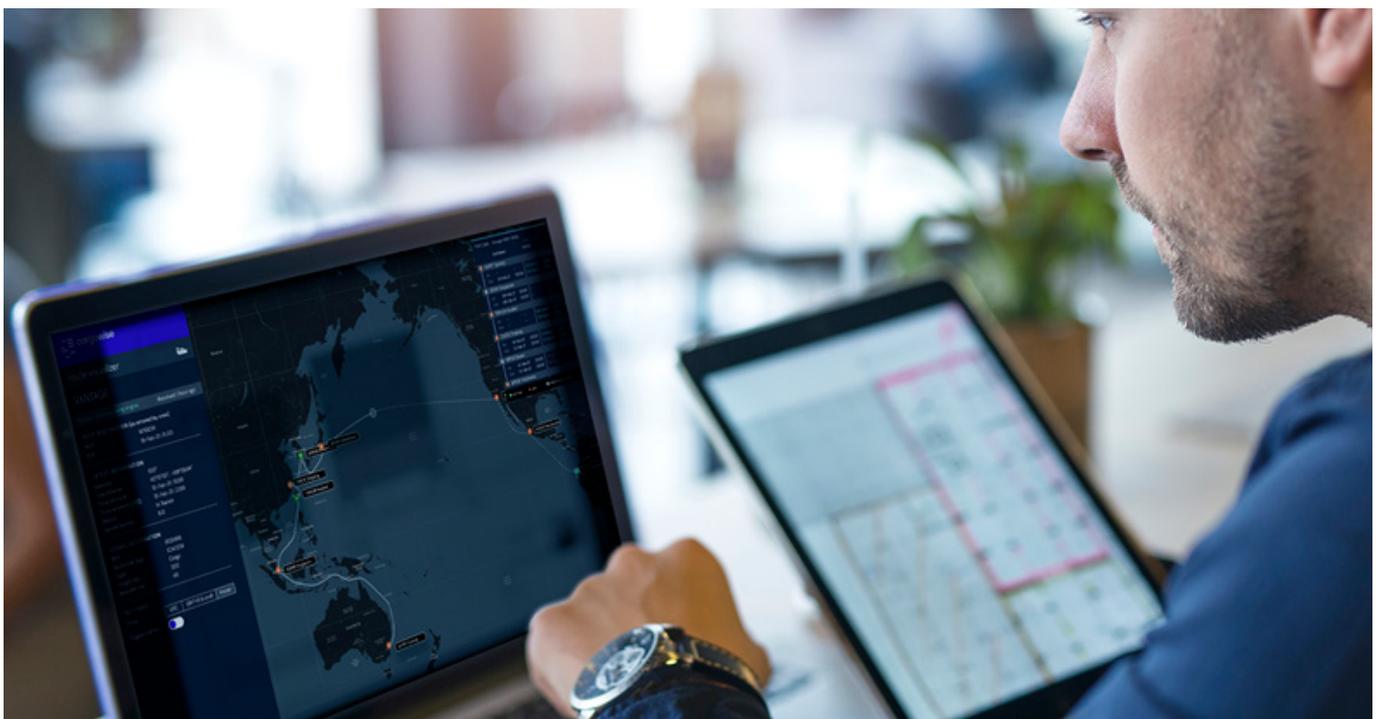
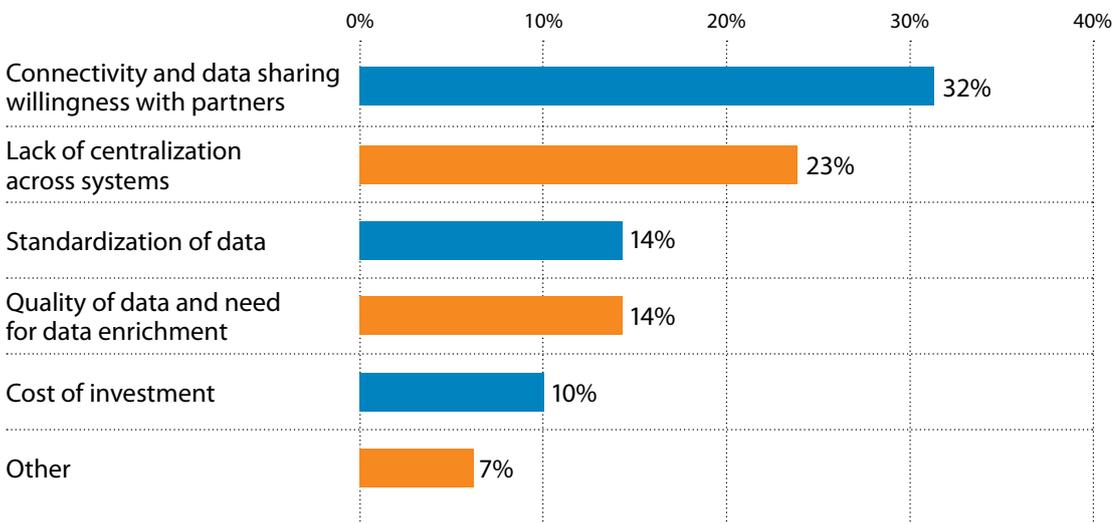
Overcoming a lack of visibility via technology

58%

of respondents claimed that multiple, disconnected systems across trading partners was one of their top two challenges to improving data management in their operations

Couple this with concerns around connectivity and data sharing willingness with partners (32%), and a lack of centralization across systems (23%), it becomes clear that businesses are struggling with collecting and utilizing their data effectively across their network.

Which of the below is the biggest obstacle to increasing visibility across operations?



Without real-time and accurate clarity on operations, it is unlikely that logistics providers will be able to consistently hit their productivity metrics or service expectations, let alone add more to their suite of offerings for customers.

This is unsurprising, given manually entering and transferring data between different software systems and operators is time-consuming and risky. The potential for error increases every time information is re-keyed – especially when you are facing language, legal, and localization differences.

What's more, maintaining job visibility across your organization becomes almost impossible, resulting in double handling of work which can impact customer satisfaction.

Using a single, integrated system means everyone is working from the same database, so information that is entered at the origin station becomes immediately available to the destination as well.

This accelerates operational efficiency and reduces the likelihood of errors from re-entering data. It can also keep the buyer and supplier informed of the cargo status, enabling better collaboration between all parties.

“The digital systems we previously used had been sufficient to meet the demand of the existing market in Asia. However, a few years ago I realized that if we did not move towards a single, global system, we risked losing many international business opportunities, and would not be able to scale and expand into new markets.”

Billy Tung, Chairman, China International Freight Group



Conclusion

The key takeaway from the survey and report is that technology is essential to unlocking consistent productivity gains for logistics providers.

In a time, money, and resource constrained environment, those who can maximize the potential of their operations will be the winners.

The impact of the COVID-19 pandemic has created a huge amount of disruption and volatility in the logistics sector.

For businesses to succeed in this increasingly uncertain and competitive landscape, maximizing every aspect of efficiency and productivity is crucial. This can only be achieved with a robust digital infrastructure.

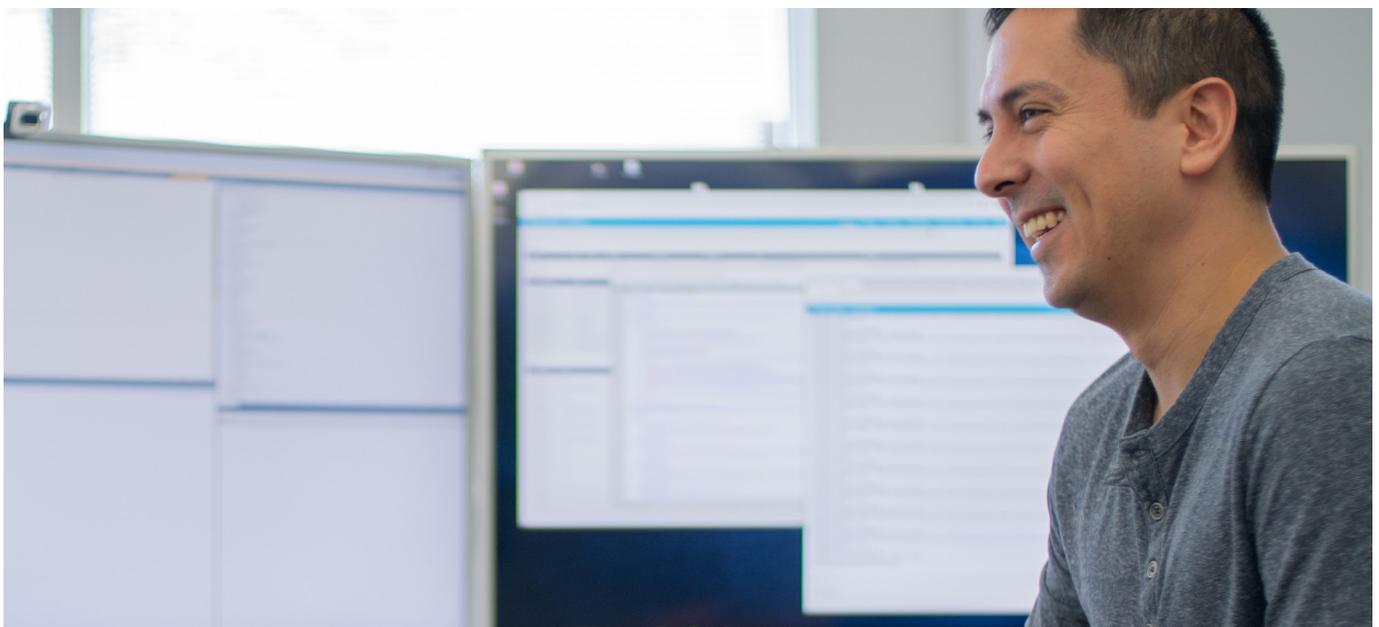
The flexibility required to deliver on customer demands and respond quickly to changes is only possible when operations are powered by a strong and centralized backbone, capable of extracting real-time insights from data.

Obtaining clear visibility across operations is fundamental to making the necessary improvements and generating long lasting success.

With all this in mind, there has never been a more prudent time to update digitally.

Strong strategy and data centric relationships with partners, a digitally agile workforce, and a renewed focus on value of services and operations can steer the logistics industry into the future.

It will give businesses the power to embrace change when it comes, adapt more quickly to technology as it develops, and maximize productivity of operations to ensure customers experience the highest possible level of service.



About CargoWise

CargoWise is a single source, deeply integrated, and truly global platform designed to meet the diverse needs of the logistics industry.

A highly flexible and feature-rich system, CargoWise delivers powerful productivity, extensive functionality, comprehensive integration, and deep international compliance capabilities.

A cloud-based software platform, CargoWise enables customers to execute complex logistics transactions and manage their operations on one database across multiple users, functions, offices, and countries.

CargoWise grows with your company, streamlining your processes, integrating your business with your customers and partners, and increasing your efficiency, visibility, and profitability at any size.

Translated into 30 languages and operating across currencies, CargoWise offers truly global capabilities for a global industry.

For more information, visit www.cargowise.com

