# Digitalising the supply chain, the reality

There have been huge advancements in the field of supply chain technology in recent years as technological capability has been democratised beyond the preserve of large enterprises and unheard-of levels of investment have flooded into the hands of progressive thought leaders, clever folk with neat algorithms and inevitably some chancers!

However, integrated digital concepts can be sold easily but to fully digitise a supply chain, you must also successfully digitise the transport components, in particular road transport that connects the producers, nodes and consumers, or the data picture will always be sub-optimal. But it's only transport, it can't be that hard right?! Wrong, transport is the last bastion of the 1980's in the modern supply chain, surviving on human knowledge, spreadsheets, admin functions, telephone calls, favours and of course paper! Most shippers struggle to truly understand the cost of transport at any meaningful level at the click of a mouse.

Robots, Cobots, ASRS, Voice, AI, AR are all common parlance in supply chain meetings the world over and some of the modern warehouses, ironically not built by the 3PLs, the perceived experts but by those such as Amazon and Ocado looking at a staid industry and doing things differently, are truly outstanding collections of highly integrated technologies and assets with few humans in sight. However, when it comes to many transport operations in Europe, there has been very little true technology adoption and whilst every part of the supply chain can be digitised up to the back door, the whole supply chain is only as good as its weakest link, in this case, a bum on a seat in a vehicle which hasn't fundamentally changed in decades.

But it's not just the vehicle journey, which is digitally isolated, it is not uncommon to see the following in many transport operations:

- Orders are interfered with, by people after a computer generates them, often because of demand and inventory planning deficiencies but that's another topic!
- Reference data is maintained (or not) in out-of-date spreadsheets and people's heads
- Plans are built by poorly paid planners in spreadsheets or rudimentary TMS does its best
- The gatehouses are still manned by people 24 hours a day and mostly have no affiliation to either the shipper or operator!
- The yard is managed by shunters and bits of paper stuffed in top pockets
- The despatch bays are often uncontrolled and inefficient, with dodgy traffic lights
- Traffic and despatch offices still shuffle paper like it's just been invented
- It's often not what you know it's who you know, "I need to get tipped"
- Real-time visibility is, if you're lucky "it got there...I think, well I didn't hear to the contrary"
- Customer service consists of retrospective phone calls, emails, and lots of stress
- Paper PODs signed by Daffy Duck with no defence for retrospective claims
- Finance spreadsheets have no idea what the true cost of transport is, was or should be!
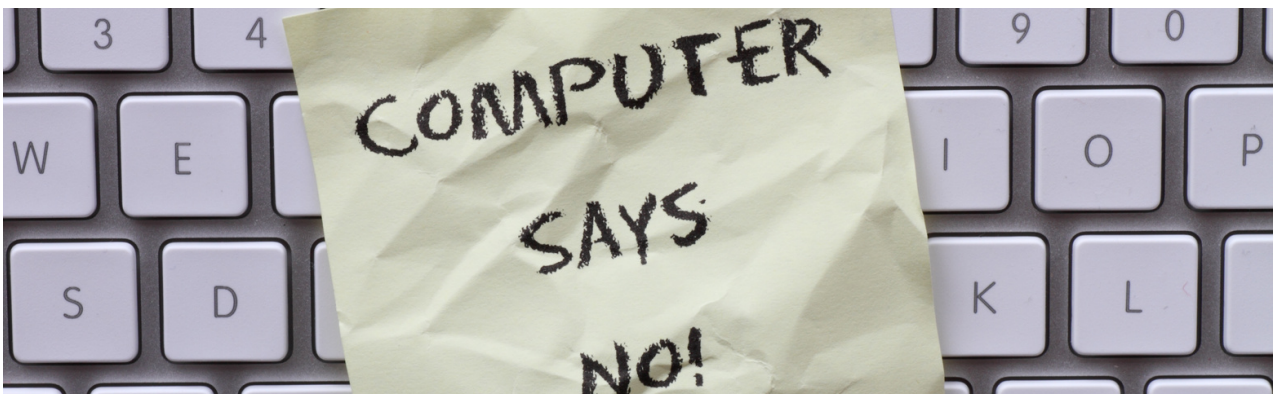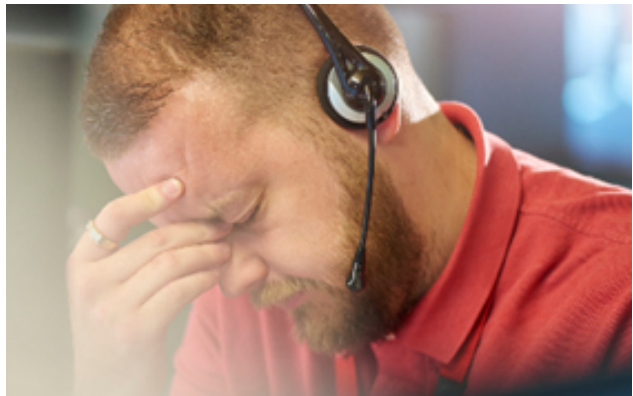
Obviously there have been some improvements but in most cases, there is still a patchwork quilt of technology glued together by people across the transport industry. All this human-based activity creates a huge amount of grey through which a digital process must drive if transport is to be digitised, after all the clue is in the title, in a world of black & white or more accurately 1s and 0s, the grey cannot exist.

Whilst people, and what they do consciously or otherwise are part of the issue, they are also a critical part of the solution because any system deployment relies on these humans to share, test, adapt and work with technology to ensure success. The sheer volume of possible scenarios in any transport operation means that unfortunately, the devil is always in the detail when transforming a 20th century transport operation into a 21st century one. Those tactical operators with the knowledge built over many years know far more than those managing or ultimately responsible for delivering the service to their customers.

Flexibility and 'greyness' are liked by human beings because they can manipulate situations either simply to make their lives easier, for other more Machiavellian reasons or just good old fashioned self-interested survival, knowledge is power or at least job retention, much like the proverbial turkey at this seasonal time!

And then there's the other key stakeholder to consider, the carrier(s), they have a vote in this transformation too. For without their willingness to participate in the change, it will simply fail to deliver the full benefit. With slim margins to be earned amongst smaller carriers their ability to invest in technology is often hampered, it is not generally a lack of wanting to, but rather an inability to procure the right solution at the right price.

For this reason, many shippers have consistently opted for the mainstream solution of giving it to a 3PL, they'll deal with everything, load plan, sub-contract and manage customers, and after all they are experts, aren't they? However, the 3PL model so prevalent in Europe does not deliver transparency, most commercial models are either hiding the true cost (closed book) or adding cost in full view (open book). Neither model incentivises better utilisation, collaboration or efficiency, and individual P&Ls must operate as a collection of islands like Norway.

After all, who wants to land the job of Business Unit Director and then deliver the news "we're going to reduce our margins significantly because we don't need all of these vehicles or people?! It simply doesn't happen.



In addition to those key stakeholders who like it just the way it is (and has always been!), there are the negative impacts of corporate memory loss, decades of underinvestment and IT departments struggling to keep up with rapidly changing IT landscapes, technology and deployment methods, the contractor gravy train as we call it, all making the job of successful deployment that much harder with nasty surprises lurking behind every corner or more likely in every project meeting!

Deploying a TMS is key to digitising the transport component of any supply chain, orders must flow through an end-to-end system to be digitised. But it's only transport, right?! The dream of digitising transport is sold to board rooms across the continent, huge procurement programmes are launched for complex, multi-country, multi-modal scopes of work, committees of internal stakeholders and SMEs are gathered, months, even years go by and despite nobody agreeing, a TMS is still purchased and large implementation budgets overspent. The result, often, an underwhelming one, the business case missed, original sponsors move on, the intent and will have been superseded with apathy and fatigue. Why, because despite a board room desire to complete the digital picture, the key stakeholders still aren't ready to accept the change, transport doesn't need to digitise does it?!

Well, it does, transport must digitise, it is far too inefficient, average utilisation is <60% , it's negative environmental impact is too high, fossil fuels are far from being marginalised by alternatives, there is an ever-increasing human labour shortage, we simply have to do more with less in the future and the only way we can achieve this is by connecting assets and their owners and using technology to work smarter and more dynamically. Transport cannot continue to operate outside of the rest of the digital supply chain and those who choose not to participate will simply be left behind, unable to be a part of the 6th wave, reminiscing about the good old days, before 'bloody computers' came along!
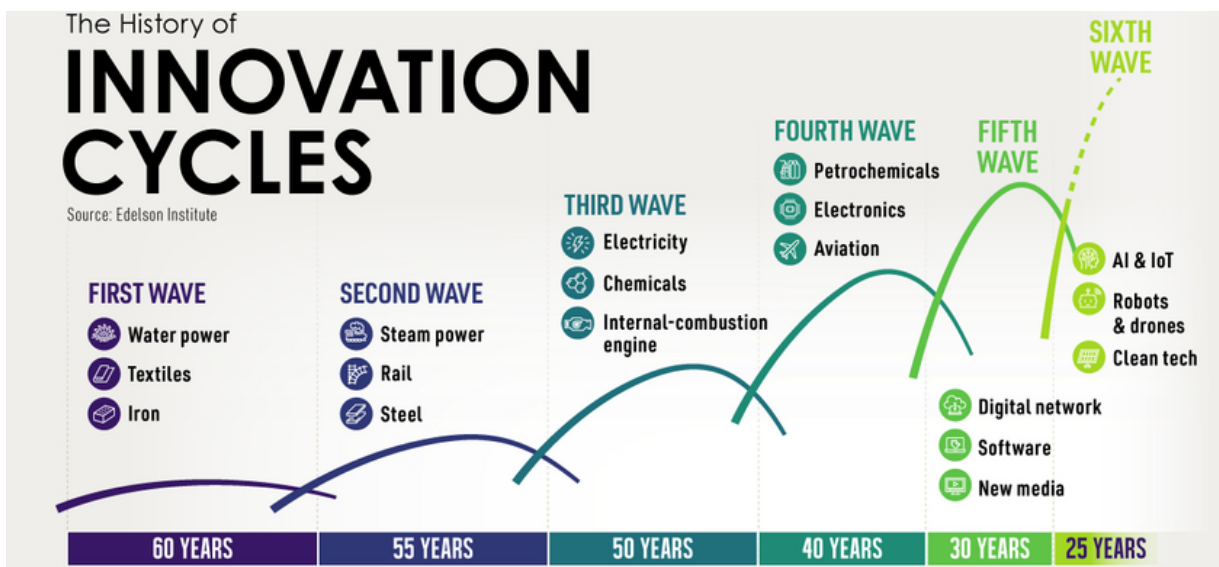




Successfully introducing a TMS and digitising a transport operation is truly transformational, it also happens to deliver double-digit benefit to the bottom line, not many projects can do that these days! It also delivers a far-reaching positive impact in a business, turning a pure cost centre into a hugely positive corporate contributor, enhancing internal and external service, enabling commercial and market agility.

Our advice, for a successful deployment of TMS technology, born out of over 20 years of experience, keep it simple, start with a single site, ensure all humans (internal staff and other stakeholders) are on message, factor in the inevitable migration of people in and out, throw away your old ideas on how these programmes are approached (no gravy trains here!) and embrace the refreshing challenge this will bring to your 20th century processes and human imposed constraints. The positive change is worth it, all those who have successfully implemented a modern TMS have enjoyed these benefits and lived to tell the tale, just remember your moving from a world of beta max and cassette tapes to Netflix and Spotify and we are all comfortably enjoying those, regardless of age, location, and tastes!

## About 3T Logistics & Technology Group

3T is a global transport management technology vendor with a proven track record and enviable reputation in delivering innovative supply chain and transport management solutions. Since 2001 3T has been on a mission to reduce empty running through shipper- carrier collaboration by using technology, and this remains the business' north star to this day. Through its collaborative digital transport platform, Event, 3T is working with many other midmarket and large businesses within both the shipper and carrier segments to generate significant value for all. 3T has been recognised in the Gartner Magic Quadrant for Transportation Management Systems for the past 5 years consecutively.

3T's technology delivers significant transport cost reductions and service improvement through automation, optimisation and data insights to businesses across the world. The award-winning digital transport platform enables supply chain digital transformation for businesses of any size and type, any transport mode, anywhere in the world.

**Rob Hutton**
**Chief Sales Officer**

## About The Author

Rob has 25 years' experience in operating, consulting and commercial logistics roles since graduating in Logistics from Huddersfield University. Rob has worked with some of the largest businesses such as IBM and Kuehne+Nagel and with household names in a customer capacity including Marks & Spencer, British Airways, The MOD and Kraft Heinz.

Rob is firmly of the belief that outdated 3PL operating models need to be challenged with 21st Century technology which drastically transforms logistics operations for the better through automation, visibility and data.