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Supply Chain Hot Trends Report: 2020 & Beyond

In partnership with ZOHO Creator

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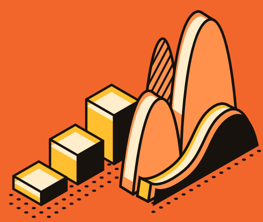
Introduction

2019 continued the drive towards digital disruption in the supply chain industry, with Industry 4.0 in full swing, the trends that dominated 2019 are set to continue and evolve in 2020. Eft by Reuters Events surveyed 601 industry professionals from the world's largest retailers/ manufacturers, logistics service providers, and solution providers, to help you get to grips with the changing market. This year's report includes exclusive insights from Hyther Nizam, Vice President of Product Management at Zoho, who sponsor this report.

Key Facts

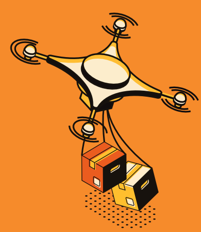
Expectations

Organizations are tentative going into 2020, with concern around tariffs, trade wars, and unresolved customs issues across the globe.



Trade

Cross-border trade, especially e-commerce, is an important area in 2020, as customers demand immediacy as well as a smooth service.

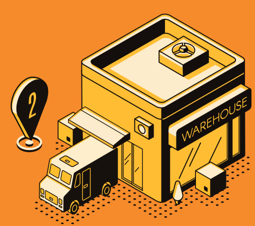


Labor

Tactics to acquire and retain talent are working, but an ageing manufacturing force will need to be supplemented by apprentices and graduates to avoid losing crucial skills.

Digital

Automation is still the name of the game, especially when it comes to the warehouse. Companies are investing heavily in improving efficiency throughout an increasingly digital supply chain.



Zoho Creator Executive Insights

The prominent theme of this year's Hot Trends report is cross-border logistics, ecommerce, and the transition towards a truly digital supply chain—and these findings resonate with the current state of global affairs.

In this year's report, almost 50% of the organizations surveyed anticipate a weak growth environment. Despite this, cross-border ecommerce sales continue to grow, making up, on average, 20% of sales for retailers, brands, and manufacturers. This growth is, however, offset by several challenges, such as the need to manage high delivery expectations, navigate customs compliance, cross-border logistics demands, and cross-border returns. This forces logistics service providers (LSPs) to develop resilient cross-border supply chains, and better delivery tracking across borders.

At this point, cost reduction is the major challenge faced by LSPs this year, with an overwhelming 66% of retailers, brands, and manufacturers specifying it as their major hurdle. Strategies to reduce costs include adopting technologies in the warehouse, and using fixed, scheduled delivery routes.

Faced with daunting challenges, logistics companies are now tasked with pragmatically modernizing their operations to stay afloat. The need for this technological modernization is born out of the mandate to stay relevant in the industry.

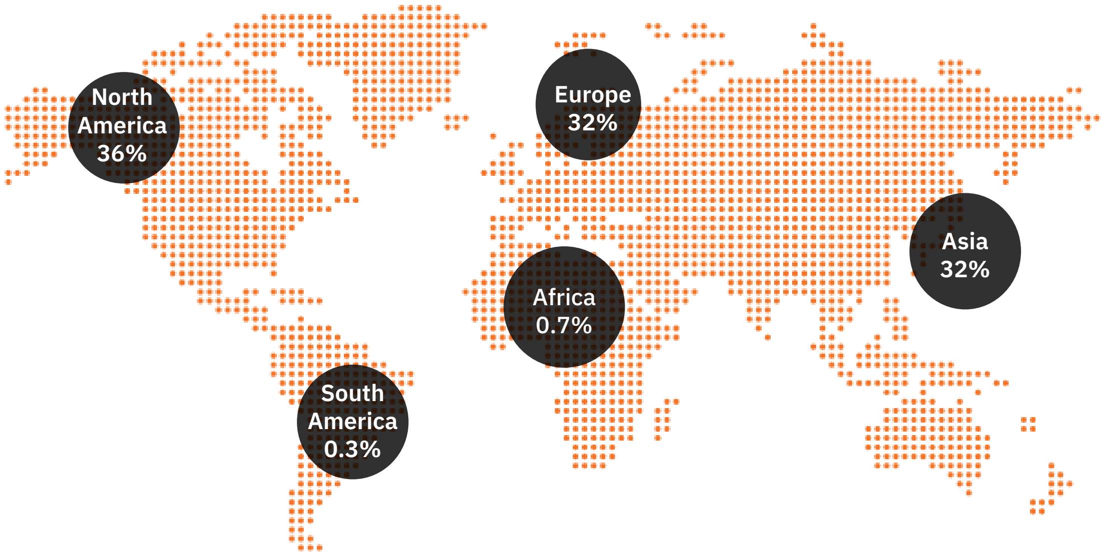
On the bright side, technology has finally come to the point where the hype is now reality. The insights into operational data provided by technology can predict demand, gauge customer interest, identify bottlenecks, and streamline organizational processes.
Digital transformation has become the norm in the supply chain and logistics world, and it will provide adaptability and survivability to players in this ever-changing industry.

This year's report also aptly portrays the supply chain and logistics players' proclivity to adopt and invest in disruptive technologies in order to stay relevant. This marks the march of industry players towards AI, machine learning, internet of things, cloud logistics, warehouse automation, and predictive analytics. 32% of respondents think that AI will have the biggest impact on the industry in the next 5 years. Technological transformation is happening, and it's inevitable.

And with 70% of LSPs responding that the software they're using is customizable, the industry is poised to adopt custom software development platforms—like Zoho Creator—for implementing their supply chain and logistics software backbone. Zoho Creator sponsored this independent research in order to gain valuable insights into the current state of the logistics industry, and to identify upcoming trends.

Methodology

601 supply chain executives from across the globe were surveyed for the 2020 iteration of our Hot Trends report. With the majority of respondents coming from North America (36%), Europe (32%) and Asia (32%) we gathered information from retailers, brands, manufacturers, logistics service providers, technology solutions providers, start-ups and media associations. This report is made up of their replies, giving a broad indication of the concerns, challenges and intentions organizations have for 2020 across the global supply chain.



601
Industry Professionals

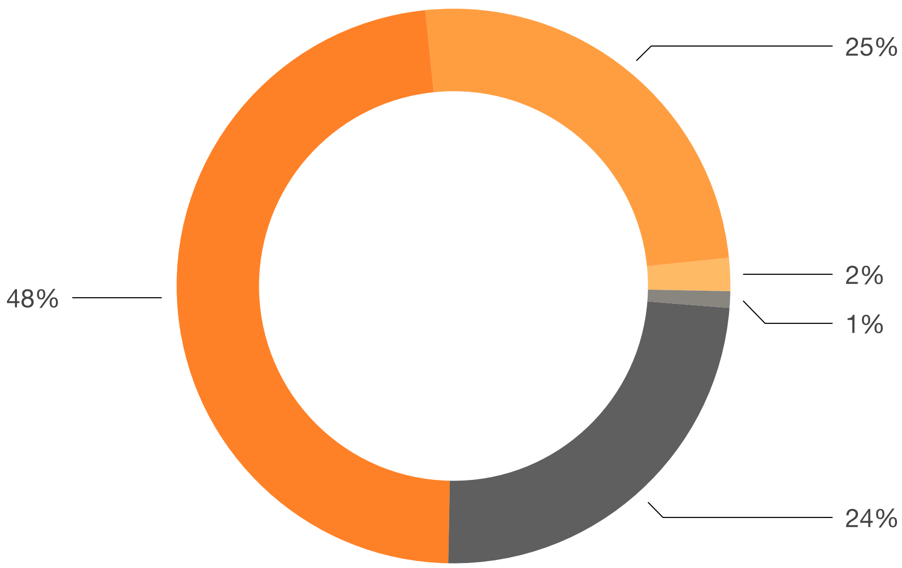
203
Service Providers

206
Solutions Providers

134
Retailers, Brands & Manufacturers

58
Media & Associations

The Mood Across the Industry



Sentiment across the industry is low going into 2020, with the IMF's October report projecting growth in advanced economies to slow to 1.7% in 2019 and 2020.[1] Given this, it is no surprise that 50% of organizations surveyed anticipate a weak growth environment.

The state of the international economy is riddled with uncertainty born out of several global geopolitical issues that are making the markets uneasy. This includes a protracted trade war between the U.S.A. and China, ongoing uncertainty around Brexit as well as unease around mounting tension in Iran. A lack of clarity around tariffs is particularly problematic given the centrality of the Chinese market to international supply chains. Without clarity on a resolution, businesses will be forced to reconsider existing supply chains, or shoulder the costs in the short-term. Though the recent USMCA trade agreement signed by the US, Canada, and Mexico may go some way to subduing fears, 2020 is perhaps a year of patience and continued infrastructural rehabilitation in US supply chain decision making, rather than big disruptive moves. Whilst projected growth for 2019 is at 3%, in 2020 US growth is expected to hit 2.1% and China is forecast to rise to 5.8%. Furthermore, whilst a decisive victory in the UK elections by the Conservative Party has yet to allay fears around Brexit, their parliamentary majority ought to bring more decisive action and increase confidence across the EU in 2020.

[1] https://www.wsj.com/articles/economists-dont-see-path-to-3-growth-in-2019-11568296800

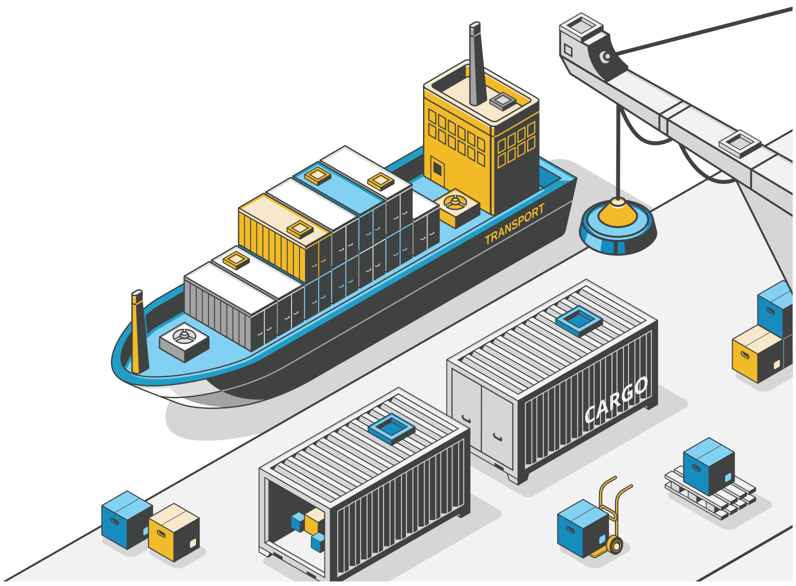
The mood across the industry

An opposite story is being told across Asia however, where maturing domestic value chains in China and India, coupled with upticks in consumption, are driving the formation of 'Asia-for-Asia' supply chains. In addition, China is in the process of phasing out labor-intensive manufacturing processes, allowing Emerging Asia, Frontier Asia and India to make gains. As researchers from McKinsey and Company note, "manufacturing sector employment tends to peak at about 30 percent of total employment, usually after economies reach per capita GDP of between $10,000 and $20,000."[2] Given that many Asian economies are only just approaching 15 to 20% employment in manufacturing, this means that there is tremendous potential for industrialization and continued growth.

In addition, climate concerns have been brought to the forefront of conversations. Both production practices and resource selection across the supply chain and the logistics industry at large are key areas to tackle looming problems with water scarcity, air and ocean pollution, and growing failures to deal with plastic and packaging waste. Gartner, in their recently released report, reflect on this, noting that "employees and communities want companies to lead solutions. The supply chain organization is positioned to help an enterprise balance its growth, profitability and social purpose goals as it shifts to sustainable business."[3] 2020 may therefore be the beginning of the industry thinking about how to form robust global, digitized, and sustainable supply chains that can withstand current and future geopolitical tension. Further growth of multilocal networks, funded by regional capital, will continue to strengthen local industry and increase capacity.

Gross Domestic Product (GDP)

A monetary measure of the market value of all the final goods and services produced in a specific time period.



[2] https://www.mckinsey.com/featured-insights/asia-pacific/the-future-of-asia-asian-flows-and-networks-are-defining-the-next-phase-of-globalization

[3] https://www.gartner.com/en/supply-chain/insights/sustainable-supply-chain-management

Cross border Commerce, Trade and Tariffs

Going into 2020 our respondents noted a set of key concerns for cross-border logistics including: managing customer expectations, negotiating returns, dealing with risk issues and the problem of low data visibility across borders. Costs of customs compliance emerged as the primary concern factored in by 42% of LSPs, perhaps due in part to newly introduced regulations, such as the International Maritime Organization's (IMO) sulphur reduction target, which stipulates a reduction from 3.5% tolerance to 0.5%.[4] Non-compliance in emerging climate-based regulatory areas bears inefficiencies across the board, risking finances, reputation and time. Retailers, brands and manufacturers felt the same, with 42% also citing this as a concern. The rise of e-commerce continues to place pressure on supply chains, within or without of working trade blocs.

Do you expect the cost of moving goods across borders to rise as a result of growing barriers to trade in 2020?

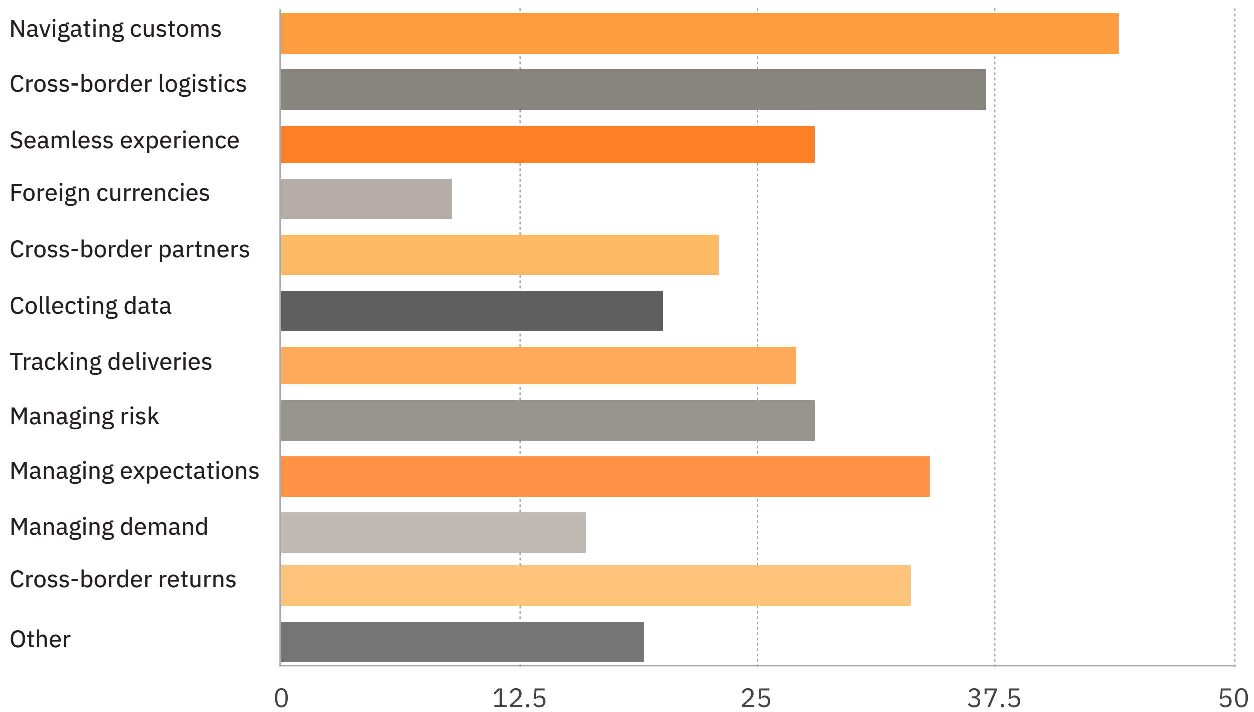
68% of all LSPs surveyed told us that they anticipate increased pressure on cross-border trade in 2020, a perhaps unsurprising figure, given the aforementioned US-China trade war and with little administrative clarity emerging from the UK's referendum on the EU. Both US and EU operators would do well to prepare for issues navigating customs tariffs and compliance fees in the coming decade. Indeed, an EU official foregrounded this problematic for the UK's exit, stating that hastily implemented new rules at the border would add "delays and costs to companies with integrated supply chains."[5]

[4] https://www.scmr.com/article/planning_for_imo_2020_the_cost_of_non_compliance/third_party_logistics

[5] https://www.ft.com/content/be5697bc-314c-11ea-a329-0bcf87a328f2

Cross border Commerce, Trade and Tariffs

What cross-border e-commerce challenges do you face? (Retailers, brands and manufacturers)



Cross-border e-commerce sales continue to grow, now making up on average 20% of sales for retailers, brands and manufacturers. With this growth comes increased expectations, and 37% of companies envisage problems in this regard: managing delivery expectations was cited by 34% of respondents as a major challenge for cross-border e-commerce in 2020, largely due to the increased consumer demand for immediacy in delivery. With the slow death of the high street and the local mall, and the opening up of global distributors due to the e-commerce boom, small and large-scale consumers have turned to online marketplaces to satisfy their demands; consumers expect the same ease and speed as a local distributer, and logistics companies will need to continue to adapt to meet these demands and meet delivery expectations in a sustainable and timely fashion. These expectations don't solely amount to the most expedient delivery method however, as consumers are also demanding less packaging waste, and cleaner delivery networks. One way in which organizations can manage these demands in a sustainable manner can be seen in solutions such as Walmart's 'Pickup Discount' scheme, which incentivizes consumers to forego home delivery and instead ship select items to a Walmart store and receive a discount on the overall price.

[4] https://www.scmr.com/article/planning_for_imo_2020_the_cost_of_non_compliance/third_party_logistics

[5] https://www.ft.com/content/be5697bc-314c-11ea-a329-0bcf87a328f2

Cross border Commerce, Trade and Tariffs

Managing risk

Volatility can often be siloed into different risk areas across organizations, but 25% of respondents have told us that they find it challenging to navigate these problems across borders. Issues with procurement, suppliers, and a lack of transparency can be rectified through investment in transnational digital infrastructures. Developing a resilient cross-border supply chain that is flexible enough to negate some of these risks will be a key concern for 2020, especially in order to create a seamless experience for customers abroad, which was an issue for 28% of retailers and 35% of LSPs. This experience is tied to the issue of cross-border returns, highlighted by 33% of respondents. For those with an established physical presence internationally, brick and mortar strategies could help to bring down costs and simplify the returns structure through a degree of centralization. For those without this presence, 2020 may be the year to forge specific international partnerships and begin to find ways to bring these localized methods across borders.

LSPs also noted a similar set of concerns, with 29% also highlighting the need to implement better delivery tracking across borders. Companies such as Mitsubishi and NTT are already taking strides in this area, investing in self-driving mapping company HERE to improve location tracking and visibility. Investments like this will be crucial in ensuring that autonomous vehicles can safely and accurately navigate roads and have visibility end-to-end. With the rise of autonomous vehicles this may prove to be a greater challenge in 2020 and the decade beyond, and companies will have to invest in improving visibility through software to manage this.[6]

Cross-Border Trade

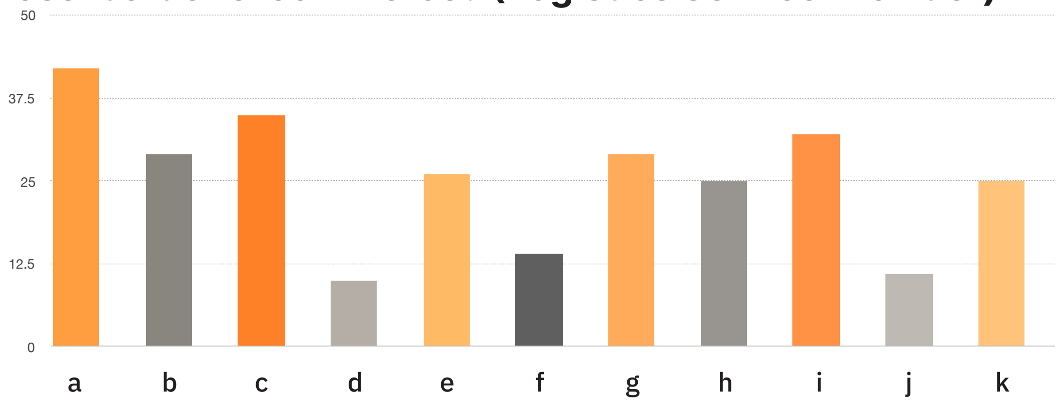
29%

29% of our respondents emphasised the importance of better delivery tracking across borders. End-to-end visibility will be vital for cross-border trade in the coming decade.

[6] https://www.ft.com/content/3b150078-230f-11ea-b8a1-584213ee7b2b

Cross border Commerce, Trade and Tariffs

What challenges do you face helping your retailer customers with cross-border e-commerce? (Logistics Service Provider)



a. Navigating Customs
b. Cross-border Logistics
c. Customer Experience
d. Foreign Currencies
e. Working with Partners
f. Collecting Data
g. Tracking Deliveries
h. Managing Risk
i. Managing Expectations
j. Managing Demand
k. Cross-border returns

What is your biggest challenge with the last mile?

Achieving suitable agility and flexibility in adapting to customer demands is the greatest challenge faced in the last mile according to 24% of organizations. Adapting to the 'want it now, want it fast' attitude of consumers requires careful navigation. This requires improving delivery efficiency, a related concern relayed by 19% of respondents, which includes improvements to route logics, and delivery timings. As always, reducing overall cost (22%) is a key target for the last-mile, and given investment into autonomous vehicles and electrification, this may become easier as we move forward into the decade.

Which transportation/logistics challenges are most critical to your customers?

The primary goal this year is cost reduction, an overwhelming 66% of retailers, brands and manufactures told us, with 40% stating that visibility matters most. Demand forecasting was also reported a key challenge (23%), driving spending in predictive analytics. Improving the all-round customer experience was another high priority (37%).

33% also responded that using fixed, scheduled delivery routes would further reduce costs, a tactic made possible through a variety of secondary arrangements including: the use of local convenience stores for collection and delivery (14%), lockers as a drop-off point (10%) and/or brick and mortar locations as fulfilment centers (24%). This can be done by leveraging existing brick and mortar locations, or by partnering with third parties, such as Los Angeles-based Happy Returns who promise to "slash returns-related expenses up to 30% by reducing shipping costs and customer support calls."[7]

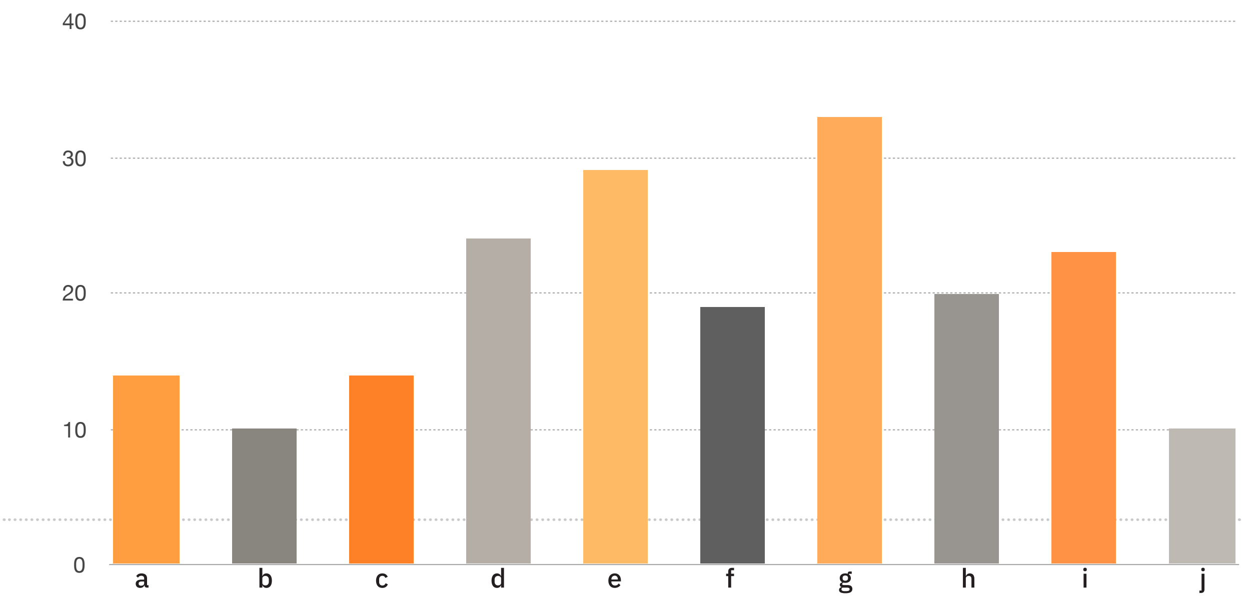
[7] https://www.reuters.com/article/us-ups-holidayshopping-returns/u-s-holiday-returns-surge-with-booming-e-commerce-idUSKBN1YZ1CI

Cross border commerce, trade and tariffs

Its 700 “return bars” in U.S. stores and malls allow customers drop off items and arrange refunds or exchanges with a small fee being charged to the retailer. Programmes such as these may be on the rise in coming years.

As well as retracting and expanding shipping capabilities, 2020 sees a swell in the use of shared or ‘sister’ companies facilities (14%), one implementation of which is on-demand warehousing. This model can be delineated in a number of ways. For instance, a consortium of companies might occupy a shared space in order to stage inventory and deliver across their networks. Or, as companies such as Warehouse Exchange and UPS’ Ware2Go have trialed, by allowing smaller companies to occupy flexible short-term and low capacity spaces.

What strategies do you have in place to reduce your e-commerce logistics costs?

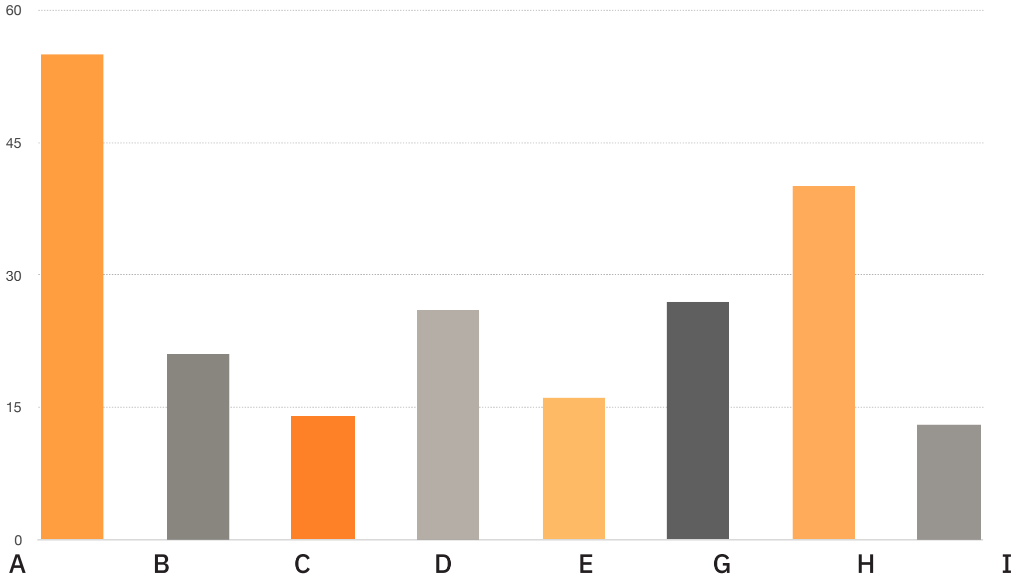


a. Collection and delivery using local convenience stores
b. Collection and delivery using lockers
c. Using ‘sister’ companies facilities
d. Use brick and mortar stores as fulfilment centres
e. Optimise packet sizes
f. Use palletised deliveries rather than parcel
g. Use fixed, scheduled, delivery routes
h. Charge premium for same-day and next-day services
i. N/A
j. Other

19% replied that using palletized rather than parcel deliveries was a key strategy to reduce costs. A smart move, as technologies in the warehouse can help to build denser pallets without risking damage, increasing the load within the pallet and reducing transportation costs.

Talent

What strategies do you have in place to handle seasonal and promotional peaks?



a. Hire temporary workers
b. Position promotional inventory near pack stations
c. Creating blitz lines (special areas with temporary case flow lines)
d. Maintaining separate stocks for wholesale/retatil channels and direct-to-consumer channels
e. Using automated picking machines (e.g. cross-belt sorters, goods-to-person picking solutions)
f. Use of semi-automated or manual picking solutions (light-directed mobile putwall, voice-enabled picking)
g. Improved communication with retailers
h. Reduce access to premium deliveries

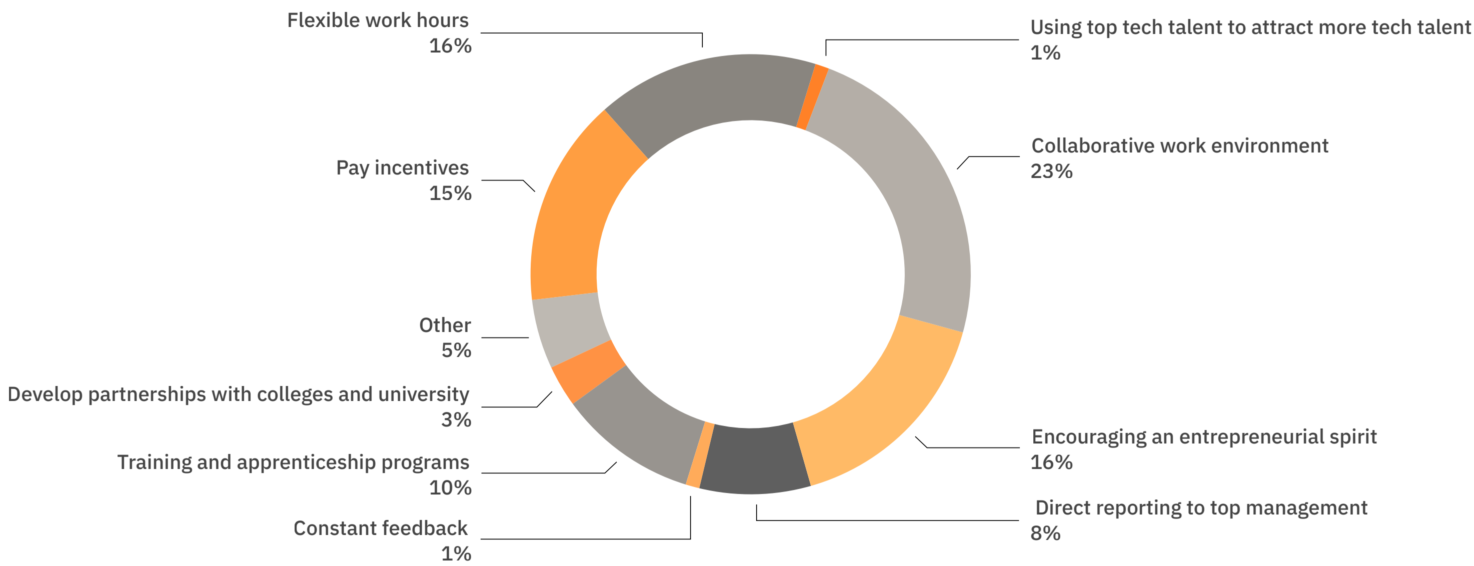
Two key strategies are currently deployed to handle seasonal and promotional peaks: temporary hires and communication in the retail channel (whether this be liaising with the retailers directly (40%), or maintaining separate stocks for direct-to-consumer and retail/ wholesale channels (26%).

Reducing access to, or charging more for, premium deliveries (20%) reduces strain on workers, both at the picking and delivery stage, but with better co-ordination throughout the supply chain, shippers might be able to make allowances at peak times to ensure customers can still benefit from faster shipping. For instance, 21% of shippers tell us that they opt to position promotional inventory near pack stations to improve efficiencies during seasonal peaks. As we noted in our 2019 report, AI could be fundamental here, helping to distribute stock items in the most efficient way by creating a plan that puts time-sensitive or popular items in close proximity to loading bays and creating loading plans that maximize each picker's efficiency. The year-on-year increase on investment in warehouse automation, if allocated to this strategy, will see productivity benefits in peak season, maximizing efficiency and consumer satisfaction without sacrificing on safety or sales.

Talent

Indeed, 16% of shippers told us that they plan on using automated picking machines (e.g. cross-belt sorters, goods-to-person picking solutions) or semi-automated solutions such as voice-enabled picking (27%), in 2020.

How is your organization attracting top talent?



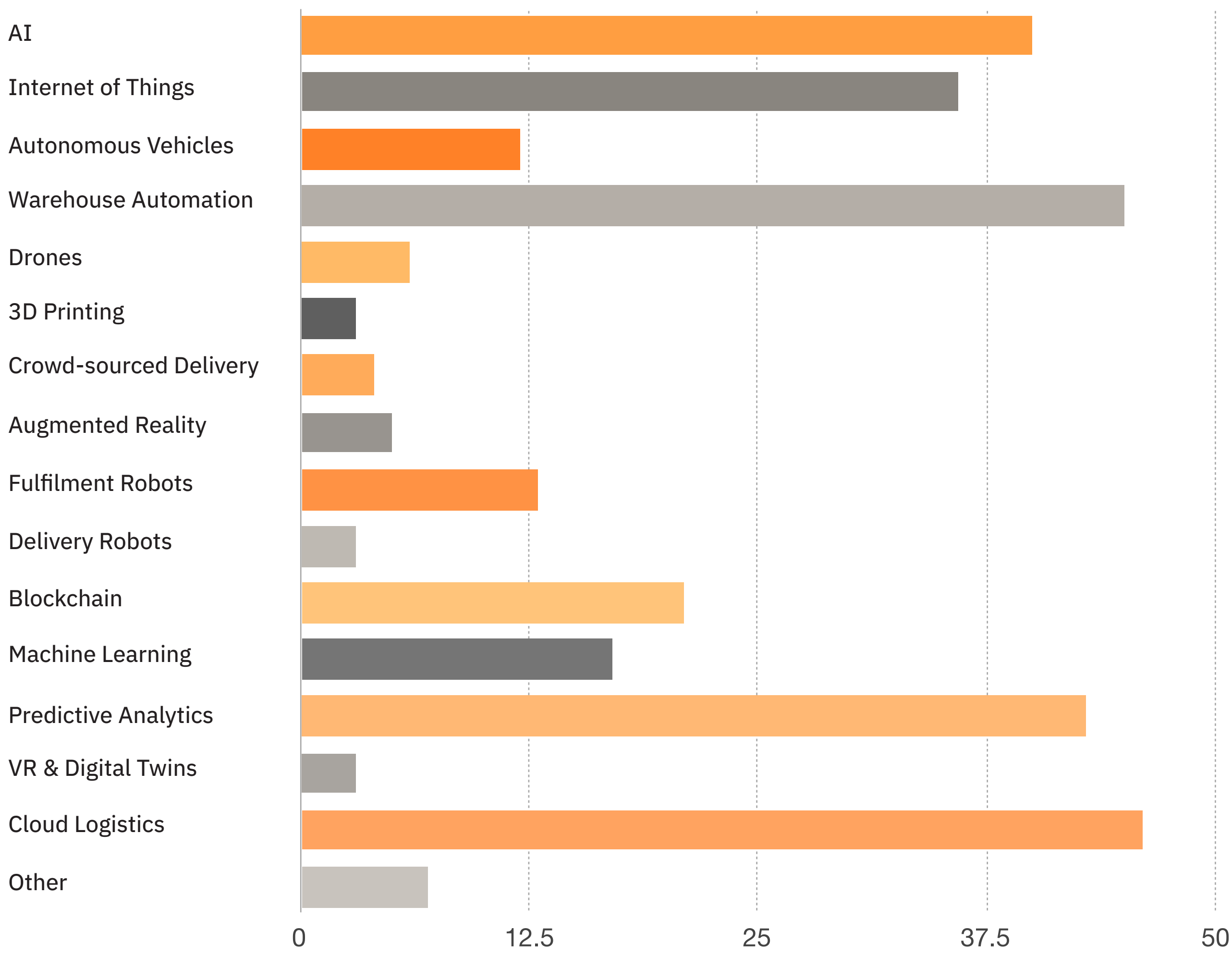
Building upon strategies from 2019, companies are continuing to foster collaborative work environments, with 23% of organizations hoping that the promise of a dynamic and integrated working environment will attract top flight talent (up from 17% in 2019). Pay incentives and flexible work hours continue to ground this approach, with 14% of shippers and 15% of LSPs, consistent with the 16% in 2019. Training programs invested in last year (12%) have given way this year (10%) to encouraging entrepreneurship (18%) — allowing employees to branch out and develop solutions, re-integrating them back into the company, allowing for movement on specific solutions at a speed that bigger organizations may be unable to provide for.

However, researchers from McKinsey note that many manufacturers are now reporting difficulties filling open positions, and that such an issue is prone to being exacerbated over time with an ageing specialized manufacturing workforce whose skills may be lost with retirement.[8] Going into the 2020s, workforce apprenticeships, rather than solely relying upon educational institutions and programmes, may be the most effective way to cultivate a high performing and specialized workforce without introducing latency into the business vision.

[8] https://www.mckinsey.com/featured-insights/americas/making-it-in-america-revitalizing-us-manufacturing

Towards a Digital Supply Chain

What technologies are you currently investing in?



Warehouse Automation

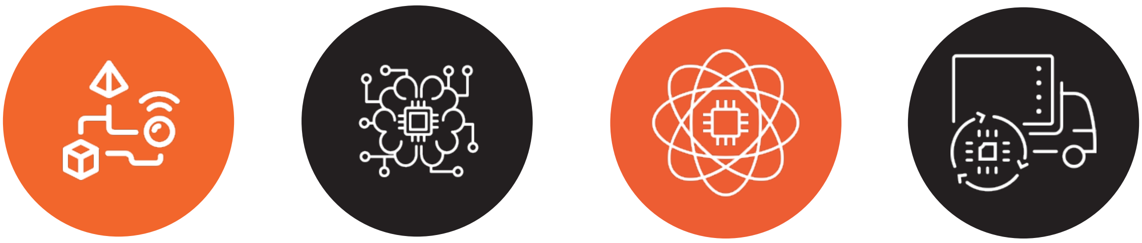
63% of investment is currently focused on warehouse automation technologies, from robotics on the floor (e.g. Automatic Material Handling Equipment (MHE)), to Warehouse Management Systems (WMS) in the back-end (which can control some MHE deployments but need to be more robust or custom built to manage more), the trend in 2020 is to push towards establishing the necessary technical infrastructure for the warehouse in order to truly digitize the supply chain. Warehouse Control Systems (WCS) can help to bridge the gaps between WMS and MHE, thus the more companies invest in MHE then the more WCS and WMS providers benefit.[9]

[9] https://www.iwmsglobal.co.nz/blog/2020-supply-chain-trend

Towards a Digital Supply Chain

AI and Machine Learning

AI and Machine Learning investment accounted for 24 and 21% of investment amongst retailers, brands and manufacturers, and 40% and 17% amongst LSPs respectively. This level of focus on (and differentiation between) these two areas suggests that, rather than focusing solely upon automation, LSPs and 3PLs are considering the benefits of AI augmentation; bringing AI into decision support, reducing human errors whilst not foregoing the personal touch of a human's direction.[10] Gartner forecasts that AI augmentation will add the most value to businesses (up to $2.9 trillion of business value in 2021),[11] largely thanks to low barriers to adoption and its ability to complement, rather than replace, human-centered workforces. Predictive analytics also continues to receive a high focus from LSPs and retailers, brands and manufacturers, with 51% and 43% investing respectively.



Last Mile Tech

Autonomous delivery vehicles (ADVs) have proven to be an efficient instance of last mile innovation, but currently still require more investment. 6% of retailers, brands and manufacturers, as well as 12% of LSPs are investing more heavily in this area, one explanation for which might be due to the fact that a greater proportion of spending is required by Chinese manufacturers and parts suppliers to meet government production targets on electric vehicles by 2025 (a 25% target for 'new-energy vehicles' [12] with a further 60% target by 2035).[13]
We may well see this pattern repeated across Europe in the next 5 years, given London's introduction of a ultra-low emission zone, as well as diesel vehicle bans on schedule for 2025 across Europe in key urban centers such as Athens, Paris and Madrid, which means that the push towards a post-carbon economy goes hand in hand with improvements to autonomous vehicle technology.

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[10] https://www.gartner.com/en/newsroom/press-releases/2019-08-05-gartner-says-ai-augmentation-will-create2point9-trillion-of-business-value-in-2021

[11] https://www.gartner.com/en/newsroom/press-releases/2019-08-05-gartner-says-ai-augmentation-will-create2point9-trillion-of-business-value-in-2021

[12] https://asia.nikkei.com/Spotlight/Electric-cars-in-China/Automakers-rev-up-green-plans-as-China-lifts-sales-goal-to-25

[13] https://www.bloomberg.com/news/articles/2019-09-06/china-mulls-target-for-60-of-auto-sales-to-be-electric-by-2035

Towards a Digital Supply Chain

Drones

Although only 3% of replies explicitly stated investment in drones, this can be considered another segment of AV investment. Manufacturers such as SEAT, in collaboration with Grupo Sesé, have introduced drones into their operations, cutting down delivery times from 90 minutes by truck to just 15.[14] Specific verticals with an established physical presence (medical, automotive) have already made headway with drones investment, as well as those improving in last mile delivery in across Asia: (for instance, the partnership between DHL and EHang in China, or South Korea's postal service intending to expand drone delivery operations by 2021). Thus, whilst a small proportion of investment is going into this area, in the next decade we may see a transformation in local shipping with more adequate drone infrastructure and partnerships in place, especially in rural areas with non-linear routes previously inaccessible by land vehicles.

Internet of Things

33% of firms are spending in IoT related infrastructure this year. Intertwined with investment in warehouse automation more broadly, IoT can help smarten the picking process, integrating with WMS and digital twinning practices within the warehouse, and realize end-to-end inventory tracking from the warehouse to the doorstep. Furthermore, investment in IoT devices raises the potential for the implementation of cloud computing into the logistics stack, with 27% of retailers, brands and manufacturers allocating money to Cloud Logistics, an instance of cloud computing in the logistics field which allows for a dynamic scaling of autonomous logistics application with greater adaptability to demand fluctuations.
LSPs are also spending heavily in cloud logistics in 2020, with 46% earmarking this emerging sector for investment.

Contrary to the enthusiasm respondents showed in our 2019 trends report, investment in Blockchain technology has heavily tapered off, down to just 5% from 22% last year. This may result from a greater understanding of blockchain technology, with organizations realising its role as an underlying technology in various automation infrastructures, rather than a one-size-fits-all technical monolith, or it could be a signal that exploratory attempts have not yielded sufficient progress to entice the industry further at this stage.

Cloud Logistics

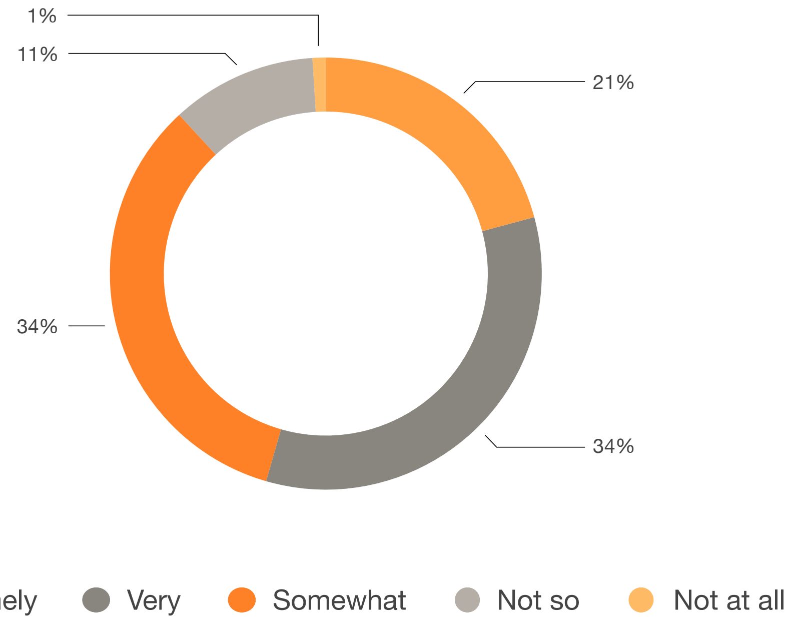
A pool of virtualized resources (such as web services), available on a pay-per-use basis and dynamically reconfigurable to meet user requirements.

[14] https://www.seat-mediacenter.com/newspage/allnews/company/2019/SEAT-and-Grupo-Sese-link-up-via-drone.html

Towards a Digital Supply Chain

For the last few years the logistics industry has been ramping up its digital infrastructure, making noticeable strides in building data-centric workflows, and integrating more secure practices organization-wide. This is exemplified by the fact that the retailers/manufacturers that were surveyed identified that their technologies that they were using were 6.1/10 in terms of customization for their customers, while LSPs gave a figure of 7.1. While it is clear that there is still a long way to go, this data points to promising signs in the quest towards an agile supply chain that is customer centric.

Thinking about your supply chain organization's existing capabilities and future development/investment plans: how confident are you about its likely readiness to succeed in the digitalized business of 2025?



The greatest challenge facing logistics service providers in 2020 is proving value and ROI to the customer (29%). In addition to with differentiating themselves from competitors (20%) companies are having to integrate disparate systems (28%) and rapidly scale them in order to prove this value to the customer. Just over one third those asked about the 2025 horizon were very confident about their chances for success. However, 17% of retailers, brands and manufacturers expressed some fears, as well as 5% believing that they had no chance at success. If this outlook is to change, companies need to get on board with transformation happening around the industry, and not stick to outdated methods and systems that leave them at a disadvantage in a digital supply chain.

[14] https://www.seat-mediacenter.com/newspage/allnews/company/2019/SEAT-and-Grupo-Sese-link-up-via-drone.html

Towards a Digital Supply Chain

Are you investing in and developing digital freight matching (DFM) capabilities for your customers?

Yes* 29%

*Currently investing or working with partners

Exploring 34%

No 37%

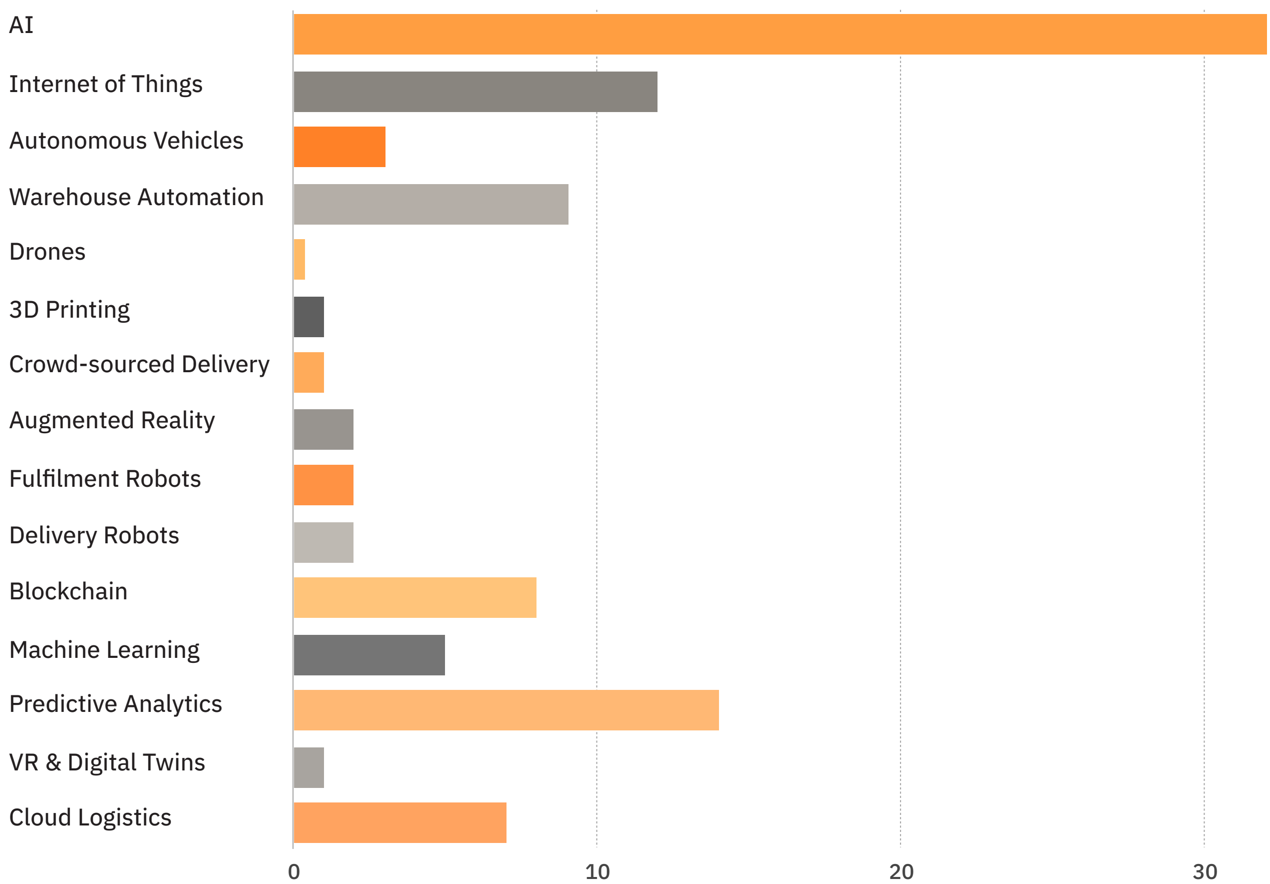
Digital Freight Matching (DFM) refers to a segment of the transportation market devoted to matching shipper demand for carrier capacity through mobile or web-based platforms. Companies like Uber Freight, uShip, Convoy and Transfix, offer price transparency, ease of use, and accessibility through online load boards and freight marketplaces. DFMs emerge as a component of the larger 'trucking-as-a-service' (TaaS) sector, which is expected to grow to $79.4 billion by 2025.[15] Including service segments such as telematics, business analytics and digital freight brokerage, the TaaS market is set to be an exciting development in 2020. The growth in DFM software goes hand in hand with the development strategies around autonomous vehicles and greater visibility in the delivery chain and last mile instance. However, despite the growth potential, the majority of retailer, brands and manufacturers are unaware of DFMs, with 33% ruling it out entirely at this stage (19% of whom say it is not applicable to their business model). Only 14% of respondents are actively working with partners to utilize DFMs, with another 14% exploring the possibility of integrating TaaS software into their stack.

Amongst LSPs, we see a degree of disinterest (37% answered no), but we also see a greater adoption level (29% total) and 34% beginning to explore the potential of DFM systems. We expect 2020 to bring greater awareness to the DFM field as organizations begin to integrate more fully into an automated stack.

[15] https://ww2.frost.com/news/press-releases/digital-freight-brokerage-grows-top-service-revenue-opportunity-truck-service-gains-traction/

Towards a Digital Supply Chain

What technology do you think will have the biggest impact on the industry in the next 5 years?



Our survey answers made it clear that the next 5 to 10 years will see a move away from semi-autonomous infrastructure to true autonomy, freeing up driver capacity and improving delivery scope (opening up rural areas). Drone infrastructure will open up rural areas, extending the reach of parcel-delivery players at both ends of the industry. It's clear that the major play in the logistics industry over the next 5 years will be in AI, with 32% of respondents demonstrating their faith in augmented decision-making, big data analysis, and robotic automation promises of the idea. It's worth re-iterating that none of these technologies exist in isolation. AI still remains a catch-all term at the nexus of various technologies. So those who espouse IoT as the breakthrough technology (12%) are not at odds with those who see promise in blockchain technologies (8%), nor those emphasizing the virtues of predictive analytics (14%), as each one feeds into the other, creating a stronger, more flexibility digital supply chain, fit for the new decade.

[14] https://www.seat-mediacenter.com/newspage/allnews/company/2019/SEAT-and-Grupo-Sese-link-up-via-drone.html

Zoho Creator Concluding Remarks

Technological innovations are poised to confer a plethora of benefits to the supply chain and logistics industry. However, due to the current state of global affairs, this year will prove to be challenging. While the West sees a slowdown in growth and mounting challenges, in Asia, there's tremendous potential for continued growth due to maturing domestic value chains across China and India.

From a general perspective, the industry is on the cusp of a major upheaval, due to the impending technological advancements that are set to revolutionize it. Players in this extremely demanding and dynamic industry are, today, cognizant of the need to rapidly embrace technological innovations.

And make no mistake—the technologies poised to have the biggest impact in the next five years will not function in isolation, but in unison. To harness the advantages conferred by these advancements, adopting custom software application development platforms—like Zoho Creator—for supply chain and logistics operations will be key.

For players in this industry, embracing digitization will ensure their operational viability in the long run. Stakeholders who hesitate will find themselves in a tough spot, as expectations from consumers and clients alike are sky high; after all, the greatest challenge facing logistics service providers in 2020 is providing value and ROI to their customers.

Hyther Nizam
Vice President, Product Management, Zoho

Hyther Nizam heads a product management division of Zoho and manages several innovative products—Zoho Creator (a low-code platform), Zoho Commerce (an ecommerce platform), Zoho Sites (a website builder) and several other products under the Zoho suite. Hyther also heads Zoho's Middle East & Africa operations. He has been with Zoho for the past 20 years and has extensive experience in building products from scratch for a profitable business.

For more on Zoho Creator, visit www.zoho.com/creator.