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Shaking Up the Brown Box: Big Winners in Supply Chain Evolution

With the infusion of multi-modal, multi-channel platforms, e-commerce is shaking the supply chain industry upside down. The consumer is now able to outrun the industry, and shippers are questioning their competency to continuously evolve their supply chains. To implement transformational strategies, operations teams are facing broad and deep investments in diversified technology and human resources to hit performance expectations. Disruptors such as e-commerce, omni-channel, the Internet of Things, near-shoring, import/export compliance, automation and the speed of business have accelerated the need for best practices and reinvention. Shippers today are seeking digital intelligence and a more fully integrated, multi-modal supply chain to achieve visibility, speed, efficiency, innovation and – most importantly – customer satisfaction.

To create synergy between strategic technologies and analytics, many shippers are aligning with partners to help them evolve their supply chain into an adaptable value stream. Companies cannot effectively manage what they cannot measure, and as the digital thread further penetrates the supply chain, data provides deeper understanding of the supply chain's current and future state. Data can be collected, measured and analyzed through every stage from raw material sourcing and production to last-mile delivery and invoice audit and payment.

Insight from that data provides what decision-makers absolutely must understand: optimal cost-to-serve scenarios, whether for a particular SKU or an individual customer. They are using integrated, continuous analytics, modeling, simulation and planning tools that can develop "what-if" scenarios critical to improving the supply chain in the face of potential disruptions. This becomes increasingly important as companies continue to onshore or nearshore their operations to focus on the purchase of fewer SKUs that can be customized and retrofitted into a variety of different products.

Data insight and analysis can also support development of risk/contingency plans, while providing greater understanding of:

- Product level profitability
- Most efficient lanes
- Preferred distribution center locations

Many companies will be challenged to independently create the technology and visibility that enables all parties to understand where a product is in process, the optimal locations to fulfill a shopping cart order and the best last-mile delivery networks. Manufacturers, retail-

ers and distributors will likely rely on extensive analytical resources in the future, possibly to navigate change with emerging intelligent sensors, smart applications, robots and drones. Shippers can position themselves for greater success by partnering with a holistic supply chain resource that can help them gain end-to-end supply chain visibility and control while multiplying their supply chain expertise.

A technology-driven progression is especially important for retailers desiring a larger share of the e-commerce pie. The need to move faster is critical, not just to the strategic and operational aspects of the supply chain, but also to the hidden opportunities for improvement within freight invoices, parcel invoices and agreements. Shippers benefit from collaboration with a partner who has visibility to enormous volumes of shipping data. Expertise, combined with technology such as Insight TMS®, best practices such as Extended LEAN® continuous improvement for the supply chain and a web-based business intelligence portal such as Insight Fusion®, can be game changing for many companies which could not sustain a competitive advantage alone.

The digital thread of automation is also driving enterprise transformation. Streamlined business processes are critical to success, particularly where effective communication and product visibility play increasingly important roles. As such, initiatives toward more sustainable supply chains are on the rise, as shippers look to be more efficient and serve customers for the long term. And with more millennial executives, sustainability is evolving from a buzz word to a conviction. The next-generation executive wants their business not only to make customers better, but also to make the world better.

So, as shippers ponder how it will all shake out, we continue to see online buying patterns influence the shipping patterns and distribution networks, from a pair of shoes in a small brown box to major items such as washing machines and hot tubs. Business-to-consumer demand is set to outpace supply in the marketplace. Those who can solve that problem will be the big winners in the next phase of supply chain management.

Supply chain innovator Paul Thompson is Founder and Chairman of Transportation Insight, a lead logistics provider offering e-commerce and multi-modal (LTL, Parcel, TL) supply chain solutions. Globally recognized for advanced analytics, technology and Co-managed Logistics® services, Transportation Insight is a 2016 SmartWay Excellence Award Recipient.