

TAKING STOCK

Gautam Kumar, co-founder and COO, FarEye, elaborates on how advanced logistics can transform customer experiences.

The supply chain and logistics industry have evolved significantly over the past few years, thanks to customer expectations. Brick and mortar processes of delivering goods and services are just not good enough. Hence, surfaces the need to deploy technologies that empower business to keep up with customers.

In 2018 we witnessed significant advancements in the supply chain and logistics field. But is it enough? No, there is still a plethora of challenges that need to be addressed.



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In Middle East and Asia (MEA), small-scale restaurant owners are finding it difficult to compete with food aggregators that have no intention to generate profits. In cities like Dubai, inaccurate addresses remain a big challenge. In addition, improving last mile delivery to boost customer experience will continue to be a prominent trend.

So, as we step into 2019, let us quickly glance through the four major supply chain and logistics trends that are going to impact businesses in the MEA region.

ADOPTION OF ADVANCE SUPPLY CHAIN AND LOGISTICS PLATFORMS

In the Middle East region, revenue from food delivery market is expected to grow at an annual growth rate of 13.6 percent, resulting in a market volume of \$2,804 million by 2023. Hence, it's not surprising that investors will continue to fund food aggregators.

Not worried about generating profits, these food aggregators are seldom known for playing by the rules and conflict of interest between these aggregators and restaurants owners are common.

HOW PARTNERS CAN LEVERAGE LOGISTICS

Kushal Nahata, CEO and co-founder, FarEye, elaborate on the current challenges of logistics in distribution and how players can address it effectively.

CAN YOU ELABORATE ON THE CURRENT CHALLENGES REGIONAL DISTRIBUTORS FACE WHEN IT COMES TO LOGISTICS?

A major issue with regional distribution is that it's extremely unorganised and fragmented. Lack of proper visibility into distribution networks is another problem that's plaguing the supply chain and logistics industry. Inadequate information on customer addresses is also a significant challenge that distributors face regularly.

WHAT ARE THE KEY FACTORS TO FOCUS ON TO ACHIEVE A SEAMLESS AND EFFECTIVE SUPPLY CHAIN PROCESS?

There are a number of factors that impact supply chain processes. To achieve a successful and seamless supply chain, businesses need to introduce automation to ensure scalability, digitalise core supply chain processes to gain agility and invest in technologies that make supply chain transparent, break down silos, collect and work on data from



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all the multiple sources so that the right information is with the right stakeholder at the right time. This allows proactive and efficient handling of supply chains processes.

WHAT KIND OF TECHNOLOGIES CAN DISTRIBUTORS INVEST IN TO ENHANCE LOGISTICS?

Cloud computing, IoT, mobility, advanced analytics and anti-fraud tools are some of the technologies that will empower distributors to enhance logistic operations.

DO PLAYERS LEVERAGE THE POWER OF ANALYTICS TO OPTIMISE LOGISTICS OPERATIONS?

Yes, a large number of distributors are leveraging analytics and even those that are yet to invest in analytics are mostly planning to or are experimenting with the technology. In fact, a study by the Council of Supply Chain Management Professionals highlighted that 93 percent of shippers and 98 percent of third-party logistics firms feel like data-driven decision-making is crucial to supply chain activities.

CAN YOU SHARE INSIGHTS ON HOW THIS SPACE WILL EVOLVE OVER THE NEXT FEW YEARS?

With the constant rise in pop-up stores and on-demand delivery models, traditional supply chain models need to evolve to enable shorter lead times, smaller deliveries in the most cost-effective manner, and the ability to respond to changes quickly. To gain competitive advantage the distribution industry will witness rapid adoption of advanced technologies. The industry will find itself focusing on building capabilities that positively impact the customer experience and boost fleet productivity at the same time. The industry will also see significant adoption of cloud-based technologies to minimise costs, reduce complexity and ensure proper integration of disparate systems.



The question is how does a restaurant compete with these aggregators who are delivering food at cut-throat prices? There is no easy answer to this but adopting an advanced supply chain and logistics platform can surely solve a lot of problems.

Take this case in point. A pizza joint in Dubai wanted to partner with a food aggregator to scale deliveries. Unfortunately, it never worked out as the latter was insisting on credit cards payment options on their platform and demanded 37 percent of total transaction value.

The only way out for the company was to have a supply chain and logistics management platform, which will make delivery efficient and cost-effective. Leveraging such an advanced platform, the pizza joint built its own proprietary digital e-commerce platform to execute deliveries and it worked wonders.

An advanced supply chain and logistics software helps business increase fleet visibility, boost customer experience and engagement, optimise delivery routes, customise delivery locations, predict communications and so much more. Moving ahead, with the way e-commerce is flourishing, I feel it will be a necessity for organisations to digitalise and automate their logistics operations completely.

DEALING WITH THE 'INACCURATE ADDRESS' CHALLENGE

The incorrect and inadequate postal address is a major problem that supply chain and logistics businesses face in the MEA region.

A large logistics company in Dubai highlighted that in the Middle East it is common to see packages and letters addressed to a person in a city with no proper delivery



address. All they usually have is a name and a mobile number. And that it is the delivery company's responsibility to investigate, research and find out where is the intended delivery address.

Imagine this. You are a reputed logistics company. It costs you around \$5-\$7 to deliver a parcel to a customer's location. In rare cases, it may so happen that a few delivery addresses provided by customers were inadequate or did not have a proper postal code.

Like a good logistics company, you took it on yourself to spend more time, money and manpower to unearth the actual location of the customer and deliver the parcel. In some cases, the cost incurred in doing this might not hurt a company's bottom line but imagine if this happens regularly with tens

and thousands of parcels. The delivery cost will balloon to some tens of billions of dollars per year. And that's exactly what's happening in the MEA.

To resolve this 'inaccurate-address' problem, supply chain and logistics companies need to embrace AI and ML-based platforms that can leverage advanced technologies to geolocate a customer's delivery address intelligently.

IMPROVING LAST-MILE DELIVERY TO BOOST CUSTOMER EXPERIENCE

Next-day deliveries, customising delivery locations and timing on the fly, paperless billings and more such customer expectations will continue to drive businesses to embrace advanced supply chain and logistics platforms.

Online customers in the MEA region want retailers to deliver 'in-store' like buying experience



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focused on instant gratification. According to Google, in UAE only 53 percent of retailers offer click and collect as a service, and only three retailers offer next-day delivery.

The only way to be on top of the 'customer experience' trend is to drastically improve last-mile delivery with advanced SaaS-based logistics and e-commerce platforms. ^{o/m}