



# HOW AUTOMATION IS CHANGING THE LOGISTICS INDUSTRY

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**A**utomation is all about looking for repetitive task which consumes huge amounts of time and that commonly lead to errors.

Once these tasks are found in the process, we can start to think about automating them. Warehouses also have these repetitive cumbersome tasks. For example, walking to a bin, picking a thing out of a bin, and putting that thing in a new location over and over. Entering shipments into tracking systems over and over. Sorting, categorizing, and storing items over and over. All of these repetitive tasks are an opportunity for automation. A rapid move towards automation is one of the biggest changes across the logistics sector.

It allows the process to be more efficient, productive and free of human errors.

Of course, automating production lines is nothing new. Many industrial relations battles have been fought over efforts to introduce robots to the production process, especially in the automotive sector. However, what is happening now has the potential to go much further.

Logistics companies look at these developments as they will lead to direct and indirect transformative pressures on the industry. Firstly, the production strategies of their clients will change dramatically. By adopting the latest robot technology for basic and repetitive tasks such as 'pick and place' there is the opportunity for employers in the Middle East to greatly reduce labor costs. Robots are especially good at performing functions where precision or consistency is required. This of course would rebalance manufacturers' labor costs and reduce the competitiveness of remote markets. This trend would be strengthened by manufacturers increased awareness of global supply chain risks and other near-sourcing pressures. This could lead to manufacturers preferring to establish new facilities in or near to the major consumer markets in the Middle East.

Secondly, there is a direct impact which development in technologies could have upon the logistics industry. The sector of course is very labor intensive both in terms of drivers and warehouse staff. In twenty years, this scenario may change dramatically. Google is already testing technology that will result in driverless cars, and it seems reasonable that, once regulatory and labor organization barriers are overcome, we will see a growing proportion of driverless trucks on the roads. This would have obvious benefits in terms of costs but would also reduce tachographs and hours of service to minimal, thus improving supply chain efficiencies.

The Middle East freight and sector is facing some interesting times ahead.



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They need to adapt to free trade agreements, tax reforms, security requirements and other challenges that the world is throwing their way. Freight volumes are predicted to double in the next 19-15 years. The nature of Middle East's highly competitive environment means that business will have to maximize

efficiencies. They will also need to maintain high services levels to survive and prosper. A rapid move towards automation and offshore business processing are a couple of the biggest changes across the sector. Both of these are indeed the future. While automation allows us to be more efficient, productive and avoid human errors, offshoring saves on costs and is often a stepping stone towards automation. People often resist these strategies because they are concerned that it may take their jobs of their peers. Here are four lessons that can be learnt from the automation journey.

- Make it clear to staff that automation will improve their jobs and steal their jobs. There's no question that automation brings about disruption, but it is an opportunity for them to create their future jobs as more things are automated they will be able to use their creative and strategic skills. Ultimately, they'll have a more interesting and fulfilling job.
- Involving the staff on what need to be automated. An example of this can be, one can write down the more mundane and repetitive tasks and start with those. Automation should be framed as a liberation movement.
- Be transparent with the staff: Nothing is worse than feeling your role is threatened. Keep them in loop about automation, the need for increased efficiencies and the time frame for implementation.
- Upskill staff in other areas: As routine and boring tasks get automated; the staff will get the chance to take on more interesting tasks. They can become trusted advisors in communicating with the clients.

The supply chain and logistics industry is very price competitive and customer service differentiates the companies in the market. To sum up, preparing the business for automation requires more than just systems and processes. Companies need to be transparent and prepare their staff to take advantage of the opportunities ahead. ▀