

The future of freight is moving into the digital fast lane

Nick Hoffman, chief operating officer at Linebooker, an online transport services company, believes that in the coming decade, the South African transport and logistics environment will see significant changes in an attempt to streamline efficiencies and lower costs.



Nick Hoffman, chief operating officer at Linebooker

“We are only at the beginning of a cycle of digitalisation that will transform nearly every aspect of freight and logistics as we know it.”

Every day, around 2 million tonnes of goods are on the move on South African roads. That amounts to over 750-million tonnes of product – from steel pylons to baby nappies – being commercially transported from A to B annually. These goods are transported in over 350,000 trucks that make up the multi-billion-rand freight and logistics industry that keeps our economy moving.

With input costs for transport rising each year, all businesses are considering how to bring their goods to market faster, at lower costs, through optimised logistics processes. This goes beyond just the top 300 transport companies responsible for close to 60% of goods transportation. It’s an agenda that concerns most companies.

Hoffman believes digitisation is already disrupting the industry for the better. Here, he outlines some of the changes he’s currently seeing:

1. The connectivity of the IoT

With the ‘Internet of Things’ (IoT) nearly everyone is now connected, giving rise to the ‘on-demand’ economy which has helped accelerate globalisation and the formation of a ‘global village’. Goods and services can be sourced and shipped across a variety of applications and platforms – at any time, to almost anywhere.

The digitisation of economies and businesses has advanced innovation, leading to improved management of planning and execution processes and improving customer experiences.

2. Supply chain management: Integration and collaboration in real time

Outsourcing is the new name in the game. Modern business best-practice is dictating that any activity or execution that is not core to the business, should be outsourced. Given today's digital technology, integrated solutions connecting multiple service providers with suppliers is a relatively easy solution to implement. Supply chain systems have morphed into digital eco-systems that exist to serve each other, both co-dependently and independently, depending on the structure of the arrangement between the parties.

3. “Just in time logistics” is fast being replaced by ‘elastic’ logistics

The concept of ‘just in time’ logistics was based on the premise of delivering a resource, component or product to a manufacturer, supplier or customer just before it was required. ‘Just in time’ inventory and stock management has given way to the concept of ‘elastic logistics’. This is where a customer can expand or reduce their inventories whenever required in order to manage and control costs and efficiencies without compromising the expectations of the end customer. Digital is making ‘elastic logistics’ possible.

4. Data analytics and the chase for bottom-line profits

Also known as ‘big data’, the collecting, storage and analysis of data has become a critical toolkit for transporters and transport customers alike. Large amounts of data – from vehicle tracking and fleet management to inventory control – is continually being analysed to improve operational capabilities. This helps to identify supply and demand patterns, reduce wasteful expenditure and optimise process that positively contribute to the bottom-line.

5. The future freight economy is a shared one

Given the sharing economy's ability to access new markets and market segments within common marketplaces, sharing platforms are now infiltrating a host of industries and businesses, largely unrestrained by geography and borders.

At present, there are estimated to be more than 25 billion connected devices. By 2025, this figure is expected to escalate to a staggering 75 billion devices. Online platforms aimed at managing logistics will become increasingly prevalent, given the multiple benefits that can be realised from digitally connected applications. Companies like Linebooker is using a customised platform to intelligently match pre-approved transport providers with customers looking for an efficient, transparent and reliable transport solution.

Hoffman concludes, “as a spatially challenged country - and with rail infrastructure not being able to meet the growing

demands of the economy, South Africa will still be reliant on road transport for many years to come. For any company moving products around the country, transport costs make up a sizeable portion of product unit costs. Our platform has been able to show savings to the customer of up to 15% on their transport bill.”

In the future B2B and B2C world, digital interfaces will play a far more prominent role in managing logistics processes. Customers will be in a position to find the right carrier for their logistics requirements by choosing from a wider range of large and small service providers. Hoffman says, “Whilst this will not signal the demise of long-term transport contracts, the shared economy will give transporters viable options to reduce empty runs and increase volumes by engaging with multiple customers.”

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