TRENDS AND PREDICTIONS FOR SUPPLY CHAIN AND LOGISTICS EXECUTIVES FOR 2016

Automation and analytics performance edge

Revolutionary automation systems and processes, including the next generation of robotics, will impact on the extended supply chain environment. Innovative and disruptive technologies and ideas are continuously emerging to provide enterprises with competitive advantage, as highlighted by Michael Porter’s value chain model in the early 90s (see https://en.wikipedia.org/wiki/Michael_Porter).

ERP software has achieved near full automation to allow companies to focus more on service delivery as opposed to traditional supply chain management. As outlined by Supply Chain 24/7 news blog, “Lean manufacturing or Six Sigma methodologies have also been integrated into the industry, further calling for process improvement and full automation”.

Supply chains will continue to streamline and align with customer requirements (as championed by John Gattorna in recent years) will be a major factor in the battle to maintain customer relationships and win new contracts. In fact, these terms have become household names and administrators are being trained in these concepts more and more each day.

Robots have been pushed to the forefront in many warehouse and production floors. Although it’s something dreamed up from science fiction, we have seen robotics emerge particularly in some commercial giants, including Amazon. Artificial intelligence costs less than a manual labour force and can achieve the functions and duties of supply chain operations seamlessly, without breaks for hours-on-end. Of course, with any new emergence, artificial intelligence carries with it a certain level of controversy for the exact reason just mentioned: it costs less than manual labour.

The evolution of the role of key performance indicators has led the development of statistical algorithms to gauge productivity, efficiency and quality. Predictive analytics, which are even more of a breakthrough, can be utilised for data mining as a way to predict the future, along with other proven techniques. While not fully abandoning the concept of forecasting, predictive analytics will draw correlations between past events and help to predict future events. (Tom Redon – National Forklift Exchange, US.)

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The e-commerce game-changer

E-commerce continues to transform and revamp operations on both an individual and organisational as well as a global level, with new forms of retail underlining emerging trends in supply chain management. E-commerce used to be the simple ordering of a product or good from an online catalogue. Now, logistics, transport and inventory is handled by digital plug-ins that tap into multiple sources and coordinate the full lifecycle of the transaction.

Small businesses, entrepreneurs and large conglomerates have utilised these technologies to bolster sales, while reducing on operating overheads and marketing materials.

Contributing to 80% of China’s online shopping were 27 million purchases made within the 1st hour via mobile. At end of that day, Alibaba’s sales numbers were more than 10 times that of Cyber Monday in the US. Not surprisingly, our executive search and recruitment teams across our APAC/ Australia and Middle East offices reported a spike in the demand for supply chain managers and contractors with e-commerce experience in recent months, and we predict this trend to continue.

The increase in e-commerce transactions has introduced new challenges and opportunities to logistics and technology. In markets big and small, e-commerce continues an impressive growth. With better infrastructure and changing online consumer behaviour, what are the strategies, new technologies and innovative ideas implemented in different regions to ensure purchases are being delivered? What are the impacts on B2B and B2C?

The dramatic change in the world order of logistics is reinforced with the well-publicised recent moves by Amazon to build its own global freight networks, having a major effect on the tier-1 integrators who have benefited from Amazon’s massive growth in recent years. A redeployment of expertise between organisations/sectors/geographies is currently underway, and we expect this step change in employment to continue throughout 2016.

**Oil price forces new directions**

Organisational restructuring and well publicised mergers & acquisitions and joint ventures have been the order of the day in the US over the last nine months. E.g. DSV to buy UTi for USD1.35bn, XPO Logistics purchase of Con-Way (USD3bn), along with earlier buying Norbert Dentressangle for €3.24bn, UPS acquiring Coyote Logistics USD1.8bn and FedEx buying TNT for €4.4bn. Not to forget the moves in Asia from Japan Post, who earlier brought Toll in a deal worth AU$6.49bn, and Kintetsu Worldwide Express’s massive deal for APL Logistics valued at USD$1.2bn.

Established organisations from across the entire oil and gas industry to seek new opportunities and redeploy resources, assets and capital into industries of which they have little knowledge, but in which they know they must invest. Although there are signs of the desire for stability in the oil price with Saudi Arabia and Russia in discussions on production levels, any agreement will be dependent on other players such as the US, Iran, Nigeria and others (OPEC and non-OPEC) coming to the party, and there will likely be much more pain for producers and their economies over the next two years or so before production drops enough to force prices higher.

**Up-skilling essential**

We have seen a steady increase in demand for supply chain professionals with Healthcare, Pharma, Cold Chain, Consumer Electronics and FMCG experience not only in the Middle East, but also to a lesser extent within the Australian and New Zealand markets. The massive demand for and proliferation of handheld devices continues to feed the heat of the consumer electronics space, as these devices are changing the way business is conducted and forcing a pace of adaptation with which many organisations are struggling to keep up and driving the e-commerce frenzy.

An increase in up-skilling and career reassignment is a key trend amongst many major logistics firms as they look to meet the demands of new customers. Our small but expanding executive coaching and logistics academy teams report an increase across South-East Asia, with coaching hours in Australia up 70% on 2014. Many of our colleagues and competitors in the executive coaching field across Australia report that many organisations in the supply chain and logistics sectors are embarking on the same journey that established organisations from across the entire oil and gas industry to seek new opportunities and redeploy resources, assets and capital into industries of which they have little knowledge, but in which they know they must invest.

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