



## Taking a slower approach to logistics

Logistics is a key enabler of our current globalization and hardly any sector is untouched by it. However, mobile consumers pose crucial challenges to the industry, ordering around the clock in **online shops** offering a perfected customer experience. A few clicks are all that is needed to order and ever shorter delivery times are offered as an enticement: products selected in virtual stores today are often in the recipient's hands tomorrow or even that same day.

Time is an increasingly important factor in production as well: optimized **just-in-sequence** methods eliminate warehouse costs. In many industries, such as the automotive sector, a step back is simply inconceivable at this stage. However, just-in-sequence concepts also shift the warehouse to the road and the storage costs from manufacturers to forwarders and ultimately the taxpayers who, after all, pay for the construction and upkeep of the roads.

These two examples demonstrate the increasing acceleration in logistics, which is now more efficient and rapid than ever. We all benefit from this and also appreciate, for example, having important medicines available immediately and fresh milk delivered reliably as well as orders getting to remote areas quickly. However, there is also a flip side to this acceleration: the massively increased pressure on the links in the logistics chain. This is making it ever more difficult for **logistics service providers** to apply their core competency of taking advantage of **economies of scale** to group deliveries and schedule the most efficient routes. Optimizations require critical mass and flexible time frames in order to facilitate opportunities for bundling. In reality, however, logistics is becoming increasingly small-scale – with quite ambivalent developments: for example, regions may be served by all parcel delivery companies on the same day and even private vehicles with three packages in the trunk may be involved in making deliveries – with almost one delivery vehicle per shipment, the end of the line has been reached. As an IT service provider, we also see real limits here: today, our software solutions consolidate a multitude of data that is used to optimize routes and achieve intelligent real-time logistics. However, sufficient available information is a fundamental requirement for this – and this basis is shrinking.



Increasing time and cost pressure is becoming particularly evident in the final link in the logistics chain. As a result, routes are primarily covered by small **subcontractors** nowadays – with less than desirable working conditions. **Drivers** are exhausted and often poorly paid, and regulations are frequently circumvented by, for example, using small delivery vehicles without digital speedometers or mandatory rest periods. The extent of the problem goes even

further and can be seen every day on **Europe's roads**: trucks jamming up motorways from the Baltic Sea to the Mediterranean. Add holiday traffic in the summer, and entire regions are on the verge of traffic collapse. It is only right that the **climate component** of the problem is then raised as well, with transport a key cause of the increase in carbon emissions.

When will we have reached the **limits of acceleration** in logistics? The time is right for us to ask ourselves this question. But also: how much of this acceleration is actually necessary? This is a challenge for us individually as well as society as a whole. Logistics is more efficient today than ever – and that's a good thing. We all appreciate getting urgently needed items delivered fast. Order today, take delivery tomorrow – that's convenient, but we might not be unduly concerned if many things took a bit more time. Apart from express delivery, why not also offer a second **sustainable slow shipping** option? After all, longer time frames allow logistics service providers to optimize capacity on routes. This is kind on the environment and does not disadvantage consumers with a bit of forward planning. It is time to develop a new mindset in logistics: a sustainable mobility that can continue to fulfill its central role in global merchandise management in the best possible way while demonstrating responsibility.

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