

# Digitalization in logistics: A competitive advantage

HOW digitalization has transformed practically every business sector, including logistics, is hardly a subject for dispute.

The importance of global digital transformation is reflected in the staggering amount of investments businesses are willing to spend on their digital initiatives.

According to Statista, spending on global digital transformation is projected to reach US\$1.8 trillion in 2022, jumping 55% to \$2.8 trillion by 2025. For 2023, businesses are expected to spend \$2.3 trillion worldwide on technologies and services that enable digitization.

Adopting digital technology to transform business processes and services can take many forms: from merely migrating data to the cloud and using tech devices to automating entire processes.

Some of the digital technologies with the biggest impact on the logistics sector so far include big data and machine learning, which allow practical application of data for better planning and forecasting and automation of decision-making; artificial intelligence; cloud logistics; 5G technology; Internet of Things; and mobile applications.

A number of developments have conspired to hasten digital transformation across the globe: customer demand which has fueled e-commerce, the constant need for businesses to get ahead of the competition, and the COVID-19 pandemic. This generation's biggest health crisis has undoubtedly turbo boosted digital transformation. Restrictions on the movement of people and goods compelled businesses to respond by using digital technologies to innovate and achieve greater resiliency.

As the backbone of many other industries, logistics is fertile ground for digitalization.

Digitalization's benefits are well-documented. The most obvious are the improvement in overall efficiency and the attendant cut in costs. Digitalization offers automation of information flow, allowing for centralized operations that

pave the way for better forecasting and planning and cause faster provision of consistent services.

Practically all cargo service providers, including shipping lines and freight forwarders, offer digital solutions that allow shippers to book and pay online, and track shipments, saving everyone time and money. Many of these solutions also allow for better capacity allocation, cargo management and customer service

Beyond the time and money savings, the transparency in information brought about by digitalization builds trust between shipper and service provider. This trust is strengthened by blockchain-enabled digital shipping solutions, which many shipping companies are now joining. Blockchain's secure and shared database has made possible transparency, efficiency, better security and privacy and improved traceability in shipping transactions.

Also popular digital technologies are management systems such as ERP, CRM, WMS and route planning systems that automate and streamline manual processes. Warehouses such as Cargohaus deploy various initiatives in their digital arsenal to ensure immediate response to their clients.

Another product of digitalization is high level of automation in transportation. Think autonomous vehicles, Uber freight, sensors that when combined with Big Data analytics allows real-time tracking for better management of vehicles and loads.

In the Philippines, the adoption of digitalization in the logistics market—seen crossing P1 trillion by 2024 by Ken Research—is rapidly accelerating, with e-billing and e-payment systems already in wide use.

According to Ken Research, “rising digital aggregator startups for trucking and warehousing”, among others, is expected to drive that growth.

Right now, more institutional implementation of digital systems is already evident across the local supply chain, with

information and documents transmission common among multi-players (shippers, shipping lines, port authority, the Customs, terminal operators, etc.).

At the container terminals, the Terminal Appointment Booking System (TABS) has been in operation for some years now. TABS allows for advanced booking of time slots to pick up import containers and deliver export and empty containers.

A web-based system (GOFAST) is also being used by international shipping lines to manage empty container returns. Another web-based app, the Container Ledger Account, is offering a self-service portal to manage container deposit.

As early as January 1996, the Bureau of Customs has dipped its feet in digitalization with the implementation of the Automated Customs Operating System (ACOS) which began at the Port of Manila. This was the first large-scale computerization project of the Bureau. ACOS was later replaced by the electronic-to-mobile (e2m) system.

The BOC recently vowed that customs processes will be 98% automated by end of 2022.

Early this year, the Philippine Ports Authority signed the contract for the

P499.898-million project that will fully digitize terminal management nationwide. The electronic terminal management system project is an online ticketing system with a single window for processing all transactions needed to be done by government, shipping companies, port terminal operators, passenger terminal building operators and the general public.

For its part, the Philippine Economic Zone Authority is using an e-System to serve its locators.

There are local enterprises already offering ERPs for freight forwarders (such as Softlink's Logi-Sys) and those that integrate bookings for full and LCL shipments, trucking services, and last-mile deliveries.

The road to digitalization is not always smooth and easy (in the Philippines, the cost of investing in digital initiatives can still be high, and internet connectivity can be poor in some areas) but in an age of instant services, there seems no other route to take.

Any logistics company—or any company for that matter—thinking they can postpone digital initiatives is living in the past. Chances are these companies will be washed away by competition, sooner rather than later. Quite simply, digitalization in logistics is a competitive advantage.

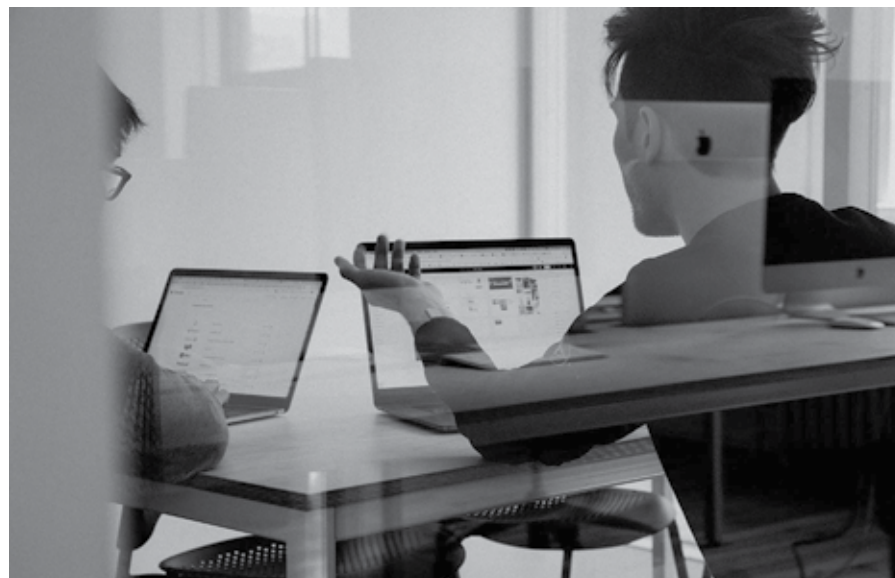


Photo by charlesdeluvio on Unsplash

## Bridging the Digitalization Gap with Logi-Sys

THE logistics industry remains a significant and growing segment of the Philippine economy due to eCommerce and infrastructure developments in the region. The Philippine freight and logistics market is expected to increase exponentially, reaching US\$23.7 billion by 2027. With that in mind, many international players like FedEx, UPS, DHL, Kuehne + Nagel, are making strategic investments to establish a regional logistics network, opening new distribution centers, smart warehouses, etc. thus giving tough competition to local logistics service providers.

Moreover, the impact of the current global trade environment and disruptions have made it difficult for Philippine freight forwarders to keep up with the pace and stay competitive. As demand for effective and transparent logistics services keeps increasing, it becomes crucial for companies to both advocate and implement digital tools and solutions that go hand in hand with technology development in the industry.

Logistics and freight forwarding is a complex industry that often plays with high stakes. The operations process begins with booking a shipment, juggling countless communications channels with partners and carriers, until the shipment reaches its destination and the

payments are received. In such a challenging scenario and to address inefficiencies brought about by manual processes, the Philippine logistics industry has turned to digitalization, which improves user-experience as well as reduces costs through more effective collaboration with carriers, shippers, and partners.

To compete with international players, many renowned freight forwarding companies from the region, including Asian Consolidation, TNL Express, Road Runner, Orient Freight, Asia Cargo Container Line, and Port net logistics have implemented Softlink's freight forwarding solution Logi-Sys as their technology partner. An internationally acclaimed comprehensive ERP platform, Logi-Sys is designed using the latest technologies to integrate the entire freight forwarding operations and seamlessly connect with all stakeholders and branches with a centralized database.

Established in 1992, to digitalize the freight and logistics industry, Softlink Global comes with a rich domain expertise and industry knowledge. The company has delivered innovative customer-centric digital solutions that are capable of performing end-to-end freight forwarding operations on a single platform.

Over the years Softlink's Logi-Sys

ERP platform has gained the trust of more than 1,000 freight and logistics companies globally and is reaching newer heights every day with new market expansion across APEC, Middle East Americas and Africa.

### Keeping up with competition

In this eCommerce age and given the fact that customer expectations are heavily influenced by logistical capability, the shipping and logistics industry is speeding up its transition towards digitalization. To address the increase in volumes, many freight forwarding companies in the Philippines have adopted Logi-Sys not only to attract new business but also to efficiently compete with the bigger international players with deep pockets.

Road Runner Cargo Logistics Inc is one of these companies. Maureen Gutierrez, senior manager of Road Runner, believes web-based solution Logi-Sys efficiently handles all of the company's operations and finances, giving them the power of a secured connected platform that facilitates seamless exchange of data and documents between various stakeholders. For Maureen, the most important and impressive aspect of Logi-Sys was its swift but smooth implementation process courtesy of the Softlink Philippines team that, in turn, enabled her and her team to get trained on the Logi-Sys ERP and all of its powerful

tools easily.

Another Philippine-based global freight forwarder, Asia Cargo Container Line, further fortified--through Logi-Sys--its relationship with customers in Europe, North and South America, especially in Asia through real-time tracking, complete transparency, and auto-notifications that helped achieve increased efficiency and better productivity.

The bottom line is that digitalization is a pressing need in the sector, and those who don't take the right steps now might soon struggle with competitiveness. Companies who constantly and rightly invest in digitalization will outperform their peers.

The Philippines' logistics and freight industry are slowly but steadily adopting digitalization to seize more opportunities presented by the Philippines' growing commercial activity, especially in e-commerce. Today, consumers expect transparency and efficiency at every stage of the supply chain and the demand and expectation for efficient logistical services will continue to rise. To cope with the growing interest of businesses and consumers alike, the Philippine logistics industry must bridge the gap with digitalization. - Contributed article