Supply chain logistics comes full circle

Connected solutions to zero in on waste

The logistics industry as we know it will disappear over the coming decades and be replaced by more flexible and environmentally friendly infrastructure, underpinned by technologies including blockchain.

That was one of the predictions at a recent logistics industry conference (Deutsche Logistik Kongressin, 20-22 October 2021) that also discussed the future of supply chains and the circular economy".

The logistics industry and supply chains worldwide have faced major disruption in the past 18 months due the coronavirus pandemic. Some supply chains temporarily ground to a halt, while others faced lengthy delays in the shipping of raw materials and goods.

"The pandemic has not necessarily created any new challenges for supply chains." "In some areas, it brought to light previously unseen vulnerabilities, and of course, many organizations have suffered staff shortages and losses due to COVID-19."

How COVID-19 impacted supply chains and what comes next, EY.

As the world emerges from the early waves of the pandemic, heads of supply chains, working closely with heads of IT and finance, are keen to implement the lessons learned. In planning future supply chains and logistics systems, many companies are now prioritizing resilience and flexibility over "just-in-time delivery", according to experts and research.

Other challenges include updating and improving old, inflexible "legacy" IT systems, filling skills gaps and automating manual processes to cut costs.

Circular economy

> **Perhaps the biggest long-term challenge, is making supply chains and logistic systems greener by reducing waste in the production, shipping and consumption of goods and services. This concept is known as the "circular economy".**

Currently, <u>less than 9% of the global economy</u> is "circular", said Martin Neuhold, Leader, Supply Chain and Operations at EY, in a speech at the Berlin conference. "The economic model for supply chains worldwide is linear".

"Everything in the circular economy is raw material [that is reused or recycled] so there is no more waste."

Martin Neuhold
Leader, Supply Chain and Operations at EY

To make better use of resources, supply chains should become more local and closer to customers, and less centralised, he added. Technologies including blockchain – a decentralised digital ledger which keeps a record of transactions – help support this shift in logistics, Neuhold added.

He added: "Our hope is that the logistics economy will be fast enough to [enable the circular economy] and enable us to become more sustainable more quickly.

Changes to renewables can't happen overnight. We will need one or maybe two, three decades for that. The sharing economy can really do its part by not producing products and, at the same time, creating new services, new business models."

Smarter ERP

> In **January 2021**, Oracle released new technology features in its supply chain and manufacturing software to help customers reduce costs, make better planning decisions, and improve the customer experience.

The latest version of Oracle Cloud SCM's includes new artificial intelligence, machine learning, and IoT features to improve real-time monitoring of shipments, and enhance the efficiency of trade and logistics processes.

- **Oracle Logistics Machine Learning:** Helps customers leverage machine learning in transportation processes to accurately predict transit times, reduce costs associated with unplanned delays, increase logistics efficiency, and enhance the customer experience

- **Rules of Origin Qualification:** Helps customers comply with rules of origin criteria across hundreds of different trade agreements

- **Connected Logistics:** Helps customers better predict and manage shipments and inventory, while monitoring location and conditions (such as temperature and humidity), by connecting logistic flows between Oracle Transportation Management, Oracle Warehouse Management (WMS) and Oracle Internet of Things (IoT)

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