20 Years in IT Logistics

Simon Parnaby, Product Manager and *Darren Baxter*, Operations Manager at Indigo Software are the 20-year veterans answering the questions.

Which software/IT innovation has made the biggest impact on the logistics industry in the past 20 years?

The internet has undoubtedly had the biggest impact on the logistics industry in the way it has revolutionised communications and the exchange of information between stakeholders, the ability to capture information remotely and the ability to buy goods anywhere. As part of this, mobile communications have also had a huge impact and although we think they will continue to transform the logistics industry over the coming years, these changes have been enabled because of the Internet.

If you could go back and start again, what would you do differently?

As a company we didn't appreciate as quickly as we could have that customers were more inclined to accept a packaged solution offering 80% of what they wanted than make the financial investment needed to get the remaining 20% of functionality. We could have focused on providing a more standardised, 'vanilla' solution earlier than we did.

We established our Asia Pacific operation this year and in hindsight, could have expanded into APAC at least 5 years earlier. We continued with an inaccurate perception that companies in Asia would prefer home grown software and this has limited the pace of our international growth whereas in reality, UK developed software is very highly regarded by Asian companies and Indigo has been very successful in winning new customers in a relatively short space of time.

What has changed for the worse in logistics within this period?

The online temptation to over order and just return the majority of items is very high and although retailers make a sale, they also have to somehow absorb the huge cost of processing the logistics service with its high volumes of returns, which ultimately means making very little extra margin in the process. Offering free delivery and returns was a good tactic to build trust with consumers in the early days, but now online shopping is so mainstream, retailers are having to rethink their business models and discourage the serial returners.

The explosion in e-commerce and goods being shipped globally has also had a big impact on environmental pollution. We have container ships and planes delivering goods adding to the already high pollution from road vehicles and this is set to increase continually as the penetration of the Internet and e-commerce in developing economies continues to grow.

How does a software company stay ahead of the pack in such a fast-moving environment?

Our aim is not to be regarded as 'bleeding edge' and risking our customer's business operations on unproven technology, but a safe pair of hands, providing tried and tested, leading edge technology solutions.

We also work closely with customers and external consultants to identify major new business trends. For instance, many retailers are trying to reduce wastage by insisting on having multiple deliveries from manufacturers

Simon Parnaby, Product Manager

throughout a day according to the level of products sold already. This has a big impact on the manufacturers of short shelf life products in particular, because they may have a tentative order for multiple deliveries during a day, but if the retailer is not selling as well as expected, they may revise their order at the last minute, leaving the manufacturer with excess stocks that could be wasted. It's a classic example of stock being pushed back up the supply chain and retailers wanting to have more flexibility so they make fewer losses. Manufacturers need to find a way to circumvent this problem and absorb the extra costs of doing business.

What changes will we see in software and IT opportunities in the logistics industries over the next few years?

We expect to see greater use of mobile devices within the warehouse and a higher reliance on mobile applications.

For WMS providers, the biggest change will be the level of automation we expect to find in the warehouse. Automation is still primarily the preserve of larger companies who can afford the high capex costs. However, technology adoption and maturity models demonstrate that this will change over time and automation will evolve to become more like a commodity product. We expect to see more 'lights out' warehouses with few operatives involved, a high reliance on goods to person technology and AGVs.

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Darren Baxter, Operations Manager