# Supply Chain **Uberization**

**Could the e-commerce supply chain soon run on the same model as Uber's taxi app?** *Mike Hill* **believes it could.**

E-commerce has been booming for many years in the US and Europe, but only recently taken off in Asia. Demography, high levels of mobile device ownership and internet connectivity have combined with rapid economic growth to influence consumer demand and purchasing power, leading to wider online access and a huge appetite for online shopping. M-commerce is especially widespread. China's most recent Singles Day (11/11), for example, resulted in orders worth $17.9bn being processed by Alibaba, with 82% generated through a mobile phone. For the vendors and logistics providers required to fulfil these orders, offering last-mile delivery coverage over vast and often rural areas is commercially unviable.

Historically, online trends have begun in the US or Europe before they work their way to Asia, but we are now seeing an entirely different pattern. Many entrepreneurs are taking advantage of the consumer demand explosion and small-scale road hauliers have sprung up everywhere to take advantage of the opportunity. Vendors have experimented with different delivery models using local collection points, but people ideally want their goods delivered to the front door. In Asia, this means having an army of people available and willing to deliver single items for a reasonable price. Interestingly, this problem has sparked a new business innovation, the creation of last-mile delivery marketplaces online, which could potentially transform the way this aspect of parcel delivery is handled across the world.

## The Three Requirements

The online delivery marketplace is set to disrupt the traditional courier businesses to the same degree that Uber has totally transformed the way we hail taxis. Described as the 'Uberization of the supply chain', it is reliant on just three things: consumers who want goods delivered – there are plenty of these; so-called 'redundant assets' – people with a mode of transport and need for flexible employment who are willing to offer the service; and a technology infrastructure to facilitate transactions and connect the buyers and sellers. Once the requirements are broken down like that, it's easy to see how this model can be transported all over the world.

As a WMS provider, our role in this process is to ensure efficient stock management at the DCs and onwards, to the point where it is released to a last-mile delivery provider. In the future, this will require the use of an app able to link demand coming out



of the warehouse and secure a suitable delivery path. The approach is already being piloted in India and Germany, with online retailers using local residents with cars who are willing to collect goods from the warehouse and take them to customers within their local neighbourhoods.

## Competitive Delivery Costs

Thanks to the availability of cloud and mobile technology, it's a way to provide jobs to people who are not fully employed and ensure that delivery costs are kept competitive. The model minimizes the cost of the last mile, whilst providing excellent service levels, traceability and employment for those that want this kind of work. Customers have access to an app to check order status and use standard location services to track the whereabouts of their goods.

I can envisage the same service coming to the UK and other European countries, where it is likely to be especially useful in small, rural communities. Some might argue it's a bad thing, because traditional delivery service providers will suffer. I see it as a positive development and will ensure these services remain highly efficient and competitively priced – both good things for the average person on the street. It will also mean that communities are potentially able to provide the service within their own areas whilst at the same time, making better use of their assets (a.k.a. cars!) and making a little bit of extra income on the side too.

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