

# The 'Uberisation' of logistics – a reality?

More and more we are hearing about disruptive technologies such as Uber, Airbnb and Zipcar. How long will it be before someone disrupts the logistics sector? This and other pressing issues were tackled by our expert panel at the recent round table sponsored by OpenMarket.

In association with



Mobile is ever-present no matter what market you look in now. This was the opening statement to panelists at the recent round table looking at mobile technology and the rise of disruptive technologies that the mobile revolution has supported. Discussing issues surrounding the customer experience and the use of mobile technologies, especially SMS, in sectors that have only just begun to realise the power of text messaging to enhance their offering and streamline processes within their organisation.

OpenMarket is a mobile technology company that helps enterprises communicate with employees and customers over the medium or channel of SMS. Given that there are now five ways to communicate using mobile technology – phone, SMS, email, apps and social media – the company prides itself on helping customers understand which is the right channel for a particular message. As David Senior, executive director for retail at OpenMarket, said: “Right message, right time, right channel. We’ve got 15 years’ experience understanding SMS and knowing when that is the right channel over the others. SMS is considered an old technology, but there are seven trillion messages sent per year. I understand the value in getting the right message across at the right time, and SMS messaging is the only way to communicate with everyone – not everyone has got Twitter, not everyone has got your app. But there are six billion people on the planet



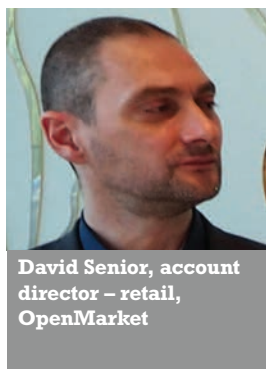
to communicate with.”

Paul Murphy, OpenMarket’s commercial director Europe, set the panellists some themes to consider during the discussion. “I think it is always a very easy thing to underestimate the power of the mobile device. We have a lot of experience with a lot of companies and when we ask ‘What’s your mobile strategy?’ or ‘How do you use mobile?’ I have to say there isn’t many that give me a good response. Quite a few think what I am asking is ‘Do you have an app?’. However if you look broadly at apps – low download rates and app fatigue are two pertinent points. App downloads are at around 15 per cent for the big boys and you’ll probably only use it 1.6 times.

“I guess one of my questions to you is do you use mobile? Do you have any views on how it could be used or how it is use?”

“I’d also like your thoughts on offerings such as Uber. The logistics industry I think could face a very disruptive

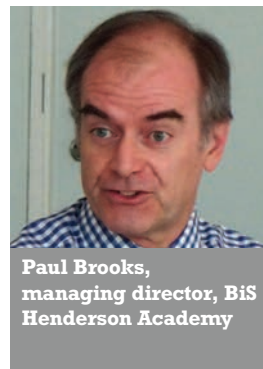
## Meet the panelists



David Senior, account director – retail, OpenMarket



Peter Ward, CEO, UKWA



Paul Brooks, managing director, BiS Henderson Academy



John Fitzgerald, managing director, EDC gmbh

I understand the value in getting the right message across at the right time and SMS messaging is the only way to communicate with everyone.



move. Uber has disrupted the minicab market – if you live in London you get a pretty good idea of how disruptive that's been. I think that could pose some challenges to the logistics market. If we gave the whole lot to someone who ran something in San Francisco like Uber or Airbnb and we said disrupt the market, what would they come out with?"

Paul Brooks, managing director of BiS Henderson Academy and founder of the Logistics Guild agreed. "I think Uber is an interesting model – I've got mobile capacity how do I use it? If you imagine the white van man at the face of disruption 'my biggest capacity is small-based loads and movements and my most usable capacity is class 1 vehicles' and you put those together in an Uber platform... that might work."

John Stocker, vehicle logistics director at GEFCO UK, added: "I'll tell you where I think there is disruption occurring driven by technology is about ownership of a means of transport. So when you talk about schemes



**John Stocker, FVL  
Director, GEFCO UK**



**Paul Murphy,  
commercial director,  
OpenMarket**

such as Zipcar – it's not sharing its pay as you go use. I was in Vancouver recently with a colleague and needed transport. They checked an app and found a car two streets away. We walk round and there's the car – it opens, we get in, drive to our destination and leave it. Later we need another transport so did the same and found a car available one street away! I was talking to somebody about this and they said 'but will people really want to share, a car is a prestige purchase. Why would you do something like lend your car to a complete stranger?' I said hang on a minute I've just been round the US for three weeks using Airbnb. I was using people's houses for the weekend! And what have they got – a validation on Airbnb and they are prepared to hand over their family home to a stranger. The world is changing."

But could it happen in logistics? UK Warehousing Association CEO Peter Ward thinks it might. "You might think [disruptive technology] is the biggest threat to the logistics industry but it's not within the industry itself. It's the threat to a big part of the industry that thinks they've got this thing and it'll all be ok – I'll tweak my processes a little bit and embrace modern technology. It's a bigger picture than that – it's the 'Uberisation' of the industry."

Looking beyond the vehicle, the panel also discussed how assets such as property could fit into an Uber model. Ward looked at the need to consider assets differently: "You need to break assets out into property and vehicles. I follow the logic to a certain extent somebody's got to own the assets and there is a big difference between vehicle assets – and property assets. If we look at the exponential potential for the 'Uberisation' factor it all points towards much more collaboration and shared use – consolidation as well."

#### Changing the paradigm

Brooks considered how other markets use the assets: "In the US you and I could go and take ten per cent of a warehouse for five months. You can't do that in the UK. If the US model came here..." This was not a model Ward felt could work: "I remember a US company coming into the UK market determined to use that model here. They said 'We are going to change the paradigm. We're going to have short term leases and everything else'. They've been here 25 years and failed to change anything," he said.

The panel also looked at what Amazon have been doing with the Amazon Logistics brand and considered whether that was innovation or just volume. Looking at the model as Amazon managing very small carriers using a technology platform some members of the panel were unconvinced there was anything innovative about it and that only the volume makes it different. "The bottom line is we have a UK-based model which over 30 years has been refined in terms of paths to delivery," commented Brooks, "Amazon employed 10-15 people who knew it inside out and added their technology platform. They have just implemented a home delivery model using the assets that were available – obviously they trunk goods to delivery depots and the depots deliver it. They have the volume to make it work. That is what's different."

Stocker highlighted the potential inefficiencies when looking at Amazon Logistics: "So when the person goes out and delivers the goods, when that van is empty what does it do? Does it go straight back to depot. Because, let's be honest unless you have got some form of reverse logistics it is inherently inefficient."

Part of OpenMarket's offering to companies is customer engagement, especially where delivery is concerned. This topic started a lively discussion from the panel, invoking the duality between being a business manager and also a consumer.



Stocker posed the question: "When you are looking at disruptive technology it's not always about technology its also about process. How do you engage?"

Brooks discussed one way of orientating the delivery mechanism: I suppose the question is can you engage with the customer experience to the point where you can say we can make a difference – can I deliver anything to any location for collection at any time? So if I specify I want to pick this up at No. 36 Blackburn Rd, Manchester, we need to make it happen – that would be truly innovative and very customer facing. But how do you make every home domestic address a delivery address? Because actually total flexibility is what we're looking for – it's got to be possible. But it's not industrial scale – it's the final mile."

*Logistics Manager* editor Malory Davies considered the question of delivery flexibility; the ability to tell the delivery company closer to final mile stage for the customer to say 'I won't be home when you say you'll deliver, please deliver my goods here instead'. One example of this starting to happen is John Lewis, where you can order in store and give a delivery location, but change it later for delivery to a local Waitrose for click and collect.

Ward questioned whether people actually take advantage of engagement opportunities. "The model of receiving a text message to say when a delivery will arrive – my question is how much of that is one-way traffic? And, is it really interactive because when you get a message saying 'we are coming at 11 o'clock' well actually if I'm not going to be there at 11 o'clock is there a mechanism to say I don't want it then I want it somewhere else?"

Murphy gave an expert reply: "Usually there are two messages – one the night before which gives you your opportunity for feedback, for example leave it with a neighbour, put it in the porch etc. That's when you get your interactivity. The message 'I'm an hour away' – inflight as it were – there is no room for feedback. In our experience, in terms of interactivity, it's very high – higher than any other communication channel. It's not quite 99 per cent but it is higher than any other channel.

Citing a real-time, real life example, Brooks detailed: 'I placed an order with a well known retailer, using their chosen delivery route. I was given a lead-time, not an exact delivery day – that wasn't an option. This morning they sent me an SMS, which I couldn't reply to, to say they are going to deliver it sometime today! And I'm thinking 'good luck, I'm in London!' – as a consumer that's hacked me off."

One example of how mobile could help manage queries effectively was automating a high volume process for customers. Murphy gave more details. "We worked with a company's call centre to create a process for pin resets – at the time they were taking roughly 2,500 calls a day for that; taking about five minutes in time at a cost of a few pounds per call in a busy call centre. We set up a two-way SMS process for them that customers could use and it has made a real difference. All customers really want is to pick up the phone and get their issue sorted out and put the phone down. A couple of years ago there might have been some other interaction about who you are and that sort of thing but now you don't need it."

With all of the discussion involving disruptive technology it was good to have an international view provided by John Fitzgerald, managing director at German media and entertainment logistics provider EDC GmbH. Originally from Australia, Fitzgerald has been based in Germany for many years and sees the market as being hesitant to embrace disruptive technologies.

"Germany is in most things is a late adopter market. When I first came to Germany you couldn't pay for anything with a credit card – they are very critical of anything and there are a lot of second guesses. There is a very big contract logistics market, and Amazon and similar companies are very prevalent but they go through the mill for new offerings – for example drones and which areas will they be allowed to operate in.

"They are very sceptical about these types of models; are they sustainable and are we going to have air traffic issues. The University of Braunschweig are currently working on building a carplane – a James Bond sort of thing – how would you get approval to fly it if you have one of those. You can't just drive along the autobahn and take off! Germany is not a very adoptive market and they are very cautious however consumers need their products, they need better service and there is still a lot to do.

"In entertainment product there seems to be a real need for people to say 'I want it in a couple of hours.' To avoid mis-deliveries and similar Deutsche Post puts a piece of paper in your letterbox saying 'it's left with a neighbour' or 'please pick it up'. Technologies such as interactive text messaging, sending a text message so that you can say 'I'm late, I'm not going to be home in time can you leave it in such a place' or be able to give customers options. I think the consumer is becoming more demanding and definitely in bricks and mortar logistics companies there is big room for improvement."



## OpenMarket

At OpenMarket, we are 100 per cent focused on providing a comprehensive set of mobile solutions to allow our customers to engage and transact with consumers via their wireless devices. As a market leader, our mission is to remove the complexity and fragmentation of the mobile ecosystem, enabling enterprises in any industry to drive relevant consumer engagement via the mobile channel.

Whether the goal is the creation of a new distribution channel for your goods and services, driving brand awareness and consumer loyalty, increasing profitability or generating revenue, mobile presents an exciting new way to engage consumers. By using a multi-channel mobile messaging approach, you can engage consumers with smarter communication through technology that is more intuitive, personal and relevant. Our superior domain expertise, global scale, demonstrated performance, and industry leading reliability will allow you to focus on your core business while we take care of the rest.

With OpenMarket, you get a stable and reliable platform with a service commitment to back it up. Our market expertise and trusted relationships with mobile operators enable faster time-to-market and on-going delivery and support for your mobile initiatives. As a trusted partner, we help keep you connected to those who mean the most to your business.

*"SMS is the most frequently used aspect of the mobile phone, beating voice, email & mobile apps"*

(Yankee Group)

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