



Cluster for Logistics
Luxembourg
a.s.b.l.

ADDING VALUE IS THE KEY

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Innovation in Logistics

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« Innovation distinguishes between a leader and a follower »

Steve Jobs, CEO Apple Inc

- Innovation has always been considered as one of the **main growth engines** of business, **but**
- Compared to other sectors, innovation is still somewhat **undervalued** in the field of logistics
- With more complex and increasingly interlinked supply chains, logistics has to centre around the **needs of the customer**
- Innovation can also have a major effect upon reducing the **environmental impact** of the logistics sector

Recent report by consultants **Arthur D. Little** on behalf of the **European Logistics Association** concluded:

- Price & reliability are no longer the only buying criteria
- Innovation approach of **shippers** (internally driven) and **logistics service providers** (market driven) are fundamentally different but mutually complementary
- Innovation in logistics will become more **customer-oriented** and less cost-oriented in the future
- Top innovators generally have **lower logistics costs** or **higher EBIT margins**
- Optimised innovation management can **boost company success** – from 3% (shippers) to 8% (service providers)

- Top innovators within **shippers** concentrate on **technological innovation**, often performed in cooperations and partnerships
- Resulting applications often developed in collaboration with service providers
 - Data acquisition, information management, warehousing & transport...
- Top innovators within **service providers** engage in **method and process-related innovation**
- Focus is on business model and strategy development
 - Business processes, customer & supplier management...

« Green » Logistics

« Greening is fundamentally a **cooperative process**, with a majority of successful green initiatives being based on **changing relationships** with suppliers, partners and logistic providers »

- Green Logistics – recent US report of supply chain professionals (2009):
 - 94% rate « green » issues as a **business priority**
 - Push to « green » driven by a number of different factors:
 - Financial ROI (38%)
 - Public relations payback (36%)
 - Improved supply chain efficiency (22%)

- 59% are, or are planning to, improve **energy efficiency**
- 42% are **redesigning** warehousing and distribution centre networks
- 39% are **measuring** and/or **reducing emissions**

Targets for improving environmental performance have been set via the Rio, Kyoto and Copenhagen summit meetings .

The **ISO 14000** series of standards provides a formal system for the management of environmental matters (Environmental Management Systems **EMS**).

Current Supply Chain Trends

- Supply chain volatility and uncertainty have permanently increased
- Risk management involves end-to-end supply chains
- Securing growth requires truly global customer and supplier networks
- Market dynamics demand regional, cost optimised supply chain configurations

- Companies will continue to adopt social media tools in supply chain and logistics processes
- Investment in cloud computing and software-as-a service will accelerate
- Transportation costs will remain high and volatile

Thank you for your attention

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