

# HOW START-UPS DIGITALIZE LOGISTICS THE ACCELERATION OF DISRUPTION

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TRANS4LOG KONGRESS

# An Industry destined for digitalization

## High volumes

- High number of transactions every day
- Large amounts of data
- Opportunity for automation of processes

## Low profitability

- Mostly commoditized industry
- Many logistics sectors with low profitability

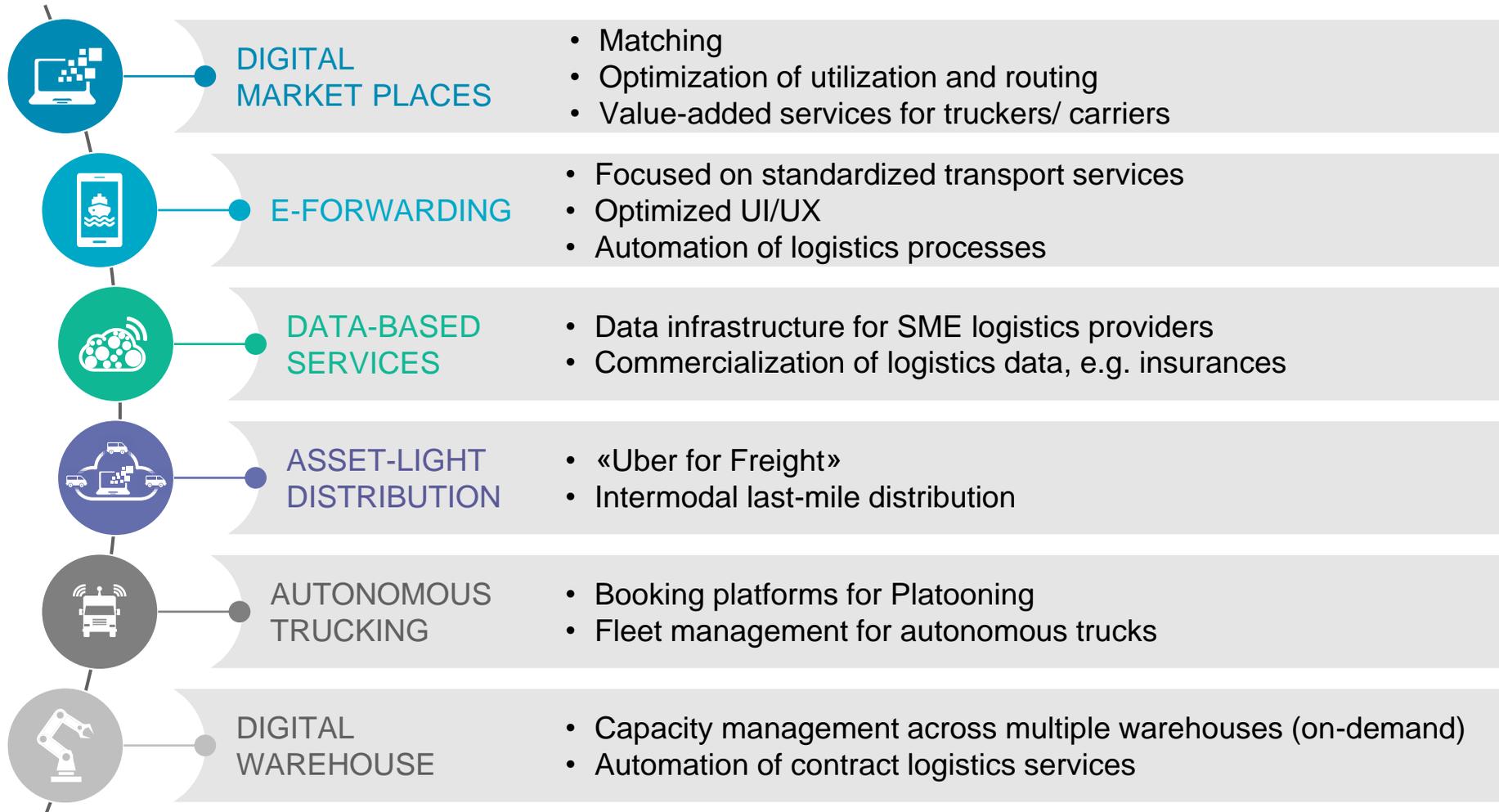
## Need for but lack of harmonized systems

- Few defined IT standards
- Frequently, multiple IT systems within one firm
- Increasing need to harmonize logistics IT with client IT

## New Digital technologies

- Data- and software-driven technology, e.g. Big Data, Blockchain, ...
- Hard- and software-driven technology, e.g. Telematics, Drones, Robotics

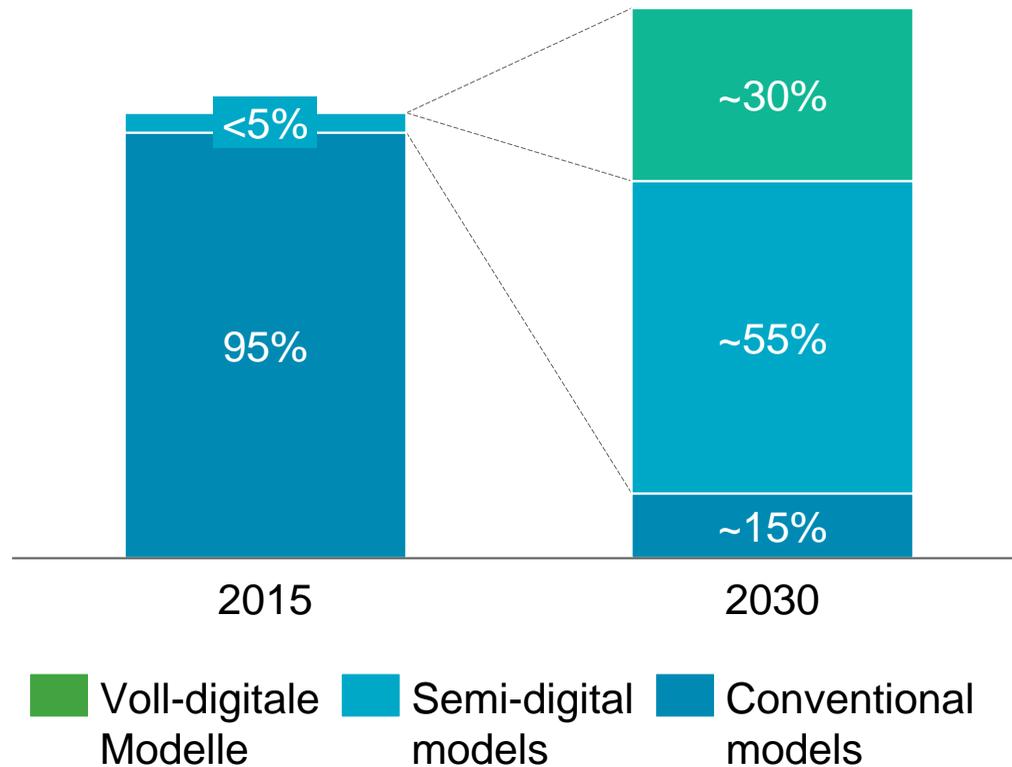
# Break-through of new, digital business models



Source: Oliver Wyman

# Digital and hybrid forwarding business models gain importance and (re-) define success factors

## Digital forwarding revenues in %



## Future success factors

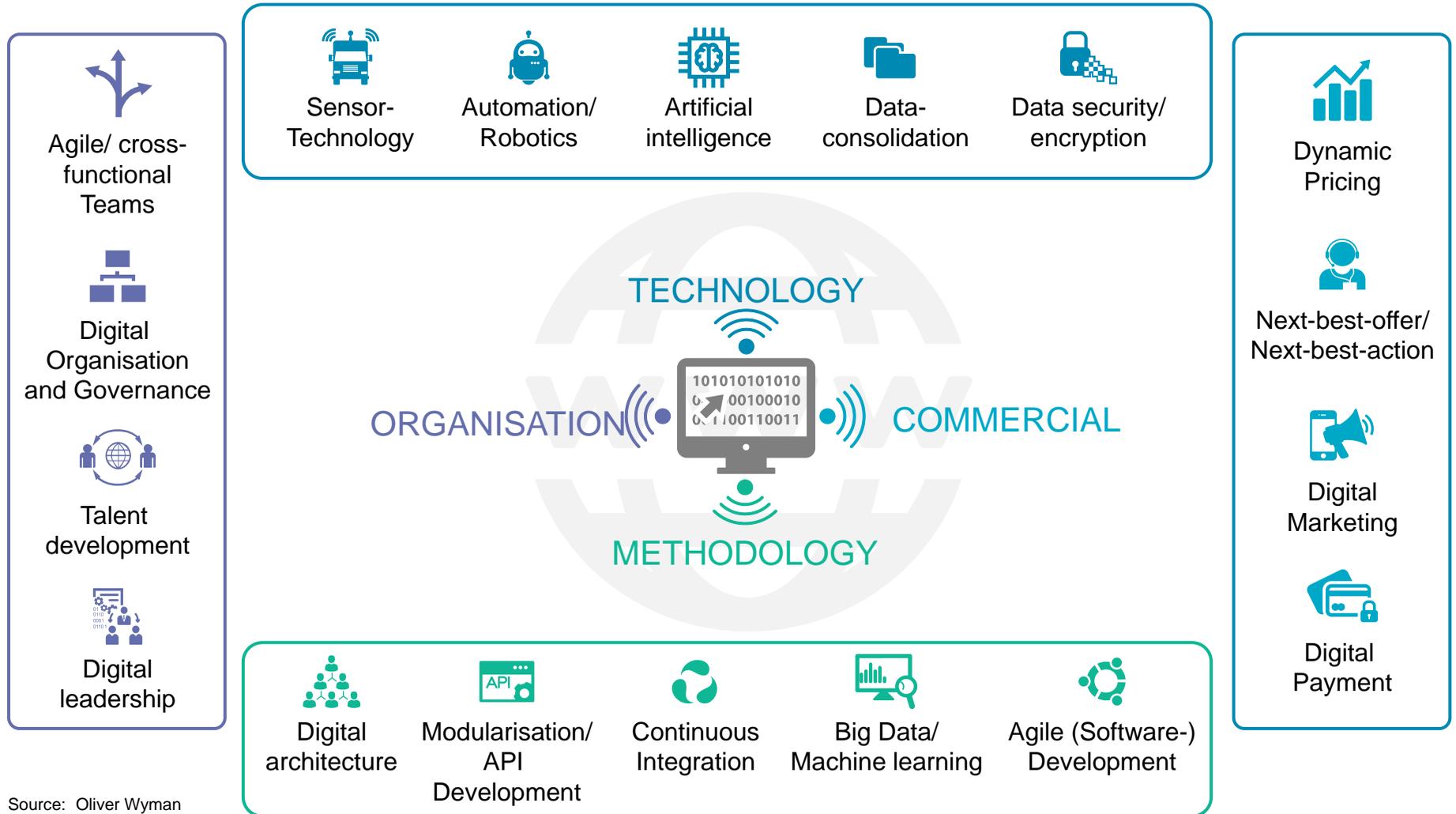
- Customer Journey
- Speed and scalability
- Integration of players along the value chain
- Short release cycles for new applications and continuous innovation

## But also...

- Strong solution competency for complex transport services

Source: Oliver Wyman

# Digitization requires developing new competencies

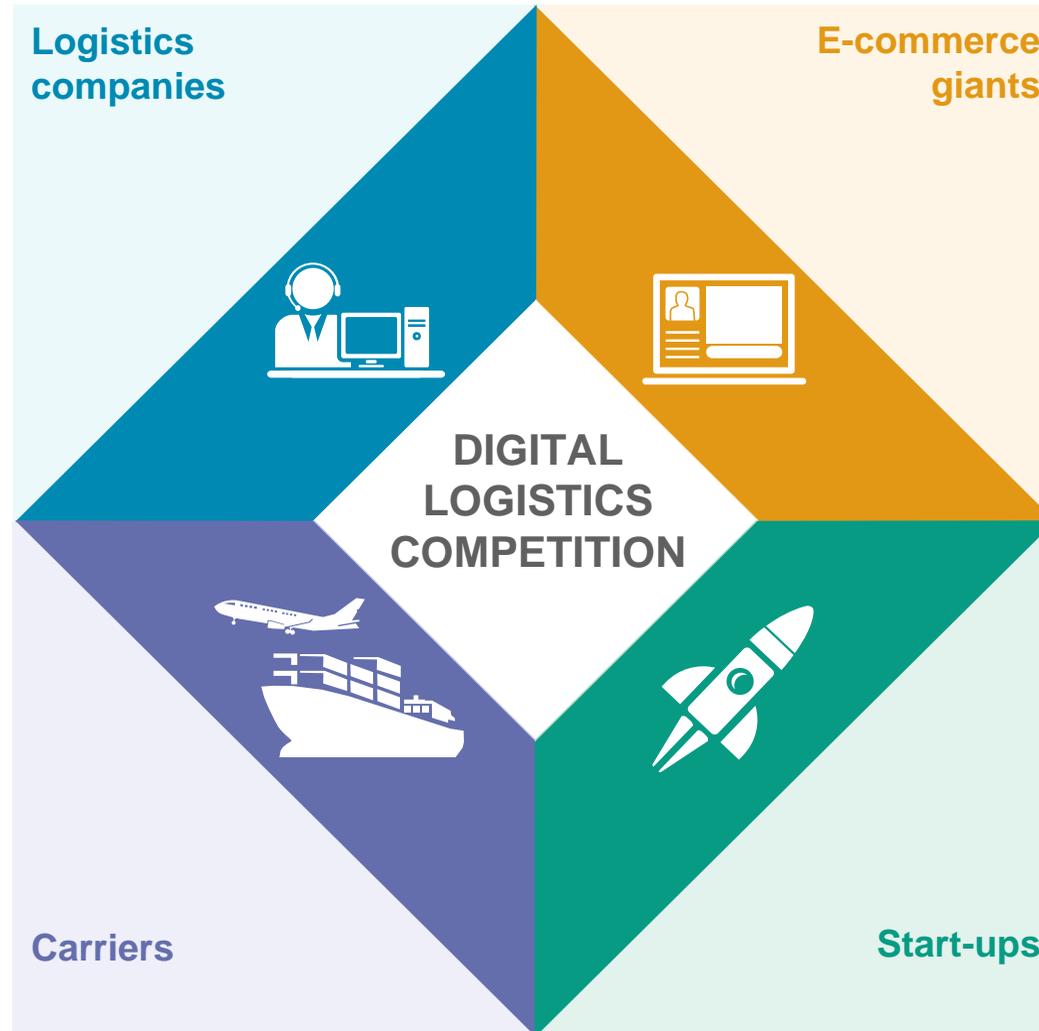


Source: Oliver Wyman

# Changing logistics competitive landscape

- More investments into digital business models
- Digital Transformation of the core business

- Direct sales via digital platforms – vertical forward integration
- Optimization of asset-heavy core business using digitization



- Leveraging E-Commerce volumes to support backward integration
- Digitalization of logistics
- Mix of partnership and in-house investments

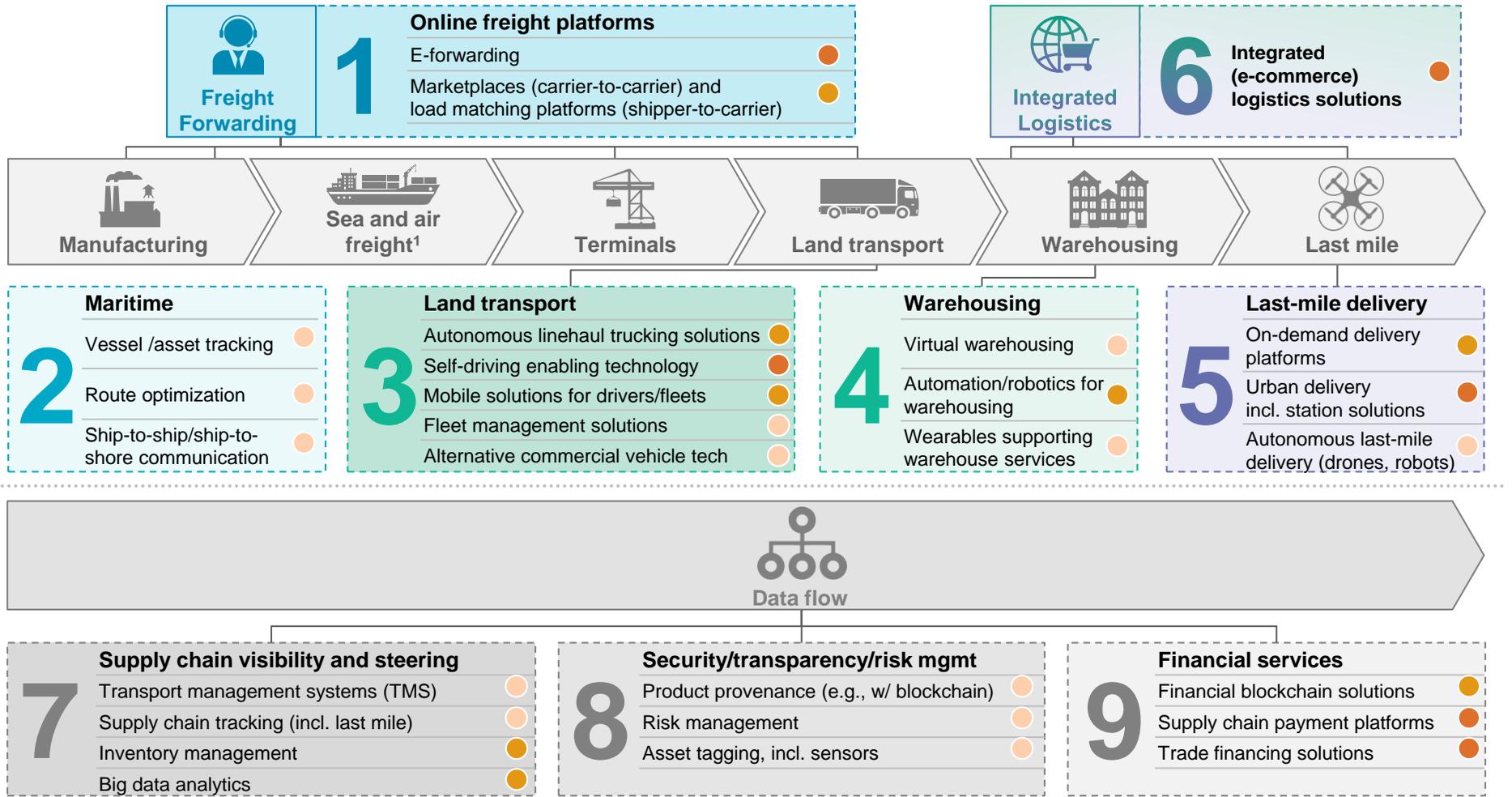
- Focus on asset-light, data-based business models
- Disintermediation of the logistics value chain



**~\$3.5B**

of funding for logistics  
start-ups in 2017

# Increasing start-up activity across the logistics value chain requires refinement of “clusters” - nine main clusters of start-up activity to be distinguished



Note: Total funding by cluster extrapolated/ estimated  
Source: Crunchbase, CB Insights, Oliver Wyman

● Initial start-up engagement (total funding < \$50M) ● Emerging start-up engagement (total funding between \$50M - \$200M) ● Strong start-up engagement (total funding > \$200M)

# Start-ups now engage across the entire logistics value chain and are aggressively expanding into new spaces

## Areas of funding, 2017

In %, selected large funding rounds<sup>1</sup>

### Financial services 3%

 <b>wave</b>	<b>nabventures</b>	\$24M
		\$20M

### Security/ transparency/risk mgmt. 1%

		\$15M
		\$4M

### Supply chain visibility & steering 6%

		\$15M
		\$9M

### Integrated (e-com.) logistics 4%

		\$60M
		\$30M
		\$30M

### Online freight platforms 5%

Start-up	Lead-Invest.	\$MN
		\$110M
		\$25M
		\$20M

### Maritime 1%

		\$13M
		\$12M

### Land transport 13%

		\$62M
		\$60M
		\$25M

### Warehousing (incl. robotics) 13%

		\$114M
		\$30M
		\$25M

~\$3.5B

### Last-mile delivery 53%

		\$1,200M
		\$300M

1. Not necessarily largest investments  
Source: Crunchbase, Oliver Wyman

# Logistics incumbents continue to compete with various types of companies for attractive start-up players

Illustrative excerpt/Not exhaustive

## Logistics incumbents

- Digitally integrating into clients' supply chains and production processes
- Optimizing own operations and processes (e.g., warehouse robotics<sup>1</sup>)



## Tech giants

- Creating next generation logistics, e.g., in last-mile delivery (Amazon, Alibaba)
- Applying big data analytics, artificial intelligence and machine learning in logistics (Google, SAP, etc.)



## Mobility providers

- Intelligently connecting passenger and cargo transport
- Developing autonomous driving solutions
- Defining integrated trucking solutions/platforms



## VCs

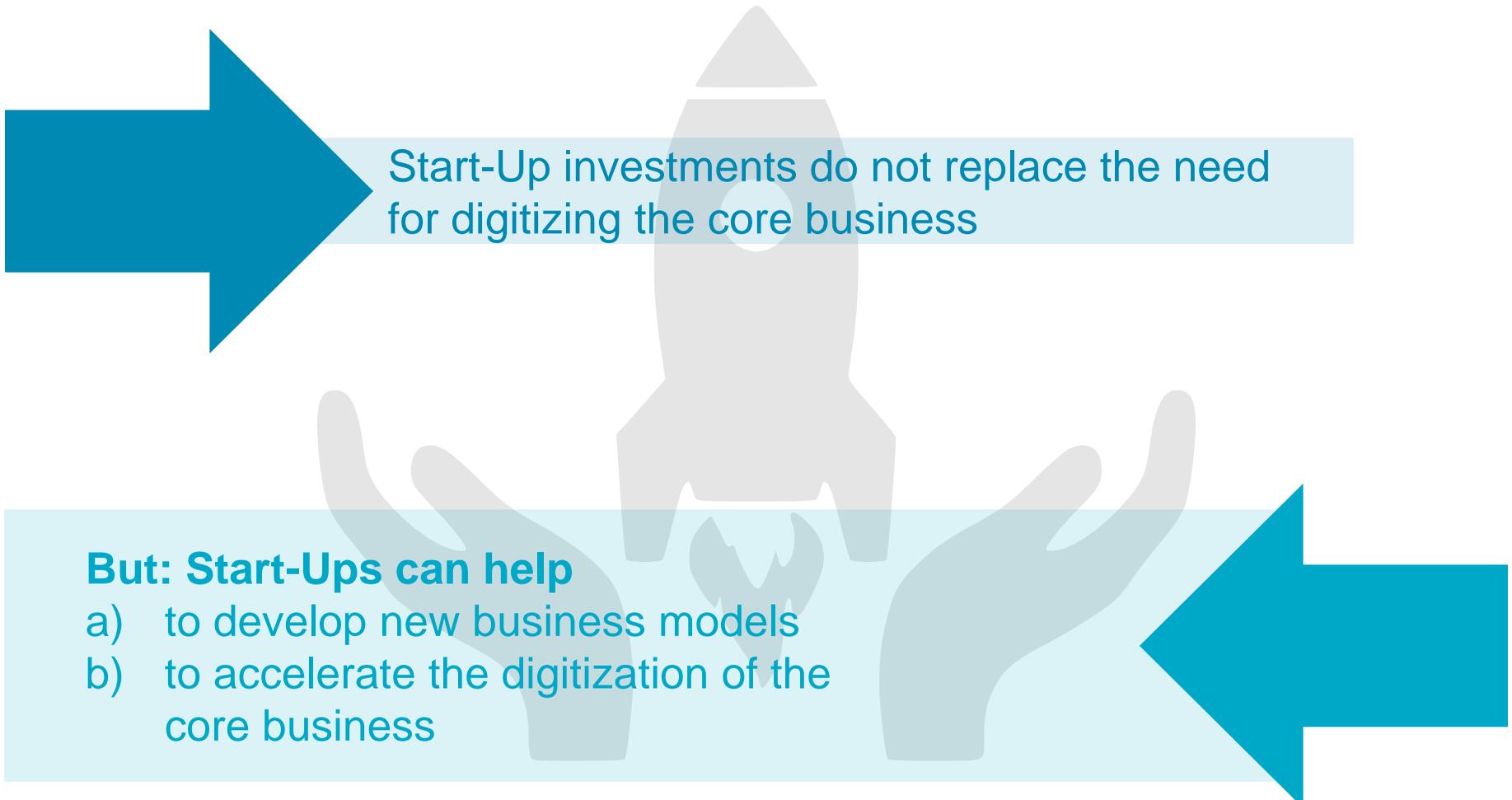
- Tapping into fastest growing, "disruptable" areas of logistics
- Identifying scalable, asset-light business models, e.g., freight forwarding



1. Robotics includes drones, driverless technologies, augmented reality, warehouse robots  
Source: Oliver Wyman



Logistics players need to digitize their core business and develop new business models at the same time



Start-Up investments do not replace the need for digitizing the core business

**But: Start-Ups can help**

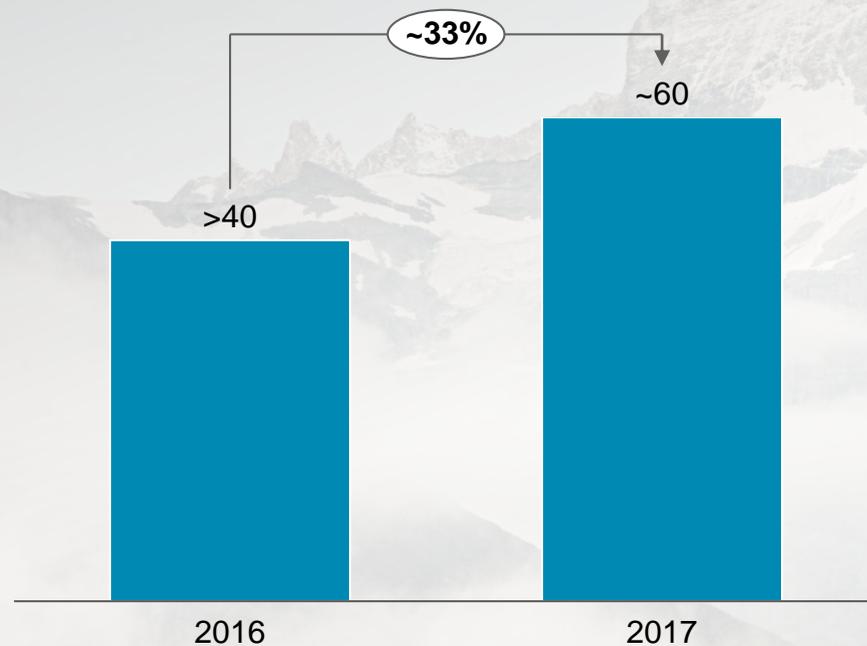
- a) to develop new business models
- b) to accelerate the digitization of the core business



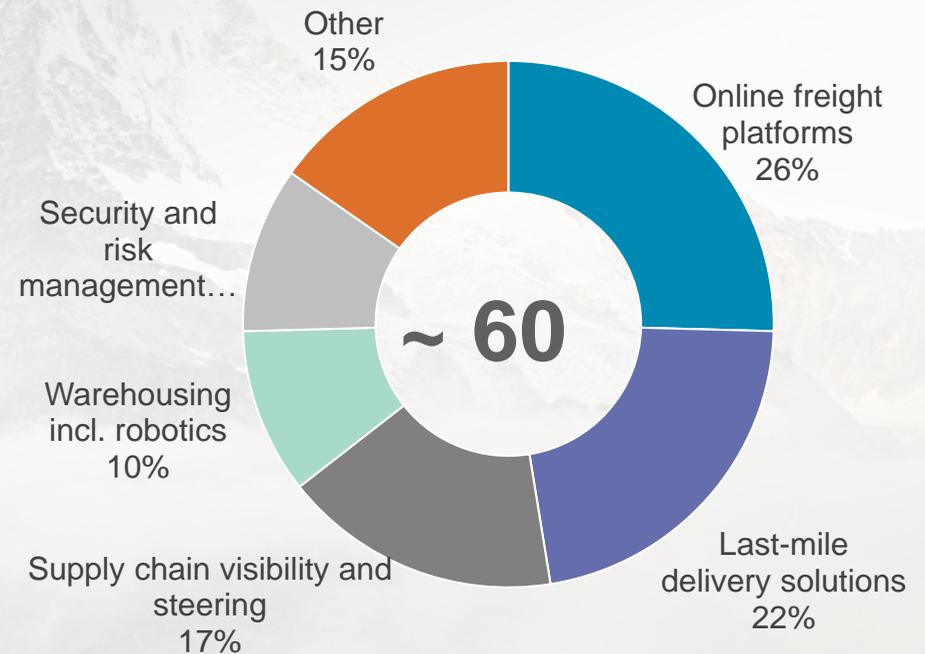
A significant increase in the number of logistics start-ups has been observed since 2016 in the DACH region

## Logistics start-Ups in DACH

### Number of logistics start-ups 2016 vs. 2017



### Number of logistics start-ups by area of focus



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