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## As global spend on IT rockets, so will its disruptive impact on log

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By [Ian Putzger](#) 28/11/2018

Disruption to logistics from technology is only beginning – its impact will increase as more investment pours into the industry.

According to a new study produced jointly by American Global Logistics and Logistics Trends & Insights, global spend on logistics IT will rise to \$87.8bn by 2022, up 17% from the outlay in 2017.

The study's authors say at least 3% of logistics IT investment in 2017 was funnelled into disruptive technologies, like artificial intelligence, robotics and blockchain, which translates into \$2.23bn spent on this segment.

Assuming this 3% share will remain constant (and noting that current investment trends suggest a potentially significantly higher rate), the authors see at least \$2.63bn being pumped into disruptive technologies by 2022.

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Jon Slangerup, CEO of American Global Logistics, said technology had been on the backburner in the logistics industry, but the momentum had changed in the past two to three years.

The report says: "For entrepreneurs, the supply chain market has been a gold mine. In an industry with a reputation for being outdated, inefficient and paper-driven, investors are practically throwing money at companies promising to help transition the industry into the modern age."

As the need for connectivity and data sharing challenged the traditional culture of hoarding data in silos, the need for technology increased dramatically, helped along by the Amazon effect, Mr Slangerup said.

This not only forced retailers to undergo a fundamental revamp of their business model, but also changed the expectations of consumers

profoundly. The result has been a need for far greater agility and for logistics systems that enable agility, he added.

According to the report, a second sea-change in the landscape has been the influx of capital to fund technology-based ventures seeking to meet these needs or disrupt the logistics scene further. By some estimates, more than \$8.4bn flowed into supply chain and logistics technology between 2012 and 2017. In 2016 venture capital firms backed 245 start-ups in the shipping and supply chain arena.

Venture capital investment in logistics technology ventures averages about \$17m. Resilience 360, which is backed by DHL, received \$21m from Columbia Capital this month to accelerate growth. And Mr Slangerup pointed to Flexport, which had been highly successful in attracting venture capital to fund its expansion plans.

In North America, Silicon Valley has been the incubator for venture capital investment in logistics technology, while in Asia, large banks have funnelled vast amounts of money into new technology ventures, he noted.

Cathy Morrow Roberson, founder and head analyst of Logistics Trends & Insights, said the Middle East had emerged as another hub for logistics technology funding, as are some emerging economies, like India.

“For logistics and transportation it’s the renaissance, and technology is driving it,” said Mr Slangerup, adding that this transformation of the industry would gather further momentum.

Ms Roberson says emerging technology levels the playing field for small and mid-sized logistics players; even if they do not have the wherewithal to invest in the technology themselves, they can partner with larger firms to take advantage of its benefits.

According to the study, the start-ups that garner the windfall of capital generally fall into one of five clusters: online platforms, asset

management, robotics and autonomous vehicles, shipping execution and tracking, and data analytics.

While disruptive technology captures the headlines, most technology investment is in more mundane arenas such as visibility, and shipping execution solutions to drive efficiency, the study indicates. And it predicts more disruptive elements, like predictive analytics and artificial intelligence, will be embraced later in a broader way. Down the road, these different strands will converge, with profound repercussions.

Mr Slangerup said: "The next wave of supply chain innovation will focus on weaving these technologies together to make global supply chains more efficient, more resilient, more transparent and less costly. While figuring that out will take time, I think this is the most promising investment opportunity of the next two to three decades."

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