# Three quarters only

## by Przemysław Myszka



Photos: ECG

**Imagine a fairly big football stadium, one that's capable of seating tens of thousands of supporters. Now look at a glass of water in the middle of the pitch. How long would it take for this small cup to flood the entire facility if the amount of water was to increase exponentially each minute? About three-quarters of an hour. One moment before the end, the stadium is half full, the next it's an extravagant pond. That's one vivid way of demonstrating how the ongoing digital revolution is taking by the storm almost every "byte" of our lives, transport and logistics included.**

This year's edition of the autumn conference of the Association of European Vehicle Logistics (ECG) took place on October 19th-20th in its hometown, Brussels. While the first day was exclusively devoted to networking and tasting what the Belgian cuisine has best to offer, the second day was a full-blown conference focused on understanding the diverse ways the digital world is interlacing with the real one – and how it is doing so at an increasingly rapid rate.

### In good mood, but change is by and by

The conference part was inaugurated by ECG's President, Wolfgang Göbel, who gave a snapshot of several issues. First, there's optimism in the market. Except for the UK (where the final shape of the Brexit deal continues to be a great unknown, a fact that causes much uncertainty), vehicle sales across Europe have been on satisfying levels throughout 2017. The Association is in fit shape, too. Its working groups are progressing with their specific tasks, heading toward a common goal, namely standardisation. ECG is also involved in a number of projects, including on e-gate (making export & import flows go more smoothly), health and safety (of truckers and people working in compounds – in order to make these jobs more attractive in the light of worker shortages), and on handling and transporting electric vehicles (which will continue to penetrate the market following governments' decisions to phase out the sale of combustion engine cars). Moreover, ECG's highly acclaimed Academy is going to grow with two new courses – on competition law and on negotiations. Nevertheless, Göbel reminded everyone that while today's circumstances may seem to serve the industry well, this should be perceived as a good opportunity to invest for the future. Change is unavoidable because of all the tech-driven innovations ("Avalanche of progress," said Mike Sturgeon, Executive Director at ECG). This is why the Association not only encourages its members to put the effort in investigating the possible impacts of these, both positive and negative, but also is developing its own forecasting tool.

The following presentation was delivered by Christoph Stürmer, Global Lead Analyst at PwC Autofacts. Stürmer agreed that the market environment has been quite buoyant lately. But we're now also most probably over the cliff and in 2018-2020 the gravity will start to sink in. Additionally, in 2021 new and more stringent regulations on emissions from new cars will enter into force. Meanwhile, more and more disgrace is brought upon diesel cars, following the infamous Dieselgate. Politically speaking, having such cars in one's portfolio, either as an owner or manufacturer, is becoming more and more a toxic asset. Stürmer pointed out that these things combined will force car producers to rejig their plans. He talked about the situation on the UK market, too, where uncertainty is killing capital investment (effectively cut in half recently). The future will most likely belong to digital mobility, he added. The research & development efforts are increasingly more centred around not only hybrid and electric cars, but also on making them autonomous, shared, and interconnected. This will ultimately lead to vehicles that are less polluting (incl. noise), as well as to a new kind of traffic where sharing cars will become the norm (though ownership may still be private in most cases).

"We cannot think about the future without digitisation," underlined Alina-Stefania Ujupan, Member of the Cabinet of Mariya Gabriel, European Commission for Digital Economy and Society, at the beginning of her speech. While there are clear gains to be made with the help of digitisation – just to mention more efficient and environmentally-friendly long-haul freight transports due to truck platooning – there are serious issues that need to be resolved as well. These include cybersecurity, privacy, and data input and sharing in regards to connected

vehicles, along with up-skilling jobs (of e.g. lorry drivers) to meet the requirements of the new economic model. The transport and logistics industry has the potential to lead the rollout of the digital revolution, emphasised Ujupan. By engaging in multi-stakeholder co-ops with the IT and tele-com majors, groundbreaking innovations, like the 5G network, can be introduced on a Europe-wide scale exactly through the transport and logistics channel. According to Ujupan, the European Commission will policy-support such actions through aiding research and providing the right legal framework (e.g. establishing cross-border corridors for testing new solutions), as well as creating space for the free and non-discriminatory flow of data.

Session 1 came to its conclusion with an out-of-the-box presentation made by Märtha Rehnberg, Co-founder and Partner at DareDisrupt. It was in fact Rehnberg who challenged the audience with the water-and-stadium example described in the lead. She then went on by showing how the exponential growth in computing power – a trend which hasn't been interrupted by any of the World Wars or lowering the Iron Curtain – has kept changing the world. One of the vital components of this revolution, she said, is the fact that a single technological development can disrupt scores of industries that initially may seem unrelated. Digital photography not only killed Kodak, figuratively speaking, but was the stepping stone for the Images function of Google, which, in turn, became a real data-mine the developers of Artificial Intelligence could draw from (and eventually the AI itself, self-learning and evolving thanks to big data).

## Down to earth

"A journey is great to talk about, but you need to make the first step," said Peter Weiss, Head of EMEA Supply Chain Management, Fiat Chrysler Automotive (FCA). Still, a lot of data is manually handled, which is both suboptimal and prone to error-making. The initial aim is to take the data onto the Internet of Things level, a move that would greatly enhance data accuracy. Next, self-learning advice algorithms could be developed using this resource. The end aim, as FCA sees it, is to have a fully integrated management of global supply chains with automated flows from production to delivery.

Pavel Haidai, President of Avtologistika, continued the supply chain theme. He pointed out a paradox. Rationalising supply chains – through the use of architecture, process, and price pressure tools – ultimately makes them more expensive, less

reliable, and of worse quality. What we need instead of supply chains, he said, are supply nets. In other words, the future is in open logistics, when companies agree to combine their flows for the sake of greater efficiency. "Trust is essential," emphasized Haidai. People need to engage in "coopetition", a sustainable way of competing and cooperating simultaneously. Haidai believes that the future will belong to the shared economy and business coalitions, big data being the language they speak in.

Blockchain will be part of the future of transport and logistics, too, at least to a certain degree. This was the main takeaway from the speech made by Duncan Westland, Assistant Director – Global Blockchain, Ernst & Young. Though the technology itself isn't nothing special, how it works is revolutionary. In essence, blockchain makes transaction processing safe by forcing the involved parties to be absolutely trustworthy, so to speak. Therefore, blockchain can be used in the supply chain for total visibility. However, the technology isn't universal. To take advantage of it, the business setup must involve several parties cutting deals with each other; they have to value trust and transparency; and they want to ensure their records are tamper-proof, as well as secure the ownership and/or management of a finite resource (like fleets).

Other tangible benefits of modern tech-solutions were presented by Steven Quaak, Head of Strategy at Daimler Fleetboard, and Rabea Böhme, Senior Manager Business Development at RIO. Quaak began by saying that trucks spend around 65% of their time not driving, either because of traffic jams, dragging stops at borders, waiting for freight handling, due to red tape, etc. Daimler Fleetboard's answer to these hurdles is a sort of a meta-platform that rallies in one place all the web platforms that link those who have cargo for shipment with those that take care of transportation (just like the apps used for listing different options for hotel booking). In her presentation, Böhme highlighted that nowadays one can buy a truck not only for the sole purpose of moving goods, but also for improving the logistics process. For instance, by augmenting the machinery with software, one can better manage the whole fleet, optimising the trucks' routing, decreasing their fuel consumption, or predicting when maintenance will be needed. Nevertheless, Böhme went on, big data needs to be handled smartly, so as to avoid info overload.

## The split

The final session was very much devoted to political issues, particularly the Road Package. On the one hand, Eddy Liégois, Head of Unit (Land Transport) at DG Move, presented the European Commission's ambitions with this legislative initiative, including addressing the climate change through making transport more sustainable, or avoiding fragmentation of the EU's internal market by simplifying and clarifying rules (e.g. on cabotage, worker rights, and fair competition). On the other hand, Mark Billet, Head of EU Goods Transport at the International Road Transport Union (IRU), challenged this proposal by i.a. questioning whether this simplification won't lead to new complexities. In the opinion of the IRU, for instance, the current law governing cabotage is fine. Moreover, Billet added, just putting in place even the best set of rules won't do the thing on its own. A clear commitment from all the Member States is key for efficient enforcement. Then again, one could read between the lines that the EU is split on the Road Package.
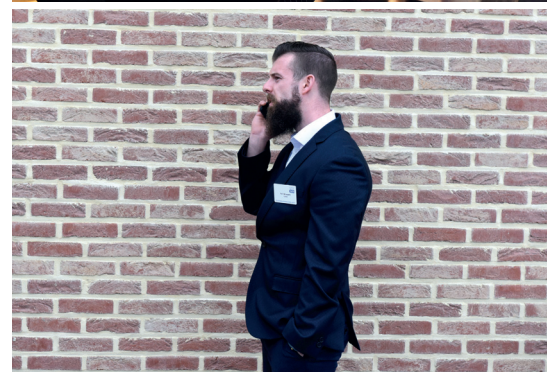
The conference closed with two speeches revolving around the topic of interoperability and multimodality. Lina Konstantinopoulou, Head of Transport & Logistics at ERTICO – ITS Europe, underlined that we need to make sure in advance that a given technology will be interoperable. Deploying proprietary systems that don't speak to each other leads to waste of efficiency and pulls us back from having a connected infrastructure across the whole of Europe. ERTICO is working on solving this info bottleneck. Its AEOLIX is to be an end-to-end supply chain data exchange solution. ■