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BMW Group's Thomas Wiech talks present-day challenges and digital transformation in vehicle distribution

Head of Transports and steering vehicle distribution at BMW GROUP reveals how digital technologies are being used to enhance vehicle distribution, with new technological enhancements set to yield more gains.

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Back in February, we talked to Mike Sturgeon, Executive Director of ECG – the Association of European Vehicle Logistics, to get his views on the current challenges facing vehicle logistics and learn to what extent modal preferences have changed.

However, how do things look from the perspective of a major vehicle manufacturer like BMW? And how could digital technology be used in the not-too-distant future to further optimise vehicle distribution processes? To find out, we spoke to Thomas Wiech, Head of Transports and steering vehicle distribution at BMW GROUP.

Sustainability and contracts

In July 2021, Wiech was quoted as saying that sustainability had been integrated into BMW Group's decision-making processes when selecting transport and logistics providers.

So how much weight does the company give to sustainability given the importance of driving down costs?

In answer to this, Thomas Wiech: Head of Transports and steering vehicle distribution at BMW GROUP, told trans.iNFO:

> *"Our aim and inspiration is to convert businesses to more sustainable logistics practices. The cost threshold is something our purchasing guys are looking into internally. We're considering how to integrate sustainability into our tender documents. It could be something whereby there's always a standard option and a sustainable one. Then we'd do an assessment and make a decision as to what the transport service providers can offer."*

In terms of what BMW Group is doing to make its vehicle distribution greener, Wiech told trans.iNFO about the company's use of LNG transport vessels between Asia and within Europe, and the fact that a lot of its rail transport is powered by green electricity.

In addition to this, BMW Group Logistics is working with partners who are operating with several electric trucks.

However, with regards to using those electric trucks, Wiech added that there could be better options still than green road transport:

> *"Of course, we've got to look at the overall picture too. There might be measures that could be more worthwhile implementing than green road transport. This is the trade-off we are conducting in every single tender."*

Wiech continued:

> *"We're conducting strategy meetings with our main process partners. In these meetings, we're discussing the top measures concerning sustainability. They've got a lot on their plate in that respect. They've got a lot of measures and ideas, it's not just a case of truck charging points. A nice example are the LNG vessels that our shipping companies have ordered."*

On the flip side, when it comes to road transport, Wiech argues that the existing range of electric vehicles is more than sufficient for the company's last mile distribution to showrooms:

> *"Keep in mind, we're transporting cars from our main factory in Dingolfing to our compound in Krefeld by train. That's sustainable, so that's fine. From Krefeld there is then dealer distribution. That's never more than 300km or 400 km away from the trucks' destination. So e-trucks would be perfectly sufficient and work."*

Rail transport potential

As for what has the greatest potential to reduce vehicle distributions, Wiech was in no doubt:

> *"In my personal opinion, for vehicle distribution, the main lever to reduce or optimise carbon footprint is upping rail transport. It's a big lever and the greenest thing we can actually do."*

Wiech nonetheless added:

> *"Although it's [rail transport] the biggest lever we've got, it's the biggest challenge we've got too. I think simply overcoming the bottlenecks at the moment and the diversions*

> *we've got is not enough. We need to build. We don't just have to renovate our network, we have to extend it."*

Besides an extension of the rail freight network, Wiech also wants to see more harmonisation across the continent:

> *"Secondly, we need a European approach. For example, I'm really struggling to send trains from Dingolfing to Belgium. We need a Belgian train driver for Belgium, a Dutch one for the Netherlands, and so on. It works, but it is rather nationally-minded. In some countries, you've even got to change trains."*

In response to our question about the disruption caused by rail renovation works across Germany, Wiech told trans.iNFO that BMW Group is managing the situation.

On the other hand, the vehicle distribution boss conceded that there are few immediate signs of the overall rail transport picture improving:

> *"I think we're just about able to manage the current level of trains and transport despite all the measures taken and the renovation work. But we would like to enhance rail transport, and I can't see that happening too much at the moment."*

How digitalisation is changing and will change vehicle distribution

What has made a difference already

It goes without saying that like other massive shippers out there, BMW Group has been taking steps to digitise its vehicle distribution processes.

When asked what has made a big difference here, Wiech immediately pointed towards visibility:

> *"I started my job nearly three years ago and one of the first things I noticed was that we were not really sure where all our cars were located. However, now we've got that*

information at the press of a button and a tool we can use in real time that shows the exact location of every single car. If a car is in the Indian Ocean, we can check the ETA or ETD. Meanwhile, in Europe, we know every compound at the dealership. So this transparency helps a great deal."

Besides supply chain visibility, Wiech told trans.iNFO of how BWW Group is using tools that can take data on market production requests and then estimate the corresponding logistical demands:

"Like all the other OEMs, we're revising production-market programs. Things change. So now we have a tool that's able to translate production market requests into logistical demands. The revisions are being dished out pretty much within a day to all the suppliers. Then they know about what's happening and have access to a rolling twelve-month forecast," said Wiech.

Wiech continued:

"That means we're not talking about something that happened yesterday or that might happen tomorrow. We're talking about next week, next month, even in 12 months. It's an automatic rolling forecast. So all our requirements are communicated pretty much in real time, which makes life so much easier. We like to say it's like being ahead of the wave rather than behind it. Digital tools like this can really help a great deal."

Next stage

Having discussed the here and now, we asked Wiech about what further developments in digitalisation could bring significant improvements to vehicle distribution processes.

As Wiech sees it, AI is going to play a big role.

"We'd like to do automated steering of the supply chain. For certain areas, we don't need anyone to check dashboards or other things. We'd like to implement AI in certain scenarios, utilising supply chain ABC. The data is there already. That's the next stage – it

might take another couple of years or something, but I think we're confident that we'll make that happen."

Elaborating on how this could really make a difference, Wiech explained:

"At the moment many decisions we take are based on the experience of my team's planners. There may be a gut feeling whereby we think 'Oh there will be bad weather or tariff issues. On top of that, stock levels are quite high and it was similar last year, so we may as well do that.' Most of the time, we come to the right decision. But what if these two key players in the team are on holiday at a critical time? Then you've an issue, and while gut feelings and estimations based on past experiences are good, are they holistic? Is it the right way to go about things? I'd like to have an AI solution that takes all these things into consideration and presents a potential solution."

According to Wiech, if this information was presented to his team's top planners, they could always disregard the proposals if they were to see something wrong.

Wiech then concluded:

"From my point of view, it's not about needing less people in our team, it's more a case of having a better quality solution to make a well qualified decision. Secondly, if an IT system makes a decision, the information within the supply chain should be transported very quickly. Nowadays It's often based on an excel spreadsheet that you send to the train company, the port or the vessel. It's long winded and involves a lot of admin."