

LOGISTIC PLATFORMS POST COVID: PROSPECTS AND OPPORTUNITIES

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There are many speculations about the impact of the Coronavirus crisis on economic activity, but in the transport and logistics sector it is increasingly obvious that its effect will go far beyond changes in processes and operations.

Uncertainty prevails and it is difficult to homogenize the varying situations in each country since the measures taken by the respective governments have a major impact on both the mobility of people and goods and the economic situation.

From Europlatforms, a federation of national associations of European-wide logistic platforms across Europe, providing services for over 25 years, we are convinced that the configuration of supply chains cannot be conceived nowadays without logistic platforms, which already play a key role once these logistic chains have evolved into intermodal logistic chains.

Our function is to raise the profile and significance of logistic centers across European institutions to be seen as a primary hub of activities related to transport and logistics. It is a no-brainer: no supply chain, no economic development. Yes, it is that simple. Logistic platforms add value and offer services; they are also spread throughout the European corridors. The European Commission is always talking about European cohesion and Logistic Centers are a good example of this.

With regard to the European Transport Network (TEN-T), logistic platforms are configured as freight generators for European freight corridors, freight integrators across Europe and a point of joining the different European freight corridors.

As it stands, both existing centers and new centers that can be developed have the capacity to respond to the evolving needs of the logistic sector that demands excellent connectivity measures in a quality and reliable infrastructure.

Challenges of the future...that are already at our door

1. Vendor diversification

- Local industry development: The crisis has highlighted the dependence of European industries on Asian markets. As a result, various professionals in the sector have taken a shift in logistic flows for granted, to reduce dependence on third countries - especially on the Asian continent - and on a return to local manufacturing, with a knock-on effect on the local economy, employment, and changes in modes of transport.
- Alternative sourcing, localized production systems based on 3D printing are emerging, which may lead to a drop in dependence on Asian suppliers.

- A review of the role of stocks that could lead to re-evaluating Just in time policies.
- It still appears to be a little early to identify the countries benefiting from this diversification in the supply chain, but what we can say is that those already investing in new infrastructure and offering greater facilities to the installation of the industry could receive most of the relocations. The recovery of increased industrial activity in Europe is obviously what companies want.
- This hypothetical scenario of de-globalization could have two effects: a change in business strategy and less efficiency with a knock-on effect of higher costs. The cost would inevitably be directed at the final consumer. But it is something that we will have to accept, and which cannot be allowed to spread into global supply chains. Companies may move away from just in time models to adopt safer models. Higher stock levels imply a greater need for ships to store and serve more efficiently.
- These circumstances, together with the increased environmental awareness of consumption habits and the impact of transport on air quality, also appear to have an impact on the enhancement of local trade, diminishing purchasing from third countries.

2. Sustainable mobility

We should take the guidelines set out in the "Green Deal" into account, that brings us to the concept of Green Logistics, i.e. all efforts to measure and minimize the environmental impact of logistic activity, particularly carbon footprint control. The Green Deal was formalized in December 2019 by the EU and the road map is being considered for the coming years. More specifically the transport sector is being translated into legislative proposals and changes that will accelerate the transition to sustainable and intelligent mobility: the overriding objective is to reduce emissions by 90% by 2050.

These policies also reflect an interest in transferring the volume of road freight transport to rail and inland waterways.

The movement of goods to rail must continue if we are to meet the emission reduction target and export to the European continent under the same conditions as our competitors from the East, who rely on the Chinese railway line, the Silk Route. But to do so, every single player in the rail sector, particularly administrations and public entities with competence in the field, have to change their mindset on one hand, to seek to change the focus from "traction to transport", and on the other hand, to develop a loyal partnership with the road transport companies, the ones that currently move most of the goods in Europe, imports and exports.

In addition, nowadays logistic platforms are already developing active policies for the development of sustainable environmentally-friendly mobility by optimizing the transport short haul operations, enhancing the intermodal long-distance rail traffic and integrating urban structure and public passenger transport.

The concept, cooperation between different modes of transport is fundamental to logistic platforms enabling sustainable development for all transport and logistic operators.

Logistic platforms are key within a sustainable transport system because they facilitate the development and cooperation of different modes of transport (rail, road, plane and ship) to reduce transit times, lower cost and increase the volume of goods transported effectively increasing the overall efficiency of transport by promoting large freight traffic corridors.

3. Urban distribution of goods

The rise of e-commerce and the incorporation of shopping online by new, significant segments of the population has advanced development by up to 5 years. And this is here to stay.

Consumption in urban centres is rising. Logistic operators will have to find the right balance to be efficient in so-called "last mile" to satisfy customers with competitive delivery costs. Reverse logistics, intelligent and robotized warehouses, and segregation of proximity and half-rotation warehouses tied to large, hyperconnected logistic hubs are all coming back.

This growth of e-commerce will boost the demand for new logistic spaces, in two ways: on the one hand, the need for large logistic spaces and storage platforms in locations far from major cities will increase, and on the other, there will be an increased need for high-rotation cross docking last mile vessels located 5, 10, or 15 kilometres away from major cities.

This type of shipping is essential for the development of urban distribution due to its operativity, agility and contribution to the management of cities. In the same vein, we cannot forget the needs arising from reverse logistics. The management of returns is also a challenge arising from the growth of e-commerce and will also require an expansion of logistic surfaces.

The development of urban platforms for distribution, perceived as a network of e-systems to manage the delivery of goods on these urban distribution platforms in city centres, seems unstoppable.

And this will totally transform the scenario of the three types of logistic areas in big-city environments and the typologies of logistic ships and all types of warehouses: low-rotation, regional, high-rotation, capillary and urban distribution.

That is why the logistic parks linked to traditional consumption, those linked to e-commerce and now also those linked to this new urban distribution in big cities, will have to change. Warehouses will tend to be multi-valent for low rotation and high rotation, avoiding intermediate processes that increase costs and times by producing a flow between department stores away from city centres because of their low costs, their greater accessibility, etc., and over large surfaces, with urban distribution platforms in the centre of cities.

The introduction of new measures to improve the urban distribution of goods is complex, mainly because of the multiplicity of agents and sectors involved beyond e-commerce. As a result, private public collaboration is revealed as key to develop potential solutions.

Transport and logistic centres, public or private, play an important role in defining this new ecosystem, and we must collaborate to implement these new distribution and transport models. Public administrations should establish new regulations to ensure mobility and sustainability, and promoters of logistics centres should provide the necessary infrastructure. For best results, the work must be done from an integrative perspective.

Logistic centres play a dual role in this context: they are incorporated into urban-metropolitan territorial planning plans and programs because of the positive externalities generated by the following: by facilitating centralized distribution, reducing the number of vehicles on fleets and shortening the vehicle route, which eases congestion on urban road networks, and thus mitigates the emission of pollutants and greenhouse gases and also incorporates the real estate industry.

4. Digital transformation of logistics (BIG DATA)

Digitization involves data exchange between different players in the transport sector to adjust supply and demand in real time, leading to a more efficient use of resources. Digitization can help create a truly multimodal transport system that combines all modes of transport into one well-functioning mobility service.

A prerequisite of BIG DATA is further training that incorporates new skills such as the automation of storage, technique to optimize stock, etc. Training will be the key and across both logistics and transport in the coming years, positions linked to customer satisfaction and customization will be in demand.

Digital transformation will create the need to further professionalize human resources working in logistic business processes, where today there are still a large number of professionals who will have to adapt to this digital environment.

Any company will require professionals with a mixture of skills and knowledge not so easy to find in today's workforce. Logistics and technology are certainly sectors that generate employment, and we must also be prepared for that.

The logistics professional should be characterized as:

- **Multidisciplinary:** Logistics has been divided into compact, highly specialized areas of knowledge with very specific technology, but the future will be marked by a more multi-purpose professional with a knowledge of all areas of the supply chain, able to adapt to different situations that may arise and make the right decisions in complicated times by having a more global view of all the processes.
- **Digital:** He must be able to use different tools, especially management software and process simulators to anticipate various situations that markets bring to the table. Another interesting aspect of the logistic professional will be to discern whether a technology offered to the company is necessary for the organization operationally and also be economically profitable.

- Flexible: Able to adapt quickly to the radical changes that supply chains can undergo, and with a strong capacity to make real-time decisions to adjust working procedures in different operating processes under his command.

This highlights the need for more efficient platforms

Therefore, today more than ever, the developers of these infrastructures must be able to develop platforms that respond to these new demands, to keep ahead of the game.

The infrastructure determines mobility. No fundamental change in transport will be possible if it is not supported by an adequate network, more efficient and intelligent. Globally, investments in transport infrastructure have a positive impact on economic growth, create wealth and jobs, and increase trade, geographical accessibility, and mobility.

The change must be planned in a way that maximizes the positive impact on economic growth and minimizes the negative impact on the environment.

If there is one positive thing we can highlight about this pandemic, it is the visibility given to the transport sector and the awareness of what this sector means for the economy.

Which is why I do not wish to end without expressing my appreciation and thanks to all the professionals in the logistic and transport sectors, who have secured the supply of goods in general and of medical products and foodstuffs in particular, who have guaranteed supply during this terrible situation caused by the pandemic.

This is a crisis that for sure has both an expiry date and a solution and will undoubtedly not leave us without valuable personal and professional life lessons. I would like to highlight one of those: the perspective of collaborative work.

Logistic platforms are a proactive element of the transport system, working to enable companies to increase their competitiveness.

Logistic platforms are set up and ready to make the most of all evolution and change in the sector on a global level.