Common Framework for ICT in Transport Logistics

Deployment on the Market

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Contents

• Some lessons from the past
• The problem of accessibility
• The problem of value
• Possible way out
Supply chain interoperability is an old “new market”

Surely there will be success stories to learn from…

- Through 2006, 60 percent of SCM will be operated outside the enterprise (0.8 probability).
- Through 2006, 50 percent of the large SCM initiatives will result in lower profitability (0.8 probability).

Gartner

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How to make money with interoperability?

• Publish the standard and they will use it
  • Institutions, consultants, not for profit agencies
    (money needed for survival anyway)
• Build a platform and they will come
  • B2B marketplaces, public interchange platforms
• Bundle interoperability with logistics services
  • Vector SCM, UPS e-SCM
• Build a platform and sell it to supply chain leaders
  (the others will follow)
  • Crossworlds, MS BizTalk, B2B marketplaces, SAP
    Netweaver, IBM Websphere

Has anyone ever made real money with interoperability?
Focused “islands” of interoperability, driven by individual stakeholders priorities

- More safety and security
- More competitiveness
- Better working conditions (for the maritime sector)

**RIS**

- Safety
- Traffic management
- Efficient navigation

**TAF-TSI**

- Reliability and efficiency
- Improved track & trace (for rail freight services)

**City Logistics**

- Less congestion
- Less noise and air pollution (for urban freight distribution)

**e-Maritime**

- Safer, eco-efficient driving
- Improved traffic management

**RTTI**

- Speed, flexibility
- AND eco-efficiency
- - energy costs, + margins
- - Co-modality

**Benefits of supply-chain interoperability**

- More safety and security
- More competitiveness
- Better working conditions (for the maritime sector)

+ other sector-led initiatives (e.g., IATA eFreight)

\[\text{e-Maritime} \rightarrow \text{Sea carriers, Ports, Customs, Authorities}\]

\[\text{Road Carriers} \rightarrow \text{Shippers} \rightarrow \text{Forwarders, 3PL}\]

\[\text{RTTI} \rightarrow \text{Vehicle-to-Infrastructure, Vehicle-to-Vehicle}\]

\[\text{City Logistics} \rightarrow \text{Fleet management, Freight traffic management}\]

\[\text{RIS} \rightarrow \text{IWT carriers, Ports, IW management}\]

\[\text{TAF-TSI} \rightarrow \text{Railway Undertakings, Infrastructure Mgmt.}\]
There are benefits from supply-chain interoperability, so why is it so difficult to sell?

- First likely motivation: scant accessibility

**Figure 1**: Application accessibility

Accessibility = everything that favours adoption by the majority of business stakeholders

Scant accessibility → dubious ROI
Want to deploy the common framework? First, make it accessible

• Support interoperability **across** transport sectors and players
  • Common subset of logistics processes and data
  • Common subset of indicators (financial, GHG, security, safety, ..)
• **Lower barriers** to adoption (ease of use, cost, minimal set-up, ..)
  • SMEs do not join standardisation committees
  • The “interoperability as a project” model only works in sectors dominated by few large players
So, when the framework is cheap, lean and accessible, will they come?

- No, there is a second motivation: value
- Supply-chain wide benefits (savings, load factor increments, “greening”) are not a value proposition for any individual actor in the chain
- Only “leaders” have a supply-chain wide view, the others are simply not interested
- Interoperability per se has no convincing value proposition for the mass of users

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Way out: the framework is a means to provide innovative, valuable services

- Example:
  Door-to-door freight transport services optimized for emissions reduction, as well as for speed, reliability and price

- The service is possible only if:
  - Each individual actor finds its value/cost tradeoff in it
  - A common framework allows to provide, combine and use freight information services
Conclusions

- Trying to sell the Common Framework as a value in itself might prove hopeless.
- Only the “platform for supply chain leaders” approach has had some result on the market, but that is far from “common”.
- The way out might be in proposing innovative services, based on cooperation and interoperability.
- For this, significant progresses have to be made on:
  - Accessibility
    - Cost, SMEs reach, set-up, know-how, ...
  - Value services
    - Separate transport-specific services from generic horizontal services (identification, security, services management, billing, ..)
    - Destructure sectorial systems into individual services and components, easy to access and combine to match dynamic flexible supply chain
  - Business models.

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..and the projects?

EURIDICE
Added value services

EURIDICE
Platform

EURIDICE
Intelligent Devices

Smart CM
added value services

Smart CM
Platform

Smart CM
Intelligent Devices

Integrity
added value services

Integrity
Platform

Integrity
Intelligent Devices
The unlikely “mortadella” solution

One platform for all

EURIDICE Added value services

Smart CM added value services

Integrity added value services

EURIDICE Platform

Smart CM Platform

Integrity Platform

EURIDICE Intelligent Devices

Smart CM Intelligent Devices

Integrity Intelligent Devices
Different approaches and investments needed at different levels

Area of specialized value services providers
- EURIDICE Added value services
- Smart CM added value services
- Integrity added value services

Area of federated platforms (connectivity providers)
- EURIDICE Platform
- Smart CM Platform
- Integrity Platform

Area of industry-led standardisation
- EURIDICE Intelligent Devices
- Smart CM Intelligent Devices
- Integrity Intelligent Devices

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