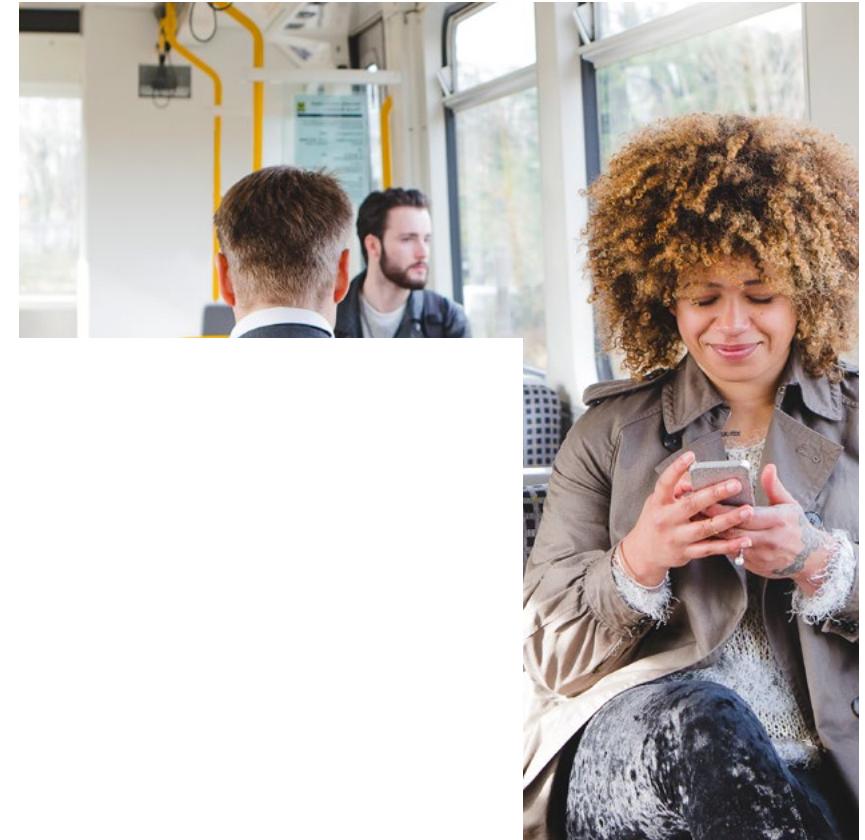


2021 CGI VOICE
OF OUR CLIENTS

Transportation & Logistics

Urgent sustainability and digitization priorities require transport and logistics companies to re-think how they do business. Citizen expectations and new and growing competition are driving change and a quest to become operationally excellent.

Read on for more insights into transportation and logistics executives' top trends and priorities, along with recommendations for key actions they can take now to accelerate their digital journeys.



CGI

Reinventing for a digital and sustainable future

Following a year of unprecedented disruption, it is evident that transport and logistics companies need to reinvent themselves to stay competitive in the marketplace. The combined impact of the pandemic and the growing impetus to accelerate digitization and address sustainability requires investment in new partnerships, technologies and digital business models.

In this new digital future, becoming data-driven is key. At the same time, legacy systems and infrastructure require a renewed focus on modernization and business process improvements to achieve expected results from digital transformation. This year, executives foresee a greater reliance on managed IT services as well as cloud technologies to optimize operations, reduce costs and become more agile.

Each year, we meet with client executives from around the world to get their views on the trends affecting their organizations and industries. Through the CGI Voice of Our Clients, we analyze these findings to provide actionable insights by industry to benchmark best practices, including the attributes of digital leaders. This report summarizes the trends and priorities from our 2021 CGI Voice of Our Clients discussions with 77 transportation and logistics executives, along with recommendations to accelerate their digital journeys.

About the insights

In 2021, we met with 1,695 business and IT executives. This summary shares sample insights from 77 transportation and logistics client executives.

Interview demographics

48% Business leaders	52% IT leaders
58% C-level	42% Ops-level

Over the past 6 years through the CGI Voice of Our Clients program, we've held 7,470 client discussions, collecting 1 million data points across the industries and geographies we serve. Our anonymized benchmarking data reflects insights from 5,500 client organizations located in countries representing 68% of the world's IT spend across all economic sectors.

Top trends and priorities

For the transportation and logistics industry, driving new partnerships, technologies and business models emerges as a new top trend. Optimizing operations continues as the top business priority while improving the customer experience rises in importance ranking. IT priorities remain unchanged from last year; however, the top priority of digitizing and automating business processes grows in importance in 2021.

Top trends

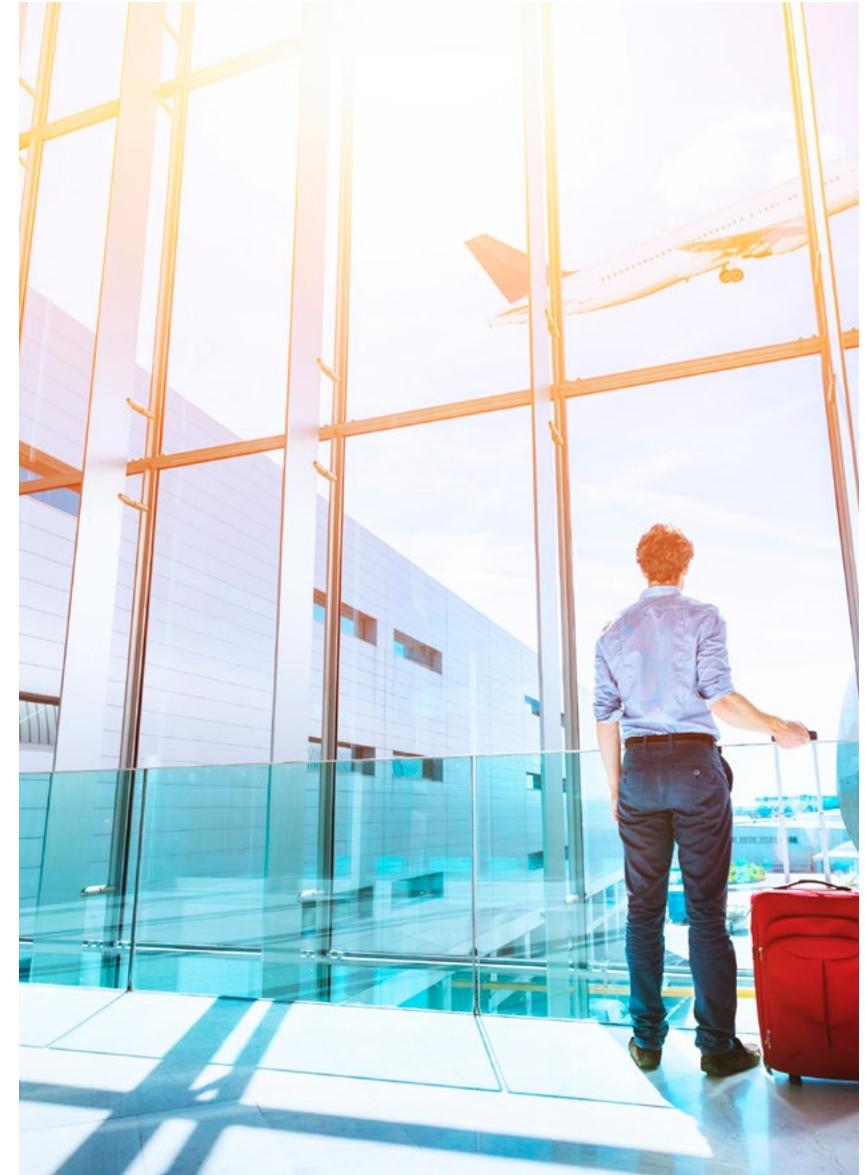
- 1 Becoming digital organizations
- 2 Driving new partnerships, technologies and business models
- 3 Investing in analytics to improve visibility of assets

Top business priorities

- 1 Optimize today's operations
- 2 Improve the customer experience
- 3 Transform the business

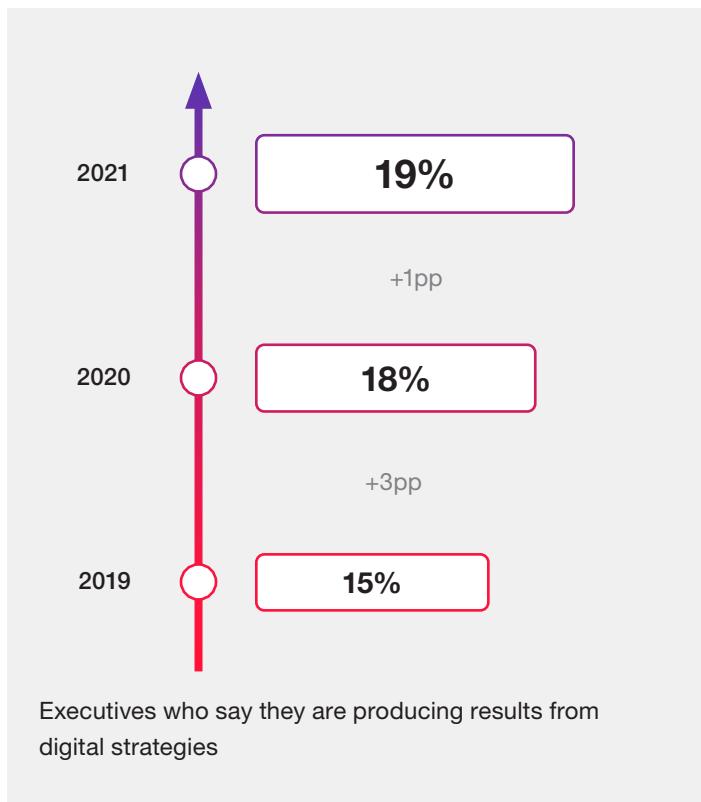
Top IT priorities

- 1 Digitize and automate business processes
- 2 Drive IT modernization
- 3 Protect through cybersecurity



Top 10 insights for transportation and logistics

Executives report slow progress in achieving results from digital strategies. They also report increasing pressure of digitization on their business models. Driving new partnerships, technologies and business models is a new top trend. The majority of executives view environmental sustainability as core to creating value for customers in the future.



1

Most have a digitization strategy in place, but progress in achieving results is slow.

93% of executives have a digital strategy in place, yet just 19% say they are producing expected results from these strategies, up marginally from 18% last year. Only 44% see themselves as ahead of their competitors when it comes to digitization.

2

Fewer are increasing budgets, especially for IT infrastructure.

After years of rise, fewer executives are increasing overall spend on IT. Operations and maintenance (O&M) budgets show the most significant difference with just 10% of executives saying they are increasing O&M budgets, down from 28% in 2020. There are notable differences between clients within subsectors, with a significant number citing either increases or decreases of 10% or higher.

Top 10 insights for transportation and logistics

3

Executives foresee greater reliance on fully managed services for IT applications, particularly cloud migration of applications.

29% of executives say they plan to rely on a fully managed services model for IT applications services in three years, compared to 9% now. 57% of executives expect to migrate a substantial number of existing applications to the cloud in the next two years. 18% say that they expect to run more than 80% of their applications in cloud environments within this time frame, a significant increase compared to previous years.

4

The impact of digitization on business models is growing.

54% of executives say digitization is impacting their organization's business models to a high* degree. This number rises to 63% for C-level executives.

5

Driving new partnerships, technologies and business models is a new top trend.

Transportation and logistics executives identify driving new partnerships, technologies and business models as a new top trend ranked second.

6

Business and IT executives differ on the top business priority.

Optimization of operations is still the main business priority within transport and logistics overall. However, IT executives cite customer experience as their top business priority, which they rank slightly higher.

7

Environmental sustainability is core to value creation.

61% of executives feel strongly that environmental sustainability is core to creating future value for customers—above the all-industry average of 51%. This topic resonates more strongly with the business side (70%) compared to the IT side (51%) and with C-level executives (68%) compared to operations executives (50%).

* 8–10 on scale of 1–10, where 10 is high

Top 10 insights for transportation and logistics

8

Cybersecurity and data analytics are top IT spend drivers.

In 2021, executives say cybersecurity and data analytics are the top spend trends affecting their IT budgets.

9

Focus grows on employee training and awareness programs as a key cybersecurity element.

77% believe employee training and awareness are core cybersecurity elements, followed closely by testing and verifying the organization's response capabilities to a cyber incident (75%) and identifying the organization's critical assets (73%).

10

Large strides in robotic process automation are underway.

This year, 59% of executives say robotic process automation implementations are "in progress" or "done" compared to 37% in 2020.



Digital leaders in transportation and logistics

Transportation and logistics executives cite slow progress with producing expected results from digitization strategies, with 19% achieving such results in 2021. In examining the insights from this 19% who are digital leaders, some common attributes emerge. The table compares responses to questions from the digital leaders to those from executives whose organizations are still building or launching digital strategies.

Common attributes of digital leaders	Executives producing results from digital strategies	Executives building or launching digital strategies
Modernize more of their applications	82%	54%
Migrate more solutions to the cloud	55%	19%
Better align business and IT priorities	54%	35%
Are more sensitive to data privacy laws	82%	72%
More often run a secure IT environment	100%	77%

Digital leaders say they have a more* agile supply chain and are also more impacted by supply chain complexity in successfully implementing their IT priorities. When it comes to innovation, 92% of digital leaders plan to invest in omni-channel customer management compared to 62% of those organizations that are still building or launching digital strategies.

* 8–10 on scale of 1–10, where 10 is high

5 recommendations for achieving your top priorities

1

Rethink your organizations future business model to address digitization and sustainability needs.

Among transport and logistics companies, there is growing awareness of an urgent need to rethink business models to address digitization and sustainability *together*. The industry is built on moving people and goods, and consequently its carbon footprint is under constant scrutiny. Citizens increasingly expect businesses and government to change their behavior and reduce emissions – and not without reasons, as the recent [Sixth Assessment Report of the United Nations Intergovernmental Panel on Climate Change \(IPCC\)](#) has clearly shown. Doing nothing is no longer an option. In addition to customer and citizen expectations, digital-first competitors are also driving this focus, making it an important boardroom topic. Organizations need to examine and update their business strategies to decide what they would like their future to look like. Performing an “as is” versus “to be” analysis to identify inefficiencies and flaws is a key step. As well, assessing your position in the value chain and taking a collaborative ecosystem approach can also improve efficiencies and foster innovation.

Case in point: In an increasingly digital and competitive world, a North American railway company is looking to redefine how they do business to provide more efficient transportation solutions to their customers. This includes centralizing planning with local execution control, eliminating excessive costs, identifying productivity enhancements, improving asset utilization and unlocking capacity for future growth. As part of a multi-disciplinary team that includes client executives, our consultants worked to define the railway’s transformation vision and scope, including their cloud, data and artificial intelligence roadmaps and strategy. We applied proven methodologies and scaled frameworks to assess their current state, set the right ambition and define the transformation roadmap, putting in place the business case for transformation driven by their vision for a green and digital future.

5 recommendations for achieving your top priorities

2

Establish a strong data foundation to enable data-driven operations.

High-quality data is instrumental for excellent decision-making. Yet, managing and extracting value from data continues to be a challenge for transport and logistics companies. Many still find themselves grappling with paper-intensive processes and incomplete, inaccurate or duplicate data. Among European firms especially, systems (such as transport, warehouse and inventory management systems, and enterprise resource planning systems) are focused on local regulations and data exchanges, hindering data collaboration across ecosystems.

Establishing a single source of truth is critical to data quality. Unlocking the value of data requires investing in data warehousing capabilities alongside rigorous data management approaches to tackle inconsistent and incomplete information across business processes and ensure data logging. Such an approach provides a strong foundation to leverage technology in smarter ways to better serve customers, optimize operations, reduce costs and increase agility. For instance, using secure cloud-based technologies can provide real-time data that is accessible to the entire organization, including transportation and warehouse management systems. In addition, AI and machine learning can help to optimize logistical processes and analyze transactional data to identify patterns that drive future actions.

Case in point: DPD is one of Europe's leading parcel and express service providers and handles millions of parcels every day. The company sees maximizing data as key to making their vision come true: to handle each individual parcel flexibly in a standardized mass process. To help unlock the value of data, they turned to CGI for help. With our support, DPD built a real-time data warehouse where all their operational data is logged and stored. Our experts helped DPD with advanced analytics tooling to analyze that data to gain valuable insights. This enables DPD to improve transparency and predictability at the parcel level as well as the complete delivery process from end-to-end. The company now plans to leverage data to support their sustainability initiatives, continue to enhance customer service, while bringing down costs.

“We used to solve everything with extra people; now we do it with data. CGI has helped us tremendously and is a driving force behind our innovations.”

Eric Dietz, Director of DPD Nederland

5 recommendations for achieving your top priorities

3

Drive digital experimentation from the business to achieve transformation success.

Digitization is often viewed simply as an IT “project” and programs often fail because they are not driven by a clear business purpose. Digital leaders (those who are more successful at producing expected results from their digitization strategies) are better at introducing applicable innovations; they also are better at aligning business and IT priorities. To succeed in their transformation journeys, transport and logistics organizations must create a healthy and flexible culture of experimentation that allows employees to experiment, learn and “dare to stop.” Short iterations and a multidisciplinary team effort are key to innovation as well as helping reduce the gap between business and IT expectations.

4

Accelerate the modernization of legacy systems to advance digitization and support innovation.

Many companies find themselves constrained by legacy processes and systems with hundreds of applications, data sources, and integrations that have grown organically over time and through mergers and acquisitions. These aging, complex IT landscapes are expensive to maintain, pose higher cybersecurity risks and hinder digital services. Beyond experimentation with new and front-end applications and emerging technologies, organizations need to invest in their operational backbones to drive business value. This includes IT modernization, application rationalization and process redesign. For instance, low-coding or no-coding applications (citizen development), containerization

and the deployment of micro services can all help to reduce cost and improve agility of the IT stack. Success of your modernization journey depends on an effective strategy and approach that offers the most business value. It also depends on having a trusted and competent partner.

[+ A two-part approach to rebuilding and replatforming legacy applications](#)

5

Map out a clear enterprise cloud strategy to save costs and improve reliability.

This year, transport and logistics companies indicate a strong rising interest to move their applications to the cloud. Moving to the cloud will drive efficiencies, achieve greater sustainability, resource elasticity and improved capacity planning. The right platform, experience, security and data protection are critical considerations. In particular, as local regulations evolve in a worldwide context, data privacy compliance is of particular importance in balancing the use of the cloud to manage and protect data. This involves choosing a best-fit cloud environment (private, public or hybrid), implementing a multi-cloud native and cloud-agnostic platform, accessing proven cloud expertise and processes, and ensuring advanced cloud security and privacy to achieve all of the benefits of cloud deployment.

About CGI

Insights you can act on

Founded in 1976, CGI is among the largest IT and business consulting services firms in the world.

We are insights-driven and outcomes-based to help accelerate returns on your investments. Across 21 industry sectors in 400 locations worldwide, our 80,000 professionals provide comprehensive, scalable and sustainable IT and business consulting services that are informed globally and delivered locally.

For a complete set of the CGI Voice of Our Clients industry insights, and to consult with one of our experts, please visit cgi.com/voice-of-our-clients or contact us at info@cgi.com.

