

Top trends to watch in Transport & Logistics

Read on for CGI client insights on how to accelerate your digital journey and reinvent for a sustainable future



2022 CGI VOICE
OF OUR CLIENTS

CGI

Climate change drives transformation

Impact of macro trends

Driven by growing pressures to play their part in saving the planet, climate change is the dominant macroeconomic trend for C-suite executives, especially for passenger and cargo sector executives. Global uncertainty, including the war in Ukraine, disrupted trade routes, climate change impacts on navigation and inland transport, and the possibility of new pandemic lockdowns, intensifies the focus on deglobalization and supply chain resilience. Notably, deglobalization is most dominant among cargo executives.

At the same time, technology and digital acceleration remains a board-level topic, especially

in the cargo sector, where 4 out of 5 executives cite it as a high-impact trend.

A growing focus on the “talent crisis” is seen for North American executives who rank social demographic change considerably higher in impact than their European counterparts.

Top of mind for clients

Significantly more industry executives view sustainability as core to creating stakeholder value this year, fueled by the need to mitigate climate change impacts. Becoming digital organizations tops industry trends, and executives recognize digitization as an enabler of new products and services and business models.

Following years of focus on optimizing operations, customer experience becomes the top business priority. Customer expectations changed drastically with the pandemic, and customers now seek white glove service and immediate access to products.

Cybersecurity rises as a trend and IT priority, as transport and logistics companies increasingly are held accountable for who and what they move and face a widening specter of cyber-attacks.

About the insights

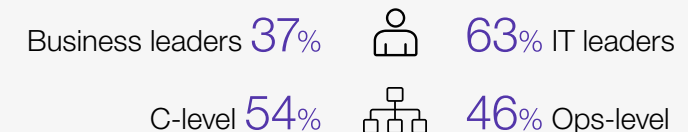


Each year, we meet with client executives from around the world to get their views on the trends affecting their organizations and industries. Through the CGI Voice of Our Clients, we analyze these findings to provide actionable insights by industry to benchmark best practices, including the attributes of digital leaders.

In 2022, we met with 1,675 business and IT executives.

This report shares sample insights from 84 transport and logistics executives in both passenger and freight industries from around the world.

Interview demographics



Top trends and priorities

Driven by the need for sustainable development, becoming digital organizations remains the top trend, while the importance of cybersecurity rises. Customer experience emerges as the top business priority and IT modernization rises as an IT priority.

Key takeaway

Transformation is driven by greater agility, digitization and the greening of operations, requiring tools and processes to improve the customer experience, operations and security, as well as reduce costs.

	Top trends	Top business priorities	Top IT priorities
1	Becoming digital organizations	Improve the customer experience	Drive IT modernization
2	Protecting through cybersecurity	Optimize today's operations	Digitize and automate business processes
3	Driving new partnerships, technologies and business models	Transform the business	Protect through cybersecurity

The industry trends capture key drivers with the greatest impact on the clients' industry. The business priorities represent how clients are addressing the industry trends, and the IT priorities reflect the technology areas of focus to address the trends and achieve the business priorities.

Digital progress in Transport & Logistics

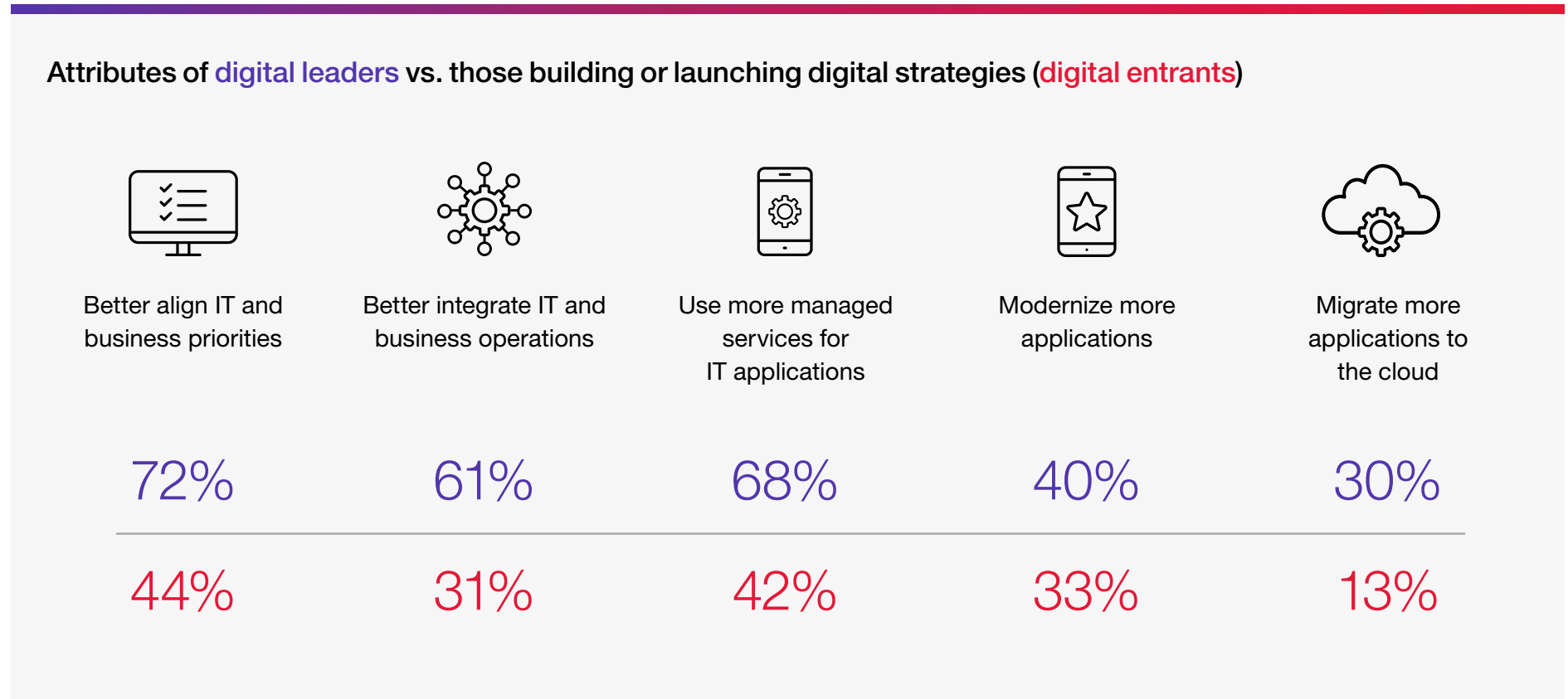
Industry executives indicate accelerated progress with producing expected results from digitization strategies compared to last year, with 25% achieving such results in 2022. This now aligns with the average across all our clients' industries.



Digital leaders in Transport & Logistics

In examining insights from the 25% of transport and logistics executives who are digital leaders, some common attributes emerge.

The table compares responses from the digital leaders to those from executives whose organizations are still building or launching digital strategies (digital entrants).



Key findings from our interviews with Transport & Logistics executives

1.

Sustainability strongly rises in importance.

75% of transport and logistics executives feel strongly that environmental sustainability is core to creating future value for customers, up from 61% last year. This is well above the all-industry average of 48% and second only to oil and gas at 77%.

2.

More digitization strategies are in place.

The number of executives who say their organization has a defined digitization strategy increased to 95%, from 93% last year.

3.

Digitization results increase.

25% of executives say they are producing expected results from their digital strategies, up 6 percentage points year-over-year and on par with the all-industry average. Another 28% are operational with their digital strategies.

4.

Agility remains elusive.

58% of executives say digitization has a high impact on the organization's business model. Yet, just 25% feel their business models are highly agile to address digitization, including integration of new technology.

5.

Cybersecurity is imperative.

34% of executives say they do not have a defined cybersecurity strategy. For those who do have one, only 25% extend it to their wider ecosystem, and just 36% say they are producing results from their strategy.



6.

Modernization and business-IT alignment fuel digital results.

Digital leaders in transport and logistics are better at aligning business and IT operations than digital entrants. Fewer feel legacy systems pose a challenge to implementing digitization strategies (39% for digital leaders compared to 43% for digital entrants).

7.

More modernization and cloud migrations are planned.

55% of executives plan to modernize more than 20% of their application portfolio over the next 2 years, compared to 43% currently. 48% plan to migrate to a cloud provider for IaaS or PaaS more than 20% of applications in the same timeframe, compared to 28% currently.

8.

Achieving business priorities relies on people.

52% of executives cite culture change and change management as the top constraint to achieving business priorities.

9.

Automation progresses somewhat.

Executives indicate some progress in the “implementation done” stage for robotic process automation (36%, up from 24% last year), enhanced process automation (18%, up from 16%), algorithmic automation (13%, up from 5%). These findings are generally in line with the averages across industries.

10.

Deglobalization and supply chain resilience are C-level concerns.

C-level executives cite higher impacts of deglobalization and supply chain resilience, particularly in the cargo subsegment. Notably, more North American executives (64%) cite supply chain resilience than do their European counterparts (27%).

5 recommendations to stay relevant for the future

1. Prepare for future supply chain disruption.

Deglobalization and supply chain reconfiguration are once again board-level topics, triggered by events including the war in Ukraine, container crisis and pandemic. Climate change also plays a major role as flood devastation and extreme temperatures affect asset availability and resilience. In the long term, companies should evaluate local sourcing and distribution models that harness sustainability principles and advanced automation. In the short term, they must closely monitor supply and demand and consider increasing buffers for critical goods. Quality data will be foundational to managing future disruptions, along with investments in supply chain dashboards, AI, advanced analytics and control tower functionalities.

2. Use accurate, actionable data to improve sustainability.

Climate change increasingly affects the movement of people and goods. Transport and logistics organizations must maximize the use of data to advance climate goals through insights-led, responsible practices and ecosystem collaboration. Building, connecting and tracking sustainability data across the value chain optimizes logistics, improves decision-making and fosters innovation. Robust environmental impact tracking increases visibility into energy and resource use. Additionally, data insight can help companies experiment with more efficient models, such as bundled deliveries and more sustainable transport choices for passengers. Data also enables a better understanding of customer behavior and helps steer that behavior toward more sustainable options.

Case in point



Digital twin of trains helps improve passenger satisfaction and cut costs

CGI has created a digital twin for the Dutch Railways that includes, amongst others, consistent, real-time travel information to passengers across its fleet of over 764 trains, real time location and velocity data, and data on the train's technical condition. This has led to valuable data insights leading to higher passenger satisfaction, lower maintenance costs, and improved rail network efficiency.

“We have a lot of sensors on our trains that transmit data onshore, even from older trains, and from that, we’ve made a mobile app so people can see train locations and where the open seats are. The solution has made it possible to improve our business and our customer experience.”

Wim Liet, Program Manager, IT at Dutch Railways

3. Intensify the interaction with your customer.

Improving customer interactions is a growing priority for transport and logistics companies. Customer demands are rising every year, as they expect to be digitally informed and in control of the entire (cargo or passenger) journey. Transformation starts with understanding and aligning on the results required to deliver value for customers. Therefore, digitization must include designing the customer experience across the complete customer journey. It requires insight into operations and demand, as well as customer reactions to differentiated prices or information.

4. Improve business agility to reinvent for the future.

Dynamic markets require the agility to quickly innovate products and services, and shift to new business models. Yet, only 1 in 4 transport and logistics executives feel their business model is highly agile when addressing digitization. Keys to success include:

- Establish a clear vision for how business agility can improve outcomes.
- Get everyone on board and synchronize IT and business priorities.
- Align governance with execution via steering groups and escalation levels. It's not only about being on time and on budget; it's also about changing direction as needed.
- Empower leaders to embrace and champion the change.
- Experiment and learn as transitioning to an agile organization is a journey.



Case in point



Creating an operational control center POC for Transavia using a linked data semantic model

Together with Transavia, CGI developed a proof of concept (POC) for an operational control center solution using a linked data semantic data model/ontology from IATA (International Air Transport Association) to integrate a series of previously disconnected and non-interoperable systems and databases. With this solution, the operational control center can make well-considered choices that are cost efficient and still deliver a good service, more quickly. An additional benefit is that the information and knowledge are preserved and easy to share.

5. Modernize your application and IT environment strategically.

Many transport and logistics organizations struggle with hundreds of legacy applications, data sources and integrations. This technical debt often drains resources needed for innovation. Around half of executives plan to increase application modernization and cloud migration in the next 2 years. Here are key considerations for building modernization environments to increase agility and scale:

- Don't rush to the cloud with lift and shift. Take an insights-led approach and accelerate with an industrialized modernization factory for scale.
- Tackle legacy core systems through a strategic domain-driven rebuild or replacement.
- Modernize foundations for adaptiveness and composability.
- Build modern data capabilities and drive productivity with intelligent automation.

Read more about the 2022 CGI Voice of Our Clients insights:

- > [What digital leaders do to accelerate results](#)
- > [Impacts of macroeconomic trends](#)

Case in point

Transforming operations and customer satisfaction with modern IT and automation

DB Netz AG, which owns and operates most of the German railway network, wanted to digitize the route planning and quotation process to provide faster proposals for adhoc cargo train requests. CGI helped design and construct an advanced planning system that digitizes and automates most of the planning process, helping DB Netz achieve 3% more rail cargo train path capacity on the core cargo network, improved network utilization with 5% lower average transport time and the functionality to schedule and book train paths online within just three minutes.



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 outcome-based to help accelerate returns on your IT and business investments. Our insights represent deep knowledge of industry trends and your business and IT priorities.

For the latest [CGI Voice of Our Clients](#) industry insights, and to consult with one of our experts, please [contact us](#).

