



Automotive Logistics Think Tank - Next Generation Warehouse



UKWA CEO Peter Ward was invited to moderate a Think Tank on Next Generation Warehousing at the recent Automotive Logistics UK event on December 4th, attended by 3 automotive OEMs, 4 suppliers of warehouse technology/automation and 1 3pl. He reports keen interest from participants in the big issues including a shrinking labour pool and the myth that robots and automation are the cure to the crisis.

- *Adoption of automation*

Despite robotic technology being readily available, increasingly affordable and portable, automotive OEMs expressed frustration at the slow take up of automation within the logistics sector. Portability, in particular, is less of an issue for automotive inbound operations as manufacturing locations are typically static in comparison to the retail industry, where multiple site flexibility is required.

Peter says, "Robotic technology is capable of replacing repetitive manual tasks, rather than replace jobs, it will create more interesting roles and help attract skilled young people into the industry. Now that costs are coming down, it is important that 3pls serving the automotive sector – and indeed any sector – really take a fresh look at the advantages."

So what are the barriers to entry for automation providers?

- *Barriers to entry for automation providers*

It seems there remains a perception that automation is a commitment to long term investment, yet this is not necessarily the case. ROI can be achieved within a short a period as a year, although this clearly depends on a company's individual requirements, with influencing factors such as shift patterns.

Legacy systems often presents another barrier, there is a reluctance to undergo radical change. Often automation requires process change, necessitating systems and IT reconfiguration, which can result in internal competition for resources

- *Continued obsession with efficiency and cost*

Automotive manufacturers have long been obsessed with efficiency and driving down cost, hence the sector's leadership in introducing world class manufacturing techniques such as Kanban and Just In Time. There remains a sustained and obsessive focus on cost per unit, flexibility in sequencing and the need for a better response to fluctuating demand forecast.

How can outsourcing to 3pls support this?

- *Perceived risks of outsourcing to 3pls*

A big concern around outsourcing to 3pls appears to be cyber risk. As technology continues to evolve at a rapid rate, the need for increasing integration of data between parties – for example, Big Data and IoT - was recognised, but sharing of data and IP as a requirement of collaboration was seen to drive increased risk of cyber breach. The feeling was that cyber risk was likely to be a bigger threat going forward.

Peter says, "UKWA has already identified the rising risks of cyber crime and have highlighted the importance of addressing the problem. That's why we are partnering with Perry insurance specialists Appleton and Travelers to help members understand where they may be vulnerable, to recommend measures to minimise the risk of attack, with response and recovery support to ensure Business As Usual should a breach occur."

There is also a sense amongst automotive OEMs that 3pls were slow to understand the trend away from using historic to predictive data, which informs better decision-making.

- *What of the future?*

The emergence of EV will reduce number of parts required within power train, but the increased trend toward Build To Order will uphold the high levels of complexity. 3D printing

was identified as an emerging opportunity for the local manufacture of key components and embracing new technology in the form of robotics and automation was inevitably ahead, moving away from manual processes, improving efficiency and creating new careers for young workers.

“The Next Generation Warehouse Think Tank offered a fascinating insight into the views of those working in the automotive sector, preconceptions about 3pls and anxieties about outsourcing logistics. This will be a big topic for UKWA at the next National Conference, where we hope to break down some of the barriers, share best practice between industries and open up new opportunities for collaboration. Thanks to the organisers of Automotive Logistics UK for providing a great forum for such a valuable exchange of knowledge and expertise.”

Ends.