Hot technology trends

The opportunity for wholesalers

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BCP's Richard Marshall looks at some of the hottest technology trends in the Wholesale sector

I spotted a new book title the other day - 'The Great Acceleration' - and thought how aptly that described the staggering pace of change and technological innovation that's reshaping the business world today. And there's no sign of the speed or diversity of either abating. Add to this the interconnection of many elements and it all becomes a complex labyrinth of change, which can be difficult to understand. Yet wholesalers must take advantage of relevant developments if they are to thrive going forward. So, here's my attempt to simplify it all - my top five hot technology trends:

INTERNET OF THINGS (IoT)

So what is it?

The concept is becoming increasingly broad, but at a basic level it's pretty simple. It's about connecting physical objects or devices over the internet, letting them talk to us, applications, and each other. So it's a network of connected "things" anything with an on/off switch, each embedded with a sensor to gather data and take action across a network. It could be a smart fridge in a restaurant kitchen which texts the chef when items are over their use by date or depleted so he can re-order from his wholesaler, an energy efficient warehouse with automatic control of lighting and heating or demand-aware warehouse fulfilment, where warehouse automation and robotics are driven by real time online, depot and store demand, thereby improving stock management and service levels.

Analysts Gartner predict there will be over 26 billion connected devices by 2020, but others are estimating 50 or 100 billion – staggering!

So what's so great about it?

It could be the most important business change since the arrival of the PC, as it transforms the world of business from one in which SKUs and customers are disconnected points in the supply chain to one where they are tightly integrated, persistently providing data and feedback to businesses willing to listen.

It's all about digitalisation, connectivity and collaboration – to make life and work easier and more efficient.

Wholesalers are already investing heavily in the IoT and transforming their business processes. Benefits range from highly efficient stock management, better customer insight and just-in-time distribution, to real-time customised sales experiences that grow sales and loyalty. It's generally believed that over time, the IoT will touch most aspects of wholesale operations and customer engagement, with one vision of the

future being a warehouse no longer organised by aisle and shelves or slots, but an open space where automated pallets self-organise, based on real-time demand!

BIG DATA

Digitalisation and the IoT create not only a lot more data, but also new kinds of data. Properly captured, managed and analysed, this can provide new insights and opportunities - to improve customer experiences and the depth of customer engagement, to optimise use of the workforce and improve process and operational efficiency – driving significant cost savings.

Wholesale distributors are now looking for ways to drive growth from data on the multitude of connected devices on their networks. To answer questions about customer profitability/unprofitability, salesmen's contribution to profitability, cost cutting by working with suppliers, and so on.

And there's the rub – the data comes at a cost – the cost of capture and analysis. It's all about being *selective* about what data is retained, effective analysis of *combined* data from multiple sources and useable reporting for effective decision making. For wholesalers that means investing in real-time Business Intelligence tools and/or integrated business systems which can provide actionable information.

ECOMMERCE

People still tend to immediately think of ecommerce in a B2C context – Amazon, Tesco and the like, but it's now just as important in the B2B world. Wholesalers are having to address the challenges associated with creating an effective ecommerce strategy and this means implementing an online system with the sophistication, ease of use and features of everyday B2C sites, but with the specialist functionality required for the B2B sector, like complex pricing and promotions and account management features - a true ecommerce solution rather than a basic online ordering system.

The requirement is made more pressing by the mobile revolution creating an 'on-the-go', 'always on' culture, demanding service anytime, everywhere.

Recent research by Forrester predicts that in just three years wholesalers and manufacturers will outstrip retailers in ecommerce technology investment.

CHANGING SUPPLY CHAINS

The internet, mobile technology and the emergence of multichannel have created a new breed of phygital customer with higher expectations in terms of choice, speed, convenience and a seamless buying experience across all channels. Wholesalers' customers are now looking not just for a bulk delivered or Cash & Carry service, but also buying online or direct from a manufacturer – when and where it's convenient for them, flexible delivery, collection and returns options.

The repercussions for the supply chain have been, and will continue to be, drastic. There's a need for a much more complex, flexible and interconnected supply chain; a demand for a whole new level of transparency, collaboration and real time stock information at every touch point, alongside robust, agile warehouse procedures and flexible stock movement to meet new order demands.

Wholesalers are realising that it's not enough to have an impressive ecommerce front end. The back end stock and warehouse operations and management systems are just as critical. A strong back end system has the ability to streamline operations by providing detailed *real-time* information as well as the *flexibility* to allocate stock from diverse locations to specific orders, thus ensuring that a customer receives their

order without any complications. And there's a trend to more integrated systems to provide the uniform platform and transparency that underpin success.

Distributors are already embracing mobile technology to improve accessibility and efficiency – a trend which can only be expected to continue. And growth of the IoT will help improve visibility across the whole supply chain, to the benefit of all participants.

SMARTER WORLD
There's a whole gamut of things which fall under this umbrella. From smart energy and water technologies to AI (Artificial Intelligence), smarter robots, wearable technologies, smarter printing, driverless vehicles and drones.

While some of these innovations are still in the hype phase others are already having an impact. 3D-printing for example is already a reality, significantly altering the supply chain, and moving ever closer to a scenario where it's used for mass, rather than order-specific production, while wearable technologies, like Google Glass, which never took off with consumers, is now finding a niche in the logistics industry where it is, for example, being tested for "vision picking" by Exel in the US.

Increased automation and robots are making inroads in both manufacturing and warehousing, while, with the last leg of delivery notoriously the most difficult and expensive, solutions to cut costs here are high on the development agenda. Autonomous robots – so called Starship bots – and drones are already being deployed or trialled by the likes of Amazon and UPS, while driverless vehicles are expected to have a significant impact over the next 10 years or so.

So that's my top five guide. I believe these and other emerging technologies will help to reshape the wholesale sector and wider supply network in which it operates over the coming years, enabling the development of new and more effective business models, increased efficiency and profitability. Wholesalers who embrace change will grow faster and more successfully than their competitors – and that's a fact!

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