Where collaboration meets change — unmasking the transport and logistics landscape with industry leaders

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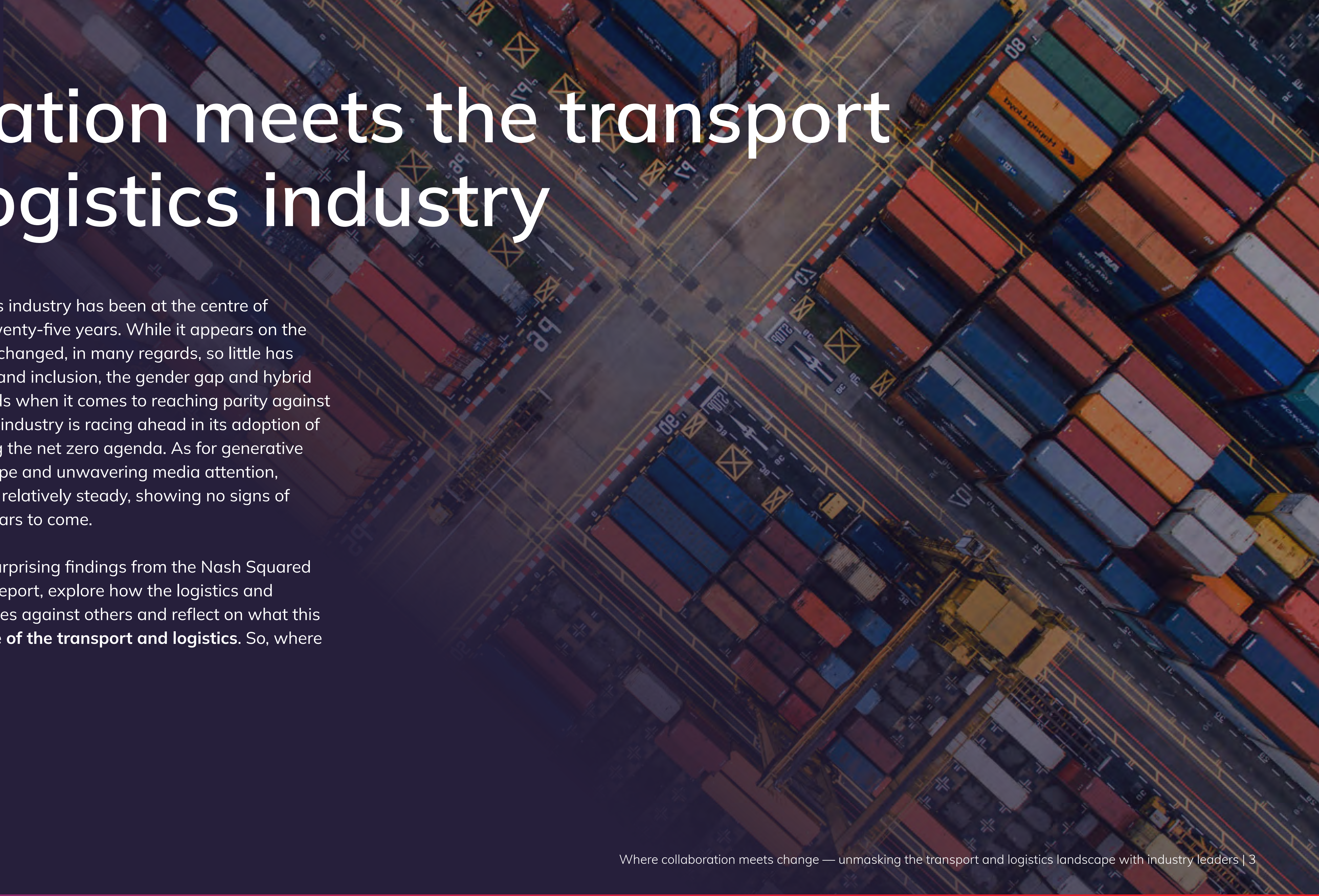
What’s inside

Innovation meets the transport and logistics industry



The transport and logistics industry has been at the centre of innovation over the last twenty-five years. While it appears on the surface that so much has changed, in many regards, so little has moved forward. Diversity and inclusion, the gender gap and hybrid working still remain at odds when it comes to reaching parity against other industries, while the industry is racing ahead in its adoption of automation and mastering the net zero agenda. As for generative AI, despite its immense hype and unwavering media attention, its implementation stands relatively steady, showing no signs of acceleration for several years to come.

In this eBook, we reveal surprising findings from the Nash Squared 2023 Digital Leadership Report, explore how the logistics and transport industry compares against others and reflect on what this **truly means for the future of the transport and logistics**. So, where do we begin?

About the Nash Squared Digital Leadership Report 2023

The Nash Squared Digital Leadership Report looks at real data from influential technology leaders across major industries. In its 25th year, **the Digital Leadership Report is the world's largest and longest running survey of senior technology decision makers**. Launched in 1998, and previously called the CIO Survey, it has been an influential and respected indicator of major trends in technology and digital for over two decades.

2,104
respondents

86
countries

160,000
data points

20
industries

Transport and logistics respondents

68
respondents

86
countries

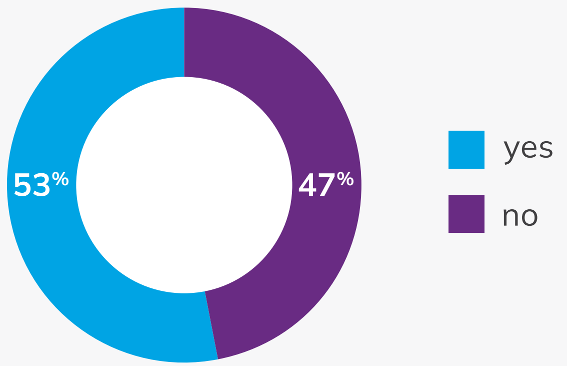
49
organisations
<**$50m** budget

10
organisations
$50m - $249m
budget

9
organisations
>**$250m** budget

Leading the way with net zero ambitions

Over half have a net zero target



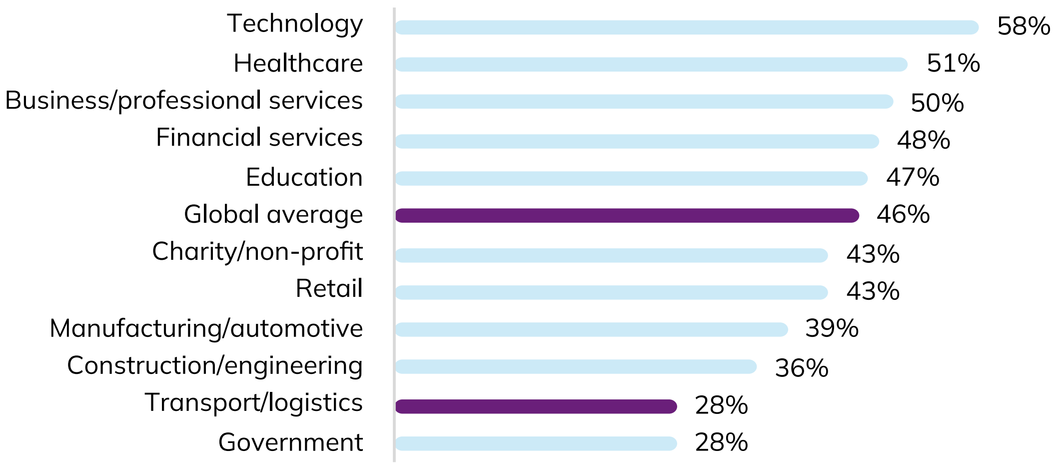
Does your organisation have a net zero target?

When analysing the data from our Digital Leadership Report, just under half of all the digital leaders surveyed stated that their organisation had no plan in place to reach net zero, underscoring the work that still needs to be done to shift to more sustainable business models.

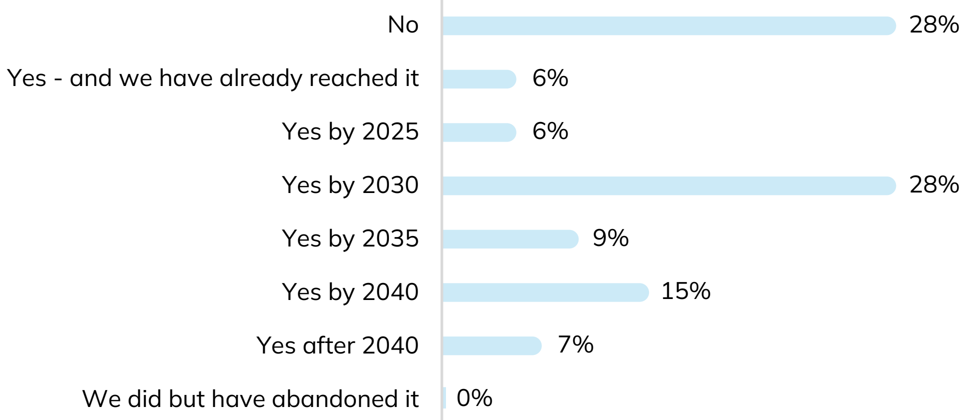
The technology sector ranked first as the worst offender, with almost six in ten organisations lacking any substantial plan. Despite the widespread **'move to green'** campaigns and ESG initiatives, progress in sustainable business practices is slow and organisations are still lagging behind when it comes to producing any tangible results.

Yet, for the transport and logistics industry, the story appears to differ. Comparative to industries like technology and healthcare, (**58%** and **51%** have no plans), only **28%** of transport and logistics organisations report lacking any substantial strategy for achieving net zero. What's more, out of those in the sector who have set themselves a target, **71% are expecting to reach it and almost all are expecting to achieve their goals by 2040** – a very promising outlook for the industry. But what's to blame for the discrepancies in the data across industries?

Does your organisation have a net zero target? 'No' by sector



For transport and logistics - does your organisation have a net zero target?



Setting the industry apart

Technology leaders owe these variances to the nature of the industry. What's traditionally considered as a 'dirty' industry, logistics business leaders are naturally forced to take action around their sustainability practices, driving a sense of urgency and determination among these heavier industries. This is echoed by statistics in our report taken from the construction and manufacturing sector where **39%** and **36% report a lack of preparedness for net zero**, below the global average for all industries.

Interestingly, return on investment and price sensitivity was highlighted as another contributing factor. In today's market and economic environment, clients are increasingly price-sensitive and therefore aversive to rising costs.

If net zero truly is an ambition of the industry, sustainability goals need to meet ROI objectives to create a real difference, and only then, will net zero become a shared ambition for all organisations.

The disillusionment of progress

But is the industry truly ahead of others, or are we simply falling under an illusion? While progress may be heading in the right direction, there remains a considerable amount of work to be done. Promoting, for example, the adoption of electric vehicles to consumers can help to advance the sustainability agenda and reduce average consumer lifetime emissions. Driving educational programmes and campaigns furthermore will encourage consumers to be mindful of their behaviours and their individual impact on the environment.

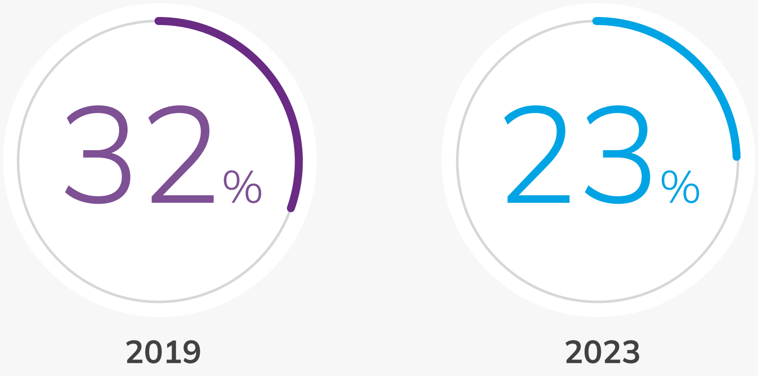
Regardless, there is an overwhelming consensus among transport and logistics organisations regarding one thing: as leaders in the field, it is **our responsibility to drive the net zero conversation forward**. And the most obvious and impactful method of achieving this is through cross-collaboration across organisations, councils and governments.

What can transport and logistics organisations do to encourage sustainability?

- Collaborate across businesses
- Active promotion of green vehicles
- Drive educational programmes and campaigns
- Communicate with suppliers on company-wide net zero policies

Cyberattacks on a downward trajectory globally – but not for logistics

Percentage of reported major global cyberattacks

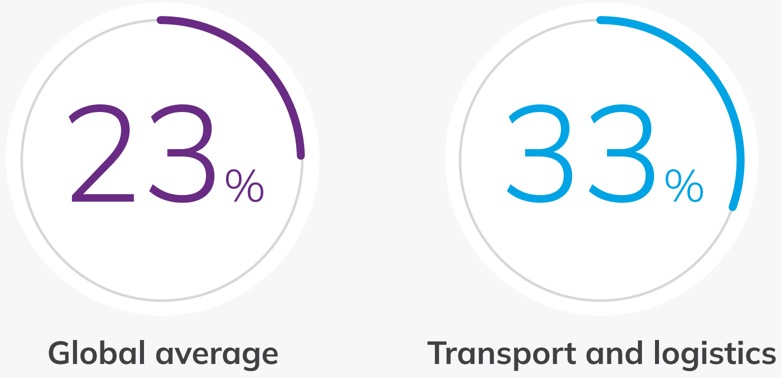


(Based on all industries average)

A relief for many, the Digital Leadership Report found that **cyberattacks are on a downward trajectory as global rates were reported falling from 32% in 2019 to 23% in 2023** – perhaps explainable by the tightening of cyber awareness initiatives and investments towards cyber programmes over the last several years. Business leaders are now adopting multilayered approaches to protect their data and operations against cyberattacks coming from both external sources (such as organised crime, foreign powers, etc.) and internal sources (insiders). **But for the logistics and transport sector, the threats are still very prominent**.

Logistics and transport organisations under fire

Has your organisation been subjected to any major IT security or cyberattacks in the last 2 years? 'Yes'



33% of respondents from transport and logistics organisations reported being the subject of cyberattacks over the last two years alone, highlighting the urgency for resilient strategies and cybersecure organisational cultures. Thankfully, the industry is waking up to the dangers. **Logistics organisations are realising the importance of cybersecurity, hiring more frequently for less industry-traditional roles such as Head of Cybersecurity to secure their bases.** For organisations, instilling a multi-faceted approach to cybersecurity and scaling cyber talent has grown as a pivotal investment priority, particularly for those who work with sensitive client data day-to-day.

We must also not forget about the importance of leading from within and **building a culture around cyber awareness.** No matter how tedious it may seem, designing simulated attacks, training and teaching is essential in protecting organisations from the devastating ramifications of cyberattacks, particularly given that employees are the weakest link in the chain.

But, how far down the supply chain can organisations truly account for their cybersecurity? While organisations may have their front lines protected, third parties, partners and suppliers down the supply chain leave gateways for cyber criminals to enter if left insecure or outside of security protocol.

The advancements in AI and generative AI have raised further concerns, aiding cybercriminals in launching a new wave of sophisticated and frequent attacks.

The natural question on the top of our minds - is this just the beginning of a cyber war?

Discover NashTech's article about
the risks of generative AI in cybersecurity.

Read now →

Tips for protecting transport and logistics organisations against cyberattacks

1. Foster an internal **culture of security**
2. Implement **zero trust** models
3. **Review suppliers** and their defence lines
4. Ensure **infrastructures are up-to-date**
5. Implement **security controls** and **monitor attack surfaces** continuously

AI adoption is progressing steadily across the industry

38%
of transport and logistics organisations are implementing AI

22%
are in the piloting-phase

31%
adopting small-scale implementation

7%
engaging large-scale implementation

15%
have not considered AI

The **Digital Leadership Report** shows steady adoption of AI and machine learning technologies in the logistics sector, possibly driven by the need to handle vast amounts of data (IoT) and improve efficiency. **38% of logistics respondents reported their organisation dabbling in AI and machine learning in some capacity**; 31% reported a small-scale focus and seven percent a large-scale AI implementation.

Our experts at NashTech predict AI adoption to accelerate dramatically over the coming years as efficiency and the market moves forward at faster rates than ever before.

> The potential for AI to transform whole industries is real. Even after you factor out the ‘hype’ of generative AI the scope for transformation is astounding. Embracing AI, and more specifically generative AI, is essential for all digital leaders particularly in logistics which creates petabytes of data daily.
>
> **George Lynch**
> Head of Technology Advisory, NashTech

But the data is unconvincing. When assessing the actual penetration of AI within logistics organisations, it is relatively low with only seven percent of organisations reporting large-scale implementations of AI, and this figure has remained stagnant over the last five years.

7%

of organisations have initiated a large-scale AI implementation

A concern raised by organisations, ‘building a successful business case’ appears to be a significant blocker for transport and logistics organisations looking to implement large-scale emerging technologies. With tighter margins, stricter budgets and economic constraints, measuring the return on investment and impact on the bottom-line that technologies like AI and automation bring accurately is difficult to get right. Justifying these hefty technology investments against potential risks is made more challenging, especially when cultural resistance to change plays such a vital role in its success.

Misleading hype as generative AI implementation remains flat

What percentage of transport and logistics organisations are trialling generative AI?

38% for creating or testing new code

28% for authoring documents

43% for automating interactions with customers (chatbots)

When it comes to the emerging trend of generative AI, **38%** of respondents in the logistics and transport industry reported leveraging it for creating or testing new code, **28%** for authoring documents and **43%** for automating interactions with customers (chatbots). The top two reported challenges of organisations implementing generative AI were **data privacy** (a concern for more than one third of digital leaders) and **data trust** (hallucinations and data bias). The data validity aspect of generative AI has been under constant scrutiny across all industries over the last year.

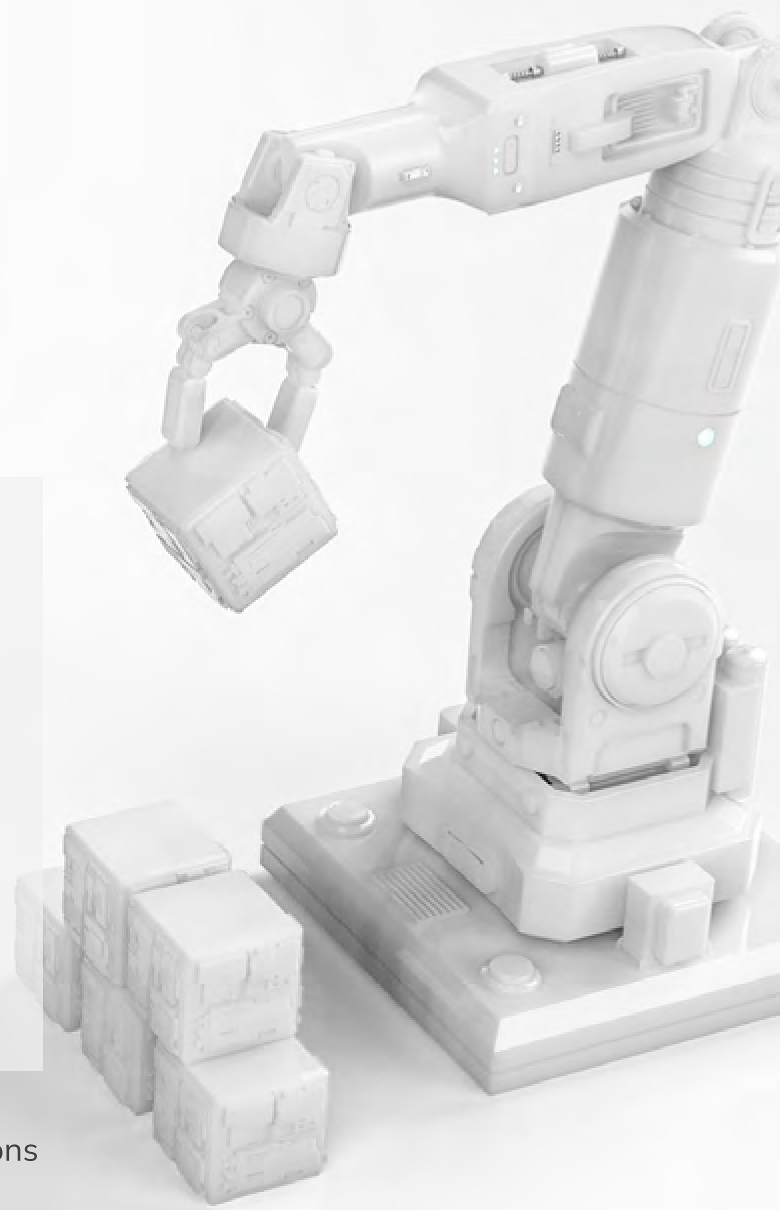
Indeed, feedback from clients reveals a sense of frustration from organisations attempting to leverage chatbots for driving the customer experience. Since quality of model outputs depend, fundamentally, on the data its fed in the training phase, organisations that lack quality data are obtaining only mediocre results.

But the cat is out the bag. As organisations, globally, rush to implement generative AI into their business processes, transport and logistics organisations must also reconsider their priorities to remain competitive.

Overall, despite the media hype, the true adoption of generative AI amongst our respondents remains **fairly modest** – but let's see how this evolves in the coming years.

Scan or Click

Where does the industry stand with automation?



Percentage of transport and logistics organisations implementing automation

26% small-scale implementation

14% large-scale implementation

14% piloting

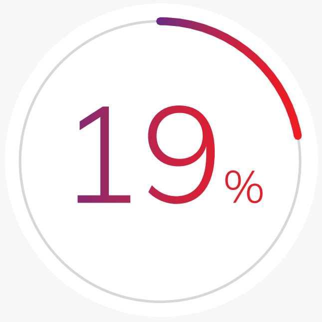
16% Actively considering

29% Have not considered

Automation is being recognised by the transport and logistics industry as a valuable asset for driving efficiency, delivering quality services to customers and reducing manual intensive labour. **Our Digital Leadership Report found that 40% of transport and logistics organisations are implementing robotic process automation** (RPA) on some level, surpassing the global industries average of **33%**. Among these, **26%** are undertaking small-scale implementation projects, while **14%** are embracing large-scale implementation, highlighting its potential within the transport and logistics landscape.

In the warehouse, automation is streamlining supply chain operations and, in cases like dark warehouses, replacing the need for human intervention altogether. Beyond this, use cases in the industry extend to customer relationship management (automating interactions with customers) and processing large influxes of data, as well as other time-consuming activities. A question we often hear, what does this mean for the human workforce?

Displacement of human employees is underwhelming

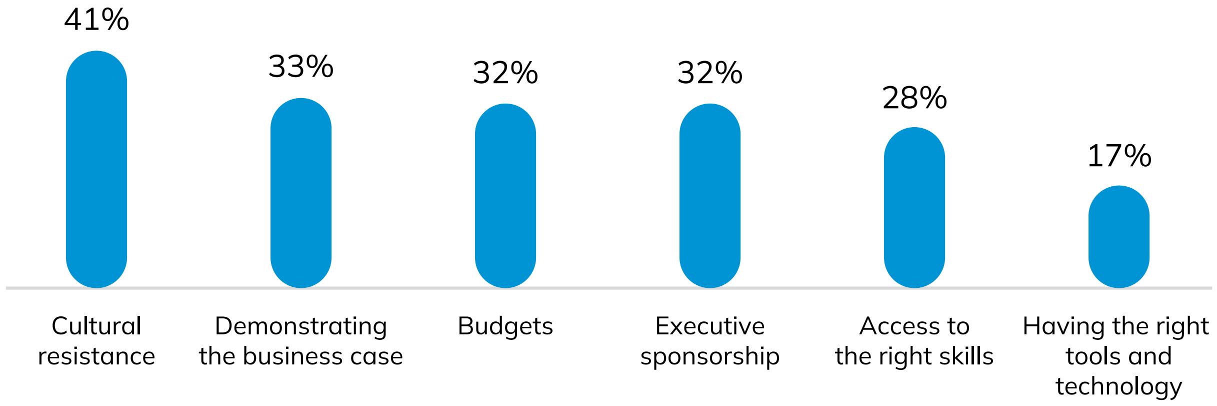


of the transport and logistics workforce to be automated in the next five years

We can rest assured that your job isn't going anywhere anytime soon. Despite the emergence of human-free operations, such as dark warehouses, our data indicates that claims of robots displacing our jobs in the workforce lack any real validity. **Transport and logistics organisations predict only 19% of their organisations to be automated over the next five years.** But there may be other factors at play.

The automation challenge

Largest challenges in achieving an effective automation strategy



There are obvious signs that organisations are struggling to attain the full benefits of automation, changing its narrative from a business commodity to a complex maze that demands careful navigation. When asked about the main challenges in achieving an effective automation strategy, **41% of respondents blame cultural resistance, followed by 33% who struggle with proving a business case and 32% justifying budget investments**. For us, it's clear that transport and logistics organisations are still struggling to derive any substantial value from automation initiatives and there is a mismatch between its inflated expectations and reality. Furthermore, although automation may alleviate a degree of problems, ultimately it fails to eliminate the roots of these problems. Let's go back to the example of data quality. While data entry processes can be offloaded by automation, it cannot fix any underlying data quality issues. If data collection is poor, analytics will also be poor, regardless of automation.

Is hybrid working attainable for a hands-on industry?

Does your organisation have a policy of ensuring employees spend time physically in the office?

Organisation has a policy for working in the office	
Broadcast/media	76%
Retail	73%
Manufacturing/automotive	72%
Financial services	64%
Charity/non-profit	62%
Transport/logistics	**62%**
Construction/engineering	59%
Education	59%
Global average	**58%**
Power & utilities	57%
Government	51%
Telecommunications	48%
Technology	45%
Business/professional services	44%
Healthcare	44%

The rise of the pandemic led way to a significant shift in the working model of organisations. **The Digital Leadership Report found that 58% of respondents on average globally have a policy for attending the office**, a dramatic change from what was once mandated five days a week in the office. On average, smaller organisations require two days a week in the office while larger organisations require three days. Perhaps since organisations report driving collaboration and connectivity as more challenging while remote. We have observed a significant societal shift in the approach towards working. With hybrid and remote models, employees often no longer live in the same city as their employer and flexibility has risen as a top priority for employees. This change not only has benefits for employees, but also organisations who achieve reduced real estate costs and turnover rates, as well as increased employee engagement and satisfaction.

For the logistics and transport industry, 62% of organisations have a policy for working in the office, greater than the global average and likely owing to the fact that the industry requires hands-on and physical presence. But while there are many areas of the industry that cannot operate from hybrid models, there are many functions that can, such as business development, customer success, finance, etc. Logistics business leaders agree they must explore new avenues to balance the benefits of remote work with the operational needs of the industry, particularly as it's in their best interest for promoting diversity. **Policies that mandate between zero to two days in the office per week correlate to 25% more female hires than one that mandates five days.**

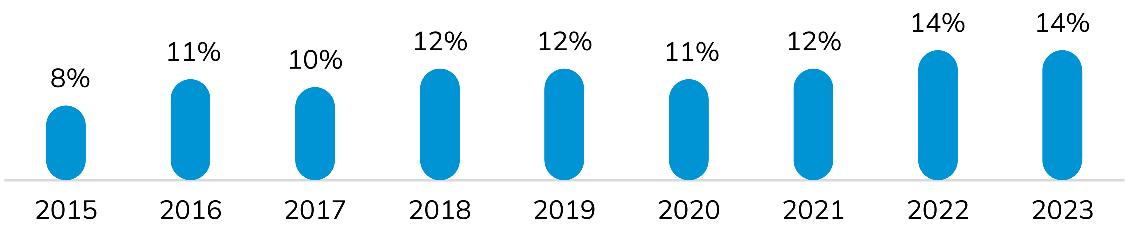
Thus, how is the logistics and transport industry performing against the gender gap claims?

25%

increase in female hires when comparing 0-2 working days in office to 5 days

Progress for women has stalled yet again

Female tech leaders

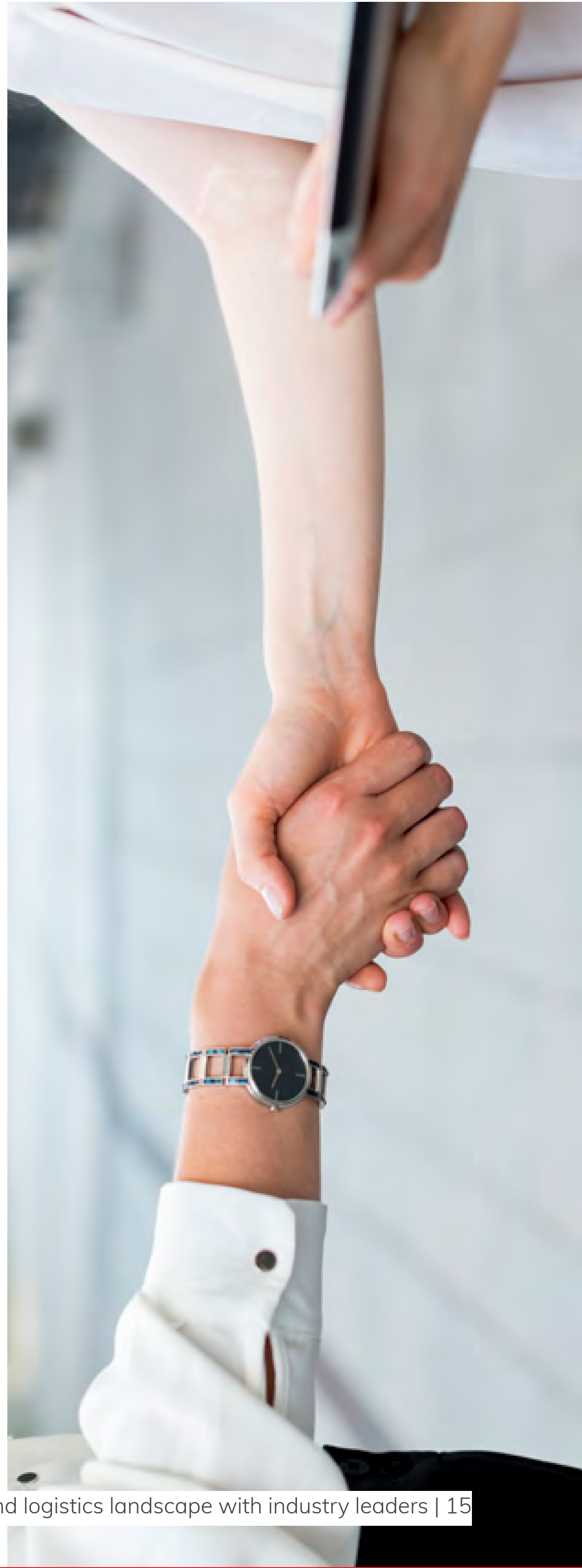


What is your gender?

The gender diversity gap has been a topic of long debate over the recent years. A disappointing finding from the report, **the percentage of female technology leaders across global industries remains stagnant at 14%, exhibiting no signs of growth in the last year.** So, what does this tell us? Across industries, the barriers for women climbing the career ladder are still very apparent.

For logistics and transport organisations, **the average proportion of females in technology teams is also flat at 20%.** Despite there being what suggests slight progress, the female talent pipeline shows no signs of significant change, with the proportion of new female hires over the last two years being only 26%. If the industry aims to achieve gender parity – appearing seemingly out of sight today – the industry must do more to encourage and support women. But how can this be achieved?

Percentage of women in transport and logistics organisations



Driving parity in transport and logistics

The lack of female representation in the transport and logistics industry highlights the need for more industry promotion within higher education. Increasing presence at university fairs, conducting talks and events, and taking proactive steps towards educating students on the different career options in the logistics industry is the first step to increasing diversity. And as a result, welcoming new perspectives and voices in the industry that drive real change.

But it's not just about attracting new talent, retaining talent is just as important, underscoring the delicate interplay between hybrid working models and encouraging diversity and inclusion. Organisations implementing flexible working models have lower rates of employee attrition, attract more women and increase the quality of hires. Evidently, a win-win scenario for both parties.

> "We need diversity for diversity of thought.

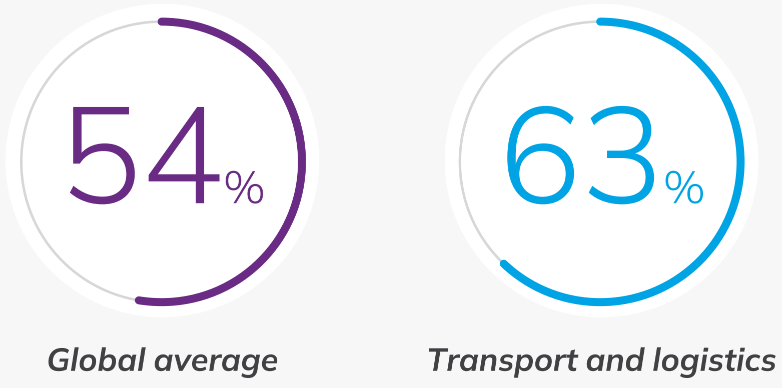
Richard Atkinson

Deputy Director - Executive Education (Supply Chain and Engineering Leadership) at Aston University and Regional Midlands Chair at CILT

Skill shortages

A growing skills shortage, particularly in areas like software engineering, technical architecture and cybersecurity is posing a significant challenge for the logistics and transport industry. **63% of respondents reported that skill shortages are preventing their organisation from keeping up with the fast pace of the industry, higher than the global industry average that sits at 53%.** The cost-of-living crisis is contributing to the skill scarcity, making salary demands unattainable for organisations.

Does a skill shortage prevent your organisation from keeping up with the pace of change?



What's behind the skill shortages?

A notable observation, many job titles that are present today were non-existent years before. Not only are organisations facing a new set of skills that they must hire for due to expanding roles, but it is also difficult to justify these new roles and measure their direct impact on business operations since they were non-existent before.

Moreover, the rise of remote and hybrid roles means that organisations are competing for the same talent but from differing locations. Where budgets do not align with salary expectations, higher paying locations like London are winning the talent.

Overcoming the skills shortages ultimately comes down to educating the younger generation about opportunities in logistics and supply chain to encourage and attract new talent and implementing fair and attractive flexible working.

Key industry takeaways

Taking the lead in net zero ambitions

The logistics and transport industry is steaming ahead in the net zero agenda. **70% of transport and logistics organisations are on track to reach their net zero goals by 2030**, an impressive win for the industry. But what more can be done to promote sustainable business practices?

AI adoption remains steady

AI adoption remains steady despite the hype surrounding generative AI. **Only 7% of transport and logistics organisations report implementing large-scale AI projects**, indicative of challenges. Building a successful business case and justifying budgets have been highlighted as major barriers to successful adoption.

Skills shortage holding back progress

63% of transport and logistics respondents reported that skill shortages are preventing their organisation from keeping up with the fast pace of the industry. Driving educational programmes and implementing attractive employment packages are the key to overcoming this.

Gender parity out of sight

There are still apparent fundamental challenges in tackling the gender gap for the industry as **female technology business leaders remain stagnant at 14%**. The stalled progress for women in the transport and logistics industry is alarming, calling out for better initiatives, educational programmes and flexible working models to encourage female employment.

Automation is recognised as a valuable asset, but the results say different

40% of transport and logistics organisations are engaging in robotic process automation on some level and, despite the fears of job displacement, the figures show the dangers are yet to be found. But the challenges persist, cultural resistance to change, developing a business case and measuring ROI are causing barriers to its growth.

Don’t let your guard down – cybersecurity still a major concern

While we are observing a reduction in the rate of cyberattacks across global industries, the transport and logistics industry is still suffering, with **33% of respondents reporting being the subject of cyberattacks over the last two years alone**. Resilient strategies and cybersecure organisational cultures are in high demand, but where do we start?

We are experts in technology, delivering smart solutions that solve business challenges and create value. Our award-winning teams apply deep expertise and passion to deliver complex IT projects globally.

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