



Future Supply Chain Model

The Tasmanian Freight Logistics Council (TFLC) recently provided financial support towards an Australian Logistics Council (ALC) project to undertake the necessary research and planning activities to bring about the development of a new set of business models for future supply chains in Australia.

The overall objective for the Future Supply Chain 2020 project was to leverage the work from the European Future Supply Chain 2016 report and develop a fit for purpose view of possible future Australian supply chains reaching out to 2020.

The final report has been issued and can be read [here](#).

This report represents the product of a long period of enquiry and engagement with key stakeholders from across the Australian logistics industry led by the Australian Logistics Council and a group of national transport and logistics (T&L) industry stakeholders. The intent has been to build perspectives and scenarios for the future shape that supply chains in Australia could take in the next decade.

The process of planning, implementing and controlling the efficient cost effective flow and storage of raw materials, in-process inventory, finished goods and related information from point of origin to point of consumption for the purpose of confirming to customer requirements.

The report highlights a number of key influences, forces and drivers that the Australian T&L industry is currently experiencing that the industry stakeholders believe will remain constant or may increase in intensity over the decade ahead. Through a consideration of these influencing forces the industry stakeholders developed a roadmap for the journey that Australian supply chains will take over the next decade.

Key forces and influences that will shape the supply chain of the future include:

- External economic, environmental, social and political pressures are combining and growing in influence to force stakeholders to reconsider existing business model assumptions;
- Impending risks to the continuity of energy supplies require stakeholders to recognise the commercial, economic and social sustainability impacts that will need to be addressed;
- Emerging internal pressures from across the T&L industry are driving participants to challenge existing business and technical operating assumptions in search of competitive advantage; and

□ Global supply chain trends are placing new pressures on regulatory frameworks. A failure to adapt will see the T&L industry lose cost efficiency, value effectiveness and environmental sustainability; all of which would have an adverse impact on the international competitiveness of the Australian economy.

Step-change thinking and industry-wide innovation is required if Australia's future supply chains are to be both economically productive and environmentally sustainable. Industry stakeholders believe that the Australian T&L industry can learn and prepare for the future by considering thought leadership generated by authors and groups in other countries and economies. They consider the work of the Global Commerce Initiative (GCI) in Europe over the last decade, and in particular the „Future Supply Chain 2016“ study, provides insight and perspective that requires further consideration - recognising the unique challenges and characteristics of the Australian environment.

A major theme of the European Future Supply Chain 2016 study was the need to increase „collaboration“ between stakeholders in the supply chain across transport, warehousing and data.” Within the Australian context it is recognised that there are existing leading edge examples of collaboration that demonstrate how these approaches have been practically applied in our economy. However, industry stakeholders also appreciate that the size of the industry and competitive environment in Australia mean that further collaboration would have far reaching regulatory implications that need to be explored and addressed e.g. national competition laws.

The Future Supply Chains 2020 project commenced work in early 2010 with an innovative collaborative workshop involving a broad cross-section of industry stakeholders. In the workshop stakeholders were tasked with reviewing and assessing how recommendations from the European Future Supply Chain 2016 study could be applied in Australia. Whilst many aspects of the European study were considered by workshop participants to be immediately applicable, there was clear recognition that more work would be required on four areas of interest that related specifically to the Australian context; these were:

- Remoteness and regional issues;
- High urban density;
- New delivery modes e.g. home shopping; and
- Collaboration in the supply chain in the face of historical commercial and regulatory constraints

The European Future Supply Chain 2016 study necessarily adopted a Euro-centric industry view of what the shape and function of future state supply chains might be. The Future Supply Chains 2020 project leveraged the work completed by the logistics sector in Europe and tailored it to the Australian context.

To accelerate the process of leading change in the T&L industry an Australian version of the European Future Supply Chain 2016 study was commissioned. The “Future Supply Chains 2020” project was tasked with reviewing the European study and working with T&L industry stakeholders to consider how recommendations, which applied within Europe, may translate into the Australian context. In exploring the applicability European of recommendations and strategies the Future Supply Chains 2020 project also sought to identify issues that would require further consideration and engagement from broader industry representatives, the community and all levels of Government.

- There is opportunity for the industry to collaborate and innovate new business solutions; adopting more collaborative ways of working. This will require regulatory reform to be aligned with industry reform across all Commonwealth, State and Local Government jurisdictions;
- New models of competition may deliver long term commercial viability beyond the T&L industry and may positively impact all other industry sectors e.g. retail, services and manufacturing;
- Innovative technologies will be required on a large scale e.g. Information and Communication Technologies (ICT) have the potential to build new economies of scope and scale;
- Reframing of supply chain design and thinking will accelerate solution development e.g. looking at novel technical solutions that may inspire further economic opportunity;
- To be positioned to reflect broader stakeholder needs a balanced scorecard of measurements is required taking into account energy usage, carbon impact, and freight volumes. Supporting effective implementation of the measurements will require new reporting tools and technologies; and
- Establishment of pilot demonstration projects in all key areas will be required to explore practical actions that can lead to changes in supply chain practices.