

A little straight talk

Probably the most important ability for a logistics practitioner these days is to be able to cut through the clutter of technology buzzwords.

It's not because all of these buzzwords are unimportant. On the contrary, it's because some of the concepts behind these buzzwords will be extraordinarily useful for shippers, logistics companies and carriers.

What is often missing, though, is the context for these buzzwords. Autonomous vehicles are easy for the common person to understand, because they look like human-driven vehicles. Drones are physical objects that can be easily understood.

It's harder for us to wrap our heads around intangible developments. Things like "machine learning" and "blockchain" are concepts more than things, shrouded in code and algorithms that the lay person can't see and doesn't understand.

What the industry sorely needs is real world examples. Use cases. Practical solutions to actual problems. It also needs to be presented in plain English, not the buzzword-supporting jargon that you find in tech journals or venture capital pitches.

Which is why I found a conversation that I recently had with two technology companies particularly enlightening. The companies, Chain.io and Nousot, announced in late 2017 they were partnering on a project to help logistics service providers (LSPs) with (buzzword alert) "predictive analytics."

I've heard this predictive analytics pitch before. Software companies at this point have to include the phrase in their repertoire, even if it's not a core function or something that they're particularly adept at. Predictive analytics has become a prerequisite. But here's the thing: what does it actually mean? What's an example of predictive analytics being used to tackle a troublesome issue?

What Chain.io and Nousot walked me through was a compelling set of use cases. Chain.io was founded by Brian Glick, a veteran of the freight forwarding industry, to solve a persistent problem for those in logistics: system integration.

A better way to put the aim of Glick's company might be: how can systems talk to each other more efficiently and effectively?

At its core, Chain.io is an open, self-service application programming interface (API) hub. The construct of its technology gets a lot weedier from there, but the important part to understand is that Chain.io is trying to help shippers, LSPs and other relevant supply chain partners conduct business more smoothly through a cloud-based "data normalization" platform.

It's a noble ambition, and one that other companies are trying in different and more niche ways through broader API usage.

The partnership with Nousot is where things get interesting from a use case perspective. Nousot is primarily an automated

forecasting technology provider. Its applications aren't confined to logistics—it is general use software—but the link to Chain.io funnels logistics problems into its forecasting tool.

Through a product it calls GlobalPulse, Nousot takes tens of thousands of data sets (including economic, industrial, environmental, social, and online search data) and uses (buzzword alert) "deep learning algorithms" that build models autonomously. The models are such that they refresh continuously as new data presents itself. The engine then targets the most influential drivers of a forecast.

The idea behind Nousot's engine was to replicate the work that a data scientist (or data science team) might undertake. The program is designed to adapt and prescribe as it is fed routine or new information. What the founders of Nousot stressed to me is that, unlike most deep learning-based solutions, it isn't reliant on tons of historical data to help make predictions. The system is designed to quickly provide insight, even if the timeframe of the data collection examined is narrow. I have no objective way of knowing if this is true or not, but they presented a compelling case.

So, how about a practical example? Glick provided one: the two platforms could help a non-vessel-operating common carrier (NVO) predict where the spot market is going to be.

Since most NVOs work against those spot

markets, it's theoretically possible that advance knowledge of where rates are going might lead to something like a \$1 million dollar swing, depending on the size of the NVO.

More than that, Glick added, is where the industry is going.

"An LSP's ability to go into its client's data and extract value from that data and present it back to them will be crucial," he said.

"So that you can show them, this is where the industry is moving from a geographic sourcing standpoint, and this is what your demand forecast should look like."

Glick noted one other development that feeds into his company's sweet spot, and the potential success of the Nousot partnership: the rapidly advancing technology enabled by deep learning and APIs means the cost to ask questions is getting cheaper by the day.

"The data you need is contingent on the questions you ask," he said. "But the cost per question is so little. So, you end with a scenario like, if A, then B through Z, and then that propagates another 20 questions. But you can actually afford to ask those questions now."

Indeed, almost across the board, it's incumbent on logistics practitioners to worry less about how underlying technology works and think more about problems and solutions. You're either a coding wizard or you're not, but you don't have to be a tech wiz to leverage things like what Chain.io and Nousot are proposing. It just takes cutting through the clutter and talking about what's real. And logistics professionals are generally great at that.

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