# Transportation and Workplace Transformation:
Aligning People, Process and Technology in the Digital Era

An IDC Industry Brief, in research partnership with TELUS Business

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Why Workplace Transformation is Important for Transportation

The transportation and logistics industry is a global network made up of shippers and service providers that come in many shapes and sizes. The businesses within it enlist the services of carriers and a variety of other transportation intermediaries that provide freight capacity and value-added services. Transportation and logistics span many modes (i.e., full truckload, less-than truckload, rail/intermodal, parcel, ocean and airfreight), with providers competing for contracts with offers that address the inverse relationship between transit time and cost.

The digital mission of transportation and logistics companies is to create and offer real-time service excellence. Companies must meet and exceed the service needs of customers in ways they expect and in ways they have not yet imagined. Companies must also embrace and adopt new capabilities and technologies in the form of advanced optimization to realize improved asset utilization and savings. Those who lead the transportation industry in the decade ahead will have trialed and mastered new services that seize the greatest efficiencies, while providing improved end-to-end supply chain visibility in real time.
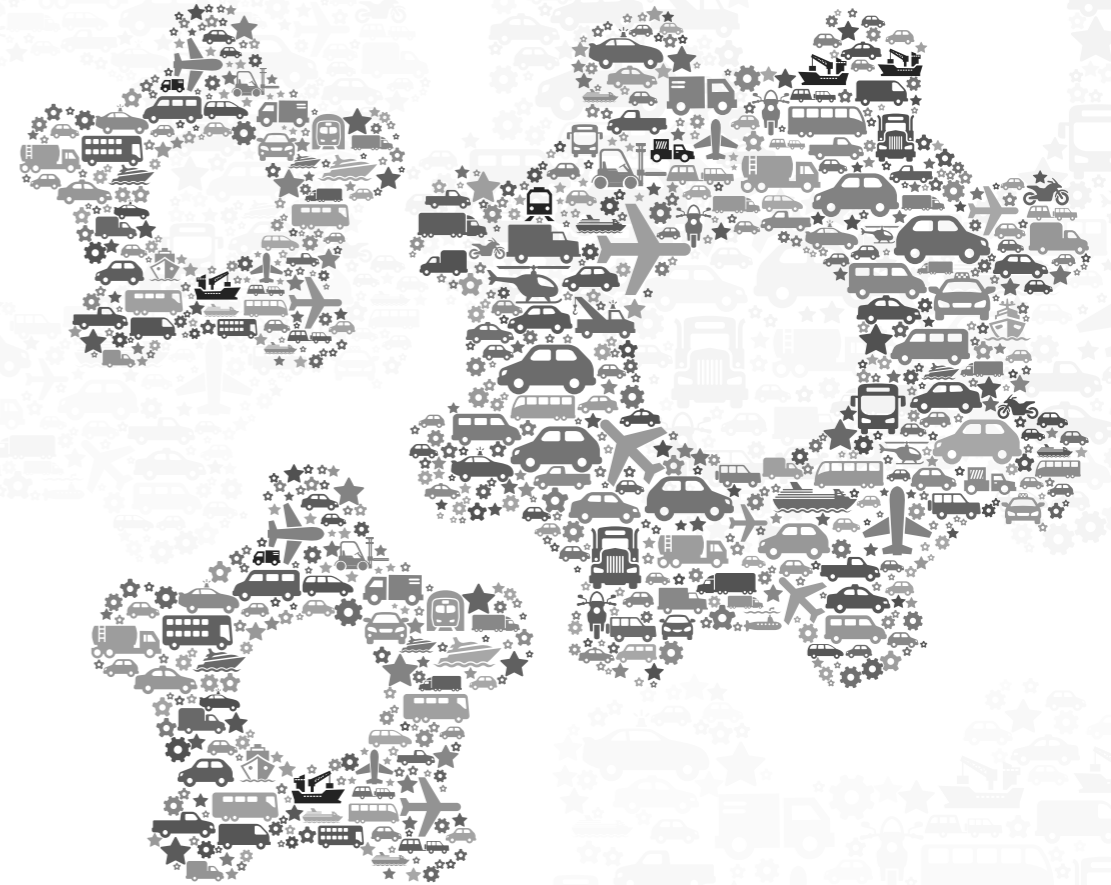
The transportation sector is being met by the winds of change. Everything from volatile energy input costs, the rise of hailing platforms, the emergence of electric powered vehicles and the advent of autonomous vehicles (from drones to cars) is changing our conception of what is possible.
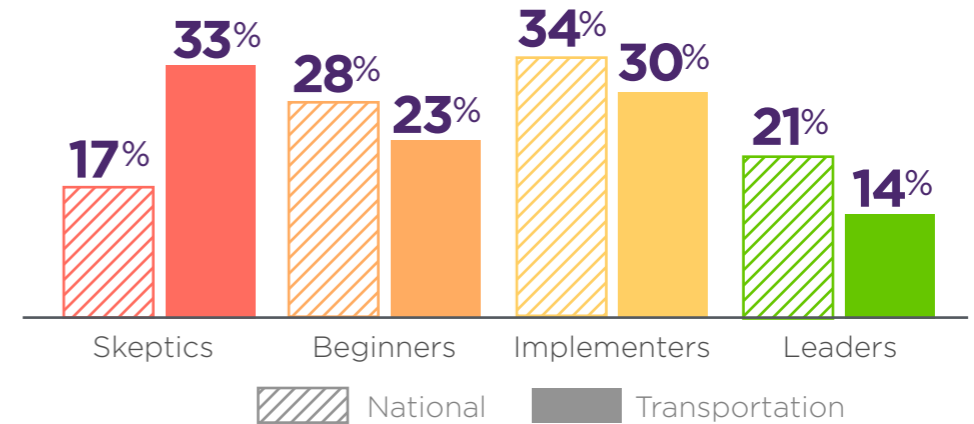
The Workplace Transformation Model

Why is this model significant?

The TELUS Workplace Transformation Model showcases current realities across medium-sized businesses in Canada. A major study involving 203 Canadian organizations, each with 50–999 employees, was conducted by IDC in the second half of 2018. There were 30 transportation respondents in the study.

The survey and model found that **transportation companies are much further behind in their workplace transformation** and more likely to be Skeptic organizations when compared with companies in other industries. This Industry Brief was designed with your business in mind. Once you have recognized your placement, it provides insights, recommendations and a path to advancement.

Workplace Transformation Model
Medium-Sized Canadian Business Distribution

	Skeptics	Beginners	Implementers	Leaders
National	17%	28%	34%	21%
Transportation	33%	23%	30%	14%

Our study found four distinct stages that these businesses fall into:

Skeptics	Beginners	Implementers	Leaders
Skeptics are unaware of, or uncertain about, the level of workplace transformation taking place today. They don't understand its advantages, and how fast they are falling behind competitors.	Beginners are starting their transformation journey. They might be building a road map and implementing one or more foundational digital solutions.	Implementers understand the need to transform their workplace. This group has already implemented one or more digital solutions.	Leaders have integrated multiple digital solutions and seen sustained improvement in key metrics. They enable work anywhere/anytime, prioritizing automation and cloud-enabled solutions to improve collaboration.

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People
Workplace Transformation Pillar One

Why are *people* part of the equation?

In an era when customer demand changes overnight, talented employees have never been more sought-after. Exceptional employees choose companies that provide opportunities to succeed, which means being enabled to work anywhere, anytime, on any device, with like-minded peers. Transportation businesses should know this more than most other businesses, given the expansive geographic area they cover.

What are the findings in transportation, and how do they compare with the national average?

> **Skills gap and transportation.** **37% of transportation respondents reported facing a skills shortage, which is lower than reported by other industries (44%)**. Transportation and logistics firms are more likely to use training and recruitment to deal with their skills shortages (like replacing long haul drivers). While the main skills shortage issue transportation businesses are dealing with is reduced productivity (64%), this sector is also more likely than others to be struggling with an increased cost of doing business (18%).

> **Transportation isn't expecting change.** Survey respondents within transportation were much less likely to report an anticipated shift in the age and experience of their workforce compared with other industries.

Only **10% expect very extensive change in the next three years**, compared with 15% expecting this nationally. This is an intriguing take that runs contrary to organized efforts, such as the Canadian Trucking Alliance launching a "blue ribbon task force" to deal with driver shortages, which it sees as the "industry's greatest long-term challenge."

> **Prepared for change?** Perhaps in correlation with a minimal concern about the issue, 27% of transportation companies indicated their businesses are very prepared for workplace change, and a further 67% indicate they are somewhat prepared — close to even with national averages.

Less likely to rely on experts

Transportation businesses are far less likely to work with companies offering IT professional services than businesses in other industries (30% versus 44% nationally), but they are slightly more likely to rely on IT outsourcing (40% versus 37% nationally).

Process
Workplace Transformation Pillar Two

Why is *process* part of the equation?

The ways in which companies design, test, build, distribute, sell and service their products matters. As Marshall McLuhan said, "We shape our tools, and then they shape us." The technologies we use to get work done have evolved, but has your workflow kept pace?

What are the findings in transportation, and how do they compare with the national average?

> **Lagging in physical automation.** Midmarket transportation respondents reported much lower investments in physical automation (3% versus 17% nationally). Given the nature of the logistics, warehousing and transportation industry, this is below what IDC anticipated. A further 33% are in progress with their automation investments, but even that lags the national mean of 39%.

> **Lagging in knowledge automation.** Despite their role as a service business, transportation companies are less likely to have adopted knowledge automation tools than companies outside transportation. They lag in industry-specific decision assistant adoption (10% versus 21% nationally) and external sales and support automation tools like website chatbots (13% versus 21% nationally). The exception, where transportation companies rank higher, is in their adoption of internal support systems like IT help desk bots (37% versus 30% nationally). Given the industry's major players are investing in self-service digital solutions as well as analytics, this is a necessary transformation step needed in order to remain competitive.

> **Enabling mobile work environments.** Transportation businesses are geographically widespread businesses. Their employees are often on the move, but they still need to collaborate. Survey findings showed relatively low investment in this area. 63% of transportation businesses have created or are creating collaborative areas within their workplace, compared with 72% of businesses nationally. Only 10% of transportation companies use hoteling offices to support workplace flexibility, compared with 21% nationally. The exception where transportation doesn't lag others? Remote work policies. 60% of transportation respondents have implemented or are implementing a work-from-home policy, just ahead of the national average (59%).

> **Ensuring infrastructure readiness.** Regularly upgrading IT, network and mobile infrastructure is critical to supporting process and automation changes that serve digital workplace initiatives. Transportation companies report slightly less readiness than other sectors, with only 13% being very prepared, compared with 19% nationally.

Characteristics/Actions of Leaders

> **Investing in IoT (the Internet of Things)**. Transportation has become increasingly connected. From ELD to geo-tracking, cold chain to storage incompatibility detection, quality of shipment monitoring to item location, and predictive maintenance to remote asset tracking, the leaders in this sector are investing in IoT to improve their processes, lower their operating costs and differentiate their services.

> **Prioritizing their network**. Ensure your employees have a fast, robust, secure network backbone to support them wherever and whenever they need to be productive. Consider a cloud-managed network to automate, simplify and secure all data traffic while protecting against local outages.

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Technology
Workplace Transformation Pillar Three

Why is *technology* part of the equation?

When your workforce is provided with collaboration technology, on a robust and secure network, it is given its best chance to succeed. Companies that empower their employees to be productive anywhere, anytime, on any device stand to surpass their peers in the digital era.

What are the findings in transportation, and how do they compare with the national average?

> **A need to prioritize collaboration and internet-connected solutions.** While transportation companies are ahead of other industries in adopting video collaboration tools like telepresence, they lag other industries in their adoption of collaboration tools like cloud-based productivity suites, VoIP (voice over internet protocol) phones, connected workforce platforms and smart building technology. Transportation businesses that aren't adopting these tools need to catch up and benefit from the cost savings and gains in efficiency that Leaders are experiencing.

> **Lagging in next-gen IT solutions.** The world is moving to cloud-enabled solutions. Transportation isn't yet recognizing the importance of this shift. The industry lags others in adopting cloud computing infrastructure, cloud-enabled network management, mobile device management, mobile business applications, data and analytics, on-premise IT infrastructure and augmented reality/virtual reality solutions.

> **Lacking a security partner.** Transportation companies are managing other businesses' logistics, as well as expensive mobile assets — because of this, cybersecurity needs to be an executive-level priority. Global logistics titan Maersk spent at least US$300 million recovering from the NotPetya attack, which stranded ships and cargo around the world. Despite a growing number of cyberattacks, survey data showed that transportation respondents were less likely to work with security consultants (30% versus 44% nationally), and the results were roughly the same when it came to choosing a partner to provide managed security services. This is a dangerous gap that needs industrywide attention right away.

Characteristics/Actions of Leaders

> **Regularly upgrading network infrastructure**. This is essential to ensuring that next-gen collaboration and internet-connected solutions can co-exist with the existing infrastructure stack.

> **Turning to a security expert**. Today's security threats are evolving — attacks occur through new vectors, at a higher rate than ever before. Leaders work with security consultants or managed security partners to ensure customers, employees, data and applications are protected at all times.

> **Combining IP-communication channels**. Consolidating communication channels such as email, instant messaging, voice, video, screen share and presence technology (i.e., unified communications) helps Leaders streamline, scale and optimize collaboration.

Workplace Transformation Recommendations for Transportation

Impact of workplace investments reported by transportation companies (KPIs)

Technology and process investments pay dividends. When asked about the results of investments in digital technologies and processes to improve how employees work, medium-sized Canadian transportation organizations reported an 11–33% surge in results, compared with an 18–31% increase overall. Customer satisfaction and reduced capex saw the highest gains, followed by new service offerings, employee productivity and retention.

How transportation respondents compare with other industries

Transportation businesses are more likely to see improvements in capex reduction (+9%), and roughly the same impact to customer satisfaction scores, employee retention improvements and employee productivity from their investments in digital workplace solutions compared with businesses in other industries.

Importance of closing the gap with Leaders

In most industries, market share and profits are being concentrated by the top companies. Early adoption of digital solutions and process governance has translated into increased productivity and profitability. Having a leadership position in all facets of innovation, quality and customer experience enables a business to control all competitive levers and move entire industries forward.

Those furthest behind in their workplace transformation experience the opposite cycle, leading to a reliance on price cuts to retain clients, or sacrifices in one area of the business to save another area — diminishing morale and returns. The calibre of employees remaining on a sinking ship then reduces the likelihood of a turnaround in fortune.

Transportation businesses can learn much from the investments Leaders have made and are planning to make. **Workplace transformation creates an opportunity for exponential growth and is forcing organizations to prioritize their attention, efforts and resources to it — without delay.**

Recommended Next Actions for Transportation Businesses by Stage

Workplace transformation ···> Next steps

1 Skeptics

> Adopting **collaboration tools** is a strong first step toward increasing the availability and ability of your workforce to innovate — anywhere, anytime, using any device.

> Creating **collaboration areas** within the workplace gives employees the ability to form and re-form environments to suit the collaboration needs of each project.

2 Beginners

> To improve employee productivity and customer experience, your business should consider **automating key processes**, ensuring employees spend less time on repetitive tasks and more time innovating.

> Your network supports most of your workforce. Ensure you have **fast, robust, secure network technology** to power your employees and avoid downtime. Consider the advantages of a **cloud-managed network** to automate, simplify and secure all your business does.

3 Implementers

> Migrating to **cloud computing infrastructure** drives increased agility, collaboration and cost savings. To store, manage and process data in real time, more construction businesses are turning to the cloud.

> With an influx in device usage, each additional connection to your network and applications makes your company more susceptible to attack. Given security is likely not your company's core competency, consider **cybersecurity consulting** and/or a **managed security partner**.

4 Leaders

> Harnessing **IoT** and **physical automation** helps your business monitor and manage assets in real time. Investigate connected solutions to improve processes, reduce costs and delight your customers.

> Streamlining tasks in real time adds value to employee work. Consider **knowledge-based automation**, including **industry-specific decision assistants, internal support systems** and **sales and support automation**.

Methodology

Survey Details

> Internet survey of 203 medium-sized Canadian organizations (50–999 employees) in October 2018.

> All qualified respondents:
>> Influenced or had decision-making authority for the technology used by employees in the organization.
>> Had detailed knowledge of both the IT and telecommunication/networking products and services used by the organization.

> 68% director or higher.

> 31% IT and 69% LOB.

> Industry demographics.

> Size demographics.

Maturity Model

> The eight questions shown below were used to build the scale. IDC equally weighted these questions.

> Questions included in the TELUS Workplace Transformation Model:
>> Number of major investments made to address workplace priorities (G03).
>> Number of workplace investments made (A03).
>> Number of workplace tech investments made (A04).
>> Level of investment in physical automation (B01).
>> Number of investments in knowledge-based automation (B04).
>> Number of talent sourcing solutions used (C09).
>> Number of major tech infrastructure investments made (D02).
>> Number of major consulting/services investments planning to be made (D04).

Message from the sponsor

Workplace transformation provides the greatest opportunity to enable a fast, agile business that innovates faster than its competitors. By aligning people and processes with measured investments in digital solutions, your organization is empowered to move at the speed of customer demand.

At TELUS, we are ready to help.

Over 10,000 Canadian medium-sized businesses trust TELUS to redefine their workplace, from initial roadmap through planning, implementation, monitoring, and optimization.

Learn more about business transformation and the technology required to redefine your workplace at telus.com/**workplaceredefined**

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