

Episode 174: Logistics 2026

Predictions: What Supply Chains Must Prepare for Now with PwC

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Richard: Welcome to the Future of Supply Chain, a podcast where we discuss the latest trends, challenges, and innovations across the global business. My name's Richard Howells, and I'm joined by my wonderful co-host Oyku.

Oyku: Hi everyone. I'm Oyku Ilgar. I'm a marketer, blogger, and of course podcaster in the supply chain space here at SAP. Today, we are going to be talking about logistics. What supply chains must prepare for now and beyond with PWCs Christian Sachse. So welcome, [00:01:00] Christian. Thank you so much for joining us today, we are so happy to have you on this series. If you could take a moment to introduce yourself, give some insights into your past experiences and your role today.

Christian: Hey, Richard, hey Oyku, thank you so much. Genuinely great to be here. My name's Christian Sachse, I'm a director at PWC Germany, and my home base, if you will, is our Center of Excellence for Logistics Transformation, and my special focus is transportation optimization. And what does this mean in practice is really operating across two dimensions simultaneously.

On the one hand, we are working with the clients on the strategic layer, so how do you fundamentally really sign your logistics footprint, your network, your operating model to be fit for the future? And on the other hand, we go very deep on the operational execution side because strategy without implementation is just a PowerPoint, right?

And it's on that operational side where I spend a significant portion of my time working with SAP as Foreign [00:02:00] Transportation Management, which I have to be honest with you, has become something of a personal passion over the last 15 years. There's something uniquely compelling about sitting at that

intersection of business complexity and technological capability NTM, when it is implemented well is really where that intersection comes to life in the most thing way. So that's my word strategy, meets execution, meets technology, and I'm excited to dig into all of that with you today.

Richard: And I'm excited that we've got the opportunity to talk to you, and I wanted to kick off with a high level view of the world, in effect and PWCs perspective. And based on your work in the Center of Excellence for logistics, you must speak to many companies in different geographies, different industries, different sizes.

But if you had to summarize what are the top strategic shifts from a logistics perspective that you are currently seeing appear in 2026 [00:03:00] and beyond, and how should supply chain leaders reposition supply chains today to lead into this new era?

Christian: Yeah. This is a space I find generally fascinating because at its core logistics is really about managing the unplanned. And when you think about it that way, it reframes the entire conversation. We have micro level disruptions, a western counting in the Suez Canal, the war in Ukraine, geopolitical tensions in the Middle East. Labor strikes across Europe, but then you also have the micro level frictions that are equally disruptive in aggregate. A single truck accident, a misick pallet, and not in full delivery, a traffic jam or even others. The complexity compounds at every layer now. When we look at the structure of forces shaping this industry, we see four defining 10 clusters that every supply chain leaders needs to have on their radar.

The [00:04:00] first is the digitalization and technology, and we're not just talking about incremental process improvements here. Automation and AI are fundamentally restructuring the manual labor component of logistics. The implications for workforce design and operation are significant. The second is then the sustainability and the key transition.

And this is no longer just a regulatory compliance exercise. There's a demand. There's a demand for clean transportation solutions, and that's creating an entirely new service categories and entirely new commercial opportunities we see there. Then there is, which I already mentioned a bit earlier, the geopolitical and economic shift.

There is trade tensions, their supply chain resilience there. Strategies in nearshoring and shoring, call it what you will, but the era of hyper globalized senior source supply chains that [00:05:00] is really under pleasure. We're

talking about a deglobalization or at least selective deglobalization, and that's a real structural theme that's reshaping our trade flows.

Last but not least. And this one, yeah, this one was really often forgotten. It's about the social and labor dynamics. So at least when I look at certain European countries, we've got a big demand in truck drivers. So there's, the truck could run, but the drivers are not allowed to drive any longer.

And yeah, even if I look at other countries let's take for example China's continued economic evolution. We are seeing there already today a fundamental shift in, in the labor expectations and the job qualities. So it'll change over there how people are working.

It'll change what jobs they will do and how they are doing the jobs. And that requires leaders to think much more [00:06:00] extensively about talent strategy. But actually what I find the most exciting is we challenged ourselves just in January, February this year. And we ran the global vision strategy exercise with colleagues from the US, from Brazil, from Japan from Australia, from South Africa several European countries and so on. It was in total 40 different leaders were experts in supply chain in their home markets, and we talked about how will the supply chain look in 2050. And that was completely interesting discussions. Also, how different the different countries see the future of supply chain in their countries 'cause obviously we all have different challenges in our different markets. And when it comes to supply chain and. I don't want the full publication, but what I can tell you is that the themes are broad and we're [00:07:00] talking about talent, logistics at the scale, meaningful, deeper ecosystems, collaboration across traditionally siloed players. We are talking about undersea transportation infrastructure, and some rare year macroeconomic headwinds that the industry will have to navigate. It's the kind of work that forces you to question assumptions you didn't even know you were making, and I think spark some generally important conversations across the industry.

Oyku: So that forward-looking perspective really sets the stage for where all of these industries are headed next, right? And it also raises a critical question for today's leaders is near shoring out because all this global tension is happening all around the world at the moment. What forward thinking tech stack must supply chain pioneers adopt now to outpace competitors and redefine resilience? And what's the technology backbone that actually makes that Nearshore network [00:08:00] platform?

Christian: If I think about that one, I mainly see the three points. And that points come from plan, execute decision. So what I mean with that one first of all we need to have an intelligent demand in supply chain orchestration. I'm thinking there about sub IBP, for example, to create a good plan.

A good plan, what we are going to, what we want to produce, what we want to say in the future. Yeah. Because what is execution without a plan? It's not trackable. And there we come to the next point, actually to the end to end visibility. So when I have a plan and I start to execute it, I also need to I also need to track.

That it is executed in a proper way. Thinking there about tracking and tasting solutions. For example, SAP Business Network for Logistics, Global Track and Trace, which gives me an overview where the ships are that's left the Chinese ports on their [00:09:00] way to Europe. And yeah what disruptions are there on the way.

The next thing, which is super important is the topic about to have the transplant overview of it. So meaning having a supply chain control channel where all of the KPIs are in where I can see all of the KPIs and make good profound decisions based on that.

And if I've got this basis already there, I think then we are getting more to the level of AI where everybody is speaking about at the moment.

Richard: That's a perfect setup for where I wanted to go next and I wanted to go back to one of the terms you used a little earlier, managing the unplanned, because yes, we can come up with a plan with IBP, and that's a perfect world plan. Then execution happens, everything doesn't go according to plan, and we have so much data with across the supply chain, you were talking about having [00:10:00] visibility across your logistic service providers, your suppliers, by leveraging the business network and getting data from mult multiple sources. And that leads on to how we leverage technology to manage all of that data. And AI is obviously top of mind in pretty much every podcast that we have at the moment. So how will generative AI, and advanced analytics not only help enhance that visibility that you just talked about, but empower supply chain executives to predict and preempt disruptions in the future?

Christian: Yeah, you are absolutely right. That is a pure challenge. If I look currently at the vessels departing from Asia to Europe or to the US we've got a situation where roughly one out of three ships is punctual and that needs obviously in our on time in [00:11:00] full being failed. That leads obviously to

that our plan wasn't executed like we planned. And yeah, what should I say that's a sad situation. But for the last two decades, the ambition was always on visibility and know where your goods are, know where your suppliers see the disruptions when it happens. Yeah, that was valuable, generally valuable, but visibility is fundamentally reactive. So you're still responding to something that has already occurred, and that is exactly what changes. Now with AI we are not taking a look at what has happened and what should I do next. We are not taking a look at why did it happen? We are getting into action and where I see a three step plan for clients to embed a generative AI into their supply chain.

The first step is visibility to anticipation. So meaning we are having still the manual work to make our [00:12:00] decision, still the manual work to rebook our container pickups at the point when the vessel is late, for example. But we get the AI predictions, we know okay, there is the last 10 ships, which tried to come from China to Europe, had some issues in the street of foremost because of some global politics.

So we can assume that our ship will have some issues in punctuality as well. So that is then the visibility to anticipation of the AI predictions. The next step would be to come from anticipation to simulation, meaning that AI would guide us in the solve by choosing of one of the solutions. One of the solutions could be yeah, taking another ship route.

Another solution could be taking rail, taking air whatever kind of transportation. But that is what AI will not just tell us what could happen, it'll also tell us how can we solve it, and we select and it'll solve it. [00:13:00] The last stage when we're talking about generative AI is that we are coming now from simulation to preemption, meaning autonomous self-adjusting supply chains who gets based on the data, which is there in the internet via different services who get based on this data and their own capability to analyze it. Decisions decide for the options. Based on those options, take decisions that are the best for our supply chain. And of course, a trade option. A trade option, create chances but also a bit of a black box then.

Richard: I think sometimes we're just limited by our own imagination about where AI could go, but the real key is identifying the business processes that we need to help improve. And then leverage technologies like AI to focus on solving business problems. I dunno if you agree with that or whether you are seeing that [00:14:00] in your customers. It's not a case of let's do an AI project we should be identifying a business challenge and then leveraging AI to solve that business challenge.

Christian: For sure, completely a key. The technology is there. We've got the robots, we've got IT systems, we've got data. The problem currently for most of the customers is to interpret them and make a good decision based on it. And that is where AI becomes now really the game changer.

Richard: Yeah. I also wanna talk about another type of AI that's being to physical AI or autonomous systems because you mentioned in your four trends, the social and labor dynamics and the fact that we have driver shortages in Europe, also in North America and they're aging out of the workforce and new people aren't coming in to the logistics space, for example.

So in what way can autonomous systems, physical AI and robotics integrate with ERP and supply [00:15:00] chain ecosystems to help reduce these constraints and redefine supply chain efficiency and effectiveness moving forward for the next decade or so?

Christian: Yeah. Prediction for execution is just expensive forecasting, I would say. So the real value creation happens when intelligence meets actions, and that's precisely where autonomous systems. Physical AI and robotics become generally transformative, so the supply chain workforce of the next decade will be smaller in headcount, significantly higher in capability and criticality will be spending its time on the work that creates disproportionate where you, rather than work that can be systematic.

Oyku: Christian, are there any PwC client cases where bold tech adoption like digitization, automation, the usage of AI or any kind of [00:16:00] digital transformation in the logistics area drove transformative KPIs and what universal lessons can leaders extract from it.

Christian: Yeah, that is a very good question. And at PWC, we are always very much business benefit driven. So what does this mean? Most of the cases before we are implementing systems, we are defining KPIs and we are defining levers, which should get improved by implementing the system. So what does this mean? When we talk about, transportation KPIs. The most important KPI for sure is our freight expense. So freight expense reductions can be done by better choose of carriers can be done by better consolidation can be done by also a non-system point by better negotiation of the freight contracts. But I just recently had a customer where we could reduce their freight spent, but 12% [00:17:00] and yeah, that was an ROI of below one year, which is the Kate implementation time. Kate implementation, ROI in that case, another point, which is then often not seen so much is also the process cost reduction. Talking about AI again, or in this case it was even more simpler. It was just simple

scanning and OCR recognition of the text. We could get a invoice verification of the freight costs easily done so that we could reduce their process cost meaning the head count significantly by nearly 40%.

Yeah, it always depends on the case, on the customer. But the most important thing is that we are setting the target picture of the customer. What do they want to achieve? Where do they want to see themselves? And then we are giving them insights after the view of their is landscape, what could be options to improve and where should they put their focus [00:18:00] on? So what's the roadmap? How they can optimize, how they can digitalize, how they can automize their systems and their processes. Also in the warehouse reducing the, and the turnover times by just recently we had a customer of 30% turnover time within the warehouse, which we could reduce. There's lots of cases. Lots of numbers, but, each client is different. All of them they got often something in common, even though both different branches. But it always makes sense to take a look at the target picture and to calculate the business benefits before starting with the implementation of any kind of software or technology.

Richard: Absolutely.

Oyku: And how can PwC and the Center of Excellence for Logistics help?

Christian: Yeah, that comes more or less to with what I said just before. What are we doing with our clients? As I said at the very beginning, we're not just doing the [00:19:00] implementation, the execution of technology transformation projects we're also doing the strategic advice outcomes. So meaning having a review of the current processes, finding out where the challenges are talking with you defining together target picture. And then also coming to software and technology selections, meaning which solution is the best? Do I need, for example, a S4 HANA, extended warehouse management? Do I need SAP logistics management instead because I'm way smaller, rail, less complex. What, what makes more sense in point of functionality in point of partner and scale? in point of integration and point of my own workforce to there are they already familiar with SAP technology? Then it's more easy to do the application maintenance myself. All of these are questions at the beginning and we are very happy to support [00:20:00] on those ones.

Then afterwards, of course, we also support on the implementation of the solutions. So whether it is a IBP, EWM, TM, and Business Network for Logistics, yard Logistics, you name it, more or less, all of the SAP supply chain solutions. We've got the experts for. And also when it comes to partner

solutions like SAP partners for tracking and tracing, for example, to get the data and or just geographic information system integration.

On all of those ones, we are happy to support, to do the traditional implementation projects as well. Meaning the design of the future landscape, the implementation the setting life, the hypercare.

Oyku: Christian, I have a follow on question. What advice would you give to decision makers who are digitizing their [00:21:00] logistics operations or who would like to digitize their operations or adapting AI or any other technologies, including tips to avoid these common pitfalls?

Christian: I said earlier there we been more in the supply chain itself and not in the digitalization. We can always just be successful in our plan if we have a plan at all. Having the plan is the most important point. And yeah, talking about the target picture, talking about a plan, what they want to achieve and what's their target?

Do they want to optimize their warehousing? Do they want to optimize their time to customer to be in less than four, eight hours at each customer in the US? Do they want to optimize that they, always pick the right products, so do they want to optimize the demand plan compared to the transportation plan, compared to the proof of delivery time?

I think that is the [00:22:00] important thing to set the focus, to have a plan to know what you want to achieve and, that makes way more sense than starting directly with implementing any software, any ai. And I think that's the most important tip I really can give to, to have a good plan to be advised on that.

Richard: That preparation upfront is invaluable because as the saying goes, if you don't know where you're going, how do you know when you get there?

Christian: Exactly, exactly like you said. There there's this nice forward and backwards scaling. And of course if, I don't know when I should arrive at a client I can, don't know when I need to depart.

Richard: Yeah, exactly. But that preparation, that planning upfront can save so much time and effort during the implementation because. Then you've got the milestones that you're trying to achieve over a given implementation. Christian we're coming to the end of the podcast and there's one question that we ask all of our guests and it's [00:23:00] usually quite challenging 'cause we're asking you to summarize what we've just talked about for the last 20 plus minutes.

From a logistics perspective, in a sentence or two, what do you see as the future of supply chain?

Christian: Ooh, that is a super interesting question. And if you ask me that way, let me try to answer short. I think it is all about automation. I think that's what we will see a lot more, that there's more automation to reduce the workforce. I see that it's a lot about interconnection and collaboration, that this will increase heavily and also AI, I guess that is because it makes the world way more simple if reoccurring tasks are simply executed by AI agents instead of human workforce.

Richard: Christian, thanks for a great conversation. It's been really interesting. I hope you've enjoyed it as much as I have.

Christian: I did. Thanks a million.

Richard: No [00:24:00] problem. And thanks everyone for listening. Please mark us as a favorite that you can get regular updates and information about future episodes. We'll show, also share information about Christian and PWC and the center of excellence in the show notes. But until next time, from Christian Oyku, and IThanks for discussing the future of supply chain.