

CAN LOGISTICS SAVE OUR PLANET?

WE MUST FACE UP TO THIS RESPONSIBILITY—NOW AND CONSISTENTLY

It is certainly one of the greatest challenges of our time. We have already been living on credit for far too long and at the expense of a planet that we are asking more of than it can deliver. Earth Overshoot Day (the day of the year when human demand for renewable resources exceeds supply and our own capacity to reproduce) is earlier and earlier in the year. This year, 2022, the day is already behind us and fell on 28th July. We are thus already living beyond “our” means for almost half of the year.

The development of CO₂ emissions is similarly serious. Compared to the 1950s, the global increase in carbon dioxide has nearly quadrupled and the current concentration is almost 50% above pre-industrial levels. The recent and very dramatic increase is almost entirely attributable to human activities. It is already clear that the consequences for our planet, our global economy and our society will be severe. The United Nations has set 2°C as the limit to extremely dangerous global warming. To reach this target, global emissions in 2050 would have to be about 48 to 72% lower than emissions in 2000. Quite a feat will be required to achieve this.

We must take countermeasures - now, all of us, and massively.

And we in logistics have a particular obligation: Around 10% of global CO₂ emissions are attributable to the logistics and transport industry. The optimization levers in our industry are correspondingly large. Raising these is the responsibility of us all. And we can only successfully meet the corresponding challenges together. Corporations and small businesses, customers and suppliers, science and industry, traditional companies and startups. Each and every

one, with the willingness to promote and demand open innovation and cooperation.

The further increase in demand for sustainable logistics solutions and value chains is the key to success. End customers are increasingly demanding transparency and are willing to pay a premium for sustainably manufactured, stored and delivered products. Some companies are already proactively reporting the carbon footprint of their products (incl. details on manufacturing, packaging, transport and logistics, and recycling). Analogous to the nutritional value table in the food sector, this can and will influence purchasing decisions in the future.

This increases the pressure on companies, on their value chains and also on their service providers. Everyone is the “tipping point” here. Every day. With every purchasing decision. Thus, sustainable logistics and transport solutions will increasingly represent a clear competitive advantage for logistics service





providers. More and more corresponding solutions are currently being developed and/or have already been implemented. Both by the existing major players and by young, promising companies and startups.

The topic of "sustainability" also enjoys absolute priority within DB Schenker and is an elementary component of our strategy. We have set ourselves the goal of becoming the world's leading provider of green logistics. Against this backdrop, sustainability is also a key driver of our innovation and venturing activities. This includes holistic solutions around decentralized manufacturing concepts and value chains, as well as low-emission/free transportation and also holistic CO2 transparency and optimization solutions.

Our existing solutions already make it possible to reduce transport routes, consolidate means of transport and use the most environmentally friendly modes of transport possible. For example, our Eco Solutions (including "New Fuels") can reduce CO2 emissions in sea and air freight by up to 100%.

Peter Drucker once said: "What cannot be measured cannot be managed!". And so, the task of optimizing CO2 emissions also begins with maximum transparency. And that means along the entire supply chain.

One of the ventures currently being developed by Schenker is aimed precisely at this transparency and corresponding optimization opportunities. The founding team of NxtLog has the vision of enabling a rethink in supply chain management. "Save money, emissions and our planet!" is written on their desks. Using the developed algorithm, NxtLog analyzes transport routes and means of transport, enriches them with further data, recommends optimizations to reduce "Scope 3 emissions" and then implements them for its customers. More than 20 years of practical experience in building sustainable supply chains, as well as the data collected accordingly, goes into the development of the NxtLog Recommendation Engine. This enables the team to generate maximum transparency, make highly customized recommendations, and develop a clearly structured implementation plan.

The NxtLog team put the customer and their challenges at the center of the business model development from the beginning. And it quickly became clear that while many corporations were committed to significantly reducing their CO2 emissions, there was a lot of uncertainty around implementation. Companies were thus able to achieve initial success in reducing CO2 emissions along the supply chains, and at the same time the associated challenges became increasingly clear: In



particular, the integration of a wide variety of logistics service providers in the supply chains, as well as correspondingly heterogeneous data structures, make the necessary transparency more difficult.

Against this background, NxtLog is being developed as a solution that allows supply chains to be modeled and tracked virtually, and emissions to be optimized accordingly. First-hand logistic service provider data can be used for this purpose. Very high-quality emission, environmental and logistics data are used, which allow to recommend improvement potentials and to implement appropriate measures.

The result is, among other things, regulation-compliant transparency (both from supply chain economics and emissions data), which allows targeted optimization proposals to be generated. NxtLog customers are thus enabled to make better and more effective decisions and to optimize emissions holistically along the supply chain.

The benefits for customers are obvious:

- NxtLog analyzes current transportation and logistics network data, identifies “root-cause relationships” and adds emissions data to individual and existing customer KPIs.
- The NxtLog “AI & Recommendation Engine” provides comprehensive recommendations on how to optimize the entire supply chain or individual routes. It simulates and calculates the impact of these measures on costs, lead times and emissions.
- NxtLog tracks the implementation of the adopted measures and visualizes the effect along the entire supply chain.
- NxtLog allows to monitor the defined KPI and generates internal (e.g., finance and product management) as well as external reports (e.g., GRI, GHP, CDP etc.).
- The continuous analysis of KPIs within NxtLog allows synchronization with customer-specific management and reporting cycles and timely decisions on the implementation of further measures. This is how NxtLog customers achieve their sustainability goals - step by step.

Schenker is convinced that the founders of NxtLog are developing a solution that will take the possibilities of emission-optimized supply chains to the next level. In the future, leadtimes, costs AND CO2 emissions will serve as decision criteria for planning and efficiently managing supply chains.

We are very grateful for all inquiries about possible applications as well as cooperations, co-developments & co. and are happy to take them on board. The topic is more important than each of us individually. Everything that helps us to move forward together will also help us to face the responsibility together. Let’s help our planet to use the remaining chance. Let’s increase the odds!

About the Author



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