

[Home](#) » [Blogs](#) » [Think Tank](#) » How Logistics Providers Should Invest in Technology

## Think Tank

### [RSS](#)

[Logistics](#)[Technology](#)[Logistics Outsourcing](#)[Quality & Metrics](#)

# How Logistics Providers Should Invest in Technology



August 18, 2020

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The real thrill of working in technology is developing solutions to make the end user's life easier and more intuitive, and free up components of their job that feel tedious. The logistics industry, with its long history of manual processes, has typically been behind the times when implementing technology. Luckily, this has slowly been changing over the last decade.

To be modern and competitive, non-technology forward industries need to invest in technology to stay relevant. However, spending money on an IT department and developing

software in the cloud doesn't give companies the results they want. It's an area where many have tried to go before and failed. In fact, the more they build, the more everyone tends to complain about the technology. So how do you do it? How do you invest in technology and actually move the needle? Following are four essential considerations in making technology work for you.

**1. Don't misuse the IT department.** To invest in technology and think like a technology company, a company must focus on delighting the end-user and leveraging technology to solve business problems, not just deliver features.

A well-functioning IT team is critical to the operation of a successful company. However, its work is different from that of a product-led technology research and development group. IT is primarily an operational group, ensuring that systems are functioning and secure. IT is critical, and a well-functioning IT group is an asset, not a cost.

But IT is not product development. You can't just hire some developers, especially not the cheapest offshore contractors you can find, and declare that "we're doing agile development." Well-functioning, empowered product teams aren't order takers. They're partners in finding and delivering solutions. Product development and technology innovation is a mindset. And it's a mindset not just for the technology group, but for the entire company.

There's a trend where companies "invest" in technology by developing a team of technologists who are just order takers for developing technology features, but aren't solving a problem. These teams seem to be doing the right things: creating stakeholder-driven roadmaps and meeting with the business decision makers. But at the end of the day, the business tells them which features to build and, in many cases, where to put the button. These feature teams try to please all, and over time, even though they're working their tails off, they fall significantly short.

**2. Operate like a tech company.** One challenge for non-technology companies is investing in software like you're going to sell it. When you're building software as your company's product, you know that your customers have other options. To stay competitive and gain market share, you must deliver value and earn their business every day.

While it might seem counterintuitive, this is absolutely true for the software you deliver in-house that won't be sold as a product. While your employees have to use the systems provided, you must build technology as if they had a choice — because ultimately they do.

No matter their role at your company, your employee could do the same for a competitor. If an employee is using a subpar software system for the majority of their day, it contributes to the quality of their job. If, however, that employee's experience with your company's provided software is amazing, and the system becomes a contributor to their success instead of a drudgery, then your technology is going beyond just retaining an employee; it's accelerating that employee.

**3. Start with team strategy.** So how do you reinvent your technology strategy and deliver products like a leading software company? You build the right team, empower them to build value for the company, and have leadership support from the beginning. One of the most amazing things about building software products within a non-technology company is that the goals of the technology team are 100% aligned with the users. A product-driven development

group partners with the business, learns its goals and challenges, and innovates to solve those problems. Such as team consists of product management, user experience design, data scientists, quality assurance, and, of course, empowered engineers.

However, you can build the perfect team, but if company leadership isn't aligned on what a product-driven team can do, your technology investment will never give you the ROI you want. Business leaders and stakeholders know the business and how to generate revenue, but they're also blinded by these factors because it's hard to change from what has always worked. The product group must be entrenched in overarching company goals, then bring lessons and experience from other industries to develop innovative solutions that don't just deliver incremental improvements, but in some cases completely redefine what success looks like. Remember at the end of the day, the goal isn't delivering a feature; it's driving the metrics that matter to the business.

**4. Remember your user — and make it easy.** Technology should be easy and intuitive. It should just work. As technology has consumed more of our lives, customers and employees expect the same ease of use and capabilities at work as they experience in their everyday lives. Whether those users are your internal employees or your company's customers, the experience they have when interacting with your company goes a long way toward building long-term value and loyalty.

Technology isn't a tool or a cost of doing business. Spending more on technology doesn't fix it. Technology must be a core competency of a business. It's how you operate. It enables you to please your customers. It empowers you to outpace and out flank your competition. Technology is a huge game changer, or can be a complete waste of time.

The logistics industry has a huge opportunity before it: the ability to transform legacy products into cutting-edge technology that helps the end user from the inside out. While the task may seem daunting to some, this formula — thinking about technology not just in terms of IT, hiring the right people, and building out a product that delights the end user — is the first step on the journey to driving real business value from technology.

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