

TT Club Sees Innovation Proliferate in the Logistics Sector

11 February 2013

Leading insurance specialist in the global freight industry, TT Club reports that innovation in the logistics sector is on the rise. The insurer, which provides cargo, property and liability cover to freight forwarders and logistics companies, observes that the adoption of technological capabilities and tailored supply chain processes is proliferating.

A long-term supporter of the British International Freight Association (BIFA) Awards, TT Club sponsored the 2012 European Logistics Award. TT Club's Development Director for UK and Ireland, Brian Sullivan was part of the judging panel that employed a stringent vetting process to find the winner, Delamode International Logistics. The award was presented by Sullivan at a ceremony in London last month.

This experience, along with the Club's detailed knowledge of its customers' supply chain services, has convinced Sullivan of the current proliferation of innovation in the sector and a trend away from rate-driven commoditisation. "Many in the freight transport industry feel that pressure on rates from customers has shorn the operator of the necessary resource to deliver the added-value elements that distinguishes logistics from the straightforward 'A to B' transportation of freight. As a result of my own and the Club's experience, I would contest this view," comments Sullivan.

TT Club is certainly seeing more extensive services being provided by its customers. Many companies that in the past offered traditional freight forwarding now take on a much higher degree of supply chain risk and sustain greater liability by providing increasingly complex and sophisticated services.

The trend is however seen as positive. The increased complexity of service offerings and the ingenuity of operators in designing alternative supply chain solutions is enabling the mid-sized, regional-based supplier to compete with their larger multi-national colleagues. In acknowledging the success of award-winner Delamode, Sullivan points to a good example of this trend, "By re-engineering supply chains from Eastern Europe to the UK, Delamode allowed garment manufacturers to compete on price and service with low cost manufacturers from Asia. Moreover, their successful service and pricing levels allowed small volume customers access to their service."

TT Club recognises the need to support and reward quality innovation in the industry and has been a sponsor of the BIFA awards since their inception nearly twenty years ago. By the very nature of the insurance services it provides, the Club is at the heart of the supply chain industry and consequently, is able to monitor the dynamic trends that are always at play as logistics operators strive to improve their service offerings to meet market demands.

ENDS