DRIVING TOWARD THE FUTURE: HOW THE TRANSPORTATION INDUSTRY CAN SUPERCHARGE EFFICIENCY AND ADAPTABILITY IN CHANGING TIMES

A joint point of view with Deloitte and Workday.

Even in the best of times, the transportation industry must navigate constant hurdles. Routes, drivers, modes, supply chains: The industry must continually fit together these complex, moving parts to successfully provide service.

In recent years, the landscape has grown even more complicated—as volatile freight rates, driver availability, and consumer demand all make service and cost optimization more challenging than ever.

Companies may face high turnover rates, strict compliance regulations, and ever-evolving supply chain demands. Transportation organizations must maintain delivery speeds as a burgeoning and urbanizing global population gains purchasing power and shifts to e-commerce.

Amid this array of challenges, only 55% of transportation and logistics companies noted revenue growth in 2023, according to Deloitte.

The industry's outdated technology isn't helping matters. Across the past several decades, transportation companies have either purchased or built various point-solution products and customized them—creating a tangled web of disparate, aging systems. Siloed legacy systems leave transportation leaders with limited insight and ability to keep up with rapid changes and growth opportunities. Leaders struggle to leverage the full value of the vast amount of data available to their organizations when that data is stuck in separate systems.

"Transportation organizations move goods from one place to another—that's their value proposition. But they need technology that enables them to do that as efficiently as possible," says Riley Shearin, head of global partner success, Workday.

Roughly a decade ago, early adopters in the transportation sector began undertaking digital transformation. More recently, as companies experience sky-high turnover among drivers and have very few programmers who can still handle cobbled-together legacy systems, there's a growing realization that the industry must modernize its technology systems to remain competitive. In response, more transportation organizations are embracing a unified, cloud-based enterprise platform for people, finance, planning, and analytics to help deliver operational excellence.

Here are five ways that digital transformation can help the transportation industry meet the moment and seize growth opportunities.

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HARMONIZING DATA ACROSS THE ENTERPRISE

The transportation industry relies heavily on niche applications for its diverse business units, functions, and regulators—solutions variously dedicated to everything from payroll to fleet and warehouse management.

And given the industry's [unprecedented M&A activity](#) in recent years, many firms are operating with a tangled patchwork of inherited systems.

"As organizations grow and as they get more complex, these systems are not scaling well," says Matt Armstrong, principal financials deployment specialist, Workday. "A lot of these organizations spend more time gathering data than they do acting on the data."

Transportation organizations often rely on time-consuming, error-prone manual data aggregation and reconciliation that can lead to "gaps in the data and breakdowns in the data integrity," Armstrong says. "Getting all the data in a timely fashion from niche systems is definitely a challenge."

And while the desire for richer insights remains, the real power is in "the ability to consume the data and tell a story about it," says Suhaas Polavarapu, senior manager, Deloitte Consulting LLP.

For finance and HR, the data story involves identifying trends within the organization and across the industry—a story that can inform business decisions. This high-impact storytelling is enabled by unifying data in one central location.

"Organizations want an overall streamlined data architecture so that, rather than relying on legacy systems for data, they bring the data into a central financial or HCM enterprise management platform," Polavarapu says.

Not only can a modern platform ingest and unify data easily and seamlessly, it can also provide an end-to-end view of an entire organization's operations, finances, and people. This cloud-native approach empowers everyone across the organization to operate with consistent, accurate, and current data.

In a modern, fully digitized parcel company, every package delivery embeds and generates data. For a company that ships upward of 17 million packages per day across 200 countries, the data points add up quickly, offering enormous predictive power for companies with the ability to harvest and contextualize it. With a unified system, organizations can surface insights that might otherwise go overlooked, so they can make faster, more sure-footed decisions.

[Workday Prism Analytics](#) can bring disparate data into one solution, so that organizations can track data as varied as miles driven, speed variations, and operation times. This cohesive architecture helps ensure compliance for organizations that face stringent regulations around their drivers' safety and performance behind the wheel. With automation and advanced analytics, a modern platform surfaces anomalies and issues early—strengthening compliance and risk management.

[Ryder System Inc.,](#) which generates $12.6 billion in revenue and has a fleet of nearly 250,000 trucks, was using 10 different platforms that didn't interact well with one another and made it difficult to access critical business data. By switching to Workday's integrated financial and human capital management solutions, Ryder was able to better organize its accounts while accessing data in real time. After this transformation, the company's ledger accounts alone dropped from 4,000 to 700.

Without having to aggregate data manually or handle cross-function requests, team members can spend more time on strategic, value-add activities. The management team now spends more time analyzing results and digging into the details—and less time jumping between systems to get the information that leaders need. "Managers are able to view and drill down on their workforce for the first time," says Maria M. Ruiz, vice president, human resources, operations and employee services, Ryder.
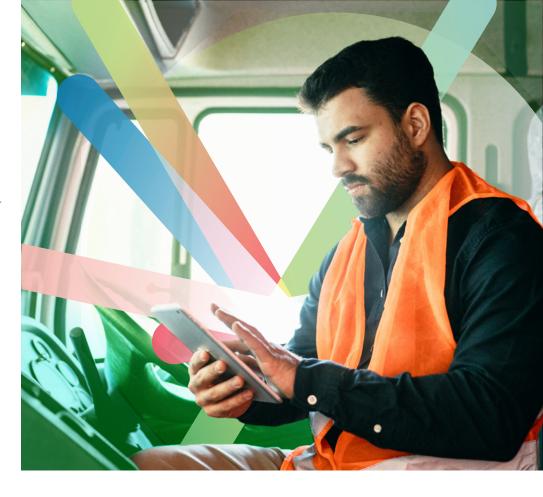
ELEVATING THE EMPLOYEE EXPERIENCE

Churn, especially among truck drivers, has been a severe problem for decades. The U.S. has a shortage of over 80,000 drivers—a figure that's expected to double by the end of the decade. Aging demographics will continue to drive this trend, as almost 1 in 4 U.S. transportation workers are 55 and older. Globally, a projected 7 million truck driver positions will go unfilled by 2028.

The vicious cycle of hire-train-lose has serious implications for operating and recruiting costs and for service quality. With limited career growth trajectories and friction-filled tools and processes, the industry's employee experience is failing to incentivize drivers and other transportation workers in their jobs. "Keeping employees happy gets difficult when you're running on aging technology," Armstrong says.

"Drivers are much more in tune with technology than they were in the past. They're a very mobile workforce, and they want technology that's easy and simple to use and gives them the information they want," Shearin says.

"Easy and simple to use" doesn't describe many of the tools used by the transportation sector today. Too many organizations lack a common digital platform to communicate and engage with their employees—a lack of transparency that can lead to a loss of trust. "Many of these organizations have no way to communicate directly with their drivers, aside from an onboarding computer message when they log into their trucks every day," Shearin says.

A cloud-based workforce management system empowers frontline workers with intuitive access to the information they need—when and where they need it. With the engagement platform Workday Peakon, drivers gain access to both company-wide and employee-specific communications about everything from benefits to social events to pay slips. And employees communicate as well, creating a productive feedback loop.

On Workday Peakon, employee surveys help uncover the why behind the what of any talent issues, so employers can build a responsive culture.

"We're all used to a consumer-grade experience in our day-to-day lives. People now expect that at their place of employment," says Danielle Hawkins, principal, Deloitte Consulting LLP.

In addition to conducting surveys on the employee experience, employers can leverage advanced analytics to understand the workforce in real time, providing the schedules workers want, and helping them develop the career pathways they seek. And it's not just frontline workers who benefit. A modern platform frees up back-office finance and HR team members to focus on

more meaningful, strategic engagement. Technical resources can spend time on generating new business rather than coding integrations for outdated systems. And managers gain insights that drive the business. "With the insights of a modern system, managers can manage people, instead of being transaction processors," Shearin says.

At Ryder, the company's HR department realized that legacy systems and practices didn't give managers timely access to information on their employees or the ability to run reports. So, managers constantly had to reach out to HR, and employees struggled to find information on benefits and employer practices. Workday's HCM platform streamlined the process.

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CULTIVATING A SKILLS-BASED TALENT STRATEGY

The changing nature of work requires new talent strategies. Transportation companies are increasingly shifting away from a traditional hiring approach restricted to credentials and experience. Instead, they're moving toward an AI-powered skills-based approach that finds employees who might not fall into the traditional mold on paper but who in reality perfectly fit both role and culture.

But a skills-based talent strategy relies on reliable skills data. According to Deloitte, 35% of surveyed transportation and manufacturing executives say data will help improve workforce optimization.

A skills-based approach also involves hyper-personalized career development that identifies and bridges skills gaps, so workers can grow with the organization—rather than going elsewhere to advance. That's a big plus for transportation companies facing frequent churn and an aging workforce.

"One of the biggest dissatisfactions for frontline employees is they don't see people moving to the management and executive ranks," Hawkins says. "Organizations are finding that if their frontline employees are excited about skilling and reskilling, it's much cheaper and more effective than going out to the market and finding someone who might have the skill but might not be a fit or might not stick around."

For a deskless workforce, training and learning programs must be mobile based to ensure employees complete required learning modules, stay engaged, and develop their skills from anywhere. With a cloud-based platform, employees enter their skills and capabilities, and the platform helps match them to roles and opportunities based on the careers they want. "Organizations get really excited about the potential to unlock skills in their organization that they had no idea existed," Hawkins says.

More transportation leaders are redesigning work to combine human skills and automation—a combination that will put both employers and employees in good stead for the workplace of the future. "A newer workforce wants translatable skills that allow them to grow in their careers," Polavarapu says. "People are looking for modern systems that have translatable skills versus a legacy homegrown system for a specific company."

A cloud-based enterprise system releases back-office from tedious manual labor, such as endlessly filling out expense reports, and instead allows them to hone skills that enhance efficiency and innovation. As Hawkins says, "Can you imagine attracting a recent college graduate to type in expense reports all day long? It's not going to happen."

Delivery optimization and operational agility both require data visibility—not only internally, but also beyond the enterprise walls. Historically, collaboration with suppliers and partners has been often siloed, not in real time, and sometimes inaccurate, which leads to inefficiencies and mistrust on both sides.

A global shipment can involve up to 30 different organizations and more than 200 different interactions, Deloitte reports. But without true connectivity, coordination becomes a systemic challenge for the movement of goods. Limited connectivity also makes it difficult to tap into unused capacity, which Deloitte estimates at 10 billion empty miles every year just in the U.S. And that has a knock-on effect with demand planning and route optimization, making it tough to meet consumers' rising expectations.

Recent disruptive events, regulatory trends, shifts in supply dynamics, and changing customer expectations have compelled transportation organizations to move away from their traditional collaboration patterns. An end-to-end view of the entire supply chain is quickly becoming nonnegotiable. According to Deloitte, 41% of manufacturers say they prioritize transportation providers that offer deeper data and consumer insights.

With real-time data and analytics, organizations can identify potential bottlenecks and optimize delivery routes, cutting down delays and boosting efficiency. As a result, they're more likely to deliver on key KPIs, such as route profitability, on-time delivery, average delivery time, cost per unit, and freight bill accuracy.

Workday Prism securely stores both quantitative and qualitative data from other systems—and makes that data easily visible and digestible for stakeholders. This unburdens the front-office from having to field back-office requests for information. The Workday platform also enables calculations and analytics on data that otherwise would require manual downloads

and integration. Such manual work doesn't just drain resources—it also renders the data stale as soon as it's downloaded.

"Transportation organizations see the power of being able to marry their customer data, financial data, and people data—and how it all interrelates," says Anthony Lombardo, HR strategy and solutions, managing director, Deloitte Consulting LLP. For instance, an organization can determine if a location with more resources also sees greater customer satisfaction. "You can create the intersection of the customer experience and the employee experience," Lombardo says. Or, if a business unit's financial or customer performance declines, the organization can drill down to see if it has enough resources in that unit and if they're well trained and adequately paid.

Before Ryder moved away from its legacy systems, its suppliers, such as transport and parts companies, had limited ability to manage or review information in their accounts, including invoices. That meant Ryder's help-desk staff had to spend time answering questions about the status of invoices or when suppliers would get paid, for instance.

Now, suppliers have full access to sought-after information through a dedicated portal. "They can log in and do it themselves," says Jeanette McCarty, vice president, shared services center, Ryder. "That means I need fewer people on my help desk as we are seeing less tickets."

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FUTURE-PROOFING DATA FOUNDATIONS

Transportation companies are no strangers to building or acquiring the capabilities needed to compete effectively. However, a wave of now-or-near technology breakthroughs (autonomous driving, IoT data, electric vehicles, advanced air mobility) and new industry players (vehicle manufacturers, tech startups, megaretailers) will have ripple effects throughout the industry. For example, 60% of transportation and manufacturing executives say it's "inevitable" that truck manufacturers will seek to become fleet managers as technology advances and lines of supply are redrawn, Deloitte reports.

However, it's tough to plan for the known, much less the unknown, with legacy systems. Whether planning involves tracking fuel, inventory, work orders, or customer engagement, "getting all that data in a timely and organized fashion so companies can accurately plan and forecast is a challenge with niche systems," Armstrong says.

Especially amid so much volatility, transportation organizations need reliable, real-time information to plan for the future. Data and analytics can help determine where companies can provide world-class service and where they are better off partnering with other entities. Enterprise technology can help translate such decisions into agile action by enabling users to easily change workflows and data structures and configure new business processes. With the turbulent fuel market, for instance, a cloud enterprise platform can store, track, and report on statistics that provide insight on when to purchase and trade fuel.

Consider the case of autonomous vehicles. Historically, drivers have driven trucks by themselves from one location to another, without engaging directly with customers. With autonomous vehicles, however, drivers will become involved in more complex driving and delivery situations. They might sell goods directly from the trucks or deliver them exactly where the customer wants them— becoming more integrated with customers' operations. An enterprise cloud platform enables transportation companies to gain and leverage more data on their customers, such as what they buy and when.

With the Workday platform providing a flexible foundational data model, and AI leveraging the data core, transportation organizations can future-ready their data foundations for whatever technology breakthrough is next.

LEADING THE WAY TO TRANSFORMATION

For transportation organizations, digital transformation can be a daunting prospect. They may see the work involved in modernizing old systems as "paralyzing," Hawkins notes. But in a rapidly changing industry, transportation organizations have a choice between paralysis and action— between sticking with outdated systems that don't support their future or even current operations, and embracing cloud-native technology that enables them to win.

Digital transformation requires change management, supported and guided

by company leadership. To achieve the desired results, digitization efforts also will benefit from use cases and persona-driven examples that help bring the new technology to life—and show– its benefits for all stakeholders, Hawkins says. "You can start to paint a picture from a user experience to show this is something to move toward, not run away from."

The upside of digital transformation, as Ryder has found, is immense. "By eliminating our previous antiquated systems, Workday has allowed us to automate, giving our employees time to think, innovate, and act," says Luis Zayas, vice president and division chief information officer, Ryder.

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