

## Digitizing the Logistics Business in India- A Leadership Case Study

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### Industry Overview

The logistics industry is very important for any growing country. China has already shown how strong its logistics industry can be, and India will soon follow suit. Key factors that are propelling market growth are the growing amount of business data and the automation of tasks in fields like retail, transportation, education, and healthcare. All other businesses depend on the transportation and logistics sector to make moving goods by air, land, or sea easier.

Additionally, the swift adoption of enterprise software and services within IT infrastructures is enhancing decision-making, reducing inventory costs, and boosting profitability. In India, the third-party logistics market is projected to expand by USD 10.74 billion between 2020 and 2025, growing at a CAGR of 8%. This market is characterized by fragmentation, which is expected to intensify. The expansion efforts of numerous organizations worldwide are anticipated to stimulate market growth. The rising utilization of cloud platforms, with their advantages of flexibility, cost efficiency, and mobility, is driving demand for cloud-based software solutions and services among small and medium-sized enterprises. Challenges such as infrastructure limitations and the availability of skilled manpower hinder the logistics sector's growth in India. Despite its demographic advantage, the sector struggles with the perception of being a support industry rather than a core one. Slow technology adoption is another significant constraint. The transport sector is largely unorganized and lacks standardization, relying on improvisational techniques and terminologies. Globalization, while promoting standardization, poses a challenge for solution providers. Moreover, the sector's diverse customer base and varied expectations add complexity. The demand for customization, coupled with stakeholders' resistance to change, makes it difficult for large consultancies to adapt.

### An entrepreneur's story

Vishal as an entrepreneur shows what can happen when you are creative, determined, and want to make a difference. While running Aanshi Solutions, he has helped the transportation and education sectors by giving them ready-to-use tools that make daily chores easier. It was always his dream to run his own business. In 2001, he started Aanshi Solutions as a business to make software. It was the start of many of his businesses that came after. In 2012, he began providing evaluation services on [egyani.com](http://egyani.com). He worked with HR departments, colleges, and coaching groups on this site. In 2016, Vishal began a new journey with [gadimalik.com](http://gadimalik.com). He wanted to change the way people plan their trips. Because of his creative problem-solving ideas, patents like "egyani," "makemetopper," "transit," and "transduniya" were made possible. This shows how determined he was to change the business. Vishal was always dedicated, even when things were tough. The people who worked on his projects (writers, programmers, and developers) made sure they were successful as a team.

### Company Overview

In the year 2006, a young enthusiastic person, during his second year of bachelor's degree, BCA, decided to develop software out of his interest to give business solutions to the transport and logistics sector. Impressed with his work, other companies started approaching him to get the software designed for their organizations, as per their specific needs. To fulfill the demands, he hired 4 people to work on projects with around 6 companies. Today the company is working with a team of 14 employees serving more than 250 transporters across different regions of the country. The company provides end-to-end business solutions from consignment to final billing, payment, and delivery. Business solutions are offered to the clients on a customized basis including tracking software (for PODs/ vehicles/on-field employees). They have made a significant contribution to changing the manual style of work by showcasing digital solutions to the clients. The company already owns 4 trademarks and is in the process of acquiring a few more.

Aanshi Solutions has an endearing journey. The one-man dream has grown into an appreciable size and they are planning to contribute more and more developments in the logistics sector. The main objective of the organization is to make the clients gain a competitive advantage through digitization. They are committed to providing the best solutions with prompt after-sales services and training. Apart from software development, they also deal in web solutions, web design, GPS vehicle tracking, fleet management software, and other logistic software.

### Fostering the Innovation

The company constantly innovates to give solutions to the problems of its clients, primarily focusing on logistics management, transport management, fleet management, education, and training and also ventured into some real estate

projects, goods manufacturing, solid waste management, and medical waste management solutions for their business clients.

They also provide custom-designed business solutions to lorry transport owners by analyzing their business interests and based on the demand for specific services. The company also ventured into a partnership with another firm showing that they are open to a business partnership where the company's core expertise can be used by another firm.

### **Issues and Challenges**

The company encountered various challenges while developing and implementing the software business solutions. A few primary reasons were the uneducated workforce, unorganized systems, insufficient staff with no familiarity with processes, etc. This required a lot of time in training them before even creating solutions. Manual working, operation style, and poor infrastructure increase operational costs for the clients. Overall it was quite challenging to disrupt the sector. At the application level, a different set of challenges emerged like resistance to technological adoption by end users, creating customized software for clients, different terminologies used in different geographical areas, and cost.

The company is trying to disrupt the status quo and is awaiting a big disruption in the sector. Eventually, the company realized a strategic viewpoint to approach top-down system development. The company also developed a personalized fleet management portal that helps to manage fleets, track vendors, track services, company offers, and daily transactions related to one or all the fleets. All of this and much more, through a single interface, with the sole aim of simplifying the way you manage your fleets. It comprises accessing, uploading, viewing & downloading documents, maintaining inventory of spare parts, maintaining inventory of tires, tracking fleet repair & maintenance, fuel management, finance management, trip management, fleet inspection, and servicing. All of this information was available on an interactive dashboard that offers easy accessibility over a single platform.

Despite all the difficulties, the company wanted to work in this sector by creating new business solutions to make the lorry transport sector slowly apply technology-driven business applications. This will expedite the speed delivery of agricultural commodities, fruits, vegetables, industrial goods, medicines, medical equipment, raw materials, processed goods, finished goods, and consignments, ensuring safe delivery of parcels and shipped goods, and the satisfaction of the customers, both consignor and consignee.

### **The Road Ahead**

Aanshi Logistics Solutions has a vision to convert the labor-intensive transport logistics business sector into a digital process-driven business sector. They want to improve the business and operational efficiency of the transporters. Though they are consistently trying to create an integrated standardized software module as a solution. Meanwhile, they are providing services to clients for developing a tracking system for all the trucks/lorries creating a digital solution for fleet management, and also tracking systems for employees to understand and improve their efficiency level. Aanshi Solutions wants to scale down dealing with clients based on small, customized businesses and aims to create a large-scale integrated solution provider.

### **Discussion Questions?**

1. What are the key strengths and weaknesses that you identify in the firm of Aanshi Logistic Solutions?
2. What kind of innovative business solutions could facilitate the digitization of the surface transport-led logistics sector?
3. What are the foreseeable challenges and trade barriers that a transport logistics company needs to overcome and how can it be done?
4. What type of innovative business strategies can Anshi Solutions follow to succeed in a globally competitive market environment?

### **1. Synopsis of the Case:**

The logistics sector is highly unorganized in the Indian market. Almost all the sectors witnessed the digitization trend in the past fifteen years. However, this was not the case with the logistics sector as it faced reluctance from its various stakeholders. The Indian economy is highly dependent on logistics and transportation. A day of strike causes a loss of Rs. 1000 Crore.

Amid all such challenges, this case is a classic success story of Aanshi Logistics Solutions, providing software and digital solutions for the logistics sector. The company has grown from just 4 clients to currently serving more than 250 accounts including a few of the big and established brands. This case reflects the company's 20 years of journey especially its resilience to grow post covid19 pandemic period. The case documents the issues and challenges encountered by the company and the way it is further planning to sustain itself in this niche yet challenging sector.

### **2. Target Learning Group:**

This case has relevance to the functional areas of logistics and supply chain management, strategic management, operations management, and change management. This case can be taught to undergraduate students as well as to postgraduate students. It can also be used as training material for corporate executives in the areas of Logistics, serving

niches, and digitization of businesses. The issues to focus on and depth of discussion may vary as per the caliber of the attendees.

### 3. Learning Objectives:

- To understand the dynamics of the logistics sector with the need to implement digital solutions
- To discuss the strategies to sustain in the logistics business.
- To think of innovative business solutions for digitization and standardization of the road transport logistics sector to reduce costs and increase efficiency and customer satisfaction.
- To find ways to bridge the gap between organized and unorganized sectors in the logistics industry in India

### 4. Teaching Strategy:

- The instructor can ask attendees to come prepared with the case and review the basics of logistics concepts and terminologies.
- Case introduction in the classroom: 10 min.
- Trigger thought process by asking questions on the company's journey of growth and success in an unorganized market. Further questions can be asked on the relevance of digitization and trends in the logistics industry specifically for the Indian market.
- Make groups of around 4-5 students and let them brainstorm among themselves about the possible solutions.
- Ask for a solution discussion towards the end.
- Evaluation of various proposed solutions.
- Propose a suggestive action plan on the factual ground created
- Key takeaways and discussion.

### Triggered Questions for Discussion:

#### 1. Outline relevant theories and issues given in the case.

- a. Techno-entrepreneurship: An entrepreneur created software business solutions for the logistics business industry to speed up operational efficiency.
- b. Digitizing the Operations Management: Enhanced customer satisfaction has been achieved by automation of the operations in terms of online booking, barcode tracking, and ensuring safe delivery of shipments through proof of delivery receipts.
- c. Business Inclusion and Sustainability: Like financial inclusion, irrespective of the size of fleets owned by the transport business promoters, to get into the mainstream of technology-driven shipment solutions to the customers, i.e., consignor and consignee, increased the utility and sustainability in business.

#### 2. Identify various issues given in the case and propose relevant solutions.

**Issues:** Unorganized Sector, uneducated/ less educated owners and workers, the small size of fleets, the initial investment and maintenance cost of digitization is high, and the reluctance of the mindset to adapt to new changes.

### Proposed Solutions:

- Though the sector is construed as unorganized, the lorry/truck owners have industry associations at local, state, and national levels to voice their views, and grievances to the government and to get remedies and solutions for their business, and tax problems.
- This sector is highly operated (owners and workers) by a substantial percentage of less educated people since this business industry offers scope for an individual to make and manage a transport business if he has the interest and financial resources to do it, as an owner, without any formal education and also provides huge employment to the number of drivers, cleaners, shipment booking clerk, consignment delivery boys, and other staff in India. Also, people have up-skilled their level of literacy and education due to the digital and technology revolution-driven electronic gadgets (smartphones), and through online learning.
- The small-size fleet owners are finding it difficult to infuse and adapt to digitization. This problem could be solved, if a few small-size fleet owners joined together to collectively outsource the digitization software and utilize it, by making them reduce the cost of the digitization process in their firms.
- Though the initial investment and digitization costs are high, it is inevitable in today's technology-driven globally competitive economic, business, and international trade environment. Hence, the transport logistics business owners have to spend their internal accruals/retained earnings or get bank finance to digitize and automate their business operation to withstand the competition and superior customer satisfaction, in the long run.
- Reluctance of the mindset to adapt to new changes, is there among the transport sector employees, due to their pre-conceived notion of fear of losing jobs shortly, is not the real phenomenon. This problem could be solved by educating the employees properly and it has to be done by the government, NGOs, industry associations, transport fleet owners, digitization/automation business solution service companies, and civil society.

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