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Online retail is expanding in Singapore. A survey by VISA shows that one in every four people there shops online weekly. This growing demand threatens to overwhelm a logistics sector facing manpower constraints. But some distribution companies are thinking outside the box to deal with the problem.

'Spare-time' couriers

The warehouses of logistics firm UrbanFox is pretty much like any other--a hive of activity as delivery personnel sort goods, scan barcodes, and prepare packages. But taking a closer look, I noticed a number of people in casual street wear among the orange uniforms.

They are not staff, but homemakers and others with day jobs. They come here to do delivery work in their spare time.

UrbanFox secures their services through crowdsourcing, which opens up the available delivery work to the public.

The model is critical during holidays like Christmas, where the volume of online purchases spikes by up to five times. Hiring employees to cover these periods can eat into profits in an already competitive industry.

Taking a cue from UBER and the ride-sharing industry, Urbanfox started reaching out to the crowd to help control these costs.

The system is simple. People who want delivery work register online. They browse for jobs in their area. The packages they choose are sorted into boxes at the distribution center. They pick them up and delivery them by car, public transport, or even on foot.

Regular people for professional jobs

There are currently 12,000 crowdsourced delivery personnel registered with UrbanFox. About 100 make deliveries each day.

43-year-old Eileen Teo is one of them. She drives a school bus for her day job. She started making deliveries in her down time to contribute a bit more to the family budget.

Teo says she delivers about 30 to 50 packages every day, Monday through Friday. She calls the recipient 5 to 10 minutes before arriving. After she completes the order, she notifies the company through the smartphone app. The work earns her about 1,500 Singapore dollars a month.

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But much like with the ride-sharing industry, there are some concerns about allowing ordinary people to handle professional jobs.

UrbanFox's Managing Director Joe Choa says the firm has measures in place to make sure there are no problems. The company tracks the movement of delivery partners like Teo, with others ready to step in should they be unable to fulfil a task. The delivery person is also held responsible for damaged and lost packages, but the company is willing to offset part of the compensation depending on the situation.

AI: the key to increasing efficiency

While other local delivery services have also started to embrace crowdsourcing, UrbanFox has taken a further step to boost efficiency.

It is studying ways to automatically match crowdsourced personnel to delivery jobs using artificial intelligence. This is done by analyzing a wide range of data--from past delivery experience to train and bus schedules.

Singapore Management University and Japanese electronics company Fujitsu are partners in the initiative. Fujitsu may adapt the findings into a service for logistics companies in the future.

"Decision-making is quick in Singapore, in both the government and the corporate sector," says Fujitsu Asia's Ryoichi Yamaura. "It's a good place to develop new services and systems."

Changing the distribution game

According to one study, online retail in Singapore is expected to grow roughly fivefold between 2015 and 2025, to about 5.4 billion US dollars.

Other efforts in the space include those by Singapore's national postal service, which is developing a system using drones with aircraft manufacturer.

The rapid expansion of online retail is dramatically changing global logistics, with similar crowdsourced initiatives underway in the United States and Europe.