

The AI Advantage: Scalable Strategies for Supply Chain SMEs



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The global logistics sector is navigating an uncertain and complex market. Not only are we dealing with geopolitical tensions, evolving tariffs, and ongoing supply chain disruptions, the playing field is also being reshaped. The market has seen big acquisitions, and there's a trend for diversification, as corporates adopt multi-shoring and multi-sourcing strategies to build much-needed agility and resilience.

For SMEs in the logistics space, the pressure is even greater. Margins are tight, leadership talent is harder to find, and sustainability expectations keep rising – all with limited resources.

Amid the complexity, one thing is becoming clear: technologies like AI and IoT are no longer niche or experimental, they've become practical levers for efficiency, agility, and smarter decision-making. Once reserved for industry giants, these tools are now within reach for businesses of all sizes. For SMEs, the opportunity lies in starting small, focusing on impact, and building the capabilities to scale sustainably.

So, against this backdrop, what are the most accessible, low-risk ways for small and mid-sized logistics firms to start leveraging AI cost-effectively?

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The AI revolution in logistics: No Longer Just for Giants

Logistics leaders are beginning to tap into AI to drive smarter, more efficient operations. By analysing real-time traffic and weather data, for example, they're finding the fastest, most fuel-efficient routes and cutting down on costly delays. AI is also being used to forecast demand, plan shipments, monitor cargo conditions, and optimise warehouse space, to name just a few applications.

Do the numbers add up? It seems so. Supply chains that use AI have proven to reduce risks and optimise costs by over 67%, according to The Global Supply Chain Institute. And studies show AI-powered routing can decrease fuel costs by up to 15% and increase fleet productivity by approximately 20%, making it a valuable tool for companies managing large fleets.

For SMEs, AI is opening doors to capabilities previously available only to those with deep pockets. Computer vision systems – once prohibitively expensive – are becoming accessible through as-a-service models, enabling warehouse automation without massive capital investment.

Real-time tracking through IoT sensors is transforming fleet management, with even small fleets benefiting from optimised routes, reducing fuel costs and improving delivery accuracy. Meanwhile, dynamic pricing algorithms are helping SMEs compete more effectively by responding to market conditions in real-time.



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Bridging the implementation gap

Despite these opportunities, adoption remains uneven across the sector. The barriers are real: cost concerns, integration complexity, and data maturity challenges can seem daunting for smaller operators.

My view is that the real challenges lie in leadership readiness and organisational culture.

Indeed, our industry research shows that successful implementation hinges less on budget size and more on strategic approach. The most successful SMEs aren't necessarily those investing heavily, they're the ones fostering cultures of curiosity and continuous improvement, dedicating even small resources to screening the market for practical solutions.

Practical steps for SMEs starting their AI journey

For logistics SMEs looking to begin their technology transformation, several practical approaches stand out. Start small but strategically by focusing first on one high-impact area, such as route optimisation or inventory management, where AI can deliver quick wins. Explore as-a-service models, as many AI and IoT solutions are now available through subscription or lease arrangements, eliminating prohibitive upfront costs.

Before investing in new systems, leverage existing data by extracting maximum value from information you already collect through basic analytics tools. Build collaborative ecosystems by partnering with technology providers, industry peers, and even clients to share insights and resources. Finally, invest in people alongside technology by upskilling existing team members and ensuring leadership has the digital literacy and ambitious mindset to drive change.



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Managing change

It's clear that executives running supply chain firms need to stay ahead of what their customers will ask next. What does that mean for talent? At Holmes Noble, we're seeing a clear shift in search requirements: executive roles in logistics are being redefined to span operations, risk, sustainability, and tech transformation, reflecting the need for more integrated thinking.

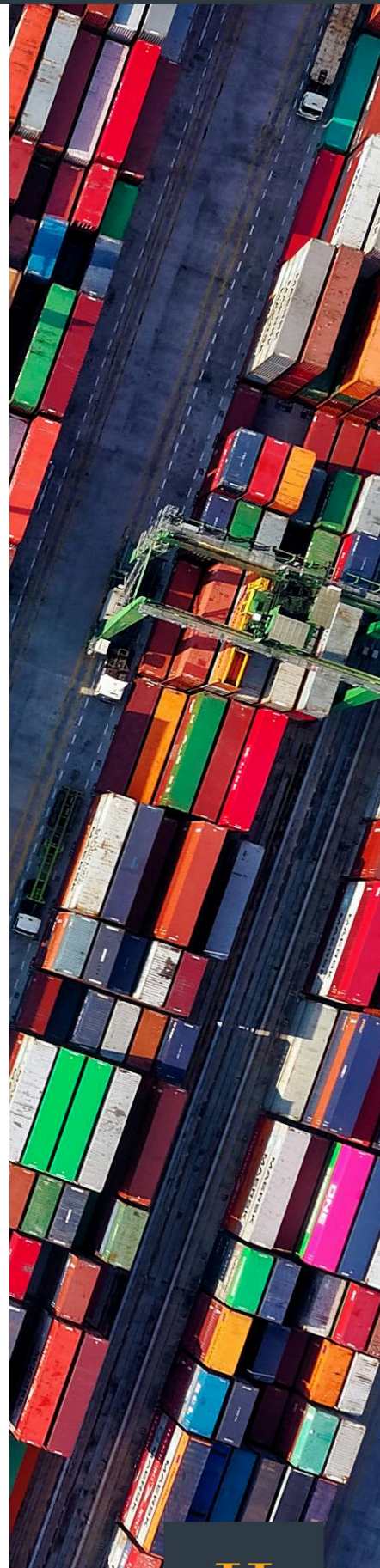
At the same time, there's growing demand for leaders with deep experience in operating model design and long-term strategic planning, as organisations of all sizes prepare for a more complex, tech-driven future.

Looking ahead: Join the conversation

To explore all these themes in greater depth, Holmes Noble is hosting an exclusive webinar on September 23rd at 5:00 PM (UK): The Future of Logistics – How AI, IoT & Innovation Will Reshape the Industry.

I will be joined by Dr Klaus Dohrmann, Vice President of Innovation and Trend Research at DHL, to look at how AI, IoT and digital platforms are influencing logistics strategy. We'll explore practical steps for mid-sized businesses to stay relevant, and discuss the leadership implications that follow.

In a landscape defined by uncertainty, one thing is clear: AI and automation are no longer optional extras but foundational elements of long-term competitiveness. The question for SMEs isn't whether to embrace these technologies, but how to do so in ways that are strategic, sustainable, and centred on human potential.





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