

Reading

**1** Read the article about the use of new technology in logistics. Six companies are mentioned. What is the name of each? What type of business is it involved in?



company	type of business
1 FedEx	logistics company
2	
3	
4	
5	
6	

The Economist

Business

# New technology

## Automation is part of it, but better understanding is the key

New technology is influencing the way logistics companies are doing business – and cutting their costs. For example, it costs FedEx \$2.40 to track a package for a <sup>1</sup> customer who calls by phone, but only four cents for one who visits its website, says Rob Carter, the firm's technology boss. FedEx now gets about 3m <sup>2</sup> tracking requests a day, compared with only a few tens of thousands by phone.

But the most dramatic gains happen when companies use technology to understand better what they do in order to change how they do it, says Navi Radjou, an analyst at Forrester, a technology research firm. The main issue is 'grandma syndrome' – a reluctance to get rid of tried and

<sup>3</sup> processes. The brave company fighting this syndrome is probably Dell, the computer maker. It constantly improves the way that it links customers and <sup>4</sup> through its website, and it regularly revisits its processes. Dell now sends electronic orders to suppliers every few hours and can build a computer in less than 24. One of its managers in Austin, Texas, was recently heard estimating gains of 30% this year, and again next year.

A member of a team from the car makers Ford recently visiting Dell doubted that his employer could ever do anything so drastic. But old-established companies can make similar <sup>5</sup>. Procter & Gamble, the

consumer <sup>6</sup> giant, used to think that the most efficient way to get detergent from its <sup>7</sup> to shops was to load trucks as fully as possible. Then, a few years ago, it invested in software, now owned by a company called Nutech Solutions, to simulate what happened to its orders as they moved through the supply <sup>8</sup>. The unexpected conclusion was that it makes more sense to send trucks less full, and to load some toothpaste and other stuff alongside the detergent. As a result, P&G's inventory is down by some 30%, and its warehouse workers spend less time idle.

**2** Now complete the article with the following words.

goods customer suppliers online tested chain gains warehouses