« The biggest challenge in the new digital realm is logistics... »

We met with Olivier Moreau, founder of Orium, nine months after the acqusition of Orium by the La Poste Group, who has since been developing the concept of "omni-logistics".

Stratégies Logistique : Do you define yourselve as an e-logistics service provider?

Olivier Moreau: Many logistics and fulfillment providers say that we do not carry out logistics services in the traditional sense of the word. But if we carried out logistics operations in the same way as 30 years ago we wouldn't have created 250 jobs in 5 years. The market is transforming rapidly. The Credoc (French Research Institute for the Study and Monitoring of Living Standards) has annonced that by 2020, 25% of all retail will be through e-commerce. This means that services will evolve. Yet the transformation is thusfar minimal but chaotic. Up until now it was straighforward to carry out e-commerce fulfillment services where relatively providers were certain of small volumes because technology was not yet primordial and e-commerce remained niche. Today this is all changing.

SL: What is changing?

O.M.: The price of market entry has totally changed because volumes remain relatively low but investments are very high. The return on investment is therefore very difficult to find. Large logistics providers will be forced to radically change their methods to adapt to this situation.
In order to adapt we need to understand the transformation of retail. This is not a case of e-commerce and offline retail but a fusion of both to reach a digital commerce.

SL: Is this what we call commerce 3.0?

O.M.: Look at this graph. These figures represent e-commerce as a market share of all retail. 10 years ago 80% of retail took places in stores. In 2020 80% of commerce will be digital. There will be a total switchover. This pattern applies to all products. Who would have thought 5 years ago that shoes could be sold on the internet? All types of consumer goods, including groceries, will follow the same pattern. We will see that it will accelerate even more than previously thought and the economic crisis will accentuate this trend. We can potentially imagine that one day a third of commerce will be in traditional retail, one third by pureplayers and the final third between the two. This third area is still undefinable and that is commerce 3.0. We will thus have gone from commerce 1.0 which we have always known, to commerce 2.0 which is e-commerce.
However this latter will leave the place for commerce 3.0 which is an integration of e-commerce in traditional retail.

SL: What is commerce 3.0 exactly?

O.M.: It is the arrival of digital in traditional retail. Instead of having 5000 SKUs in the shop you can have 50 000 because you will have a tablet instore to do your shopping. The ergonomics surrounding the digital elements in store are going to completely revolutionise shopping habits.
Today we are in many ways closer to the era of the Minitel than what will happen in the coming three years.
With regards to logistics there is no real interest in stock very large quantites of merchandise in store when there is little stock rotation. We are going to discover logistics with extremely agile flows. Digital tools still require large improvements but the biggest challenge in the new digital era is indeed logistics. Strangely enough this often consists of moving merchandise as little as possible. If you have a warehouse in the North of France, why should Mrs Dupont who lives in Marseille be delivered from the North when the product that she wants is in stock in a store close to her?
We are working on the notion of "cost and speed" to avoid storage and transportation costs. In order to do this, IT systems need to be outside of the warehouse and support both the customer and the retailer to decrease the cost of the supply chain. The challenges presented to IT systems leave the warehouse to accompany this digital transformation. This is commerce 3.0 and what we call Omni-logistics.

Orium in figures:

200 Between 2007 and 2012 Orium created 200 jobs

25 In 2013 Orium registered 25 million euro turnover with 25% growth

SL:
Omni-logistics or omni-channel?

O.M.: The term 'omni-channel' comes from the United States and indicates a strong interaction between the different distribution channels.

Omni-logistics is a concept developed by La Poste, and means the logistics which supports this new context. Omni-logistics is based upon three main values: infrastructure, proximity and digitilization. Infrastructure means equipment and in this respect all fulfillment providers are at the same level with warehouses, automated lines and software to run it all. Proximity is one of the key values of La Poste, this means the contact with the customer. Yet a logistics provider doesn't really know what a customer looks like. He may deliver a point of sale or a shop but rarely the customer, which is in the DNA of La Poste. The postman, the number one trusted person by the French, delivers more and more products. In the USA as of one year ago the US post is able to deliver in the evening products which the customer has bought up to 2pm the same afternoon.

Proximity services are going to develop rapidly on the demand of the customer. This proximity is an essential value in Omni-logistics: it is a cultural value rather than a technical one and takes a long time to acquire.

The third pillar of Omni-logistics is the digital aspect where IT systems serve both the customer and the retailer. Your customer makes an enquiry in Lille and should be able to action the whole logistics chain from the factory to delivery at the doorstep. Only the service providers who integrate these three elements will be able to capture this 25% market share that we were talking about previously.

SL:
What is your role today in the group?

O.M.: I am still Managing Director of Orium. The idea is to follow the same drive by creating added value. We were among the first to create the concept of 'e-logistics' in 2007 and then accompany cross channel development in 2009. Today we are creating Omni-logistics. In order to do this, Viapost has given me the mission of defining the service offering. We have put together a team of around 10 from different disciplines who work on these services. Business Intelligence is still often absent in the world of logistics even though this is exactly what allows the retailer to make savings on delivery or fulfillment. The main challenge is that the supply chain costs less yet expectations are now for same day delivery rather than next day delivery. The first services will be introduced onto the market in September.

SL:
How is Orium doing 9 months later?

O.M.: Orium currently has a growth rate of 20%. The integration of Orium in the La Poste Group means the construction of a new dynamic drive through an industrial group. The creation of this omni-logistics team will participate in this drive. Furthermore there are real synergies in terms of the back office: today between 15 and 20% of orium's turnover is carried out on Viapost fulfillment sites. We currently set up one new client per week. Orium's integration is therefore a success and the contribution of La Poste facilitates growth on this very demanding market.

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BY GILLES SOLARD

BACKGROUND

May 1966
Born in Blois

1990
Graduated from Inseec, Bordeaux

1990
Marketing training at the University ofCalifornia, Berkeley

1990
Agency Director for Scac Delmas Vieljeux in Asia

1993
Development Director for the SDV network in Asia

1996
Commercial Director for 'La Maison de Valérie' (PPR Group) in charge of fulfillment

2000
Managing Director of Rotographic Moselle Vielmard

2004
Creation of Orium

Août 2012
Orium acquired by the La Poste Group

150 This is the sales objective for Viapost (e-fulfillment) in 2015

23 The logistics division includes 23 sites in France and across Europe with a total surface area of 430 000 m²