



7bridges

Decarbonise your supply chain right now with AI

the7bridges.com | Powering supply chains with A.I.



We all know that the reality of the climate crisis is clear and the world needs to act. According to a 2016 McKinsey report, over 80% of a company's greenhouse gas emissions come from its supply chain. But that means logistics operations have the greatest opportunity to create positive change.

Rising costs of carbon credits, increasing physical climate risks (such as flooding, wildfire or drought) and higher fuel prices will continue to impact logistics and transport. These changes will not only cause greater costs for doing business, but they could also raise the cost of carbon transformation.

Navigating how to make decarbonising supply chains easier is difficult

Striking the right balance between meeting your climate goals and commercial ones is a vital part of choosing strategic next steps. But you don't have to do it alone. Getting the right help with this can make reducing your carbon simple.

About 7bridges

The 7bridges SaaS platform brings all your logistics data together and uses AI to make smarter decisions, reduce costs, improve service levels and increase your supply chain resilience and efficiency.

In 2022, 7bridges was the winner of the "Overall Data Solution of the Year" in the SupplyTech Breakthrough Awards.



The cost of change vs. the cost of inaction

Concerns about how to balance resilience and sustainability are common. But the two are closely tied. Building a resilient business without considering sustainability isn't anyone's aim anymore. Now, investors and consumers are both paying attention to the way climate change impacts businesses.

A lot of businesses think they've done all possible carbon optimisation in their supply chain and have to move on to carbon transformation. But we've found that it's often not the case!

This means that more costly transformation projects may not be the best next step. In fact, we've discovered that many businesses may be able to make changes that *not only optimise for lower carbon emissions, but also reduce costs.*

The green ratio - balancing cost and carbon

To explore how we can support businesses to better balance their climate and commercial goals, we ran a simulation in our AI, based on actual averages. We created a pharmaceutical company in Europe, but the overall principle is sector agnostic.

Once our fake company, Pharma C., entered our system, we automatically created a digital twin of its supply chain. Then we tied it to carbon data. We added what we're calling 'carbon assumptions.'

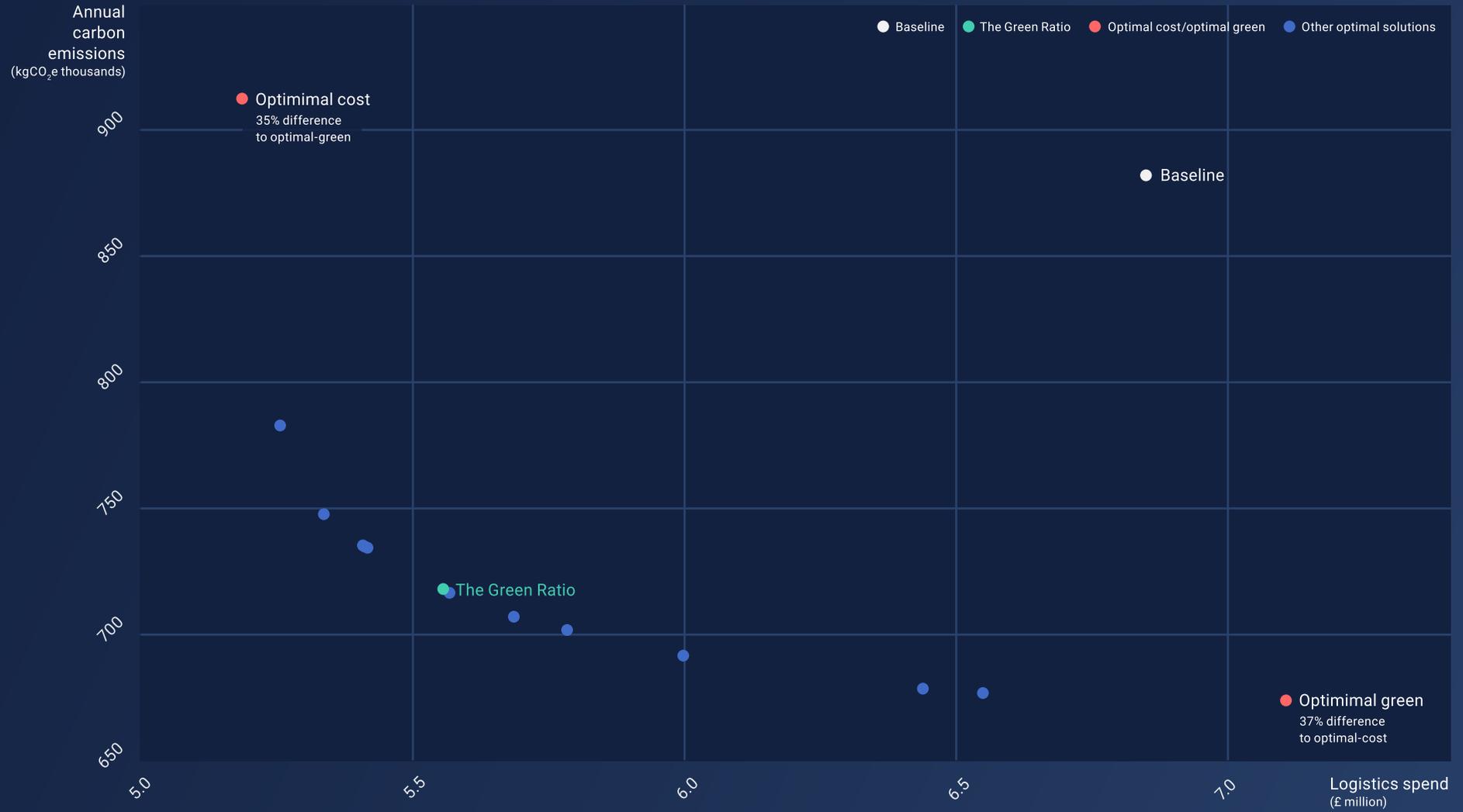
These assumptions are actually real data points gathered from available sources, including information like:

- emission factors per country
- load factor per vehicle
- emissions per vehicle
- emissions of running a warehouse
- load factor per provider

Together, they paint a clear picture of the carbon footprint of this Pharma C. business. We then asked the AI to help us find the cost to carbon ratio that works for this business. The amount of compromise on either side was interesting, with only 7% cost and 7% carbon sacrifice needed to create balance.

Graph 1

Logistics spend vs. carbon emissions



Graph 2
Provider mix



Graph 3
Fulfilment location mix



However, the simulation revealed two surprising factors. First, creating the initial baseline figure was crucial. Without that, it would have been impossible to find new solutions. And, while our company was fake, its shipping profile was not. That means our AI can define the baseline for other companies as well as Pharma C.

Second, our platform identified many ways for Pharma C. to reduce its carbon emissions from logistics immediately. It suggested and enabled several actions that businesses could enact without any delay. In fact, these actions were also in line with cutting costs. These immediate factors alone reduced their carbon emissions by 23%. Considering supply chain’s share of total emissions, that is a lot of carbon saved. And, because Pharma C. is based on real data, that level of optimisation can apply to other businesses as well.



Getting to your green ratio

The green ratio for your business will depend on your carbon strategy and appetite for investing in a lower carbon footprint. A more carbon-ambitious company would calculate a different number from a cost-focused company. It also could change from industry to industry. Plus, each supply chain has its unique challenges.

But, what does transcend industry and strategic goals is the need for baselining. Without identifying a true, data-driven baseline for your carbon emissions, you cannot make substantial change. It is vital to have visibility of the real situation rather than taking action based on educated guesses alone. From there you can create appropriate targets and action plans. This can be difficult for businesses to do alone. When undertaking this without help, it can be an arduous manual process. It means defining your whole shipping profile, including:

- total orders per year
- lane and weight of each shipment
- which providers you use and which services
- where you have warehouses the volumes you process

Our AI platform gathers all that necessary data from your invoices. We then create a digital twin and apply our carbon 'assumptions' mentioned above. This creates your carbon baseline without you needing to spend a lot of hours and effort on doing it manually. Once you have your baseline in place, our AI can help you identify the specific ways your supply chain can act right away.

Key takeaways

Sustainability and resilience are completely entwined for supply chains. To create a resilient strategy going forward, businesses need to consider carbon and climate impacts. And the vital first step of that is finding your current carbon baseline. With help from AI, that complex process can become simple and painless.

After you have identified your baseline, then you have the data you need to start optimising. Using a tool like the 7bridges platform, you can use that starting point to make more informed decisions. It can help you understand how to balance your commercial and carbon goals, providing your green ratio. Or it can focus on carbon reduction action that also saves on costs.

Whatever constraints you place on your logistics digital twin, our platform can help you build a more sustainable, more resilient supply chain.



7bridges

Powering supply chains with A.I.

the7bridges.com

Ready to decarbonise your supply chain sustainably?

Get in touch to learn how AI and the 7bridges team can help you find your Green Ratio.

Get in touch

