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# Demystifying supply chain automation:

challenges, opportunities,  
and smart solutions

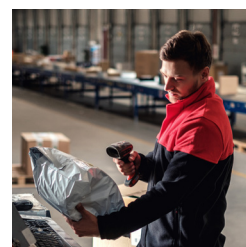




Automation and its connection to the supply chain is often a lightning-rod topic, but this should not be the case. Widely expressed concerns include cost, job displacement, continuous equipment and technology upgrades, integration complexity, change management, volume performance, and flexible processing capabilities. While these concerns and others must be addressed during the due diligence process when considering automation, many justifications and options can alleviate many, if not all, concerns and risks.

When considering automation, companies should understand that the term has become a catch-all phrase encompassing a wide range of technologies, equipment, process improvements, and systems. Automation can include complex robotics and fully automated processes, labor-assist and collaborative technologies, the automated movement of goods, or the automation of keystrokes to reduce repetitive effort. The many opportunities for applying automation to the supply chain are directly related to:

- Growing need for labor, increased efficiency, cost mitigation, staff training, and retention while also countering absenteeism and turnover.
- Improving process predictability, product quality, employee and workplace safety, flexibility, and resiliences.
- Achieving space efficiency and savings as the need for better space utilization is prioritized.
- Realizing reduced costs and higher ROI for automation due to a broad spectrum of solutions and significant competition in the automation marketplace.
- Enabling future growth and expansion.



As the automation marketplace grows more crowded each day, companies need a trusted partner to help them understand it all. Businesses are either overwhelmed by the sheer number of options available or don't understand their particular options. It's easy to get caught up in marketing hype and not fully recognize each option's pros and cons. Another consideration is selecting an automation solution often includes several critical steps, including selecting a design partner, an integrator, systems specialists, engineering support, training development, and delivery, just to name a few.

One thing is true. There is no "one size fits all" solution, and it is important to make the right decision for the company and its customers, shareholders, and internal stakeholders. Just as important, businesses want to ensure that the solution selected today is the right choice for tomorrow. Savills Supply Chain Consulting partners with businesses to streamline and optimize their entire operations.



**Some of the questions we address with clients are:**

- How can various solutions be conceptualized, compared, and considered to make the best decision?
- To make the best decisions, what questions must be answered by the operations design to affect business changes?
- How will the different solutions and options perform against today's KPIs and set the bar higher for future performance? What new KPIs would be enabled by the various automation solutions and options?
- Should we invest in little bits and chunks or big bang? How would the transition process work?



Yet, the broader question to be addressed is: What is the business case for these solutions and their associated considerations? Today, the business case is a multi-variable equation which includes many of the following:

- Impact on the customer experience (i.e., speed, quality, being different).
- Labor savings over time and choosing between doing nothing or investing. This also includes the growth of labor as business grows and the increase in labor costs over time compared to varying other solutions (refer to optionality above).
- Capital versus lease (e.g., RaaS, SaaS vs. capital).
- Other key metrics including acquisition costs, real estate, service speed, transition costs, occupancy costs, systems costs, cost of doing nothing compared to the return on investment.

As the global supply chain evolves and customer expectations get increasingly stringent, having nimble, responsive, efficient supply chain operations is more important than ever. When combined with escalating costs, labor shortages, and retention challenges, as well as ever-changing space and inventory storage needs, the case for some degree of automation can often be made. Savills has robust tools and methodologies to support a complete business case evaluation/assessment and professionals who specialize in design, integration, and implementation.



**For more information or to schedule an introductory call, please contact:**

**J.C. Renshaw**

Head of Supply Chain Consulting,

North America

[jrenshaw@savills.us](mailto:jrenshaw@savills.us)

+1 678 575 9530

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