



CARMAKERS, CAINIAO PLAN SMARTER, GREENER DELIVERY FLEETS

SUSAN WANG | MAY 23, 2017



SHARE THIS
ARTICLE

Cainiao Network, Alibaba's data-driven logistics affiliate, has partnered with Chinese carmakers including SAIC Motor and Dongfeng Motor, two of China's top



automotive companies, to manufacture 1 million green-energy delivery vehicles equipped with Cainiao's AI technology.

In a bid to boost the efficiency and environmental friendliness of China's booming logistics industry, carmakers have committed to produce electric delivery vans equipped with computer hardware and software based on Cainiao's advanced big data and algorithms, providing drivers with optimal delivery routes based on real-time traffic and order information, company president Wan Lin said at the Global Smart Logistics Summit sponsored by Cainiao in Hangzhou yesterday.

Cainiao's route-planning system uses location information and AI, and drivers can interact with the software through voice recognition technology. During a recent test of the system in Shenzhen in April, the technology cut vehicle use by 10 percent and travel distances by 30 percent, reducing energy consumption, operational costs and air pollution. The logistics industry could see savings of as much as 10 billion yuan (\$1.45 billion) a year if a million of the vehicles are on the roads within the next decade, according to Cainiao.

Cainiao said it would work with partners including Alibaba affiliate Ant Financial to provide financial support of 50 billion yuan (\$7.3 billion) for logistics firms and delivery drivers participating in the plan.

According to AliResearch, China's logistics industry has grown by more than 50 percent for six consecutive years due to the increasing popularity of online shopping and e-commerce. Some 80 million parcels are delivered every day, adding up to 31.3 billion a year.

Rapid growth is expected to continue. "In the next 5 to 8 years, the number of parcels in China may surge to 1 billion per day," said Jack Ma, Executive Chairman of

Alibaba Group, at the summit.

This surge “will bring with it huge challenges to every logistics company,” Ma said. “The only solution to this challenge is to invest in cutting-edge technology and cultivate young talent, and all of us need to work together collaboratively.” Ma pointed out that “the nature of smart logistics is the flow of data.”

Cainiao was founded by Alibaba in 2013 with a consortium of delivery companies to create a logistics information platform that links a network of partners, warehouses and merchants. Cainiao applies digital technology to make package deliveries faster and more efficient. The company runs the world’s largest database, processing nine trillion records per day.

Some 70 percent of shipments in China rely on algorithms developed by Cainiao to plan delivery routes. Over the next few years, Cainiao aims to provide more than 10,000 small-and medium-sized companies with “smart” supply chain solutions, said Wan. Solutions will include cloud computing services and affordable smart devices to fuel smaller players in the logistics industry.



The company at the summit also unveiled a new logo highlighting AI and data technology in the design to underscore its vision to transform traditional logistics to smart logistics.

