



DOI: <https://doi.org/10.38035/sjtl.v3i1>  
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## Digital Transformation in the Transportation and Logistics Industry

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**Abstract:** Digital transformation is reshaping the transportation and logistics industry by leveraging emerging technologies to improve operational efficiency, enhance customer experiences, and stay competitive in a globalized market. This article explores the impact of digital transformation on the transportation and logistics sector in Indonesia, focusing on key technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), blockchain, and cloud computing. The adoption of these technologies has led to real-time tracking, data-driven decision-making, and improved supply chain integration. However, challenges such as high initial investment, a lack of digital expertise, and cybersecurity concerns remain significant barriers to widespread adoption. Using a qualitative descriptive approach, this article examines various case studies and literature to highlight how Indonesian companies are implementing digital solutions and the resulting benefits and obstacles. The findings indicate that while digital transformation offers substantial advantages, its success relies on strategic planning, investment in workforce development, and strong industry partnerships.

**Keyword:** Digital Transformation, Logistics, Transportation, Indonesia, Internet Of Things (IoT), Artificial Intelligence (AI), Blockchain, Cloud Computing, Supply Chain Management

### INTRODUCTION

The transportation and logistics industry is a vital component in supporting global and national economic growth. Its main function as a driver of the flow of goods and services makes it the foundation of various sectors, from trade, manufacturing, to e-commerce. Without a reliable and efficient transportation and logistics system, the supply chain will be disrupted, product distribution will slow down, and economic activities will be hampered. In recent decades, the challenges in this sector have become increasingly complex, especially with the increasing volume of demand, customer expectations for speed and transparency, and fluctuations in operational costs. To answer these challenges, digital transformation is present as an inevitable solution. Digital transformation is not just the application of new technology, but a complete change in the way logistics and transportation companies operate, interact with customers, and make business decisions. This includes the digitization of manual processes, integration of information systems, and the application of cutting-edge technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), Machine Learning, Big Data

Analytics, Blockchain, to Cloud Computing. This digitalization opens up new opportunities to increase efficiency, reduce human error, improve real-time supply chain visibility, and create more personalized and responsive customer service.

For example, IoT technology enables real-time tracking of vehicles and cargo, providing accurate information on position, temperature conditions, or potential delays. AI and machine learning are used to optimize delivery routes based on traffic or weather conditions, while cloud-based systems facilitate collaboration across divisions and between logistics companies. Big Data Analytics enables companies to analyze demand patterns and plan warehouse capacity more precisely, while blockchain provides a more secure and transparent transaction system in document recording and payments. However, this transformation is not without challenges. Many companies, especially in developing countries, are still grappling with limited digital infrastructure, workforce skills, and resistance to change. The transition from conventional to digital systems requires a significant investment, both in terms of technology and human resources. In addition, the integration of digital systems with government policies, data security, and operational sustainability are also important considerations. Therefore, the success of digital transformation requires a mature strategy, support from top management, and strong partnerships between industry players, technology providers, and regulators.

Indonesia, as an archipelagic country with great logistics potential, is also in an important momentum to transform this sector. Government support through programs such as the National Logistics System (Sislognas), improving port and road infrastructure, and digitalization incentives for logistics MSMEs are promising initial steps. In addition, the rapid growth of e-commerce has also accelerated innovation in the shipping and distribution sector. This opportunity can be maximized if logistics players are able to adopt technology quickly and adaptively. Digital transformation also plays a major role in creating a more sustainable logistics system. With more efficient route and fleet management, fuel consumption can be reduced, carbon emissions can be reduced, and operational waste can be minimized. This is in line with the global trend towards a green economy and corporate social responsibility. On the other hand, consumers are increasingly concerned about the transparency and sustainability of the supply chain, which can be met through the digitization of processes and data reporting. Furthermore, digitalization allows for the formation of a more integrated and collaborative logistics ecosystem. Companies that used to work in silos can now share information and resources in real time. This collaboration encourages the formation of a digital platform-based logistics system, where service providers, goods owners, transporters, and consumers are connected in one integrated system. This not only increases speed and reliability, but also creates overall cost efficiencies.

As a concrete illustration, global logistics companies such as DHL, Maersk, and FedEx have already widely adopted digitalization. They use technology to predict market demand, respond to supply chain disruptions, and provide personalized customer service through chatbots and mobile applications. In Indonesia itself, logistics startups such as Shipper, Waresix, and Kargo Technologies have also played a role in driving digitalization through technology-based digital platforms. This development shows that digital innovation is not only a monopoly of large companies, but is also open to small and medium-sized businesses that are willing to adapt. Digital transformation in the transportation and logistics industry is ultimately no longer an option, but a necessity. Companies that are reluctant to change will be left behind in the competition, lose market opportunities, and face the risk of increasing inefficiency. Conversely, those who are able to adopt technology strategically will gain a competitive advantage, expand market reach, and build a more resilient and responsive operational system.

This article will comprehensively discuss how digital transformation is changing the face of the transportation and logistics industry. The discussion will cover the types of digital

technologies applied, the benefits generated, the challenges faced, and effective implementation strategies. In addition, case studies from various companies will be presented to provide a real picture of best practices in logistics digitalization. Thus, it is hoped that this article can provide useful insights for industry players, policy makers, and academics who are interested in the issue of digital transformation and the development of modern logistics systems. Therefore, this article aims to examine in depth how digital transformation affects the transportation and logistics sector, both in terms of technology implementation, the benefits generated, the challenges faced, and its impact on industrial efficiency and competitiveness. This writing also aims to provide a more comprehensive understanding of the direction of digitalization development in this sector, as well as exploring best practices that can be used as references in accelerating the adoption of digital technology, especially in the Indonesian context.

## **METHOD**

This article is written using a descriptive qualitative approach that aims to provide an in-depth overview of the digital transformation phenomenon in the transportation and logistics industry. This approach was chosen because it is able to systematically explain the process, impacts, and challenges of implementing digital technology in a sector that continues to grow and has high complexity. The data used in writing this article were obtained through literature studies of various relevant sources, including scientific journals, reference books, industry reports, news articles, and government policies related to digitalization and logistics development. In addition, this article also utilizes case studies from several transportation and logistics companies, both at the global and national levels, that have implemented technologies such as the Internet of Things (IoT), artificial intelligence (AI), blockchain, and cloud-based systems. Other secondary data sources include company annual reports, publications from research institutions, and white papers from digital technology solution providers. The analysis was carried out by identifying, grouping, and synthesizing the collected information, then compiling it into a systematic and comprehensive discussion. To maintain the validity and objectivity of the writing, the author only uses credible sources and pays attention to the diversity of perspectives from various parties involved in the logistics ecosystem. Through this method, the article is expected to provide a meaningful contribution in understanding the direction of digital transformation in the transportation and logistics sector, especially in the context of industrial developments in Indonesia and global trends.

## **RESULTS AND DISCUSSION**

### **Implementation of Digital Technology in Transportation and Logistics**

Digital transformation in the transportation and logistics industry in Indonesia has shown significant developments. Various technologies have been adopted to improve operational efficiency and service quality.

#### **a. Internet of Things (IoT) and Real-Time Tracking**

The use of IoT allows logistics companies to monitor fleets and cargo in real-time. Sensors installed on vehicles and containers provide data on the location, temperature, and condition of goods, which is very important for shipping sensitive goods such as pharmaceutical and food products. The implementation of IoT also helps in identifying operational problems quickly, so that corrective actions can be taken immediately.

#### **b. Artificial Intelligence (AI) and Data Analytics**

AI is used to analyze big data to predict demand, optimize shipping routes, and manage inventory. With data analytics, companies can understand customer demand patterns, so they can plan capacity and resources more efficiently. In addition, AI is also used in chatbots to improve customer service through fast and accurate automated responses.

c. **Blockchain for Transparency and Security**

Blockchain technology is used to create a transparent and immutable record-keeping system, which is essential in global supply chains. With blockchain, all parties in the supply chain can access the same information in real-time, reducing the risk of fraud and data errors. This is especially useful in customs clearance processes and international shipping documentation.

d. **Cloud Computing and System Integration**

The use of cloud computing allows companies to store and access data flexibly and securely. Cloud-based transportation management systems (TMS) and warehouse management systems (WMS) facilitate integration between departments and business partners, increasing collaboration and operational efficiency. In addition, cloud computing also supports system scalability according to growing business needs.

**Benefits of Digital Transformation**

Digital transformation brings various benefits to the transportation and logistics industry, including:

- a. **Operational Efficiency:** Process automation and the use of advanced technology reduce operational time and costs.
- b. **Improved Customer Service:** With real-time tracking and better communication, customers get accurate information and more responsive service.
- c. **Better Decision Making:** Data analytics helps management make strategic decisions based on accurate and up-to-date information.
- d. **Security and Compliance:** Technologies like blockchain enhance data security and help in meeting applicable regulations.

**Challenges in Implementing Digital Transformation**

Despite the many benefits, implementing digital transformation also faces several challenges:

- a. **High Initial Investment:** Procurement of technology and training of human resources requires significant investment.
- b. **Human Resource Readiness:** Lack of skilled workforce in digital technologies can hamper the transformation process.
- c. **System Integration:** Integrating new systems with existing legacy systems can be complex and time-consuming.
- d. **Cybersecurity:** The increasing use of digital technology increases the risk of cyber attacks, thus requiring a strong security system.

**Case Study: Digital Transformation in Indonesian Logistics Companies**

Several companies in Indonesia have successfully implemented digital transformation in their operations:

a. **PT Pos Indonesia**

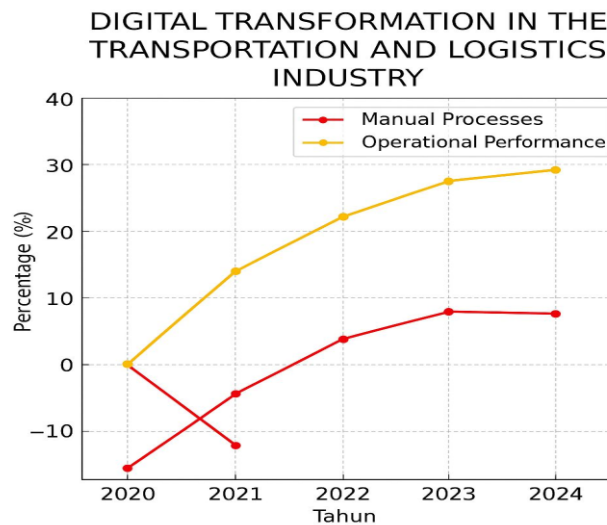
PT Pos Indonesia has adopted various digital technologies to improve its logistics services. They have developed a mobile application for tracking shipments, a cloud-based warehouse management system, and use AI for customer data analysis. This step increases operational efficiency and customer satisfaction. ResearchGate

b. **Gojek**

As a technology company, Gojek has integrated transportation and logistics services through a digital platform. They use AI to organize delivery routes, IoT for vehicle tracking, and cloud computing to manage operational data. This transformation Bukalapak, through its BukaSend and BukaGudang services, has utilized digital technology to support e-commerce logistics. They use an automated warehouse management system and integration with various logistics partners to speed up the process of delivering goods to customers.

**Impact of Digital Transformation on Industry**

Digital transformation has changed the landscape of the transportation and logistics industry in Indonesia: Fiercer Competition: Companies that are quick to adopt technology gain a competitive advantage, forcing other companies to follow suit.



**Gambar 1. Impact of Digital Transformation on Industry**

## CONCLUSION

Digital transformation has become a major force that is changing the face of the transportation and logistics industry, both globally and nationally. Amidst the increasing demands for efficiency, transparency, and speed in service, digitalization has proven to be a solution that is able to answer various conventional challenges in the supply chain. Various technologies such as the Internet of Things (IoT), artificial intelligence (AI), blockchain, cloud computing, and data analytics have been adopted to improve operational visibility, optimize decision-making, and strengthen customer service. The application of these technologies has had a real positive impact, ranging from cost and time efficiency, increased productivity, to the creation of logistics services that are more adaptive and responsive to market needs. Several companies in Indonesia have shown success in implementing digitalization, which not only increases their competitiveness but also drives innovation in the national logistics ecosystem. However, this transformation process is not without obstacles. Challenges such as limited digital infrastructure, lack of skilled workers, and high investment requirements are still the main obstacles that must be faced. Therefore, the success of digital transformation requires a strong commitment from company management, support from government policies, cross-sector collaboration, and increased human resource capacity. With careful planning and a strategic approach, digital transformation in the transportation and logistics industry will not only increase efficiency and competitiveness, but also pave the way for a more sustainable, inclusive, and resilient logistics system in the future. In the context of Indonesia, logistics digitalization has great potential to support national economic growth, expand connectivity between regions, and strengthen Indonesia's position in the global supply chain.

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