Last Mile LEADERS

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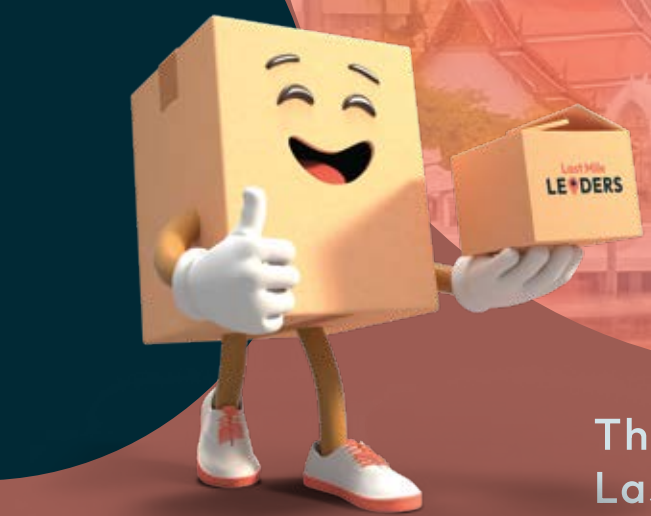
EYE ON THE LAST MILE 6.0

APAC REPORT



The Last-Mile Convergence: What APAC Last Mile Leaders Must Do Next

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INTRODUCTION 2026

EYE ON THE LAST MILE 6.0

Six editions. One question: where is delivery really going?

Eye on the Last Mile is FarEye's annual signal-read of the last-mile delivery: the operating model, the technology, the customer promise, and the economics. We publish it because the conversation moves quickly, and because the industry deserves a view of where it is going that is built from real world operator data.

What's changed over the last five editions

Each Eye on the Last Mile edition has captured a different industry centre of gravity. Reading them in sequence shows the Last Mile maturing from a series of separate technology preoccupations into a single integrated discipline. That progression is the spine of the Asia 2026 story.

Year	Top Business Need	Top Investment Area	Details
2023	Digitisation	Visibility	Edition 1.0 : Real-time tracking was the centre of gravity. Customer-facing visibility was the headline capability.
2024	Cost Reduction, Supply Chain Reliability	Capacity Optimisation	Edition 2.0 (LML- APAC): Route optimization and dispatching became the dominant cost-reduction levers. AI began entering the conversation. Edition 3.0 (LML- Middle East & Africa): Cost pressure and operational security dominated. Carrier reliability moved from operational issue to strategic risk.
2025	Interoperability with focus on Consumer Experience	Intelligent Orchestration	Edition 4.0 (LML- Europe): AI moved from pilot to early production. Hybrid fleets became the practical default. Orchestration became the operating thesis. Edition 5.0 (LML - Americas): The last mile became more customer-facing, more expensive, and more measured. Speed, cost, and experience became harder to separate.
2026	Convergence across Cost, Speed and Experience	Enterprise-wide AI adoption	Edition 6.0 (LML - APAC): Cost, speed, and customer experience collapse into one operating problem. AI plumbing, not AI principle, becomes the challenge. TMS modernisation becomes unavoidable.

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2026

FOREWARD

A NOTE FROM THE CEO'S DESK.

Cost, speed, and customer experience used to be a choice. In 2026, these are one concurrent expectation.

We surveyed 500+ Last-Mile Leaders and operators from enterprises across the region. They told us the classic trade-off between cost, speed, and customer experience has collapsed. The majority of respondents are now running multi-priority strategies, demanding all three from a single operating model.

The supply chain models and delivery promises made to customers have become dynamic, however, the systems behind these models and promises have not. This gap is the defining tension of 2026.

We hope it gives you a sharper read on where the market is going, and a clearer view of the work in front of all of us in the next twelve months.

Some takeaways you will find interesting:

Last-mile cost inflation is now exposing the cost-to-serve blind spot.

Costs are up 18.9% YoY, and operators can mostly see where cost lands directly through fuel, labour, vehicles and carriers, but not where it is created. The real margin leakage is hidden in poor routing, failed deliveries, WISMO calls, reschedules, weak carrier allocation and underused capacity.

The customer promise is shifting from speed alone to reliability.

Predictable delivery time (39% of operators) with WISMO visibility (26% of operators) is selected by 2 out of 3 of operators, ahead of fastest possible delivery at 21%.

Hybrid delivery networks are becoming the default.

50% fleet owners expect more outsourcing over five years, while visibility, carrier performance and carrier audit remain material gaps.

The AI story has moved forward from acceptance and discovery to expanding beyond PoCs.

98.3% trust AI can solve for opportunities in the last mile and 79% are exploring or using AI. However, integration complexity (27%), poor data quality (19%) and skill gaps (19%) dominate barriers.

KUSHAL NAHATA
Co-founder & CEO, FarEye

REGION

APAC IS NOT ONE LAST MILE. IT IS MANY.

Twenty-four economies. Vast distances. Island networks. Dense cities. Fragmented carriers. APAC is the world's most complex last-mile operating environment.

Most last-mile playbooks were not built for APAC. They were designed around assumptions that work better in North America or Western Europe: large contiguous markets, mature carrier ecosystems, consistent infrastructure, and relatively standardized customer expectations.
APAC breaks those assumptions.

Three dimensions that set APAC apart:

1. Physical complexity dominates

Three of the top four regional challenges named by operators are physical-world constraints - geographic dispersion, multi-island distribution, and infrastructure gaps. The fourth, urban congestion, is also physical. Australia has vast distances, sparse populations, a narrow carrier ecosystem. They all lead to one thing: Expensive last-mile.

2. Carrier ecosystems are fragmented at the country level

APAC does not have the small handful of regional carriers that simplify procurement in North America or Europe. Country-level carrier ecosystems vary from a few dominant national operators to dozens of regional players.

3. AI adoption is region-wide and proceeding ahead of legacy market norms

APAC is moving fast on AI. 78% of respondents are already on the AI maturity ladder, and frontline adoption is above 70% versus the 50% global average. The region also has 31% of LSPs embedding AI into core operations, compared to 14% in North America and 6% in Europe.

THE COST-TO-SERVE BLIND SPOT

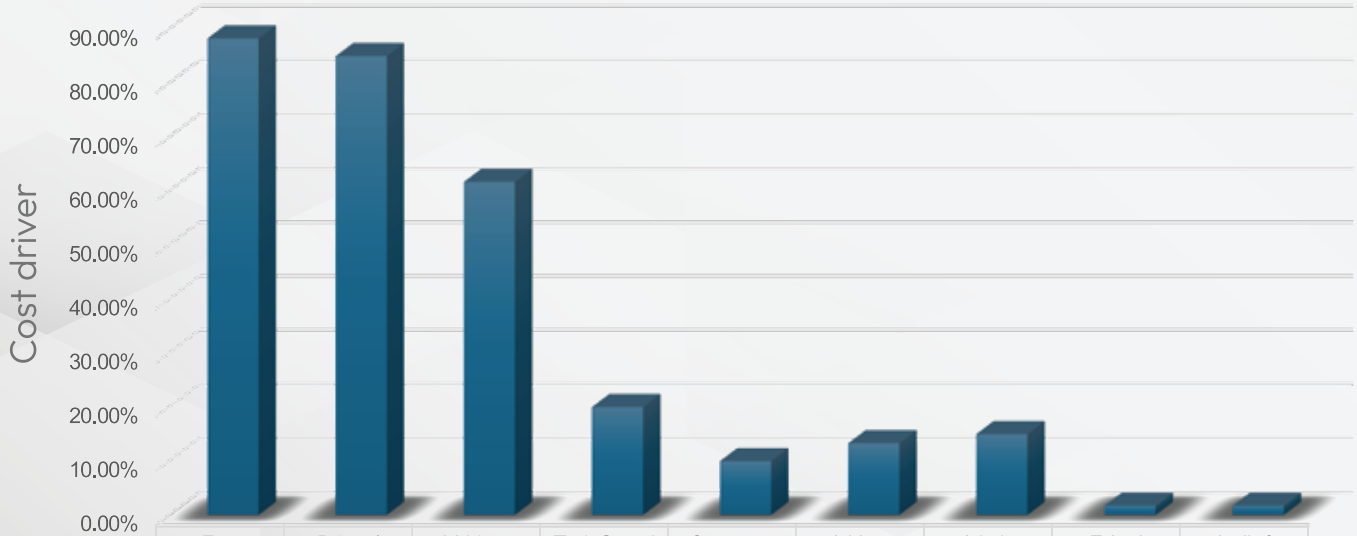
The cost is rising fast. Most operators can only see where it lands, not where it is created.

18.9%

Average year-on-year increase in cost per delivery

Operators see the obvious costs: fuel, drivers, vehicles, and carrier bills. But a lot of cost stays hidden in surcharges, complex contracts, failed deliveries, rescheduling, WISMO calls, poor routing, and unused capacity. These don't always show up clearly, but they keep adding up.

The visible cost stack



	Fuel	Driver / Labour	Vehicle Operating Costs	Tech Spend	Customer Support	Ad-hoc Carrier Selection	Admin Overheads	Failed Delivery Penalties	Audit & Compliance
% in top 3	88%	85%	62%	20%	10%	13%	15%	1.7%	1.7%

The Compounding of invisible cost

A. Pricing has not kept up with commercial complexity.

Surcharges, accessorials, service-level premiums, and exception fees are dynamic; pricing at checkout is not. These delivery fees don't match with route density, window pressure, carrier availability, or recovery effort.

B. The lifecycle creates cost the ledger never counts.

WISMO calls, failed deliveries, reattempts, reschedules, control-tower intervention, and invoice reconciliation are operationally visible but financially under-attributed. A failed delivery triggers a call, a reschedule, a second route, driver time, SLA exposure, and recovery.

C. Operational bottlenecks are cost multipliers.

75% of operators cite inefficient routing as a top bottleneck, the most universal pain in the dataset. Driver availability follows at 56.7%, real-time visibility at 43.3%, complex returns at 35%, carrier audit at 33.3%.

D. The capacity problem behind the cost problem

Capacity planning has to enter the commercial promise: territory design, route density, and drop economics for B2B; slot-aware promising, dynamic routing, and orchestration across owned, outsourced, and gig capacity for B2C.

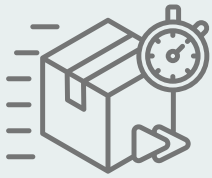
KEY TAKEAWAY

MEASURE THE MARGIN LEAK

Rising delivery cost is only the visible problem. The deeper issue is that pricing, capacity, routing and customer promises are not connected, allowing invisible costs to compound across the delivery lifecycle. Until cost-to-serve is connected to the customer promise, every delivery window, route, carrier choice and service tier can quietly become a margin leak.

THE PREDICTABILITY PROMISE

Speed has lost the customer-promise war. Predictability is the premium product yet also the most under-delivered promise in the 2026 last-mile.



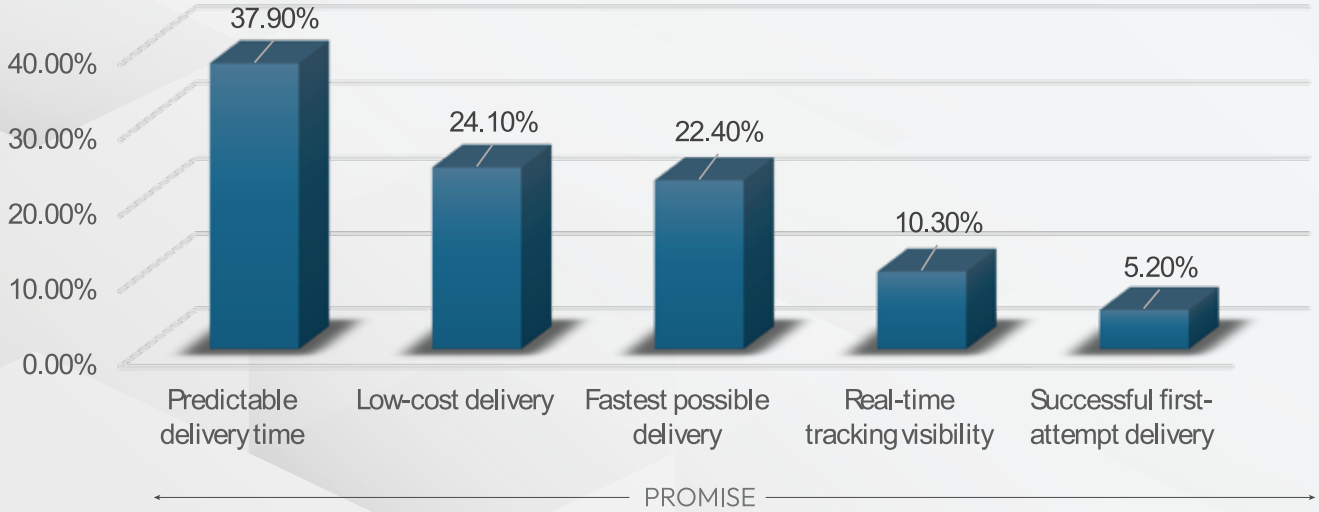
40% vs 20%

Predictable delivery beats Faster delivery, nearly two-to-one as top customer preference

For years, the last-mile race was framed as a speed race. But fast is no longer enough. When operators name the single customer promise that matters most, nearly half choose Predictable delivery time. Fastest Delivery remains commercially relevant and comes second at 22%.

Also, predictability is a premium product: 60% of operators say their customers are willing to pay extra for delivery.

The customer promise that matters most



The Predictability Maturity Ladder

The first benchmark worth setting internally is the simplest: what delivery window, a dynamic 2-hour commitment vs day long or multi-day — counts as "kept," and at what ETA accuracy threshold does the promise become a measurable SLA?

Dimension	Stage 1: Reactive	Stage 2: Defined	Stage 3: Predictable	Stage 4: Architected
Delivery Window	Anytime within a 2-5 Day period. (SLA based on carrier contracts)	Day of delivery Day-long, or "delivery today/tomorrow"	Shift level window, 4-8 hrs with limited view on sequence	Real time, traffic impacted, dynamic 2-hour windows, varied by service tier, zone and customer
ETA accuracy	Opaque and unavailable for >80% orders. Measured on an ad-hoc/ Escalation-led basis.	Visibility on 80–90% shipments, measured periodically	Visibility on 90–95% shipments, measured and monitored daily	Visibility on 95%+ shipments, measured per route and per carrier in near real-time, proactively
WISMO inquiry rate	>35%+ orders	25–35% orders	15–25% orders	Under 15% orders
Customer Engagement	Reactive: Customer calls support to find their order	Static: Customers get updated status on demand or milestones.	Predictive: Customer is notified before a delay reaches them. Near real-time	Two-way: Customers can reschedule, redirect or release the ETA mid-route. DIY
Promise Architecture	One promise for all customers	Two tiers standard / express)	Three tiers, with cost-to-serve roughly known by tier	Portfolio of promises mapped to geography, capacity and margin

KEY TAKEAWAY

DESIGN PRINCIPLE

Do not ask only “how fast should delivery be?” Ask “which promise should be offered to which customer, in which geography, through which capacity pool, at what margin?” This moves the last mile from a cost centre to a managed promise architecture.

> Position on Predictability but define the window. Invest in the visibility layer that makes the promise keepable.

THE GOLDILOCKS FLEET MODEL

Not too owned. Not too outsourced. Just orchestrated enough.

The old fleet debate was simple: own the fleet for control, outsource the fleet for flexibility. APAC's 2026 data suggests that debate is losing relevance. Operators are moving cleanly towards one direction. It's neither towards owning nor outsourcing. Rather, towards the middle.

62% of operators run primarily on outsourced carrier networks, 27% on own fleets, 7% on gig fleets. What is striking is the direction. 48% of operators plan to outsource more in the next five years.

Whether an operator runs primarily on its own fleet, on an outsourced network, or on gig labour, almost 50% plan to deepen their carrier relationships.

Why neither extreme survives

- Pure own-fleet does not survive volume volatility.
- Pure outsourced does not survive customer-experience pressure.

Between them lies the Goldilocks Zone to guarantee the critical SLAs, enough flex capacity to absorb demand variance.

Outsourcing direction by current fleet model

CURRENT FLEET	% PLANNING MORE
Outsourced carrier network	48.6%
Own fleet	50.0%
Gig fleet	50.0%

Hybrid in name, Homogeneous in behaviour

At any moment, for any parcel, in any capacity type, the operator should be able to answer four questions without picking up a phone:

- **Where is it?** 44% of operators can't, today. Lack of real-time visibility is the single most-cited operating bottleneck, and the minimum bar is a milestone, GPS, ETA and exception alerts.
- **Why is it with this carrier?** 35% cite carrier performance as a technology gap, because allocation today is mostly static rules and habit. Scorecards have to feed allocation decisions.
- **What is it costing me?** 34% cite audit and reconciliation as a bottleneck. Margin leaks quietly through manual invoice review. Automated audit rules and exception-based review are now table stakes.
- **What will it deliver?** Only 18% currently flag dynamic allocation as a challenge, which is itself the signal. Most operators have not yet matured enough to know how much they are losing to static carrier rules.

KEY TAKEAWAY

UNIFIED CONTROL

An operator who can answer all four, on demand, is orchestrating deliveries.

An operator who cannot answer any one of them is not running a hybrid network — they are running multiple networks and hoping.

FROM AI TO ROI

The conversation has moved from awareness and belief to underlying engineering and value realisation.

AI is no longer the future story of the last mile. For 78% of APAC operators it is the present, visible in routing, dispatching, ETA prediction, exception management, and carrier selection.

Proliferation: where AI lives today

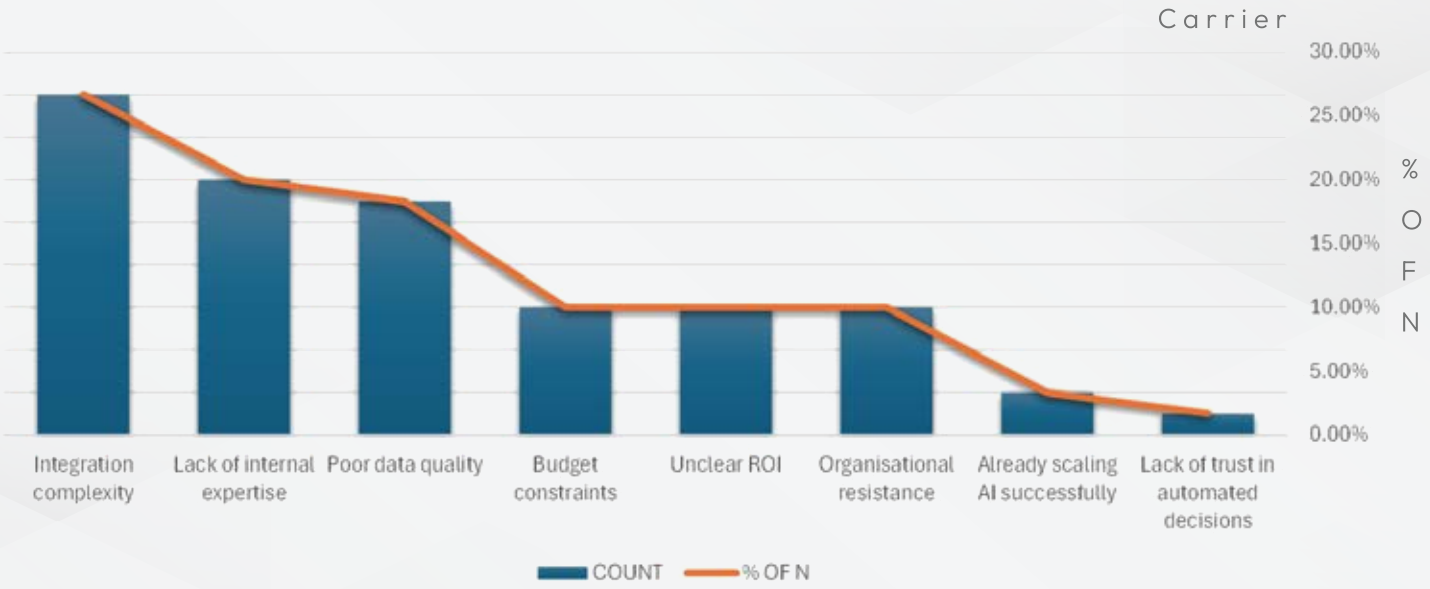
Three-quarters of operators are on the AI maturity ladder. 43% are in Early Implementation — the largest single cohort, building integrations into existing TMS, WMS, and ERP stacks. 20% are still Exploring. 15% have moved to Extensive Adoption, where AI is driving routine operating decisions, not just informing them. Only 22% have not started, and that cohort is concentrated in B2B and industrial distribution.

STAGE	% OF N
Early implementation	43.3%
Not started	21.7%
Exploring	20.0%
Adopted extensively	15.0%

Investment intent confirms the direction. 78% of Extensively Adopted operators plan to invest in delivery technology in the next year. So do 69% of operators who have not yet started — the catch-up cohort.

Biggest barrier to AI adoption

Only 1 respondent named lack of trust as a barrier to AI adoption. The dominant barriers are engineering ones: Integration Complexity (27%), Lack of Internal Expertise (20%), and Poor Data Quality (18%). Together they account for 65% of all biggest-barrier responses.

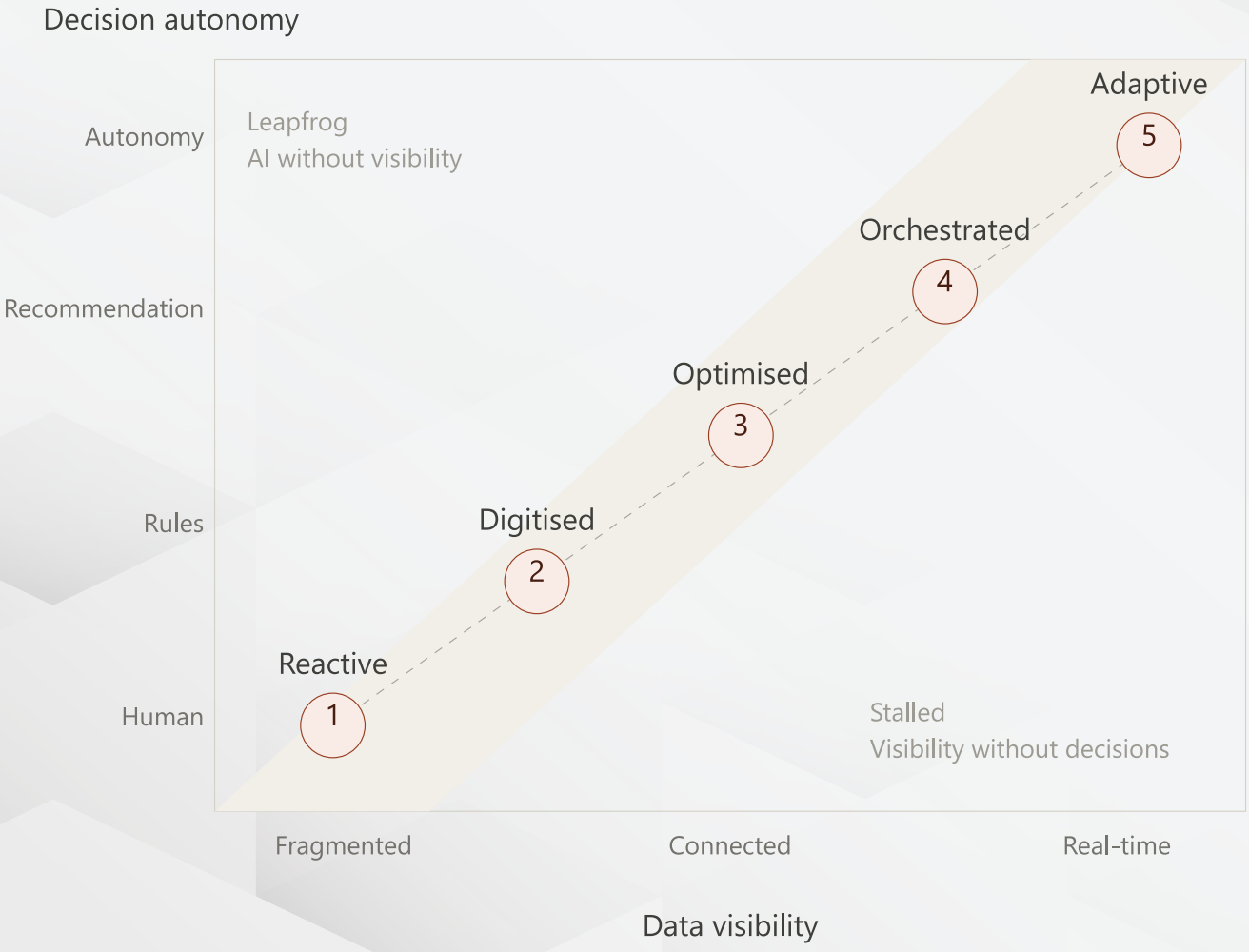


DELIVERY MATURITY INDEX

The maturity model helps leaders benchmark the organisation and avoid leapfrogging into AI use cases before data, process and governance foundations are ready.

Maturity is a movement across two axes:

1. How much the network can see (data and visibility)
2. How the network decides (humans, rules, recommendations, or autonomy



THE FIVE STAGES OF MATURITY

Stage 1: Reactive

1. Manual planning, fragmented tools, human firefighting. The signature symptoms are unknown cost per delivery, high WISMO, and inconsistent carrier data.
2. To move to the next stage: Focus on measurement, not technology. Establish cost, service and exception baselines before anything else.

Stage 2: Digitised

1. Tracking and dashboards exist; decisions have not yet caught up. Visibility is necessary but not sufficient — the unlock is clean data, standard milestones across carriers, and a common exception taxonomy.
2. To move to the next stage:

Stage 3: Optimised.

1. Routing, dispatch and SLA management work — function by function. Each is tuned to its own KPI. The seams show at the joins.
2. To move to the next stage: Promise design, routing, allocation and customer comms into a single operating layer that shares context end-to-end.

Stage 4: Orchestrated

1. A unified operating layer surfaces decisions, not just data. Exceptions get pre-empted. Capacity reallocates dynamically across own, outsourced and gig pools.
2. To move to the next stage: Identify areas and implement automation of low-risk decisions.

Stage 5 · Adaptive

1. AI-based real-time orchestration with selective autonomous execution. Capacity, promises and exceptions adapt continuously to real demand and real performance. Built on the Human-in-the-Loop (HITL) concept.
2. The work shifts from running the operation to governing it — autonomy thresholds, model drift, ROI gates, and the human override path.

LAST MILE READINESS

THE BOARDROOM TEST

Ten questions to ask now to evaluate the strengths of your last-mile

Cost-to-serve discipline

Can we answer the convergence question?

1. Do we know the true cost per delivery by route, carrier, customer segment & promise type?
2. What percentage of our delivery cost is hidden in WISMO, failed delivery, returns, audit leakage and manual exceptions?

Promise architecture

Can we keep the promises we make?

3. What is our ETA accuracy by geography, fleet type and service tier?
4. Which service tiers should be slowed down, priced differently, or removed entirely?
5. Do we have a standard exception taxonomy across regions and carriers?

Hybrid orchestration

Are we running one network or many?

6. Can we compare our own fleet, outsourced carriers and gig capacity on the same cost-and-service basis?
7. Do carrier scorecards influence order allocation, pricing and SLA governance?

AI readiness

Are we ready for AI, or just buying it?

8. What data quality issues block AI use cases today?
9. Which systems must be integrated before AI can move from pilot to production?
10. Which decisions are ready for AI recommendation, and which are ready for full automation?

THE SHIFTS DRIVING 2026

4 FINDINGS THAT ANCHOR THE YEAR

18.9%

Increase in average delivery cost

2x Preference

for predictability over speed of delivery

48%

More organisations plan to increase outsourced deliveries

98.3%

Respondents trust AI to make the right decision

METHODOLOGY

HOW THE RESEARCH WAS DONE.

The Eye on the Last Mile — Asia 2026 dataset was built from a structured online survey with 500+ last-mile delivery operators conducted in Q1 2026. Respondents were qualified by role (operations, supply chain, or logistics-technology leadership) and by organisation (engaged in last-mile delivery as a primary or significant operation). Geography spans Southeast Asia, Australia and New Zealand, and adjacent APAC markets.

About ASCLA

The Australasian Supply Chain & Logistics Association (ASCLA) is the peak body representing the supply chain and logistics industry across Australia, New Zealand and Southeast Asia. Formerly the Supply Chain & Logistics Association of Australia (SCLAA), ASCLA unites practitioners, organisations and partners under a shared mission to advance the profession, drive innovation, and strengthen the region's logistics capabilities. Through its national network, industry events, education programs and publications, ASCLA connects supply chain professionals with the insights, tools and relationships they need to lead in an increasingly complex operating environment.

About SCMAP

The Supply Chain Management Association of the Philippines (SCMAP) is the premier supply chain industry organisation in the Philippines, representing the country's leading manufacturers, logistics providers and retailers. With over 200 member companies and individuals across three chapters nationwide, SCMAP drives the global competitiveness of the Philippine supply chain industry through advocacy, education and thought leadership. Its flagship events — including the annual SCMAP Supply Chain Conference — alongside its publication Supply Chain Philippines and a growing calendar of professional development programmes, make it the definitive community for supply chain practitioners at every level across the country.

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