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LogiSYM

The Magazine for Supply Chain Executives

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this issue

main feature

What is a Supply Chain? Connecting the Key Points of the Business Model. The Value and Benefit From a Structured Supply Chain Function.

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regular

from the editor

Making Progress

Dear Readers,

This is the 2nd month of our Digital edition and we are delighted to report that we have again had a great response to our last publication. We have even had requests for back copies of issue 1, which we would be pleased to send to new subscribers of LogiSym.

My editorial team also informed me, that the last issue generated a down load rate of 47% and an open & click rate of 37% & 44% respectively. This is by far a higher rate than many other industry magazines. Further analysis shows that our readers appreciate the format and content – thank you all for your great support !

In this issue we have lots of industry news but in particular our Special Features Section contains practical articles that will help improve operational effectiveness.

We are pleased to publish a feature from Logistics Executive COO Darryl Judd & Manju Vijayan LE Consultant, with some very good advice on Candidate Engagement.

Cathy Robertson shares with us her views on the rise of M&A Opportunities with reference to recent big announcements.

In this edition we also feature Part 3 of our regular Series on The Supply Chain Management Challenge, which features Building and Sustaining an Enterprise Supply Chain Model.

We again would like to thank all our readers for the great feedback and new contributions we have received to our last 2 publications of The Magazine for Supply Chain Executives. We welcome your ideas and inputs. If you feel that you have something to share, do not hesitate to put pen to paper and send us your contribution.

The next issue will be the quarterly hard copy version, which will feature interviews with industry leaders. We will also look at the daily challenges that face our supply chain professionals.

We hope that you enjoy reading the articles in this issue, as much as we have enjoyed putting them together for you.

Joe Lombardo
International Editor

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The Magazine for Supply Chain Executives

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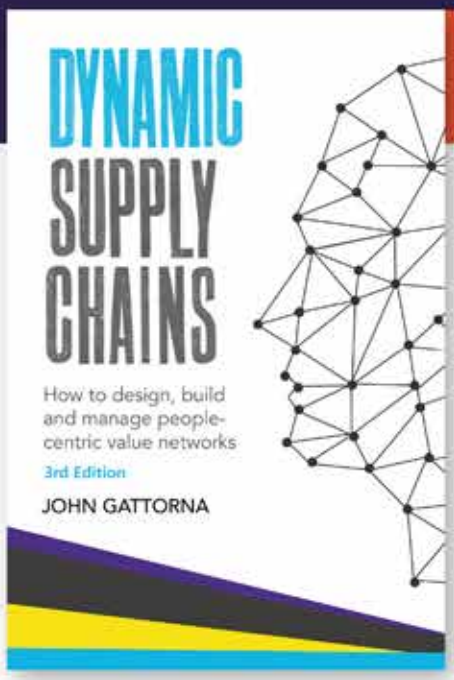

OFFICAL BOOK LAUNCH

John Gattorna's book
at the SUMMIT
Zappieon Hall
29 September 2015

Dynamic Supply Chains is a masterpiece in the field of Supply Chain Managmeent.
DR. RAKESH SINGH, CHAIRMAN, INSTITUTE OF SUPPLY CHAIN AND MANAGMENT, INDIA.

A Word from the President

Raymon Krishnan

Dear Readers,

Supply Chains are the engines that drive and support any economy. They enable the international trade flows that empower global commerce.

Today's Supply Chains are evolving to reflect the increased complexity of world trade – a highly competitive, super connected, fast changing and increasingly volatile global environment which is progressively more difficult to predict. To compound this, it seems that new buzzwords, that are either variations on an old theme or that espouse concepts and ideas are bring coined or invented as fast as people can think them up.

Instead of near shoring, we are now talking about 'next" shoring and instead of 3D printing, companies are already looking at developing 4D printing and the commercial applications of this. Change and improvments are necessary but almost every day I am reminded by people, much smarter than me that we need to ensure fundamentals and processes are well grounded and thought out and that we should learn to walk before we can run.

Good advice is oftentimes not easy to follow.

Through our various conferences, events and this magazine in particular, we hope to re-inforce the body of knowledge that is already out there and available to professionals in our industry - whilst at the same time also being a platform for the promulgation of new ideas. If the message and information is readily available, chances are that more people will have access to and be able to use it.

This is an important role that publications like LogiSYM plays in our industry and it is only possible with your support. Joe would have talked about our fairly large reach to fellow Logisticians in his editorial this month. We plan to grow on these impressive numbers.

Thank you for making this idea of a magazine for the industry a reality and we hope to grow from strength to strength in the weeks and months ahead.

Raymon Krishnan
President, The Logistics & Supply Chain Management Society

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Asian carriers REGISTER GOOD APRIL RESULTS

Preliminary traffic figures for the month of April recently released by the Association of Asia Pacific Airlines (AAPA) showed encouraging growth in international air cargo markets. Volumes continued to grow, in spite of April being a seasonally subdued month.

Measured in freight tonne kilometres (FTK), demand was 3.7% higher than in April 2014. Offered freight capacity expanded by 4.7%, leading to a 0.6 percentage point decline in the average international freight load factor to 63.5% in April.

Andrew Herdman, AAPA's director general commented on the results by saying, 'air cargo was partly boosted by increased demand for air shipments due to the backlog of goods at US seaports. The outlook for air freight demand in the coming months is more uncertain, given this is a seasonally weaker period, and it will depend on whether the pace of recovery in world trade can be maintained.

Emirates Skycargo's first landing in Columbus

Today (27 May 2015), Emirates SkyCargo, the freight division of Emirates, began a weekly service to Rickenbacker international airport in Columbus, the state capital of Ohio (USA). The service is operated by an Emirates SkyCargo Boeing B777 freighter, which can carry just over 100 t of cargo. The B777F's main deck cargo door is one of the widest of any aircraft and enables it to uplift outsized cargo and carry larger consignments.

The new freighter service to America's 15th largest city, which stops in Copenhagen (Denmark) on route to Columbus, and in Chicago IL (USA) and Copenhagen on the return flight to Dubai, is the all-cargo carrier's 48th destination in its worldwide freighter network and sixth in the USA.

The new link was announced by Nabil Sultan, Emirates divisional senior vice-president, cargo (2nd right), on the fringe of the seventh air cargo Europe exhibition and conference that took place earlier this month in Munich (Germany), where Emirates SkyCargo showcased its products and services.

TIACA promises 'dynamic advocacy' for air freight

The new leaders of the International Air Cargo Association (TIACA) have pledged to drive the air freight advocacy agenda, boost the association's membership base, and grow its education program, delegates at the association's Executive Summit (ES) heard today.

TIACA must take centre stage to ensure that regulators have essential input from the industry as they take decisions that affect all sectors of the air freight supply chain, according to Sanjiv Edward, chairman, and Sebastiaan Scholte, vice chairman. Their day jobs, respectively, are head of cargo business at Delhi Airport and CEO of Jan de Rijk Logistics.

'TIACA has an essential role to play as the only association which truly represents every segment of the air cargo supply chain," said Edward, speaking at this week's ES and Annual General Meeting (AGM) in Miami. 'We must embrace change and work together to overcome the many challenges facing us and ensure a bright future for our industry."

Scholte said that with Edward, he would work closely with members to guarantee a healthy, stable future for the association, deliver a 'compelling value proposition", and launch new initiatives to bring on the next generation of industry leaders.

'We will grow the membership base and further develop our education programme," he said. 'We must encourage and help develop young talent, and we will be looking to new ideas to do this."

Edward and Scholte formally take over from Oliver Evans and Enno Osinga at TIACA's ES and AGM this week. Over 200 air freight decision makers from across the globe are taking part in the event, attending a series of panels and discussions focused on supply chain strategies for Latin America, as well as workshops looking at key industry issues including impending new advance data regulations.

'TIACA has a bright future and we are delighted to be handing over to Sanjiv and Sebastiaan at this exciting time for our Association," said Evans. 'We have been honored to lead the Association over the last two years."

SEKO Logistics doing it their way Exclusive interview

Mergers and acquisitions continue to pick up in the logistics market as providers look to expand their reach geographically as well as by product. So far this year we've seen some large acquisition announcements such as FedEx and TNT, XPO Logistics and Norbert Dentressangle and Kintetsu Worldwide Express and APL Logistics.

Meanwhile, SEKO Logistics is taking a different approach to expand its business. It recently announced that the private equity company, Greenbriar Equity Group, made an undisclosed investment in the logistics company.

Ti chatted with SEKO's CEO, William Wascher, about why the company decided to go this route versus other options in order to expand the business.

According to Wascher, this move was primarily for financial purposes and a chance to completely align its three largest businesses, US, UK and Hong Kong into one as well as to accelerate its overall five year plan.

It is an ambitious plan and included are initiatives to break through the $1bn revenue level and to issue an IPO for further growth opportunities. In fact acquisitions are not being ruled out. Wascher noted that the company had always grown organically but with rapid changes occurring in the market, it was time to speed things up.

When one listens to Wascher, one gets the sense this is not the typical logistics company. Founded in 1976, the company has offices in forty countries and is seeing growth in not only the usual geographies but also such locations as Africa and Russia.

Among its key verticals is Home Delivery which Wascher cites as among the largest in the industry. In addition, its Med-Tech vertical is growing thanks to changes in the healthcare market. This group is trained in handling medical diagnostic equipment – cleaning, repair and other white glove services. But, perhaps its biggest and fastest growing vertical is omnichannel. Through a 2014 equity stake in e-commerce company Metakinetic, combined with its Red Hot Penny Marketing firm along with its warehousing and fulfilment capabilities, SEKO Logistics notes it is able to provide end-to-end services for retailers such as building storefronts and managing off-shore retailing. One such example is its partnership with Australia Post to provide a US presence for Australian e-retailers. Delivery time for this service is only two days.

As for the outlook of the logistics market, it was very interesting to listen to Wascher talk with much enthusiasm on virtual warehousing. 'The industry is close to this but it comes down to the technology and the 3D printing concept is helping."

And finally, when asked what makes a successful logistics provider in today's environment he said, 'You've got to be strategic, in-tune with people's habits, demographics and technological advances. Most important, you've got to be open to change."

SEKO Logistics is among quite a few logistics providers looking to break through that $1bn revenue mark. The competition is tight but Wascher describes SEKO Logistics as a 'trendsetter" and this will likely set it apart from many other providers that are close to it in terms of revenue and thus, result in the success the company is striving for in this rapidly changing market.

Dubai's Aramex buys South Africa's PostNet franchise

The board of Dubai-listed logistics company Aramex has approved the acquisition of 25% of WS One Investment's shares, according to a statement on the Dubai Financial Market (DFM) on Monday.

WS One Investment provides cross-border mailbox consolidation services with operations out of Ohio in the United States.

Last year, Aramex acquired Australian courier company Mail Call Couriers and South Africa-based retailer PostNet.

Aramex posted a 10% increase in net profit in the first quarter of 2015, compared with the same period a year ago. Revenue was up 9% compared with the first three months of 2014.

The company expects profit to grow by 10% this year,

SingPost opens 100th POPStation and launches P-POPS prototype

SingPost announced that it has opened its 100th POPStation parcel locker facility in Singapore. The company claims that it has densest network in the city, with the average distance to a POPStation at about 2.5 km.

Lim Ann Nee, Senior Vice President of Singapore Parcel at SingPost said, 'SingPost invested in the POPStation to further raise the level of convenience for customers, particularly with the growth of e-commerce items. It was very well-received as it has revolutionized parcel collection and delivery processes for both customers and service providers in Singapore. We were inundated with requests for more POPStations during the six-month pilot. We worked hard to roll out and within a short span of one and a half years, increased the number of POPStations from five to 100, deploying one POPStation every four working days. We have also added new innovative features to enhance customer experience such as POPStation app, posting of parcels and payment service for online purchases. POPStation is popular with consumers. Parcel volumes to the POPStations have increased six-fold."

She went on, 'We are committed to continue meeting the needs of our customers. POPStations are scalable and they are just the thing to meet the boom in e-commerce as well as lifestyle needs and priorities of online shoppers. We have just rolled out the Android version of the POPStation app. To make online shopping easier and more convenient, we plan to double the number of POPStations to 200."

SingPost has also showcased a prototype unit of the individualised version of its parcel delivery and collection system called P-POPS or Personal POPStations. P-POPS are designed to address the needs of SMEs and individuals.

SingPost leverages mobile technology to operate the P-POPS and the lockers themselves have no user interface as they are entirely managed by smart devices/ phones. The lockers do not require internet access to unlock the locker but instead communicate direct with the consumer's smart device/ phone via the Bluetooth technology. The company plans to completely integrate P-POPS into the existing POPStation network, offering consumers an omnichannel experience

Outlook looking bright for freight forwarders

Cathy Roberson

The Stifel Logistics Confidence Index for May indicated some improvements from April's decline. In particular, the six-month outlook appears bright as air freight gained 2.8 points to 63.4 and sea freight increased 2.1 points to 62.9.

Overall, the total index increased 1.1 points to 57.4. Even though this is down 0.6 points from one year ago, it is still 6.7 points higher than May 2013.

Air freight continues to lead the optimism for both the six-month outlook as well as for the present. Sea freight however, remains troublesome for the present and while some ports have settled labour issues, other issues such as the rise of the mega-vessel and larger shipping alliances are straining port operations. Congestion is a big problem for many ports and perhaps air freight is currently benefiting from the misfortune of ports.

Air

Air Freight

For the present, favourable currency rates probably helped boost the Europe to Asia and Europe to US trade lanes both noting big gains from April, up 7.0 and 3.0 points respectively (58.2 and 62.7). The only declining trade lane for the month was recorded for Asia to Europe, down 2.0 points to 52.6. The US to Europe lane was up 0.7 points to 48.1 to complete the trade lane list. This marks the second month in a row for contraction along the US to Europe lane, most likely due to the strong US dollar.

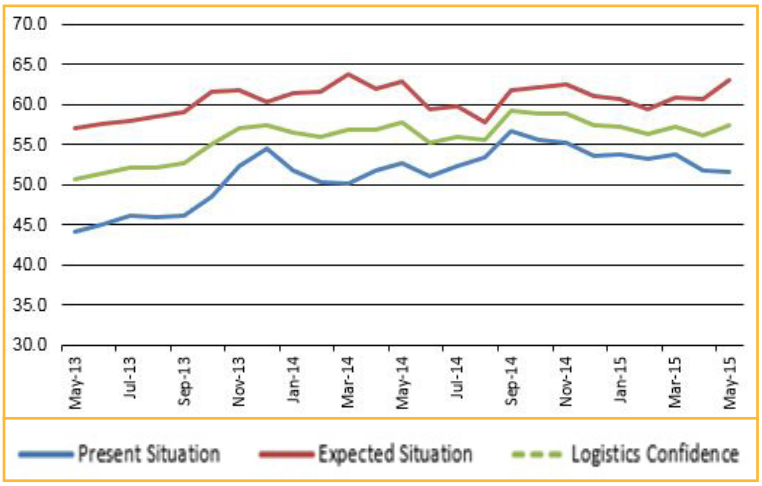
By trade lane the outlook is positive for all, with Asia to Europe gaining the most points, 3.5 from the previous month to 67.1. Europe to US gained 3.0 points to 63.8 while Europe to Asia increased 2.5 points to 64.7 and US to Europe up 1.6 points to 56.7.

Sea Freight

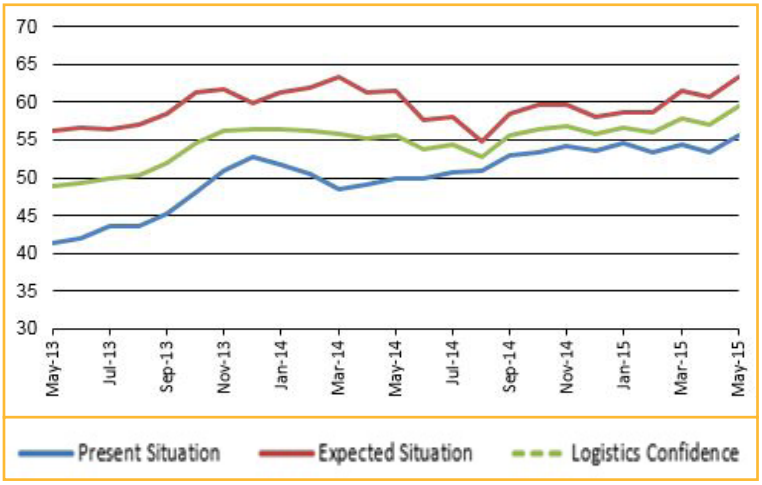
The present situation for sea freight noted a worrisome decline of 2.6 points to 47.7. This is the first time since October 2013 that the present sea freight sub-index fell below the 50-level. Furthermore, three of the four trade lanes we track are currently below this 50-level, which means contraction. For the tradelanes Europe to Asia and US to Europe, this marks the second consecutive month of contraction. While the Europe to Asia lane actually noted a slight increase, 0.2 points to 47.6, the US to Europe lane declined even further, 5.0 points to 41.5. Meanwhile, Asia to Europe slipped below the 50-level for the first time since October 2013. It fell 4.7 points to 48.9. Europe to US remained the only lane above the 50-level but also declined, 0.9 points to 52.0.

The six-month outlook was a bit more positive with all lanes noting gains. Europe to Asia noted the biggest gain at 3.0 points to 66.2 followed by Europe to US, up 2.7 points to 65.7. Asia to Europe was up 1.9 points to 64.0 and finally US to Europe increased 0.7 points to 4.7. For all lanes, the six-month outlook for sea freight was up 2.1 points to 62.9.

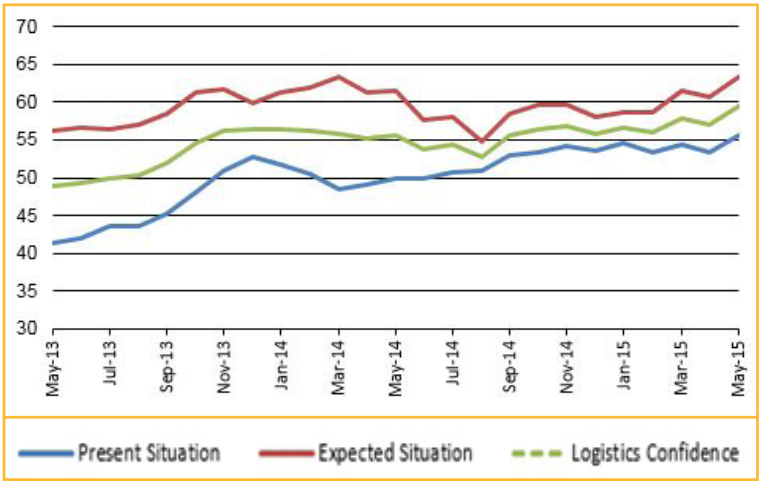
StifelLogisitcs Confidence Index: Total



Stifel Logistics Confidence Index: Air Freight



Stifel Logistics Confidence Index: Sea Freight



CMA CGM announces Asia-Europe rate hike

CMA CGM has joined a growing list of carriers pushing for a $1,000 per teu rate increase from 1 June.

It said the increase would apply from all Asian ports (including Japan, Southeast Asia and Bangladesh) to all Northern European ports (including UK and the full range from Portugal to Russia), claiming that the 'rate restoration" was part of 'a continued effort to maintain its service quality".

The move comes as the French container shipping group announced strong first-quarter profits, thanks in part to the sharp drop in bunker prices.

Other lines have also announced new Rate Restoration Programmes for westbound traffic from the Far East to North Europe, the Mediterranean and Black Sea. OOCL, for example, will attempt to claw an additional US$1,000 per TEU from customers using its Asia-Europe services from June 1.

NYK Line earlier this month announced a GRI of $990 per teu effective June 1 on its Asia-north Europe services and was joined by a host of other carriers proposing increases for the start of next month. Evergreen, Mediterranean Shipping Co and K-Line have confirmed GRIs of $950, $800 and $1,000 per teu respectively, according to Freight Investor Services broker Richard Ward.

Freight rates on the Asia-north Europe trade tumbled by 23.6% last week, effectively wiping out nearly half of the general rate increases that were finally pushed through by carriers the previous week. The latest Shanghai Containerised Freight Index shows prices on the spot market fell from $861 per teu to $658 per teu, a fall that represents close to 40% of the previous week's total GRIs that followed no fewer than 13 consecutive weeks of declines.

The average weekly rate for the year so far now stands at $779 per teu, down nearly 33% on the $1,149 per teu recorded after the first 19 weeks of 2014. The task now for carriers was to ensure rates don't fall even further before the next round of GRIs planned in two weeks' time on June 1. Record lows were witnessed at the start of May, when rates plummeted to as low as $343 per teu.

On the Asia-Mediterranean trade, there were similar declines last week, according to the SCFI. Following two consecutive weekly increases of 43.7% and 46.6% respectively, rates on the spot market slumped 22.6%, or $227, to $776 per teu.

Looking at the transpacific trade, the news doesn't get much better for lines, with freight rates both to the US west coast and US east coast from Asia down on the previous week.

Similarly for Asia-Europe carriers, member lines of the Transpacific Stabilization Agreement will be turning their attention to June 1, the date of their next round of GRIs, but will also hope rates remain stable in the meantime, given the industry is now in the middle of contract season.

This week's SCFI shows freight rates on the Asia-US west coast trade fell by 7.8%, or $128, to $1,519 per feu, and by 2.9%, or $95, to $3,215 per feu on routes to the US east coast from Asia.

Drewry's Hong Kong-Los Angeles container freight rate benchmark, meanwhile, fell 3% to $1,589 per feu, yet Drewry saw little movement in the run-up to June 1 and the next round of TSA GRIs.

Finally, last week's SCFI Comprehensive Index, comprising a weighted average of all-in spot rates across 15 major trades from Shanghai to destinations across the globe, fell 8.7% to 757.66 points.

Maersk reports Q1 falls in revenue and EBITDA, bottom line profit remains healthy

20/May/2015

Maersk has announced its financial results for the first quarter of 2015. The company reported revenue of $10.55bn, a decline of 10.13% year-on-year. It also recorded EBITDA of $2.57bn, a fall of some 14.82% year-on-year. Accordingly Maersk's EBITDA margin stood at 24.37%. The group also delivered a bottom line profit of $1.57bn, an increase of 30.24% over Q1 2014. This result was positively impacted by an after tax gain from the sale of shares in Danske Bank A/S of $223m.

'The group continued to deliver a strong performance in the first quarter of 2015, achieving a very satisfactory result of $1.6bn. In a quarter impacted both by low oil prices and low economic growth, the underlying profit increased by 18% to USD 1.3bn, mainly driven by Maersk Line, Maersk Drilling and APM Shipping Services, whereas Maersk Oil and APM Terminals were impacted by lower oil prices and lower volumes in oil dependent markets. All businesses affected by low oil prices launched cost initiatives to safeguard long term profits and competitiveness. Based on the performance in Q1, the group now expects an underlying result of around $4bn for 2015," said Maersk's CEO Nils Andersen.

The fall in revenue was predominantly due to lower oil price and, in turn, operating expenses decreased by $744m, mainly due to lower bunker prices. Tax decreased by $773m, primarily as a result of the lower oil price as well as a $170m deferred tax income as a consequence of the lowered tax rate on oil activities in the UK. The impact from the sharply appreciated US Dollar was limited on the overall group result due to the applied currency hedging policy.

Maritime

CMA CGM quadruples profits in Q1

The sharp drop in bunker prices provided a major boost to container shipping group CMA CGM in the first quarter, helping to drive a fourfold increase in net profits to $406 million, despite the volatility on Asia-Europe lanes since Chinese New Year.

Volumes rose 10.5% in the period to 3.1 million TEU, chiefly from the increase in volumes on the East-West lines, particularly to and from the US, where volumes enjoyed sustained growth, and also from the launch of the Ocean Three Alliance.

The group continued to actively optimise its services, opening five new routes in the US and extending its agency network up to 655 agencies in over 160 countries.

Consolidated revenue for CMA CGM was up 1.8% to $4.013 billion, but the group said it 'reaped the rewards of its operating efficiency and cost discipline as well as the sharp drop in bunker prices". Bunker costs per TEU were down, year on year, by 36.5%, helping to more than double the group's core EBIT margin to $406 million, representing 10.1% of revenue, 'once again significantly above peers' average", the company boasted. Consolidated net profit was up sharply on first-quarter 2014, at $406 million, a fourfold increase compared with the $97 million achieved in the first quarter of 2014.

CMA CGM said it had continued to roll out its 'balanced financial strategy" over the first quarter, 'aimed at strengthening its financial flexibility while pursuing controlled expansion to deliver further growth". Adjusted net debt fell by 10.3%, chiefly due to the favourable impact of the $/€ exchange rate and to the increase in the Group's cash available. Consolidated adjusted net debt now represents less than half consolidated adjusted equity.

It said this 'balanced financial strategy" was recently recognized by ratings agency Moody's, which raised the group's credit rating to B1, with a stable outlook.

Highlights in the quarter included taking delivery of the CMA CGM Kerguelen on On 31 March 2015, the group's first 17,722 TEU vessel designed to be used on Asia-Europe lines. Another five similar-sized vessels will also be delivered this year, along with 6 vessels with a capacity of 9,400 TEU and three vessels with a capacity of 2,100 TEU.

In terms of outlook, the CMA CGM fleet will be further strengthened in 2016/2017 following confirmation of its acquisition of three 20,600-TEU vessels to be delivered in 2017. The company noted that spot freight rates for Asia-Europe lines 'have been rather volatile since the Chinese New Year", while volumes remain 'sluggish". But it said lines to and from the US 'continue to perform well.

'In view of the diverse nature of its lines and customer portfolio, the impact of these factors on CMA CGM in the immediate term should be limited," the company said.

Highlights expected to benefit the group in the future include the Group obtaining the 30-year concession for the container terminal in Kingston (Jamaica), it added.

Meanwhile, CMA CGM LOG, the group's logistics subsidiary, 'continues its expansion". On 30 April, the subsidiary announced that it had acquired LCL Logistix, a logistics leader in India, 'enabling it to accelerate its development in this fast-growing market". And on 11 May, CMA CGM LOG signed an agreement under which it will manage a logistics platform in Cuba.

MOL launches joint services between Asia and South America

26/May/2015

Mitsui O.S.K. Lines (MOL) has announced the launch of new joint services with Maersk Line and Mediterranean Shipping Company (MSC) between Asia and the east coast of South America.

MOL's existing service CSW will be upgraded into 2 strategic services to be jointly operated by the three shipping lines for improved product efficiency, wider connectivity with MOL's existing network across transhipment ports and more direct port coverage in Asia and the east coast of South America.

CSW will continue with the following port coverage: Chiwan - Yantian - Hong Kong - Singapore - Santos - Sepetiba - Itajai - Navegantes - Sao Francisco do Sul - Santos - Sepetiba - Cape Town - Durban - Singapore - Chiwan

The additional service, to be called SW2 will have the following port rotation: Busan - Shanghai - Ningbo - Chiwan - Yantian - Hong Kong - Singapore - Santos - Paranagua - Buenos Aires - Montevideo - Rio Grande - Paranagua - Santos - Coega - Singapore - Hong Kong - Busan

Maersk Line and MSC will each operate six ships for the SW2 service. Meanwhile MOL will operate 10 ships for the CSW service.

Germany's Hapag-Lloyd is about to join mega ship club

PICTURES: How container ships have grown in size

The CEO of the German shipping giant Hapag-Lloyd has hinted that the company may be getting ready to join the 20,000-teu club started by G6 alliance members OOCL and MOL.

While making clear that no decision had yet been made in terms of ordering such container ships, CEO, Rolf Habben Jansen, told German media this week that the cost advantage of 20,000-teu ships is so great that they will replace older, smaller mainliners fast.

A spokesperson for Hapag-Lloyd has said that a decision will likely be taken toward the end of the year, but sources with the carrier have indicated that discussions with various South Korean shipyards are already underway.

Any ship order involving 20,000-teu container ships would be a major step change for Hapag-Lloyd, the largest container carriers in the fleet at present are the 13,166-teu 'Express' class, led by Hamburg Express.

Hapag-Lloyd will therefore need to decide whether there is the forecast demand to meet such growth in capacity, especially considering that its alliance partners OOCL and MOL have ordered six and four 20,000-teu ships this year respectively.

Malaysia's MMC Corp. Considers Ports and Logistics Listing

MMC Corp Bhd is mulling plans to list its ports and logistics business, group managing director Datuk Seri Che Khalid Mohamad Noh told reporters after the company's annual general meeting.

MMC Corp Bhd is mulling plans to list its ports and logistics business, group managing director Datuk Seri Che Khalid Mohamad Noh told reporters after the company's annual general meeting.

'We'll look into it, I think we are just like any conglomerate, if we see good value for us to look into ports listing, we'll consider," he said. However, Noh said the MMC board has yet to make a decision on the listing plan.

MMC's ports and logistics division includes Port of Tanjung Pelepas (PTP) and Johor Port. It also acquired a 15.73 per cent stake in NCB Holdings Bhd in November last year, which operates the north and south ports in Port Klang.

Maritime

The ocean freight outlook remains "challenging" for both lines and forwarders, according to the latest analysis from investment specialist Stifel Global Transportation Research.

Drawing on input from consulting firm AlixPartners, Stifel said that although 2014 was a better year for liner profits than 2013, capacity was still being introduced faster than demand was growing. 'Ocean freight growth is seen at 5%-6% for the next couple of years, while supply is expected to increase 6%-8% over that same period," said Stifel.

It said the supply-demand balance is further being unsettled by the nature of the ships being delivered, with around 80% of fleet additions consisting of larger ships only suitable for deployment on the Asia-Europe trade lane due to volume requirements and infrastructure constraints. The result is the cascading of bigger ships into lower volume – and often more competitive – north-south and regional trades.

'With the lower-volume trade lanes growing the fastest, this trade-down impact of the displaced ships more than keeps up with the increasing demand on the smaller routes," said Stifel. 'Therefore, overcapacity and generally low rate levels start in the slow-growing major lanes and, due to their oversupply, the large ships pushed down create oversupply in secondary and tertiary lanes, regardless of growth."

Forwarders, meanwhile, are struggling to boost margins on ocean freight movements due to low rates. 'Given the prospect of low rates continuing for a couple more years in the ocean freight market, we have a negative bias toward companies with significant exposure to ocean freight forwarding, like Kuehne + Nagel," said Stifel.

'The current environment is not good for ocean carriers or forwarders, and will ultimately not be good for shippers, as low rates lead to underinvestment and poorer service.

'Eventually, rates should increase significantly, but in our view, that seems to be years away at this point. In the meantime, forwarders will compete for the little container growth that's out there with lower gross revenue from which to profit."

Logistics Executive Group announces the release of the 2015 UK Salary Guide

Logistics Executive Group has released its inaugural Salary Guide for the UK which will become an annual study. "We have drawn on data from our extensive database, including assignment briefs and candidate profiles, to compile a comprehensive and meaningful guide to Supply Chain and Logistics salaries," said Niamh Ní Bhéara, Managing Director, Logistics Executive UK & Ireland. She went on to add "Each role has a salary range which is influenced by the breadth and depth of experience and skills that a candidate can bring to that role, which also reflects the value that our clients place in attracting high calibre talent. We hope that both our clients and prospective candidates will find this salary guide a useful resource."

While salaries still form an integral part of any package, we are also seeing that development opportunities play an increasingly important role in a candidate's interest in a role or a company. Developing talent from within, is still one of the best ways to retain staff and keep a competitive edge," commented Mr Darryl Judd Group Chief Opertaing Officer for Logistics Executive Group. He added, 'Typically, an employee's skills and experience evolves as their career progresses. By ensuring companies nurture and invest in this personal and professional development, they create the platform for high levels of employee retention. We're finding that more and more organisations are drawing on our Logistics Academy suite of professional development programs, our MBA's and accredited Logistics diplomas as part of a holistic approach when hiring staff, as well as investing in existing resources."

The report can be downloaded from http://www.logisticsexecutive.com/knowledge-centre/media-article-library/

About Logistics Executive Group

Logistics Executive Group is the acknowledged industry leader providing a suite of whole-of-lifecycle business services including Corporate Advisory, Executive Search and specialist Supply Chain and Logistics Training. Since 1999, clients have trusted Logistics Executive Group to help recruit, build world-class leadership and drive business performance with integrated **Corporate Advisory services.**

With its head office in Sydney, Australia the company has offices in 12 global locations in the key international logistics hubs including across Sydney, Melbourne, Singapore, Hong Kong, Mumbai, Chennai, New Delhi, Shanghai, Dubai and London.

Today, Logistics Executive Group is the single source for leadership development, talent & recruitment services and business consulting to empower businesses and leaders to reach their goals. Partnered with a wide range of clients including; multinational corporations, entrepreneurial businesses, private equity firms, promoter owned companies and non-profit organizations, the company offers a full suite of solutions that are designed and executed to position organisation who are seeking growth and overall improved performance. Service pillars include;

* Executive Search & Leadership Recruitment
* Corporate Advisory & Business Performance Consulting
* Accredited Training & Education Programs for the Supply Chain and Logistics sector

Logistics Academy

Logistics Executive Group's Logistics Academy is a comprehensive suite of Educational and Training Programs that cater for all levels of professionals and logisticians looking to further enhance their supply chain and logistics skills and theirs careers. With a range of online quick courses, certificate based and diploma e-learning products through to MBA's with a focus on Supply Chain Management, Logistics Academy and our partners bring together the most relevant and cutting-edge Supply Chain and Logistics training.

JAFZA Representatives

Logistics Executive Group is the appointed representative the Dubai Government's Jebel Ali Free Trade Zone (JAFZA) in Australia and New Zealand. Jafza is the world's preeminent tax free zone for manufacturing, oil and gas, construction, industrial, logistics and supply chain import, export and re-export situated between Jebel Ali Port and Dubai's new al Maktoum International Airport. The 57 sq km site is home to over 7,500 businesses, accounting for 22% of Dubai GDP with revenues of over $90.2 billion in trade annually.

www.LogisticsExecutive.com

Mapletree Logistics Trust acquires properties in Vietnam and South Korea for S$42.2m

Mapletree Logistics Trust has announced the proposed acquisitions of a warehouse in Vietnam and another in South Korea for S$20.8m and S$21.4m respectively.

The property in Vietnam, Mapletree Logistics Park Bac Ninh Phase 1, will be acquired by way of a memorandum of understanding with MLT's sponsor, Mapletree Investments Pte Ltd. The property in South Korea, Dakonet Logistics Centre, will be acquired through a sale and purchase agreement with Dakonet Co., Ltd.

Commenting on the Acquisitions, Ng Kiat, Chief Executive Officer of Mapletree Logistics Trust said, 'The acquisition of Mapletree Logistics Park Bac Ninh Phase 1 will establish our first presence in North Vietnam, tapping into the growing distribution network serving Hanoi and its surrounding markets. Dakonet Logistics Centre will further strengthen our presence in Gyeonggi-do, a prime logistics hub near Seoul, to 11 assets with a total gross floor area of approximately 330,000 sq m. Fully leased to a tenant base of mostly international logistics players, these two acquisitions offer yields of 10% and 8% respectively and will be accretive to MLT."

Completed in March 2012, Mapletree Logistics Park Bac Ninh Phase 1 comprises three blocks of single-storey warehouses with mezzanine offices. The property has a gross floor area of approximately 54,350 sq m and is designed with Grade-A warehouse specifications, such as floor loading capacity of 3 ton/sq m, a raised platform with dock levellers and clear height of 8 m. The facility is 100% occupied by a tenant base comprising mostly international logistics companies such as DHL, Sagawa Express, Yusen Logistics and Schenker Logistics.

Completed in November 2012, Dakonet Logistics Centre is a three-storey Grade-A dry warehouse with a gross floor area of about 16,100 sq m. It is designed with modern specifications, such as direct ramp access to all three floors, dual layer walls to prevent dew condensation, good floor-to-ceiling height of 11 m and floor loading capacity of 2.2 ton/sq m. For added efficiency, there is an indoor cargo lift to facilitate movement of goods within the warehouse. The property is fully occupied by three tenants with a weighted average lease term to expiry of 4.2 years.

The transactions will be fully funded by debt. Upon completion Mapletree Logistics Trust's aggregate leverage ratio will be approximately 34.9%, while its total portfolio will increase to 119 properties with a book value of approximately S$4.67bn.

Goodman to build 22,000 sq m facility for SF Express in Xian

Goodman announced that it has broken ground on its first project in Xian, Goodman Xian North Logistics Centre in western China.

SF Express, a domestic logistics distribution and express delivery services provider in China, is expected to be the first customer at Goodman Xian North Logistics Centre. Goodman will develop a 22,000 sq m facility for SF Express, representing approximately half of the total leasable area of the first phase of the development.

This built-to-suit facility will serve SF Express customers, mainly operating in the e-commerce sector and is specifically designed to meet SF Express' operational needs for their expanding network. The facility also includes traffic lanes and a parking area for large trucks, to allow for the efficient and convenient mobilisation of SF Express' vehicle fleet inside the warehouse.

Philip Pearce, Managing Director Greater China for Goodman said, 'We are very excited to commence our first development project in Xian, an important cultural and industrial centre of north-west China. We are also pleased to welcome SF Express, our first customer at the development. Their built-to-suit facility is yet another testament to the trust that our customers have in Goodman's ability to successfully deliver customised logistics solutions, which meet industry specific requirements."

Hou Wenyan, President of Western China Region for SF Express said, 'As we continue to expand our business in China, we are placing greater emphasis on the development of the north-western region. We are pleased to have a strong and reliable partner like Goodman, which provides us with high quality logistics facilities and services to support our expansion in the region. We look forward to building a mutually beneficial relationship with Goodman over the long term."

Goodman Xian North Logistics Centre is located in the Xian Economic and Technological Development Zone, with access to major expressways. It is also in close proximity to the Xian Xianyang International Airport. Once fully developed the site will comprise five single-storey warehouses, providing a total of 93,100 sq m of prime logistics space, with an estimated end value of RMB360m. It will be developed in two phases, with the 44,400 sq m first phase to be completed in January 2016.

Valiram Group selects CEVA as logistics partner

CEVA Logistics has announced its partnership with Valiram Group, a retailer of luxury and lifestyle brands in Southeast Asia, to manage its warehousing and distribution in Indonesia and Thailand.

CEVA started supporting Valiram Group in 2014 with warehousing and distribution services for their two brands, Victoria's Secret and Bath & Body Works in Thailand, and Bath & Body Works in Indonesia. The relationship has been expanded to include the two brands in both countries. Under the terms of the new contract, CEVA will handle the warehouse management, value added services such as care label, price tagging and bundling, reverse logistics and time specific delivery to their retail stores in the cities for the two brands' beauty, accessories and lingerie products.

Sharan Valiram, Executive Director of Valiram Group said, 'Our expertise in creating world class retail concepts has enabled us to bring to the region iconic brands in luxury and lifestyle merchandise from around the world. We are pleased therefore to have a strong logistics partner like CEVA to support our go to market strategy with their solutions in distribution and warehouse management."

CEVA states that it played an integral role in the distribution and transport logistics to support the timely store openings of Bath & Body Works across several retail stores in Thailand and Indonesia.

Logistics

Deutsche Post DHL divests 4.16% stake in Sinotrans

20/May/2015

Deutsche Post DHL Group announced that it has reduced its financial holding in Sinotrans of 5.16% of total issued shares by disposing of 191,400,000 H-shares, representing about 4.16% of the number of total issued shares.

The proceeds will further increase the group's ability to strengthen the foundation for its Strategy 2020. Deutsche Post DHL Group claimed that the initial investment at IPO in 2003 has proven a very good financial investment and has contributed to a strong, mutually beneficial collaboration with Sinotrans.

In a company statement Deutsche Post DHL Group said, 'We remain positive about Sinotrans Ltd and its strategy. This partial divestiture of our financial stake is in no way related to the stake of Deutsche Post DHL Group in the joint venture of its Express business with Sinotrans Air Transportation Development Co., Ltd. Deutsche Post DHL Group is fully committed to the long-term cooperation of its very successful and profitable joint venture with Sinotrans Ltd, the leading Chinese transport and logistics firm. DHL Sinotrans International Air Courier Ltd. has been operating in China since 1986 and has successfully shaped the Chinese Express and logistics industry. It remains committed to retaining and further expanding its market-leading position in China."

Dubai: Hellmann Calipar expands temperature controlled warehouse

Dubai, UAE: Hellmann Calipar Healthcare Logistics has expanded its operation in Dubai World Central with an additional 10,000 square metres to its existing 10,000 square metre site making it the largest healthcare logistics site in the Middle East.

The expansion introduces capacity for an additional 12,500 temperature and humidity controlled pallet positions along with a mezzanine floor of around 600sq metres, bringing the total warehouse capacity to 21,500 pallet positions.

The building sets high standards for the environment and safety of the products stored, with unique features including cooling walls and floor as well as modern chiller units.

Hellmann Calipar is a joint venture between Hellmann Worldwide Logistics of Germany and Calipar Integrated Logistics (part of the Parekh group) of India.

Ti's latest report asks 'Can the Philippines overcome its infrastructure difficulties?'

According to Logistics Executive Group, Ti's recently published country profile, Philippines Transport & Logistics 2015, if the Philippines can overcome many of the infrastructure difficulties it currently endures at its ports and airports and especially on Luzon's blocked highways, then it has every chance of becoming a major growth region for manufacturers to migrate towards.

Although the Philippines currently lags behind many of its regional competitors in terms of logistics performance, with increased development and investment it could become a lucrative market and could emerge as one of Asia's fastest growing logistics and forwarding markets.

Download this highly-informative report from Logistics Executive Group (www.LogisticsExecutive.com).

Hi-tech shippers increasingly 'right-shoring' production and suppliers

High-tech companies expect robust growth in their industry to continue and are preparing for it by considering a broader range of factors when building their manufacturing supply chain networks, according to the fifth annual UPS Change in the Supply Chain (CITC) survey.

The survey, conducted for UPS by IDC Manufacturing Insights, found that while high-tech companies still favour the strategy of off-shoring as a means to cut labour costs, a large number also have begun 'right-shoring". This strategy optimizes the supply chain to take advantage of cost benefits and local resources to achieve the best customer service and overall profit margins.

CITC also shows high-tech companies increasingly are entering emerging markets and exploring 3D printing for new product designs and prototypes.

IDC polled 516 high-tech executives in North America, Europe, Asia Pacific and Latin America. Respondents were senior high-tech supply chain professionals.

The results reveal an ongoing evolution in their supply chains that affects the placement of companies' owned facilities and the selection of their suppliers.

'High-tech companies are building more flexibility into their shoring strategies and supply chains so they can respond better to demanding market dynamics," said Dave Roegge, high-tech marketing director at UPS. 'They're thinking more holistically about their strategies to evaluate their transportation costs and the time it takes companies to deliver goods.

'Customer requirements change rapidly, especially considering the steady stream of high-tech innovations and the fact that there is little to no downtime between product generations."

He said many of these companies see right-shoring as the solution, balancing a number of factors to determine the proximity of sourced materials to production, warehousing and distribution. These metrics could include cost, quality and the time it takes to recover from any operational failures.

Forty five percent of survey respondents said they use right-shoring strategies.

But off-shoring, which moves manufacturing or assembly to countries with low labour costs, remains the most common strategy, with 47% of survey respondents said they off-shore.

Near-shoring, which moves manufacturing or assembly closer to the location of demand, continues to gain in popularity as companies improve service levels, reduce inventory in transit and seek greater control over product quality and intellectual property. Thirty five percent of respondents said they near-shore – an increase of 25 percentage points since 2010. 'It's about having a nimble supply chain," Roegge said.

Meanwhile, the growth outlook for high-tech exports is strong, the CITC survey showed. Forty six percent of the respondents said they expect industry export growth globally to increase at the current pace over the next two years, while 28% of them expect faster growth. North American and Latin American respondents were the most optimistic about the future of high-tech exports.

The survey confirmed that high-tech companies have successfully penetrated many emerging markets. Among survey respondents, 71% said they are already selling products in China, 45% in India and 42% in Brazil.

Some high-tech markets once considered 'emerging" have now emerged, but growth opportunities remain. The top three markets that high-tech companies are planning to enter this year are Brazil, Russia and India.

Although new-market penetration is high, barriers to expansion continue to evolve. In 2013, the top barrier to expanding in emerging markets was difficulty assessing the likely appeal of products. In the most recent survey, 35% of survey respondents said navigating the regulatory environment was the new highest hurdle to expansion.

The CITC survey also explores the commercial adoption of 3D printing. Seventy percent of survey respondents report having hands-on experience with it, including 32% who said they are just beginning to understand it.

For now, high-tech companies use 3D printing mainly to spur innovation as they design new products, with the top benefits including faster product development and manufacturing processes. Regionally, 43% of respondents in the Asia Pacific region - primarily high-tech manufacturers in China - said they use 3D printing for production of finished goods. In North America, 29% of respondents said they use 3D printing for this purpose.

Other topics covered in the survey include high-tech companies' approaches to risk management and their views on sustainability.

Consumer Confidence Remains High in Asia-Pacific

Consumer confidence in Asia-Pacific increased in nine of 14 markets in the first quarter, compared to only three that rose in the fourth-quarter 2014.

Global consumer confidence started 2015 with an index score of 97—an increase of one point from fourth-quarter 2014 and from a year-ago, according to the Nielsen Global Survey of Consumer Confidence and Spending Intentions. The Nielsen Consumer Confidence Index measures perceptions of local job prospects, personal finances and immediate spending intentions among more than 30,000 respondents with Internet access in 60 countries.

Regionally, consumer confidence increased one point in Asia-Pacific, posting the highest quarterly index score of 107 while North America held steady at 106. Confidence in the Middle East/Africa (96) and Europe (77) edged up one point each in the first quarter but decreased two points in Latin America (86)—the region's lowest score since 2011.

Consumer confidence in Asia-Pacific increased in nine of 14 markets in the first quarter, compared to only three that rose in the fourth-quarter 2014. Nine markets also remained at or above the 100-baseline level of optimism. India had the highest index score in the region of 130, a one-point increase from the previous quarter and a level that has not been reached since 2011. Confidence in India has been on the rise for six consecutive quarters.

Big index increases were reported in Taiwan, where confidence rose 11 points to 88—the highest score since 2011—and in Japan, which rose nine points to 88—the highest score for the country recorded by Nielsen since 2005.

'Taiwan showed a strong rebound at the start of this year after a decline in fourth-quarter 2014," said Andy Huang, managing director, Nielsen Taiwan. 'The rise in confidence sentiment was driven by a strong improvement in the outlook for jobs, which increased 16 percentage points from fourth-quarter 2014. Perceptions about personal finances and a willingness to spend also improved nine and 10 percentage points, respectively. Preliminary GDP forecasts, a falling unemployment rate and a stabilising consumer price index were other positive indicators at the start of 2015, which likely contributed to increased optimism among Taiwanese consumers."

Vietnam and Malaysia also reported strong confidence boosts of six and five points, respectively, in the first quarter. Vietnam's rise to a score of 112 is the third consecutive increase and the country's highest score since 2010. Conversely, China's index fell one point to 106 in the first quarter, which comes after a four-point decline in fourth-quarter 2014.

Chemical logistic market - global industry share, growth analysis and outlook to 2020 shared in new research report

A safe and reliable Logistics system is an important aspect of chemical industry. The manufacturing and consumption geography of the chemical industry are mostly separated apart.

Therefore the chemical logistic has its part in the efficient, competitive and sustainable market development of the chemical industries. Chemical logistics are generally responsive, supple and adaptable; provide innovative service to respond to market changes rapidly and efficiently.

The rising chemical market and shifting of the chemical manufactures from its traditional centers to the developing countries of Asia Pacific and Middle East has boosted the global chemical logistic market over the years. With growing infrastructure and development of new industrial location coupled with surging urbanization in the developing countries of Asia Pacific has raised the demand of organized upstream as well as downstream chemical logistic supply chain.

The market of chemical logistic in developed region is heading towards maturity and the growth is mainly anticipated from the newly developed oil and gas production sites such as Appaloosa oilfield, Big Foot oilfield (Gulf of Mexico), and Baldpate in North

Use of Renewable Energy at Highest Rate in More Than 80 Years

America and Cawdor offshore oil fields, Bøyla oil field and Statfjord field in Europe. In 2014, renewable energy accounted for 9.8 percent of total domestic energy consumption. This marks the highest renewable energy share since the 1930s, when wood was a much larger contributor to domestic energy supply.

Renewable energy use grew an average of 5 percent per year over 2001-2014 from its most recent low in 2001. The increase over the past 14 years was in part because of growing use of wind, solar, and biofuels. Wind energy grew from 70 trillion BTU in 2001 to more than 1,700 trillion BTU in 2014. During the same period, solar energy (solar thermal and photovoltaic) grew from 64 trillion BTU to 427 trillion BTU, and the use of biomass for the production of biofuels grew from 253 trillion BTU to 2,068 trillion BTU. Hydroelectricity was the largest source of renewable energy in 2014, but hydro consumption has decreased from higher levels in the mid-to-late 1990s. Wood remained the second-largest renewable energy source, with recent growth driven in part by demand for wood pellets.

About 13 percent of the renewable energy used in the United States is now consumed in the transportation sector, which experienced the largest percentage growth in renewable consumption from 2001 to 2014. The growing demand for liquid biofuels, including both ethanol and biodiesel, pushed renewables to nearly 5 percent of the sector's energy consumption in 2014.

Dubai's inaugural Supply Chain Circle networking event an enormous success

Dubai newest and exclusive supply chain and logistics professionals networking group, the Supply Chain Circle celebrated its inaugural evening mixer event in style with over 45 C-Level guests enjoying an entertaining evening of knowledge sharing, social activities and business networking.

The exclusive 'Supply Chain Circle" event is first of an ongoing series of invitation only forums and a networking platform for Senior Executives in Supply Chain across the Middle East & Africa.

The brainchild of 'Supply Chain Circle", Mr Brian Cartwright, Managing Director Middle East & Africa of Logistics Executive Group was delighted with the events turnout and feedback. 'There are so many Supply Chain focused events and conferences happening in this region all the time and it's become a tough job to know which are actually worthwhile attending. Feedback I receive regularly is that professionals are wanting to create something different, and thus SCC was born"

He went on to say 'the format is simple, the SCC is a highly exclusive invite only networking platform for senior executives. Invitations are only based on vetted SCC member recommendations ensuring that C-Level executives are mixing with those at the same level as themselves and those how have value to add to the group – formally and informally.

If the inaugural event is anything to go by, the concept is on the right track. The event interest was oversubscribed. Mr Cartwright said 'Through the joint efforts and support of its members I believe the SCC could ultimately evolve into becoming a voice for improving and developing the Supply Chain across the Middle East much like similar sister events in Hong Kong and Singapore".

The Supply Chain Circle has received positive feedback from the outset and is already on the way to becoming the inner circle in the Middle East's regional Supply Chain, it's members are a mix of C-Level, Group and Regional GM's, Directors, MD, VP's with the majority coming from senior supply chain related functions in the manufacturers, distributors, retailers, government entities and major conglomerates. There are also a select

few members from specialist Supply Chain service and solutions providers.

The first of the SCC networking mixer events was sponsored by Chep Equipment pooling systems with excellent additional support from Etihad Rail as the Networking Sponsors and Jumbo Logistics. With sponsors and media partners like the Logistics Middle East Magazine and industry partners such as Logistics Academy, Logisym, CILT, Transport Intelligence its clear that the Supply Chain community is already embracing the concept with a high level of support.

The next Supply Chain Circle networking mixer is scheduled to taking place in Dubai this coming September. Please contact Brian Cartwright at the Logistics Executive Group for further information.

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EZW signs MoU with Shanghai Yaming Lighting

Economic Zones World, Dubai's flagship operator of economic zones, logistics and industry specific parks, has signed a Memorandum of Understanding (MoU) with Shanghai Yaming Lighting Co Ltd, a 92-year-old Chinese lighting company, to identify areas of collaboration across the entire supply chain of the lighting industry.

The MoU was signed by HE Salma Hareb, CEO of Economic Zones World, the parent company of Jafza, TechnoPark and DAZ and Mr. Zhuang Shenan, Chairman, Shanghai Yaming Lighting Co Ltd in the presence of senior officials of EZW including Ibrahim Mohamed Al Janahi, Deputy CEO of Jafza and Chief Commercial Officer of EZW and Rashid Al Noory, Chairman of Yaming FZCO.

HE Salma Hareb commenting on the MoU said: 'I consider the MoU an important step forward in bringing world-class energy saving technology to the region in general and to Dubai in particular which is all set to become the region's first smart city soon.

'As a facilitator EZW supports companies to reach and serve one of the world's most dynamic markets in the region. I am sure the bilateral collaboration will help Yaming achieve its growth aspiration in the region while we will be able to further strengthen our position as a hub and a business catalyst.

Zhuang Shenan added: 'I would like to express my gratitude to H.E. Ms. Salma Hareb, CEO of Jafza and Mr. Ibrahim Al Janahi, Deputy CEO of Jafza, for the interest they have shown in facilitating Yaming to establish a proper distribution and possible manufacturing centre in Jafza. Jafza is, indeed, a successful free zone and a logistic hub with success stories that attract multinational companies to operate in a free zone environment

and take advantage of the superb infrastructure that supports the kind of work we do."

Rashid Al Noori, Chairman of Yaming FZCO, commented: 'We are confident that this step will pave the way for us to focus on planning infrastructure for an extensive distribution center leveraging Jafza's pre-existing ground works.

'We look forward to discussing the infrastructure plan and set up a world-class distribution center that can effectively use the best available facilities that support our business in the Middle East, Africa and CIS countries.

'Not to mention that Jafza is well-located in the region and next to the biggest airport (Al Maktoum International Airport) in the world; this is a big advantage and cost-effective factor that makes Jafza the perfect platform for us to be in and sustain our growth.

'The introduction of the latest technology to the region is in line with our commitment to collectively and responsibly reduce carbon emission. By lowering the consumption of energy and reducing the carbon emission by the use of Yaming's luminous products, we are sure that we are saving the environment together as one."

Alibaba and partners look to lead in global express revenues

Cathy Roberson

According to China's State Post Bureau, China overtook the US to become the world's largest express parcel market by volume. In a recent report, the State Post Bureau noted that in 2014 total volume was 13.96bn items, a 51.9% increase over 2013. Yes, you can thank e-commerce for the explosive growth.

However, while the volumes are strong, revenues still lag behind the US. In fact, according to the Bureau's report, total revenue generated by China's express delivery industry, while up 41.9% year-over-year, was still less than 80% of that of UPS' revenue alone.

In addition, currently, there are not any Chinese domestic express providers that can deliver goods globally such as the big four – DHL, FedEx, TNT and UPS. With that being said, express providers such as SF Express and STO are making great strides towards overseas expansion. However, YTO Express took what may be a giant step forward towards global success thanks to Alibaba.

This past week, Alibaba and Yungfeng Capital acquired a reportedly 10% stake in YTO Express. According to YTO's Chairman, Yu Wiejiao, Alibaba and YTO plan to build a global express delivery service that will offer a variety of products and better last-mile service.

Wiejiao said, 'Chinese private delivery services are still lagging behind global delivery giants such as UPS and FedEx in terms of the management team, networks and the information system. I believe Alibaba can help bridge the gap."

And indeed, Alibaba itself is in search of the global prize. International represented only 9% of its total revenue for first quarter 2015 which prompted Alibaba's CEO, Daniel Zhang to say, 'We must absolutely globalize". So, in turn, it recently introduced its Alibaba Merchant Delivery service in Southeast Asia. The service is designed to provide sellers with a tool to easily deliver goods to customers overseas. Singapore Post, which Alibaba has also invested in, is its first logistics partner in the programme. Members in Singapore, Thailand and Malaysia will be able to utilize Singapore Post's e-commerce, postal and logistics solutions at preferential rates.

So as the 'Big 4"gets set to become the 'Big 3" thanks to FedEx's planned acquisition of TNT, could Alibaba and its partners take that empty fourth slot? It could but it will be difficult due to the intricate global networks already established by these major integrators. A lot of investment will be required. Alibaba certainly has the money but is it ready to become a global express/ logistics provider?

Technology

Super Retail Group selects Manhattan Associates to Drive Omni-Channel Strategy

Supply Chain Commerce Solutions provider Manhattan Associates, has announced that Super Retail Group, one of Australasia's leading retail organizations, has selected Manhattan Associates' Distributed Order Management (DOM) solution to optimize its omni-channel retail operations across its complex, multi-brand retail network.

Super Retail Group's adoption of DOM extends a long-standing partnership with Manhattan, having previously completed successful deployments of Manhattan's Warehouse Management Solution at sites in both Australia and New Zealand.

DOM provides multi-channel retailers with the tools to manage, monitor and optimize cross-channel order management, from the time of order entry through to allocation, shipping and settlement. Regardless of the channel the order originates from, the system automates the fulfillment source selection process by simultaneously factoring in inventory, transportation cost, labor and service level to ensure the order is fulfilled to meet the customer's requirements while at the same time maximizing profit for the business.

With Manhattan's DOM solution, Super Retail Group will be able to simplify the way orders are managed and provide better service across its entire retail portfolio, which includes Amart Sports, BCF Boating Camping Fishing, Ray's Outdoors, Rebel, Supercheap Auto and Workout World.

Gary Carroll, general manager, group supply chain at Super Retail Group, said, "By leveraging a common distribution infrastructure and having network-wide visibility of inventory, DOM will also enable the company to reduce transportation and inventory costs."

Carroll continued, 'As part of this latest deployment, we leveraged Manhattan's Integration Framework to help seamlessly integrate DOM with other group applications including our ERP system. Unique to Manhattan and a cornerstone of its Supply Chain Process Platform (SCPP), Manhattan's Integration Framework was an important differentiator of the Manhattan DOM Solution."

Intra-Asia carriers equip entire box fleet with smart containers

TWO leading intra-Asia box lines are switching their entire container fleet to smart containers as they attempt to differentiate themselves from competitors.

Hong Kong-based SITC Shipping Group and SIPG container shipping arm Hai Hua have both announced they will upgrade their entire container fleet to smart containers using products from Loginno.

SITC, which has a fleet of 66 vessels with a total capacity approaching 2m teu, said it had decided to use smart containers to try and offer customers a different service to other carriers.

SITC Shipping Group Xue MingYuan said: 'In a market with more and more homogeneous services, we have to think about why our customers would choose us over others.

'Being among the first to offer, as a standard service on all of our containers, full insight into their cargo movements and security, for a very low additional cost, we differentiate ourselves instantly, and hopefully save our customers a lot of logistic costs in their supply chain."

This view was echoed by Hai Hua general manager JP Wang: 'We have been looking for an affordable means to convert our fleet to smart containers. Shippers and Cargo owners have been long waiting for this service."

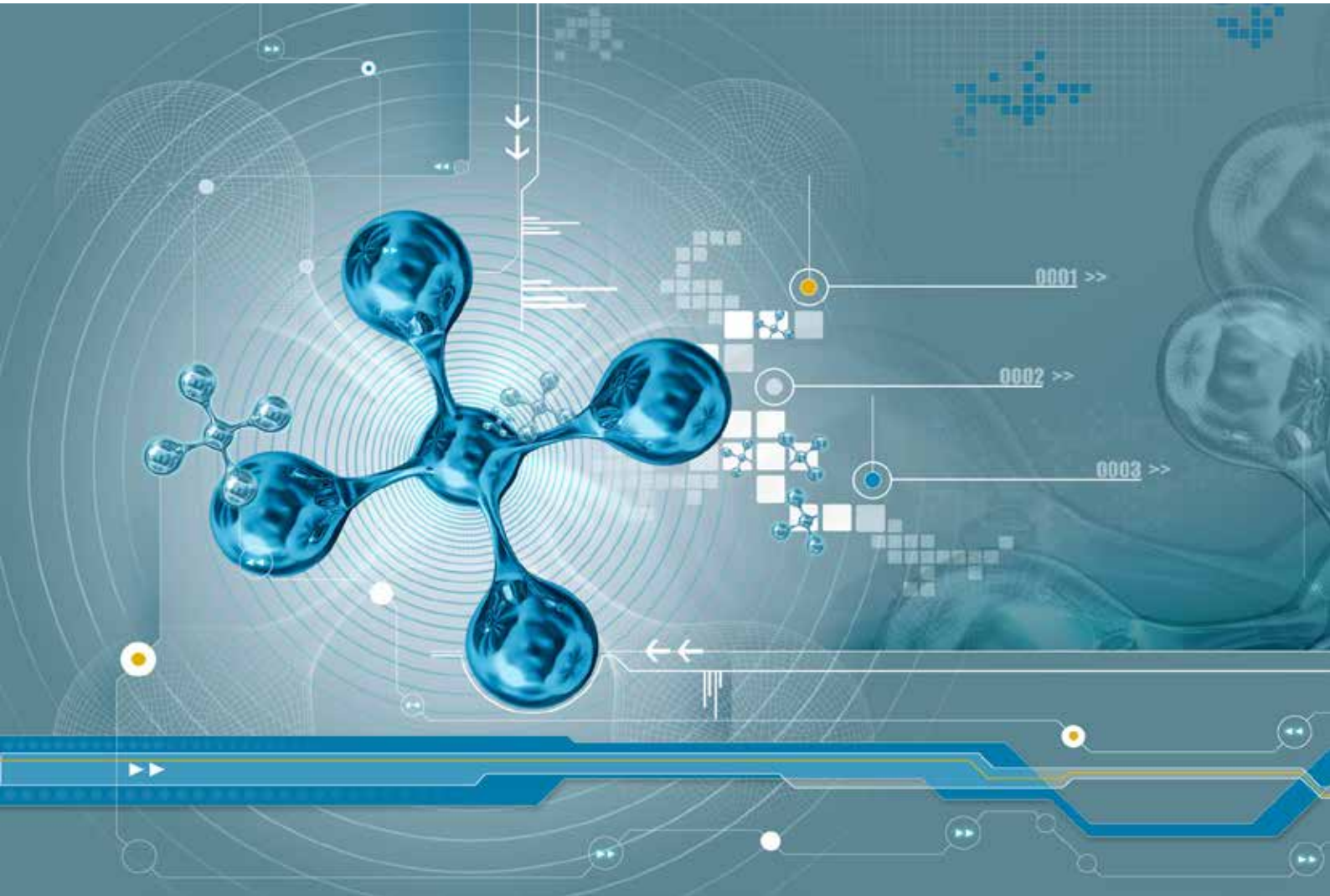
Smart container technology has been around for a few years, but the cost of the technology and fears of damage and theft of the equipment has been enough to discourage its widespread take up.

There have also been concerns from shipping lines about how to monetize the technology.

But the industry is gradually increasing its use of the technology. Earlier this year, CMA CGM announced a major project to introduce smart container technology to its fleet.

Loginno chief technology officer Amit Aflalo said its device, which is slightly larger than a mobile phone, was inexpensive and easy to install.

The device offers GPS, temperature monitoring, intrusion detection and a movement detector and can provide updates to mobile phones.



Technology

Hi-tech shippers increasingly 'right-shoring' production and suppliers

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IDC polled 516 high-tech executives in North America, Europe, Asia Pacific and Latin America. Respondents were senior high-tech supply chain professionals.

The results reveal an ongoing evolution in their supply chains that affects the placement of companies' owned facilities and the selection of their suppliers.

'High-tech companies are building more flexibility into their shoring strategies and supply chains so they can respond better to demanding market dynamics," said Dave Roegge, high-tech marketing director at UPS. 'They're thinking more holistically about their strategies to evaluate their transportation costs and the time it takes companies to deliver goods.

'Customer requirements change rapidly, especially considering the steady stream of high-tech innovations and the fact that there is little to no downtime between product generations."

He said many of these companies see right-shoring as the solution, balancing a number of factors to determine the proximity of sourced materials to production, warehousing and distribution. These metrics could include cost, quality and the time it takes to recover from any operational failures.

Forty five percent of survey respondents said they use right-shoring strategies.

But off-shoring, which moves manufacturing or assembly to countries with low labour costs, remains the most common strategy, with 47% of survey respondents said they off-shore.

Near-shoring, which moves manufacturing or assembly closer to the location of demand, continues to gain in popularity as companies improve service levels, reduce inventory in transit and seek greater control over product quality and intellectual property. Thirty five percent of respondents said they near-shore – an increase of 25 percentage points since 2010. 'It's about having a nimble supply chain," Roegge said.

Meanwhile, the growth outlook for high-tech exports is strong, the CITC survey showed. Forty six percent of the respondents said they expect industry export growth globally to increase at the current pace over the next two years, while 28% of them expect faster growth. North American and Latin American respondents were the most optimistic about the future of high-tech exports.

The survey confirmed that high-tech companies have successfully penetrated many emerging markets. Among survey respondents, 71% said they are already selling products in China, 45% in India and 42% in Brazil.

Some high-tech markets once considered 'emerging" have now emerged, but growth opportunities remain. The top three markets that high-tech companies are planning to enter this year are Brazil, Russia and India.

Although new-market penetration is high, barriers to expansion continue to evolve. In 2013, the top barrier to expanding in emerging markets was difficulty assessing the likely appeal of products. In the most recent survey, 35% of survey respondents said navigating the regulatory environment was the new highest hurdle to expansion.

The CITC survey also explores the commercial adoption of 3D printing. Seventy percent of survey respondents report having hands-on experience with it, including 32% who said they are just beginning to understand it.

For now, high-tech companies use 3D printing mainly to spur innovation as they design new products, with the top benefits including faster product development and manufacturing processes. Regionally, 43% of respondents in the Asia Pacific region - primarily high-tech manufacturers in China - said they use 3D printing for production of finished goods. In North America, 29% of respondents said they use 3D printing for this purpose.

Other topics covered in the survey include high-tech companies' approaches to risk management and their views on sustainability

Cathy Robertson

M&A Opportunities on the Rise

Consolidation within the logistics market is on the rise. Even though PwC notes that mergers & acquisition activity was down during first quarter, the transportation and logistics deals that were announced were large. Indeed, first quarter saw the announcements of Japan Post acquiring Toll Holdings for approximately $5 billion and Kintetsu World Express winning APL Logistics for $1.2 billion.

Furthermore, PwC noted in its quarterly report the increasing trend in cross-border deals. For example, the acquisitions of Toll and APL Logistics demonstrate this trend as Japan Post and Kintetsu World Express look to improve their geographic reach.

Cross-border is indeed a major trend and while in the first quarter much of the action was focused in Asia-Pacific, it shifted towards Europe for the second quarter with US- based FedEx announcing the acquisition of TNT Express and another US-based company, XPO Logistics, announcing their intentions for Norbert Dentressangle.

The global logistics market is indeed in change much like we saw in the 1990's and early 2000s with such acquisitions as DHL acquiring Exel and UPS acquiring Fritz and Menlo to help shape its Supply Chain Solutions subsidiary.

While we may not have seen the last of the big announcements such as the four announced so far this year, it's the smaller, regional ones that are growing at an even more rapid clip. PwC further notes this in its quarterly report and cites Asia and Oceania as driving this activity.

Indeed, the need for greater efficiencies within a fragmented transportation and logistics market are driving this trend. One such example is Alibaba's recent minority investment in YTO Express. According to Alibaba's press release announcing this investment, Judy Tong, Senior Vice President of Alibaba Group and President of Cainiao said, 'The strategic investment in YTO Express reflects our commitment to improving quality and service standards in China's logistics industry. As a platform, we look forward to working closely with partners who

share our vision in developing an efficient logistics infrastructure and solutions that will drive development of China's logistics sector in order to fully satisfy our customers' needs."

Another example is that of Kerry Worldbridge Logistics, a joint venture between Kerry Logistics Network Unlimited and Worldbridge International Group, which acquired a majority share of Cambodia Express Group early this year. Cambodia still depends on unlicensed and/or informal delivery services to transport documents and goods. In addition, according to the director of Cambodia Express, unclear addresses in Cambodia forces delivery companies to depend solely on mobile phone contact with receivers, which results in higher operating costs. With this majority acquisition, Cambodia Express will offer international express and domestic door-to-door delivery services across the country.

With just a few weeks left in the first half of 2015, the logistics market has already witnessed several shakeups with Japan Post preparing to take on the big global logistics providers such as DHL and Kuehne + Nagel while Kintetsu World Express looks to expand its global freight forwarding capabilities. Meanwhile, 'the big four integrators" is set to become the 'the big three integrators" as FedEx waits for regulatory approvals for its TNT Express acquisition and finally, XPO Logistics expands its reach into Europe as it too prepares to compete with the global logistics providers. However, the regional mergers, acquisitions, joint ventures and partnerships are also making a significant impact on the logistics market and like the mature markets in Europe and North America, Asia-Pacific will benefit greatly with more efficient transportation and logistics services, thus lowering these overall costs.

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Darryl Judd

How To Lose A Candidate In One Day...Why candidate engagement is important

The phone rang. It was a candidate who was due to attend their first interview with a multi-national client. The call came exactly one hour after the scheduled interview time. I was delighted assuming they had called me to provide interview feedback.

Instead, the clearly unimpressed voice on the end of the line filled me with dread, "it's been over an hour now that I've been waiting…what is going on?"

I had spent weeks encouraging this passive candidate to consider their career options and get them excited by the prospective employer. By "passive" I refer to candidates who are successful employed and therefore not immediately seeking new employment.

I tried to call the client. I then tried the general office line and eventually discovered that the missing manager had been waylaid in a meeting and despite knowledge of the interview, no one had informed us of the delay.

The candidate gave up and left the client's premises without the interview taking and a promise that the meeting would be rescheduled. Time and frustration is one thing but the real damage in this case was the overall poor impression left with the candidate.

With a sense of responsibility to my client's reputation in a candidate driven market, I set about pointing out to the interviewer the importance of candidate engagement. I was assured that they took this seriously and that employer of choice' behaviours were front and center of their actions.

Barely a week later, this was once again put to the test!

Another candidate, another interview (this being the candidates second interview), and with my once again passive, headhunted candidate in a taxi on their way to the meeting, the HR Manager called, advising that the interview was cancelled as one of the interview panel had been detained in a meeting.

Once again the lack of prior notice was problematic. The candidate who had taken time off from work to attend

the interview was clearly upset and felt that the prospective employer had undervalued their time.

The end result was that despite the excellent opportunities on offer with the role and company, the candidate chose to not pursue the role....and will no doubt share their negative experience with others. Damage done and one valuable resource lost. The hiring manager was very disappointed but there was nothing I could do.

With the advent of social media, industry networking groups and professional/ personal blogs, the candidate market place is becoming smaller. It is a place where positive and negative words or reputations travel faster and candidate's daily weigh up the virtues of each employer as they consider their next move.

With examples like the above, you can imagine the mere mention to potential candidate of an opportunity with a client who has this reputation results in a firm no. Word of mouth is powerful and people are quick to share positive and negative experiences.

I wonder how many hiring managers ask or consider things like:

How am I making candidates feel during the critical engagement process?

Will they describe the experience positively in the marketplace?

After all it is not just the company embarking on the hiring process and for each person successfully selected for the job, there are those who will be unsuccessful for whom the experience will leave a lasting impression.

Candidates invest significant time, money and effort to meet up with prospective employers. First impressions are extremely crucial in determining the end result.

There are many ways to consider candidate engagement. In one sense, engagement with potential employees happens every time you or your brand interacts with a person, whether in an employment context or not. The more positive the associations a person has, the more likely they'll be to apply to your posting, and the more receptive they're going to be to a recruitment call when it comes. Engagement typically refers to the human-to-human connection that happens at the front end of the hiring process.

The process of recruitment is unpredictable and this is often taxing for all parties involved. Mr Kim Winter, Global CEO for Logistics Executive Group, succinctly articulates the challenge of recruitment when he says "this is the only industry where the product, in this case the candidate, can say no".

We can all do our best to identify, present and promote the ideal candidate for a job but in the end, it's the candidate who makes the final call about whether he or she will accept an offer from the client. Hence the importance of engaging the candidate from the very beginning of the process to an end conclusion. From a candidate perspective, they are assessing potential employers every time they interact.

The same applies to interviews, particularly the first round. Clients all desire the same thing – they want the best talent to join their company ahead of their competitors. In a candidate driven market, the interview is as much about how the candidate assessses the company, its staff, the environment and the role as much as it is about the client assessing the candidate. There is no one party that is more important

in this chain of client, recruiter and candidate.

Taking time to engage and increase the candidate's interest in the company by outlining benefits, career prospects, culture and where the company is heading can only reinforce the candidates interest in the job ~ shifting the balance back to the hiring company and allowing them to proceed with the serious task of evaluating the candidates value.

So what can be done to improve your candidate engagement and to avoid the above pitfalls? Well the good news is there are plenty of things and most are very simple;

1. Treat a candidate with courtesy and respect - If the candidate has applied for a job and shown interest; this does not mean they are somehow indebted to the organization and need to be treated dismissively – so ensure you take time to engage and continue to build on the candidates interest,

Develop an employer brand – One that communicates the corporate culture of the company.

2. Ensure all staff stay on-message - Create and communicate the employer brand consistently. Business leaders, HR and all hiring managers ensure the right message resonates and reaches the right audience. Without some thought given to clearly define that message, it is difficult to reach out to talent and engage with those skilled professionals.

3. Proudly protect your reputation - Treat every interaction as an opportunity to get your message out to the talent market.

Maintain a robust talent pipeline - Effective pipelines are composed of qualified candidates ready to work at a moment's notice.

4. Strive for an ongoing dialogue with candidates - It is important to continually follow up with these candidates regarding their status and provide feedback. This is where most organisations fall short. Candidates appreciate knowing where they stand in the extended recruitment cycle.

An ongoing dialogue also keeps an organisation's employment brand fresh in a candidate's mind.

5. Human capital is the foundation of any company. Lack of engagement will only undermine your ability to attract talent, bring them onboard and in the long run may lead to high staff attrition.Engagement is vital from start to finish, and if coordinated systematically and in an integrated way, your business will thrive.

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With more than 20 years of executive experience in Aviation, Supply Chain and Logistics Transport Industry, Darryl has held executive positions within the airline & aircraft leasing/ charter industry and major logistics organizations. He is regularly called upon to manage key human resources consulting projects and supporting business to drive changes, particularly around M&A activity and international executive management.

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With more than 7 years' experience in Executive Search and Talent Management, Manju has worked across South East Asia in the field of human resources, helping various multinational organizations find the right talent in the specialised sectors of of Supply Chain, Logistics, Manufacturing, Industrial and Information Technology.

With a MBA in HR & Marketing and a Bachelors Degree in Business, she possesses strong regional experience working with clients and her network across the Asia Pacific region closely on engagements ranging from talent assessment to compensation and benefits.

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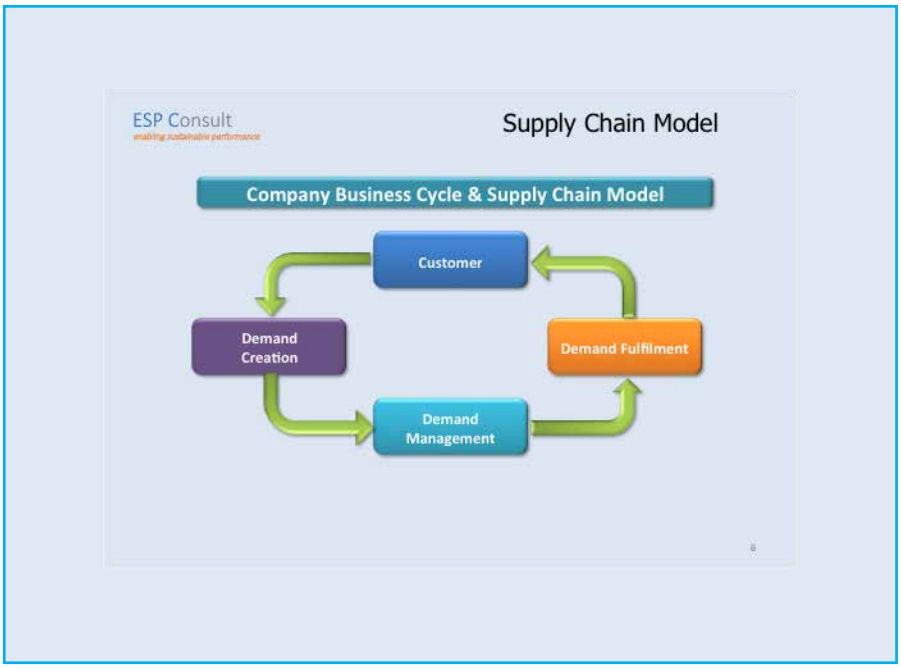
Joe Lombardo

An Overview to Managing Supply Chains Part 3:

Building and Sustaining an Enterprise Supply Chain Model



Introduction

In Part 2, we discussed the value that can be derived from a well designed and implemented supply chain model that is closely linked to an organisation's business strategy. By aligning the business resources and processes, there will be tangible improvements in business performance. In addition, we will also see reductions in business operating expenses from such an alignment.

The value and benefits from such a structured approach, can be measured not only in financial terms but also in commercial value and organisational growth and development.

Top Management Commitment

The management engagement we are advocating, starts with a good understanding of how supply chains work and how they must be linked and adapted to the business strategy. This is a fundamental mind set change, which contrasts traditional management methodologies. It would be necessary for the CEO and his senior management to fully embrace such an initiative, as a formal Transformational Change Management program across the whole organisation.

Like with any major initiative, full engagement of top management is needed to provide the organisation with the inspirational and operational leadership towards a new direction. A program like this should be viewed as a medium to long term journey for the organisation, requiring an empowered project team to be created, to set the milestones, time line check points and monitor the progress. The goals would be dependant on the business model dimension, the organisation structure and the complexity of the transformational process. Up-front preparation and planning work for the program are crucial to the sustainability and success of efforts and investments deployed.

Management would also need to facilitate the necessary resources, like a budget for education and training, as well as allowing the organisation the space to make the necessary transition, whilst maintaining current business activities. Progress would need to be monitored regularly to ensure adherence to the program mandate and to allow management the opportunity to perform the appropriate tuning and adjustments as necessary. This attention to progress reviews, is part of the management commitment. Management at all levels, must make time to personally review the program progress – delegating such an important task does not inspire nor motivate the organisation to make any changes or take the program seriously.

Defining the Execution Model

Once top management commitment and buy-in by key stakeholders has been established, designing the appropriate execution model will be crucial. Setting-up a supply chain execution model does not have to be an unduly complex process. It is mandatory that top management define the deliverables (outputs or achievements) from the supply chain model, expressed as KPIs and deliverables, to focus attention on the

right process priorities.

It is relevant to note at this juncture that we should not confuse business KPIs with supply chain KPIs, which may appear to be similar but are not always the same.

Business KPIs tend to be more financially-orientated, like percentages for sales growth, profit margins, market share and Inventory turns, OPEX (operating expenses),CAPEX (capital expenditure) and cashflow.

Supply chain KPIs measure the capabilities and performance of operational processes and flows. Supply chain KPIs would generally, revolve around KPIs that measure 'time", 'cost" & 'quality" of supply chain activities and processes.

Depending on the part of the supply chain being measured, some KPIs used would be: product time to market, order cycle time, customer complaints, response time to customer complaints, machine downtime, time to machine uptime, and many other such KPIs.

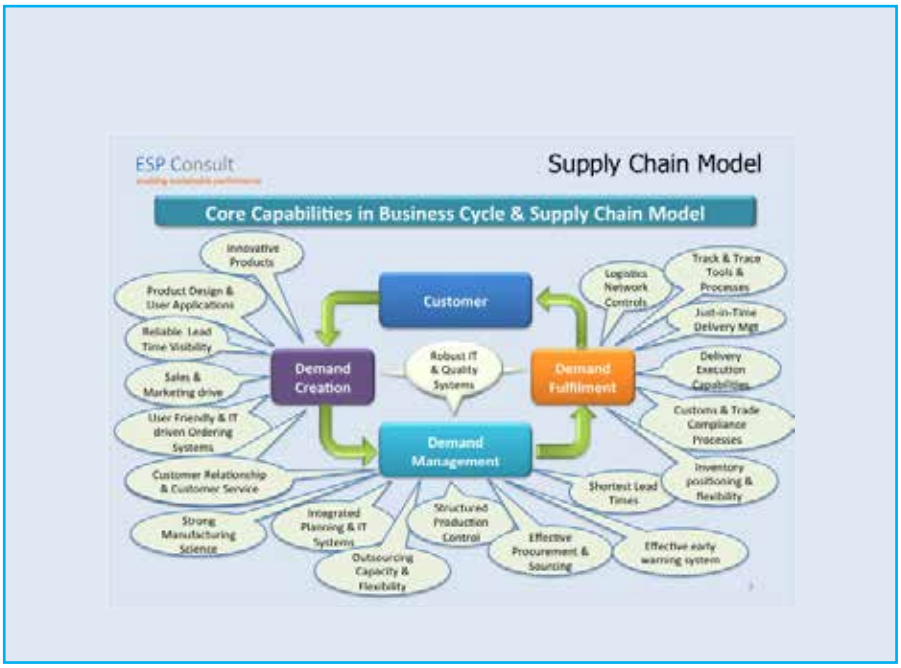
For the CEO and senior executives, they should typically define at least the Top 5 Supply Chain KPIs, they want to see in their daily, weekly or monthly Performance Dashboard.

This definition is fundamental at the design stage of the supply chain model, as it will immediately put in focus the management execution strategy. This is the 1st crucial step to link the Business Strategy with the Supply Chain Execution Model.

Building the Supply Chain Execution Model

In Part 2 of the series we introduced the business cycle and supply chain model. The chart on the left illustrates the three major blocks of the supply chain execution model. This is the foundation for the alignment of the business cycle and the supply chain execution model.

In Part 2 we also highlighted that complicated organisation charts, elaborate job titles and strange job positions, having evolved over time and due sometimes to legacy reasons,



often confuse and distort the relevant supply chain functions and capabilities enablers.

As we move to build the supply chain execution model, we will discard all traditional organisation charts, departments and job titles and go back to basics. We will instead, start by taking the Top 5 KPIs given to us by the CEO, and ask ourselves, what are the capabilities that we need in the company business model to achieve our business and supply chain KPIs ?

To address this question, we will use the supply chain model and attach the core capabilities that we consider relevant and necessary to drive the business cycle and the supply chain execution model..

To start the building of the right model, it will be sufficient to address the high level and important capabilities first. The second and third level capabilities in the model, will emerge as the model is expanded to cover all the key organisational functions.

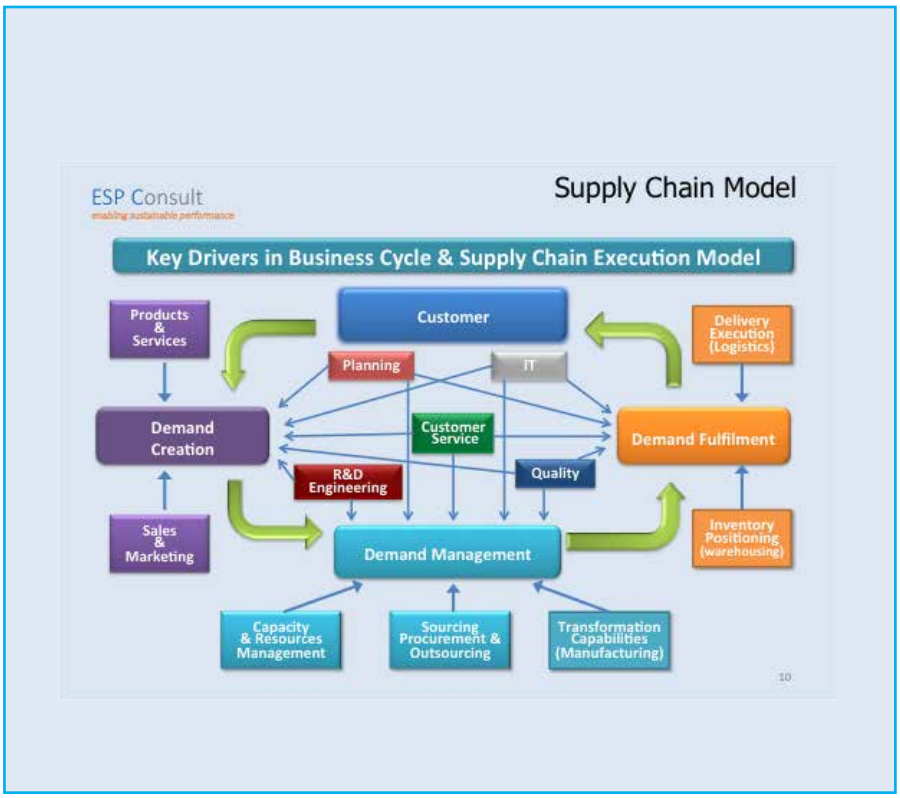
In this next chart, we identify some of the typical core operational capabilities necessary to achieve effective execution of the business cycle. These are just a few of the key capabilities and there are many others, depending on the type of business, industry sector and product/services.

Using this approach, we can see a whole new dimension and a new organisation emerge around the core business cycle. Not as departments or a hierarchy of charts but as clear tangible drivers of the business.

This approach to build the right execution model will also facilitate a clearer definition of the key business processes, adapt them to market and customer changes as needed and also enables a system to control and measure performance in a structured and responsive manner.

We started this series with a simple overview of the supply chain model and linked it to the three major business blocks. By then adding the core capabilities to each major business blocks, we have created the various relevant links in the supply chain. It is fundamental to note that core capabilities are realised by the drivers and enablers in the organisation. It is these core capabilities and the interconnections with the various business blocks, that will ensure the execution model, is able to deliver the required performance of the supply chain, hence the supply chain execution model.

Such an approach to building the execution model, is a dynamic and scalable one. We could add, amend or eliminate various levels of enablers and capabilities as required. The



model will enable management to have immediate performance levels information about their supply chain.

When we have established the clear links to each of the three major blocks and business capabilities – starting from the business strategy, to the business cycles and to the supply core capabilities - the organisational structure can be recompiled into the recognisable traditional blocks, and linked to the business cycles.

In the next illustration, we show how the organisation structure takes on a new dimension, one with a clear connection to the supply chain that eliminates the silo organisation.

This new structure will be a robust one that shows the real contributors in the business cycle and in delivering the supply chain execution capabilities that have already been defined.

Having linked the core supply chain capabilities, to the business cycles, and by ensuring that the functional departments are able to execute the business strategy, will deliver an overall higher level of better performance.

There are many different functional departments in an organisation. It is however crucial, to ensure that every department is linked to the business cycle in the supply chain execution model. This means that each functional department must contribute the relevant capabilities to actively support the business cycles in the supply chain execution model. If a functional department or group does not play a role in the supply chain execution model, it should be challenged and the reason for being there questioned.

Sustaining the Supply Chain Execution Model

We have discussed the fundamentals of how to build a supply chain execution model, linking the business strategy, key business cycles and the identifying core capabilities required to drive the supply chain. The realisation of such an organisational transformation will be challenging in the transition phases, but will bring many benefits to the business once the balance and alignment has been successfully completed.

Even before the completion of this transformational journey, a new challenge will emerge. The question now becomes one of how the CEO and his team will sustain the effectiveness of the transformed supply chain execution model they have created.

Sustaining an organisation with balanced competencies, synchronised process and the capabilities to meet performance expectations, is a challenging proposition. Considering that market conditions are continuously evolving and where the human resource is an important aspect of the capabilities, change management may seem to be a neverending challenge. But failure or delay to address this reality, will result in uncontrolled variables disrupting the execution capabilities. This would undoubtedly deteriorate business performance and eventually even threaten the business viability.

Managing change is a crucial dimension in the sustainability and growth of a business. But managing change is also a fundamental to keeping the freshness of the business strategy and effective supply chain performance.

Even after a supply chain has been well designed, implemented and is working well, the expectation that the effectiveness and smooth operation can continue indefinitely, is a fallacy. There is no supply chain that can work on remote control, unattended or impervious to the various change factors that surround the business realities. Sustainable performance requires a constant review and a continuous corrective mind-set, to maintain the intended high performance levels.

The supply chain execution model is like the veins of a human body that carry signals and resources around the body. By virtue of being the business 'bloodline", the supply chain will take on new characteristics when changes are induced into the critical operational areas. These changes will alter the capabilities and will undoubtedly change the deliverables.

In Part 5 we will be looking Understanding & Managing Risks in the Supply Chain, which is also an important factor that impacts the challenges of sustainability

Whether the changes are accidental or deliberate, they all need to be properly assessed and managed, before implementation. This is essential to maintain the coherence and balance in the capabilities that enable the delivery of performance targets. .

The sustainability of the supply chain execution capabilities therefore requires a structured and competent governance culture and a CEO that is also attentive to the disruptive changes. The CEO and his executives, must also continue their engagement in the transformational processes, that will require a subtle period tuning to ensure change in managed as part of the day-to-day business.

In Part 4 of this Series we will be looking at People & Competencies in the business cycle and supply chain execution model. This aspect is an important element in the organisational structure and performance.

For more information on the articles or to contact the writers please email **info@lscms.org**

David Whitfield

LED Lighting: So "What" or "Wow"?

LED delivers significant electrical savings! Fact or Fiction?

Fact. To support this, Singapore technology company, Astrum Lighting Innovation has recently undertaken trials delivering energy savings between 80% and 90% while increasing lighting levels and improving lighting distribution.

LED technology has been promising efficiency gains for 10 years but it is only in the last two or three years that LED is finally delivering on energy savings that also provide good lighting outcomes supported by 5 years life expectancy.

Quality Vs Price

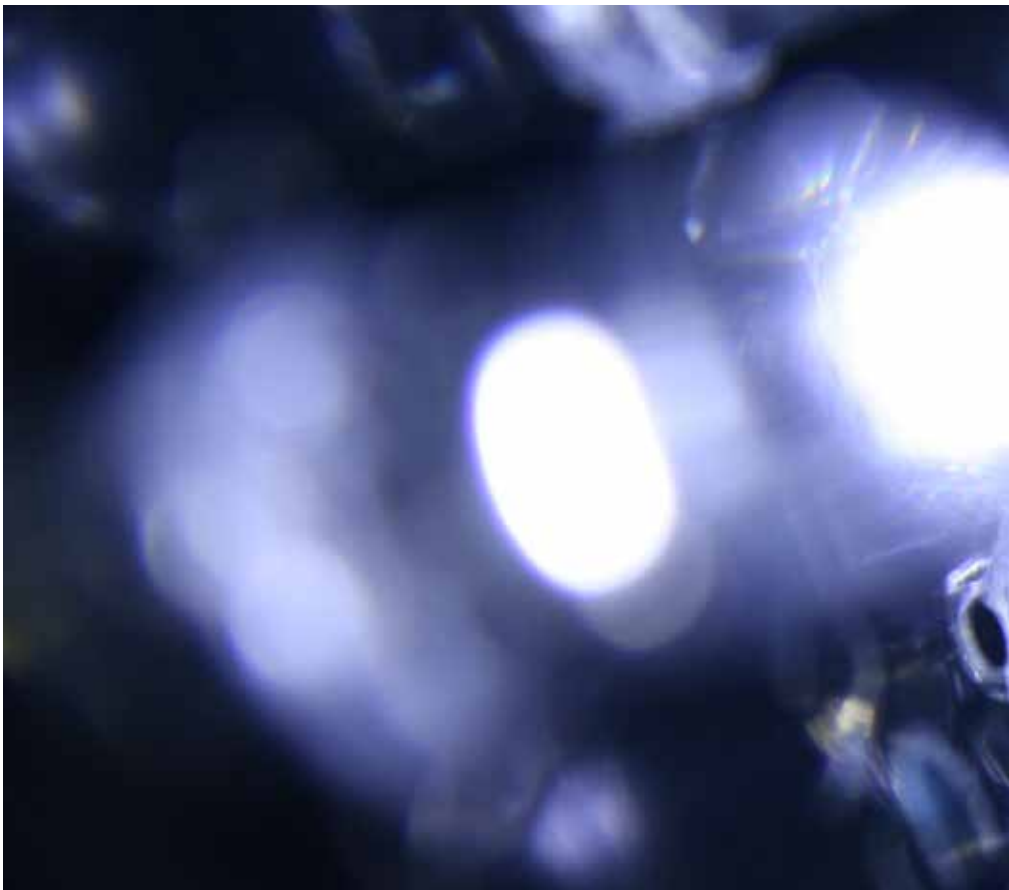
While the industry is increasingly looking at cheaper LED products out of China (and other emerging manufacturing hubs), the real benefits of LED lighting lay in purpose designed lights that focus "light on the ground" and optimise the internal electronics to provide reliable performance with maximum efficiency.

A cheaper Chinese high-bay light will generally deliver light at an efficiency of 80 to 100 lumens per watt, while a well-designed more expensive light can deliver light at up to 120 lumens per watt. However, better quality, purpose-designed light will also use "focused lenses" to deliver the light precisely where it is needed – near the ground.

Trial delivers 87% energy saving

Astrum lighting projects provide energy savings of up to 90% when replacing traditional high-bay lighting. A recent trial in the Changi warehouse of a major global logistics company replaced 250W traditional high-bay lights with a single module version of the new Sirius high-bay. This project increased average lighting levels from 46 Lux to 117 Lux and delivered energy savings of 87%.

In a Clementi trial for another multi-national, a combination of 1-module (45 Watts) and 2-module (90 Watts) Sirius high-bay lights increased the available light from dangerously low levels to comfortably above the Standards while delivering energy savings of 80%



LED High-bay Vs Sirius high-bay

Singapore based company, Fastrack Projects (a design and build contractor focused on industrial construction), recently undertook a trial of Astrum's new Sirius high-bay light. This trial was conducted in a new warehouse (occupied for 3 months) that had been fitted with reasonable quality, mid-priced 200W LED high-bay lights. The trial replaced a full circuit of 200W LED lights with 2-module Sirius lights, consuming 90W. The trial indicated energy savings of 53% and increased light levels on the ground by 34%.

"Lighting is 40% of our site cost!"

This quotation from a leading Singapore Logistics Manager highlights that lighting accounts for up to 40% of the electrical consumption of many warehouse environments. If you can save (say) 80% of your lighting bill, then you have a significant cost-down opportunity that you should not be ignoring.

In temperature controlled environments, the savings are even more significant. In most situations, lighting contributes a significant amount of heat into the lit environment. A 400W high-bay is actually a 440W heater that requires up to 3 times that amount of energy to remove this heat from your warehouse. Why? Light and heat are simply different parts of the energy spectrum and light is eventually absorbed into the building as heat that needs to be removed. A quality lighting retro-fit delivers even greater savings in a temperature controlled warehouse.

Note: This is the first in a series of articles discussing LED lighting and its ability to be a disrupt technology within the Logistics industry.

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November

SUPPLY CHAIN LOGISTICS PROFESSIONAL NETWORKING
NOVEMBER 17TH 2015 (6.00PM – 8.00PM)
HONG KONG
SCLP@MarkMillar.com

BIOPHARMA INDIA CONVENTION 2015
NOVEMBER 3-4TH 2015
MUMBAI, INDIA
www.terrapinn.com/conference/bio-pharma-india

ASIAN LOGISTICS AND MARITIME CONFERENCE
NOVEMBER 17-18TH 2015
HONG KONG
www.almc.hk/en

POWER LOGISTICS ASIA 2015
NOVEMBER 18-19TH 2015
SINGAPORE
www.powerlogisticsasia.com