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The Logistics & Supply Chain Management Society
The Regional Professional Body for Logistics Practitioners

MARCH 2016

LogiSYM

The Magazine for Supply Chain Executives

this issue

main feature

Boosting Supply Chain Sustainability

Creative Ways of Building Sustainability in the Supply Chain

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Contents Page

Feature Articles

Contents

from the editor

What is driving the Service Providers Strategic Changes?

Dear Readers,

You will find several informative articles in this issue of LogiSym, that tell the stories of the changing landscapes in the supply chain industry. As previously report the mergers, acquisitions and lateral diversification will bring new paradigms shifts to the logistics capabilities of Service Providers. But the question beckons as to what is driving Service Providers to take such major decisions that are driving landscape changes?

In a time when fuel costs and financial borrowing are at their lowest for many years, it is the right moment to make strategic changes and new breakthroughs. And there is full evidence that the serious market players are taking full advantage of this. Freight rates across all sectors are also at their lowest. This in turn has given rise to significant margin erosion across providers in the market.

Strategic changes must be primarily seen to be geared towards market share preservation and sustain profitability of the Service Providers. This is positive and will reform the industry bringing higher added value services offerings by the leaders in the industry. But the question would then be, at what price and how would this really benefit Shippers?

At a time when the economic momentum has slowed down and capacity is available, Shippers will benefit from the lower freight rates and multi-choices services from Vendors. But this could only be a short-term gain. Shippers need to do more and not rest on their laurels. They need to be more active in re-validating their supply chain strategies. Being able to influence market changes by forging closer relationships with the Service Providers driving change will also be strategic. It will be through relationship management and not price bargain hunting where Shippers will benefit.

Service Providers should also be aware that a continuous improvement is needed and they too cannot rest on their laurels. Creating a larger market share by acquisition and becoming structurally bigger, does not mean that they can remain be competitive. Whilst they can provide a broader range of services and sustain Customer relationships, they must think Lean & Agile –this will be a challenge for many.

Shippers, be aware of the old adage, "if it ain't broke don't fix it" would be a dangerous principle to follow in particular when the logistics markets are reshaping and the reset buttons are being played – their supply chain resets are also at play !

As usual, I look forward to receiving your feedback at **info@lscms.org** and even publishing an article of yours.

Joe Lombardo
International Editor

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The Magazine for Supply Chain Executives

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a word from the president

Stay the Course

Have just come off a heady couple of days at **LogiSYM Singapore**. It was our biggest LogiSYM event ever, with almost 400 registrants and the overall feedback has been excellent if not fantastic.

The plenary and tracks kept most audience glued to their seats and there was some lively and useful discussions in some of the sessions. We looked at 3D printing, Bitcoins, Robotic's and Droids and more 'practical' areas like the TPP and SOLAS implementation and its impact and the opportunities it creates for stakeholders in the Supply Chain.

True to form even the afternoon of the second day was 'full-on' We ran an Innovation Showcase for the first time and closed off with an excellent panel discussion on who the 'winners and losers' would be in the volatile (and plummeting) crude oil market we are now experiencing.

The 'social' side of things were not ignored. There were numerous networking opportunities and the cocktail evening was a hit. Feedback from the exhibitors was also positive and so overall an excellent program for discussions at a more strategic level and a great venue to network and interact. This will hopefully set the foundation or basis for deeper exploration at future LogiSYM events in Kuala Lumpur and Dubai later this year.

Thank you to everyone for supporting LogiSYM in some way, shape or form!

There has been an underlying vibe in the global market and the message also came across in some of the sessions at LogiSYM. 2016 is going to be a bumpy year. China has adjusted its growth forecasts, the impact of oil prices are far reaching and there are many other subtle effects, shifts and sign that seem to indicate a cloudy outlook.

This situation is certainly not something new to many of us. I learnt many years ago a couple of important things to do in times like this. If we stop spending and keep the economy moving, this will become a self-fulfilling prophecy. It is basic economic theory – and talking about it only makes matters worse.

Secondly, with lower costs and people having more realistic expectations, this is an opportune time to hire, develop, deploy and expand. If you play your cards right, this is one of the best times to grow your business or put in place the building blocks that will allow you to leverage the next upswing.

Finally, stay the course. Let's not panic and start deploying retrograde tactics prematurely. If we hold the line and stay the course, we will come out of the end (one way or another) much quicker!

There is no way to know for sure what lies ahead, but LogiSYM hopes to be there with you.

Raymon Krishnan
President
The Logistics & Supply Chain Management Society

Air China Cargo Signs Global MLA with Envirotainer

Air China Cargo recently signed a Global Master Lease Agreement (MLA) with Envirotainer, the global market leader in secure cold chain solutions for the pharmaceutical supply chain. This is the first time Envirotainer partners with an airline that is based in Mainland China. The partnership will greatly enhance the connectivity for pharmaceutical companies doing business with their suppliers and customers in China, while improving the availability of containers for exporters in China through the airline's extensive network.

Air China Cargo, the flag cargo carrier of China, plans to roll out a cold chain product this spring with further network expansion planned in 2016 based on market demand. The airline has identified 5 stations – Beijing, Shanghai, Singapore, Frankfurt and Geneva – as launch stations in its first phase of implementation. Ray Lo, Vice President, Service and Operations at Air China Cargo, said: "We are extremely pleased to be Envirotainer's first airline partner in Mainland China. We place great importance in ensuring that pharmaceutical products carried on us get absolute care. With the extensive expertise and global presence Envirotainer has in the active cold chain, this allows us to ensure that temperature-sensitive shipments are just as effective and safe as when they left the production line."

The new partnership is expected to directly benefit bio-pharma companies importing and exporting active pharmaceutical ingredients (APIs), intermediates and other bulk and semi-finished products to and from the world's second largest economy.

Bourji Mourad, Head of Global Partner Management & Compliance at Envirotainer, said: "The partnership with Air China Cargo is another positive step forward in China, APAC and indeed worldwide, as more stations and capacity are added to the portfolio in order to support the growing demands. Our Singapore-based Global Partner Manager Paul Seet will be assisting Air China Cargo with the roll out of this agreement as well as managing the partnership between our two companies."

As part of its continued network expansion, Envirotainer opened a new service station in Shanghai, China in November 2015 to support growing cold chain business to the pharma supply chain. Envirotainer will continue to invest and open its network to ensure that its cold chain solutions are available globally. In the past year alone, the company has taken several steps to strengthen its position, including the opening of a new U.S. Headquarter in New York and a new office in Singapore, a stronger product and service offering, and the increase of production and of its container fleet size to satisfy market demand.

SEKO Logistics Sets Up Aerospace Sector

A new SEKO Aerospace and Aviation arm, headed by Bryan Lowrie as managing director, has been established in Dallas. SEKO Logistics has been active in the aerospace industry, but is now looking to earn a larger share of a market projected to be worth US$352 billion by 2023.

"Customers don't buy from you unless they know you because in the aerospace industry trust in a logistics company is not an insignificant thing," Lowrie said. "If you have a production line building a plane, a ripple effect is caused if someone is late. Customers need the supply chain to be precise and they must be kept well informed."

The majority of SEKO's business today is airfreight imports into the U.S. from global suppliers. There are now 120 SEKO Logistics offices in 40 countries, in Europe, the Americas, and the Asia-Pacific region. These locations will ultimately be joined by SEKO Aerospace and Aviation specialists in other leading markets for the industry, such as Singapore, China, India, Brazil and Ireland.

Iran Seeks to Develop Aviation Industry as Sanctions are Lifted

In a move to restore its aviation industry after international sanctions were lifted (some of which have been in place for 40 years) Iran has laid out a blueprint of regulatory reforms. But despite talk of a major aircraft order from Airbus legal, financial and regulatory barriers remain as Iran seeks out foreign investment.

Peter Harbison, chairman of the Centre for Aviation, an Australian consultancy, said: "We are seeing massive opportunities in Iran." The country will only be able to develop its aviation industry with adequate funding, organisation and skilled manpower. It has been reported that Iranian President Hassan Rouhani has outlined a purchase of least $20 billion worth of Airbus jets from Europe as a test case for post-sanctions trade due to the sums involved and state-of-the-art financing used in the jet market. Completing the Airbus deal depends on the approval of the US Treasury, which must approve sales to Iran of jets with more than 10 percent US parts. Even if this is achieved, Iran must work out how to pay for the jets.

> "We are seeing massive opportunities in Iran.
>
> **Peter Harbison**
> **Chairman, Centre For Aviation**

Washington has said Iran may still not use its financial system, raising potential difficulties for jet deals denominated in dollars. If Iran pays for its aircraft in euros, any money subsequently converted into dollars may create problems.A senior Iranian official said Tehran was in touch with the US Treasury to clarify the status of such transactions. Iran, meanwhile, faces warnings that western banks may hold off from backing aircraft and other deals until rules are clear.

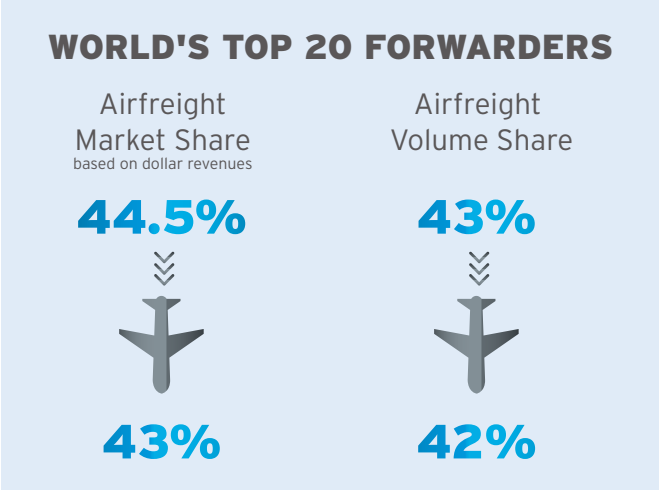
Dubai South to be New Home of Flydubai Budget Airline

Flydubai is planning to make Al Maktoum International at Dubai World Central (DWC) its new hub, the budget airline's head has announced.

Shaikh Ahmad Bin Saeed Al Maktoum, president of Dubai Civil Aviation, chairman and CEO of Emirates airline and Group and chairman of flydubai, this week confirmed what has been widely rumoured. Ahmad confirmed the airline would be moved to DWC from its current base at Dubai International's Terminal 2, but did not say when this would be completed. "We're slowly moving flydubai to that side," he told reporters.

DWC, which was recently re-branded as Dubai South, is Dubai's future mega-hub with a slated capacity to one-day handle as many as 240 million passengers a year. It is currently capable of handling up to 7 million passengers a year, around the same number that flydubai currently carries. The airline, which carries air freight in bellyhold capacity and collects it through Dubai International's Cargo Terminal 3, will utilise Dubai South's growing air freight operations to continue to serve the region's air cargo sector.

World's Largest Airfreight Forwarders Lose Market Share in 2015



The world's largest airfreight forwarders lost airfreight market share on their smaller rivals last year, but the top-ten players remained unchanged.

Figures from analyst WorldACD show that the world's top-20 forwarders saw their airfreight market share, based on dollar revenues, decline from 44.5% to 43%, while volume share was down from 43% to 42%. The analyst said that smaller players had outgrown their larger rivals in all areas of the world. "In North America, the balance between the two groups was more or less maintained, but this elite group realised a lower growth, and thus lost share, in all other areas. "WorldACD noted the largest difference in Europe (+1% vs +7%) and Latin America (-7% vs. -2%). The share of the Top-20 was largest in Europe (53%) and North America (49%), and smallest in Africa (12%) and Middle East and South Asia (21%)."

The analyst said performance between the various players in each group varied significantly. In the top-10, volume growth ranged from -10% to +7% and among numbers 11-20 the numbers varied between -10% and +11%.

Overall, the top-100 forwarders saw growth of 0.9%, and forwarders outside the top-100, accounting for 43% of total business, achieved average growth of 3.8%. Meanwhile, the top-ten forwarders stayed largely the same as in 2014 in both composition and ranking.

"Behind DHL Global Forwarding, the largest forwarders are Kuehne + Nagel, DB Schenker, Expeditors and Panalpina. K+N, Expeditors, Nippon Express, CEVA and DHL Express achieved growth exceeding the worldwide average of 2%, whilst DHL Global Forwarding, DB Schenker, Panalpina, UPS SCS and Kintetsu lagged behind," WorldACD said.

Qatar Airways Cargo Expands EU and Asia Networks

Qatar Airways Cargo's expanding list of freighter destinations will see the addition of Budapest, Prague and Ho Chi Minh City in March.

With the addition of these cities, Qatar Airways Cargo, the air freight division of the Qatari national carrier, will have 14 European freighter destinations and six to the Asia-Pacific region. The Doha-Ho Chi Minh freight service will be operated twice a week by an A330F, departing Thursdays and Saturdays, with 120 tonnes of cargo capacity, in addition to the 72 tonnes weekly belly-hold capacity on the daily passenger flights to Ho Chi Minh. The new service by Qatar Airways Cargo is expected to support Vietnam's growing influence as a major exporter of garments, footwear and handicrafts, with cargo sent to the United States and Europe via Doha.

The new Doha–Budapest–Prague service will also be operated by an A330F, departing Thursdays and Sundays with the 120 tonnes of weekly cargo capacity on the A330F to be split evenly between the two Eastern European cities.This new route will provide a gateway into the Eastern European market from Asia for electronics and automotive parts, as well as textiles, pharmaceuticals and biotech products.

Qatar Airways Cargo will continue to expand its network this year as new freighter aircraft enter the fleet. The airline took delivery of a new A330F and a new 747F nose loader last month, and a further A330F is scheduled to arrive in the first quarter of the year, followed by three new 777Fs by the end of 2016. Qatar Airways Cargo flies its freighters to 52 dedicated-cargo destinations and flies belly hold cargo on passenger aircraft to more than 150 international destinations.

Employees of Dubai Airports and its Partners Pull Airplane to Support a Noble Cause

Event part of 'Your Sight, Our Happiness' initiative to raise charity for Orbis

Dubai, UAE – March 3, 2016 – Employees of Dubai Airports and its partners participated in an airplane pulling contest today as part of 'Your Sight, Our Happiness' initiative to raise funds for Orbis, an NGO which works to prevent and treat blindness around the world through training and education, and its flying eye hospital – the world's only accredited ophthalmic training hospital aboard a MD-11 aircraft.

A total of 10 teams from across the airport community tested their collective might as they competed to pull a 747 National Air Cargo plane the furthest distance. The teams also contributed AED 1,000 each as donation to Orbis via Red Crescent.

"The plane pulling contest was the highlight event of the day and what it demonstrated was that when people that are passionate about a cause come together, they can achieve the seemingly impossible. It was very heartening to see the entire airport community getting together to support a noble cause and help raise awareness and funds for an organisation that spreads joy and wellbeing to communities in remote corners of the world," said Paul Griffiths, CEO of Dubai Airports.

"The event is in line with our commitment and efforts to enhance the wellbeing of employees at Dubai Airports and the airport community as a whole, and the society at large," Griffiths added.

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>
> **Paul Griffiths**
> **CEO, Dubai Airports**

Florence Branchu, Head of Partnerships, Middle East for Orbis said, "We are thrilled that Dubai Airports chose Orbis to benefit from this year's event. The funds raised today will help us reach even more people suffering unnecessarily through avoidable blindness, and help us strengthen eye care services for those who need it most".

"The aviation sector is a firm supporter of the sight-saving work of Orbis and our Flying Eye Hospital, and with the next generation 'hospital with wings' launching this year, this support is as gratefully received as ever," she added.

To raise awareness about daily challenges faced by those with visual impairments, sporting contests such as basketball, foosball and bowling were organised with participants playing blindfolded.Apart from the contest, the event also hosted a special charity luncheon sponsored by Emirates Flight Catering where corporate entities could donate by purchasing tables for AED 10,000 each.Individuals attending the event were offered the opportunity to sponsor cataract eye surgeries by buying donation coupons worth AED40 per surgery.

The event was organised at the Dubai Airshow venue at DWC under the patronage of His Highness Sheikh Ahmed Bin Saeed Al Maktoum, President of Dubai Civil Aviation Authority and Chairman of Dubai Airports.

The charity event was supported with kind contributions from the following organisations: mojo, Al Naboodah, General Director of Residency & Foreigner Affairs, National Air Cargo, Faberge Events, Go Fit UAE Gym, Badamli, Gearhouse, Joseph Graphics, Joseph Advertisers, London Diary, Glenda Biscuits, AB Marketing, Friesland Diary (Rainbow), Dubai Customs, dnata, Dubai Civil Aviation Authority, Dubai World Trade Centre, Valtrans, Al Fajer, Emirates Flight Catering, Smith Detection, Dubai Duty Free, Big Bear, PowerPrint, Anglo Arabian Healthcare, AXA Insurance, Magrabi Eye Hospital, Airlink, Allied Transport Company, Verger Delporte, Intercare, Geodis, Siemens, Serco, Kuehne + Nagel LLC, Viking Gulf, G4S (MIHY), Fedex, Farnek.com, Berkeley Services, EMC, Emrill, and du.

AirBridgeCargo Takes on Africa

Under an ACMI contract, using the air operator certificate and flight numbers from subsidiary carrier CargoLogicAir, AirBridgeCargo has begun new twice-weekly 747 freighter service to Africa. ABC's new flights will operate every Thursday and Sunday. The routing will start ex-London Stansted via Frankfurt to Libreville and onto Johannesburg, returning to Stansted via Nairobi.

These new destinations will provide ABC's customers with a greater choice of delivery options with connections to ABC's existing network at its regional European gateway at Frankfurt Airport. These new services will open up routes to major markets in Africa for ABC's customers in North America, the Far East and Southeast Asia.

"The introduction of services to Africa is a big step for our company. For the last couple of years, AirBridgeCargo has reached the 'high-water mark' of its organic growth model with its focus on its fleet, network expansion and consistently improving the quality of its customer service," said Robert van de Weg, senior vice president for sales and marketing at ABC. "We are now continuing our development by expanding into other parts of the world, including by means of partnership with other airlines. New points of destination and origin in Africa will provide our customers with direct service via ABC's stations in Europe, Asia and the U.S."

Qatar Airways' Cargo Tonnages Soar by 37.5% in 2015

Qatar Airways Cargo saw a 37.5% surge in tonnages during full year 2015, citing a combination of "fleet and network expansion, creative interline agreements and by deploying capacity on expanding or untapped markets".

The Doha-hubbed airline increased its cargo volumes from 1,104,000 tonnes in 2014 to 1,520,000 tonnes in 2015. The combination carrier said that import cargo into Doha increased by 29%, while exports from Doha increased by 10% and transit cargo at the hub increased by 39% in 2015. Ulrich Ogiermann, Qatar Airways chief officer cargo, said: "At a time when international air cargo traffic grew only 2.5% in 2015, it makes us very proud that our year-on-year figures from 2014 to 2015 show that we have grown our tonnage by 37.5%. We have achieved this phenomenal growth through a combination of fleet and network expansion, creative interline agreements and by deploying capacity on expanding or untapped markets." Further tonnage growth is expected for 2016 as more aircraft join the expanding fleet and more destinations are added to the route network.

An A330F and a new Boeing 747F nose loader were received by the airline in December, and an eighth A330F recently joined the fleet. Three more Boeing 777 freighters are scheduled to arrive by the end of 2016. The airline splits its cargo capacity across its freighters and passenger aircraft with 51% of shipments carried on freighters compared to 49% in the belly-hold.

Drewry Says Carriers Set Service Reliability Record in 2015

by Greg Knowler

On-time container line service reliability for 2015 on all trades was the highest ever recorded at 73 percent, according to Drewry's Container Insight Weekly.

The analyst found that despite deterioration in the final three months of the year, the year-long reliability average for all trades covered was a marked improvement on 2014 when it plummeted to just 59 percent. Drewry has been monitoring container service reliability for 10 years and the 2015 performance just beat the 72 percent reliability recorded in 2012. But the analyst acknowledged the reasons for the improved performance were hard to spot.

> "...it is a reflection of the operational improvements brought about by the new, enlarged carrier alliances and that carriers (are) recognizing the importance of reliability in terms of marketing and customer retention
>
> **Drewry Container Insight Weekly**

"Finding an explanation for the dramatic improvement seen last year is difficult, but our unscientific take is that it is a reflection of the operational improvements brought about by the new, enlarged carrier alliances and that carriers in general are, belatedly, recognizing the importance of reliability in terms of marketing and customer retention," Drewry said.

The gap between the best and worst performing lines narrowed with the variation now being around 20 percentage points, when it has been much wider in previous years. The carrier with the highest overall on-time performance in 2015 was Maersk Line with a 12-month average of 81 percent. Second was Evergreen with 78 percent, while "K" Line took the bronze medal with 77.6 percent. The wooden spoon went to Mediterranean Shipping Co. with 58.4 percent.

Drewry said the early months of 2015 were negatively affected by the introduction of the new alliance structures that required some time to fully bed-in, and congestion issues at U.S. West Coast ports of Los Angeles and Long Beach. Service reliability for ships discharging at Los Angeles-Long Beach plummeted to below 10 percent in February 2015 as labor issues brought the main U.S. gateway to a standstill.

Reliability across the covered trades steadily improved as the months ticked by as the alliance and West Coast issues dissipated, reaching a data-series high in September. The higher standard for container service reliability is very welcome news to shippers as predictability and reliability are key to managing supply chain costs for importers and exporters, the analyst noted. A more reliable shipping service can reduce costs in areas such as inventory holding or expedited freight-spend. Often these savings can be greater than those achieved through securing even the most competitive ocean freight rates.

Drewry said it believed this was a new normal that would last but also that it was probably close to the ceiling of what shippers could expect from carriers in the short to medium term, as most of their attention would be directed towards restoring profitability.

Photo: Khunaspix

COSCOCS Integration Officially Underway

Chinese container carriers COSCON and China Shipping have begun a merger today with the signing of a series of leasing contracts for containerships and containers, the newly-merged company said in a statement.

March 1 marks the beginning of the "integration transitional period" for new company, dubbed China COSCO Shipping Corporation Ltd. (COSCOCS). Under the new management structure, COSCON will lease and operate CSCL container ships and containers, and gradually integrate CSCL network assets over time.

The company said the speed of the integration will depend on a variety of factors and that during the transition period shippers will continue to use existing channels of communication with their respective carriers.

"We are committed to a smooth transit and will maintain best service quality and business continuity as much as possible," said COSCOCS. "Any changes and updates will be communicated upfront."

"The fundamental purpose of the integration is to provide better products and services to our customers," the company added.

"Post-integration COSCON will boast of larger capacity, more services, a broader business scope and better, optimized route network."

Hapag-Lloyd Cuts Fleet by 23 Ships, Drops to 6th Place

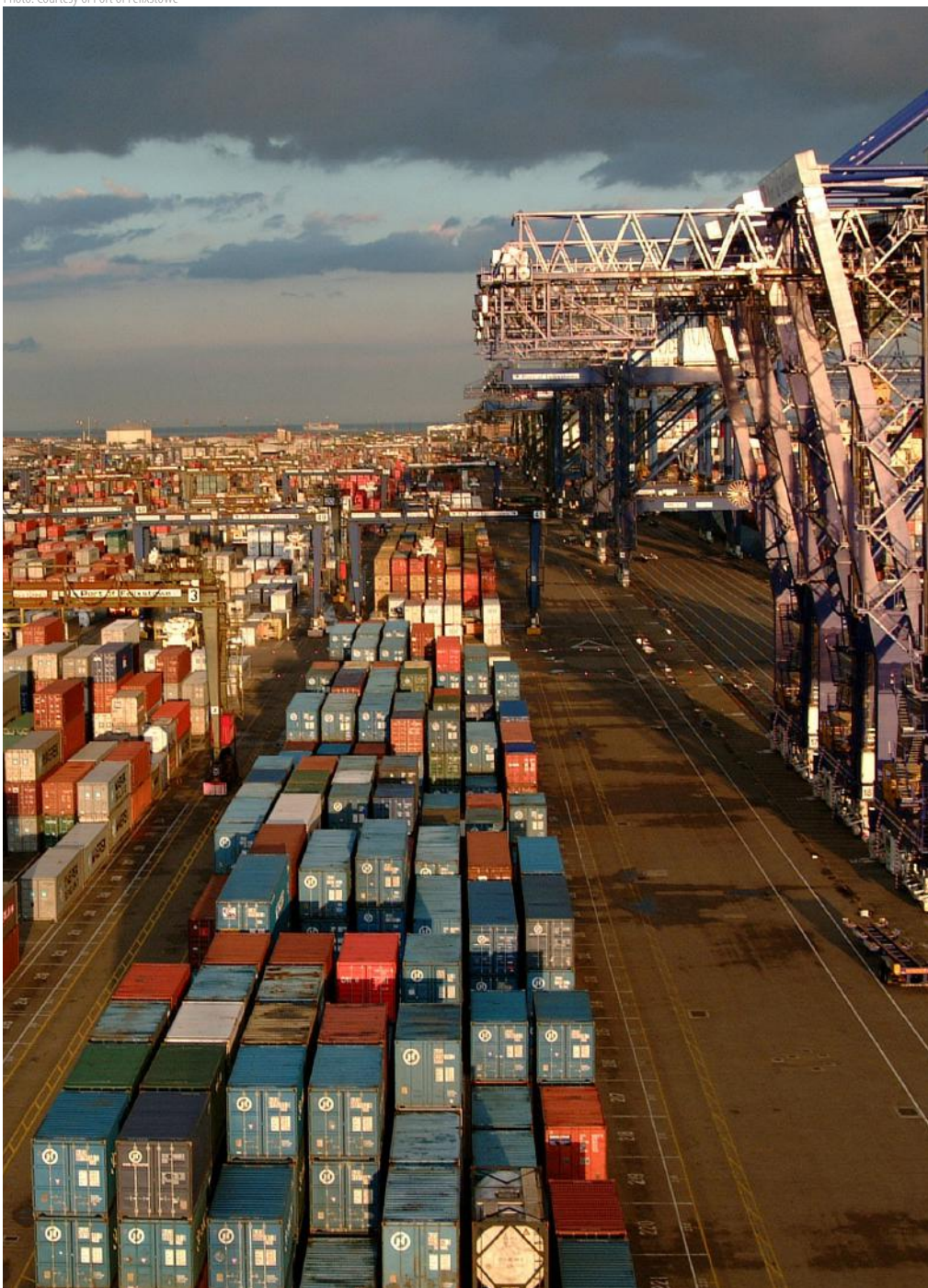
The German shipping giant Hapag-Lloyd has revealed plans to cut its fleet by 23 ships as it battles dreadful conditions in the container shipping market, especially on the Asia-Europe and Asia to South America trade lanes.

Hapag-Lloyd CEO Rolf Habben confirmed the move during a press conference in Hamburg and said the shipping line would be laying up some vessels and returning most of its chartered fleet. He did not address how the fleet reduction would impact employee layoffs.

Hapag-Lloyd will cut its operating fleet from 198 ships to 175. Its fleet capacity will shrink from around 1-million teu to 945,000 teu and it will fall from fourth to sixth place among the top ten shipping lines in the world.

Jansen said the dramatic changes were needed to remain financially viable in a market in which shipping rates were not even covering operating costs. "It does not make sense to offer capacity, if it only makes losses," he said.

Photo: Courtesy of Port of Felixstowe



NOL Sells Indian Business

Neptune Orient Lines (NOL) has offloaded another logistics operation as it focuses on container shipping.

The company, bought by CMA CGM last year, said its NOL Liner division sold its 99.99% stake in India Infrastructure & Logistics Private Limited (IILPL), which operates freight rail train services in India.

The price is $38.7m and the buyer is its former APL Logistics (APLL) business, which was acquired by Kintetsu World Express in 2015.. The fee was arrived at as a way to offset $38.7m owing from NOL Liner to APLL as part of the takeover last year.

IILPL's net asset value was $12.7m.

Abu Dhabi Feels Oil Pinch, Etihad Rail Slashes Payroll

Photo: Ethihad Rail

Etihad Rail has laid off 30% of its workforce as part of an effort by Abu Dhabi, its primary shareholder, to trim costs amid an ongoing massive slump in the price of oil.

"We have introduced a restructuring initiative across the company to further streamline our operations as well as our internal procedures and processes," a company spokesman told Gulf News, but did not disclose the number of dismissals.

"These changes involve a number of staffing adjustments, as we move towards a flatter management structure," the statement added. The Etihad Rail network, which will provide both freight and passenger services when completed, needs around US $11-billion to completion to link the six Gulf nations from the UAE to Saudi Arabia through Ghweifat in the west and Oman through Al Ain in the east.

> "We have introduced a restructuring initiative across the company to further streamline our operations as well as our internal procedures and processes.
>
> **Etihad Rail**

Etihad Rail is expected to start awarding contracts for Stage 2 of the project in the first quarter. The second stage will be a 628-kilometre stretch connecting Mussafah, Khalifa Port and Jebel Ali port as well as to Saudi and Oman. "The rail links to Oman via Al Ain and to Saudi Arabia via Ghweifat remain within the scope of Stage Two, in line with the project mandate," Etihad Rail said in the statement.

The deadline to complete the Gulf Cooperation Council rail project by 2018 could face delays as some countries have yet to begin laying down track in their national network and state budgets have been severely impacted by the fall in the price of oil.

Aramex Buys Fastway Couriers

Aramex has announced its acquisition of Fastway Couriers, a courier service headquartered in New Zealand. The deal is Aramex's second acquisition in the Asia-Pacific region to date and involves a 100 per cent buyout of the company's business in New Zealand and Australia for NZD $125.277 million.

Established in New Zealand in 1983, Fastway Couriers' global network includes 63 regional depots and 1,500 courier franchisees across Australia, New Zealand, Ireland, Northern Ireland and South Africa. With more than 250 franchise partners across New Zealand alone, the company transports 16 million parcels globally to 75,000 customers each year. Its courier franchisees offer cost effective, reliable and fast delivery services and are supported by the latest innovative technologies and online parcel track and trace facilities.

Chief Executive Officer of Aramex Hussein Hachem said: "We are excited to add Fastway Couriers to Aramex's global network. The company has a strong performing business, a well-recognised brand, a leadership position in the Asia-Pacific market, an excellent management team and large global customer base. Following our recent deals in Thailand and Australia last year, acquiring Fastway Couriers is the next logical, strategic move for us. Having scalable synergies with our own infrastructure and extending our reach across the region, the acquisition now makes us present in New Zealand for the first time and strengthens our existing operations in Australia. Enhancing and expanding our operations in the region also allows us to further contribute to the development of Asia-Pacific's e-commerce sector and facilitate cross-border trade."

The Asia-Pacific region was the largest e-commerce market in the world this past year. Its total B2C e-commerce turnover reached US $770 billion, higher than Europe and North America. Asia-Pacific's B2C e-commerce market is also growing at a much faster pace than other markets, growing by 44% against 14% in Europe and 12% in North America respectively. This rapid growth trend is increasing the demand for efficient and reliable small parcel delivery services, and Fastway Couriers experienced significant growth last year.

The Fastway Couriers franchisee model also makes it a strong fit for Aramex's asset-light business model. The company contracts independent couriers as franchisees who use their own vehicles for pickup and delivery. This results in increased efficiency and extended reach across the countries it operates in and results in on-time delivery at the lowest possible cost to the customer.

> "This acquisition allows our customers to benefit from Aramex's global network, international expertise and scale, while still being able to enjoy our personalised, tailored services.
>
> **Bruce Speers -- Group Managing Director, Fastway Limited**

Bruce Speers, Group Managing Director of Fastway Limited, said: "We are very proud of our company and what we have built up over the past 32 years, maintaining a strong brand and loyal customer base. The investment we have made in the company and our successful focus on providing low costs, optimal delivery times and extending our reach globally has resulted in significant growth for our business and brand. The recent spike in online shopping has also increased our consumer base and demand for our services considerably, positively impacting our reputation in the market as we continue to maintain the highest levels of customer service. This acquisition allows our customers to benefit from Aramex's global network, international expertise and scale, while still being able to enjoy our personalised, tailored services."

FedEx's Approval for TNT Deal Lifts the Curtain on New Era

by Thomas Cullen, Ti

FedEx will be driving its tanks onto DHL's lawn rather than UPS now that the Memphis-based company's purchase of TNT Express has been approved by the relevant competition authorities. The question is, what will FedEx do with its new barely profitable business express company?

Certainly the purchase represents a big stride forward in deepening the globalisation of the FedEx business. FedEx has a strong presence in intercontinental traffic, but its profile in markets such as China or continental Europe bears little relationship to the depth of business it has in the US, characterised as it is by a strong 'last mile' operation and a leading road freight network that complements its core air-Express franchise.

Now in possession of TNT, FedEx might conceivably have a bridgehead from which to aspire to some of this in Europe in what might be seen as a sort of 'FedEx Ground Europe' or 'FedEx Freight Europe'. However, accomplishing this would be difficult. Europe is not one coherent market. Even neighboring markets such as Britain and France are very different, with different types of customers and providers. Traffic flows are often fragmented and follow different patterns than in the US.

Certainly the UK and German e-retailing markets are very advanced and growing quickly but with that comes a ferocious level of competition. Another big problem is that TNT Express is orientated towards the 'business-to-business' market not the consumer 'last mile' segment.

TNT Express has a strong presence in networked road freight, being one of the largest haulers of cross-border consignments and especially strong in the less than pallet load business. However, this is both a fiercely competitive market and not a very profitable one. International 'less-than-trailer load' services may be the most dynamic part of the road freight market across Europe but that is not saying much. In the US FedEx – and UPS – have been able to create a road network that in part replicates the sorts of efficiencies seen in the air-express 'hub and spoke' system. Doing that across Europe would be ambitious but hard. Rivals, including DeutscheBahn Schenker, Gefco and indeed DHL will insist that they have already built such systems.

So it will be interesting to see what Fred Smith and his people will do with TNT Express. Having spent US$4.8bn they are going to have to do something fairly dramatic to TNT in order to get a return on their money.

Saudi Logistics Firm to Build Warehouse Park at Sohar

Sohar Port and Freezone has signed a new deal with Warehousing Solutions LLC for the development of a new warehouse park at Sohar Freezone. This will become one of WPL's first major ventures outside Saudi Arabia.

Warehousing Solutions is a newly established company belonging to Saudi Arabian logistics provider Warehousing Projects and Logistics LLC (WPL). WPL was established in 2010 with a land bank of around 500,000m2. It is situated in the industrial cities of Dammam, Riyadh, Jeddah and Madinah, with the development of pre-built warehouses for logistics services providers and other clients.

WPL has expanded its portfolio into built-to-suit warehouses and warehousing design, through collaboration with an international consulting firm, complemented with third-party logistics (3PL) services. Warehousing Solutions LLC will develop and manage the new warehouse park at Sohar Freezone. Sultan Al Habsi, Chairman of Sohar Port and Freezone, and Sohar CEOs Andre Toet and Jamal Aziz have signed the agreement with WPL Chief Executive Abdulaziz Mansoor Al Subaie.

The signing marks the beginning of the construction of WPL's planned 50,000sqm warehouse park in Sohar Freezone; a further 50,000sqm has been reserved for phase II, taking the total size of the land lease agreement up to 100,000sqm. Warehousing Solutions will construct ready-built warehouses as well as bespoke warehousing for other Sohar tenants onsite in the Freezone.

"We've seen an active interest in warehousing and logistics development emerging in Oman, and our presence at Sohar expands our reach across the region to meet these demands," said Al Subaie. "With its strategic location as a logistics hub for the Gulf, Sohar Freezone will add to the value proposition we can offer to clients and logistics service providers."

Compass and DHL Set to Disrupt Food Service Market

Compass Group UK & Ireland and DHL Supply Chain have formed a partnership which they describe as a major "disruptor" in the foodservice market.

> "This partnership allows us to stay true to our core focus and expertise of food service while building on DHL's strong existing customer base in passenger gateways sector.
>
> **Andrew Barry -- Managing Director of Business and Industry, Compass Group UK&I**

The collaboration will target customers in the public sector, airline, rail and facilities management industries. Compass Group will focus on the creation, sourcing, procurement and delivery of menus, while DHL will provide end-to-end supply chain solutions, overseeing the flow of product and management of waste. It will also bring its sector expertise in final mile operations, lean techniques and business analytics to create a platform for continuous improvement.

"This partnership allows us to stay true to our core focus and expertise of food service while building on DHL's strong existing customer base in the passenger gateways sector," said Andrew Barry, managing director of business & industry at Compass Group UK&I. "We will use our respective key strengths to bring a new level of service and innovation to current and future clients in this market."

DHL has been expanding in the foodservice sector winning contracts with major airlines and diversifying into rail. Paul Richardson, managing director of specialist services at DHL Supply Chain, said: "Together we will be able to enhance our proposition as a foodservice provider, offering innovative solutions that provide our customers with even greater choice, cost transparency and quality. We are looking forward to growing in this sector with Compass at our side."

Third-Quarter Profit Plunges at India's Gati Ltd.

Gati Ltd.'s net profit tumbled by a third in the three months through the end of December as India's leading express distribution and supply chain solutions provider booked lower revenue amid tight market conditions.

In a filing to the Bombay Stock Exchange, the Hyderabad-based logistics provider said its net income in the third fiscal quarter fell 32.7 percent year-over-year to Rs. 7.67 crore (approximately $1.13 million). Overall revenue during the third quarter was down 1.3 percent to Rs. 417.8 crore from Rs. 423.3 crore in the same period in 2014. The company did not provide any analysis in its filing for the decline in quarterly net earnings. By segment, Gati's core "express distribution and supply chain" activity saw third-quarter operating income remain relatively flat year-over-year on a consolidated basis, at Rs. 363.6 crore. This division accounted for nearly 90 percent of the company's total revenue during the quarter, the earnings release shows. Gati operates its express logistics business through a joint venture with Japanese forwarding group Kintetsu World Express.

In the first three fiscal quarters, which ran from April to December, the company posted a net profit decline of 28.7 percent year-over-year to Rs. 21.3 crore. Total revenue in the nine-month period was flat from the corresponding months in 2014, at Rs. 1,238.98 crore, according to the statement.

Gati currently has a fleet of more than 5,000 trucks and handles around 6 million packages per month. The company also has overseas branch locations in China, Singapore, Hong Kong, Thailand and Nepal.

UPS Expands Strategic Alliance in Kenya

UPS announced the consolidation of both express and freight forwarding services in Kenya through the company's existing authorized service contractor, Freight in Time (FIT).

UPS's small package service portfolio has been added to FIT's current freight forwarding service contract with the intention to enable growth for both companies and the region. According to the announcement, Kenya is considered a hub for global trade and a catalyst for future growth with the country forming a strategic part of UPS's international growth strategy. FIT's expansion of services and recent facility investments are planned to strengthen ties with Kenyan customers and offer end-to-end logistics solutions with brokerage services. Shamit Shah, CEO of FIT said, "Kenya is key to the logistics industry; it has become the region's logistics hub, and Jomo Kenyatta International Airport (JKIA) has played an important role in this development."

FIT began operations in Kenya in 1998 and provides customers with a range of services including freight forwarding services, contract logistics and small package services. The company recently invested US$9m in its operations and has a 5,000 sq m warehousing facility with six offices in Kenya. From February 15th 2016, FIT also handles UPS Express package services in Kenya. In addition to the expansion of services, FIT has invested half of a million dollars in a modern airside facility at Jomo Kenyatta International Airport (JKIA) to handle and process shipments for express operations in Nairobi. The facility, which operates 24 hours, is planned to support the small package courier service in Kenya.

Jean-Francois Condamine, President of the Indian Subcontinent Middle East and Africa district for UPS, said "The extension of our partnership with FIT, a strategic regional logistics provider in East African countries, clearly demonstrates our long-term commitment to our valued customers in Kenya. With 109 years of logistics heritage, UPS has the technology and expertise to support FIT to offer reliable bundled solutions to customers in Kenya."

Damco Expands Logistics Capacity in Vietnam

Damco has unveiled its expanded Southern Vietnam Logistics Center in Binh Duong Province. Now covering 37,150 m2 and 141 loading bays, and incorporating state-of-the-art facilities, this C-TPAT certified multi-purpose warehouse is an important pillar of a multi-year capacity expansion plan. Together with the recent development of the Haiphong warehouse in North Vietnam to 11,500 m2, Damco Vietnam's warehouse capacity now stands at an impressive 73,000 m2 across five sites.

Damco's growing Contract Logistics operation has over 25,000 m2 of space to serve customers in the industrial, retail, fashion and chemicals sectors. This unrivalled capacity offers a greater array of supply chain efficiencies which in turn optimize costs for customer's logistics operations.

The new container freight consolidation facility is equipped with the latest technologies such as a High Jump CFS management system, RF scanning, a sprinkler system and a digital CCTV system. It also incorporates a quality control room and an on-site customs office, supported by a dedicated country management team which works closely with other Damco teams in origin and destination countries. Marco Civardi, Area Managing Director for Damco in Vietnam & Cambodia, adds: "In preparation for the upcoming years of strong economic growth, Damco Vietnam has invested substantially to upgrade our capacity in both geographical areas of North and South. Within our facilities we are now able to perform new value added activities on behalf of our customers. Noteworthy is also the acquisition of our bonded license capability in Haiphong and the possibility to perform activities such as metal detection, CNI (Certificate of No Impediment) and inner carton checking within our Ho Chi Minh facility. These developments demonstrate Damco's commitment to the Vietnamese market and our clear goal to be here for the long-haul!"

DHL Looking at Possible Sale of Forwarding Arm

Deutsche Post unit, DHL, is said to be looking at shedding its troubled freight forwarding division either by spinning if off in some form of strategic joint venture, or outright sale with Japan Post highlighted as a potential suitor, according to a Reuters report.

The air and ocean forwarding units would be included in this move, with the land freight forwarding unit likely kept, the report noted citing an un-named source. An outright acquisition of the entire forwarding division has been estimated to be worth around US$5 billion. This would then let the DHL group to focus on its mail and express business, without the burden of the loss-making forwarding arm. The beleaguered DHL Global Forwarding division has been struggling of late, no better illustrated than by last year's failed experiment with a new IT system known as the 'New Forwarding Environment', which saw a US$388 million write-down, which resulted in a 71 per cent drop in third-quarter core earnings to $222 million.

In a rare admission of failure, the company said it had simply been "overwhelmed" by the botched IT rollout. The fiasco saw a number of senior executives leave the company, including CEO Roger Crook. "The unit has had massive margin problems of late, among others, due to IT (information technology) troubles, so it's natural that Deutsche Post is mulling ways to turn it around", Reuters quoted the un-named source as saying. Japan Post, which last year bought Australian freight firm Toll Holdings, has been cited as one possible buyer, although one analyst Payload Asia spoke to suggested this was unlikely as the US$4.63 billion Toll acquisition would be the focus of Japan Post's attention for the near future.

The German firm's chief financial officer, Larry Rosen, said in August last year that the freight forwarding unit would not be put up for sale, with Rosen telling Reuters at the time: "It's an important part of our logistics business. We have a good future with this business."

The freight forwarding unit lost $379 million in the third quarter of 2015 compared to the same period of 2014 where it made a profit of $80 million. The forwarding arm's profit for the full year in 2014 fell 39 per cent to $331 million on sales of $17 billion, which was nearly 27 per cent of the group's sales.

CPL Expects AED50m Boost From Dubai South Investment

Centre Point Logistics (CPL) has announced that it will open a warehouse in Dubai South in October 2016. The 22,550-sqm ambient temperature-controlled facility will be situated in Dubai South's Logistics District.

CPL will offer a range of logistics services from the site, including warehousing, transportation, and the management of labour, operations, and equipment. Commenting on the warehouse, Ahmad Al Ansari, deputy chief operating officer at Dubai South, said: "CPL's significant investment into its new facility will further enhance the organisation's operational efficiency and increase its market share and revenues in the long term.

"The strategic move comes at an opportune time in that it addresses a growing need for solid logistics infrastructure to support the [advancement of] the global logistics sector. Dubai South's Logistics District presents the ideal platform to facilitate CPL's regional growth strategy and we look forward to a mutually rewarding partnership," he added.

At present, CPL boasts logistics investments of over $27m (AED100m), with warehouse and distribution space totaling more than 27ha. The logistics firm anticipates an increase in turnover of around $13.6m (AED50m) following the opening of its Dubai South facility.

Saleh Abdullah Lootah, chairman of CPL, said: "Through our new warehouse facility, CPL – in partnership with Dubai South – will significantly widen its geographical reach to provide high-quality services to a larger customer base across the world.

"Our expansion complements Dubai's tremendous economic development over the years, enabling us to support the Emirate's growth while taking advantage of new opportunities in both local and international markets.

"Today, Dubai is considered a significant player in international trading and transport logistics, and this will mean more profitable prospects for leading industry players," he concluded.

> "Our expansion complements Dubai's tremendous economic development over the years, enabling us to support the Emirate's growth while taking advantage of new opportunities in both local and international markets.
>
> **Saleh Abdullah Lootah**
> **Chairman, CPL**

Matternet, DHL to Test Drones with Real Payloads

Photo: Andreas Rentz/Getty Images

California-based drone manufacturer, Matternet, plus DHL's "parcelcopter" prototype unmanned aerial vehicle (UAV), both plans to begin testing their airworthiness with actual payloads in the next two months.

Photo: Swiss Post

Last year, at the CNS conference, Andreas Raptopoulos, CEO of Matternet, made a joint announcement with Oliver Evans, former chief cargo officer of Swiss International Airlines, that his company would work with Swiss WorldCargo and Swiss Post on testing the Matternet ONE drone as an automated cargo delivery system. Last summer, they executed successful tests in Switzerland.

Evans, who is now head of global business development for Matternet, said the company is now proceeding to the next stage, which "involves planning to fly further routes on behalf of customers of Swiss WorldCargo, with actual shipments on board, to prove the reliability and value of our services in addressing specific logistic challenges of the clients involved."

He could not disclose the timing and location of the operation, but said Matternet has received certification for its vehicles from the Federal Office of Civil Aviation (FOCA). The process of coordination with the customer, the logistic partner (Swiss WorldCargo) and the FOCA, among other authorities, is in process, Evans said.

Meanwhile, DHL's parcelcopter concept which conducted its pilot projects last fall in Bonn and on the North Sea Island of Juist, will resume testing this week, with yet another test flight in the village of Reit im Winkl in Bavaria. This test will subject the UAV to the conditions of a mountain region, covering a distance of five miles to Winklmoosalm, one of the largest and most popular alpine winter sports destinations in Germany. This test will include application of the fully automated loading and unloading of parcels, which will be tested in a specially modified DHL Packstation kiosk, called the "Parcelcopter Skyport."

Like the DHL parcelcopter, the Matternet ONE, is a quad-copter design, with a centrally located payload that is easy to load and unload. The Matternet vehicle is light and strong enough to transport a payload of up to one kilogram as far as 20 kilometers on a single battery charge, and also capable of autonomous operation, following secure routes generated by Matternet's cloud-based software. The drone is programmed to land only on landing pads set up by Matternet for the customer, which prevents it from getting lost and landing in the wrong place.

Regulations are still an issue, but, according to Evans, Switzerland has a framework in place for the approval of specific missions. "We believe that we will be able to follow similar procedures to obtain permission for operations in other European countries, and we have started the dialogue with certain customers and authorities," Evans said. "In the United States, we are delighted that the FAA has put in place a procedure for obtaining exemptions to operate missions under specified conditions, and we are actively engaged with them alongside a number of other commercial companies."

Materials Handling Leader Dematic Expands in Asia Pacific

Dematic, a leading global supplier of integrated automated technology, software and services to optimise the supply chain, is expanding its presence in Asia Pacific with a new office in Thailand and multiple hires across the region.

Glen Borg, CEO of Dematic ASEAN/ANZ said: "Dematic established a presence in ASEAN in 1971, opening our first office in Singapore in 1986. Due to our track record of success and a growing demand in the region, we have since expanded into Malaysia, Philippines, Indonesia, Korea, and recently Thailand."

Dematic employs close to 100 materials handling specialists in the region in engineering, customer service, logistics IT, and highly complex integrated materials handling systems. Customers in the region include the leaders in eCommerce, Food & Beverage, FMCG, Retail, General Merchandise, and 3PLs.

Mr Borg, speaking in Kuala Lumpur at the recent Bloomberg TV Malaysia breakfast, outlined how Dematic is addressing the needs of companies through innovative materials handling systems: "Dematic has a strong understanding of the industry trends and drivers in Asia Pacific that require companies to adapt and invest in materials handling systems in order to remain competitive, particularly in the face of ever-increasing consumer demands, and the rising Asian middle class' desire for high-quality food and customer service levels."

"Dematic is committed to leveraging its global expertise and local presence to continue its investment and expansion in ASEAN," continued Mr Borg.

Dubai Builds on Traditional Strengths with Wholesale City

Mega development in Jebel Ali creates a land corridor built for trade and logistics

Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister and Ruler of Dubai, have launched Dubai Wholesale City, the largest wholesale hub in the world. The project is set to span over 550 million sq ft, with an expected development cost of AED30 billion over 10 years.

550 million sq. feet The new development aims to increase the UAE's share of the global wholesale trade sector, which is valued at $4.3 trillion and expected to grow to $4.9 trillion in the next five years, WAM added.

Sheikh Mohammed said at the launch of the project: "The UAE is moving on with its strategic plan to diversify the national economy away from a dependence on oil. It has its unique economic vision that enables the creation of new economic sectors to contribute to the nation's growth, even while upgrading existing sectors to ensure they are on par with highest global standards."

The new global hub, to be developed by Dubai Holding, will comprise of specialised integrated trading parks that meet all the requirements of wholesale traders under one roof, as well as an international trade exhibition facility. The development aims to be home to more than 15,000 wholesale traders.

Dubai Wholesale City will also feature Country Pavilions, which will include commercial centres and malls offering products from countries including India, Malaysia, Thailand, Turkey, Australia, China, South Korea, Germany, Saudi Arabia, the United States and south America. The City will launch operations by servicing strategic sectors and will include specialised avenues for food, construction materials, electrical appliances, electronics, furniture and decor, machinery, equipment, wood, vehicles and spare parts, and textiles and clothing.

Dubai Wholesale City will also activate the world's largest e-commerce platform for wholesale trade in the region.

Sheikh Mohammed added: "The UAE's strategic location, world-class infrastructure, and strong institutions make it the most qualified place to lead the new wave of growth in wholesale trade, on an international scale.

"Our aim is to build a sustainable national economy. Dependency on oil was never a choice and we will not bind our future to it."

Mohammed Al-Gergawi, chairman, Dubai Holding, said: "Dubai Wholesale City is among several projects that we have conceptualized as part of our priority to help achieve the UAE's post-oil vision. The launch of the Dubai Wholesale City comes as a result of intensive discussions and meticulous studies of the wholesale sector, and the plethora of opportunities it offers. We are confident this project will have immense positive impact on wholesale trade in the UAE, the Gulf region and the rest of the world."

Photo: WAM

Mark Millar Recognised in USA Listing of Pros to Know in Supply Chain 2016

Mark Millar, one of Asia's foremost speakers and a leading authority on supply chain and logistics, has been recognised by USA-based media group Supply & Demand Chain Executive (SDCE) in their sixteenth annual listing of "Pros to Know" in the supply chain industry.

The 2016 Pros to Know Awards recognise supply chain executives that are leading initiatives to help companies prepare their supply chains for the significant challenges of today's business climate.

Announcing the awards in Fort Atkinson, Wisconsin, SDCE editor Ronnie Garrett said: "Supply & Demand Chain Executive congratulates the 2016 Pros to Know recipients. The Pros to Know is a listing of exceptional executives. We commend recipients for their achievements. Their accomplishments offer a roadmap for other leaders looking to leverage the supply chain for competitive advantage."

Commenting on the award from his office in Hong Kong, Mark said: "It's a great privilege to be recognised by SDCE USA as one of their leading supply chain professionals. These awards reflect how companies increasingly recognise their supply chain ecosystems as strategic growth enablers, incremental revenue drivers and a source of competitive advantage. It is encouraging to see supply chain management becoming an essential topic across all spheres of business management - and a strategic agenda item in the boardroom." This latest recognition of Mark's enthusiastic contribution to supply chain thought leadership follows the recent publication of his first book – Global Supply Chain Ecosystems – commissioned by leading business publisher Kogan Page of London. The book explores the ways in which twenty-first century supply chains have evolved into worldwide, interconnected supply-and-demand networks with profound interdependencies. With the use of real-life case studies drawn directly from Mark's experience, the book examines several critical aspects of a global supply chain ecosystem – including visibility, resilience, sustainability and collaboration – and explores the latest market trends and industry developments.

Amazon to Open Parcel Locker Network Across Europe

Amazon.com Inc wants to set up a network of parcel lockers across Europe to enable people to pick up their own orders as it seeks to widen delivery options and cut costs. Amazon already runs its own lockers in the United States and Britain, self-service boxes in places like shopping centers where customers key in a unique code to access their parcel. The world's biggest e-commerce company has posted several job adverts in recent weeks that suggest it wants a broader range of pick-up options, including lockers, in continental Europe.

This is part of a broader drive to speed up delivery times and rein in its growing multi-billion dollar logistics bill. Amazon, known for its razor-thin margins, also faces growing competition from traditional retailers who allow more delivery options, including collecting goods in-store.

In Germany, Amazon's second biggest market, orders are either delivered to homes or to lockers owned by Germany's Deutsche Post or stores with a deal with the Hermes logistics firm.

The new jobs include business development manager roles for Amazon Locker in Munich and Paris, European Union technical operations manager for Locker based in Luxembourg, and network development manager roles in Luxembourg, Munich and Paris.

"Amazon pickup locations, including Amazon Locker, are exciting, new delivery solutions that we are introducing into the German marketplace," read the Munich business role ad.

Amazon also advertised roles in London for business development manager and technical operations manager for "click and collect" to develop lockers and other pick-up locations.

An Amazon spokeswoman said: "Amazon is constantly working to develop new services for customers."

Amazon has already taken a first step in Germany to reduce its reliance on established logistics companies, opening a parcel sorting center outside Munich late last year that employs 130 workers, with plans for more near other big German cities.

The "last mile" portion of delivery - the final and usually most expensive stretch of a package's journey from a retailer's warehouse to a customer – has become increasingly important as shoppers expect cheaper and faster delivery.
Reuters reported on Thursday that in the United States, Amazon is quietly inviting drivers for its new "on-demand" delivery service to handle its standard packages.

Amazon's shipping costs grew more than 18 percent to $11.5 billion last year and some believe it might create a logistics network to compete with United Parcel Service, FedEx Corp and the patchwork of local carriers which currently deliver its packages.

Photo: Florent Maillet/LSA

Amazon's New Status as an Ocean Freight Forwarder

Amazon.com Inc's China arm has registered as an ocean freight forwarder, according to the U.S. Federal Maritime Commission, a move that will give it more control over shipping products from Chinese factories to U.S. shoppers.

The registration is the latest indication that Amazon plans to expand its logistics reach to cut costs for its retail business and potentially provide third-party logistics services to other industries. Its new status as a freight forwarder, or "non-vessel operating common carrier," gives Amazon, the world's largest online retailer, a foothold in the $350 billion a year ocean freight business. It will not operate ships but subcontract that work.

Amazon is already negotiating a deal to lease 20 jets to start an air-delivery service in the United States. The retailer bought truck trailers to add shipping capacity and started a program last year that uses a fleet of on-demand drivers to deliver packages.

"It has more and more control over the supply chain of their business and it gives them the ability to squeeze (costs) even further," said Satish Jindel, a logistics consultant and president of SJ Consulting Group.

> "Amazon's ocean freight services will be far more attractive to Chinese sellers that to American buyers. Chinese suppliers would love direct access to Amazon's vast American customer base
>
> **Ryan Peterson**
> **CEO, Flexport**

He added the move gives Amazon an even bigger edge against traditional U.S. retailers in negotiating lower prices for goods.

The Federal Maritime Commission, a U.S. government agency that regulates the U.S.-international ocean transportation system, said on Thursday a business named Beijing Century Joyo Courier Service Co Ltd, with the trade names Amazon China, Amazon.CN and Amazon Global Logistics China, was registered in its database to provide ocean freight services.

Amazon China submitted its registration request on Nov. 9, the commission said Thursday, and it was reviewed and registered on Nov. 13. It is the entity's first registration. "Amazon's ocean freight services will be far more attractive to Chinese sellers than to American buyers. Chinese suppliers would love direct access to Amazon's vast American customer base," wrote Ryan Petersen, chief executive officer of Flexport, a San Francisco-based freight forwarder who first wrote about Amazon's registration on his company blog.

Petersen added that Amazon's third-party merchants were unlikely to use its shipping service because it would expose key data like wholesale pricing and supplier names to a rival.

Why Amazon Will Make a Fantastic Ocean Freight Forwarder

Ocean freight is cheap right now. As of January 2016, Flexport's ocean freight customers were paying less than $1300 to ship a 40-foot container from Shenzhen to Los Angeles.

More than 10,000 parcels can fit in a single container, so the price for the ocean freight leg could be as low as $0.135 per parcel. Here's another way to think about that figure: Right now it costs under $10 to ship a flat screen television across the Pacific.

With ocean freight itself so low, a considerable portion of logistics costs come through labor costs - particularly compliance and coordination of cargo handoffs between different players in the chain. It's here that automation, something no traditional freight forwarding company can do even one percent as well as Amazon can, becomes the key competitive advantage over legacy freight forwarders.

By using software to eliminate additional transaction costs associated with government filings, status updates, pricing, booking and more, Amazon will be able to cut their costs significantly.

At the same time, fulfilling products directly from China to consumers in the U.S. will cut handling costs at U.S. warehouses.

If we've learned anything from Amazon's strategic playbook over the last two decades, we can expect that it will price freight as close to marginal costs as it can get.

With the integration of its worldwide network of fulfillment centers and the combination of its new fleet of cargo jets, Amazon will be able to build a world class logistics platform for small and medium sized Chinese businesses.

Bangladeshi Shippers Tap Hubs to Avoid Aussie Air Freight Ban

by Greg Knowler

Shippers in Bangladesh are finding new ways of getting their air cargo to Australia after the government Down Under slapped a ban on shipments heavier than 500 grams being carried on freighters and passenger planes from several countries, with the South Asia garment-producing giant among them.

The Australian government imposed security restrictions on Dec. 19 that prohibit airlines from carrying any cargo into the country that has originated from, or transited through, Bangladesh, Syria, Yemen, Egypt and Somalia.

Bangladesh Garment Manufacturers and Exporters Association Vice President Mohammed Nasir said members were concerned about future business with Australia. "We met the top Australian garment sourcing companies in Dhaka to express concerns as there is a risk of losing significant business if the ban continues for long," Nasir told the Dhaka Daily Star. The association held talks with Australian retailer Kmart and global garment companies Woolworths and Target about the ban.

There is vigorous trade between Bangladesh and Australia with garments enjoying zero-duty access to the fast-growing market. Of the $607 million in products Bangladesh exported to Australia last year, almost 90 percent comprised apparel shipments, according to the country's Export Promotion Bureau.

While in tonnage terms, the majority of apparel shipments were transported by ocean, the higher value finished products travel by air, as do clothing samples, a critical component of the apparel supply chain.

Bangladesh began working on diplomatic efforts to have the Australian embargo lifted, but shippers and airlines were already on the case. Trade always finds a way, and as long as the shipments are cleared at an intermediate airport and a new airway bill is issued, the goods can continue on to Australia without fear of being rejected. Exports to Australia are now being carried via hub airports, with the majority travelling through Singapore, and some through Hong Kong, where they are reconsigned with new AWBs.

Paul Golland, Australian Federation of International Forwarders chairman and FIATA vice president, explained. "Australia gets a lot of its clothing from Bangladesh and some of this comes in by air. This will now be subject to the embargo, which means either moving the cargo by road or sea to another country and then having that country, say Singapore, clear the cargo and then rebook it on as local goods."

Golland pointed out that the air cargo from Bangladesh could not be transshipped at a third party airport because the original house AWB would still be in use.

This was spelled out in an Australian government FAQ using Hong Kong as an example. The advisory said if the air cargo was transferred between flights at Hong Kong airport, also known as a tail-to-tail transfer, it was considered as originating from Bangladesh and would not be allowed. If the cargo cleared customs in Hong Kong, and was subsequently sent to Australia, it was considered to be air cargo originating from Hong Kong and would not be subject to the ban.

The government advisory said the air cargo ban was a preventative security measure based on its understanding of the threat and risk environment in the named countries. It added that there was no information to suggest any specific threat for flights to or from Australia.

Damco Launches China B2C Logistics Programme for E-commerce

Damco's service offers a one-stop, end-to-end management solution for e-commerce logistics in China. With 1,500 local staff and 26 locations in China, Damco arranges the delivery to end-consumers in 1,600+ Chinese cities and promises a fast set-up and flexible, scalable implementation of customers' e-commerce solutions.

From inbound goods management to 'final mile' delivery

The China B2C Logistics Programme covers the entire process from inbound goods management and consumer order receipt to final delivery. First, Damco manages the receiving of both domestic and imported goods into one of their locations across China. This can include quality control, managing customs clearance, and temporary bonded storage, if required.

Via EDI from the seller, Damco receives the orders that are placed online by consumers. Goods are then picked, packed and labelled, and supporting documents produced, carriers booked and waybills printed.

Highest customer service levels

Damon Gu, Damco's Head of Supply Chain Management for Asia, explains: "The large and rapidly growing Chinese market for online shopping is a magnet for both importers and domestic producers. Online shopping events such as China Singles Day are already creating world-beating levels of activity for e-retailers locally in China, as well as globally".

"Discerning Chinese consumers in this highly competitive marketplace expect the highest standards of fulfilment. This new programme helps companies to guarantee that level of service. Our many years of experience in China and our vast spread of offices across the country helped us to develop a state of the art, complete and robust solution to merchants' fulfilment challenges" Damon continues.

SingPost Hikes Stake in Shenzhen-Based 4PX IT to 36% in $25m Deal

Singapore Post (SingPost) has raised its total stake in Shenzhen-based 4PX Information Technology Co to about 36 per cent by purchasing an additional 17.9 per cent equity for RMB 163.16 million ($25.04 million).

It bought the stake via its unit Quantium Solutions International (QSI).

Incepted in 2004, 4PX provides logistics as well as software and consulting services for e-commerce sellers. It employs 2,600 people. With warehouses in China, Australia, UK, Germany and the US, it offers logistics, in terms of warehousing, express delivery and freight forwarding services.

Kevin Li, founder and chairman of 4PX stated: "SingPost's additional investment in 4PX will help it to enhance its overseas operations. It will also provide China cross-border eCommerce merchants and consumers with better logistics solutions and services, as well as propel 4PX to become the market leader in China cross-border eCommerce."

Amazon's Secret Plan to Compete With UPS and Fedex

Amazon's ambition to build a global shipping and logistics business to compete directly with UPS and Fedex seems to be much bigger than what most people thought, according to leaked documents discovered by Bloomberg.

Despite Amazon's dismissal of the speculation that the company plans to compete directly with UPS and Fedex, Bloomberg says it has seen documents that show the Web retailer plans to do exactly that. Bloomberg says Amazon has a plan, which it calls "Dragon Boat," that entails expanding the global reach of Fulfillment By Amazon, the unit that oversees storage, packing and shipping for third-party merchants who sell products through Amazon's site.

Dragon Boat will also place Amazon in a position to take on Alibaba, the Chinese e-commerce powerhouse. The companies are increasingly competing against one another internationally. The document describes Dragon Boat as a "revolutionary system that will automate the entire international supply chain and eliminate much of the legacy waste associated with document handling and freight booking."

> "Sellers will no longer book with DHL, UPS or Fedex but will book directly with Amazon.
>
> **Bloomberg**

"Sellers will no longer book with DHL, UPS or Fedex but will book directly with Amazon" Bloomberg. The 2013 report to Amazon's senior management team was an outline for "a global delivery network that controls the flow of goods from factories in China and India to customer doorsteps in Atlanta, New York and London." Bloomberg stated.

An unnamed source told Bloomberg that the Dragon Boat operation is "proceeding."

It's important to note that Amazon's net shipping costs reached an all-time high, $1.85 billion, during the fourth quarter of 2015 and surpassed $5 billion for the full year. This was a record expense and may be another motivation for the e-commerce giant to build its own shipping and delivering business.

During its most recent earnings, Amazon CFO Brian Olsavsky seemed to play down rumors of a full fledged logistics business, saying the initiatives were intended to "supplement" its existing partners, not to "replace" them.

But some analysts didn't seem to buy into Olsavsky's comment. Colin Sebastian of Baird Capital believes Amazon is gearing up to create an in-house logistics department that would allow it to take full control of its fulfillment process, and bypass current shipping partners like UPS and FedEx. "Amazon may be the only company with the fulfillment/distribution sophistication and scale to compete effectively with incumbent service providers (UPS, FedEx)," Sebastian wrote in a recent article.

Amazon eyeing entry into air cargo business

The e-commerce giant will make a decision on whether to move forward with launching its own air cargo business in January, according to a report in the Seattle Times.

Photo: Annie Bernstein/Digital Trends

The move to a fully fledged logistics provider, follows media reports in January that Amazon is actively looking at the possibility of launching its own air-cargo business.

The Seattle Times reported earlier in the month that the online retailer "is negotiating to lease 20 Boeing 767 jets for its own air-delivery service," attributing the information to unnamed cargo-industry executives.

"The online retail giant wants to build out its own cargo operations to avoid delays from carriers such as United Parcel Service, which have struggled to keep up with the rapid growth of e-commerce," the Times said.

It said an industry figure told it that Amazon has approached several cargo-aircraft lessors to line up the planes, speaking with Air Transport Services Group (ATSG), Atlas Air and Kalitta Air. It added that Kalitta Chief Executive Connie Kalitta denied he has talked with Amazon.

The Seattle Times said ATSG operates a trial operation for Amazon but that it is looking at going beyond that effort. Joe Hete, ATSG chief executive officer, told media outlets that "the cargo contract is being kept a secret because of a non-disclosure agreement. It is a trial network. Basically, it's just a test period."

Further evidence that Amazon is up to something news from London's Evening Standard that the e-commerce giant has been operating a 737 chartered through German logistics firm DB Schenker between the U.K., Poland and Germany since mid-November. Flying five times a week, the aircraft has made the rounds between Katowice, Poland, to Luton, East Midlands or Doncaster airports, then back to Poland via Kassel, Germany. All of these locations are near one of Amazon's European distribution hubs, known as "fulfillment centers." More charters could be coming to Spain and Italy, the paper said.

World's Cheapest Smartphone Launched in India

Photo: ETTelecom

A little-known Indian company has launched a smartphone believed to be the cheapest in the world, targeting a market already dominated by low-cost handsets.

Set to be priced at under 500 rupees (S$10.20), domestic handset maker Ringing Bells' Freedom 251 smartphone is about one per cent of the price of the latest Apple iPhone.

Ringing Bells was set up in September 2015 and began selling mobile phones via its website a few weeks ago under its Bell brand, a spokeswoman said. Ringing Bells currently imports parts from overseas and assembles them in India but plans to make its phones domestically within a year, the spokeswoman said.

Cheap smartphone handsets, many of them Chinese-made, are readily available in the Indian market but domestic competitors are making inroads, with models selling for less than $20.

India is the world's second-largest mobile market and notched up its billionth mobile phone subscriber in October, according to the country's telecoms regulator. But in poorer Indian states such as Bihar, "teledensity" - the penetration of telephone connections for every hundred people - is as low as 54 percent, with a stark urban-rural divide.

DHL eCommerce Launches New Services in Thailand

DHL eCommerce, a division of global logistics company, Deutsche Post DHL Group, has expanded its operations into Thailand and is offering end-to-end domestic delivery service for Thai e-commerce merchants. With its new service, DHL eCommerce is offering a range of unique service options that caters to Thailand's burgeoning e-commerce market.

"Thailand, with its tremendous growth potential, fast e-commerce adoption and high smartphone penetration rates, has been identified as the first Southeast Asian country to launch DHL eCommerce's domestic delivery service in line with our group's Strategy 2020," said Thomas Kipp , CEO, DHL eCommerce.

"The Thai e-commerce market is expected to more than triple in size to EUR 3.6 billion between now and 2020 and with this investment, we are well positioned to support the growth of e-commerce businesses in Thailand." Noting that a strong backbone for e-commerce growth lies in a good logistics system, DHL eCommerce said it aims to enable a better e-commerce experience for both consumers and merchants through efficient logistics and a seamless online shopping experience. Major additions will be made to DHL's delivery infrastructure in the country, including a 3,000 sqm central distribution centre in Bangkok and a network of over 20 depots located throughout Thailand ensuring full coverage across the entire country.

To meet increasing business demand, DHL plans to more than double the number of depots in Thailand by 2017 and expand its fleet primarily in two-wheel vehicles that can operate more efficiently in the traffic situations in Thailand's major cities.

> "The Thai e-commerce market is expected to more than triple in size to EUR 3.6 billion between now and 2020 and with this investment, we are well positioned to support the growth of e-commerce business in Thailand.
>
> **Thomas Kipp**
> **CEO, DHL eCommerce**

"We see major strategic opportunities for e-commerce growth in Thailand, particularly with the Asean Economic Community which is expected to increase the movement of goods within the region," said Malcolm Monteiro, CEO, Asia Pacific, DHL eCommerce.

Despite e-commerce already being a billion-dollar sector with extremely rapid adoption, Thailand's e-commerce share of the retail market is still relatively low compared to other high-growth economies, Monteiro added. In fact only 1.7 per cent of total sales in Thailand are obtained from e-commerce, compared to more than 10 per cent in China.

"Thailand is ranked as one of our top priority markets in Southeast Asia : Its expected annual market growth of more than 20 per cent (from 2014 to 2020) is likely to be largely driven by significant numbers of SMEs beginning to extend their business models into online marketplaces."

As part of its service offerings, DHL eCommerce's fleet of two- and four-wheel vehicles will provide next-day delivery to all urban areas, and a 2-3 day delivery to all other locations. All merchants have access to Cash on Delivery (COD) with daily remittance and access to a multilingual call centre. "In order to fulfill Thai consumers' expectations of seamless and simple e-commerce, businesses need logistics services that keep up with extremely rapid changes in consumers' expectations while providing high operational excellence," said Kiattichai Pitpreecha, managing director, DHL eCommerce Thailand.

"This makes the need for a tailored e-commerce delivery service greater than ever before – so that merchants, especially SMEs, can focus on their core business and grow faster based on a high performing logistical backbone."

"Our successful offerings in India and China have proven that exceptional customer service bolstered by robust and scalable end-to-end delivery networks are the two essential ingredients needed to win e-commerce market share. That applies to all players, from small businesses to multinational retail conglomerates," added Monteiro.

"As Thai consumers continue to come online and join the region's appetite for e-commerce, we are confident that our services will give customers both a first-mover advantage and a unique competitive edge."

Deutsche Post DHL Group to Acquire Stake in French E-commerce Logistics Company

Deutsche Post DHL has announced plans to invest in a minority stake in Relais Colis, a French e-commerce logistics company, in order to enhance access to one of Europe's largest e-commerce markets.

According to the announcement, Deutsche Post DHL will acquire a 27.5% stake which is expected to support the further development of Relais Colis existing French e-commerce logistics network of pickup points and its customized delivery solutions for end customers. This is expected to allow DHL's divisions, primarily DHL Parcel, to open up additional channels and expand its offering of logistics services for e-commerce customers to the French market. Relais Colis is also expected to benefit from additional volumes from the Deutsche Post DHL Group's networks as well as experience in the German parcel market.

Relais Colis is currently operates pickup point deliveries and home deliveries for larger packages. It currently employs about 450 people, with a network of 3 national hubs, 22 branches and 4,800 pickup points conveniently located close to end consumers.

THE SENSOR – A Game Changer for Supply Chains and Beyond

sensor
[sen-sawr, -ser]

"a device that discovers and reacts to changes in such things as movement, heat and light" (defined by Cambridge Dictionaries Online)

The sensor has made a significant impact throughout the supply chain and is now serving as the basis of the Internet of Things revolution.

A BRIEF HISTORY

1950s

Sensors have been around for quite a while. But beginning in the 1950s, sensors began to be utilized in wireless sensor networks. Not surprising, the use of these networks were first used by the US military in its Sound Surveillance System (SOSU) to detect and track Soviet submarines. According to a report authored by Silicon Laboratories Inc, SOSUS used submerged acoustic sensors distributed in the Atlantic and Pacific oceans.

1980s

Fast forward to the year 1980 as interest in these wireless sensor networks increased, the US Defense Advanced Research Projects Agency established its Distributed Sensor Network Program to formally explore the challenges in implementing distributed wireless sensor networks in conjunction with academic partnerships with such auspicious universities as Carnegie Mellon and MIT. This, as noted by Silicon Laboratories Inc., was the beginning of the shift from being only a military application to studying other potential applications occurred. The result of this partnership has resulted in the growth in multiple sensing technologies including microelectromechanical systems (Examples include pressure, acoustic sensors), CMOS-based sensors (Examples include temperature, humidity, proximity sensors) and LED sensors (Examples include ambient lighting ad proximity sensors).

1990s

By the late 1990s, the hardware costs to implement large-scale wireless sensor network applications reached attractive levels for businesses. A growing market, BCC Research estimates the global sensor market alone will grow at a 10.1% CAGR through 2020 to $154.4 billion.

Sensors and Supply Chains

Sensors are used in a variety of ways within supply chains including tracking cargo and parcels, monitoring temperature and humidity levels of goods such as pharmaceuticals, foods and other perishables and asset management.

Simply monitoring these changes in sensor points is not enough though. By combining the monitoring with analysis from data obtained from these sensor points, actionable steps can be taken to improve the supply chain such as re-icing cold chain shipments, inspecting and repackaging damaged goods, or involving law enforcement to pursue stolen products and/or equipment.

There are a growing number of companies that provide such a combination of monitoring and analysis. Logistics Trends & Insights LLC recently chatted with one such company which actually stands apart from other such companies as it seems to be the only one in a niche market. CargoSense is a technology startup company based in Washington DC which is currently focused on transportation monitoring of pharmaceuticals and other perishables. CargoSense provides what it calls "Black Box" insight for individual shipments. Not only is temperature monitored but also humidity, light and over 20 other sensor points. The sensors in turn allows the company to collect and analyze all the shipment data from origin to destination, pull out events and share the analysis with all players involved in a particular shipment, thus, providing the complete story of a shipment. sensor points. The sensors in turn allows the company to collect and analyze all the shipment data from origin to destination, pull out events and share the analysis

with all players involved in a particular shipment, thus, providing the complete story of a shipment. In addition, the technology is shifting to other uses and is being utilized and distributed in the form of beacons. This will aid in the calculation of transportation routes, asset management and other services. As a result, those involved in a particular shipment will be able to determine where the shipment was when something happened and then take necessary steps to correct. For more information on this, check out www.logisticsbeacon.com.

What's next for this technology company? Having just recently received an additional round of funding, the CEO, Richard Kilmer noted, "The industry is demanding more robust and relevant information within specific contexts in order to truly control and optimize critical functions to cut loss, reduce risk and enhance both product and service delivery. We are focused on expanding our solutions to encompass the complete supply chain system in order to monitor environmentally sensitive cargo in both mobile and fixed environments."

The Internet of Things

CargoSense is just one example of the many companies in this burgeoning field of sensors and analytics. In fact, during our conversation, the CEO referred to the company as being a part of the "Internet of Things". Gartner defines this concept as "The network of physical objects that contain embedded technology to communicate and sense or interact with their internal states or the external environment."

Indeed, this concept, while vague by design, is growing rapidly. According to DHL and Cisco's report, Internet of Things in Logistics, there will be more than 50 billion connected devices by 2020 up from today's estimated 15 billion connected devices. Furthermore, Internet of Things is expected to deliver a $1.9 trillion boost to supply chain and logistics operations. This "boost" will likely be towards supply chain and logistics operations that are not only considered traditional ones but also those still in its infancy today or have not been even thought up yet. Changes in the way transportation is obtained and conducted and how warehouses and distribution centers are managed are occurring at such a rapid clip.

This disruptive trend is affecting all industries and has coined such terms as "Smart Cities" and "Smart Homes". Within "Smart Cities", sensors are being used to do everything from monitor the number of vacant parking spots available in a city to detect the level of trash and rubbish in containers so that trucks can optimize their collection routes. For the "Smart Home", home owners can remotely monitor air conditioning, lights and burglar alarms with just a smart phone app.

In addition, the benefits to the health industry are immense. Wearables that can monitor blood pressure and Google glass contact lenses that can measure blood sugar levels will benefit millions that have high blood pressure and/or are diabetic for example. And let's not forget the automotive industry which is experiencing growing interest in autonomous cars.

The Outlook

The outlook, of course, is anyone's guess but it is likely one in which more and more devices are connected as DHL and Cisco predict. It is also one in which security and the sharing of personal information may come under attack. But, as DHL and Cisco note in their report, it will become even more important for all involved in the supply chains of these devices to collaborate and place a priority towards security. In addition, data analytics will play a growing role to support the safety and security of these devices.

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Based in Atlanta, Georgia, Logistics Trends & Insights LLC provides customized logistics research and consulting services utilizing a global network of trusted and experienced analysts.

Founder and Head Analyst, Cathy Morrow Roberson, has over 15 years of experience in the logistics market including ten years with UPS Supply Chain and several years with specialized consulting firms.

Boosting Supply Chain Sustainability

Connecting with Your Customer Through Responsible Corporate Governance

We all know and understand the importance of supply chain sustainability. Due to increasing public scrutiny and demand for corporate responsibility, the subject of sustainability is becoming as important in recent times as cost efficiencies and productivity.

There are obvious cost benefits in finding creative ways of building sustainability to the supply chain. A focus on sustainable business practices, supply chain waste reduction and cost management our supply chains can have a positive impact to organisational performance and profit margins. However, the increasing connection between consumer satisfaction and sustainability is proving a more compelling reason for companies who wish to remain market leaders, to adopt sustainable supply chain practices.

There are recent studies supporting the fact that sustainability is increasing one of the key drivers of business performance. As an example a study by George Serafirm (2014), an associate professor of business administration at the Harvard business School and published by website thegreensupplychain.com concluded that stocks in companies with high sustainability credentials are now about performing the average stock by up to 50% over the long-term. The survey covered the period 1993 to 2010. Serafirm explained: 'the long-term approach is consistent with sustainability strategies enhancing the brand of a firm, raising employee morale, attracting better talent, getting better access finance, and securing a license to operate. All these effects are built slowly and require a continuous commitment by the firm'.

Traditionally supply chains have focused on critically linking all parts of a company's service offering in the most cost efficient and productive manner. However, consumers have become concerned at the effects this can have on the environment and communities in which these companies operate. As a result of the threat of public criticism, companies have taken on a more environmentally responsible approach. Sustainability is about integrating environmentally responsible choices into the supply chain process. This can be achieved at all areas of the supply chain, end-to-end, to reach best effect. In order to facilitate this appraisal we have outlined the following 10 tips that will help businesses incorporate a greener approach into their existing processes.

10 TIPS FOR BOOSTING SUPPLY CHAIN SUSTAINABILITY

1. AVOID REINVENTING THE WHEEL

Minimizing waste is the first step in sustainability. Before investing in your own supply chain technology, distribution center, or delivery fleet, consider using existing resources through a third-party logistics provider. Many 3PLs have the resources—from offering an expedited service to storing parts in a field stocking location—to help you expand or improve your business.

2. MAP YOUR SUPPLY CHAIN.

Ensure that all stops along your supply chain—from production facilities to warehouses and DCs to customer locations—are optimally aligned. A well-mapped supply chain can reduce transportation legs, cutting fuel costs and carbon emissions.

3. EVALUATE YOUR PACKAGING.

Use the least amount of materials possible while still ensuring the security of the package's contents. A damaged item means a return shipment and more carbon emissions.

4. OPTIMIZE YOUR TRANSPORT MODES

Ocean, truck, intermodal, and air transportation each produce a different level of carbon output per unit. Consider the time and distance constraints for each shipment, and select the shipping mode that will address both with minimum carbon footprint.

5. CONSOLIDATE AND MAXIMIZE SPACE.

When possible, consolidate shipments to maximize container and trailer use. If you are unable to fill a container with one shipment, do not let it ship half full. Use a less-than-container load service and book only the amount of container space you require.

6. TUNE IN TO TECHNOLOGY.

When it comes to logistics, the smallest detail can mean all the difference. Using telematics and analytics, some logistics providers can identify even the smallest strength or weakness in operations, and realign them for better route and driver optimization. By staying in tune with every detail—from a left turn to an aircraft landing— you ensure that each leg of your supply chain is as sustainable and efficient as possible.

7. ASSESS YOUR ASSEMBLY STRATEGY.

Store-ready displays take up more space than unassembled ones, and can cost up to twice as much to ship overseas. Ship in bulk and work with your 3PL to assemble the final product upon arrival.

8. GO PAPERLESS WHERE POSSIBLE.

Mid-Size Companies switching from paper to electronic billing can eliminate an estimated 124 million sheets of paper annually. Paperless invoices convert lengthy customs documents into electronic data, automating the customs process and saving time.

9. KNOW YOUR ROLE IN REVERSE.

Defective parts or products are often sent to a central Distribution Centre for sorting before going to their final destination for repair, replacement, or proper disposal. Shipping items directly to the manufacturer or repair facility cuts fuel costs, driver miles, and unnecessary emissions, while saving time and improving the customer experience.

10. ANALYZE YOUR CARRIER.

Assess your carrier's fleet, whether on land, ocean, or air, as well as any additional solutions that can save your company money while lowering its environmental impact.

As can be seen by the points above, sustainability is very much about taking a collaborative approach. It is only when a workforce pulls together across all segments of the business with the same agenda: to find creative ways to improve sustainability, that real improvements in this area will be achieved.

Through applying a wide overview of analysis and focus on their environmental footprint, companies can establish practices that will allow them to benchmark their results. These efforts in sustainability can then be tabled for the consumer. A transparent and diligent approach that acknowledges not just the cost of product but also the cost to the environment is what will attract and hold the loyalty of the consumer both today and even more so into the future.

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Keng has a total of 20 years of working experience; of which 17 years were focused on the logistics industry, in both Singapore and China. She has accumulated experiences in a 3PL environment for sectors in high-tech manufacturing, luxury retailers , FMCG, Oil & Gas, Chemical and Banking and Financial industry.

The 10 years of general management experience has sharpened her insight into customers' needs and constraints versus the market trends enabling her to understand corporate and shareholders' perspectives. This has enabled her to make important and critical decisions and effectively manage resources, focusing in areas which reap desired results. Keng is also a PMC trained Business Advisory Consultant and has also been trained in assessing Organization Business Excellence.

How Omni-Channel Retail Impacts the Supply Chain

Exponential e-commerce growth fuels Omni-Channel Retail

Few if any consumer-oriented businesses have escaped the explosive growth of e-commerce - the web-based technology platforms that embrace and harness the transformative power of size and connectivity to empower smartphone equipped digital natives to shop online to their heart's content. Today's digital consumers can now browse through the cloud and choose from a previously undreamed-of massive range of products and services to buy what they want, when they want, how they want, from wherever they happen to be!

During recent years, e-commerce has emerged as one of the key driving forces and a critical element of what has become known as the Omni-Channel. This phenomenon brings together the entire spectrum of consumer shopping channels available - from the offline bricks-and-mortar retail outlets that include convenience stores, mini markets, supermarkets, hypermarkets and shopping malls; through the relatively unemotional and inert home shopping conduits such as TV, direct mail and catalogues; and now embracing the dynamic, exciting online world with internet access available 24-7 through desktop computers, laptops, tablets, smart phones and other mobile devices.

Spawning global giants such as Amazon and Alibaba, the digital revolution of e-commerce is transforming the way in which consumers shop - and changing their expectations of service, choice and value. This e-commerce frenzy has been driven by near-universal access to the internet, the availability of affordable smart phones, iPads and similar devices – and not least by the burgeoning young populations in developing economies engendering a new generation of digital-native consumers who are determined to 'shop online till they drop offline'.

According to eMarketer, the global Business to Consumer (B2C) e-commerce market grew 20% year on year to exceed USD 1.5 trillion in 2014 and every forecast confirms it will continue to expand. Significantly, the market and potential for further growth lies in the developing markets across the Asia region, much more so than in the developed economies of the western world. The Asia-Pacific market already accounts for more than one third of the global e-commerce market and is forecast to reach USD 1 trillion by 2017, with the Chinese online market on its own, forecast to hit USD 1 trillion by year 2020.

In turn the new Omni-Channel retail model impacts every aspect of a supply chain ecosystem - products, inventory, warehouses, fulfilment, picking, packing, shipping, transport, distribution and the all-important information flows. This e-commerce-enabled upsurge in online shopping is transforming B2C trade at every level, presenting logistics practitioners and supply chain ecosystems with a vast number of challenges and opportunities that have fundamental implications for every dimension of a company'sbusiness model, their profitability - and even their future.

According to eMarketer, the global Business to Consumer (B2C) e-commerce market grew 20% year on year to exceed USD 1.5 trillion in 2014 and every forecast confirms it will continue to expand.

Photo: Bloomberg via Getty Images

How Omni-Channel impacts the supply chain and logistics

The online revolution tests almost every aspect of the long-established pattern of retail supply chain processes - including warehouse operations, pick, pack and despatch, order fulfilment and delivery, as well as introducing new dilemmas such as free shipping, last mile delivery, product returns and cross-border transactions.

Most warehouse operations serving consumer oriented businesses have traditionally focused on carton (or pallet) picking for bulk orders, shipped to retail outlets, often as full truck load (FTL) shipments, which include hundreds of products from numerous suppliers all destined for one store or supermarket.

However, the e-commerce model of online web store to consumer, typically involves logistics management of shipping multiple individual orders, the majority of them comprising just one or two pieces, to hundreds of individual delivery points – typically residential addresses. To serve this expanding B2C sector of online shopping, warehouse operations can no longer rely purely on bulk storage of pallets and cartons, handled using fork lift trucks in a distribution centre; they now need capabilities to manage single unit order fulfilment, involving piece-pickers, shelving storage, tote boxes and individual packing stations.

Many traditional third party logistics (3PL) service providers are challenged in adapting to this new business model. This represents new opportunities for non-traditional distribution companies to establish e-commerce fulfilment centres – physically configured specifically to process large-volume small-order demand generated through online shopping. Unencumbered by legacy systems and operational practices, new entrants can start with a green-field solution and capitalise on the logistics opportunities to serve single-unit order fulfilment with efficient pick and pack business solutions.

Adopting technologies such as Pick-to-Light and Pick-to-Voice - not yet pervasive across traditional warehouse operations - can enable the all-important operational efficiencies that are critical for economically successful e-fulfilment centres. Online e-commerce giant Amazon embraced technology and automation to the extent that back in March 2012, they acquired robotics company Kiva Systems for USD 775 million and now deploy over ten thousand Kiva robots across their massive fulfilment centres – many of them over one million square feet – throughout the USA.

As relatively new entrants into the market, the pure-play online retailers – Amazon, Alibaba, JD.com and their numerous peers – are unburdened by high-street bricks and mortar infrastructure with its related fixed overheads and therefore have much lower operating costs. These e-tailers set the stage by offering consumers free delivery to their home or office, leaving the established retailers with no option other than to offer the same service - which brings a whole new set of logistics obstacles to overcome, quite apart from the higher cost of individual deliveries to residential locations.

Mark Millar
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Author of 'Global Supply Chain Ecosystems', Mark Millar has been engaged as Speaker, MC or Moderator at more than 400 corporate events, customer functions and industry conferences across 23 countries.

Connecting India…

India's economy has progressed rapidly in the last two decades, the benefit of which has been felt by the rich as well as by over 300 million of those who have joined the middle class. Easy access to financial products, mobility and Internet has made this aspirational class of people one of the biggest consumers in the world.

THE VISION: CONNECTING INDIA TO INDIA AND TO THE REST OF THE WORLD

In India, e-commerce delivery capabilities and access to e-commerce platforms are available to a marginal 3000 pin codes of India. There are over 25,000 postal pin codes in India, particularly in rural areas, where e-services are not available. This led to the birth of a vision and an opportunity for LR Sridhar, a veteran in the logistics and supply chain management space, to build a robust LMD (Last Mile Distribution) platform which will connect Rural India with Urban India. A platform that not only ensures global products are available at every corner of India at affordable INR, but also create a market for rural produce that can attract best of the price in the Urban market, thereby eliminating the middlemen and offering better margins for rural farmers and businessmen.

THE JOURNEY TOWARDS CONNECT INDIA

LRS as he is popularly known among industry colleagues and friends, started his career with Express Logistics in the early 80s and over the time played a key role in building networks for companies such as SKYPAK, Overnight Express, and Corporate Couriers – a JV between TNT Express Worldwide and AFL. Prior to launching his own initiative in Consulting & Training in September 2011, he was the Group Managing Director of the Chennai based, Sical Logistics Limited, South Asia's largest bulk and container cargo Conglomerate. In 2006, he was appointed Group Managing Director of Sical Distriparks Limited and was on the Board of Sical Group's subsidiary companies. When Café Coffee Day acquired Sical Logistics in 2011, Sridhar decided it was time to start his own consulting and recruiting company that focused on the logistics and supply chain industry. He started Mile Academy in 2012 that focused on the logistics and supply chain industry and along the way he has helped several logistics professionals and companies identify the right talent and organisation. Around the same time, the e-commerce boom in India upped the demand for supply chain management and package courier services and clearly the Indian market was not prepared for this huge demand. This upped the ante for e-commerce giants like Flipkart and Amazon which gave birth to their own delivery services, thereby transforming the Indian logistics space. While all this was underway, LRS learned about the work of Vijay Mahajan, a social entrepreneur in Micro Finance. Upon interacting with Vijay, Sridhar came across the concept of Mahajan's Common Service Centre where small-scale entrepreneurs who worked together to deliver digital services

to rural India. This gave birth to the idea of introducing last mile logistics services. With the Modi Government's idea of Make In India catching up, it was an opportune time for Sridhar to launch the last mile delivery platform that would act as a pipeline to connect all the entrepreneurs. The idea was to establish a connection between rural entrepreneurs and make them act as last mile delivery agents. The entrepreneurs in every village will become delivery partners. This led to founding of Connect India in August 2015, where Sridhar decided to realise his dream of 'Connecting India' while bridging the existing gap in the logistics industry.

WHAT CONNECT INDIA DOES

With a dream of connecting the entire country by being present in every pin code, Connect India in association with entrepreneurs brings the 'one by one' kilometre services in metro and tier-one cities. The aim is to cover 26,000 pincodes in two years and 50,000-60,000 distribution outlets while the ultimate vision is to create entrepreneurs in the process by utilising already existing potential. They recently concluded a successful six month pilot in Punjab in association with Amazon to create a rural delivery outreach, which was a huge success. They reached out to 14 pin codes, delivering 200-250 packages a day, thereby creating demand for more manpower, thus encouraging local employment. Along the way, LRS and his team ended up creating entrepreneurs and opportunities for everyone.

The company also looks at reverse logistics with its delivery vans which travels to villages. The team however believes that this model can be effective only if there is scalability and partnerships. Hence, Connect India tied up with CSC SPV- an organisation promoted by all the banks and Government of India. Over a period of around 9 years, they have set-up around 125,000 Common Service Centres that book railway tickets, settlements of electricity bills and distribute Aadhar Cards etc. These CSCs act as last mile delivery point for Connect India, also known as Connect India Centres (CICs).

Connect India recently receive a VC funding from Aavishkaar worth INR 32 crore. Since their launch in August, they have enrolled more than 2,000 pincodes and 4,000 CICs and are delivering around 10,000 shipments every day. The roadmap ahead is to cover 8,000 pincodes and 10,000 CICs everyday by December which would enable Connect India to handle around 100,000 shipments, making it one of the fastest growths shown by an organisation in the logistics space.

OVERCOMING CHALLENGES

A set-up with this huge a scale is bound to see challenges along the way. Sridhar believes that while the Indian logistics industry has grown from length to breadth, it continues to lack organisation skills and professionalism, which also trickles down to acting as hindrances in his area of work. Sridhar sees opening of a new Connect Centre as one of the biggest challenges to the growth of Connect India, where the need to open the centre and keeping it active while winning the trust of the people can become a herculean task. To counter this, he believes that for long as Connect India grows and more and more people become aware of the Connect India model, there will be no difficulty posed for the activation of a new centre.

Cash on Delivery (CoD) is another critical challenge before the logistics industry and Connect India is ready to tackle this roadblock through their own Wallet Management System (WMS) where all the CoD transactions happen digitally. There is no flow of hard cash at the upper level of the process, which makes it much simpler.

WHAT LIES AHEAD

Sridhar says, through Connect India he aims to create a skilled logistic work force and strive to develop and impart different training and development programmes in the related business of

distribution and other allied activities. The company is looking at a second round of investment early next year, as the most likely aim at moving towards automation and dream of creating micro warehousing across the country. By January 2016, the company will open 5,000 outlets that are likely to generate 30,000 jobs, and 500 CICs handling 100,000 shipments.

The company has several strategic initiatives in their pipeline to create jobs and train these job aspirants to be independent entrepreneurs. They recently conducted an exercise in UP where they brought together around 200 women self-help groups and e-commerce companies like eBay and Snapdeal to display the talents and opportunities that lie hidden in rural areas and how they can tap potential here. They also plan to extend services beyond the e-commerce industry for last mile and first mile services, by aggregating multiple services for its Connect India Centers (CICs) under the STEMS (Single Terminal with Multiple Services) model. Ensuring economic sustainability to the centres, these CICs will go on to provide services such as Cash on Delivery and Aided Commerce, Domestic and International Courier Services, Banking and e-Governance Services, Secured Documents Delivery among others.

Sridhar often says that people believe heavy dependence of technology will rob people of opportunities and their jobs. With Connect India, he is taking this very technology and turning it around to create more opportunities for everyone to thrive in the times of technological advancement. He realises that nothing can move ahead without logistics and with this he envisions connecting 600 million rural populations while creating a better livelihood for them!

Mohd Riaz
COO, Connect India E-commerce Services Pvt Ltd

Mohd Riaz is a sales and distribution professional with over 25 years of experience in setting up green field distribution networks for various industries.

LogiSYM 2016

LogiSYM2016 - was a great success. The event was sold out with nearly 400 attendees. Not only were the Future Trends in Supply Chain Management explored and discussed at length in a relaxed and open environment but the event also presented an excellent showcase for Exhibitors to meet with new and potential clients and also for Logisticians to interact and network at meal times and the ever popular cocktail evening on the first day of LogiSYM.

From left: Mike Arnold (Linfox Indonesia), Andrew Collins (Linde Group)

From left: Michael Drake (TNT Asia, Middle East & Africa, David Ames (Linfox Thailand)

From left: Keng Pang (Logistics Executive Group), Darryl Judd (Logistics Executive Group), Manju Vijayan (Logistics Executive Group), Raymon Krishnan (LSCMS), Stephanie Krishnan (University of Wollongong), Stella Low (Kewill Pte Ltd)

From left: Stephane Boivin (Pivot88), Richard Kok (iKargo), Shamir Rahim (Sypher Labs Pte Ltd)

From left: Marco Civardi (Damco), Sean Kirk (Kirk Partners), Annemieke Gelder (Dyson Operations Pte Ltd), Diana Ho (Schneider Electric), Scott Phillips (ECCO Shoes)

From left: Darryl Judd (Logistics Executive Group) , Dr. Jozo Acksteiner (Hewlett Packard Enterprise), Paul Bradley (Caprica International), Kim Winter (Logistics Executive Group)

From left: Sumana Siri (Linfox Malaysia), Chloe Tan (Linfox Malaysia), Sajid Iqbal (Linfox Malaysia), Janet Ang (Linfox Malaysia)

From left: Eric Prieur (Carrier Corporation), David Ames (Linfox Thailand), Wellington Foo (Alliance 21), Peter Woon (EcoHub Global)

Peter Raven (LSCMS) with Supply Chain student volunteers from S P Jain and Republic Polytechnic

From left: Danny Wong (APL Logistics Ltd), Xavier Tan (Schneider Electric), Winston Wong (Flint & Battery), Janet Ang (Linfox Malaysia)

From left: Wayne Hunt (AsiaPac Executive Insights Pte Ltd), Tony Nash (Complete Intelligence), Darryl Judd (Logistics Executive Group), Paul Black (Paul Black Advisory Pte Ltd)

EVENTS

March

BIOPHARMA ASIA CONVENTION 2016
March 22 - 24th, 2016
Singapore
http://www.terrapinn.com/exhibition/bio-asia/

HOME DELIVERY WORLD 2016
March 30 - 31st, 2016
Atlanta, GA USA
http://www.terrapinn.com/conference/home-delivery-world/index.stm

CEO BREAKFAST SERIES: E-COMMERCE SUPPLY CHAIN INNOVATIONS AND CHALLENGES IN CHINA
March 31st, 2016
Shanghai, China
http://www.logisym.com/events/ceo-breakfast-series/

April

RETAIL TECHNOLOGY SHOW ASIA 2016
April 20 - 21st, 2016
Singapore
http://www.terrapinn.com/exhibition/retail-world-asia/

CEO BREAKFAST SERIES
April 28th, 2016
Hong Kong
http://www.logisym.com/events/ceo-breakfast-series/

May

HOME DELIVERY WORLD EUROPE
May 4 - 5th, 2016
London, UK
http://www.terrapinn.com/conference/asia-mining-congress/

TRANSPORT INTELLIGENCE LONDON THE FUTURE OF LOGISTICS AND EMERGING MARKETS
May 10 - 11th, 2016
Doha, Qatar
http://www.ticonferences.com london/2016/

MULTIMODAL 2016
May 10 - 12th, 2016
Birmingham, UK
http://www.multimodal.org.uk

3RD MENA PHARMACEUTICAL COLD CHAIN FORUM
May 24 - 25th, 2016
Dubai, UAE
www.menacoldchain.com

10TH ANNUAL HI-TECH & ELECTRONICS SUPPLY CHAIN SUMMIT
May 25 - 26th, 2016
Novotel Amsterdam Schiphol Airport
http://events.eft.com/hitech/

TRANS4 QATAR TRANSPORTATION AND LOGISTICS EXHIBITION
May 24 - 26th, 2016
Doha, Qatar
www.trans4qatar.com

June

AIR CARGO SUMMIT
June 12 - 15th, 2016
Shanghai, China
http://aircargosummit.com/

THE 14TH ANNUAL NORTH AMERICAN 3PL SUMMIT & CHIEF SUPPLY CHAIN OFFICER FORUM
June 20 - 22nd, 2016
Chicago, USA
http://events.eft.com/3pl/

AVIATION FESTIVAL AFRICA 2016
June 28 - 29th, 2016
Johannesburg, South Africa
http://www.terrapinn.com/exhibition/aviation-festival-africa/index.stm

July

DYNAMIC DISTRIBUTION DISRUPTION 2016
July 13 - 14th, 2016
New York, USA
http://events.eft.com/d3/

14TH ASEAN PORTS & SHIPPING CONFERENCE
July 14 - 15th, 2016
Bangkok, Thailand
http://www.transportevents.com

September

ME TRANSLOG 2016
September 5 - 7th, 2016
Muscat, Sultanate of Oman
http://www.metranslog.com/

CEO BREAKFAST SERIES
September 22nd, 2016
Hong Kong
http://www.logisym.com/events/ceo-breakfast-series/

October

LOGISYM MALAYSIA 2016
October 12 - 13th, 2016
Kuala Lumpur, Malaysia
http://http://www.logisym.com/events/logisym-malaysia-2016/

CILF CHINA INTERNATIONAL LOGISTICS FAIR
October 12 - 14th, 2016
Shenzhen, China

CEO BREAKFAST SERIES
October 20th, 2016
Shanghai, China
http://www.logisym.com/events/ceo-breakfast-series/

November

LOGISYM DUBAI 2016
November 22 - 23rd, 2016
Dubai, UAE
http://http://www.logisym.com/events/logisym-dubai-2016/

16TH INTERMODAL AFRICA
November 17 - 18th, 2016
Mombasa, Kenya
http://www.transportevents.com

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