The Official Journal of The Logistics & Supply Chain Management Society

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

MAY 2016

LogiSYM

The Magazine for Supply Chain Executives

this issue

main feature

Challenges of the Last Mile Delivery in Serving e-Commerce Business

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from the editor

……And now for a Q2 Outlook

Dear Readers,

The global markets are giving new signals and point to new trends. So, I can start my editorial on a positive note. For the supply chain industry there continues to be many opportunities and good reason for cautious optimism.

The economic outlook is improving for emerging markets – a more dovish US Federal Reserve and progress in Brazil's political saga have improved sentiment and led to more positive leading indicator readings in emerging markets. The rise in oil prices has also signaled some stability and establishes a direction, provided prices can reach a stable platform.

It is also worth noting that global flows are at their highest levels. They include – data, information, goods and connectivity. Which confirms that interdependencies of economies and the trade lanes are on the rise – thanks in part to various free trade agreements being put in place and expectations of new ones being rolled out like TPP.

However with increasing interdependencies we must not forget the lessons of the past. Managing weaknesses will present the biggest threats. Often the speed of change and the emergence of imbalances needs to be a key focus point. We do not want to see trade controls, more unnecessary compliance and indeed unilateral actions by some trading blocks.

Supply Chains are becoming more sophisticated across all industries. The emergence and benefits of embracing Adaptive Supply Chains in industries that would never have considered this to be relevant to their sector, has created new paradigms and opportunities.

With the traditional industries and markets in the EU, US and Japan transitioning re-adjustments, we ask where will the growth for the supply chain industry come from? With innovation of IT systems, tools and transportation networks which are continually improving, the industry has undoubtedly become more agile and ready for new challenges.

The e-Commerce phenomena is not a new one. But the speed at which it is now accelerating is of great importance. The B2B engagement and development is very interesting. Those who are able to leverage the business model, deploying e-commerce platforms and take advantage of free trade agreements, strategic bonded hubs to reach their markets, will break new ground and create new paradigms. The savvy supply chain enablers who can support these new initiatives with a sustainable and cost effective model, will greatly benefit

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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a word from the president

Let's not be Silly.

Back in 2008 and into 2009, Oceanfreight rates hit similar lows to what we are starting to see today. I was working as a Logistics Manager in a Major US Chemical company at the time and the CEO of our company read in the financial times one day that you could ship a container from X – Y for as little US$100.

He immediately sent an email out to the global Supply Chain organisation querying why we were paying US$1000 a TEU when the papers were saying that rates were only US$100. Everyone went into a state of panic and our VP of Supply Chain wanted us to "do something about it". I am sure this is a scenario some of you are familiar with.

I called the key carriers we were working with at the time and asked them what they could do to help. Despite some of our carrier MQC's (minimum quantity commitments) being less than 3 months old, all carriers we spoke to understood the situation I was in and reduced their rates wherever they could. This was in the days when most contracts had a minimum one year validity.

Of course our CEO was not satisfied with the efforts we made but within half a year, rates started to creep upwards and we were actually paying below market rates over the next 6 – 9 months and in some cases into the second year of those contracts. As you can imagine and expect, we never heard a peep about what a great job we did by taking a moderate as opposed to extreme approach and forcing carriers to give us rates we knew were not sustainable in the short to medium term.

Why didn't I listen to him?

Vendor, carrier and 3PL relationships, like all business relationships should be long term ones. Crises come and go but it is only by working together that we can we work through adversities.

I have spent the last month traversing much of the globe from Europe to Dubai and this last week the US. Everyone is aware that the rest of this year does not look very rosy but it is heartening to see that aside from a few 'nervous' individuals, most Logisticians are taking a cautious but fair approach in dealing with vendors and customers instead of this short term thinking I experienced back in the day.

Let's face it, revenue and volume numbers this year are not going to be as good as last year's. Every port is reporting lower volumes - except for the blip in Frankfurt this month which was a result of other issues and not buoyant trade. We do need to be cautious in the coming months but taking a retrograde approach to growth and expansion plans and having a knee jerk reaction and panicking is simply short term thinking and will expedite the turning of this less than rosy outlook into a self-fulfilling prophecy of doom and gloom.

Let's not be silly and take a short term view – as many US corporations are prone to do. We have seen this happen and indeed happen with increasing frequency since the 1998 Asian Economic Crisis. By keeping our noses to the grindstone and paying very close attention to the tactics we have adopted and by being as prudent and fiscally responsible as possible, we will come out on the other end but let's not fret and react like frightened children.

As always, LogiSYM hopes to be there with you as we make our way through the choppy waters ahead!

Raymon Krishnan
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Emirates SkyCargo Now Flying to Cambodia

Emirates SkyCargo, the freight division of Emirates Airline, has further strengthened its extensive route network with the launch of a weekly freighter service to Phnom Penh, Cambodia, starting 6 April 2016.

The new freighter service to Cambodia's capital is the carrier's 53rd destination in its worldwide freighter network and the 13th in the Far East.

From Phnom Penh, cargo will be transported via a trucking network to reach other cities and regions in Cambodia.

"Cambodia's air cargo market is growing at a robust rate with Europe and the United States being key export markets. Establishing a presence in this market will position Emirates SkyCargo to benefit from the healthy growth potential," said Hiran Perera, senior vice president, Emirates SkyCargo. "Our strong route network and Dubai's location as a global cargo hub mean that we can connect our customers in Asia to 150 destinations, including 42 gateways in Europe, 14 gateways in North America and 27 gateways in Africa."

According to Cambodia Airports, which manages the country's three international airports, the volume of air freight shipments to and from Cambodia increased 14 percent in 2015 to 38,065 tonnes.

The Cambodia-EU trade lane for air cargo is also one of the fastest-growing trade lanes linking emerging and developed markets with a compounded annual growth rate of 16.5 percent in the last three years (2012 to 2015).

The main imports to Cambodia are expected to include fabric and leather while the main exports are textiles and garments.

Emirates SkyCargo will be starting its service with an MD 11 freighter aircraft, providing dedicated outsourced capacity for 80 tonnes of cargo. The aircraft's wide body will also enable it to uplift outsized cargo and carry larger consignments.

IATA Chief Addresses the Industry in Brussels

Tony Tyler, Director General and CEO of the International Air Transport Association (IATA), recently addressed the European Aviation Club in Brussels, the Belgian capital that is still finding its feet, in the wake of the terrorist attack on the city's airport in March.

According to Tyler, "Crises bring out the best in people. The citizens of Brussels, for example, have demonstrated their fortitude by quickly returning the city to a state of normality".

"I want to make special mention of our colleagues at Brussels Airlines, Brussels Airport and all the carriers who worked tirelessly to reconnect Europe's capital to the world."

"Your impressive team effort has done our industry proud in demonstrating that terrorism will not defeat the values of a free and open society. Furthermore, that is the best tribute that we can pay to the memories of the victims of that terrible day." Tyler went on to make a number of other points relating to the role and current condition of the aviation industry across the European continent. "Air transport plays a critical role in Europe," he said.

"It connects the continent from within, giving substance to the vision of European integration. It also connects the continent to the rest of the world".
"In both instances, vital economic and cultural links are created and in doing so, aviation supports Europe's competitiveness, 12 million European jobs and 4.1% of European GDP."

Tyler continued: "The EC's publication of the European Aviation Strategy last December affirmed aviation's vital role. On many issues, however, I must say that the strategy seems satisfied with the status quo.

"The risk is that the plan becomes perceived as irrelevant or lacking in ambition. So it is important to demonstrate that the strategy is inspiring concrete actions that will pay big dividends".

"Backed by the right strategic vision, the continent's airlines are capable of delivering much more value to the European economy," he said.

This strategic vision would have many components. "Ask a European airline CEO what's needed and you are likely to hear: reduce high taxes; simplify and harmonise complex and onerous regulation; and improve infrastructure that is too often inefficient, costly and in short supply," Tyler insisted.

"In other words, they need Europe to become an easier place to do business." Two of the key areas for potential improvement which Tyler went on to consider are perhaps as important for cargo as passenger operations. The first was infrastructure. "Airlines cannot function without infrastructure support," he noted.

"Without airports and air traffic control we are going nowhere. And both must be cost-efficient and capable of accommodating demand."

He added, in relation to ATC: "After decades of discussion, there is nothing that hasn't already been said about the importance of a Single European Sky," Tyler observed.

"Progress is frustratingly slow. I struggle to identify any since I last spoke to this audience (about four years previously)."

On the subject of airport infrastructure, he noted that Europe is falling behind in capacity. "It is hard to build or expand airport infrastructure in Europe. Of the 168 slot-constrained airports in the world, 101 are in Europe… the only durable solution is to build."

The second issue Tyler looked at in some depth is 'smarter regulation'. "Air transport is highly regulated. Regulation on safety has been a great success story.

"But we are far from being able to apply that statement universally across all forms of regulation. And the complexity of the European system makes it even more difficult."

However, he explained that IATA is working hard on ways in which simplification of the regulatory environment might be achieved.

Etihad Cargo Strengthens Presence in the Middle East

Etihad Cargo has launched a new service from Abu Dhabi, the United Arab Emirates to Muscat, Oman, along with a new service from Abu Dhabi to Kuwait, the cargo airline said. Both services utilize A330 freighter aircraft and operate on a twice a week basis. "By strengthening our existing connectivity to Kuwait and introducing a new freighter service to Muscat, our frequency in the Middle East has now increased to 11 flights weekly," Etihad Cargo Vice President David Kerr said. "The Middle East market continues to perform strongly for us and is at the core of our operation. We will also be looking to expand elsewhere around the globe during the year ahead."

Etihad Cargo was established in 2004 and operates from its hub at the Abu Dhabi International Airport.

IATA's Latest Survey Suggests Lack of Confidence in Cargo Future

The latest Airline Business Confidence Index produced by the International Air Transport Association (IATA) was publicised this month (April). The associated survey revealing that airline Heads of Cargo and Chief Financial Officers appear likely to report year on year gains in profitability over the first quarter of this year.

However, expectations relating to cargo business growth are said to be, like the airfreight market itself, somewhat 'mixed.'

Indeed, survey respondents' expectations of air cargo industry performance have moderated since the start of 2015 in the light of what IATA says has been "ongoing weakness in global, trade growth."

However, despite short-term concerns, long-term expectations for cargo growth are also said to have remained "positive." More than a quarter of respondents to the survey reported handling lower freight volumes in the first quarter of this year compared to the opening three months of 2015. While comparisons were skewed by the impact of last year's US West Coast port strike, which drove freight into the air, the weighted average score for confidence in the freight market over the next 12 months has fallen consistently over the last five quarters and is now at its lowest level since April 2011.

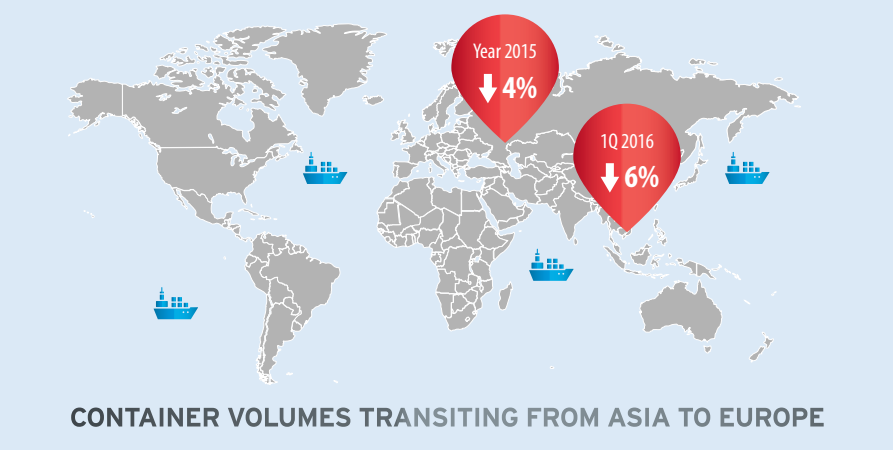
Also of concern is the yield situation, returns being placed under pressure from over-capacity in the airfreight market.

Half of those that replied to this latest IATA quarterly survey said that they had experienced year on year falls in cargo yields in the first quarter of 2016.

Indeed, with one exception, the weighted average index concerning cargo yields has been in the red since the start of 2012, while this latest survey shows that Heads of Cargo are expecting further declines over the next 12 months.

A total of 93% of respondents said that they believed that yields would either remain constant or fall over the next year.

Asia-Europe Trade Set to Rebound in 2016: Maersk Line



In his recent speech at the TOC Asia Container Supply Chain Conference in Singapore, Maersk Line's Asia Chief Executive, Robert van Trooijen, indicated that growing evidence suggests that recent declines in Asia-Europe trade levels are set to reverse.

Last year container volumes transiting from Asia to Europe fell by 4% while the first quarter of this year saw them decrease by a further 6% year-on-year. This decline represented one of the worst starts to a year concerning both volumes and freight rates since the financial crisis. Maersk believes that one of the reasons why container volumes have been so weak over the last 15 months was due to the strategy of European retailers' to run down stocks. However, the company expects this trend to reverse as the year progresses.

"The retail industry in Europe spent much of last year destocking but our economists expect that there will be some restocking later this year and we think that the trade may well rebound further than we have seen this year so far."

"We do see some positive trends in 2016 and we believe that it may surprise us regarding volumes over the remainder of the year," he said. He predicted that this would likely lead to an increase in current freight rate levels, which he described as "unsustainable," meaning carriers were unable to protect the supply chain's integrity, in the second and third quarters of the year.

Jim Lim, Senior Manager of Transport Excellence, Procurement and Global Logistics at Applied Materials, agreed. "The heyday of lower rates for customers is over. Those rock-bottom rates will be a thing of the past."

> The heyday of lower rates for customers is over. Those rock-bottom rates will be a thing of the past.
>
> **Jim Lim**
> **Senior Manager of Transport Execllence, Procurement and Global Logistics - Applied Materials**

"As Europe gradually exits its recession I think that the worst is probably over for carriers."

Van Trooijen admitted that part of the reason why rates had fallen to such desperate weakness was due to the vicious circle created by lines ordering such large quantities of ultra-large container vessels (ULCVs) and the sustained increases in shipping capacity.

"Excess deployed capacity levels have led to lower utilisation such that a vessel which is 95% full is unable to make money, and in some cases, vessels which are 99% full, are losing money.

"In addition, there is a 20% downfall – bookings which made where the container does not show for the sailing – which means that carriers effectively have to overbook a vessel by 20%; and if a ship isn't full, then the sailing has to be blanked.

"And that is very different to a couple of years ago," Van Trooijen added. Lim also added that structural changes in global supply chains could offer new opportunities for carriers seeking cargo and possibly more balanced trades.

"There are many possibilities to take advantage of nearshoring, where a lot of manufacturing is mobbing to East Europe, in places such as Poland and Hungary. I think shipping lines should be looking to capture more eastbound cargo. Carriers have invested so much in the westbound route and there are growing opportunities for them to develop their eastbound services," he said.

G6 Alliance To Send 10,000 TEU Ships Through Panama Canal

The G6 Alliance has confirmed that its new service linking central and northern Asia to the U.S. East Coast will employ Post-Panamax vessels to take advantage of the canal's new locks, according to Lloyd's Loading List.

The G6, which comprises APL, Hapag-Lloyd, HMM, MOL, NYK, and OOCL, will relaunch its new NYX service later this year, although it did not give a date for the launch.

It will have to be after June 26, however, when the Panama Canal's expanded locks are officially opened. The Panama Canal Authority announced this week that it was taking reservations for transits from July 27, with the first granted to Nippon Yusen Kaisha's 78,874 cu m liquefied petroleum gas carrier called Linden Pride.

"The new service via Panama will deploy neo-Panamax ships of around 10,000 teu," a spokesperson from alliance member APL told Lloyd's List.

The new service will call at Qingdao, Ningbo, Shanghai, Busan, Manzanillo, New York, Norfolk, Savannah, Manzanillo, Busan and Qingdao.

As Lloyd's List reported, the service is part of a shake-up of the G6's transpacific services.

The announcement comes in the week that the alliance discovered it is to lose another member next year when OOCL joins the proposed Ocean Alliance with CMA CGM, Evergreen and Cosco Container Line. APL will also leave the alliance when its sale to CMA CGM is complete.

UASC and Hapag-Lloyd confirm merger talks

United Arab Shipping Company and Hapag-Lloyd have confirmed they are in talks over a cooperation agreement that could include a merger of operations.

The German shipping line Hapag-Lloyd said in a statement the companies are basing negotiations on relative business valuations of 72 percent for Hapag-Lloyd, and 28 percent for UASC.

The merging of UASC and Hapag-Lloyd would create the world's fifth-largest container shipping group, according to Alphaliner data, controlling 7.2% of global ocean container freight capacity.

The move would give Hapag-Lloyd access to UASC's fleet of six 18,000-teu container ships without the massive investment needed to order its own tonnage.

Despite operating on the Asia-Europe trade route, Hapag-Lloyd has shied away from launching its own ultra-large container ships, due to the price crisis currently affecting the container trade.

ULCSs, when operating at capacity, offer a huge cost saving of around 50% per teu, over Panamax vessels, but hemorrhage money when only half full, which is the average load most vessels on the Asia-Europe route are currently carrying.

The news comes just one day after an announcement by CMA CGM that it has formed a new shipping alliance with COSCO Container Lines, Evergreen Line, and Orient Overseas Container Line (OOCL).

The new alliance forces lines such as UASC and Hapag-Lloyd to find new partners to fill in the gaps of their now altered alliances.

Japan's 'Big Three' Container Lines Suffer

by Hisane Masaki

Japan's three largest container lines all reported dismal financial results for fiscal 2015 on Thursday, with Mitsui O.S.K. Lines and "K" Line slipping into the red, although the country's top carrier, NYK Line, remained profitable. The three Japanese carriers all saw their revenues sink in fiscal 2015 amid stubbornly sluggish market conditions. Lower fuel costs and a weaker yen against the U.S. dollar were offset by slumping freight rates and cargo volumes amid oversupply and stagnant demand. The lines all expect another tough year ahead.

MOL suffered a net loss of 170 billion yen (US$1.57 billion) in fiscal 2015, compared with a net profit of 42.3 billion yen in fiscal 2014, as it booked an extraordinary charge of 179 billion yen resulting from the disposal of vessels in the container shipping and dry bulk divisions.

It is MOL's first full-year net loss in three years. MOL's revenue shrank 5.8 percent year-over-year to 1.71 trillion yen in fiscal 2015. As for fiscal 2016, MOL predicted that its revenue will tumble 11.5 percent year-over-year to 1.51 trillion yen, but the company expects to swing back into the black with a net profit of 20 billion yen.

Container volumes on Asia-North America routes will remain firm on the back of relatively strong growth in the U.S. economy, while those on Asia-Europe routes might remain stagnant until the summer demand season, MOL said.

"K" Line also incurred a net loss of 51.4 billion yen in fiscal 2015, compared with a net profit of 26.8 billion yen in fiscal 2014, as it booked an extraordinary charge of about 50 billion yen stemming from structural reforms in the dry bulk business. "K" Line's structural reforms are to accelerate the rationalization of its fleet size, mainly small- and medium-sized vessels. "K" Line's revenue declined 8 percent year-over-year to 1.24 trillion yen in fiscal 2015.

As for fiscal 2016, "K" Line, which is heavily dependent on container shipping, predicted that its revenue will plunge 11.6 percent year-over-year to 1.1 trillion yen and its net loss will total 35 billion yen.

"K" Line said it would take time for supply and demand to rebalance and its financial performance to improve.

NYK Line's revenue slid 5.4 percent in fiscal 2015 from a year earlier to 2.27 trillion yen as net profit plummeted 61.7 percent year-over-year to 18.2 billion yen.

NYK Line predicted that its revenue will be 2.2 trillion yen in fiscal 2016, down 4.1 percent from a year earlier, while its net profit will be 15 billion yen, down 17.8 percent.

China Approves FedEx Acquisition of TNT

The Chinese Ministry of Commerce has unconditionally approved FedEx's US$4.8 billion acquisition play for Netherlands-based global package delivery firm TNT Express.

"With this final regulatory approval, we are one step closer to making the vision of combining the complementary networks of FedEx and TNT Express a reality," said Tex Gunning, chief executive officer of TNT Express, in a statement.

The announcement follows Brazil's Conselho Administrativo de Defesa Econômica's unconditional approval of the acquisition in late March, and the European Union's approval of the US$4.8 billion deal in January. U.S. regulators approved the FedEx-TNT Express tie-up at the end of November 2015. The European Union nixed a similar deal between UPS and TNT two years ago when it sought divestitures that UPS was unwilling to make. Memphis-based FedEx made its initial offer to buy TNT in April 2015.

FedEx is a smaller player in Europe than UPS, and many analysts believe the union with TNT is positive for consumers because it allows for three major competitors, as well as smaller regional couriers, and provides TNT with long-term stability at a time when it has been shrinking to remain profitable.

Yusen Logistics Enhances Air Import Capability with New Temperature-Controlled Facility in Hong Kong

Photo: Yusen Logistics

Yusen Logistics (Hong Kong) Limited opened a temperature-controlled facility at the Tsuen Wan Logistics Center in Hong Kong. The facility is the company's first refrigerated storage operation in Hong Kong. It will support the rising demand for food imports in Japan and Europe, which are primarily driven by e-commerce.

The facility enhances Yusen Logistics' air import capability in the Region and strengthens its presence in the food industry, one of its primary growth segments.

The 17,000-square-meter Tsuen Wan Logistics Center is strategically located 25 kilometers from the Hong Kong Airport and 5 kilometers from the container terminal. The facility previously provided various types of logistics services for electrical and electronic goods.

The chilled facility offers storage at a temperature range between 2˚C and 5˚C and the frozen service provides storage between -18˚C and -15˚C. As a result, this enables Yusen Logistics to handle a broad range of products, including processed foods, perishable commodities and alcoholic beverages.

In addition to handling refrigerated and frozen goods, the facility also provides storage, entering and dispatching, processing for distribution (sorting and labeling), packaging and inventory for non-residents. Yusen Logistics takes advantage of its CFS (Container Freight Station) capabilities as a base for its reefer ocean consolidation service.

Panalpina's Board of Directors Nominates Peter Ulber to Become Chairman; Stefan Karlen to Succeed as CEO

Panalpina's Board of Directors has appointed Peter Ulber (56) as the company's new Chairperson for the upcoming Annual General Meeting (AGM) to be held on May 10, 2016. He would succeed Dr Rudolf W. Hug (72) who has served as Chairperson since 2007. Stefan Karlen (42), currently Regional CEO for Asia Pacific, has been designated to succeed Ulber as the next Chief Executive Officer.

Commenting on the Board's appointment, Vice Chairman Beat Walti remarked, on behalf of controlling shareholder Ernst Göhner Foundation, "During his tenure, Dr Hug was instrumental in setting the strategy for Panalpina and turning it into the highly professional and bottom-line focused company it is today. Peter Ulber's nomination will ensure continuity and a seamless transition, and we are satisfied that he will be a most capable Chairperson." After the AGM, Ulber would continue as CEO until Karlen, his designated successor, takes over during the latter part of the year.

Ulber, a German citizen, joined Panalpina in June 2013 as President and CEO. Previously he held various management positions from 1985 to 2011 at Kuehne + Nagel in Europe, as well as North and South America. He was appointed to the International Management Board in 2008, and was responsible for both sea freight and air freight, as well as the global sales organization. "Panalpina is now a fundamentally a stronger company, making this the ideal time for me to concentrate on the strategic development and future direction of the group by handing over the day-to-day responsibilities to Stefan Karlen," says Ulber.

A Swiss citizen, Karlen joined Panalpina in 1997 and has held various positions spanning across Europe, Africa, Central Asia and Asia Pacific. Karlen has played a key role in Panalpina's international expansion. In 2012, he became the managing director for South East Asia before assuming the position of Regional CEO for Asia Pacific in 2013.

"Stefan Karlen's proven track record of delivering results and in-depth knowledge of the freight forwarding and logistics industry, coupled with his success in leading the Asia Pacific Region, Panalpina's most dynamic zone, for the last three years. This makes him a formidable candidate," concluded Ulber.

DHL Redefines Logistics in Singapore with Opening of the S$160 Million Advanced Regional Center

- **New facility boasts S$18.8 million automation system featuring advanced robotics**
- **90,000 sqm facility translates into 40% growth in DHL Supply Chain's warehousing footprint in Singapore**
- **Award-winning customer service center completes advanced technology**

DHL Supply Chain, the global market leader for contract logistics solutions, today, launched its Advanced Regional Center (ARC) in Singapore. At an investment of more than S$160 million[1], the new 90,000 sqm facility features a S$18.8 million multi-customer automation system featuring advanced robotics.

The pioneering system allows customers to enjoy the benefits of automation solution without the need for significant capital investment. The technological enhancement uses 130 robotic shuttles to pick and store products from 72,000 locations spread across 26 levels, improving picking efficiency by 20% and utilizing 40% less space than conventional warehousing operations.

It is the first of its kind deployed by DHL globally and creates a model for the future of warehousing in challenged, high-density cities and countries where land availability is limited and expensive.

"As an organization, our spirit thrives on a hunger for new knowledge and innovations that we can bring our customers to meet the challenges of Industry 4.0, the fourth industrial revolution. We see the Asian region as a swift adopter of technologies for enhanced productivity and efficiency. By 2020, Asia will constitute 30% of our total revenue. Facilities like the Advanced Regional Center offer a ready model of innovations that reduce complexity, improve accuracy and maximize opportunities for productivity gains," said Dr.Frank Appel, Chief Executive Officer, Deutsche Post DHL Group.

"As an organization, our spirit thrives on a hunger for new knowledge and innovations that we can bring our customers to meet the challenges of Industry 4.0, the fourth industrial revolution. We see the Asian region as a swift adopter of technologies for enhanced productivity and efficiency.

Dr Frank Appel
CEO, Deutsche Post DHL Group

Co-located within the ARC is the DHL Asia Pacific Innovation Center (APIC), DHL's first innovation center outside of Germany is a joint development with the Singapore Economic Development Board (EDB). Launched in 2015, APIC is the first dedicated center for innovative logistics services in the Asia Pacific Region and showcases futuristic technologies.

"We are witnessing a pivotal chapter in the transformation of the Singapore logistics industry, as these best-in-class supply chain practices, exemplified by DHL's Advanced Regional Center, start to take off in Singapore. DHL's decision to locate their first innovation center outside of Germany, in Singapore, is another testimony to Singapore's commitment to promoting supply chain innovation. It is also a vote of confidence that Singapore is well-placed to support companies in their efforts to explore and create new businesses here to serve Asia. These developments are significant milestones in DHL's partnership with Singapore," said Kelvin Wong, Assistant Managing Director of the Singapore Economic Development Board.

LF Logistics Opens Giant Singapore E-Commerce Facility

by Greg Knowler

LF Logistics has opened a 1-million-square-foot logistics facility in Singapore, the largest automated and customs bonded distribution warehouse in the city-state that will target surging e-commerce growth in Asia.

The nine-story center is located in West Jurong and is the company's largest distribution facility in Southeast Asia, able to store up to 130,000 pallets with a throughput of 550 pallets per hour, aimed at meeting the fast-changing needs of brands and retailers in the region.

"Our logistics business has been a bright spot with double-digit growth," said Spencer Fung, the CEO of Li & Fung group. He did not provide an investment amount.

According to the recent Asia Pacific Online Retail Forecast, 2015 To 2020, total online retail revenue will nearly double in Asia Pacific from US$733 billion in 2015 to US$1.4 trillion in 2020, a compound annual growth rate of 14.3 percent over the next five years.

The total online retail revenues in just five markets of Asia Pacific — China, India, Japan, South Korea and Australia — surpass the combined figure for online retail in the U.S. and Western Europe combined.

Joseph Phi, president of LF Logistics, said that cross-border trade was expected to rise even faster with the establishment of the Association of Southeast Asian Nations Economic Community and the pending Trans-Pacific Partnership.

"Our new logistics facility is well positioned to serve Singapore, as well as the broader Asia region and beyond. We see this facility as a gateway to the world," he said.

Although China dominates the e-commerce headlines, Southeast Asia is one of the markets of the future, said Steven Li, director of strategic partnerships for Cainiao, the logistics platform of Chinese online giant Alibaba Group.

"Alibaba merged with Lazada recently, the largest online marketplace in Southeast Asia, and we believe the e-commerce market in the Philippines, Indonesia and Thailand will explode in two or three years," he said at the Cargo Facts Asia conference in Hong Kong.

Singapore Post has been quick to jump on the e-commerce train. Over the past two years, the group has been ramping up its regional logistics capabilities with new or expanded facilities, including the development of a US$145 million fully integrated regional e-commerce logistics hub in Singapore that is expected to start operating in mid-2016. SingPost currently has more than 20 warehousing and fulfilment centers in the region.

Alibaba Group has invested more than US$200 million in partnership with SingPost through a series of initiatives aimed at expanding its e-commerce logistics platform across Asia-Pacific. Alibaba increased its equity stake in the group to 14.51 percent.

In a second initiative, Alibaba last year acquired a 34 percent stake in SingPost subsidiary Quantium Solutions International for US$68 million, with SingPost holding the majority 66 percent share. QSI is a provider of end-to-end e-commerce logistics, warehouse and fulfilment services in Asia Pacific with a network spanning ten countries.

Artificial Intelligence Transforming Logistics Says DHL

Photo: Nikolai Wolff; Fotoetage

In their new report, DHL has concluded that worldwide supply chains are beginning to undergo a fundamental transformation as more "artificial intelligence" is deployed to handle both the domestic and international movement of goods.

The global logistics provider's 2016 Logistics Trend Radar highlights the impact of data-driven and autonomous supply chains which it says will provide an opportunity for "previously unimaginable levels of optimisation" in manufacturing, logistics, warehousing and last mile delivery.

The report further states such developments could become a reality in less than half a decade, despite high set-up costs deterring early adoption within the logistics industry.

Matthias Heutger, Senior Vice President of Strategy, Marketing & Innovation at DHL, said in a statement that 15 of the 26 "key trends" identified in the company's annual trend radar report "are likely to make an impact in under five years".

According to the report, these trends include machine-human interaction and collaboration, which primarily covers the use of augmented reality (AR) accessed via "smart glasses" for order picking in logistics (also known as "vision picking"). A pilot program using vision picking by DHL showed a 25% efficiency increase as well as strong positive feedback from the users.

Robotics and automation is another area that DHL believes will see further adoption within the next five years, particularly "collaborative robots" that work side-by-side with human employees, supporting repetitive and physically demanding tasks in logistics. DHL also said it has made inroads in logistics, with autonomous forklifts and other self-piloted equipment now "reaching a level of maturity" in warehouse operations. The next step for self-driving vehicles in logistics will be to overcome regulatory and security challenges to deploy autonomous vehicles on public roads, according to the report.

While unmanned aerial drones will require more than five years for widespread adoption, DHL believes that some products may no longer be manufactured in large mass-production facilities and shipped around the globe. Instead, product designs will be digitized and transmitted to small factories closer to customers, allowing for what DHL dubs "hyper-customization" of products and "batch size one" manufacturing, all requiring new logistics service concepts.

While the "Internet of Things" or "IoT" will also play a significant role in more "intelligent supply chains"– a trend DHL noted in its trend report last year – security concerns regarding hacking, among other issues, is slowing down its adoption.

DHL emphasized that IoT offers the potential to connect virtually anything to the Internet and accelerate data-driven logistics; estimating that by 2020, more than 50 billion objects will be connected to the Internet, which it estimates will represent an "immense" $1.9 trillion opportunity in logistics.

"Only a few logistics [IoT] applications with substantial business impact have materialized so far," DHL noted in its report. "This is largely due to a shortage of standards in the industry, security concerns, and the fact that recent IoT innovations have mainly been developed for the consumer market. Therefore, logistics will have to wait until similar ruggedized versions that meet business requirements come to market."

The company added that high-profile data breaches and hacking of data systems as well as even physical objects – such as cameras and self-driving cars – are a reminder of growing security vulnerabilities in the "digitalised" world.

Amazon to Help European Vendors Sell Goods Across Borders

Amazon.com Inc. will offer to deliver vendors' goods to customers in other European Union countries, as the e-commerce giant seeks to dominate online deliveries across the region. European sellers on Amazon Marketplace can now ship inventory to one of Amazon's 29 distribution centers on the continent, where the company will store the goods for them. When the sellers receive an order from a customer in another EU country, Amazon will ship the goods to the buyer's home.

"Our mission is to help every seller in Europe sell to every customer in Europe," Francois Saugier, Amazon's director of European seller services, said in a phone interview. Amazon's expansion of its shipping and logistics operation may increase competition with European courier services such as Royal Mail and TNT Express. The web retailer is reported to be seeking to establish a global delivery network that controls the flow of goods from factories in China and India to customer doorsteps in New York and London.

Sellers using the service will pay the local fulfillment fee of the market where their products are bought. In the first quarter, more than 50 percent of Amazon vendors in the EU sold goods in multiple EU countries.

AKM Foodstuff Launches Major Dubai South 3PL Facility

AKM Foodstuff Trading has launched AKM Logistics DWC, a 24/7 food products distribution, repacking and storage facility in the Logistics District at Dubai South. The 7,500 square meter facility caters to the retail, wholesale, and foodservice sectors within the Middle East, and has a total capacity of 10,000 pallets and 35 workstations that SMEs can utilize until they achieve their economies of scale.

"The facility will enable easier access to the perishables market for small and medium-sized enterprises (SMEs) in the UAE and the wider Region," said Ajit Kumar Mishra, Managing Director of AKM Foodstuff Trading, during a tour of the facility.

The AED 28-million investment follows the set-up of AKM Shipping and Logistics LLC in 2014 and reflects the company's commercial ambitions to expand its third party logistics (3PL) activities. AKM Logistics plans to add 50,000 pallet spaces with an investment outlay of AED 100-million by 2020, and will expand into food related value-added processing facilities for food importers into GCC. The new facility in Dubai South provides secured logistical services as well as customs bonded freight forwarding services for faster transit time to target markets.

Clients can also leverage AKM Foodstuff Trading's local know-how, strong market reputation and expertise in services such as marketing, storage, and delivery of goods for all sizes and volumes, AKM said in a release.

"We pride ourselves in supporting new and exciting ventures and help them off the ground by providing customised storage and logistical solutions," added Ajit Kumar Mishra, Managing Director of AKM Foodstuff Trading. "Sound infrastructure and a stable commercial environment are vital to the success of our business. Dubai South has certainly provided the perfect platform for our company to better serve our customers, increase market share and optimise efficiencies" he concluded.

Crown Equipment Expands to Support Increasing Material Handling Equipment Requirements in Johor, Malaysia

Company positioned to enhance customer service in high-growth logistics hub

Crown Equipment, one of the world's largest material handling companies, announced its relocation to larger and more strategically placed premises in Malaysia's busiest and most advantageously located seaport area. The relocation positions Crown to enhance and expand its services to its growing customer base in terms of capacity and service response times. The new facility comprises new internal combustion and electric forklift sales, a large fleet of trucks for short and long-term rentals, and fully-serviced refurbished vehicles. Crown's InfoLink® fleet management system, which enables fleet managers to wirelessly stay connected to their fleet and operators, will also be available.

Located in the region's commercial Indonesia–Malaysia–Singapore Growth Triangle, Johor is home to the Port of Tanjung Pelepas, Malaysia's largest container port, as well as Port Johor, which supports the majority of the country's resource refineries. The area is also home to Senai International Airport, serving both domestic and freight airlines.

Crown has had a strong presence in Johor since 1992, servicing the needs of local and global companies trading in the region. However, as both government and commercial investment increased in the area, Crown saw the opportunity to take the lead in supporting the material handling requirements of new and existing customers, according to David Sultana, Southeast Asia marketing manager at Crown Equipment.

"Our new facility reflects our commitment to Johor," Sultana said. " The larger facility allows us to offer increased stock availability of high-demand vehicles, a larger sales and service team, as well as a fully equipped spare parts division, all housed under the one roof. This is another milestone in our continuing role of supporting manufacturing, industrial, warehousing and logistics companies in Malaysia and our continued rapid growth in the Southeast Asia market."

The new facility also enables Crown to enhance its already strong environmental credentials, something that will be in harmony with the Malaysian government's plans, as Johor is a key part of the government's Iskandar Malaysia Low Carbon Society initiative.

Accenture Releases Enhanced Ocean Cargo Pricing Software to Provide Greater Pricing Visibility for Carriers

Accenture has announced the release of a new version of the Accenture Ocean Cargo Software designed to improve billing accuracy and consistency through a more streamlined and automated pricing process for ocean cargo carriers.

The release includes a new detention and demurrage (DnD) module to help ocean cargo carriers maintain and manage DnD tariffs, negotiations, and calculations. Carriers charge customer's detention and demurrage fees for delays, including the late pickup or return of shipping containers.

The enhanced Accenture Ocean Cargo Suite can support ocean carriers by helping improve operational efficiencies in rate and surcharge management, quotes, tenders and contracts administration, route generation and schedule supervision. It also supports booking, vessel capacity management and documentation.

The software is designed to help ocean carriers prevent revenue leakages and improve business results by providing greater visibility into the utilization of a vessel's capacity and its yield carrier's contribution. As a result, ocean carriers can improve pricing strategies, make more efficient use of assets and seek to improve customer satisfaction.

"For ocean cargo carriers, enhanced visibility into pricing means the ability to make better decisions," said Ganesh Vaideeswaran, managing director in Accenture's Freight and Logistics practice. "Our latest release is designed to provide a much deeper and transparent view for carriers, which will help them streamline their pricing process and ultimately improve customer satisfaction. We're also very pleased that we can now offer ocean carriers our DnD module, an advanced capability that can be utilized in this critical business process where high levels of revenue leakages occur."

3D Printing & Cargo: Threat or Opportunity?

by Michael Moore

Many people still think of 3D printing (3DP) as a toy for the "maker" geeks crowd. Today, that toy status of 3DP is official. Mattel recently introduced a 3D printer for kids called the ThingMaker, which runs on cutting-edge 3D design and printing technology from Autodesk, the same company that brought the world AutoCAD.

The Autodesk/Mattel collaboration will provide kids of all ages with a new, immersive experience by combining beloved physical toys with digital adventures. ThingMaker is fun, but it is also serious – it's a training tool to prepare today's kids for tomorrow's essential tech skills. For over the next few decades, the technology is expected to transform the manufacturing sector as we know it today. By the time these ThingMaker kids are adults, some of them may be operating more advanced 3DPs to build everything from custom-made replacement auto parts to space station components to new human organs whenever they're needed, wherever they're needed. What today takes aircraft to fly half-way around the world in less than a day, this technology might be able to do with the click of a mouse in seconds.

Because of its potential for on-demand, custom-made manufacturing capabilities, 3DP technology, to some in the airfreight business, represents a dark cloud on the horizon, threatening disruptive changes for the logistics status quo. There is no question that changes will occur – what is difficult to predict is the scale of the disruption, the forms it will take, and the timeline for the full impact to be felt.

Some say it's already here. Digital disruption is "everywhere but operating at different speeds," said Angus Dawson, who leads McKinsey & Co.'s Strategy and Corporate Finance Practice across Asia. "The fact that disruption is happening at different speeds for different industries shouldn't lead those industries where it's happening slower to assume it's not happening."

The full potential impact of 3DP is still a flyspeck on the radar screens of the global logistics community – most executives and managers know a little about the technology but are not aware that it represents a disruptive game changer to their business models.

"I think it's difficult to say how it will play out in the long run," said Thomas Bek, global manager of oil, gas and industrial projects at Blue Water Shipping, a global heavy-lift logistics and transport services provider. "We use a lot of 3D visualization to plan our equipment moves, and are about to use 3D-printed ship and equipment models for a large, complex move, but the long-term implications of 3D printing technology are something we have not really focused on."

Blue Water is not the only logistics services provider that is late to the gate regarding 3DP. "I know a little about the technology," said logistics consultant Skip Grindall, who recently retired from his position as vice president of mining logistics at C.H. Robinson. "But the implications of 3D printing for the logistics industry is not something I can recall ever being discussed as a potential game-changer."

Kintetsu World to Help Chinese E-tailer Speed Up Delivery

Major Japanese air freight company Kintetsu World Express will start handling shipment and customs clearance of Japanese and other imported products for a Chinese online store, slashing delivery times and giving the seller an edge over rivals.

The virtual store, Yhopu.com, was opened in March by a trading company in the Chinese city of Chongqing. It sells roughly 6,000 items, centering on food and other daily products from Japan and Australia. Products shipped from Japan currently take about two weeks to reach the customer. By teaming up with Kintetsu World, the online store will be able to cut that down to as soon as the next day.

The freighter will keep popular products in its bonded warehouse in Chongqing and initiate the customs clearance process once the order is placed. Purchases will be delivered to customers by China Post Group through its nationwide network.

Imported goods are highly popular and easily available in China, but they carry high import duties. The Chinese government offers preferential tax treatment for online stores that sell foreign products using local bonded warehouses, enabling consumers to purchase imported goods at lower prices.

Yhopu.com has also teamed up with Lawson, the Japanese convenience store operator. Some of the goods sold at the online store will be on display at 110 or so Lawson convenience stores in Chongqing. Lawson customers can purchase those products easily by scanning the product's barcode with a smartphone, leading to the relevant page on Yhopu.com. Lawson will receive commissions.

Japan's Ministry of Economy, Trade and Industry estimates that Chinese consumers bought roughly 800 billion yen (U$7.48 billion) worth of Japanese products through e-commerce sites in 2015. The ministry expects the amount to jump 75% to 1.4 trillion yen in 2018, creating abundant opportunities for both Japanese manufacturers and businesses that provide logistics and other related services.

Yamato Holdings announced last month that it would launch a new service for Chinese consumers in partnership with JD.com, China's second-largest virtual mall. The service allows shoppers at the mall to receive products shipped from Japan in as little as four days.

Alibaba Acquires Controlling Stake in eCommerce Platform Lazada

Alibaba Group Holding Limited and Lazada Group S.A. announced today that Alibaba entered into an agreement to acquire a controlling stake in Lazada, a leading eCommerce platform in Southeast Asia.

The transaction consists of an investment of approximately US$500 million in the newly issued equity capital of Lazada and acquisition of shares from certain shareholders of Lazada, for a total investment by Alibaba of approximately US$1 billion. The transaction is expected to help brands and distributors around the world that already do business on Alibaba's platform, as well as local merchants, to access the Southeast Asian consumer market.

Lazada currently operates eCommerce platforms in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. These six countries combined have a population of approximately 560 million and an estimated Internet user base of 200 million, according to Internet Live Stats. With only 3% of the region's total retail sales conducted online, Southeast Asia is expected to offer tremendous growth potential to both companies as Internet penetration continues to rise.

"Globalization is a critical strategy for

the growth of Alibaba Group today and well into the future," said Michael Evans, President of Alibaba. "With the investment in Lazada, Alibaba gains access to a platform with a large and growing consumer base outside China, a proven management team and a solid foundation for future growth in one of the most promising regions for eCommerce globally. This investment is consistent with our strategy of connecting brands, distributors and consumers wherever they are and support our ecosystem expansion in Southeast Asia to better serve our customers."

Max Bittner, CEO of Lazada Group, added, "We are very excited about joining forces with Alibaba and see significant synergies that will drive great benefits to our customers in Southeast Asia. Southeast Asia is an attractive mobile-driven consumer market that is highly fragmented and diverse with significant barriers to entry and a nascent modern retail sector that has considerable headroom for growth. The transaction will help us to accelerate our goal to provide the 560 million consumers in the region access to the broadest and unique assortment of products. Furthermore, leveraging Alibaba's unique know-how and technology will allow us to rapidly improve our services and provide an, even more, effortless shopping and selling experience."

> "We are very excited about joining forces with Alibaba and see significant synergies that will drive great benefits to our customers in Southeast Asia.
>
> **Max Bittner**
> **CEO, Lazada Group**

Founded in 2012, Lazada is the one-stop eCommerce gateway for local and international brands and distributors to consumers in six distinct Southeast Asian markets: Indonesia, Malaysia, the Philippines, Singapore Thailand and Vietnam. By combining its regional presence with locally tailored capabilities in areas such as supply-chain, last-mile delivery and payment, Lazada has developed a unique solution for global brands and distributors wanting to enter this rapidly growing region.

Kewill Buys LeanLogistics in Combination of Big TMS Players

Kewill Inc. said it will buy rival transportation management systems (TMS) provider LeanLogistics Inc. from its U.K. parent Brambles Ltd. for a reported US$118 million, a global combination of two major players in the increasingly busy hosted TMS segment.

The acquisition creates a combined TMS platform with more than 14,000 carrier partners that make up the largest network of any North American provider, the companies said. The combined firms manage more than $10 billion in annual freight spend, they said.

The combination brings Lean heavily into the TMS segment that supports parcel operations, which has long been a Kewill strength. Chelmsford, Mass.-based Kewill gains access to Lean's "LeanDex" software, which compares truckload rates across North America by aggregating shipper-carrier transactions for dry van and refrigerated shipments. Kewill said in a statement that many of its 7,500 customers worldwide will find the application useful.

Under the deal, Lean will remain in Holland, Mich., and become Kewill's largest office, the firms said. In the statement, Kewill CEO Doug Braun said the company "intends to build around this office and leadership team in the coming months." The companies did not state the transaction's value in their statement. Brambles, whose portfolio includes the CHEP pallet business, acquired Lean in March 2008 for US$45 million in cash.

The announcement is one of the biggest moves yet by focused TMS providers to amass share in an active and growing segment of the supply chain. Increasingly, technology is viewed as the differentiator in a commoditized business like physical distribution. Third-party logistics providers (3PLs) add value by leveraging TMS functionality to support a broad and growing range of customer functions that fall into the supply chain business. Firms like Chicago-based Coyote Logistics LLC. and Command Transportation, and Kansas City, Mo.-based Freightquote.com Inc., brought powerful systems to the table when larger firms looking to add proven technology from the outside purchased them.

> Acquiring firms are gaining not just strong books of business, but relatively young technology platforms designed to profitably support agile logistics services
>
> **Monica Truelsch**
> **Marketing Director, TMW Systems Inc.**

"Acquiring firms are gaining not just strong books of business, but relatively young technology platforms designed to profitably support agile logistics services," said Monica Truelsch, marketing director for TMW Systems Inc., a TMS provider in Mayfield Heights, Ohio, said in an e-mail today. Independent TMS providers will need to build critical mass to counter the encroachment of 3PLs that are bringing proprietary software solutions to the broader market, Truelsch said. Much of the 3PL-driven TMS technology is already in widespread use, she added.

Leading for the Future with EI

Various trends and developments force companies and organizations to rethink and refocus on how to attract and develop talent for the future. Below I would like to highlight two trends that will have an impact on most organizations and one fascinating way to approach this.

Industry 4.0 seems to be the current buzzword in the economic world. I mention this as it was a regular theme that was discussed when the World Economic Forum interviewed the top managers of the 350 biggest companies around the globe, to analyze the impact of recent developments in industrial automation.

The as yet, unpublished study predicts that, due to increasing use of automation and the proceeding digitization of the working environment and processes, industrialized countries will lose five million jobs within the next five years. This will mainly affect jobs in offices or administrative positions with highly standardized duties, indicated by the fact that automation changes have already taken place in most factories and manufacturing plants.

In contrast, the study predicts that only 2 million new jobs will be created and the majority of these will require specialists in the areas of IT and technology. What we also see is that many companies still underestimate the importance of certain skills (such as change management, project management, communication and conflict management). It is essential to utilize this development in the best possible way. Businesses that can meet individual employee expectations will win the battle for talent in the future.

CHALLENGE NUMBER 1:

Support current and future employees to gain the hard and soft skills needed to face the changes coming with the Industry 4.0.

CHALLENGE NUMBER 2:

Create a comprehensive, forward-looking HR strategy that respects the values and strengths of individuals in their organization.

A sustainable footprint is more than ever on the agenda for organizations, companies and individuals. Faced with developments such as climate change, shortage of natural resources and a shifted awareness of clients and employees to more sustainable products and services, making a transition to a sustainable business presents significant opportunities. Companies get ahead of the game and lead the way by embedding sustainability into the very core of their strategy and operations. They are the ones most likely to succeed in the face of current and future challenges.

In 2005, the World Summit on Social Development identified three areas to focus on, including economic and social development as well as environmental protection. What we actually see today is that most companies and organizations still focus more on the economic and environmental aspect of sustainability. The social aspect is largely ignored and the impact widely underestimated. To get the most out of sustainability activities, companies will have to take all three areas of sustainability into account, as they are interrelated and as such influence each other.

CHALLENGE NUMBER 3:
Implement and integrate a comprehensive sustainability strategy that generates a shift from "nice to have" to "business as usual".

CHALLENGE NUMBER 4:
Focus on the people aspect of sustainability even if it is more difficult to calculate the business case reasoning behind these activities.

Taking all of the above into account, it can be safely assumed that the 21st century is an era of rapid modernization and change and this pertains to politics, the economy and increasingly towards social systems. Stability and predictability are factors we can no longer rely on in today's world. From a human resource perspective, these developments create the need for urgent and fundamental change in the way we attract, manage and develop people. Historically, IQ was the most important factor for a successful career. But today people and especially leaders need to develop many additional qualities which will enable them to effectively deal with stress, ever changing work processes and a lack of job security. In this new viral world, personal impressions make a difference. Emotions and personal values have increasingly made their way into our professional and business lives. That is why it is even more important to understand the dynamics of how and why some people handle change and challenges more successfully than others. Many concepts have been evolved to explain what enables certain people to be more successful than others, and today's understanding is that Emotional Intelligence (EI) is one factor in this. Certainly, this is not a new insight. The impact and processes behind EI have been widely examined over the last 20 years but facing Industry 4.0, as well as the trend into a sustainable business, it might be the perfect time to have another look at what is really driving successful people.

What is Emotional Intelligence?

Following Travis Bradberry's book "Emotional Intelligence 2.0" (2009) there are three factors that make a person "tick". These are Intelligence Quotient (IQ), Emotional Intelligence (EI) and Personality. According to his findings, there is no known connection between IQ and EI and it's not possible to predict emotional intelligence based on how smart someone is or what kind of personality he has. Another finding is that IQ and personality (for adults) stay stable over a lifetime and do not change. Interestingly, for EI, there is a uniform understanding that the related skills build upon each other and independent of age, can be enhanced with training.

A famous theoretical model created by Daniel Goleman includes four key aspects of Emotional Intelligence: Self-Awareness, Social-Awareness, Self-Management and Relationship-Management.

Goleman defined EI as "the ability to recognize, understand and manage our own emotions and to recognize, understand and influence the emotions of others. In practical terms, this means being aware that emotions can drive our behavior and impact people (positively and negatively), and learning how to manage those emotions – both our own and others – especially when we are under pressure."

Is there a link between leadership styles and EI?

Furthermore, his consulting firm Hay/McBer analyzed the relationship between EI and leadership styles. They found six distinct leadership styles *(see Figure 1)*, each springing from different

Figure 1

The Six Leadership Styles (Goleman)

	COMMANDING	VISIONARY	AFFLIATIVE	DEMOCRATIC	PACESETTING	COACHING
The leader's modus operandi	Demands immediate compliance	Mobilize people toward a vision	Creates harmony and builds emotional bonds	Forges consensus through participation	Sets high standards for perfomance	Develops people for the future
The style in a phrase	"Do what I tell you."	"Come with me."	"People come first."	"What do you think?"	"Do as I do, now"	"Try this."
Underlying emotional intelligence competencies	Drive to achieve, initiative, self-control	Self-confidence, empathy, change catalyst	Empathy, building relationships, communication	Collaboration, team leadership, communication	Conscientiousness drive to achieve, initiative	Developing others, empathy, self-awareness
When the style works best	In a crisis, to kickstart a turnaround, or with problem employees	When changes require a new vision, or when a clear direction is needed	To heal rifts in a team or to motivate people during stressful circumstances	To build buy-in or consensus, or to get input from valuable employees	To get quick results form a highly motivated and competent team	To help an employee improve performance or develop long-term strengths
Overall impact on climate	Negative	Most strongly positive	Positive	Positive	Negative	Postive

Goleman, Daniel, "Leadership that Gets Results" Harvard Business Review. March-April 2000 p.82-83.

components of emotional intelligence. The research summarized the styles, their origin, when they work best and their impact on an organization's climate.

The main findings were summarized as follows:

- The six styles, taken individually, appear to have a direct and unique impact on the working atmosphere of a company (climate), division or team, and in turn, on its financial performance.
- The research indicates that leaders with the best results do not rely on one leadership style, they use most of them in a given week – seamlessly and in different measure – depending on the business situation.
- According to report, the visionary leadership style has the most positive effect on the working atmosphere of a company. However, three others: Affiliate, Democratic and Coaching, follow close behind. That said, the research indicates that no style should be relied on exclusively and all have at least short term uses.

How to measure your EI?

There are various tools and platforms available that support individuals and organizations to measure and understand Emotional Intelligence. The EQ-I (Bar-On) is a self-report instrument to assess those personal qualities that enable some people to possess better emotional wellbeing than others.

The Emotional Competence Inventory (Goleman) is a 360-degree instrument, where people evaluate the individuals within an organization (Individual Feedback Reports), or the organization as a whole (Work Force Audits). These audits can provide an organizational profile for any size group within the company. In addition, there are various training and certification programs available which enable leaders or people in HR related functions to broaden and professionalize their EI skills and expertise. Finally, for all employees coaching and mentoring programs can add an incredible value to understand and develop Emotional Intelligence.

What are the Pros and Cons?

When EI found its way into the corporate world various studies and reports analyzed its impact and significance. Especially in the beginning, most research illustrated highly positive outcomes for organizations if they focused on EI in their Talent Acquisition and Development programs. Recent examples, such as the Global Empathy Index (2015) from the Lady Geek Advocacy Agency shows that businesses are more profitable and productive when they act ethically, treat their staff well, and communicate better with their customers. The top ten companies in the Global Empathy Index 2015 increased in value more than twice as much as the bottom 10 and generated 50% more earnings.[1]

Another example is the EI Consortium that publishes various points that build a case for how Emotional Intelligence contributes to the bottom line at work. In addition, they publish latest research findings that support the positive outcome of EI in the business world. In one example 515 Senior Executives were studied by the search firm Egon Zehnder International. Those who were primarily strong in Emotional Intelligence were more likely to succeed than those who were strongest in either relevant previous experience or Intelligence Quotient. In other words, Emotional Intelligence was a better predictor of success than either relevant previous experience or high Intelligence Quotient. More specifically, Executives registered as high in emotional intelligence in 74 percent of the successes and only in 24 percent of the failures[2]. However, as it is with all tools and methods: "Poison is in everything, and no thing is without poison. The dosage makes it either a poison or a remedy" (quote Paracelsus).

New studies show the potential downside of Emotional Intelligence. In many studies, poor research methodology has exaggerated the significance of Emotional Intelligence. A group of Austrian psychologists for example, reported a correlation between Emotional Intelligence and narcissism, raising the possibility that narcissists with high Emotional Intelligence might use their "charming, interesting, and even seductive" qualities for "malicious purposes," such as deceiving others. Another study with college students shows that people with high Emotional Intelligence might be more over credulous due to overconfidence in their ability to read others.

What to take away?

1 Creating awareness around Emotional intelligence has never been easier. There is no lack of information and no shortage of partners who can help you to develop, implement and audit a business model that will support you in getting it right. There are various tools and services (training programs, mentoring & coaching) available that help individuals and organisations to measure Emotional Intelligence and to develop and increase required skills such as Self-Awareness, Social-Awareness, Self-Management and Relationship-Management.

2 To be effective, individuals and especially leaders will need more than ever to be able to influence others through gaining their respect and enlisting their passions. And The more Emotional Intelligence skills a leader has at his disposal, the more flexible and seamless he can switch styles depending on the situation and in turn the better the outcome will be. A leadership coaching style is the least utilized but its also maybe the most effective style to add to your soft skills portfolio.

3 Higher emotional intelligence translates into better performance. Especially in jobs that require extensive attention to emotions (this counts for all jobs with social interaction such as sales, marketing, project management and all leadership or management roles).

4 There is a fine line between motivation and manipulation in relation to Emotional Intelligence. People could use Emotional Intelligence for nefarious ends, but more often, emotional skills will be simply instrumental tools for goal accomplishment.

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[1] https://hbr.org/2015/11/2015-empathy-index

[2] http://www.eiconsortium.org/reports/business_case_for_ei.html.

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Mareike is a dynamic and engaging Supply Chain project management professional with more than 12 years professional experience in managing complex logistics and supply chain projects. As Practice Leader of Logistics Executive Group in the Middle East, she delivers whole-of-lifecycle talent management including Corporate Advisory Services, Executive Search and Executive Coaching across the supply chain, logistics, FMCG, retail, resources, industrial, disaster relief and humanitarian sectors. A hands-on Consultant working in a team in Dubai together with their offices in Sydney, Melbourne, Singapore, Hong Kong, Shanghai, Chennai, Mumbai, Delhi and London, Mareike holds a PRINCE2 (Projects IN Controlled Environments) foundation and practitioner certification of APMG International.

Chart of the Month:
2015 a Mixed Year for Retail Contract Logistics

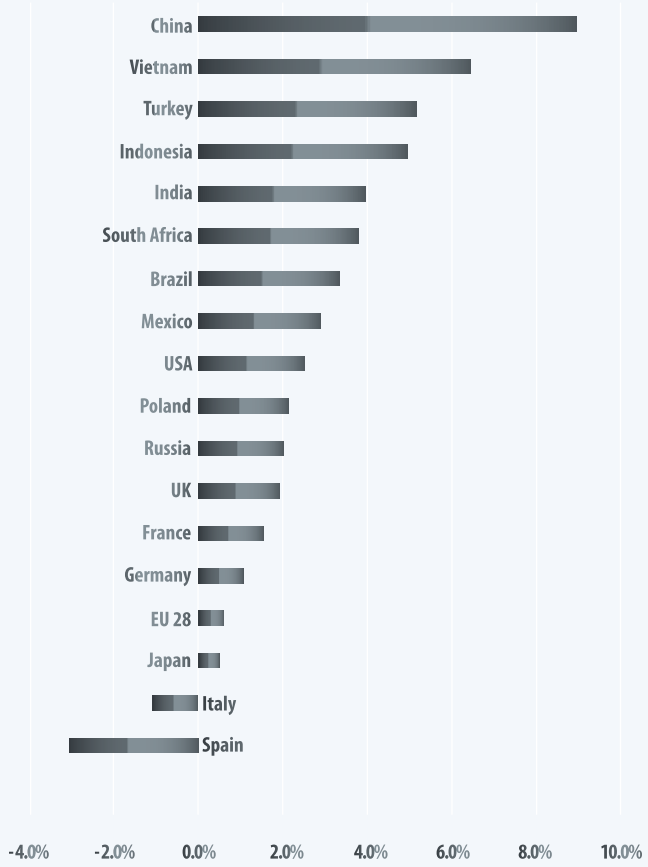
Ti is frequently asked to analyse markets on a vertical sector basis, with the question usually being either how large or how fast a certain sector is growing with reference to a specific logistics market.

As part of our upcoming report, Global Contract Logistics 2016, we are investigating the size of the global contract logistics market by vertical sector. Moreover, we are also attempting to shine a light on the speed of growth in two of contract logistics' most important verticals: retail and automotive. Taking a deeper look at the retail market, our initial findings suggest that the consumer/ retail sector accounts for approximately half of global contract logistics revenues. And using real retail sales growth figures as an indicator of the performance of retail contract logistics, it appears that in 2015, major European markets have done relatively well, the US relatively poorly, Asia Pacific's figures held up well while Brazil and especially Russia suffered badly.

An immediate question that arises is how useful are high-level retail sales figures in assessing the performance of a country's retail contract logistics market? Firstly, all else equal, the larger a country's retail sales, the larger its retail contract logistics market. Similarly, the higher its retail sales growth, the higher its retail contract logistics growth. In reality however, there are other important variables to consider: the extent of modern/ formal retail penetration in a country, the value of logistics costs as a % of sales for retailers and the extent of logistics outsourcing to name a

REAL RETAIL SALES GROWTH 2015 OF SELECTED MARKETS

REAL RETAIL SALES GROWTH 2010-2015 CAGR OF SELECTED MARKET



few. It follows that the usefulness of retail sales data alone is limited. That said, imagine a scenario whereby retail sales growth equals retail contract logistics growth because the formal retail penetration rate, logistics costs as a % of sales and the outsourcing rate do not change year-on-year. In certain developed markets, this scenario may not be too far from reality. In emerging markets, this is far less likely.

With these caveats in mind, the graphs below suggest that China and Vietnam had the best growth rates in 2015, with Poland outperforming a number of far less mature emerging markets like India and Indonesia. The UK also performed strongly, comfortably outpacing growth in Germany, France and the EU as a whole. The US was near the bottom of the list, with only Japan (long term stagnation), Brazil (in recession) and Russia (in recession) worse.

Looking at growth over a longer time horizon (2010-2015 CAGR), China and Vietnam are still top of the pile, and unsurprisingly emerging markets alone fill out the top eight spots. The US is much higher up while austerity Europe languishes near the bottom. Overall, the figures are likely to be highly instructive when assessing the performance of retail contract logistics in developed markets, useful to an extent in markets with somewhat mature retail sectors like South Africa and China, but virtually useless in the case of markets such as India, where informal retail really dominates.

David Buckby
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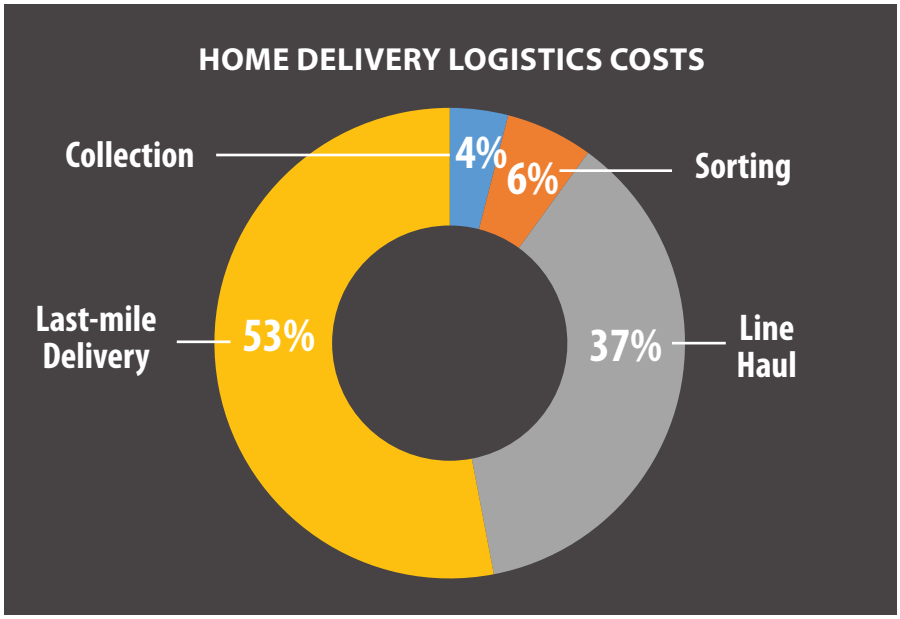
Having obtained a Masters in Economics David is now Ti's resident Economist. David manages one of Ti's core strengths, that of quantitative analysis of a range of logistics markets, including sizing and forecasting. David contributes to the GSCi portal, Ti Reports and consultancy projects. He also is author of many briefs for Ti's Logistics Briefing service. His key interests are the economics of the logistics sector, emerging markets and statistical modelling.

Challenges of the Last Mile Delivery in Serving e-Commerce Business

The "Last-Mile" element of the home-delivery model represents more than 50 percent of the total logistics cost and is fraught with challenges. Traffic congestion in urban areas and the tyranny of distance in remote areas both add time and cost, negatively impacting the economics. Further compounded by practical issues such as invalid or incorrect address details, hard to locate locations, no-one home so cannot accept delivery, buyer remorse – no longer wants the delivery, lack of nearby parking, elevators out of service and many other hurdles, all add cost, time and inconvenience to an already marginal activity.

However, this last mile delivery is frequently the only link in the e-commerce supply chain that directly touches the customer in a face-to-face scenario – typically on the door step with the interaction between delivery person and the consumer. This can often be that critical moment-of-truth that represents your company, your brand and your reputation – and the lasting memory that stays with the consumer reflecting their overall experience with the whole online purchase transaction, and on which they judge the company and inevitably discuss online through social media networks with their fellow digital consumers.



Alternatives to Home Delivery

The introduction of 'Click and Collect' options overcomes many of the challenges with home delivery and offers retailers, consumers and logistics service providers a Win-Win solution for all stakeholders.

By offering the buyer the option to

collect merchandise from within a bricks and mortar retail store or from other convenient locations such as post offices, networks of convenience stores such as Seven-Eleven, smaller shops or gas stations, retailers can ship multiple individual orders in bulk to a single delivery point, thus reducing much of the cost and avoiding many of the drawbacks of the last mile element of home delivery.

Many consumers prefer this method of collection because they can pick up their merchandise at a time that suits them, perhaps on their way to or from work, without having to be at home for a prescribed period – typically two or four hours – to receive and sign for their delivery – a process that typically takes less than five minutes. Thus, in addition to more efficient and cost effective logistics, this provides greater consumer convenience.

The collect-from-store options offered by large retailers, such as Walmart and Tesco, have become popular and cost effective alternatives to home delivery and - whilst having some implications on store layout and service personnel - can also provide incremental revenue opportunities for the retailers, in that many customers, whilst collecting their online orders, will also make additional purchases within the store.
As a variation on the Click and Collect theme, many companies are starting to adopt Smart Lockers – typically un-manned installations of steel locker boxes that offer a self-pick-up solution in the form of intelligent high-tech parcel delivery lockers – creating market opportunities for new entrants. Rows of technology enabled smart lockers are located at convenient public locations such as car parks, railway offices or subway stations and - having had the deliveries placed securely inside the various boxes - are accessed by the consumer using a unique collection code, digitally transmitted to their mobile device and providing one-time access to electronically 'open the box'.
The logistics service provider can thus make multiple deliveries, simultaneously to the same single location, resulting in much more effective and efficient last mile solutions; for example imagine the efficiencies of delivering twenty individual packages to one smart locker location as opposed to delivering them individually to twenty different residential addresses.

Implications for supply chain management

Whilst the retail sector has made massive progress in adapting and adjusting to the new world order of e-commerce and online shopping, even the industry leaders recognise that they have a long way to go.

A 2014 survey concluded that only 24 percent of companies believe they have an agile supply chain adequate to serve the online world, and a huge 81 percent admitted their supply chain is not fit for purpose for serving the Omni-Channel.

These shifts in the retail landscape combined with digital consumers' shopping preferences will continue to have profound supply chain implications, particularly for traditional distribution operations and established logistics networks.

These challenges present a window of opportunity for new entrants who can design and build business models and logistics operations from scratch, leveraging leading-edge cloud based technologies to rapidly implement made to measure e-commerce solutions, whilst the traditional service providers struggle to adapt and keep up with the pace of change.

The boundaries are becoming increasingly blurred – the previously clearly segregated roles undertaken by retailers, internet companies and logistics service providers are converging - with many exciting opportunities ahead in serving Omni-Channel supply chains.

Mark Millar
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Mark Millar is the author of Global Supply Chain Ecosystems - commissioned and published by Kogan Page - in which he presents detailed and practical insights that help companies capitalise on market opportunities, overcome supply chain challenges and make better informed business decisions. Acknowledged as an engaging presenter who delivers a memorable impact, Mark has completed over 400 speaking engagements at corporate events, client functions and industry conferences across 23 countries. A Visiting Lecturer at Hong Kong Polytechnic University, Mark is recognised in the 'China Supply Chain Top 20', as one of 'Asia's Top 50 Influencers in Supply Chain and Logistics' and in the USA listing of 'Top Pros-to-Know in Supply Chain 2016'.

How Can We Manage Demand for Fresh Food in Asia Sustainably?

Asia is beginning to flex its massive consumer chops. By 2030, it will contain two-thirds of the global middle class, accounting for 59 percent of all middle-class consumption.

This creates a complex challenge. As populations grow and incomes rise, Asian households are moving away from packaged and frozen products, and demanding more fresh fruit, vegetables, fresh meat and dairy. The question is: how can the demand for fresh food be met in a sustainable way?

Currently, the infrastructure to store and transport chilled products (also known as cold chain infrastructure), as well as other essential logistical services in the region, are not ready for the growing demand for fresh food. In Thailand for example, shrimp are transported for hours in containers filled with ice, which quickly melts during the first half of the journey; shrimp arrive warm, bloated and mushy at their destination.

Unappetising as they sound, these methods are business-as-usual food transport practices in the region, and for most perishable products, loss levels are consistently high. If transportation logistics aren't improved, increased demand for delicate perishable goods is only set to strain supply chains and exacerbate this loss.

Food system emissions are estimated to account for over 25% of all human greenhouse gas emissions, and Asia is a hotspot, contributing 55% of the total amount[1]. The majority of these emissions are due to the production of food that is never consumed. Environmentally unsustainable transport and storage practices also form a significant factor, contributing directly to emissions and also indirectly to food loss. In South and Southeast Asia pre-consumer food losses account for more than 90 percent of total food wastage[2].

Over two billion people in Asia rely on agriculture for their livelihoods, making them vulnerable to climate change impacts resulting from these greenhouse gas emissions. It's thus important that we meet growing demand for fresh food in Asia by improving the cold chain infrastructure in a sustainable way, in order to cut down on overall food system emissions.

Another reason why we need to reduce food loss is the looming threat of food insecurity. Currently, 490 million people in Asia go hungry every night. Imagine what a difference cutting down food losses could make in bringing down hunger and malnutrition. Additionally, improved cold chain infrastructure brings down the cost of healthy fresh fruits and vegetables, making them more accessible for low-income consumers – thus improving their nutritional health.

Building a better, less wasteful food system also improves profit margins. Improved transport and storage conditions increase the quality, shelf-life, safety, and ultimately the retail value of products.

If the benefits are so clear, why aren't all companies already building more efficient food chains? The answer is that it's hard to pin down responsibility. As opposed to food waste, supply chain food losses often go unnoticed, are very complicated to measure, and vary by product, region and supply chain. Vegetables and fruit, for example, are produced by smallholder farmers in complex supply chains involving a large number of actors, many of whom lack trust in each other. It's difficult to pinpoint any one cause of food loss because the likelihood is that many different parties are responsible.

The secret lies in a strong, long-term, trusting relationship between retailers and logistics service providers. While the onus lies with food retailers to demand and pay for more efficient food supply chains, they often focus on reducing highly-visible retail and consumer food waste, and are generally unaware of how much food is lost before it reaches their establishments. On the other hand, food logistics service providers confront this problem every day and are well-poised to address it, but they need their buyers to prioritise it as well, and be willing to invest in solutions to reduce losses. Addressing the issue requires both sides to commit to harnessing the value of lost food in the supply chain, and to work together to tackle the problem.

To try and bring the right stakeholders together and foster mutual trust, Forum for the Future has created the Food Loss Consortium. It is a platform – and more than that, an opportunity – for businesses to form partnerships with like-minded, committed companies across the supply chain, get to know the innovators that are disrupting food logistics, and participate in pilot projects that test industry-transforming investments.
Some companies are already starting to find innovative solutions. OpenTaste, a new online food retailer, sells fresh produce through an online platform. By shipping directly to customers in Singapore from farms in California, it reduces losses, and could be more cost-effective for consumers. Another exciting firm is EcoHub, which provides tools that allow buyers to quickly and easily estimate the future shelf-life of fish before purchase, so that fishermen who maintain the freshness of their fish by using an effective cold chain can command a higher price.

One can't underestimate the potential impact of addressing supply chain losses in Asia, and via the Food Loss Consortium we are gathering momentum and expertise to tackle this complex problem throughout the Asia Pacific region. We want to achieve better food security, better profits for local businesses, better nutritional health for all, and ultimately reduce emissions to ensure the future of the region. If you have the expertise, resource and the drive to help make that happen, we'd like to hear from you.

[1] FAO (2013) Food Wastage Footprint

[2] FAO (2013) Food Wastage Footprint

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Gwyneth Fries, a Senior Sustainability Advisor, is based in Forum for the Future's APAC office in Singapore. She spearheads Forum's work in the region to bring about real change in the food system. For more information about the Food Loss Consortium, contact Gwyneth at g.fries@forumforthefuture.org.

Fresh vegetables ending up as waste

EVENTS

May

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

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

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

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

PROCURECON ASIA 2016
May 31st - June 2nd, 2016
Singapore
www.procureconasia.wbresearch.com

June

TRANSPORT INTELLIGENCE LONDON THE FUTURE OF LOGISTICS AND EMERGING MARKETS
June 7th - 8th, 2016
London, UK
www.ticonferences.com/london/2016/

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

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

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

July

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

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

September

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

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

October

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

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

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

THE WORLD LOGISTICS SHOW BAHRAIN - 2016
October 18th - 20th, 2016
Bahrain
www.worldlogisticshow.com/

November

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

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