The Official Journal of The Logistics & Supply Chain Management Society

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

MARCH 2017

LogiSYM

The Magazine for Supply Chain Executives

this issue

FINDING THE RIGHT LOCATION IN THE APAC REGION FOR YOUR NEW OPERATIONS 28

WHAT DO WE DO WITH EXPENSIVE LOW-SKILLED LABOUR? 32

OPTIMIZING THE RETAIL OMNI CHANNEL AND INNOVATIONS TO PROVIDE SUPPLY CHAIN PERFORMANCE FROM A BRAND PERSPECTIVE 35

Finding the Right Location in the APAC Region for Your New Operations

Crown Lift Trucks.
The full product solution for Southeast Asia.
Electric, Diesel and LPG Forklifts.

to

to

to

Whether partnering with established global companies or rising industry stars, Crown Equipment provides complete material handling solutions for efficient warehousing and effective logistics in any application.

Contact Crown's Southeast Asia headquarters on (65) 6861 3669 or contact.apac@crown.com

CROWN

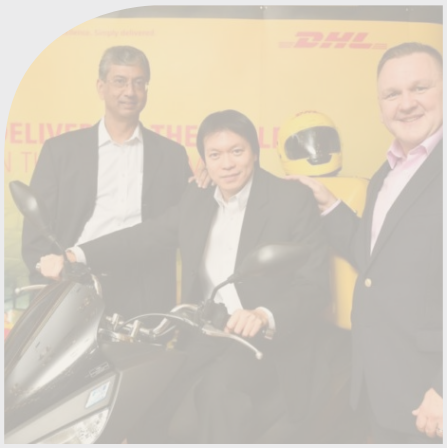
IDEAS THAT ADVANCE

crown.com

1604.1339

Contents Page

DOWNLOAD THE LATEST ISSUE HERE



Feature Articles

28 Finding the Right Location in the APAC Region for Your New Operations
32 What Do We Do with Expensive Low-skilled Labour?
35 Optimizing the Retail Omni Channel and Innovations to Provide Supply Chain Performance from a Brand Perspective

Contents

From the Editor	04
A Word From the President	06
Contributors	08
Air News	10
Maritime News	13
Logistics News	18
Supply Chain News	22
E-Commerce/Technology	26
Events	38

from the editor

.....how will the new realisation of world order benefit business & enabling supply chains?

Dear Readers,

In Q4 2016, we highlighted the potential fallout from the disruptive chatter, political events and consequences of policy changes in the US, UK and the EU at large. This caused great concerns and negative sentiments that prevailed across many sectors for some months. But now as we approach the end of Q1 2017, the landscape has moved again into new territory. We can see some different realities forming ahead of us now.

Whilst in Q4'16 we saw a climate of "full-on" political distractions in the US, EU and UK, the economics and market growth engines in Q1'17 have forged ahead, breaking new records. With stable currencies, oil prices and interest rates, these positive trends have created an all round more robust sentiment with many sectors picking up steam.

Stable market forces, good corporate results and positive sentiments, have given good reasons to be optimistic. Even the US self-exclusion from the strategic TPP agreement, now seems to be a non-event. However, will China really be able replace the US or will it seek another agenda? – we shall have to watch this space to see how events evolve in the Asian region. The imminent start of the Brexit process, shows the UK more buoyant than ever. This leaves the EU with some deep reflection on their own direction. We hope a win-win agreement will in the end prevail across the UK and EU.

In Asia, we see strong optimism across the region. China has regained its momentum and countries in South East Asia are also showing strong economic activity. Indonesia and Vietnam are investing heavily in infrastructure, airports and high quality residential property. This is fuelling regional confidence in many consumer and industrial sectors.

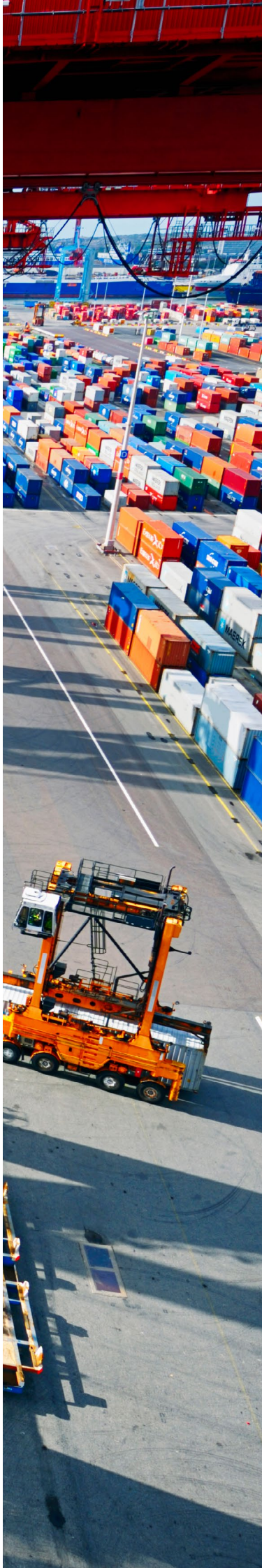
These paradigms shifts are presenting us with new realities. And it seems that those ugly disruptions are really creating bigger opportunities than ever. The various articles in this month's edition is testament to positive trends, opportunities and time for action.

You will find the featured articles contributed by Rene`Buck - Founder & CEO of BCI, Paolo Traisci – GM SEA BG Group & Stephanie Krishan – Executive Director Rutgers Business School Asia Pacific good reading and a wake call to those who have not realised that it is time to fully mobilise your supply chain capabilities.

Look for next month's features on 3D printing and supply chains resilience.

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

Joe Lombardo
International Editor



An advanced auto shuttle system that brings greater efficiency to multi-deep pallet handling for low SKUs in a high density environment.

HIGH DENSITY

Storage For Any Business

Scan here for Dexion Auto Shuttle Case Studies

80 DEXION Smarter thinking. YEARS OF SMARTER THINKING 1937-2017

DEXION® Smarter thinking.

dexion.biz

a word from the president

Keep Your Nose to the Grindstone

To me, the end of Q1 until the end of Q3 has always been a period to keep your nose to the grindstone and just get stuff done. The Lunar New Year would be well behind us and this would now be the time to start delivering on commitments made in planning sessions from the previous year.

By the end of Q3, you will have a good idea as to how your work year will look and by the start of Q4, many companies would be well into their budget and strategy process and some would already start thinking about Thanksgiving, Christmas and the New Year.

With all that we will have going on, we still need to keep abreast of developments in new technologies, the market and the industry. FTA's and the TPP and RCEP, Blockchain Technology, Digitisation, Drones, Truck Platooning and even Airships and their impacts on our Supply Chains are all things that we hear about every day – and need to be at least aware of.

We're looking at covering many of these topics at LogiSYM Singapore, to be held on 17th and 18th May, and also in the magazine. We hope that you will find these useful and informative enough so that it will allow you to focus and keep your eye on the prize.

We hope to see you at our largest LogiSYM ever next month and as always we welcome your feedback and comments on how we can improve the magazine further.

Thank you for your support!

Raymon Krishnan
President
The Logistics & Supply Chain Management Society

WHO GIVES YOU THE BEST STORAGE SYSTEM SOLUTION?

SSI SCHÄFER is the only company in the market that can offer a total solution in Intralogistics. Being a specialist in our field, customers get the added advantage when working with us as we can provide a customised solution that meets your future intralogistics requirement. Contact us and have a chat with our specialist to learn the best solution that suits your needs. The right solution can help you achieve:

- Space saving
- Increased efficiency
- Improved ergonomics
- Extra capacity

ssi-schaefer.com

SSI SCHÄFER

contributors

René Buck
Founder and CEO
BCI Global

René Buck is the founder and CEO of BCI Global ~ one of the world's leading footprint optimiza-tion, supply chain design and site selection companies working in a variety of industries (for ex-ample high tech, life sciences, automotive, food, industrial products, electronics, software) and assisting in locat-ing different types of operations (e.g. distribution center, production plant, cus-tomer support center, shared services center, data center).

Stephanie Krishnan
Executive Director
Rutgers Business School Asia Pacific
skrishnan@business.rutgers.edu

Stephanie is an accomplished businesswoman, entrepreneur, and corporate innovator whose career path is not constrained by traditional bounds, and allows her to bring a diverse range of experience to bear on her current position with Rutgers. Her diverse professional background complements her years in academia and in the International Business space.

Stephanie holds a Masters of International Business from the University of Wollongong where she is currently in the final stages of completing her PhD in Supply Chain & Cross Cultural International Business.

Paolo Traisci
General Manager SE Asia
BGroup Logistics

With over 20 years in the Logistics and Supply Chain industry, covering 3 continents and emerging markets, Paolo possesses an extensive experience in the international logistics business, Apparel & Fashion industry, Freight Forwarding, and E-commerce (since 2007 with projects related to Asos, Littlewoods in London and Yoox).

PUBLISHER Peter Raven
INTERNATIONAL EDITOR Joe Lombardo
DIGITAL EDITOR Myla Morales
ART DIRECTOR Fauzi Lee
LAYOUT/GRAPHIC DESIGNER Myla Morales
PRODUCTION Ambiguous Design
www.ambiguous.design

ADVERTISING

Asia Pacific/ M.East/Africa General — **Mike King & Associates**
Contact: Mike King
Email: mike@logisym.org
Tel: +61 2 8003 7208 (AU)

EMEA/USA — **Ceri Healey**
Email: ceri@logisym.org

COPYRIGHT
All material appearing in LogiSYM Magazine is copyright unless otherwise stated or it may rest with the provider of the supplied material. LogiSYM Magazine takes all care to ensure information is correct at time of printing, but the publisher accepts no responsibility or liability for the accuracy of any information contained in the text or advertisements. Views expressed are not necessarily endorsed by the publisher or editor.

LogiSYM Magazine
Level 15, Langham Place
8 Argyle Street,
Mong Kok, Hong Kong
Tel: +852 3958 2313
Fax: +852 3958 2300
Email: info@lscms.org

LogiSYM
The Magazine for Supply Chain Executives

LogiSYM SINGAPORE 2017

SUPPLY CHAIN FACT & FICTION:

Tackling Today, Preparing for Tomorrow!

17 - 18 MAY 2017 | NUSS Kent Ridge Guild House

Learn from the world's top thinkers and doers in a series of main stage talks over two days. Logisym Singapore 2017 speakers offer pragmatic, real-world insights that transcend Logistics & Supply Chain sectors.

Register Today | Early Bird Promo until April 1, 2017

CONFERENCE SPONSORS AND PARTNERS:

APL Logistics — A member of the KWE Group
DEMATIC
Sealed Air Product Care
LOGISTICS EXECUTIVE
SATO
SSI SCHAFER
TNETS
PTV GROUP — the mind of movement
RUTGERS Rutgers Business School Asia Pacific
QUINTIQ
INTTRA
JUNGHEINRICH — Machines. Ideas. Solutions.
KEYFIELDS surpassing excellence
LOGISTICS ACADEMY
S P Jain School of Global Management — DUBAI • MUMBAI • SINGAPORE • SYDNEY

JOINTLY ORGANISED BY:

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

Register now at www.logisym.org/2017

Qatar Cargo Adds Pharma Express Flights from Brussels

Qatar Cargo has launched additional pharma express flights from Basel and Brussels to the carrier's hub in Doha in response to ongoing growth in the healthcare business in the GCC.

The routes connect to other pharma express flights via Doha, linking European Union-based pharma companies with markets in Mumbai, Ahmedabad and Hyderabad as well as the wider GCC.

Basel and Brussels are both home to major pharmaceutical companies, and Switzerland's chemical exports are primarily shipped out of Basel.

The three Indian cities generate more than 30,000 tonnes of pharmaceuticals each year and are served by the A330F aircraft, offering up to 68 tonnes of capacity each way.

Qatar Cargo's Basel-to-Doha route will fly weekly on Fridays. The Brussels-to-Doha leg will fly on Wednesdays and Saturdays, starting February 15.

"Air cargo standards for handling time-and-temperature-sensitive commodities such as pharmaceuticals are becoming more stringent, especially with the stricter guidelines on temperature control requirements," says Qatar Airways' chief officer of cargo, Ulrich Ogiermann.

He added that Qatar Cargo's pharma express flights are "the only international air cargo carrier to offer dedicated pharma express flights to the world's major pharmaceutical and healthcare industry hubs."

Good Start to the Year for Air Cargo in 2017

Global air freight markets showed that demand, measured in freight tonne kilometers (FTKs), rose 6.9 percent in January 2017 compared to the year-earlier period, according to the data released by The International Air Transport Association (IATA).

While this was down from the 10 percent annual growth recorded in December 2016 it still was well above the average annual growth rate of 3 percent over the past five years.

Growth in freight capacity, measured in available freight tonne kilometers (AFTKs), slowed to 3.5 percent in January 2017.

The continued positive momentum in freight growth into 2017 coincides with a steady rise in new export orders, which reached their highest level in February (latest data available) since March 2011.

There has also been an increase in the shipment of silicon materials typically used in high-value consumer electronics shipped by air. The timing of the Lunar New Year (in January 2017) also may have contributed to higher demand in January.

"It's been a good start to the year for air cargo. Demand growth accelerated in January, bolstered by strengthening export orders. And that outpaced the capacity growth which should be positive for yields. And, longer-term, the entry into force of the Trade Facilitation Agreement (TFA) will cut red tape at the borders for faster, cheaper and easier trade. The onus is now on the industry to seize the opportunity to accelerate the modernization of processes to make air cargo an even more compelling option for shippers," said Alexandre de Juniac, IATA's director general and CEO.

The 6.9 percent annual increase in global FTKs in January marked an easing from December's double-digit pace, but it was still well ahead of the five-year average rate (3.0 percent).

As in recent months, Asia Pacific and European airlines accounted for the majority of the annual change in industry-wide FTKs, alongside solid contributions from North American and Middle Eastern carriers. African airlines also made a modest contribution to the total change, but Latin American carriers were a drag on annual growth for the 23rd time in 25 months.

ATSG Sees Revenue Increase in 2016 of 24%

Air Transport Services Group's (ATSG) revenue increased 24 per cent to US$768.9 million in 2016 and it was up 22 per cent in the final quarter of the year.

ATSG's earnings from continuing operations were US$21.1 million in 2016 while it posted a US$755,000 loss for the fourth quarter. These results include the non-cash effects of warrants issued in March 2016 to Amazon Fulfillment Services in connection with operating and lease agreements.

Fourth quarter and full-year earnings were also impacted by a US$7 million reduction in revenue and pre-tax earnings from continuing operations, due to a strike by Teamsters-represented ABX Air pilots in November.

Pre-tax earnings from continuing operations were US$34.5 million for the year and US$420 thousand for the fourth quarter of 2016.

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased seven per cent to US$211.8 million for 2016. Fourth quarter adjusted EBITDA was US$56.4 million, even with the prior year. ATSG president and chief executive officer, Joe Hete says: "In 2016, we completed a major set of long-term agreements with Amazon in support of its new dedicated air network, and by year-end began leasing 14 of the contracted 20 Boeing 767s for that network.

> "In 2016, we completed a major set of long-term agreements with Amazon in support of its new dedicated air network, and by year-end began leasing 14 of the contracted 20 Boeing 767s for that network.
>
> **Joe Hete**
> **President and CEO**
> **ATSG**

"A 15th Boeing 767 was leased to Amazon in early January 2017. Our aircraft leasing, maintenance, and logistics businesses met aggressive targets from Amazon and other customers while generating good margins.

"However, our airline operations, particularly those at ABX Air, incurred significant pilot training and premium pay related to expanded CMI operations, along with lower revenues due to a November ABX pilot work stoppage.

"Taken together, these factors reduced our second-half 2016 pre-tax earnings by approximately US$20 million. After first quarter 2017, we anticipate costs at our airlines to be normalized. That, along with minimal non-cash pension expense in 2017, is projected to result in a profitable year for our ACMI Services segment."

Last year, ATSG penned an agreement with Amazon Fulfillment Services, an affiliate of Amazon.com – to operate an air cargo network to serve Amazon customers in the US. The aircraft lessor lease 20 ATSG-owned Boeing 767 Freighter's to Amazon.

ATSG is the holding company for cargo airlines ABX Air and Air Transport International and maintenance, repair and overhaul firm Airborne Maintenance & Engineering Services, while it has other subsidiaries.

ICAO Council Adopts New Aircraft CO2 Emissions Standard

The 36-State International Civil Aviation Organization (ICAO) Council has adopted a new aircraft CO2 emissions standard – which it says will reduce the impact of aviation greenhouse gas emissions on the global climate.

Contained in a new volume III to annex 16 of the Chicago Convention (Environmental Protection), the aircraft CO2 emissions measure represents the world's first global design certification standard governing CO2 emissions for any industry sector. The standard will apply to new aircraft type designs from 2020, and to aircraft type designs already in-production as of 2023. Those in-production aircraft which by 2028 do not meet the standard will no longer be able to be produced unless their designs are sufficiently modified. ICAO Council president, Dr. Olumuyiwa Benard Aliu says: "International civil aviation has once again taken pioneering action to address the impact of aviation CO2 emissions on the global climate.

"Making air transport the first industry sector globally to adopt a CO2 emissions design certification standard. Alongside our 39th Assembly's landmark agreement last October on the new Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), this latest development confirms our sector's leadership and concrete actions toward ensuring a sustainable end environmentally responsible future for global civil aviation."

ICAO secretary general, Dr. Fang Liu adds; "This historic accomplishment places aviation in an even better position as we look forward to a greener era of air transport development.

"The dedicated work of the ICAO Secretariat, the hundreds of experts who compose ICAO's Committee on Aviation Environmental Protection (CAEP), and the state representatives on our Air Navigation Commission has been highly appreciated.

MIKE KING
& ASSOCIATES
LOGISTICS & MARITIME PROFESSIONALS
- Logistics Consultancy
- Public Relations
- Copy & Speechwriting
- Website Editing & Population
- Communications Strategy
- Media Sales & Marketing
For more information please contact:
info@mkingassociates.com
www.mkingassociates.com
MIKE KING & ASSOCIATES
LOGISTICS & MARITIME PROFESSIONALS

Trump Import Tax Would Change Global Trade

A Trump tax on Asian imports will fundamentally change global trade, Mark Geilenkirchen, Sohar Port and Freezone CEO told Bloomberg's Yousef Gamal El-Din and Shery Ahn on "Bloomberg Markets: Middle East".

"Many people are concerned about the prospects for global trade in the future, there is a lot of turbulence and uncertainty in the market," he said. "If President Trump imposes import taxes on certain Asian goods, particularly those from China, South Korea and Vietnam, it will completely change world trade and will also change the positioning of ports and free zones around the world."

However, he added that despite this, SOHAR Port's prospects for growth remained strong, because of its focus on diversity of trade. "We are very positive about growth, we've had several consecutive years of growth and we're now adding the SOHAR Food Zone and an Innovation Cluster that will be self-sustainable and will attract new businesses to the freezone."

Asked whether these initiatives were in response to the anti-trade rhetoric from the Trump Administration, Geilenkirchen said it was part of a long-running strategy by SOHAR to limit its exposure to global shocks.

"This focus on growth and diversity is not a response to the current geopolitical climate but rather a pragmatic approach by SOHAR Port to the future," he said. "Every country in the GCC has made diversification a priority, you can't just trade in one commodity or one industry. We need to make sure we have different clusters and that we're attracting a wide variety of companies in those clusters."

Geilenkirchen added that SOHAR anticipated growth from China's One Belt, One Road initiative, which aims to increase connectivity between China and other Asian and European countries, with the Middle East as a primary thoroughfare for trade.

"The one belt one road initiative is a fantastic project that China is spending around US$1 trillion on, and if you look at the maritime maps, they all have an interconnection in the Middle East, and in Oman they always have SOHAR as a major port of call," he says. "We do see the port playing a significant role in the one belt one road initiative also because of the fact that Oman is a very stable country with friendly relations globally."

One Third of Boxship Fleet Worth No More Than Scrap Value

Almost one third of the world's containership fleet capacity is worth no more than scrap value, according to figures from VesselsValue. "There are 2,028 container vessels currently at or below their demolition value, compared to 3,242 vessels which have a market value higher than their demo value," VesselsValue said.

"In capacity terms, 7.3m teu is at scrap value compared with 16.2m teu above. This represents 31.5% of the global container fleet." Broken down by size, the figures reveal a grim picture for some classes of vessel, particularly in the beleaguered classic panamax market.

More than 85% of the panamax fleet capacity was at scrap value, VesselsValue said, with 2.9m teu of the fleet's 3.3m teu worth no more that scrap prices. In the post-panamax fleet, 3.3m teu of the 8.9m teu, representing 36.7% of the fleet, is valued at scrap prices. For non-operating owners of boxship tonnage, the valuations make grim reading and may require writedowns on their balance sheets and the risk of breaching loan covenants.

According to VesselsValue, the entire panamax fleet owned by Rickmers Maritime Trust is valued at no more than scrap. Its 15 ships, with an average age of just nine years, are worth only $83.3m — the same figure they would reach if sold for scrap.

What do planning silos have in common with trade liberalization?

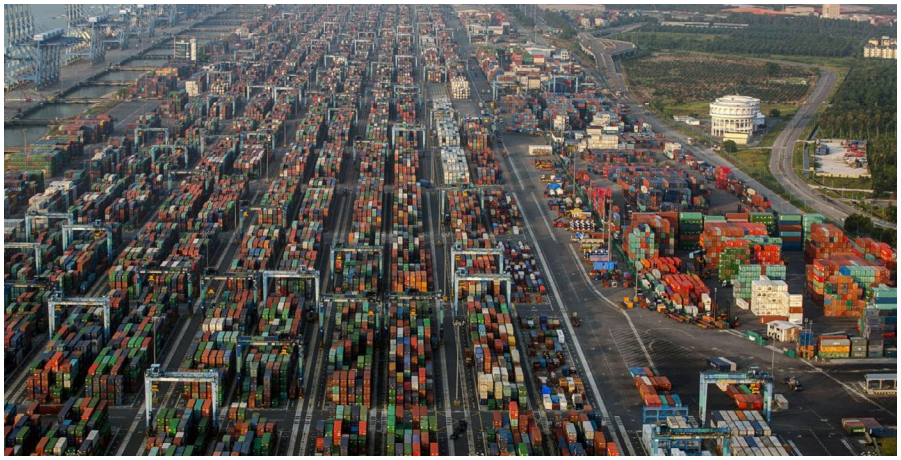
They're good ideas in theory, but reality is much more complicated. If you're not careful, low operational visibility within your organization can hurt productivity and profitability. With the Quintiq integrated planning platform, you'll gain increased profitability, efficiency and full visibility. Liberalization removes barriers to trade — we remove barriers within your organization.

Find out more at: **link.quintiq.com/visibility**

QUINTIQ
A Dassault Systèmes company

E: info@quintiq.com | **I:** quintiq.com

Singapore the 'Big Winner' from Container Alliance Reshuffle: Alphaliner



With both The Alliance and the Ocean Alliance kicking off on 1 April, along with Hyundai Merchant Marine and Hamburg Sud cooperating with 2M the Asia – Europe trade is set for a major shake-up.

The "big winner" will be Singapore, with Rotterdam remaining the key port in Europe, while in Asia both Port Klang and Hong Kong will lose out.

Following the start of the new alliance Singapore is set to attract 34 weekly calls on Asia – Europe compared to 29 previously. This increase goes as the expense of Port Klang. This shift from Singapore to Port Klang is mostly the consequence of the purchase of Singapore-based APL by CMA CGM," Alphaliner said in its weekly newsletter.

Following its acquisition of APL the French line has invested in a joint venture terminal CMA CGM-PSA Lion Terminal at PSA in Singapore boosting its, and with it the Ocean Alliance, presence in the city state. The big loser in this CMA CGM's longstanding Southeast Asian hub Port Klang in neighbouring Malaysia with weekly calls on Asia – Europe reduced from 11 to just five.

Meanwhile THE Alliance will only hub in Singapore for Southeast Asia.

The Port of Tanjung Pelepas will remain the key regional hub for 2M with it adding a 12th weekly call, while the Ocean Alliance will also call the Malaysian port four times a week.

Hong Kong is also set to loss out with only seven weekly calls of North European loops and three weekly calls of Mediterranean loops, replacing ten and five calls respectively.

On the European side Rotterdam will remain the most important port and while losing two weekly Asia – Europe calls due to the alliance reshuffle, however, it will also gain two calls from 2M.

Hanjin Shipping Delists

South Korea's former shipping giant Hanjin Shipping is scheduled to be delisted from the local bourse on March 7, Yonhap News Agency said citing industry sources.

After entering the market in late December 2009, the company reached a record high of KRW 38,694 per share in January 2011. Although its net profit in 2010 stood at KRW 289 billion, Hanjin Shipping plunged to a net loss of KRW 824 billion a year later, mainly driven by an increased competition in the shipbuilding sector and a depression in the global shipping industry.

The shipping company's 40-year business officially ended on February 17 when the Seoul Central District Court declared Hanjin Shipping bankrupt, some six months after it filed for court receivership.

A bankruptcy trustee has been appointed to lead the sale of Hanjin's remaining assets to pay off debts, with creditors required to file their claims by May 1. However, the rate of debt recovery for unsecured creditors is expected to be close to zero as most of the company's unencumbered assets are being sold at very low prices, according to Alphaliner.

As at September 30, 2016, the shipping firm's total liabilities stood at KRW 6.69 trillion, including borrowings of KRW 4.56 trillion and trade payables of KRW 2.02 trillion.

Maersk Line and IBM in Blockchain Partnership to Streamline Container Shipping

The collaboration with IBM is the latest effort by the world's largest container line to digitize the container shipping process. Using a block chain solution based on the Hyperledger Fabric solution built by IBM and Maersk the line aims to enhance the transparency and security of sharing of information among partners in the supply chain.
"When adopted at scale, the solution has the potential to save the industry billions of dollars," the two companies said in a statement.

Blockchains are an open distributed ledger where each block is linked to the last that was initially utilised in the digital currency BitCoin and is now being seen as way to secure a large number of digital processes.

The solution between Maersk and IBM is aimed at reducing fraud and errors, the time products spend in the transit and shipping process, improve inventory management, which as result will bring down waste and cost.
Illustrating the complexities of the current process Maersk said a shipment of refrigerated goods from East Africa to Europe can go through nearly 30 people and organisations and more than 200 interactions and communications between them.

"The projects we are doing with IBM aim at exploring a disruptive technology such as blockchain to solve real customer problems and create new innovative business models for the entire industry," said Ibrahim Gokcen, chief digital officer, Maersk.
"We expect the solutions we are working on will not only reduce the cost of goods for consumers, but also make global trade more accessible to a much larger number of players from both emerging and developed countries." Bridget van Kralingen, senior vice president, Industry Platforms, IBM: "We believe that this new supply chain solution will be a transformative technology with the potential to completely disrupt and change the way global trade is done."
Shipping has struggled to digitize the complex paperwork processes associated with the global movements of goods with regulations demanding hard copies of documentation.

An industry standard API for the centralized sharing of data and shipping information via the cloud was originally conceived by Frank Heijmann, head of trade relations, Customs Administration of the Netherlands, and David Hesketh, head of customs research and development, HM Revenue and Customs.

Drewry: Southern Africa Imports from Asia on Recovery Path

Ailing South Africa imports from Asia could see a small recovery in 2017, as improving demand and capacity management helps to lift southbound spot rates to a 26-month peak, according to shipping consultancy Drewry.

Containerized imports from Asia to Southern Africa slumped by 7.8% in 2016 to their lowest volume since 2012. Figures from the Container Trade Statistics (CTS) show that 2016's annual sum of 731,000 TEU was the weakest annual return in four years and was about 9% off the peak of 807,000 TEU recorded in 2013, Drewry said.

The trade has experienced five straight quarters with year-on-year (YOY) declines although the rate of erosion did slow up in the final three months of 2016, when container imports dropped by 2.4% YOY, versus declines of 7% in the first quarter, 9% in the second and 12% in the third. With weaker comparisons to look forward to in 2017, the trade should find it easier to register growth once more, the shipping consultancy predicted.

There are other, non-statistical, grounds for optimism. The improved economy in South Africa and the strengthened rand are expected to encourage further imports into

the region. There are currently 10 weekly services connecting Asia with Southern Africa, although three of those do not serve the southbound market, the shipping consultancy said.

Carriers have started adding Southern Africa wayport calls to services linking Asia with West Africa. Such a move last year by French shipping company CMA CGM and Danish carrier Maersk on their joint Asia-West Africa FEW6 loop introduced ships as large as 9,200 TEU to Cape Town.

"We expect this trend will persist as carriers prefer to turn services into multi-trade operations rather than starting dedicated loops because of increased vessel sizes, cascading pressure and the desire to attain greater economies of scale," Drewry pointed out.

On a monthly basis, carriers in the trade have worked to prevent additional southbound slots with the average for 2016 marginally below that of 2015. There were eight missed voyages across the seven southbound services in February, which meant that the available slots were only 2.5% higher than in the same month last year.

March 2017 schedules indicate that capacity will not be altered much from February, but because March 2016 saw a significant injection of slots the annual comparison this month will be an estimated -8%, the consultancy explained.

A combination of improving demand through the second half of 2016 and generally reduced capacity has helped southbound ship utilization rise from a low of 63% in February 2016 to nearly 90% in October. While load-factors have since dropped off to the mid-70% range, the better market conditions have allowed carriers to raise spot rates.

Representative Shanghai to Durban spot rates as published by Drewry's Container Freight Rate Insight have gone from a series-low (started end-2009) of USD 840/40ft in June 2016 to reach a 26-month high of USD 2,250/40ft in January 2017.

LogiSYM MALAYSIA 2017

REGISTER TODAY

www.logisym.com

SUPPLY CHAIN FACT & FICTION:

Tackling Today, Preparing for Tomorrow!

OCTOBER 2017

Kuala Lumpur, Malaysia

FOR MORE INFOMATION:
Please contact Andi Blackwood at andi@logisym.org

DHL Supply Chain Names Gillet of Newly Formed Singapore Cluster

Photo: Jerome Gillet, CEO, Singapore cluster, DHL Supply Chain

DHL Supply Chain has named Jerome Gillet as CEO of the new Singapore cluster which includes Singapore, Malaysia , and the Philippines . In this role, Jerome will continue to report to Terry Ryan, CEO, DHL Supply Chain Asia Pacific, while remaining as a member of the regional board. The appointment will bring synergy for the three markets and drive new growth for the region. The DHL Supply Chain businesses locally continue to be led by the respective country heads – Jason Goh, managing director, DHL Supply Chain Singapore; Mike Davies, managing director, DHL Supply Chain Malaysia; and Suzie Mitchell, managing director, DHL Supply Chain Philippines — who now report to Jerome.

"We see tremendous opportunity in Singapore, Malaysia and the Philippines to grow our business with even more focus on greater service quality in the markets. Jerome has repeatedly demonstrated his commitment to customer needs, and, in a changing economic climate, he is well placed to help customers deliver greater value from their supply chains," said Terry Ryan , CEO, DHL Supply Chain Asia Pacific. "An innovator and strategic leader, Jerome is well suited to lead the next stage of growth transformation in our Singapore cluster. With his track record of delivering accelerated growth and building strong customer relationships, I am confident he will drive this new cluster in achieving high and sustainable growth."

"I am looking forward to accelerating growth in the newly formed cluster with a strong focus on Quality, Innovation and Customer centricity," said Jerome Gillet , CEO, Singapore cluster, DHL Supply Chain.

Global Logistics Executives Pick India as Leading Investment Spot

Logistics executives pick India is their top investment destination and say the health of China's economy is likely to set the tone for emerging markets overall in 2017 in a new supply chain industry survey.

The 2017 Agility Emerging Markets Logistics Index, an annual survey of more than 800 logistics professionals has identified India as the top investment destination in newly released report. The Index provides an annual snapshot of industry sentiment and a ranking of the world's 50 leading emerging markets by size, business conditions, infrastructure and transport connections.

China, the world's second-largest economy, again topped the 50-country ranking. India climbed past the United Arab Emirates (UAE) to the second spot, its highest-ever Index ranking. Malaysia at fourth and Indonesia at sixth were unchanged from a year ago.

In the survey, industry executives identified India as the emerging market with the most potential as a logistics market and as the place their companies are most likely to invest

> "India's economy has grown faster than any in the world over the past two years
>
> **Chris Price**
> **Asia-Pacific CEO**
> **Agility Global Integrated Logistics**

in the next five years. 23 percent of survey respondents said passage of a key tax reform made their companies more likely to invest in India.

"India's economy has grown faster than any in the world over the past two years," said Chris Price, Asia-Pacific CEO of Agility Global Integrated Logistics. He added, "Tax and economic reforms have added to enthusiasm about India, although that optimism has been tempered somewhat in the short-term by the government's surprise decision to remove large bank notes from circulation and encourage broader use of cashless forms of payment."

76 percent of survey respondents said China's economy is slowing, but only 17 percent said the slowdown is significantly hindering the transport and logistics sector. Nearly 66 percent said a slowing Chinese economy will not alter their business or expansion plans in China.

Price said, "Vietnam, India and other countries have lured away some production with cheaper wages and incentives," He continued, "But the e-commerce revolution in China is driving huge inbound freight volumes and reflects a healthy shift toward growth that's balanced between exports and domestic demand."

"Emerging markets continue to deliver the highest growth rates in the world, but as links in the global supply chain, countries can be extremely hard to evaluate," said Essa Al-Saleh, CEO of Agility Global Integrated Logistics. "The Index and the survey are useful when it comes to identifying the relative strengths and weaknesses of individual markets."

Yusen Logistics Acquires European Automotive Logistics Provider Transfreight

Third-party provider Yusen Logistics (Europe) BV has purchased Transfreight Automotive Logistics Europe for an undisclosed sum in an effort to expand its vehicle transport support and operations offerings.

Faced with increasing demand for its high quality solutions in the sector, this acquisition of Transfreight provides a superb platform for continued growth for Yusen Logistics.

The Transfreight business dovetails well with Yusen Logistics' award-winning pan European automotive offering. Both companies offer industry leading expertise in cross-docking, transportation and manufacturing plant logistical support and operations, but with complementary regional scope.

Ian Veitch, CRO Yusen Logistics Europe, commented: "This business offers an excellent fit for Yusen Logistics, with shared customers and service offer, but with a regional focus which complements Yusen's infrastructure."

"Customers from both our companies will benefit from the combined organisation's industry expertise and broad based supply chain solutions, as well as new team members."

This expanded infrastructure will enhance Yusen's existing automotive network capability by adding key network consolidation points in Western Europe, as well as multi-modal possibilities running between Northern and Southern Europe. In particular, the acquisition boosts Yusen Logistics' footprint and skill base in Northern France, an area where many automotive tier one suppliers and OEMs are located.

Yusen Logistics' award winning automotive network extends from Poland to Portugal; Ukraine to UK, and currently handles in excess of 6 million cubic metres or 1.3 million tons of materials per annum on behalf of leading OEMS and tiered suppliers in Europe.

Panalpina Deploys new WMS in Half of its Warehouses

Panalpina plans to use a single warehouse management system (WMS) across its entire network of logistics facilities around the world, with half already using the new system.

The new WMS, known as JDA, has been rolled out across 50 of its logistics facilities around the world, representing about half of its warehouses globally.

The 50th site, in Lyon, France, went live with the JDA WMS two weeks ago, with two Panalpina facilities in the US and Belgium adopting the new system just days before.

The global freight forwarder says that Singapore is next in line as the company moves towards full implementation. "The speed at which we can implement JDA WMS at an existing or new site, combined with the increasing interconnection of those sites and the powerful functionalities of the system, allow us to efficiently grow our business," said Mike Wilson, global head of logistics and manufacturing at Panalpina.

Three years ago, Panalpina announced plans to deploy a single WMS across all of its logistics facilities throughout the world.

JDA uses "scan-and-validate check points" throughout the warehousing process. Panalpina uses the system to track and compare the performance of its warehousing operations around the world, and uses the findings to set benchmarks for inventory accuracy.

This model is useful to warehouses handling products that have short life cycles. The system is popular, for example, with fast-fashion customers.

The management system's reporting and analytics module can be integrated into Panalpina's data analytics services for inventory and demand forecasting.

The forwarders explained that "Panalpina uses customer data extracted from JDA WMS to map inventories across product life cycles."

"Using proprietary algorithms, Panalpina calculates inventory movements to estimate minimum and maximum inventory holding, where to position inventory and what services to offer. That keeps products moving and minimizes working capital requirements in supply chains," it adds.

YBA Kanoo's KRT Courier Division Acquired by Fetchr

Photo: Mr. Fahad Fawzi Kanoo representative Yusuf Bin Ahmed Kanoo Group, and Mr. Idris al-Rifai, co-founder of Fetchr

Yusuf Bin Ahmed Kanoo Group ("YBA Kanoo"), one of the largest family-owned multinational businesses in the Middle East has announced today that its courier service, KRT have been acquired by Fetchr ("the Company") in a move to enter a new partnership that will elevate the service levels for its customers with cutting edge technological solutions.

Fetchr, the UAE-headquartered technology start-up, has revolutionized the delivery and logistics industry in the region by tackling the common difficulties of having "no actual address" in emerging markets. Fetchr's proprietary technology offers an intuitive solution to parcel pickup and drop-off in a region where address systems can be difficult to navigate. It uses a patented technology to schedule pickup and delivery using mobile phone GPS coordinates. The app enables peer-to-peer transactions while also facilitating business needs.

YBA Kanoo Group CEO, Dr Patrick Chenel remarked, "It is time to service KRT's clients' needs with a highly-digitalized offering. Fetchr is a very successful technology driven e-commerce facilitator that will provide our partnership with an enhanced service and exceptional experience."

Commenting on the transaction, Mr Fahad Fawzi Kanoo, said that "YBA Kanoo is a significant investor in the region and we are highly selective in deploying capital through our investments arm, Kanoo Capital. In partnering with an innovative solutions provider such as Fetchr, we are confident that the Company will bring value to the marketplace and a satisfying experience for individuals and businesses".

On this association, the co-founder of Fetchr, Mr Idriss Al Rifai stated, "I am delighted to have the chance to further solidify the relationship with YBA Kanoo. We are very happy to be associated with such a Group that has deep roots and reach across the region. We have a solid vision that will bring us to work together to solve customers' needs that have not been supported by traditional logistics companies."

STEi Institute

6 months Industrial Attachment required for Logistics and Supply Chain students. These students have completed 6 months of academic studies in STEi Institute in:

Diploma

- Business Communication
- Entrepreneurship & the Environment
- Marketing Management
- Intergrated Business Logistics — International Transport
- Managerial Economics & Information
- Operations Management for Logistics

OR

Advanced Diploma

- Supply Chain Management
- Transport Management
- Purchasing & Materials Management
- Warehousing & Distribution
- Strategic Management

Please contact **admin@stei.edu.sg** for enquiries and arrange for interviews with students.
STEi is a member of LSCMS. It is registered with the Council for Private Education (CPE) and is accredited with 4-year EDUTRUST Certification

Volkswagen CEO: More Car Companies Will Merge

General Motors dumped its European business earlier this month - selling its Opel and Vauxhall brands to France's PSA Group, which makes Peugeot and Citroen cars.

Volkswagen, the world's biggest carmaker, says that won't be the last deal in the sector.

"This is not going to be the last merger worldwide, and it's not going to be happening just in Europe by the way," Volkswagen CEO Matthias Mueller told CNN's Eleni Giokos in an interview. "There will be a consolidation of the automotive market internationally."

"We're... following developments and on that basis we're going to take a decision going forward," he added.

Mueller confirmed reports that Volkswagen is talking with India's Tata Motors about building a new range of cars for emerging markets.

He declined to comment on the timetable but expressed confidence that a deal could be reached.

"We are in very good talks with our colleagues from Tata... and I think in the future there could be a joint project at the end of it," he said at the Geneva auto show.

Mueller took charge of Volkswagen after his predecessor Martin Winterkorn resigned in the wake of the diesel emissions scandal. Since then, the German company has overhauled its strategy with an emphasis on electric cars and autonomous driving.

Volkswagen's biggest factory outside Germany is in Mexico, where it is ramping up production of its Tiguan SUV despite threats by President Trump to renegotiate the North American Free Trade Agreement (NAFTA).

Mueller said he was "worried" about protectionist rhetoric but added he believed "these things will be discussed in a very rational type way."

"We have always based our activities on NAFTA and we hope that will be possible with the new administration also," he said.

IMF: Post-GST, India Can Grow Above 8%

According to IMF, while Indian government's demonetization drive initiated in November is likely to bring down country's GDP growth number in the current fiscal and may have some bearing in the next financial year, its mid-run prospects continue to be promising. The agency which had issued a GDP growth forecast in January projecting 6.6 percent GDP growth in FY 17 and 7.2 percent in FY 18 due to consumption slump, last week maintained that sustained efforts on reforms particularly in adoption of goods and services tax (GST) will put India's GDP growth trajectory in a more robust over 8 percent range in the medium run.

"Action is needed to quickly restore cash in circulation and avoid payment disruptions. Looking beyond this immediate challenge, policies should aim to reduce banking and corporate vulnerabilities, durably lower sticky inflation expectations, continue fiscal consolidation, and maintain the strong reform effort," the IMF executive board said.

> "Looking beyond this immediate challenge, policies should aim to reduce banking and corporate vulnerabilities, durably lower sticky inflation expectations, continue fiscal consolidation, and maintain the strong reform effort
>
> **IMF Executive Board**

JinkoSolar to Build Solar Plant in Abu Dhabi

JinkoSolar Holdings Co Ltd, the world's largest solar panel producer by shipments, will join force with Japan's Marubeni Corporation and the Abu Dhabi Water and Electricity Company (ADWEC) to develop one of the world's largest photovoltaic power plants in Abu Dhabi.

The Sweihan project, a 1,177MW (DC) PV power plant in Abu Dhabi, United Arab Emirates, will not only be vast in size, but will also see its power price being one of the lowest ever achieved by a utility scale project globally under a 25-year power purchase agreement, the company said.

JinkoSolar chairman Li Xiande, said: "We are excited to be a part of the significant milestone project to co-develop with ADWEC and Marubeni."

He said: "The execution of the power purchase agreement demonstrates our strong technical skills, reliable high-efficiency products and development capabilities, and we are proud of making a significant contribution to the development of the solar industry in the Emirate of Abu Dhabi."

A special-purpose company jointly owned by the three companies, with JinkoSolar accounting for 20 percent, Marubeni 20 percent, and Abu Dhabi Water and Electricity Authority (ADWEA) 60 percent, are responsible for the construction, operation and maintenance of the PV plant located in the eastern region of Abu Dhabi.

The power generated will be sold to ADWEC for 25 years under the power purchase agreement. ADWEC is a wholly owned subsidiary of government entity ADWEA.

Joseph Jacobelli, a senior analyst with Asia utilities and infrastructure research at Bloomberg Intelligence, said: "A generation capacity of 1,177 MW is a huge project, and a 25-year power purchasing agreement should provide a stable stream of cash flow."

Jacobelli said the JinkoSolar consortium investment does not indicate a changing trend for Chinese companies' when it comes to investments abroad in terms of either a preferred energy source or a preferred country.

He said: "Many Chinese private and state-owned-enterprises look for investment opportunities in all forms of energy and look for projects globally. On the renewable energy front, Beijing-based China Longyuan Power has invested in wind facilities in Canada and is constructing another wind project in South Africa for example. Shanghai-based SPI Energy invested in solar projects in Japan and elsewhere, as another example."

Abdulla Ali Musleh Al Ahbabi, Chairman of ADWEA, said:" Today's important milestone is a highly significant event for both Abu Dhabi and also for the global Solar PV market."

Canadian Pension Fund Keen To Invest in Indian Logistics Sector

Ivanhoe Cambridge, the real estate arm of Canada's second largest pension fund Caisse de depot et placement du Quebec, is looking for investment opportunities in Indian logistics sector. The company recently committed investments to the tune of $250 million in residential projects in India, its first investment announcement in the country after six years.

According to a news agency report, President Daniel Fournier confirmed in a meeting in Montreal last week that Indian logistics business is on the radar of the company as a promising vertical where Ivanhoe Cambridge can take a position soon. We're starting with multi-residential opportunities, so let's see where it takes us. "Logistics … could be the next one."

India's real estate logistics sector comprising distribution centres, industrial and logistics parks, etc. are believed to be growing fast with the support of fast growing sectors like e-commerce, automotive, pharmaceuticals, etc.

Logistics Executive Group and PAS Aviation Logistics Announce Partnership Expanding Services

Logistics Executive Group and UAE based PAS Aviation Logistics have announced partnership that will enhance the business advisory services presently offered by both organisations across the Middle East, Africa, Europe and Asia markets.

In signing the long-term partnership agreement, PAS Aviation Logistics, Managing Director Mr Peter Scholten (formerly the CEO of Fast Logistics Group and VP Commercial of Saudia Cargo) commented that "this partnership will enable the parties to more effectively deliver specialist aviation and logistics advisory services and business support to customers, drawing on a rich base of experience leveraged across the global reach of Logistics Executive Group offices".

"Since expanding our Corporate Advisory Service across all business units in the Group, we have seen a sharp increase in demand for specialist expertise and results driven consulting and advisory services. This is particularly the case in mergers and acquisitions as the industry experiences further consolidation, change management, business transformation, property development and in companies looking to explore growth opportunities in emerging markets like the GCC and Africa" said Mr Darryl Judd, Chief Operating Officer for Logistics Executive Group.

"The partnership with PAS Aviation Logistics will enable our clients to draw on even deeper industry knowledge, wider networks and it increases the resources available to our respective markets".

Logistics Executive Group CEO, Mr Kim Winter added that "our Talent Management and Logistics Academy training business units are all seeing an increase in demand for experienced talent, interim and project management resources to handle change programs and lend expertise to organisations looking to grow. The PAS Aviation Logistics relationship will strengthen this and bringing additional knowledge in air cargo, freight, logistics, aviation and executive management".

"PAS Aviation Logistics and Logistics Executive Group are already cooperating together on several large-scale acquisition projects in Europe, Asia and the UAE, along with working on some warehousing build-to-suit projects and exploring logistics property sale-leaseback programs for a number of customers in the Middle East" said Mr Scholten.

Further to the consulting partnership, it is expected that Logistics Executive Group will shortly announce an expansion to the range of the training programs offered through its Logistics Academy brand to include technical aviation and air cargo training, logistics sales management courses and enhanced leadership development programs as well as a tie up with a leading industry body in the Middle East. The relationship with PAS Aviation Logistics will enable an injection specialist knowledge into these programs for key sectors.

Logistics Executive Group already has a strong partnership with the Logistics Supply Chain Management Society in Asia with its joint venture in the LogiSYM Supply Chain Magazine and Conferences, ALA Logistics Diplomas and CLP qualification.

"PAS Aviation Logistics and Logistics Executive Group are already cooperating together on several large-scale acquisition projects in Europe, Asia and the UAE, along with working on some warehousing build-to-suit projects and exploring logistics property sale-leaseback programs for a number of customers in the Middle East

Peter Scholten
Managing Director
PAS Aviation Logistics

LOGISTICS EXECUTIVE

www.logisticsexecutive.com

Corporate Advisory

Complexity-to-Opportunity. Partnering to Evolve Your Business – Globally.

Complexity and change is a constant in today's environment. Smart, agile companies must navigate the changes, while sustaining growth and improving operational effectiveness. Logistics Executive Group Corporate Advisory and Consulting Group is a leading boutique provider of performance and outcome driven consulting services across Business Performance, Supply Chain and Operations and Human Capital.

We deliver a globally, consistent set of multidisciplinary services, based on a collaborative approach. This is grounded in deep, industry-specific experience and a commitment to delivering measurable, sustainable results that can help you adapt and succeed, even in uncertain, changing environments. Our industry focus helps ensures our experienced practice leaders develop a rich understanding of clients' businesses and the insight, skills and resources required to address industry-specific issues and create opportunities.

Our services

- Business Performance Consulting
- Supply Chain Consulting
- Human Capital Consulting
- Organisation & Executive Coaching
- Astrum Lighting Innovation
- Jafza Representatives
- Practice Consultants
- Mergers, Acquisitions & Merger Integration Strategy

About us

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

Today, we are a single source for leadership development, talent & recruitment services and business consulting to empower businesses and leaders to reach their goals. We offer a full suite of solutions designed and executed to best position our clients to enhance growth and overall performance.

DHL E-Commerce Taps into Thailand's Booming Market

Photo: (left to right) DHL eCommerce Asia Pacific CEO, Malcolm Monteiro; DHL eCommerce Thailand MD, Kiattichai Pitpreecha; and DHL eCommerce CEO, Charles Brewer

DHL eCommerce will expand its service offering in Thailand with enhanced nationwide coverage, next day delivery in remote areas, and extending pick-up service to small e-commerce merchants to meet Thailand's growing customer and e-commerce demands.

"The e-commerce market in Thailand is currently second largest in Southeast Asia and expected to grow 22 percent annually till 2020," says Kiattichai Pitpreecha, managing director of DHL eCommerce Thailand.

"Along with this remarkable growth, there are increasing demands for cost-effective and high quality logistics solutions to meet rising consumer needs. As such, we are investing now to ensure we are the provider of choice for Thai consumers."

DHL eCommerce which launched in Thailand in January 2016, offers end-to-end domestic delivery services and access for local businesses to expand globally through B2C international cross-border shipping and scalable, pay-per-use fulfilment solutions through global fulfilment network within Deutsche Post DHL Group.

The company says it's focusing on its delivery network at present to offer a first-class service in the country.

"We are strengthening our delivery network across the country in order to offer second-to-none nationwide service across Thailand. This will enable merchants to reach out to the growing base of e-commerce consumers outside Bangkok in major provinces and rural areas with superior service quality."

"We have also extended our pick-up service to include small and large merchants. For the 2.7 million SMEs in Thailand, this means greater convenience and a quicker process to deliver to their consumers – with less time spent travelling and waiting in queues to drop off their goods, they can spend more time focusing on growing their business," adds Pitpreecha.

Over the past year, DHL eCommerce Thailand has invested significantly in people, service, facilities, vehicles and coverage. The company says its 3,222 square meter central e-commerce hub in Bangkok and its domestic delivery network across Thailand have the capacity to handle over 15 million shipments annually.

For merchants, DHL eCommerce offers access to cash on delivery with daily remittance as well as access to a multilingual call centre and easy IT integration of online orders to allow shippers to easily prepare orders for delivery into the DHL network.

"We are incredibly positive about the Thailand economy and we are committed to its development. The Thai government's "Digital Thailand" initiative started in 2016 has brought about a wave of opportunities for businesses across different industries to digitise their operations and services, especially for SMEs to undergo digital transformation," said Malcolm Monteiro, Chief executive of DHL eCommerce Asia Pacific.
"Thailand is ranked as one of our top priority markets in Southeast Asia, and we foresee growth to be largely driven by significant numbers of SMEs extending their business models into online marketplaces. DHL eCommerce is committed to enabling Thai businesses as they fully leverage the huge e-commerce growth locally and internationally."

As noted in a recent DHL Express report on the e-commerce industry, the cross-border market opportunity offers growth rates (~25%) not found in most traditional retail markets.

"Cross-border B2C e-commerce is forecasted to grow to $1.3 trillion in 2020. DHL eCommerce Thailand has witnessed tremendous growth in the past year and we are enhancing our service to meet the growing consumer demands," said Charles Brewer, CEO of DHL eCommerce.

Kewill and LeanLogistics Become BluJay Solutions

Kewill and LeanLogistics have rebranded as BluJay Solutions following the completion of an integration process put in place after Kewill acquired LeanLogistics in May 2016.

In conjunction with the rebranding, the newly named company has also unveiled the BluJay Global Trade Network, which it described as a "fundamentally new model that goes beyond automation to help organisations harness the full power of the global supply chain ecosystem".

Doug Braun, chief executive of BluJay Solutions, said: "It's no longer just about multi-modal, omni-channel and booking tools – we're moving toward a new era of business where global trade shifts to the forefront, and supply chain becomes today's battleground.

"BluJay delivers the expertise, breadth of cloud-based software applications, and end-to-end collaborative visibility that organisations need to make speed a competitive weapon, and optimise their future in the global economy."

The BluJay Global Trade Network is among the largest in the world, with more than 40,000 carriers, shippers, forwarders, suppliers, and LSPs.

"Our customers' success is the standard by which we measure our own," added Braun. "The BluJay Global Trade Network exemplifies our commitment to equipping customers with the technology, services and connections they need to deliver exceptional service."

E-Mart has Ambitious Plans to Boost Exports

Korean discount chain E-Mart unveiled a plan to increase exports by 65 percent to 53 billion won ($46 million) this year, with the ultimate goal of hitting 100 billion won by 2018.

The retailer already began shipments to the Philippines in January and is preparing to start exporting to Japan, England, Thailand and Taiwan between late March and April. This will increase the number of export countries to 15 by this year's first half.

"In the second half, we're talking with companies in Uzbekistan, Russia and the Netherlands," said Shim Jin-bo, a manager at E-Mart's global business team. "The goal is to reach 20 countries by the end of this year."

Last year, the retailer raised 32 billion won from exports to 10 markets including China, Hong Kong, the United States, Singapore and Australia. Its sales grew 100 times compared to 2013, when it first began exporting products to Hong Kong.

The government last year named the top Korean discount chain a "certified trading company," a title that is only granted to companies that achieve over $1 million in exports in a year. Another mandatory requirement is that among the exported products, over 30 percent has to be from other companies. E-Mart was the first discount retailer to gain the title. The company's overseas advancement is not only beneficial for E-Mart but also for its suppliers who fill the discount chain's shelves. Around 45 percent of all sales earned from exports last year were generated by products from small and midsize companies. E-Mart wants eventually to increase this to 50 percent.

The retailer is sending products to consumer markets through two ways: by establishing E-Mart branches abroad, such as in Vietnam and Mongolia, and signing partnerships with local retail companies such as China's Alibaba and NetEase. This year, E-Mart plans to pursue partnerships with local wholesalers as well.

In January, E-Mart began sending Korean-grown fresh food to Mongolia via plane. This will likely benefit Korean farmers, whose revenue mostly comes from the domestic market.

"Expanding our global sales channel is a good opportunity to generate networks and accumulate know-how in global exports through which we can introduce quality products in Korea," E-Mart CEO Lee Gap-su said.

Finding the Right Location in the APAC Region for Your New Operations

Locating new operations in the Asia Pacific region can be a challenge. Whether it is a dis-tribution center, production plant or support center, there are a lot of location factors to be taken into account. René Buck (CEO) and Sui Leng Khoo (VP APAC) of BCI Global, one of the world's leaders in footprint optimization, site selection and supply chain strategy share their experiences.

Finding the right location for new operations in APAC is critically important to your company. New operations require serious investments and have a significant influence on the operations and risk perspectives of a company. In other words, choosing the wrong location can be a very ex-pensive mistake.

METHODOLOGY

BCI Global, for 32 years around the world active in assisting companies with site selection, has developed a robust methodology for choosing a location. In the filter down process ('from a clean sheet to a specific site or office') locations are compared on three different types of location factors.

First of all, there are cost factors, i.e. all relevant location factors with a price. Think about labor costs, occupancy costs, inbound and outbound distribution costs (including import duties), utili-ties costs, etc. These costs are forecasted for the next 3 to 5 years, incorporating inflation and for example, expected salary increases.

The second type of location factors relates to the quality of the business environment in the candidate locations. Availability of the right talent, ability to speak foreign languages (English), proximity of the market, international accessibility, ease of doing business are examples of fac-tors which are important for running smooth operations, while the impact can not immediately be expressed in currencies.

The third category of location factors are risk factors. They can be at the country level (e.g. geo-political risks; financial risks like inflation and currency exchange risks; transparency risks such as corruption and bureaucracy) or at a more regional level: natural disaster risks (typhoons, earth-quakes, floods etc.) and security risks (how safe is the location for our people?).

It is clear that a software development center, a med-tech manufacturing plant and a distribution center for high tech products have completely different requirements, but all factors fit into these three categories: costs factors – quality of the business environment factors – risk factors. BCI Global has a comprehensive framework to incorporate all these factors in a so-called Cost-Quality-Risk Matrix.

FACTORS TO CONSIDER IN YOUR LOCATION CHOICE

Based on our experience with more than 1,000 projects globally, there are 9 lessons to be learnt.

1. ***Take a long term corporate view:*** Forecast the development of your markets and take a strategic view on how the location of your new center or plant fits into the long term footprint of your company.

2. ***Escape from a narrow scope:*** Choosing the right location is like your favorite sports game: everybody has an opinion on it, based on knowhow, experiences, prejudices, 'hear say', etc. Do not focus on known locations only or immediately focus on a couple of locations. Allow yourself to include not well-known or outsider locations in your decision process.

3. ***Set clear priorities in location requirements:*** A distinction can be made between need-to- have requirements (critical location factors) and nice-to-have requirements. Make clear priori-ties: for the relevant cost factors for your project the priorities are clear because the total costs will tell you the differences between locations; for quality of the business environment factors as well as risk factors weighted scoring methods can be used.

4. ***Focus on regions, not countries:*** The Asia Pacific region consists of dozens of countries, that is already a hard choice. But do not forget that the differences within for example China, Thailand, Malaysia, India, Vietnam, The Philippines are huge in terms of costs, quality of the business environment and risks.

5. ***Reach for excellence in region, site & building:*** Your final choice has to be optimal on all geographical levels. A non-accessible site in a region which meets all your requirements will not work, neither does a fantastic office building in an unsafe environment with bad telecom connections.

6. ***Plan the project's process thoroughly:*** align the internal stakeholders in a transparent step-by-step process and make an implementation plan with deadlines and deliverables.

7. ***Challenge all the information you get:*** Certainly via the worldwide web there is a lot of in-formation available about how locations score on certain location factors. A lot of that infor-mation is false, not telling the whole story and biased. One of the hardest challenges in loca-tion decisions processes is to find accurate, non-biased, up-to-date, apple-to-apple compara-tive information and that's why specialized location consultants exist.

8. ***Negotiate a better deal:*** Cities, regions and countries are looking for your new investment. So, negotiate the best deal possible with regional and local economic development agen-cies, tax authorities, site and building owners,

utilities companies (power, telecom), etc.

9 ***Find a trusted advisor:*** Location decisions are complex, as so many location factors have to be incorporated in your decisions process. Find a trusted advisor who has on the ground ex-perience all over the Asia Pacific region, robust databases, proven methodologies and a track record in locating similar types of new operations you are considering.

René Buck
Founder and CEO
BCI Global

René Buck is the founder and CEO of BCI Global ~ one of the world's leading footprint optimiza-tion, supply chain design and site selection companies working in a variety of industries (for ex-ample high tech, life sciences, automotive, food, industrial products, electronics, software) and assisting in locat-ing different types of operations (e.g. distribution center, production plant, cus-tomer support center, shared services center, data center).

LATEST REPORT:
Global E-Commerce
Logistics 2017

A World of Information at Your Fingertips

Ti

Drive the performance of your business with global and regional reports, surveys and world-class market intelligence. Logistics Executive Group with Transport Intelligence ensures you have unrivalled access to the latest business data, updated regularly and available to download with just a few clicks.

Specialist logistics sector reports including FMCG, Retail, Automotive, Healthcare, Chemical, Express, Contract Logistics, Freight Forwarding and Road Transport complete with financial data and market analysis.

www.logisticsexecutive.com/knowledge-centre

LOGISTICS EXECUTIVE

LOGISTICS EXECUTIVE

www.logisticsexecutive.com

Talent Management

People Matter. Powering Performance.

Logistics Executive is an International Specialist Executive Recruitment and Corporate Advisory firm.

Logistics Executive Group delivers Whole-of-Life Cycle Talent Management including Executive Search, Permanent Recruitment, Business Consultancy and Corporate Advisory, Employee Performance Coaching, Leadership Mentoring, Talent Mapping including Attraction, Acquisition, Training and Development, Retention and Career Transition expertise.

Our integrated business approach linking Business Performance to Talent Management coupled with our ability to leverage our rich knowledge of business dynamics across international markets, ensures we have a strong reputation as a trusted partner, providing strategic and operationally sound advice to our clients in the Supply Chain, Logistics, Manufacturing, Retail, FMCG, Transport, Freight, Aviation, Pharma-Healthcare and Resources sectors.

Our services

- Board & CEO Services
- Executive Search & Recruitment
- Interim Management
- Executive Coaching
- HR Payroll Services
- Psychometric Evaluation Services
- Behavioural and Skill Assessments
- Compensation & Benefit Reports
- Career Transition & Outplacement Services

About us

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

Today, we are a single source for leadership development, talent & recruitment services and business consulting to empower businesses and leaders to reach their goals. Offering a full suite of solutions designed and executed to position our clients from growth and overall improved performance.

Executive Search | Corporate Advisory | Logistics Academy

Melbourne | Sydney | Brisbane | Singapore | Hong Kong | Shanghai
Mumbai | Delhi | Chennai | Dubai | Ireland | London

www.LogisticsExecutive.com

What Do We Do With Expensive Low-Skilled Labour?

IMAGINE you are a lorry driver in downtown Singapore. Education was not available to you when you were 10–15 years old, and due to economic circumstances when you were younger, you had to leave school and take a job. Forty years later you are driving a lorry and carrying furniture for an export business, but that income is threatening to dry up due to the fall of business from your customers. Business used to be good, with a booming manufacturing industry, however that started disappearing twenty years ago, and continues to shrink. Now, exchange rates have outpriced Singapore furniture in the regional market and demand is dropping. Add to that the requirement for safety standards in many logistics functions, certifications you don't have, and the increasing prices of trucks and licencing which will price you out of the market when your current lorry's licence expires in six months' time. Your job is tiring but it used to offer a level of job security, however with the current financial pressures, and the talk of automation for trucks, this appears to be disappearing. Technology and economics seems to be working against you.

This is similar to stories of truck drivers in the US, and a pattern that is prevalent in a number of developed nations. The Guardian reported earlier this year that driverless trucks will take over trucking, and with this profession being a major source of employment in the US (Ford 2017), this means additional displaced workers. Another statistic quoted from the US is that the value of manufactured items produced in the US has increased by 73% since 1990, but there has been a reduction of manufacturing jobs by 30% (ibid). There is rhetoric about trade liberalisation stealing jobs, but the truth may also be related to the BBC website title - "Will a robot take your job?" A quick glance at this website can yield startling results, such as transport and distribution clerks running a 95.5% risk of being replaced by automation within the next 20 years.

Several governments are looking to training to overcome these challenges, with an increase on emphasis on online education. However, in 2015 HBR published statistics that only a minority of participants are actually completing online MOOC courses, and most (80% according to Chen et al 2015) already have a bachelor's degree. So, what are the implications of this for the future careers of those that run the risk of having their jobs automated, and for those that typically would occupy low-skilled positions but may have been priced out of the market due to the economic position of the countries they live in - like our driver friend from Singapore, or those that yearn for the manufacturing jobs of the past in the US or UK? In Singapore, there is strong funding for re-training, however questions should be asked about the positioning of this training with unskilled workers, and the role of human resources and recruiters in identifying transferable skills.

As companies seek cheaper labour in more remote locations, is it also worth considering the opening of borders to allow a more open flow of migration, with job seekers travelling more freely to pursue jobs in markets where their talents may be better valued or needed? This is something that has been debated in the formalisation of the ASEAN Economic Community (AEC), however the world is watching on immigration topics, this hits sore spots with displaced workers and their families, causing economic insecurity that gives rise to situations such as Brexit and lack of confidence in leadership in the EU.

TRANSFERABLE SKILLS

The energy sector is making inroads in to understanding the types of skills that are used in running a power plant, with acknowledgement that the management of an oil and gas facility should require knowledge that can be transferred to a wind or solar farm (Balch 2015). In supply chain management, we seem to be less progressive, with employment opportunities being limited – for example requiring an emphasis on someone having a retail or chemical background to obtain employment in a company from those industries (and it is certainly not restricted to them). However, there are transferable skills that will work in both, and if we do not look to taking calculated risks with candidates from other industries, we take the chance that we will not only stifle innovation that comes from transferring ideas and practices from one industry to another, but reduce employment opportunities and waste talent that could excel in any industry.

To take this from skilled to unskilled labour, are there opportunities we are missing out in not recognising transferable skills from, say, within a logistics organisation to a hotel, for example? It's not to say that there is nothing new to learn, however the question may need to be asked if there is any opportunity to see benefits from job mobility between industries and application of similar skills to different environments, rather than looking at rapid upskilling in a labour force that may take some time to re-learn, or to learn how to learn.

START EARLIER

Should we see more technical skills introduced earlier, with the compulsory three Rs(Reading, wRiting and aRithmetic) expanded to include a fourth R such as pRogramming? Technical competence may be a minimum requirement in the future, as what was previously an unskilled job - such as driving - may require advanced skills with computers in order to oversee trucking fleets (or even a single vehicle). Seeing schools in Queensland, Australia adopt coding and robotics as a compulsory part of the curriculum for students as young as four years old is encouraging as one way to overcome the digital divide. England, Belgium, Finland, Estonia and the Netherlands have already adopted coding as part of primary-level curriculum.

For the supply chain community, we are seeing increased emphasis on technology, automation and numeracy as part of the skills required in building and delivering effective supply chains. Having technical skills encouraged from a young age may be one option to ensure that there is sufficient labour and a reduced economic disparity due to lack of digital competence. We probably also need to consider that this is something that should not be restricted to children. As adults, are we willing to learn these skills? We see communities

online such as Ladies Learning Code, indicating a possibility that company reskilling activities in areas such as computer literacy or customer service might be a worthwhile investment to ensure we have a viable workforce for the future.

PAID TO BE ALIVE?

Alternatively, we could see a Universal Basic Income like the trial in Canada (Kassam 2016), or where citizens are issued a dividend on country assets like with the Alaska Permanent Fund. But then what would we do with our time? Would extreme localisation take over with models such as urban gardening and local sourcing (as we see with some restaurants), as hobbies drive us to alternate and more extreme emphasis on localised wealth creation and time utilisation, rather than an emphasis on trade liberalisation.

With skills development driving towards multi-competencies across more than one field and a requirement for numerical and technical literacy in the supply chain industry, addressing the redundancy of low-skill and semi-skilled jobs is not only a political concern, but one that concerns the nature of how we value our work, our selves and our identity. As hiring managers, it is time to look at transferable skills from other industries as a short-to-mid term solution for labour shortages, or consider the skills that are useful now and in the future, and develop in-company training opportunities for career switchers as well as those wanting to upgrade. It is time to go beyond the rhetoric and make some real change, and closing doors to 'foreign' ideas is not a real solution.

Stephanie Krishnan
Executive Director
Rutgers Business School Asia Pacific
skrishnan@business.rutgers.edu

Stephanie is an accomplished businesswoman, entrepreneur, and corporate innovator whose career path is not constrained by traditional bounds, and allows her to bring a diverse range of experience to bear on her current position with Rutgers. Her diverse professional background complements her years in academia and in the International Business space. Stephanie holds a Masters of International Business from the University of Wollongong where she is currently in the final stages of completing her PhD in Supply Chain & Cross Cultural International Business.

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

Advancing Supply Chain & Logistics knowledge, networks and collaboration across the global, LCSMS brings professionals and organisations together. Gain access to the latest industry knowledge, research, white papers and explore building opportunities with first-class training, conferences, events and educational programs.

EXCLUSIVE MEMBERS-ONLY BENEFITS:

- Monthly LogiSYM Magazine and Newsletter
- LogiSYM Conferences (Singapore, Malaysia, Dubai)
- CEO Knowledge Series (Singapore, Hong Kong, Dubai)
- Industry Networking Events
- Certified Logistics Professional Certification
- Certified Logistics Engineer
- Australia Logistics Academy Masterclass Programs
- Corporate Training, Degrees and Diplomas
- SCM Directory and knowledge Portals

KNOWLEDGE FOR ALL.
Building a stronger, collaborate industry of professionals.

ENROLL NOW FOR INSTANT MEMBERSHIP
(Enjoy exclusive members-only benefits)
www.lscms.org

Optimizing the Retail Omni Channel and Innovations to Provide Supply Chain Performance from a Brand Perspective

Today's consumers are constantly on the move. They are more empowered and connected than ever before, they are more demanding and do expect side services beside their product to be delivered at their preferred time and place. The modern shopper's journey involves multiple touch points, online and offline simultaneously. For such reason, the omni-channel model is the natural evolution of multi-channel, since it defines, designs and manages customer experience in a seamless way.

Most of the retailers that are selling their products, both online and offline, are now forced:

- To adopt new technological solutions (such as integrating ERP, POS and WMS),
- To review the criteria of bonus schemes and targets to be given to sales staff, avoiding internal competition among channels and build a team to increase sales opportunities in any of their personal channels.
- To review the logistics set-up and the operations processes in order to consolidate the inventory, make it visible to all the channels, optimize the fulfillment, replenishment, last-mile delivery and reverse logistics.

These changes are anything but easy to put into practice given that omni-channel implies companies to be able to undergo a wide transformation involving structure, internal processes, people, skills and capabilities.

Researches and statistical data show that omni-channel will be one of the main driver for future business growth. Those organizations that have so far mainly invested in traditional/ physical channels, are increasingly and gradually shifting their focus on the online channel to exploit the wide opportunities that omni-channel brings along.

Researches and statistical data show that omni-channel will be one of the main driver for future business growth.

The possibility to make use of different channels simultaneously represents a useful tool for companies to manage the increasing heterogeneous demand, and specifically:

1. Target segments with different specific requirements in terms of consumer experience;

2. Maximize the opportunity to collect and analyze customer data, through the use of different sources;

3. Take advantage of the economies of scale resulting from standardization of duplicate business processes across different channels.

However, there is much ongoing debate regarding whether the omni-channel strategy can boost organizations' profits and which are the barriers to its success.

According to a survey run by Ernst&Young (2015), few companies are confident about their ability to execute against it and maintain margins, while 60% of the interviewed managers stated that omni-channel does not necessarily translate into higher profits. Some other studies have raised several doubts whether the omni-channel strategy can lead to a sustainable profitability. Rather, the survey highlights a margin dilution risk especially when the Supply Chain model adopted is not compatible with the omni-channel corporate targets.

Another current point of discussion is whether the investment to enable cross-channel services can be paid back in terms of volumes and customer loyalty. Companies still seem unable to assess the actual benefits of these scenarios. At the same time, according to a research by Forrester in 2015 the online channel is not only relevant as a business opportunity itself, but it is also meant as a *traffic generator* for physical stores.

Despite the discussion about the benefits related to the adoption of an omni-channel strategy, there are two main elements driving companies to

Two main elements driving companies to enter the online channel: the growing transaction volume which takes place online and the need to meet the expectations of a more conscious consumer

enter the online channel: the growing transaction volume which takes place online and the need to meet the expectations of a more conscious consumer.

To meet the omnichannel consumer's expectations of fulfillment and multiple delivery options, companies must embed omni-channel into their strategy, adapting their logistics operations, in order to be truly agile and responsive.

The omni-channel Supply Chain is demand-oriented, flexible, highly responsive, and channel-agnostic ensuring the anytime, anywhere, from any device the promise is met. In order for organizations to be able to design and develop a cost-effective and highly performing omni-channel Supply Chain, companies must be focusing on several critical aspects.

Ensuring a seamless inventory visibility across channels should be on top of retailers' priorities. It means providing real-time information about the available inventory across the whole organization, regardless of which channels are accessed, and requires a solid fully-integrated system. The best way to get an omni-channel approach off the ground is for logistics providers to offer one replicable and standardized WMS / delivery systems able to cope with both the offline and online channel. Usually, this translates into a cloud-based solution which can be easily integrated across multiple supply chain channels and partners. Comparable to a control tower, it enables a smooth information flow and inventory visibility. Suitable both for small and large companies alike, it grants return on investment (ROI) to be proved prior to making a more substantial and widespread investment.

If an omni-channel retailer gets cross-channel inventory management wrong, its Supply Chain and thus financial performance will be strongly and negatively impacted.

Companies that succeed in gaining such visibility are ideally positioned to accurately view supply and demand for their products and optimize inventory allocations to ensure the right product reaches the right sales channel at the right time.

As today's retail industry moves at a dizzying pace, an optimized management of inventory is becoming more and more crucial for retailers to achieve. On one hand, retailers must carry sufficient inventory to minimize possible out-of-stock situations, while simultaneously ensuring that they avoid allocations in excess of demand which could harm their bottom line.
In other words, the success of a retailer lies on its ability to efficiently align supply to demand.

This is not a new phenomenon, however, such a challenge takes on new dimensions when viewed in the context of the modern well-informed consumer.

Furthermore, the way warehouses are run needs to adapt accordingly. As omni-channel warehouses serve both the offline and online channel, they have to be managed as part of a flexible fulfillment network that can easily respond to a fast-changing consumer demand.

Paolo Traisci
General Manager SE Asia
BGroup Logistics

With over 20 years in the Logistics and Supply Chain industry, covering 3 continents and emerging markets, Paolo possesses an extensive experience in the international logistics business, Apparel & Fashion industry, Freight Forwarding, and E-commerce (since 2007 with projects related to Asos, Littlewoods in London and Yoox).

He is passionate about the omni-channel retail revolution and look closely to the digital transformation in the supply chain. Wanting to take part to this transformation, adding up values to the traditional logistics and supply chain industry, he now offers his expertise to BGroup and its wonderful challenge.

EVENTS

March

SMART CONFERENCE
March 29th - 30th , 2017
International Convention Centre, Sydney, Australia
www.smartconference.com.au/

MARITIME CYBER SECURITY FOR MANAGERS
March 30th - 31st , 2017
Hong Kong
maritimecybersecuritytraining.com

April

ASIA WAREHOUSING SHOW 2017
April 27th - 29th , 2017
BITEC, Bangkok
asiawarehousingshow.com

May

LOGISYM SINGAPORE 2017
May 17th - 18th , 2017
NUSS Kent Ridge Guild House, Sinagpore
logisym.org/2017

GPCA SUPPLY CHAIN CONFERENCE
May 2nd - 4th , 2017
Abu Dhabi, UAE
www.gpcasupplychain.com

THE 4TH MENA COLD CHAIN FORUM
May 16th - 17th , 2017
Dubai, UAE
www.menacoldchain.com

SUPPLY CHAIN INNOVATION SUMMIT 2017 CHINA FOCUS
May 25th - 26th , 2017
Shanghai, China
www.scinno-cn.com

June

CAREER PLANNING & DEVELOPMENT
June 10th, 2017
Organised by CILT Hong Kong

October

LOGISYM MALAYSIA 2017
October 2017
Kuala Lumpur, Malaysia
www.logisym.com/events/logisym-malaysia-2017/

Delivering more in Asia Pacific.

Expect excellence.

The Asia Pacific region is complex.

That's why the world's leading businesses rely on Linfox as their strategic supply chain partner.

A privately owned company with more than 23,000 people in 10 countries, Linfox has 60 years' experience providing logistics services to local and international brands.

Across a wide range of industry sectors, Linfox delivers:

- **Supply chain solutions**
- **Warehouse management**
- **Transport management**
- **Industry leading IT solutions**
- **Leading safety practices.**

Visit www.linfox.com to find out more