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from the editor

.....are we ready for a new round of change management in our supply chains?

Dear Readers,

It is with some trepidation that I write my editorial for our March edition. The reason for my statement is that we are seeing some slow down in the optimism that we were expecting for 2019. The signals are clearly showing a slow down in many parts of the world.

The flow of goods is lower and economic indicators are showing a slow down in growth with a sluggish outlook for the best part of 2019.

Whilst many may think that the trade war between the US and China is a key reason, it is not necessarily so. A few years back we saw a trend of re-shoring and near shoring which undoubtedly started a significant change in the trade flows. The impact of such major moves takes years to manifest itself and when it does it causes notable economic shifts.

It is clear that we are moving into a new re-set phase of the supply chain market. Pricing is keen with tight margins and capacity readjusting to suit the demand. As always this presents new opportunities for those who have positioned themselves in anticipation of change.

This indicates a market correction for many industries. The US-China trade resolution, the Brexit finalisation, the economic slow down in the EU and the Emerging Markets slower growth than expected, are all contributors. So here we are again having to address managing change in our operational environments.

For many of us change is an evolving challenge with shorter and shorter cycles. For some this can be a daunting task, for others it has become a routine process. Nevertheless managing change requires a continuous attention to detail.

The key to successfully managing change and adaption to the new realities, is down to few basics. For organisations that are agile and resilient,

change will be less painful to adopt. However, for those organisations who have not been able to develop and deploy an agile and resilient culture, may go through a round of more pain.

In such times having clear implementable strategies are ever more crucial in our supply chains. Business continuity is always a primary goal but sustaining profitability is vital in the long term. It is also in times of change and transition, that leveraging on Partnerships and Alliances can prove to be most valuable. Creating synergies and sustaining business execution capabilities will help to buffer the impact of change management.

In this month's edition, we feature some very relevant articles that we hope will help our readers to be better prepared for change. Marie-Claire Ross 2 part article, writes about How to Survive in a low Trust Culture, Can Eksoz writes about How can an enabled Partner deliver a higher Performance and an interview with Mark Morley, talks about The Future of The Autonomous Supply Chain.

As People are the most critical assets in our supply chains, they are always a feature in our editions – without those critical people competencies, our job in managing supply chains is an even greater challenge!

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

Joe Lombardo
Editor in Chief





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a word from the president

It's been a good run but is it over?

Many doomsayers are predicting tough times ahead. I think if we buy into this line of thinking it will become a self-fulfilling prophecy.

The overall bullish performance of the US economy is simply hiding flaws that will quickly rise to the surface if there is an economic slowdown. Many of the fundamental issues that caused the global financial crisis in 2009 have not been fixed, and after having relatively strong economic growth over the last 10 years it would not be a surprise to anyone if we saw some slowdown in growth.

We then have the US-China trade wars. The speculation and mayhem this is causing in global supply chains is still unfolding. Coupled with the ineffectiveness of global institutions like the world bank, IMF and the WTO, it will be interesting to see what eventuates especially when you throw in Brexit and the fact that many economies in Asia will be holding general elections in the next 12 months.

To a Logistician, I see all these as an opportunity for us to re-look where we source, make, store and sell and I am seeing more and more companies doing just that. Opportunities abound for those with the know-how, capability and fortitude to take these bold commercial decisions.

What is a little harder to predict and leverage are the developments around Industry 4.0. We have a phalanx of companies jumping on the blockchain bandwagon claiming they are the salvation to the interoperability and visibility problem. The leaps and strides being made in AI (and what is simply called AI because it gives it a sexy twist) and also in robotics is mind boggling but very real. Digitalisation is certainly going to change things, we are just unsure exactly how.

As always, much to think and talk about, and we will be doing this and more at LogiSYM Singapore on May 14th & 15th. If you have not already booked a seat, please do so now. We had to close registrations early last year because we were oversubscribed and it looks like it may happen again this year. It's officially the 5th anniversary of the magazine and we have all sorts of things planned - including the launch of our **Top 20 Supply Chain Professional** awards. Please sign up or nominate a leader in our profession and be recognised.

Keep on truckin'

Raymon Krishnan, FALA, FCILT

President

*The Logistics & Supply Chain
Management Society*





SUPPLY CHAIN

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2019

The **Supply Chain Top 20 – 2019** is established to recognise individuals who have actively demonstrated or contributed significantly to the industry in any of the following categories:

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NOW

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Chief Corporate Catalyst
Trustologie

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Visit: <http://www.trustologie.com.au/cost-of-working-in-silos-calculator/>



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LogiSYM
The Magazine for Supply Chain Executives



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UPS Air Cargo Capacity Between Hong Kong and Europe Increased

UPS deployed larger capacity aircraft, Boeing 747-8s to service major trade routes linking Hong Kong and Europe, via its European air hub in Cologne, Germany.

The logistics giant says that the introduction of three Boeing 747-8s through August 2019 replaces existing Boeing 747-400s, and increases cargo capacity by 19 percent, on four weekly direct flights.

Given that Hong Kong is one of the major gateways for UPS in Asia Pacific through which the Atlanta-based company links the city to the rest of the world with 60 weekly flights, this expansion will bring in major benefits for the company.

"The total export market value

between Hong Kong and Europe grew by over seven percent in 2018 according to the Hong Kong Census & Statistics Department. We can help businesses of all sizes take advantage of such cross-border trade opportunities," said Lauren Zhao, managing director of UPS Hong Kong and Macau.

"Hong Kong is an attractive market for European businesses as the EU continues to engage with Asia through bilateral free trade agreements (FTA) in Japan, Singapore and Vietnam."

The company through a statement informs that it is adding 40 additional aircraft to its fleet, including 28 Boeing 747-8 aircraft, to increase its express intercontinental air capacity.

This expansion along with the company's existing offerings aim at advancing growth between Hong Kong and Europe, including a service commitment with one-day time-in-transit for delivery by 9am or 12pm to major Europe cities via UPS's European air hub in Cologne, Germany.

In 2018, UPS opened two new advanced technology package sorting and delivery hubs - outside Paris, France and in London, United Kingdom - as part of this investment, adding capacity and offering even faster services across Europe.

The Cologne air hub serves almost 300 flights per week to 56 intra-Europe and 12 intercontinental airports. Therefore, customers in APAC and other regions get access to European markets.

Record Year For Airfreight at Panalpina

Panalpina's latest annual report shows that airfreight volumes in 2018 passed the 1m tonne mark for the first time in the company's history, but there is no further update on its potential takeover or merger.

The Switzerland-headquartered freight forwarder reported SFr6bn in revenues, a 9.1% increase, earnings before interest and tax (ebit) were up 14.6% to SFr118.4m and profits improved by 31.7% to SFr75.7m. Performance was propelled by its airfreight division, which reported

record volumes of 1m tonnes – up 4% on a year earlier and in line with market growth. It said that growth was driven in specific by perishables – it has made several acquisitions in this area over recent years – automotive, consumer, retail, fashion, technology and machinery parts.

"The airfreight market was impacted by restrictions in airport slots in Europe and Asia, a worldwide shortage of pilots and ground handling capabilities, fluctuations in fuel prices, the restriction on diesel

fuel in Germany, and the ongoing uncertainty over Brexit and trade negotiations between China and the US," the company said in its report. Revenues at the segment were up 10.1% to SFr3.2bn, but ebit dropped 1.8% to SFr108m.

Panalpina said the airfreight market started the year off strongly but weakened in the following months and it struggled to pass on costs, with carrier rates up by between 15%-20%. Chief executive Stefan Karlen said: "Panalpina performed strongly overall

in 2018, which was another year with a very dynamic market environment. "Airfreight growth rates were strongest in the first quarter of the year, but markets slowed down in the following quarters.

"The softer than expected peak season meant that we could not pass on the higher procurement costs to our customers.

"For the first time in our history, we broke through the 1m ton barrier, further strengthening our position as one of the world's top airfreight providers.

"In ocean freight, we improved ebit with every quarter, and even though a small loss still resulted for the full year, we achieved the turnaround. Logistics delivered an excellent ebit result. In all,

our service quality was well-received by customers and we successfully executed on our strategy."

Over the coming year, the forwarder expects airfreight volumes to progress in line with the market at around 3%. Perishables and aerospace volumes are expected to lead the improvements. The company also continues to invest in its digital products and recently announced the launch of a new customer portal.

Karlen said: "We have put in place a scalable operational platform and organisation, and are now eager to push for accelerated, substantial organic and external growth. In 2019, we will even further increase our customer focus. The highlight will be the launch of the new portal that fully digitalises our customer offerings in a

modern, engaging manner.

"In the long term, this portal will enable our customers to manage their supply chain needs proactively in a self-service mode and facilitate an automated and fully integrated customer journey with personalized supply chain tools."

The company did not provide any further updates on the offer from DSV to purchase the shares of the company or talks over a potential tie up with Agility.

Panalpina only confirmed that it was reviewing the DSV offer and that talks with Agility were at an early stage. It also confirmed that a review of shareholder voting rights, which has sparked a shareholder dispute, would be undertaken.

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Fresh Produce Industry in Australia Prepares For Export Security Changes

The Australian fresh produce sector is making necessary steps for changes to air cargo export regulations. From 1 March 2019 all international export air cargo from Australia must be inspected at piece-level by a Regulated Air Cargo Agent (RACA), or come from a Known Consignor, and use technology like x-ray, or be physically examined.

The Department of Home Affairs says the changes are necessary to reinforce security. "The Australian Government's first priority is to keep Australians safe and secure," said a spokesperson from the Department of Home Affairs. "Aviation is an enduring and attractive target for terrorists. The Department has a strong and comprehensive aviation security framework that is continually revised to ensure that we remain ahead of the evolving threat."

The Australian Horticultural Exporters and Importers Association (AHEIA) earlier on warned the move will have costly implications on Australian

fresh produce businesses and has approximate total added costs to the industry could be up to A\$0.22/kg, as well as up to a 24-hour delay at terminals. The Department of Home Affairs says it has given the industry more than enough notice and that it has pro-actively engaged with industry to foster readiness including writing directly to exporters.

"Security examination of export air cargo is not new," the spokes-person said. "All export air cargo is already examined prior to uplift onto an aircraft. The requirements being introduced on 1 March 2019 have been in place for United States bound cargo since July 2017. If businesses have questions about how the change will impact their current arrangements, they should contact their supply chain in the first instance."

The Cherry Growers Australia (CGA) are one of several industry groups that have advised their members to get

ready for the change, also informing that currently, 30 per cent of Australian cherries are exported to more than 30 countries in a particularly competitive international market. It adds, that exporting cherries is a specialised market that calls for attention and detail to cultural sensitivities, biosecurity, packaging, market access and entry and transportation. The kind and variety of cherry exported is chosen based on market access and cultural tendencies accounting for preferences in taste, colour and flavour.

Exporters who have not already done so, ought to consider things like packaging of products, handling of consolidated cargo, scheduling of deliveries, and how cargo is transported to reduce possible changes to delivery times and increased costs, therefore reducing delays. Businesses should also give thought to becoming a 'Known Consignor'.

ACS, Saudia Cargo Ink New Deal at Air Cargo Africa

Business partners Saudia Cargo and Air Charter Service (ACS) signed a new agreement at the Air Cargo Africa conference in Johannesburg. The deal concentrates on the transportation of rubber fenders for ship docks from Al Makotum International Airport (DWC) to Bangladesh. Omar Hariri, chief executive officer for Jeddah-based

Saudia Cargo, was present at the signing, together with ACS' assistant director of cargo sales Alex Ignatov and sales executive Nagib Kasbari.

Recently, the previously passenger-focused charter airline has been moving to expand the cargo carrying faction of its international business.

In the first half of 2018, ACS showed a 21% increase in scheduled cargo flights, compared to the first six months of 2017. Its collaboration with Saudia Cargo, which has a freighter fleet of eight widebodies, suggests its continued investment in cargo.

Toll Unveils Two New Bass Strait Ships



Photo Source: Toll

Global logistics player, Toll, has officially launched two new roll-on, roll-off (ro-ro) ships for the carriage of trucks and containers across the Bass Strait linking mainland Australia and the island of Tasmania. Extra capacity is urgently needed on this growing trade. The first commercial sailing began on March 1.

The two new ships, the Tasmanian Achiever II and the Victorian Reliance II, are bigger and faster than their forerunners. They also have a different internal configuration, which should

speed up load and discharge times.

Toll's two new ships are very similar sister ships. The two new vessels will sail between the port city of Melbourne on the southern Australian coast and the town of Burnie, situated on the northern shore of Tasmania. They will have an estimated average speed of 21 knots and were forecasted to sail the 251-mile (403.66 km) Bass Strait in about 12 to 13 hours, about an hour or two faster than the predecessor vessels. They will provide a twice-a-day service that runs Monday to Saturday.

The service offered by the ships will also provide later cut-off times and receivals.

"Faster means it handles the weather conditions better. It means improved, sustained on-time arrival, it means shippers' cargo gets into the market quicker. We have to connect with interstate, we have to hit that connection. With that extra hour, it's what the truck drivers need to get up the road on time," Steve Borg, Toll's executive general manager said.

Mammoet Expands Middle East Presence

Mammoet has formed a strategic partnership with the marine equipment company, Astro Offshore, which owns and operates a fleet of offshore support vessels, inclusive of a variety of tugs and barges. The agreement expands Mammoet's capacity to provide solutions in onshore and offshore transport sectors for oil and gas construction projects in the Middle East.

Both companies are key players in the

oversized cargo transportation market and are pre-qualified with the main EPC contractors around the globe. Martijn Kuipers, MD of Mammoet Middle East and Africa, said: "As barging is a critical aspect in the transport chain for all future oil and gas projects in this region, our new partnership will bolster our available barge and tug fleet in this part of the world. Accordingly, it further strengthens our services in terms of onshore and offshore transport."

The company says that by putting together its advanced portfolio of equipment, expertise in marine engineering and its dedicated team of naval architects together with the resources and the knowledge provided by Astro Offshore, it will be enabled to offer the market a more comprehensive package of heavy lifting and transport services, from port to site for a wide scope of project types.

Yara Birkeland, the World's First Fully Electric and Autonomous Container Ship

"Yara Birkeland", named after Yara's founder, the famous scientist and innovator Kristian Birkeland, the vessel will be the world's first fully electric container feeder.

"With Yara Birkeland we move transport from road to sea and thereby reduce noise and dust, improve the safety of local roads, and reduce NOx and CO2 emissions" says President and CEO of Yara, Svein Tore Holsether. This new zero-emission vessel will be a game-changer for global maritime transport contributing to realize the UN sustainability goals.

"As a leading global fertilizer company with a mission to feed the world and protect the planet, investing in this zero-emission vessel to transport our crop nutrition solutions fits our strategy well. We are proud to work with KONGSBERG to realize the world's first autonomous, all-electric vessel

to enter commercial operation," says President and CEO of Yara, Svein Tore Holsether.

"Every day, more than 100 diesel truck journeys are needed to transport products from Yara's Porsgrunn plant to ports in Brevik and Larvik where we ship products to customers around the world. With this new autonomous battery-driven container vessel we move transport from road to sea and thereby reduce noise and dust emissions, improve the safety of local roads, and reduce NOx and CO2 emissions," Holsether added.

KONGSBERG is in charge of development and delivery of all key enabling technologies on Yara Birkeland including the sensors and integration required for remote and autonomous operations, in addition to the electric drive, battery and propulsion control systems.

"By moving container transport from land to sea, Yara Birkeland is the start of a major contribution to fulfilling national and international environmental impact goals. The new concept is also a giant step forward towards increased seaborne transportation in general," says Geir Håøy, President and CEO of KONGSBERG.

As a world-class maritime technology company, KONGSBERG's integrated control and monitoring systems are already capable of providing technology for remote and unmanned operations. Yara Birkeland will benefit from competence and technologies developed across KONGSBERG.

Operation is planned to start in the first quarter of 2020, shipping products from Yara's Porsgrunn production plant to Brevik and Larvik in Norway.

APL Reveals New Asia Australia Express 2

APL publicized the launch of a new weekly Asia Australia Express 2 (AAX2) service that will directly link the major Southeast Asian ports of Vietnam, Malaysia, Singapore and Indonesia to the two key eastern Australian cities of Brisbane and Sydney.

The AAX2 service is poised to be the sole service in the market with a direct call from Ho Chi Minh to Australia. Promising the industry's quickest

transit time, an AAX2 shipment from Ho Chi Minh to Brisbane and Sydney will take just 16 days and 18 days respectively. A shipment to Brisbane and Sydney from Jakarta will arrive in 10 days and 12 days respectively.

Moreover, the strategic port calls of the AAX2 service at the transshipment hubs of Singapore and Port Klang will offer shippers access to APL's broader service network for global

connectivity.

The AAX2 service will begin sailing from Ho Chi Minh on 15 March with the following port rotation: Ho Chi Minh – Port Klang – Singapore – Jakarta – Brisbane – Sydney – Port Klang – Ho Chi Minh.

Comprehensive Purchase Order Management and Easy Integration with Any Transport Provider



Purchase Order Management

cargo-partner is continuously expanding its portfolio of supply chain management solutions and now offers a dedicated Purchase Order Management service. With this new service, the international transport and info-logistics provider helps ensure that shipments arrive on time and in full – no matter what transport providers are involved.

A lack of transparency in procurement can lead to a high communication and administration effort, which also means additional costs. To meet these challenges, cargo-partner has introduced a Purchase Order Management service with which the logistics provider offers its clients comprehensive support starting from the point of order placement. Based on the client's requirements, the cargo-partner Purchase Order

Management service covers all areas of order and supplier management: from communication with suppliers to efficient transport consolidation, quantity and quality checks as well as data and document management.

cargo-partner takes over the entire follow-up with suppliers to ensure that the agreed delivery deadlines and order quantities are met. If a shipment is delayed or the delivery quantity changes, cargo-partner can adapt transport planning according to the customer's requirements to find the most cost-efficient solution in any situation.

The new Purchase Order Management service is supported by the supply chain management platform SPOT, developed by SPOTworx. The cloud-based platform provides full

transparency and easy collaboration for cargo-partner's customers and clients. SPOT simplifies the vendor management process by means of automated reminders and notifications to eliminate 'blind spots' in communication.

cargo-partner has been using the SPOT platform for its transport management since 2000. SPOT enables cargo-partner to offer its customers seamless shipment tracking, simple communication and document management as well as comprehensive reporting. With the SPOT platform's Purchase Order Management module, these features can be used in the areas of purchasing and production as well.

Emergent Cold Acquires Melbourne-based Montague Cold Storage

Texas-based Emergent Cold has announced the acquisition of the Montague Cold Storage facilities in Melbourne.

According to Emergent Cold, this acquisition complements its broader strategy of acquiring and developing a global network of cold chain businesses.

Montagues was founded in 1948, by William (Bill) Montague OAM by purchasing a carting operation that turned the Montague name into a fresh food provider. The first orchard was planted at Narre Warren, Victoria in 1950. Innovation continued with

the introduction of Controlled Atmosphere storage to Australia in 1967, followed by their first cold storage facility at Allansford in 1989.

“We want to thank all the executives and staff who have contributed to this wonderful business over 60 years. The Montague family and management team will be focussing our energy and future endeavours in the horticultural industry, where there are many exciting opportunities both nationally and internationally,” Ray Montague, Chairman of Montague Group said.

Emergent Cold was founded in 2017 with the vision to build a global cold

chain solution for multinational customers. Emergent Cold has grown through a combination of business acquisitions and greenfield developments in emerging and developing markets.

“We are delighted to welcome the Montague Cold Storage team to the Emergent Cold network. Combining Montague’s assets with our national service capability will further strengthen our offering to the Australian and International market,” Neal Rider, CEO of Emergent Cold said.

Continued Expansion for Cavalier Logistics

2002 marked a strategic turning point for Cavalier Logistics. Their main focus was the transportation and storage needs of the Temperature-Controlled Biopharma Market. Ever since, Cavalier Logistics has matured into one of the leading National and International service providers in this vertical. Highly respected by their clients and throughout the industry.

With facilities across the United States, and an international office in London, and strict adherence to cGMP compliance standards and periodic retraining, clients are confident that their goods are in safe hands. Cavalier offers a variety of storage options for Biopharma products in their controlled ambient facilities, providing 2-8 °C

cold rooms and -20 °C and -40 °C freezers.

Supply chain excellence is consistently the goal from communication to execution, providing added value to every client’s service needs.

Apart from state-of-the-art storage facilities, Cavalier delivers excellence in secure, temperature-controlled transportation of BioPharma products and materials. Utilizing specialized packaging and containers suitable to each product, clients are sure to receive their goods – On time and At Temperature.

To complement the continued infrastructure growth, Cavalier also

took a major step forward in 2018 by bringing onboard a proven strategic commercial leader, enhancing the existing management team.

Colin Holmes joined the Cavalier Logistics family in July 2018, having spent the previous 25 years building and leading successful US commercial teams in the logistics industry.

By aligning with Cavalier’s already successful strategy, Colin is focused on building commercial structure, along with implementing and driving accelerated growth strategies for the coming years.

Universal Logistics Seeks Stronger Year in Intermodal

Although driver shortages and supply chain upheaval continue to bring uncertainty into the transportation and logistics services sector, a healthy drayage business and steady customer demand will drive strong guidance for 2019, said Universal Logistics (NASDAQ: ULH) CEO Jeff Rogers. The Warren, Michigan-based company said it expects operating revenues in 2019 to range between \$1.6 and \$1.7 billion, up from \$1.46 billion in 2018, with operating margins between 7 and 9 percent.

"We have a lot of reasons to believe 2019 will be our best ever," Rogers said. Transportation equities analysts expressed skepticism regarding the margin growth prediction – up from around two percent in 2018. But Rogers attributed the projected uptick in part to the company's recent series of intermodal acquisitions and said that congestion in the rail and port segments will continue to fuel growth in the drayage segment of intermodal.

"We feel that space of intermodal is more sustainable," he said. Universal plans to increase its acquisitions this year and is looking to expand aggressively in the aerospace vertical.

Rogers and analysts engaged in some back and forth about whether shippers' desire to get ahead of tariffs was responsible to some extent for the company's strong fourth quarter performance. "Did that leave a lull in volume, a hangover, as we look to the second quarter of 2019?" one analyst asked. Universal's retail customers in California did not "pull forward" because they did not have

“

Although driver shortages and supply chain upheaval continue to bring uncertainty into the transportation and logistics services sector, a healthy drayage business and steady customer demand will drive strong guidance for 2019

Jeff Rogers
CEO, Universal Logistics

the warehouse space, Rogers said. Although the Chinese New Year may have given volumes a boost, overall, the company's customer base was not impacted by the trade war.

"The economy is strong, and I expect 2019 to be a good year with normal seasonality," Roger said. "Spot rates are softening, but contract is holding steady. There is still plenty of freight and capacity is still tight."

A couple of Universal's units did not meet return expectations for the fourth quarter of 2018; specifically, the dedicated services division, which suffered due to contract commitments that were below market. The company expects to meet dedicated goals in 2019 as those contracts are dealt with, Rogers said.

A bigger problem is that Universal continues to lose over-the-road drivers – and that's something higher wages won't fix, said Rogers in response to an analyst query. "If you think about what rates did in 2018, you saw a 20

percent to 30 percent increase in revenue per mile... So I don't think money solves that. There has to be more of a regional-based approach, an opportunity for those guys to spend more time at home instead of in the back of a sleeper berth."

Drivers on irregular routes are also defecting to small fleets that may not force the use of electronic logging devices, Rogers said. Universal aims to optimize scheduling and deploy new technology in 2019 "so the driver experience will be better than ever."

Analysts pointed to big moves in the e-commerce space, with retailers like Amazon and Walmart now taking an aggressive stance in transportation and logistics. The shift is being felt in the logistics space. XPO executives told investors last week that it missed quarterly revenue forecasts due in part to a pullback from a large customer many believe is Amazon.

"Is this something that we should be on the lookout with you guys?" an analyst asked. Rogers' answer was equivocal. "It's not like we are going to lose the business," he said. "It's going to shift to a different arrangement." Universal, he said, is "having great conversations with Walmart as they change the supply chain."

Driver issues also come down to supply chain shifts, he said. "At the end of the day it's really a shift in business models. That is what we're wrestling with. We are having continual strategic conversation about how supply chains are changing and how we can meet those needs."

Saudi Arabia to Revamp Logistics and Industry

Saudi Arabia has announced a 100-billion (AED 97.9-billion) riyal plan targeted at weaning the kingdom off oil, creating 1.6 million jobs and pulling in as much as 1.6 trillion riyals in investment by 2030.

The investments will be made in 2019 and 2020 as part of a new industrial strategy involving 42 initiatives for generating local commercial activity in major sectors that include mining, logistics, and various other industries.

The National Industrial Development and Logistics Programme (NIDLP) was revealed by the kingdom's energy minister, Khalid Al Falih during a keynote address at a conference in Riyadh, where he was accompanied by Crown Prince Mohammed Bin Salman. As stated by Al Falih the programme "is one of the most important ... for achieving Vision 2030, as it moves the kingdom into a new era of sustainable development, prosperity and economic diversification."

"The mining sector will become a third pillar of the Saudi economy alongside oil and petrochemicals, while we continue to develop renewable energy and explore the diverse opportunities presented by the fourth industrial revolution through research and innovation," he said.

Agreements worth US \$53 billion were inked at the event, while agreements worth US \$960 million were announced. On top of that are more than 25 agreements that were signed during the Future Investment Initiative 2018, with a total value of around US

\$210-billion, of which US \$165-billion are under the NIDLP program.

The minister appealed to the government entities and private sector investors to join Saudi Arabia's development journey and invest across sectors.

Saudi Arabia wants to expand its volume of non-oil exports to over US \$260-billion by 2030. As part of this, agreements at the event included a pact between Saudi Aramco, the world's biggest oil producing company, and Saudi Basic Industries Corporation to proceed to the next phase of studies for an oil-to-chemicals plant in the kingdom.

Saudi Aramco also signed a deal with Dubai-base DP world, one of the top five ports operator globally to build operate and transfer a container terminal at Saudi Arabia's Jeddah port. Two military agreements were also signed with France's Thales and international defence company CMI to manufacture armoured vehicles in the kingdom.

Under Vision 2030, the private sector's contribution to the economy is set to grow to 65% by 2030 from the current 40% of gross domestic product.

The kingdom will provide a total of 105-billion riyals in a "financial enablement" package and be the main financier for NIDLP sectors of mining, industry, logistics and energy, according to a brochure given out at the conference.

It did not specify the timeframe for dispensing the funding but said the Saudi Industrial Development Fund will provide up to 75% of the capital invested in the NIDLP projects.

Of the deals presented to private investors, 29 are in the industrial sector and the rest divided among mining, logistics and energy. In the logistics sector, the kingdom's target is to develop and operate logistics zones close to major ports with investment opportunities worth 7-billion riyals.

Saudi Arabia wants to expand some of the country's ports and airports and plans to involve the private sector in some of its projects, Rumaih Al Rumaih, chairman of the Public Transport Authority said at the conference.

The authority is investing 74-billion riyals on rail projects separately to the NIDLP, he said, while port operators are spending 10-billion riyals in expanding King Abdullah Port, Jeddah and Dammam. There are 5 airports that are being expanded or being built with as much as 3-billion riyals in investment.

"We have 12 logistics zones in the kingdom, and we are planning to float some opportunities for the private sector," Al Rumaih said. "We are enhancing capacity to be more efficient for the private sector to grow exports from the country."

FDA Pilots Track-and-Trace Tech for Drug Supply Chain

According to an agency press release, The Food and Drug Administration will test new methods to improve the traceability of the drug supply from manufacturers to repackagers and other members of the pharmaceutical supply chain as part of a pilot project. The pilot will inform the creation of an electronic track-and-trace system that will be put in place in starting 2023 as required by the Drug Supply Chain Security Act. The FDA specifically pointed out blockchain as one of the methods being tested.

The final track-and-trace system will have "fully secure electronic product tracing, which provides a step-by-step account of where a drug product has been located and who has handled it; establish a more robust product verification to ensure that a drug product is legitimate and unaltered; and to make sure that any party involved in handling drugs in the supply chain must have the ability to spot and quarantine and investigate

any suspect drug," FDA Commissioner Scott Gottlieb said in a statement.

The track-and-trace system's purpose is to keep legitimate drugs from being diverted off the legal market and to keep counterfeit drugs from making their way into the legal pharmaceutical supply.

The pilot project will look at the specific ways of identifying packages, like the product identifier or barcode, and will consider other elements of the system like interoperability, specific data formatting and verification.

The FDA began accepting applications to participate in the pilot last week and will carry on until March 11. The duration of the pilot will depend on what projects are accepted and how long they take to complete, but it should not exceed six months, according to a notice on the Federal Register.

"We're invested in exploring new ways to improve traceability, in some cases using the same technologies that can enhance drug supply chain security, like the use of blockchain," Gottlieb said.

SAP recently announced it was introducing a blockchain technology particularly for this application of drug tracking. The technology enables the manufacturer to enter information about drug onto the blockchain where it can be traced using the barcode.

The lacking traceability within the drug supply chain is a global issue. Counterfeit drugs result in about 1 million deaths a year worldwide and generate more revenue in trade than any other "illegally copied goods," according to a report from PwC.

The FDA expects this pilot to provide insight exceeding just the pharmaceutical supply. "We're also focused on making improvements across the other products we regulate, especially related to food and our ability to address foodborne outbreaks," Gottlieb said.

Wayfair to Open New Last Mile Facilities Every Month in 2019

Although even amid customer and revenue growth, net loss is growing for Wayfair, Shah said the e-commerce giant is playing a long game seizing control of its supply chain from both ends.

He explained to analysts that taking

more control of the company's supply chain, especially the "middle mile" is leading to a more favourable experience for Wayfair suppliers and a situation where both parties feel comfortable lowering prices.

Shah predicts 40% of volume coming

into Wayfair's warehouses will come via services purchased directly from the company's logistics and freight arms. He said the company plans to seize even more control of its inbound supply chain this year.

"We see this as a powerful development

of our relationship with suppliers as they look to us to take greater control of inbound transportation from Asia, removing the need for them to liaise with numerous third parties typically involved in that process," Shah said. The company has also rolled out a digital visibility platform for ocean freight so that suppliers can track their shipments.

Wayfair is determined to compete

on fulfilment speed and offers free shipping for almost any purchase over \$50 on Wayfair.com, even for large items like furniture, but transportation and logistics could be a major blow to margins. Shah said \$0.20 of every dollar of revenue goes toward combined inbound and outbound transportation and logistics, combining supplier and Wayfair spend.

Gross margin sat at 24% for the fourth

quarter, and Shah said reaching the goal range of 25%-27% will come from scale, triggering more supplier discounts and growing private label brands, plus more efficiency on the transportation and logistics side. Clearly, the company's preferred way to drive efficiency is to bring as much of the supply chain in-house as possible from the first mile to the last.

Digital Strategy Behind Accent Group's Supply Chain Transformation

Accent Group Ltd – previously RCG Corporation Ltd – is on the ASX and delivered its FY18 results in August, revealing a record underlying net profit after tax of \$47.1 million, up 17.9% on the prior year. The business – which has more than 460 outlets across Australia and New Zealand – has delivered strong returns over the past five years through its brands including The Athlete's Foot, Platypus, Hype DC, Timberland, Vans, Dr. Martens, Saucony, Merrell, Palladium, Sperry Top-Sider, Stance, Supra, Subtype, and kids' funky online brand The Trybe.

Its recent success is thanks to a major collaboration across many business units involving a stunning digital transformation over the past 24 months, which involved a one major stream full supply chain transformation led by Tim Greenstein, General Manager Supply Chain and Technology, and Supply Chain Manager Mark Rizza.

"Our digital team led by Mark Teperson, our Chief Digital Officer, in conjunction with our technology team have effectively enabled 13 websites for the business in the last three years," Greenstein reveals. "In terms of the space that we play in – athletic leisure footwear and general footwear – we're fortunate that that space has been growing and we've been able to open up more stores across Australia and New Zealand, which has also contributed dramatically to our growth. "But so has listening to our customers."

Online sales are rapidly growing – Accent's FY 18 digital sales are up 131% on FY 17 and up c88%YTD in FY19 – with approximately 40 to 50 per cent of online sales now coming directly from the stores, of which the majority are omni-enabled. New functionalities including 'click and collect', 'ship from store', same day delivery and endless aisle, are all now activated.

"We initially projected at 20 or 30%, so you can imagine the overflow of that, and what that means in store land..." adds Rizza. "Adding another layer to that to give it a bit of context, our business tradition started as a wholesale business and over the last decade or so has ramped up its retail presence."

"We've also enabled new warehousing capability which again, using state-of-the-art automation at our new Toll operated Preston facility in Sydney, will help us handle the business growth, increase volume and improve speed to market requirements, which ultimately advances the service to consumers."

Accent recently put up a purpose-built digital hub of excellence in Melbourne, which concentrates the digital expertise under one roof. There's not one all singing, all dancing system these days in a big business that handles things end to end, and so Accent has utilised its current providers, as well as new providers to enable its omnichannel strategy. The websites' eCommerce platform is Magento and Accent utilizes three key enterprise resource planning (ERP) systems – Apparel 21, Erplyand Pronto across its group of stores.

Parcels Save Australia Post Profits

Australia Post announced a profit before tax for the first half of \$154 million, down 36 per cent year-on-year. This included \$30 million of one offs. Underlying profit before tax was \$124 million, down 38 per cent. Group revenue was flat at \$3.6 billion.

The largest business sector, domestic parcels, performed strongly with revenue growing by 10 per cent, up \$147 million, well ahead of the general retail market, which grew 2.9 per cent in the period. Group parcels profit increased by \$25 million to \$127 million. In December, Australia Post delivered a record 40 million parcels, an increase of 12 per cent.

Group chief executive officer and managing director Christine Holgate said she was pleased with the continued strong performance of the parcels business; however, significant challenges remain for Australia Post with letters revenue now declining at the highest rate in its history.

"Although we delivered 10 per cent growth in domestic parcels, well in excess of the growth rates of the economy and in a period of very strong competition, this could not make up for the profit decline in the letters business," said Ms Holgate.

"Letter revenues are down 10 per cent or \$125 million, which reduced profit by \$102 million in the half. This is after saving an estimated \$50 million in delivery costs as posties carried 40 per cent of our parcels.

"Since the last increase in the Basic Postage Rate in January 2016, more than three years ago, our costs to deliver letters are up 10 per cent. The

number of new delivery addresses has increased by 500,000, yet letter volumes have declined by 800 million. "Australia Post will deliver more than two billion letters to almost 12 million homes and businesses this year. Although it is shrinking, letters is still viewed as a critical service by the overwhelming majority of Australians." Australia Post is a totally self-funding business. Last financial year, Australia Post incurred an estimated cost of \$404 million in delivering the letters service in accordance with its legislated community service obligations.

Group expenses were held at two per cent increase in the first half, underpinned by total productivity savings of \$121 million. Independent research shows that Australia Post has improved its Total Factor Productivity at twice the rate of the overall economy and reserved letters at three times the rate.

Ms Holgate said the business was also making good progress on delivering on its strategic initiatives including:

- Securing the historic Bank@Post agreement with CBA, Westpac and NAB, protecting crucial banking services in Community Post Offices, particularly in regional and rural Australia. A further seven financial institutions have already committed to new Bank@Post terms: Suncorp, Resimac, Auswide Bank, AMP Bank, Maitland Mutual, Transport Mutual and ME Bank.
- The first new key agreement with its important licensee partners in 26 years, providing technology and aligning payments to parcels and other growing services.
- \$64 million of investment in the operational network, including

new processing equipment in Sydney, Melbourne and Brisbane allowing automated sorting of an additional 100 million parcels.

- The fastest growing parcel product, Express, expanded in a trial to a further 500 postcodes.
- Acquisition of remaining 60 per cent stake in Aramex Global Solutions, which provides end-to-end cross-border logistics and eCommerce solutions, supporting the international growth strategy.

"We have invested in both capability and capacity, without which our teams could not have delivered the Christmas Peak. Our people were exceptional as they delivered through the most challenging weather conditions, including floods, bush fires and hail storms," Ms Holgate said.

"Our Net Promoter Score with our customers is at a record high and complaints on Australia Post entities to the Postal Industry Ombudsman were down 31 per cent, although we recognise we still have much more work to do.

"The progress we have made against our strategic initiatives, coupled with the unwavering commitment of our extended workforce to serve the community, means we remain confident that Australia Post will play an important role for many years to come.

"Australia Post is on track to deliver a modest profit for the full year, in the face of ongoing market pressures in the traditionally quieter second half. Australia Post will release its full results in August

Autonomous Trucks to Make Deliveries in China



Photo Courtesy: FABU

China Post and Deppon Express, two of China's largest logistics and delivery companies, have begun autonomous package delivery services in China. The technology used is developed by FABU, a self-driving startup with offices in the U.S. and China. The partnership, announced today, marks the first-time self-driving vehicles are being put into daily commercial use in China, according to FABU.

"We are very excited that FABU technology is at the heart of the first autonomous delivery trucks in China," said Xiaofei He, founder and CEO of FABU, in a statement. "China Post and Deppon Express have also been very pleased with the performance of FABU self-driving technology in their trucks and plan on expanding their autonomous delivery services to 100 routes in the near future."

FABU first partnered with China Post in

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China Post and Deppon Express have also been very pleased with the performance of FABU self-driving technology in their trucks and plan on expanding their autonomous delivery services to 100 routes in the near future

Xiaofei He
Founder and CEO,
FABU

November 2018 to begin testing Level 4 autonomous driving trucks in China's heavily populated Zhejiang Province. In Level 4 autonomous driving, the vehicle handles the majority of driving situations independently although

a human driver can still take control when needed.

During the testing period, the autonomous trucks successfully drove over 2,200 miles and delivered over 60,000 parcels during China's peak shopping season, which includes Singles' Day, Christmas and Chinese New Year.

China Post is the state-owned enterprise that operates the official postal service of mainland China. The service operates over 39,000 transport vehicles, which travel over a delivery network with 1,926,250 miles of streets and highways.

Deppon Express runs logistics operations in Korea, Japan, Malaysia, Singapore, Thailand and Vietnam.

In the U.S., dozens of startups and original equipment manufacturers (OEMs) are working on Level Four autonomous technology. So far TuSimple, based in China and San Diego, is the only autonomous truck startup claiming to have Level Four trucks on the road, making real commercial deliveries for real customers.

FABU has offices in Hangzhou, China; Phoenix, Arizona; and San Diego and Silicon Valley, California.

Kerry Logistics Enters Major E-Commerce Partnership

Working under the title of Kerry ESG (HK) Company Limited (Kerry ESG), Kerry Logistics will merge its global supply chain capabilities with ESG's technology platform and marketplace networks, offering cost-efficient solutions to 'etailers'.

Scheduled for launch in March 2019, Kerry ESG's target is to become a leader in e-commerce fulfillment solutions, facilitating the cost-effective and time-efficient delivery of products to customers around the world.

Additionally, etailers using Kerry ESG's services will be able to seamlessly manage their order fulfillment, inventory, and returns to and from

multiple logistics centres through one platform.

William Ma, Group Managing Director of Kerry Logistics, commented on the partnership: "With Kerry ESG, we are creating a unique platform with total solutions from upstream marketing to downstream logistics that will capitalise on the booming international marketplace model to facilitate the exports for our international brand customers.

"Combining forces as industry leaders, Kerry Logistics and ESG are well-positioned to unlock the potential in the market with this new joint venture." Alan Lim, Founder and CEO of ESG,

also made a statement: "Winning at e-commerce means getting every piece of the puzzle right, and fast, reliable fulfillment is a critical component of success.

"This partnership gives etailers access to an extensive distribution network to support e-commerce fulfillment in every market and with every online channel.

Cross-border e-commerce between Greater China and other countries in South-East Asia has already been identified as a major growth sector, and Kerry Logistics expects its collaboration with ESG to strengthen its foothold in this market.

Ramco to Digitize South Asia Supply Chain

According to a statement, CKB has rolled out the first wave of 'Ramco ERP for Logistics', a digital solution expected to save costs and boost the efficiency of its warehouse operations. Ramco's multi-functional 'Logistics Suite' will also be utilized by CKB to manage finances, rating and billing, assets and transportation.

Additionally, the mobile-enable platform offers auto-picking configuration and end-to-end resource management, allowing CKB to track shipments for more effective

planning processes. Iman Sjafei, President Director of CKB Logistics, commented, "Logistics companies must digitize their operations to automate data-heavy processes, in order to stay flexible and meet rising consumer demand.

"With Ramco's solutions, we aim to have a unified system that can centralize our organization-wide operations, ensuring streamlined and automated flow of information.

"With Ramco, we plan to scale up

our business processes and push our system's efficiency to greater heights aligning to our strategic vision."

P. R. Venketrama Raja, Chairman of Ramco Systems, added: "An ERP built for logistics service providers (LSPs) was an uncharted market opportunity.

"We embarked on building this comprehensive suite to address the LSPs and have found very good traction, globally. The successful go-live at CKB will be a key milestone in our Logistics ERP journey."

CKB Logistics has finalised the first phase of the implementation programme, with the rest of the company's supply chain scheduled to transition before the end of 2019.

SEKO Customers Benefit From Easyship Connectivity

A partnership between supply chain services provider SEKO Logistics and Easyship, a cloud-based shipping platform that helps e-commerce traders to ship worldwide, is benefiting the customers of both businesses, according to the former.

The Easyship platform gives its 40,000 retail and e-tail users fast and easy access to SEKO's cross-border e-commerce offerings.

Shipments can therefore be booked directly through SEKO on the Easyship platform.

Apart from acting as a shipping gateway for sellers' online customers, Easyship's shipping tool also calculates tax and duties for worldwide deliveries, provides rate comparisons, service analytics and pre-filled customs documentation for all countries, and comes with a shipping management dashboard that enables sellers to view all transactions.

Plus, Easyship provides storage and pick-and-pack fulfilment services, shipping labels and the ability to arrange pick-ups and global tracking. Giving customers real-time shipping options and full cost visibility "triples the likelihood of online purchase completion and significantly reduces shopping cart abandonment rates" according to a statement from SEKO.

Easyship now provides merchants with US domestic returns and branded email and tracking as well, regardless of the final mile postal carrier.

Brian Bourke, vice president of

marketing at SEKO, observed: "2018 was our busiest year ever for cross-border e-commerce traffic and, in Asia Pacific, this was partly due to our partnership with Easyship.

"By creating a global partnership between our two companies and offering the pricing and transit times needed to gain customer orders and build brand loyalty, we are enabling shippers of all sizes to leverage our next-day, cross-border e-commerce reach, final mile postal integrations, and returns services.

"We have been growing our bundled parcel and freight solutions for the past five years and we've seen a lot of changes in the market over this time; specifically in relation to technology tools," Bourke continued.

"Last year, we made a strategic decision to partner more with technology providers that are already engaged with big e-commerce platforms in an effort to facilitate the integration of our solution and to accelerate customer onboarding.

"This initiative has allowed us to scale faster by taking away the need for system integration with different retailers.

"Easyship has already done this with over 40,000 sellers and, with a rapidly growing base, we can immediately offer their customers our proven solutions," he enthused.

"What we especially like about Easyship is that, from day one, they have been thinking as a global e-commerce

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By partnering with SEKO, in APAC [Asia Pacific], Europe and North America, we enable our clients access to world class shipping infrastructure to accelerate their growth

Augustin Ceyrac
Co-founder, Easyship

channel. For example, we know that their duty and tax calculators are exactly what sellers are looking for to increase their confidence of trading internationally.

"This is a key partnership for SEKO Logistics which will generate a lot more interest in our cross-border services and huge growth opportunities."

Augustin Ceyrac, Easyship's co-founder, added: "Easyship is breaking down the final barrier in global e-commerce by making cross-border shipping as accessible as domestic shipping.

"By partnering with SEKO, in APAC [Asia Pacific], Europe and North America, we enable our clients access to world class shipping infrastructure to accelerate their growth."

In January, SEKO confirmed that it had purchased Chicago-headquartered customs brokerage and compliance consultancy GoodShip International, as it entered into what it said will be a transformative year.

MARKET MOVES

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As global supply chains compete in an increasingly complex and rapidly changing business environment, supply chain responsiveness has become a highly prized capability. To increase responsiveness, supply chain managers often seek information that provides greater visibility into factors affecting both demand and supply.

Today, the whole supply chain process involves a network of resources scattered across facilities and entities in different cities and countries all over the world. For them to be managed properly, supply chain resources need to be linked to each other; they need to be able to communicate with one another to achieve maximum benefit.

Supply chain visibility works when suppliers, partners, and customers, who all play different roles within the supply chain, operate as a hub

in the movement of goods as well as in the flow of information. In order to achieve complete supply chain visibility an organization needs to factor in data analysis and effective and quick decision making, these are only possible with collaboration and information sharing.

This explains why many companies are outsourcing proven supply chain technologies. Especially with the rise of ecommerce, businesses need such visibility to satisfy customer expectations for fast and transparent service and delivery.

ILG & Yusen Logistics: A New Strategic Alliance

Established in 1990, ILG (International Logistics Group) is a fast-growing market leader in ecommerce

warehousing, fulfillment and delivery, with additional specific expertise in the fashion and beautyverticals.

ILG's exceptional commitment to delivering the highest standards of service has led to significant growth over the last decade; quadrupling their facilities, which now offer over 175,000 square feet of warehousing, with over 220 employees serving more than 700 clients worldwide. Yusen Logistics UK's expansion into the UK's fastest growing sector which is e-commerce, is a direct response to changing market behavior.

Yusen Logistics provides full end-to-end international supply chain services which will now provide ILG and its customers with additional expertise in customs brokerage, cross-border logistics, and access to a further 82 locations with 7 million square feet of warehousing across Europe.

DP World Acquires European Giant



P&O Ferries, which operates across multiple countries in Europe, consists of a leading-edge roll-on, roll-off (ro-ro) ferry operation and a transportation solutions provider.

According to a statement, P&O Ferries operates a fleet of 21 vessels across 11 different ports, while P&O Ferrymasters offers logistics services in 19 European locations. In addition to this, P&O Ferries handles over 2.5 million freight units every year, responsible for 75% of P&O's overall group revenue.

The acquisition, which is still pending customary completion conditions, is predicted to increase earnings from the first full year of consolidation, as well as meeting DP World's return targets.

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P&O Ferries is a strong, recognisable brand and adds a best-in-class integrated logistics provider into our global portfolio. Importantly, P&O Ferries provides efficient European freight connectivity building on last year's acquisition of Unifeeder.

**Sultan Ahmed Bin Sulayem
Group Chairman & CEO, DP World**

Sultan Ahmed Bin Sulayem, Group Chairman and CEO of DP World, said:

“We are pleased to announce the return of P&O Ferries back into the DP World family. “P&O Ferries is a strong, recognisable brand and adds a best-in-class integrated logistics provider into our global portfolio. Importantly, P&O Ferries provides efficient European freight connectivity building on last year's acquisition of Unifeeder.

“This transaction is in line with our strategy to grow in complementary sectors, strengthen our product offering and play a wider role in the global supply chain as a trade enabler.”

The chairman also declared how DP World aims to drive further value to customers of P&O Ferries by increasing efficiencies and offering new solutions. “Overall the transaction offers compelling value strategically and financially, and we look forward to P&O Ferries contributing to driving shareholder value in the coming years.”

Descartes Acquires MacroPoint

Descartes Systems Group, a global leader in uniting logistics-intensive businesses in commerce, announced that it has acquired MacroPoint, LLC, an electronic transportation network providing location-based truck tracking and predictive freight capacity data content.

US-based MacroPoint runs a connected network of over 2 million trucking assets and drivers. MacroPoint connects to trucks through integrations to onboard electronic logging devices (ELDs), transportation management systems, GPS-enabled smart phone applications and location-based mobile phone triangulation.

“We believe that the combination of Descartes' Global Logistics Network with our cloud-based, real-time load visibility platform creates a truly

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We believe that the combination of Descartes' Global Logistics Network with our cloud-based, real-time load visibility platform creates a truly differentiated offering

**Bennett Adelson
CEO, MacroPoint**

differentiated offering that helps customers research, plan, execute and monitor multi-modal shipments around the world,” said Bennett Adelson, CEO of MacroPoint.

Etihad Rail signs MoU with ZonesCorp to establish railway logistics facility at ICAD



Etihad Rail, the developer and operator of the UAE's national railway network, has signed a Memorandum of Understanding with ZonesCorp to establish railway and logistics facilities within the Industrial City of Abu Dhabi (ICAD). Etihad Rail's logistic facility will complement the Higher Corporation's Abu Dhabi Logistics City Development Project, covering an area of approximately 6 million square metres.

The projects will serve the industrial entities in ICAD and Mussafah and will provide a point of departure for goods bound for Saudi Arabia. The logistic facility will be the closest logistics point to the city of Abu Dhabi. The agreement

comes in line with ZonesCorp's ongoing investment in its economic zones and promotion of its continued growth. It is currently home to 650 world-class manufacturing facilities from various industrial sectors in a prime location near Abu Dhabi.

The signing of the MoU comes as Etihad Rail prepares to embark on Stage Two of the Etihad Rail network, which will extend 605 kilometres from Ghuweifat on the UAE's border with Saudi Arabia to Fujairah on the east coast, through ICAD, Khalifa Port, Jebel Ali and Khor Fakkan, to be followed by further route additions.

C.H. Robinson acquires Spanish logistics company

C.H. Robinson has acquired The Space Cargo Group, Madrid, expanding its logistics reach with an emphasis on air and ocean shipping. Space Cargo provides international freight forwarding, customs brokering and other logistics services in Spain and Colombia, according to a C.H. Robinson news release.

The purchase reflects C.H. Robinson's strategy of and expanding global presence, Bob Biesterfeld, chief operating officer and CEO-elect.



We look forward to working with Space Cargo's customers to offer our full suite of logistics services to enhance their supply chains

Bob Biesterfeld
Chief Operating Officer, C.H. Robinson

"We look forward to working with Space Cargo's customers to offer our full suite of logistics services to enhance their supply chains," Biesterfeld said in the release. "Space Cargo's leadership, expertise and strong customer and carrier relationships, combined with C.H. Robinson's global service offerings and network, will also create more robust capabilities for our customers and add scale to our business."

The purchase was for about \$48 million in cash and is expected to be accretive — adding value to C.H. Robinson's bottom line — by the end of the year.

Space Cargo has seven offices in Spain and one in Colombia. For the fiscal year ending December 31, Space Cargo had approximately \$84 million gross revenues.

C.H. Robinson's Global Forwarding business serves five continents and 32 countries, from 125 offices, according to the release, and is the leading non-vessel operator from China to the U.S.

"We continue to look for ways to capitalize on the opportunity to grow globally, in part by acquiring leading local providers that share our commitment of best-in-class service and execution," Biesterfeld said in the release. "This enables us to better support our customers of all sizes and enhance returns as we integrate these companies into our global business."

Transplace Selects TPG Capital as New Equity Partner

Transplace, a leading provider of transportation management services and logistics technology solutions, today announced that the company has selected TPG Capital ("TPG"), the global private equity platform of alternative asset firm TPG, as its new equity partner. TPG and management will acquire

Transplace from Greenbriar Equity Group LLC ("Greenbriar"), who joined with Transplace management to acquire the company in 2013.

The transaction is expected to close in late-September.



Transplace is providing an expansive, high-quality, customizable solution for managing today's supply chain. The company's leadership, ongoing focus on innovation, and customer service are unmatched, and we believe Transplace is well positioned to thrive from the immense technological change happening within logistics today.

Jack Daly
Firm Partner and Global Head of
Industrials and Business Services,
TPG Capital

"Transplace is providing an expansive, high-quality, customizable solution for managing today's supply chain. The company's leadership, ongoing focus on innovation, and customer service are unmatched, and we believe Transplace is well positioned to thrive from the immense technological change happening within logistics today. We are excited to partner with Tom, Frank and the Transplace team to accelerate growth, both organically and through acquisition," said Jack Daly, firm partner and global head of industrials and business services for TPG Capital



M&A INSIDER

Merger & Acquisition Deals & Transactions

BUSINESS FOR SALE

Niche Specialised Land Logistics Business

- High exposure to growth chemical sectors
- UAE/GCC Based

Producing above average EDITDA returns, this highly specialised niche business provides regional transport and logistics solutions to blue chip customers. Strong focus on safety and compliance the business has a 38 years' profitable track record. Excellent growth prospects with new customer contracts locked in and implementation for 2019. Large company owned fleet including of an excellent age and strong reputation for services.

Australian based 3PL Warehousing & Logistics Company

- State of the art warehouse; Asset Light Model
- Circa USD\$3,800,000

Strong prospect for growth with long term sized customer contracts. This well established and highly regarded 'local hero' has an excellent reputation, staff group to manage the business and brings excellent systems technology. Present owner is seeking to retire.

SOLD

Logistics Joint Venture Opportunity - Oman

- One of Oman's leading and largest local conglomerate
- Seeking expertise partners

As one of Oman's largest local conglomerates, this group offers the financial and business horsepower required to capitalise on Oman's focus on developing the international and domestic logistics sectors.

With an intention to invest in and create a world class 3PL Logistics Warehousing and Transportation business, our client is seeking expression of interests from leading global and regional 3PL's who would be interested in a joint venture relationship bringing experience, know-how and technology as part of the relationship. The Group is well funded, has the capital resources and internal / external relationships to drive supply chain and existing logistics activity to the new business.

Highly profitable Project Management services firm

- United Arab Emirates
- 35%+ EBIT Margin

Well established, well regarded International Project Management firm specialising in the full spectrum of construction and project management services. Strong forward customer contracts (guaranteed backlog of projects for 2019-2020) and stable staff of 60+ employees across the GCC region.

Revenues more than USD\$8.0m+ and cash-flow of USD\$2.5m+. Profit margin 38%+. Financial Audit Reports from one of the big four international auditors are available.

SEEKING TO BUY

Sales Leaseback Interest Sought in the GCC

Opportunity to capitalize on the market value of real estate assets while maintaining occupancy and control

- *Do you need cash to grow your core business or for any other purpose?*
- *Are you seeking a creative off-balance sheet, long term-financing solution?*

Logistics assets (warehouses, logistics facilities, open yards) sought by long term investors for development. We are presently engaged and working with several institutional and high-net-worth real estate investors with a mandate to acquire logistics, warehousing, and manufacturing real estate assets, and entering into long-term lease back arrangements with the current owners/operators.

Medium size freight forwarding and warehouse businesses in Saudi Arabia

- *Logistics/Freight Forwarding/Warehousing*
- *Target deal size: USD\$20m-40m (6-8xEBIT)*

Acquisition sought for a medium to large size forwarding and logistics warehousing businesses in KSA. Preference for those with brokerage operations and multiple offices/branches and holding appropriate licenses. EBITDA target - USD\$2-5m annual with target completion time - mid to end Q1 / 2019.

Large to Medium size freight forwarding business in the UAE

- *Freight Forwarding or like*
- *Target Geography: United Arab Emirates*

Our client is an expanding regional logistics firm with strong capital backing. The seeking to accelerate their GCC growth in Forwarding and Logistics through acquisition. Deal size would be the region of companies with a turnover of AED50m – AED250m and who have well established operations of 5 years plus.

3PL Logistics Warehousing Business

- *Logistics Asset Based Business*
- *Target Geography: United Arab Emirates*

Prominent UAE organisation seeking to expand its logistics operation through strategic acquisitions in areas of 3PL warehousing, transportation (trucking) and cold chain. Strong investor with a focus on growth. Seeking deal sizes up to USD\$100m.

*** In addition to those listed, Logistics Executive Group has mandates for similar businesses from trade buyers and investors. Please contact us for more information.*

MERGERS, ACQUISITIONS & MERGER INTEGRATION STRATEGY

Integrated approach. Accelerated value. Synergy realisation.

Logistics Executive Group Mergers and Acquisitions Group combines deep market and industry expertise to create and execute robust M&A, alliances, integration and divestment strategies while mitigating risk.

Across 14 global offices, Logistics Executive Group provide a suite of mergers, acquisitions and merger integration services that can help companies capitalise on today's opportunities and position themselves for high performance.

Contact one of our experienced principals for more information.



The Future of the Autonomous Supply Chain

*An Interview with Mark Morley
Director, Strategic Product Marketing at OpenText*



Can you tell us a little bit about yourself and the journey that has led to your current role at OpenText?

As Director of Strategic Product Marketing for OpenText's Business Network division, I lead the product marketing efforts for OpenText's Business-to-Business (B2B) Managed Services. In particular, I drive industry and regional alignment with our overall Business Network product strategy and look at how new disruptive technologies will impact future supply chains.

Can you give us a brief overview of OpenText and of your Business market segment?

OpenText is the leader in Enterprise Information Management (EIM). What this means is that we help organisations make the most of the data they have, both on-premise and on the cloud. As a result, we offer organisations a comprehensive view of their information, enabling businesses to grow faster, lower operational costs, and reduce information governance and security risks by improving business insight, impact and process speed.

Our Business Network enables organisations to boost competitiveness by connecting them with business partners, providing a single connection that digitises all information flows anywhere in the world.

What is the leadership role of OpenText in enabling supply chain solutions? What are the technologies that are of particular importance to the Supply Chain Industry?

OpenText's key differentiator is that we operate the world's largest business network, connecting over 600,000 companies who collectively process over 24 billion electronic B2B transactions per year.

Our network is key in helping companies digitise their procure-to-pay or order-to-cash processes, and essentially to digitise their end-to-end supply chains – removing expensive manual processes and paper-based documents from their procurement operations. Once companies have established their digital foundation or backbone across their extended digital ecosystem, they can then augment their platform with other supply chain solutions which allow enhanced visibility into supply chain transactions and shipment flows, monitor the lifecycle of purchase orders and even meet invoice compliance requirements across more than 40 countries around the world.

This environment can be further

enhanced with other solutions from OpenText such as advanced analytics, connecting IoT devices and securing the identities of people, systems and things with our advanced identity and access management platform.

What are some of the supply chain challenges that you see customers face in the Asia Pacific region and how can OpenText solutions help to solve them?

Many Western companies have established operations or joint ventures in the APAC region, primarily to leverage lower cost production costs and explore new market business opportunities.

However, the region is vastly diverse, and this presents challenges, especially in markets which are not as developed in terms of utilities and telecommunications infrastructures. This may hinder companies from connecting electronically with their

Our network is key in helping companies digitise their procure-to-pay or order-to-cash processes, and essentially to digitise their end-to-end supply chains – removing expensive manual processes and paper-based documents from their procurement operations.

suppliers in remote APAC regions.

The other key challenge is educating trading partners on the benefits of moving from paper-based systems and Microsoft Excel, which is still one of the most important business systems in APAC.

The final challenge is ensuring you have a supply chain visibility solution in place that can track shipments from, for example China, to any Western port in Europe or North America. It is only once companies have digitized their end-to-end supply chain that they can explore other disruptive technologies such as AI, IoT and potentially blockchain.

In particular how is OpenText able to support value added technology solutions for the SME (small medium enterprises) to enable them to compete in bigger markets and where cost of ownership is crucial?

By connecting these trading partners to a common business network environment, even very small trading partners, OpenText can help companies digitise their end-to-end supply chain.

One of the common challenges with onboarding suppliers is ensuring you have 100% of these trading partners connected electronically. One way around this is through B2B enablement solutions such as web forms, portals and even a solution for Excel that allows small suppliers to send B2B documents from within their Microsoft Excel environment, such as our Trading Grid solution.

We also offer the OpenText Cloud which enables companies to connect to small suppliers, irrespective of location or technical capability. Once

Customers are constantly looking at ways to garner the most from new technologies, to radically transform their logistics networks and activate genuinely autonomous, traceable and transparent supply chains.

connected to the OpenText Cloud, it allows SMEs to work with their customers located anywhere in the world, a key competitive differentiator in the market and a capability that can help these SMEs to grow their business, customer base, and of course, revenues.

What are some of the ways that customers are looking to drive their supply chain relationships deeper with OpenText? Are these similar to what you are experiencing with your suppliers?

Customers are constantly looking at ways to garner the most from new technologies, to radically transform their logistics networks and activate genuinely autonomous, traceable and transparent supply chains.

Companies are now undertaking several supply chain transformation initiatives such as moving to cloud-based infrastructure, upgrading their ERP systems and consolidating their B2B networks. However, undertaking such projects places immense strain on a company's IT resources. CIOs may divert expensive IT resources onto an SAP project, for example, so

what happens with the day-to-day management of a trading partner community and how do problems get resolved?

This is when companies consider strengthening their relationship with OpenText by leveraging B2B Managed Services, an offering providing people, process and technologies a solution to manage the B2B integration platform of a customer and the day-to-day management of their trading partner community.

OpenText B2B Managed Services could be considered as an extension to a company's IT department whereby OpenText manages the day-to-day requirements of the B2B platform, allowing the company to focus on other strategic initiatives such as deploying new disruptive technologies such as IoT or Blockchain.

Companies that adopt B2B Managed Services tend to become long term customers of OpenText because we help reduce the cost of running a B2B environment by up to 40% and in some cases help companies achieve an ROI of 245% when compared to managing this activity on premise or internally.

B2B Managed Services essentially provides the digital backbone – we take care of onboarding all trading partners, ensuring business transactions are flowing electronically around the world. We have over 900 companies leveraging B2B Managed Services around the world and these companies are in a much stronger position to then explore new disruptive technologies.

Where do you see next technology breakthroughs coming from and how is OpenText positioned to continue its leadership position in a business changing landscape?

Once companies have digitized their supply chains, they can then explore new disruptive technologies. If 50% of trading partners in a supply chain are exchanging paper-based transactions, it will be difficult to adopt new technologies such as AI and Machine Learning that are dependent on being ‘fed’ with digital information for companies to get the business insights they need.

For those companies with this digital backbone in place, there are three key technologies that will transform supply chains over the next few years – AI, IoT and Blockchain. While other vendors and analysts are viewing these technologies independently, we see real business value when companies combine these three technologies together to essentially create an ‘autonomous supply chain’.

Here’s how each technology plays a part in the autonomous supply chain:

Leveraging IoT, organizations can improve supply chain visibility, automate replenishment processes, and maximize equipment uptime through predictive maintenance.

This is done using sensors to monitor every aspect of its operation. IoT sensors can measure the temperature of frozen or perishable goods as they move across a supply chain, measure the shock levels as fragile goods are moved, and track expensive goods, via global positioning systems (GPS) as they are exported to different markets around the world. Monitoring these conditions can help ensure against spoilage, damage and theft.

Once sensor data has been retrieved from a connected device then it can be fed straight into an AI or Machine Learning Platform. When combined with other information from B2B transactions and even news information relating to weather or disruptive activities across a region, companies can leverage AI to improve forecasting capabilities, optimize logistics flows and improve the decision-making process.

AI allows companies to obtain a wealth of information about the day-to-day of their supply chain operations. This enables businesses to predict sales patterns, identify potential issues in advance, and even make suggestions for dealing with interruptions like severe weather or disasters.

Finally, Blockchain can help companies address issues such as traceability of goods. Knowing the provenance of raw materials can help in situations where a product recall is initiated or if a government investigation needs to understand where faulty goods or contaminated products entered the supply chain.

Blockchain can retain unstructured information relating to a shipment, for example, knowing the location of a shipment through GPS sensor data, leveraging information from Electronic Data Interchange (EDI) transactions

such as shipment details, customer location, and even the original supplier details. Blockchain allows companies to retain the provenance of information as it flows across the supply chain. Companies are still at the very early stages of learning about blockchain technologies and how it can impact their business, and it will be a few years before blockchain finds its way into every business process.

In today’s disruptive marketplace, OpenText is uniquely positioned to leverage the integration of these technologies to drive better business outcomes for our clients. For example, companies can leverage our suite of solutions such as our Covisint IoT platform as well as our Magellan AI and Machine Learning platform. OpenText is currently exploring proof of concepts relating to supply chain with a blockchain provider. Tomorrow’s supply chains are going to be exciting places to work and OpenText is at the center of this supply chain renaissance.

How should the supply chain industry re-think the future with so many variables & challenges seen ahead?

The supply chain operations of the future will be completely transformed by the disruptive technology being introduced today.

Supply chains are often subjected to a great deal of unpredictability, due to factors such as natural disasters or even physical damage or accident. Organizations are therefore facing a continuous challenge to minimize disruptions and ensure that goods are delivered to customers on time. As such, a fully digital supply chain is no longer a choice, but a necessity.

This will enable the effective exchange

of information with the external ecosystem, bridging the communication gap between manufacturers, retailers, and consumers to bring benefits for all.

Companies that do not digitize their supply chains will not be able to properly compete on the global stage. They will not be able to leverage the full benefits of these disruptive technologies and they will not be able to differentiate themselves from their competitors in the market.

With TPP, R-CEP and the AEC looming on the economic horizon and all the implications this has for compliance and regional trade is there a way that OpenText solutions assists their customers with that?

We see digital transformation as a key way that businesses can plan-for and deal-with the current evolving trade unpredictability. Understanding impacts that global macroeconomic trends will have on a business is easier with more viability into your supply chain operations. Predictive insights can help companies plan and respond to changes in their supply chains rapidly.

Now for some future-gazing: where do you see next technology breakthroughs?

Blockchain, although gaining traction across virtually every industry, is still in its infancy and there is still a lot of hype around this technology. Nonetheless, it has the potential to be harnessed for further operational efficiency. Some analysts predict that it will take up to ten years for blockchain technology to become mainstream in the supply chain.

I'm certain we'll see numerous new applications of blockchain, and also an evolution of blockchain use in the supply chain industry. We are already hearing terms such as 'blockchain of things' and companies using different blockchain platforms will need to find a way to integrate these platforms together, so blockchain-to-blockchain integration will become an increasing requirement over the coming years.

Beyond blockchain, companies will be exploring the use of quantum computing to allow decisions to be made more quickly, and hence, allow their business to respond to market changes more quickly.

The volume of data flowing across supply chains is going to increase exponentially over the coming years and hence companies will need to invest in new solutions that can process all of this data in a timely manner.

The last area that companies will probably explore is leveraging augmented reality and virtual reality technology to build 3D virtual mockups of their supply chain operations. This means being able to model supply chains, and make virtual changes, such as introducing ten more suppliers to the model to see the impact on logistics flows.

This takes supply chain visibility to the next level and this 'digital twin' of a physical supply chain is really where companies will eventually get to. The technology exists today to achieve this, but it will take time to educate the market on the benefits of this technology. I believe it is the application of these next generation technologies that will help to attract today's university graduates into the world of supply chain operations.

What is OpenText's strategy for the Asia Pacific region?

OpenText has operations across the APAC region and having on the ground support in this region is key to helping our global customers be successful in the region.

Whether working with customers in China, Thailand, Vietnam or even Japan, OpenText can help to onboard trading partners in this region and ensure that their end to end supply chain becomes truly digitized.

Over the past decade, global manufacturers have rushed into the APAC region and we have helped companies to connect with trading partners. However, due to factors such as changing market demands, new import/export tariffs and the challenges of doing business in remote parts of the APAC region, some companies have near shored some production back to their home markets.

But the global market is in constant flux. Hence, for companies connected to our cloud-based business network, we can provide these companies with the flexibility and scalability to connect and work seamlessly with trading partners all around the world.

OpenText has always been an acquisition inquisitive company and over time I expect there could be further acquisitions that will continue to strengthen our presence in the region, especially supporting key industry verticals such as manufacturing.

How to Survive a Low Trust Culture

Part 1

Typically, leaders ask me “I trust my team, but I don’t trust management at large or even the culture. How can I build trust in a low trust company?” It’s a good question that can be difficult for an individual to overcome without the right strategies.

Some people solve the problem by resigning and going elsewhere. Others choose to hold onto their

job, tolerating the toxic behaviours around them and becoming part of the problem. While others resort to complaining about everything and railing against the system.

If this is you, it’s time to decide which is more powerful – shouting at the system or changing it from the inside?



Complaining about the culture only takes your power away and makes you miserable (and attracts negative, drama-loving people around you to boot. Misery loves company). It's also exhausting. If you want to be part of the solution, it's time to step up and think strategically about what you can do. If you're in some type of leadership role, this is much easier to accomplish.

Believe it or not, you are actually in a wonderful learning environment that can teach you many powerful leadership lessons. As in – what not to do as a leader. Some of the worst leaders I had to work with at the start of my career were very good teachers in demonstrating how not to behave.

The good news is that lots of successful people have experienced toxic leaders and cultures. In fact, many of them will say it was the secret to their success. It all starts with being the leader you want leadership to be. In fact, being yourself and modelling the right trust behaviours that are important to you is critical.

So, if you want to take your power back and empower those around you, it's up to you to demonstrate to others what a high trust leader looks like. In fact, you want to get so good at this that people ask, "What's their secret? Why does everyone want to work with them and why does their team do such good work and seem so happy?"

You can only work with what you can control. The truth is you can't change other people. You can't tell your boss he's a jerk and expect him to agree and promise to change his ways. Nor can you say that to the CEO or management team. The only way to champion high trust is to lead by example and deliver great results. Once you demonstrate that you can reliably deliver excellent results because of how you interact

with others, it gives you a much stronger platform to influence other leaders to change.

Here are the first four of eight essential techniques to build trust in your team in a low trust company.

1. Know Thyself and Be Congruent

"Trust is the conviction that the leader means what he says...a leader's actions and a leader's professed beliefs must be congruent, or at least compatible." Peter Drucker

First of all, know who you are and what's important to you. What sort of leader are you? Are you for the people or against the people? Are you for individual or group results? If you want to be a high-trust leader that models the way for others, you have to be for the people and ready to promote group results (sorry for anyone who thought they had a choice there)!

If you're like most of the well-meaning leaders I know who want to make a

difference, but who are frustrated with some of the leadership behaviours playing out around them, it's most likely you don't trust leaders at your firm because they say one thing and do another. One of the most powerful human drivers is to live in alignment with who we believe we are and whom we want to be. When our words and actions don't match, it creates an integrity gap. People don't trust us. In fact, the bigger the gap the more likely people around you will act in ways that go against what you're trying to achieve.

The reason why matching our words and deeds is so critical is because we subconsciously process whether we can trust people in the part of the brain that has no capacity for language. We don't trust people by what they say, but how they make us feel.

Make sure you always do what you say you're going to do. No excuses. Return phone calls and emails. Deliver work on time and at a high standard. Greet your teammates every morning, not

One of the most powerful human drivers is to live in alignment with who we believe we are and whom we want to be. When our words and actions don't match, it creates an integrity gap.

just on Fridays. This builds authenticity because people see that your energy matches your intention. People need to be able to read you and see consistency in your behaviours, to feel comfortable around you.

In fact, research by Duncan Watts at the University of Columbia found that email response time is the single best predictor of whether employees are satisfied with their boss. The longer it takes for a leader to respond to their emails, the less satisfied people are with their boss.

2. Foster Candour

In a fear-based culture, you won't know really know what's going on. Fear drives things underground. Your team members and peers will be holding back from expressing their views, suggestions and flagging potential issues because the environment seems too risky.

Do what you can to create a psychologically safe space to enable others to know they can be themselves around you and won't be punished

if they make a mistake. In a low trust environment, high performers want to be able to speak up and they want leaders who can help them do that.

Things that you can do are:

- *Encourage people to challenge you. Be open to hearing feedback both good and bad. Avoid jumping to conclusions about what the person is saying and don't judge or blame.*
- *Be transparent with information. Openly share information (except for confidential matters). Regularly communicate, where the business stands, why work matters what's coming up next, and how you plan to get everyone there. Be honest about the financials.*
- *Acknowledge when you don't know something and ask for help. Confess when you've messed up. Admit when there is uncertainty and that you don't know how you and the team will solve tricky issues, but let people know you are certain that as a team you'll work it out together using everyone's know-how and*

voices.

- *Importantly, congratulate people when they talk about the difficult stuff.*

3. Ask Great Questions and Be an Active Listener

"The minute we begin to think we have all the answers, we forget the questions." Madeleine L'Engle

High trust leaders lead by asking questions. Empower those around you to think for themselves and solve problems. Modelling curiosity encourages others to think more, rather than react.

This also ensures that you break through the fog and avoid making hasty assumptions. A lot of people talk using vague phrases and generalisations (eg: "None of our customers like the higher price.") High trust leaders are attuned to fluff and vague corporate speak. Ask questions that gain specificity and improve accountability.



While leaders who only create psychological safety without holding employees accountable for excellence stagnate in the “comfort zone.” Comfort breeds complacency and poor employee engagement. People perform better and enjoy life more when they’re constantly challenged.

Do this by avoiding using why questions that sound like you are making the other person wrong. Instead, ask outcome-based questions (what or how) that focus on results such as:

“What specifically do you mean by that?”

“What would you do if you were in my role?”

Then, keep quiet. Really listening to employees shows that you are present and focused. This demonstrates that you care more than any words can alone. It gets you out of your head, so you’re more able to help people and understand what is going on. It encourages you to live in reality. Great leaders know that really important information surfaces when they keep quiet. It is when transformation occurs.

4. Build in Accountability

Harvard Business School professor Amy Edmonson, who coined the term psychological safety, discovered that psychological safety and

accountability interact to produce a high-performing team when there is uncertainty and interdependence. Asking questions, fostering team discussions and holding employees accountable for excellence fall into the “learning zone,” or the high-performance zone.

In fact, Edmonson discovered that high-performing teams seem to make more mistakes. But what she found was that they were more likely to report errors and fix them.

On contrary, leaders who only hold their employees accountable for excellence, but fail to foster psychological safety fall into the “anxiety zone”. Needless, to say this isn’t good for people’s mental health, let alone team performance.

While leaders who only create psychological safety without holding employees accountable for excellence stagnate in the “comfort zone.” Comfort breeds complacency and poor employee engagement. People perform better and enjoy

life more when they’re constantly challenged. To encourage your direct reports to be accountable means you need to be accountable. Improving accountability means having clear consequences for poor performers. Hold people accountable when they drop the ball.

Demonstrate accountability by putting in processes to:

- evaluate every project (what was good/bad, what can be improved),
- track weekly results/deadlines/accountabilities, and
- articulate clear action steps at the end of each meeting.

Combining psychological safety and accountability is critical for teams to achieve their full potential. Make sure you do both.

Find out the next four essential elements to building trust in a low trust culture, in Part 2 that will be published in the next issue of LogiSYM.



Marie-Claire Ross
Chief Corporate Catalyst
Trustologie

Marie-Claire Ross is the chief corporate catalyst at Trustologie. She is a workplace sociologist, author and consultant focused on helping leaders put the right processes in place to empower employees to speak up about issues, challenge each other and share information. If you want to find out more about building trust, download the free insights paper ‘Building Trust – How High-Trust Companies Deliver Faster Results, Increase Profitability and Loyalty’ at <http://bit.ly/buildingtrust2016>.

How Can An Enabled Partner Collaboration Deliver a Higher Performance?



The market is dynamic, consumer behaviours are inconstant and evolve each passing day. In turn makes demand fluctuate while both internal (organisational) or external (market) circumstances escalate existing obstacles. This impedes business partners (manufacturers and retailers) from building long term business plans. In return this increases the risks of managing working capital in an optimal way.

Manufacturers, for instance, face challenges such as:

- Accurately projecting purchase of

raw-materials for on time and in full production of demand

- Optimising inventory with holding just enough stock level for both raw-materials and finished goods
- Regulating production capacity without missing demand with less cost
- Achieving accurate lead time both in production and transportation
- Ensuring quality of finished goods while competing with time and cost

On the other hand, retailers strive to overcome difficulties, such as:

- Minimising inventory holding costs
- Ensuring 100% availability on shelves
- Optimising shelf utilisation with best-selling SKUs
- Achieving timely shelf replenishment with minimum cost at stores

But how can partners make better decision in such challenging business conditions that can improve their profitability and reduce inventory cost?

Its objectives are to analyse the performance and objectives of relevant departments to ensure they proceed with a single outlook, and to align the company's demand forecast and supply-service practices via integrated business plan.

It is clearly a big challenge for Business partners to cope with such testing conditions. The way forward has to be to develop a collaborative approach, supported by robust IT systems. To support such a deployment, I would choose two collaboration practices. They are 1) Sales and Operations Planning (S&OP) addressing the internal collaboration between departments, and 2) Collaborative planning, forecasting and replenishment (CPFR) addressing the external collaboration between partners.

Sales and Operations Planning (S&OP)

S&OP - an interdepartmental level platform, coordinates information sharing, to constructively align sales plan to a demand plan. This will drive the operational activities for better demand-supply alignment with partners. Its objectives are to analyse the performance and objectives of relevant departments to ensure they

proceed with a single outlook, and to align the company's demand forecast and supply-service practices via integrated business plan.

S&OP starts with the sales team to build a demand forecasts linked to target sales. The forecasts would be adjusted based on marketing plans such as advertisement, promotion plan, newly launched products and potential risk of obsolescence. Whilst implementation of forecast & plans, continuous adjustments are needed to optimise model. This is where a robust IT solution would enable a complex process to manage forecasts – factoring in risk of obsolesce, supplier reliability, irregularity on demand, lead time, safety stock, target service level. With updated forecast the operation department can plan collaborative forecast for production plan while demand & supply department handles upstream level supply plan.

To ensure an effective S&OP

application, stakeholders must work closely together (representatives from sales & marketing, operations, demand & supply and finance departments) to finalise the future S&OP plan. Given the dynamic structure of existing markets, manufacturers need to be more agile in the operations of information sharing, forecasting and production. Building a good internal coordination with S&OP is likely to enhance their capability of rapidly reacting to instant demand changes in the market.

Whilst S&OP is more a planning focused internal approach, CPFR moves this practice to the external level. This creates consensus between partners, where it further evolves partners' supply chain from a scanty push system to a more customer focused pull system systematically. In practice, the collaboration of The Lowe's Home Improvement and Whirlpool is a good example of the combination of CPFR and S&OP.

Partners initially worked on customer focused marketing strategies to optimise order forecasts and inventory levels. Then, the focus became the alignment of sales and forecasting plans. This helps them to be involved in promotions, launching new items and planning special events. The linkage of CPFR and S&OP enabled Whirlpool as a manufacturer, to enhance sales growth by 12 percent, to reduce inventory costs by 5 percent and to improve timely deliveries by 3 percent along with increased flexibility and faster decision making.

Collaborative planning, forecasting and replenishment (CPFR)

CPFR is a collaboration platform for retailers and manufacturers where they can synchronise their business plan, forecasting process and

Figure 1. CPFR Model – Manufacturer and retailer tasks



replenishment operations. The goal is to enhance product availability and to reduce inventory and delivery costs with:

- Aligning demand and supply with effective information sharing
- Managing processes based on partners' exceptions, and
- Meeting end-customers' needs with a strong sales and marketing plan

The collaboration of Wal-Mart and P&G are good examples. They jointly developed forecasts and replenishment operations. This gained favour by improving information sharing and reducing the waste of consumer goods. The CPFR aspect consists of the three prime processes of planning, forecasting and replenishment. These processes constitute four important stages to improve the collaborative

performance of manufacturers and retailers. (See Figure 1)

There are 4 key steps that are required in a such deployment process:

STAGE 1: STRATEGY & PLANNING

Identify baseline rules for collaboration and select product-groups merchandised by developing a joint business plan for a particular period.

At this stage, partners set a collaboration frame as a guideline to jointly align on a single process flow that will be followed to synchronise both parties' goals. Since this stage is the basis of collaboration, parties should:

- Define clear goals and objectives
- Identify systems to be used

through collaboration

- Define target product-groups, responsible business functions and accountabilities
- Clarify types and frequency of information to be shared mutually
- Set Joint Key Performance Indicators (KPIs)
- Set a calendar for the review of KPIs and corrective action plans
- Publish front-end agreement to be signed by top-management

STAGE 2: DEMAND & SUPPLY MANAGEMENT:

Share Point-of-Sales data and additional sources to fulfil the forecasting and shipment requirements over the period.

The latter stage is dedicated to joint forecast building process. Parties mutually exchange information for joint demand planning, (including data purification, joint promotion plans and special events via marketing calendar, shelf share, etc). Once all related data is ready, parties build forecast upon agreed forecast horizon that covers all related sales and marketing plan. The parties would follow different forecasting approach when generating forecasts, and then jointly align on single demand plan at the Point-of-Sale. For instance, the retailer can generate forecasts with bottom-up approach with aggregating SKU level forecasts to know required demand at Store Level. Manufacturer, on the other hand, disaggregate forecasts from the Point-of-Sale to SKU level. Once parties merge plans developed from different approaches, it will help them to explore potential factors that likely to affect their demand, which in turn help make corrective adjustment for higher forecast accuracy.

The following in this stage is to convert demand forecast to shipment

forecast by manufacturer to ensure timely replenishment of stock at the Point-of-Sale. An example is Rituals, the fastest growing home and body cosmetics brands in Europe. Since its implementation of a robust system and standardisation of processes for efficiency of managing different types of forecasts (promotions, regular, gift

packs) led to increase service level from 92 percent to 97 percent, with 15 percent improvement at stock return.

STAGE 3: EXECUTION:

Set orders, share delivery plans and consider the number of products in stock and on retail shelves. Then, record sales and make payment.

The Execution stage is about the operational synergy of the parties. Continuous actions for each operation are reviewed, discussed and aligned in a constructive way to meet both sides' expectations. This stage calls for transparency and full of visibility by both parties with rationales for

Table 1. Collaboration landscapes: Objectives, benefits and the accompanying responsibilities of partners during CPFR and S&OP

	OBJECTIVES	BENEFITS	RESPONSIBILITIES OF PARTNERS
S&OP	<ul style="list-style-type: none"> To analyse the performance and aspect of relevant departments to ensure they proceed on a single outlook To align company's demand forecast and supply-service practices via integrated business plan To develop a consensus-based set of forecasts and plans 	<ul style="list-style-type: none"> Increasing profits rather than reducing costs Improving interdepartmental integration Matching demand-supply on an integrated plan Easing internal consensus on a single forecast Increasing sales growth Reducing inventory costs Improving delivery performance Enhancing internal-external flexibility Increasing speed of decision making 	<ul style="list-style-type: none"> Focusing on long planning horizon for long lead time and seasonal products Focusing on short planning horizon for short lead time and mature products Having a clear understanding about forecasts, production, delivery plans and procurement Continuously improving processes and eliminating redundancies Cross-functionally sharing new and diverse information Aligning forecasts and production by linking sales plans Consistently improving sales and future plans (e.g. promotions and advertising) Consistently evaluating KPIs to ensure results are in line with strategic objectives Focusing on long-term and strategic collaborations
CPFR	<ul style="list-style-type: none"> To provide better supply-demand coordination through effective information sharing To manage processes based on expectations of partners and end-consumers To meet end customers' needs with a strong collaboration, which is organised well and lacking in restrictions 	<ul style="list-style-type: none"> Enabling detailed and structured plan over particular product families Improving information sharing and forecasting processes of partners Enabling to take into account both internal and external factors through forecasting Improving internal and external communication of partners Improving visibility and transparency both internally and externally Enhancing replenishment frequency, over rigid plan and forecasting Providing competitive advantage, with rapid response to instant demand changes 	<ul style="list-style-type: none"> Initially agreeing on the benchmarks of collaborations, including key objectives, KPIs, information sharing, forecasting methods, and replenishment operations Do not expecting immediate outcome, rather focusing on building trust and commitment Being flexible against supply chain complexities Conducting tight communication and sharing different types of high quality information Improving internal operations based on external needs of partners and end-consumers Investing in IT for high quality information sharing Staying away from dominancy-oriented behaviours and more focusing on end-consumers' needs

Collaborative Business partners have to cope with external dynamics, as well as with internal dynamics. These can be constraints of the collaborative model as they touch the respective organisational structures, non-aligned systems and infrastructure and business culture.

exceptions. Most importantly it requires collaborative decision making to contribute to parties' common goals. This stage is likely impacted by both internal and external exceptions - variability on lead time, irregular demands, seasonality, minimum order quantities. It is essential to use a smart IT solution to meet this challenge. For instance, an Order management feature, which should be fully user friendly, enabling planners to set optimal order level, for target service level and safety stock, is critical for optimal decision making. Flexibility and adaptability of the system enabling to use contextual information, such as last-minute promotions, are critical factors for improvement of working capital when aiming at achieving maximum service level.

STAGE 4: ANALYSIS:

Track the joint business plan in comparison with the execution progress made.

The final stage of CPFR is dedicated to the review of KPIs set on a single calendar. Partners should arrange continuous meetings to review joint KPIs, analyse progress made so far, define existing challenges. This process

jointly develops corrective actions plans with clear accountabilities to be reviewed at each Collaboration meeting.

Despite the structured stages & guidelines for a CPFR deployment, practitioners are likely to face significant challenges through the implementation of CPFR. These challenges are primarily to select the correct business partners for collaboration, set up sustainable performance measurement policies, and synchronise partners' organisational approach for the alignment of the different goals but common KPIs.

Table 1 is a guideline for practitioners to know more about objectives, benefits and required responsibilities when it comes to applying CPFR and S&OP during collaboration.

Conclusion

In practice, Collaborative Business partners have to cope with external dynamics (e.g. economic conditions, unexpected events, seasonality and promotions), as well as with internal dynamics. These can be constraints of the collaborative model as they

touch the respective organisational structures, non-aligned systems and infrastructure and business culture. Such conditions can occasionally block the capital via excess stock, or to Out of Stock and/or expiries. This calls for the necessity of investing in correct and required IT systems. to manage demand and inventory level efficiently against such shortcomings and product-related ambiguities. In this regard, Slim4 is the best fit IT solution when it comes to improving sales with higher service levels while optimising inventory through agile order management with significant capital savings, which is the foremost goal of organisations in such a dynamic environment.



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EVENTS

March

10TH GPCA PLASTICON

March 11th - 12th 2019
ART Rotana, Amwaj Islands,
Bahrain
www.gpcaplastics.com

April

11TH SUPPLY CHAIN CONFERENCE

April 8th - 10th 2019
InterContinental Dubai –
Festival City, Dubai, UAE
www.gpcasupplychain.com

WOMEN IN PROCUREMENT & SUPPLY CHAIN 2019

April 30th - May 2nd 2019
Pullman Sydney Hyde Park
www.questevents.com.au/women-procurement-supply-chain-2019

WAREHOUSE SUMMIT MENA

April 29th - 30th 2019
The Address, Dubai Marina
www.warehousemena.com

May

LogiSYM SINGAPORE 2019

May 14th - 15th 2019
NUSS Kentridge Guild House,
Singapore
www.logisym.org/Singapore2019

July

LogiSYM MALAYSIA 2019

July 23rd - 24th 2019
Hilton Petaling Jaya,
Kuala Lumpur, Malaysia
www.logisym.org



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