

Future of **Shipping & Logistics** in Promoting World Trade

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What is the **future** ???

- **Undetermined events** that will occur in the time to come.
- The condition of a thing at a **later date**.
- **From** now on.
- That is **yet to come** or be.



Definition of Logistics

- The process of planning, implementing, and controlling the efficient, effective flow and storage of goods, services and related information from their point of origin to point of consumption for the purpose of conforming to customer requirements
- The procurement, supply, maintenance, and transportation of equipment , facilities, and personnel.
- A new discipline called logistics has emerged to address the demand supply activities inherent in the physical distribution functions.
- Logistics leverage is the "ability to effectively influence market demand through the application of excellent logistics systems, techniques and programs."



Definition of Shipping

- Shipping is the transport of cargo between seaports by ships, typically large steel vessels powered by diesel engines or steam turbine plants.
- Shipping has multiple meanings. It can be a physical process of transporting goods and cargo, by land, air, and sea. It also can describe the movement of objects by ship.
- The term today has many connotations and varied meanings – simply put it refers to physical movement.



Logistics is an
**integral part of all
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It is

Not

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Logistics is an **integral part of all processes.**

It is **Not** a separate function.

Reaching the Market

- Strategic **transportation** of goods from procurement of raw materials until finished goods are available **for consumption.**
- **Efficient delivery** of goods at least operational cost to organization.
- Building **effective customer relationships.**



Logistics is an **integral part of all processes.**

It is **Not** a separate function.

Marketing

- If the product is **not where customers want it**, when they want it, it is **unlikely to sell.**
- Integration of marketing and logistics activities is difficult but essential.
- Integrated Firms can provide higher levels of customer service, at lower costs, create more satisfied customers and increase profits over the long term.



Logistics is an **integral part of all processes.**

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Marketing

- **Improved efficiencies** as well as **effectiveness** in both the marketing and logistics areas and at their interface points throughout the organization.
- Development of supply chain competencies, process integration and information sharing across firms results in long-term success.
- Integration of marketing and logistics functions is necessary in order to achieve the demand creation capabilities.



Future Trends in **Logistics.**

Mega-Trend Number One

Lean logistics and continued reduction in inventory levels

One key metric of logistics efficiency is the inventory/sales ratio, which measures the level of inventory companies require to support their annual revenues.

Those companies that help their customers to operate with lower warehousing, inventory, and supply chain systems costs are all emerging as big winners.



Future Trends in **Logistics.**

Mega-Trend Number One

Lean logistics and continued reduction in inventory levels

Example :

KN Lead Logistics won the Nortel outsourcing contract by promising major reductions in the cash-to-cash cycle and other balance sheet improvements. Similarly, Unicity has delivered significant value for companies like Maytag by developing and executing supply chain strategies to reduce the number of warehousing locations for Fortune 500 companies in Canada. These "lean logistics" leaders will continue to drive supply chain value for their customers.

For an automobile customer (TNT customers include BMW, General Motors and American Honda), they could mean doing sub-assembly work.



Future Trends in **Logistics**

Mega-Trend Number Two New technologies

- RFID (Radio Frequency Identification Device)
- The reality is that moderate adoption is indeed happening.
- *The U.S. Defense Department has been using RFID since 1991, with the first Gulf War.*
- *Wal-Mart announced the top-100 mandate for January 2005, followed by full adoption for Wal-Mart's 10,000 and the Defense Department's 43,000 suppliers. Today, Wal-Mart has successfully launched an April pilot project, with eight major suppliers and one Texas distribution center serving seven stores. Meanwhile, leading supply chain software provider Manhattan Associates generated 4 percent of its last quarter's sales from RFID, based on five new customers. With a sales pipeline of 50 prospects for its RFID applications, Manhattan Associates expects to see significant growth in this category.*



Future Trends in **Logistics**

Mega-Trend Number Three:

Annual Growth's revolutionizing global logistics

The explosion in Asia's manufacturing market has major implications for the global logistics arena. As Indo - China grows some 8 /10 percent annually Chinese exports are up 35 percent annually, and imports are up 40 percent. As a result, cargo volumes for the Asia-California shipping lanes have risen 8 percent. However, due to a shortage of capacity, ocean rates have soared by over 40 percent. This impact is being felt more dramatically in certain sectors. For instance, China now consumes 30 percent of the market.



Future Trends in **Logistics**

Mega-Trend Number Three:

Annual Growth's revolutionizing global logistics

The Indo China phenomenon will have massive implications for 3PLs who are focused on manufacturing and industrial sectors.

Most 3PLs are scrambling to ensure a major foothold in this market, either through acquisitions, start-ups, or joint ventures. This pressure will only increase in the coming years.



Future Trends in **Logistics**

Mega-Trend Number Four:

Regulatory changes promote both simplification and complexity

Regulatory changes are creating two sets of dynamics. On the one hand, **deregulation initiatives are promoting simplification and facilitate competition.**



Future Trends in **Logistics**

Mega-Trend Number Four:

Regulatory changes promote both simplification and complexity

On the other hand, the **regulatory environment is also marked by expanded complexity.**

Supply chains are only beginning to adapt to the **24-hour rule** for all modes of transport.

Security mandates add to the regulatory requirements companies will need to meet.

All regulatory changes **will fall on the shoulders of 3PLs**, who will become security partners as well as supply chain partners for their customers.

3PLs that can adapt to this regulatory environment will succeed.



Future Trends in **Logistics**

Mega-Trend Number Five: The Consolidation wave continues

- The logistics market witnessed a massive wave of consolidation since 2000-2001.
- Mega-mergers combined the firms
- This wave of consolidation will continue.
- It will be fueled by growing customer demand for one-stop-shop solutions, new technologies, and deep-pocketed buyers.



Future Trends in **Logistics**

Mega-Trend Number Five: The Consolidation wave continues

The private equity marketplace stands at a record level of capital, with \$120 billion in money on the sidelines. As this capital seeks a home, we may well see \$12 billion invested in the supply chain sector over the coming five years. Meanwhile, strategic buyers like UPS are sketching plans to deploy a significant portion of their \$2 billion in annual free cash flow within the logistics sector.

The implications for logistics companies are significant. As smart money flows into the most successful sectors, it will become harder for most independent 3PLs to succeed without aligning with a partner.



Future Trends in **Logistics**

Mega-Trend Number Five: **The Consolidation wave continues**

- *India is being touted as the land of opportunity for logistics service providers all over the world.*
- *The demand for logistics services has been largely driven by the remarkable growth of the Indian economy which continues even today.*
- *Logistics management in India has become complex, with about ten million retail outlets to cater to the needs of one billion people. Indian entrepreneurs are forming new companies and taking advantage of government policies designed to promote greater efficiencies in a sector where large global businesses have yet to make their mark.*



Future Trends in Logistics

Mega-Trend Number Six:

Mid-market companies must offer niche services to compete successfully against global giants

- While the preceding trends may appear to pose challenges to mid-market logistics firms, plenty of opportunities still exist. The most successful mid-market 3PLs are developing successful strategies to dominate attractive niche markets.
- For instance, reverse logistics is a \$35 billion annual market. This service involves the management of reverse flows of product throughout the supply chain. Mass merchandisers see typical return rates of 4-15 percent, while cataloguers see 18 percent returns.



Future Trends in **Logistics**

Mega-Trend Number Six:

Mid-market companies must offer niche services to compete successfully against global giants

- Similarly, service parts logistics has become an important part of the supply chain for high-technology and telecommunications companies. This service revolves around rapid fulfillment of high-value parts, typically through critical parts warehousing located near airport facilities for next-flight-out execution capabilities.



Future Trends in **Logistics**

Mega-Trend Number Six:

Mid-market companies must offer niche services to compete successfully against global giants

- Other niche services include the convergence of warehousing with packaging (as represented by Power Logistics, which Excel recently purchased) and the convergence of financial services with logistics (embodied by UPS' expansion of trade financing capabilities).



Future Trends in **Logistics**

Mega-Trend Number Six:

Mid-market companies must offer niche services to compete successfully against global giants

- a future where customer requirements will move into a new realm of expectation. "Customers used to outsource because of convenience or to avoid labor situations or so as to not have to invest in buildings and infrastructure.
- Now, they view us as having a core competency in managing logistics and supply chain issues. Increasingly they regard us as a **partner** in their business."



Technology & Logistics

bringing about change.

Manual to Automation

- The earlier modes of communication are being replaced with modern technology.
- Warehouse and satellite centers increasingly exchange order information thru automatic means supported by Technology.
- Technology removes human error and delay.
- Technology improves speed and accuracy while reducing costs.



Technology & Logistics bringing about change.

Integrating data to improve key process.

Centralized and easy control for all movement related actions.



Technology & Logistics bringing about change.

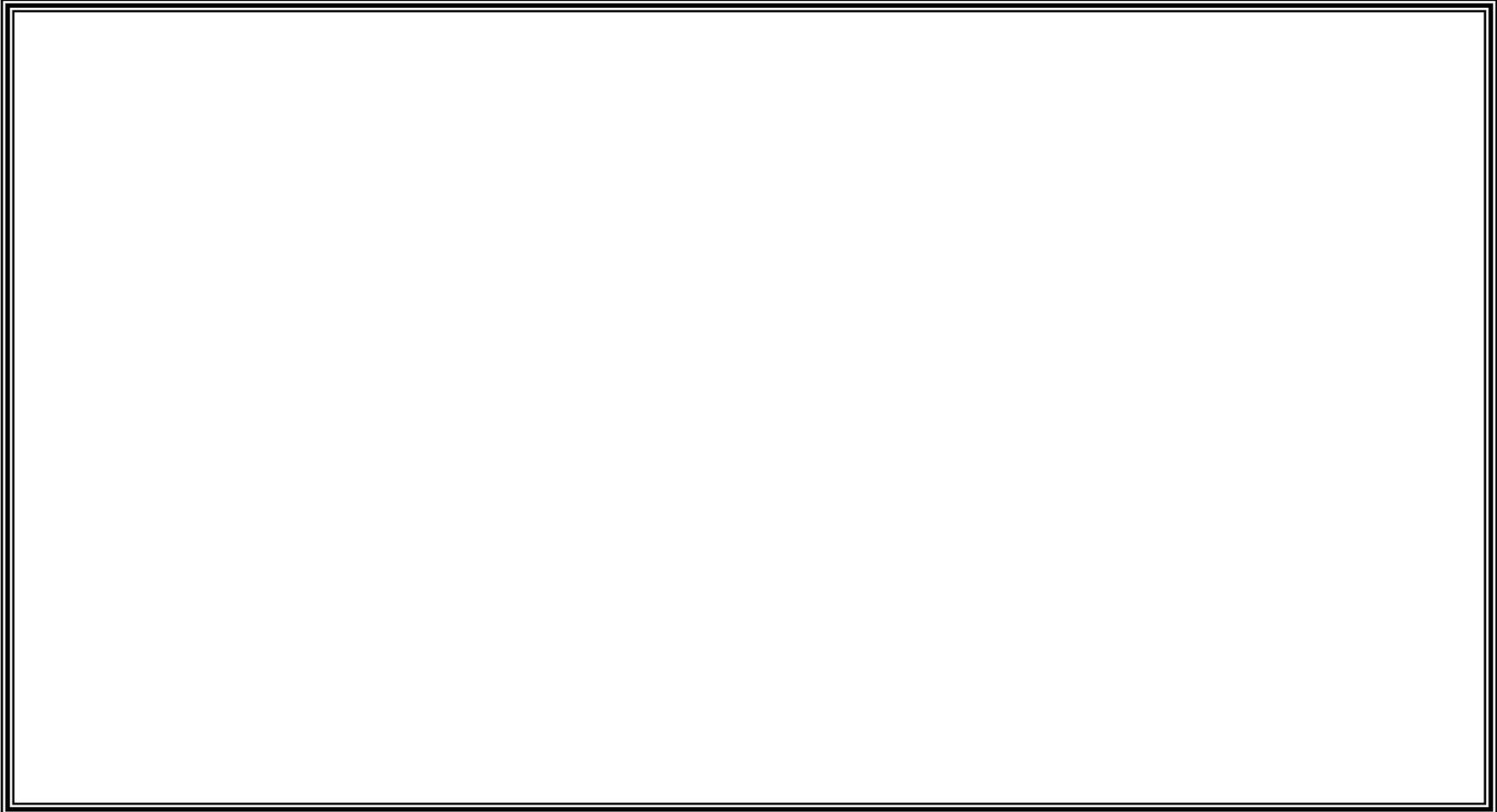
Processing orders — better, faster, cheaper.

1. Seamless facilitation of all related business units and stakeholders for removal of pain points, root causes, and a proposed solution, as well as the related cost-benefit analysis and implementation timeline
2. Identification of process elements with the greatest potential for improvement.
3. Synchronization leading to easy customization.
4. Automating a manual process, saves both time and money.
5. Automation results in improved customer satisfaction



Logistics & You

bringing about change.



Questions !!!!!!!!!!!!!

Thank you.

