

E-commerce and supply chain developing trends



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As the advent of the E-commerce revolution drives into Asia, and global competitive forces place increased pressure on the need for creative outsourcing, visionary companies are responding by launching new supply chain models in an effort to streamline processes in order to achieve tangible market advantages. The inherent power of the internet is further propelling these trends at enormous speed, while simultaneously creating unique supply chain opportunities to be exploited.

Global competition is placing enormous pressure on the internal manufacturing process and all aspects of the product distribution mode. However, a key area that can provide a critical marketing advantage is the effective utilization of Supply Chain Management to significantly enhance global logistics capabilities. The resulting logistics enhancements can provide competitive sales advantages in terms of reduced product and interest costs, more lead time for product delivery, faster delivery of the product to the market, and ultimately maximum flexibility to support the sales effort globally.

The concept of "Supply Chain Management" has been derived in order to create dynamic new opportunities to en-

hance the distribution process and provide tangible financial savings, while ultimately creating more value to the customer. Fixed costs can be converted to variable costs, virtual inventories can be created, and inventory velocity can be maximized. The most important component in the Supply Chain Management concept is to utilize technological innovations to directly identify, and positively impact, the direct relationship between time and costs throughout the entire product life cycle.

THE GLOBALIZATION OF THE LOGISTICS PROCESS

Nowadays, with the changes in labor costs, currency exchange exposure, and information technology, many manufactured products have moved to a logistics process of multiple sourcing points. The complexity of this evolutionary process encompasses new materials being sourced from different continents focused to various geographical production hubs, and finally concluding in assembly of the manufactured components into the final end product. The final end product is then shipped to various global destinations depending on market demand.

Within the past few decades, the dynamism of the Asian economies, com-

Chain management: Trends in Asia

lined with extremely competitive labor costs and growing consumer demand resulted in a major shift of manufacturing resources to the Asia-Pacific region. Starting initially with Japan and the 4 tiger economies, this trend has expanded to cover most of the countries throughout Asia, and this process will evolve further as the Asian economic recovery builds momentum.

Traditionally, the logistics pattern has been horizontal in structure, with shipments usually following an Eastbound or Westbound trend. The new trend has created a more complex pattern which can be described as horizontal/vertical integration. In this sense, the logistics process is becoming multi-dimensional as a consequence of global competitive factors and new pressures arising from information technology expectations.

As the trend in manufacturing continues to disperse production facilities over a wider area, and the concept of regional distribution centers expands in the market, a growing challenge for senior management will be how to maintain control of specific cargo locations and transport movements. This is especially true within the context of complex markets such as China and India, which cover a vast geographic range and complex infra-



structure. Maintaining information control will prove to be a great challenge as changes in the distribution channel disperse products over a wider geographic area, while simultaneously requiring "just-in-time" shipment information to be available to production planners and

Internet access is rapidly expanding, creating dynamic new business opportunities.

The number of Internet users is expected to grow to 64 million by 2003.