

# Leveraging Singapore's Strategic Advantage for Regional Hubbing

By Paul W. Bradley, Managing Director, IDS Logistics International and  
Strategic Marketing Director, IDS Group



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30,480 KG  
67,200 LBS  
2,180 KG  
4,806 LBS  
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**W**ithin the past decade, Asia emerged as the preferred manufacturing centre in the world by leveraging the dynamism of its economies, investment opportunities through increasing deregulation and competitive labour costs. At the same time, rapid growth in regional consumer demand sees Asia also evolving into the largest consumer market in the world. Greater China as the epicentre for both developments implies that Southern China and Singapore are in a unique position to provide strategic locations for the management and control of the resulting flow of goods.

As a result of increased urbanisation, a duality in the channels of trade is evolving, with modern hypermarkets, supermarkets, department and convenience stores as well as traditional provision stores in local rural areas. To efficiently meet the demand of Asia's rapidly expanding consumer sector, new business models are evolving that are significantly altering business strategies and redefining the logistics industry.

Singapore is playing an increasingly important role as a leading regional hub to meet the rapidly evolving needs of the Asian consumer with products sourced from throughout the globe.

### The Transition of Logistics and Regional Hubbing

The art of logistics reflects the skill in co-ordinating the movement of physical product between a specific origin and destination point, while efficiently executing the entire shipping process. Playing a more active role and linking technology and infrastructure to the core shipping services for better control of shipments and closer interaction with the customer, "Total Logistics" companies are aiming to further expand their services. Taking logistics to the next level of supply chain management encompasses a much wider breadth and depth across the entire lifecycle of a product, requiring a different perspective and wider concept to creatively extend the services into the corporate customer's domain, including links to the manufacturing entities. "Advanced Supply Chain Management" assumes the complete supply chain management role, and further

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extends itself into "virtual services" which can be seamlessly orchestrated through one centre of management control with the ability to provide visibility through an integrated information system. The result is a "Value Chain Network".

A key to the success of supply chain management is the speed with which solutions can be implemented in meeting the changing needs of the customer in a dynamic market environment. As time compression in product delivery becomes more critical, companies supplying the Asian consumers from production plants in Europe, the United States, or multiple Asian countries face the challenge of long lead times. Problems further increase if each market is importing inventory from overseas factories, forcing distribution centres in the countries to hold several months of inventory due to the long lead-times. Import duties have to be paid on the full buffer stock, further adding to product costs and ultimately reducing competitiveness. If sales grow faster in one market and slower in another within

a particular month, new product usually needs to be ordered from the overseas factories as Asian inventory is trapped in each country. This becomes increasingly critical as products from fashion to food to personal care become increasingly time sensitive, and consumer's tastes and demand are constantly changing thus leading to higher volatility.

The transit time factor can be neutralised by establishing a regional Hub into which product can be centralised and rapidly dispersed across the region, reducing lead time and minimising the risk of placing excessive product in individual countries and paying duties prematurely. Through consolidation of orders over multiple Asian markets, reduced costs for shipments can be realised while multi-tiered inventory management drives down overall stock levels. Replenishment of local distribution centres through the hub lead to reduced lead-time to markets and provides the flexibility for faster response to customer needs, minimising stock-outs and lost sales.

### Singapore as a SCM Hub for Products from Europe and the US



## Streamling Asian Supply Chains



For European and US companies, a regional hub creates a “virtual presence” in Asia, enabling them to gain competitive advantage even over competitors which are producing in Asia. The concept of regional hubbing requires inventory visibility at all stages, emphasises inventory velocity so product moves rapidly through the hub and requires world class maritime, air and distribution facilities. There are now a number of successful case studies demonstrating the strategic advantage which results, when hubbing in Singapore is effectively deployed.

### Singapore’s Unique Role

Singapore and Southern China are in unique positions to leverage their strategic locations and logistics infrastructure enabling them to emerge as the leading Regional Hubbing Centres for global and Intra-Asian trade.

Singapore’s government authorities have been carefully investing in infrastructure to further enhance Singapore’s capabilities. The world’s largest transshipment hub run by PSA Corporation Ltd (PSA) attracts around 130,000 vessel calls annually, with 200 shipping lines providing connections to 600 ports in 123 countries. Comprising an extensive

network of mainline mother vessels and feeder services, Singapore is uniquely suited as a strategic location to distribute product from Europe and the United States across the Intra-Asian region. With 70 daily sailings to Southeast Asia, supplemented by 10 additional sailings to Greater China, PSA’s sophisticated terminal facilities already provide Singapore with an excellent maritime infrastructure while continuing investments and expansion of terminals guarantee necessary capacity and security to support rapid growth in the future.

Singapore’s international shipping infrastructure is supplemented by Changi Airport which provides a similar network for air corridors. Short connection times between port and airport facilities further enhance fast movement of goods and thereby provide additional flexibility which is needed to efficiently manage regional

hubbing at optimal levels. State-of-the-art logistics facilities within Singapore, like IDS Logistics’ Regional SCM Hub, provide the necessary logistics capabilities to raise inventory velocity, reduce lead time to market across Asia, while reducing total costs and adding value to the Asian supply chains of international companies in meeting the growing needs of the Asian consumer.

The IDS Group of companies has already moved towards defining and successfully implementing the new area of “Value Chain Logistics” by leveraging on the unique infrastructure and expertise of its core companies linked to an integrated information system. The IDS Group has positioned itself as a leader in exploiting the value of “Regional SCM Hubbing”. Fielding an extensive infrastructure of more than 40 distribution centres, strategically located throughout the region, these facilities provide the backbone of fully integrated logistics services which connect to thousands of factories and hundreds of thousands of retail points. IDS International is assisting international companies in successfully extending their value chains across the Asia-Pacific. Leveraging on Singapore’s strategic location, its highly efficient port and airport infrastructure, complemented by a high tech customs services, IDS International manages the global supply chains for a number of Fortune 500 consumer goods companies, providing regional Hubbing and global flow management.

Singapore’s excellent maritime, airport and logistics infrastructure, further supported by supply chain management companies, guarantee Singapore’s unique role in global supply chain management in the future, being an optimal centre to fully exploit the benefits of Regional SCM Hubbing by adding value to Asian Supply Chains.

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