

# Asian logistics players network for solutions

By **MATTHEW PHAN**

[SINGAPORE] Logistics and supply-chain managers are facing a tough challenge with the rise of outsourcing to Asia, especially in the high tech sector, but it is Asian businesses which are coming up with the solutions, panel members at a Supply Chain Asia Forum said recently.

The logistics and supply chain management (SCM) industry is no longer just about "moving things on a ship" but about adding value to client supply chains, such as by coordinating manufacturing at factories, forecasting sales at retail stores and building infrastructure to move products just-in-time, they said.

Virtual manufacturing — where a retailer does not own factories but may own, say, 50 per cent of the output from a particular factory for three years — is one solution developed by Asian SCM players, they said.

Regional hubbing, as opposed to mere trans-shipment, is another major transformation, said Paul Bradley, president of Arshhiya Technologies International. This means companies are using centres such as Singapore to add value to products.

"You have to coordinate manufacturing from Asia, Europe and the US, bring them to Singapore for packaging, then feed them just-in-time to 14 locations in Asia, each of which is holding only two to three weeks



FILE PHOTO

**Mr Bradley:** Says that companies are using centres such as Singapore to add value to products

of inventory," he said.

In this environment, "no matter how much a company consolidates, it has to cooperate", he said. "None of us can fulfil the entire support network, we have to find a network and collaborate regardless of size."

Other factors influencing the SCM industry are oil prices and clients' cost of capital.

Volatile oil prices mean that supply chains must be "remodelled" rapidly, said Allen Fukada, vice-president of sales and marketing at ModusLink.

A US retailer that sells goods originating in China may switch need to production within two weeks to Latin America if freight costs rise.

As for cost of capital, "if a customer is borrowing in Japan versus somewhere

else, this will drive certain behaviour in the company that will affect the supply chain manager's behaviour," Mr Fukuda said.

The forum was organised by Supply Chain Asia, an information portal and industry network formed in Sept 2005 by Singapore-based firms.

It now claims about 1,500 subscribers across the Middle East, South-east Asia, China and Japan, and organises an annual forum and monthly meetings.

David Chew, logistics director of Carrier, said the frequent meetings "help us to understand what others are doing in a very neutral environment, through informal discussion. Traditionally, to discuss a project we would have to do a request-for-proposal".