



THE  
LOGISTICS  
INSTITUTE  
— ASIA  
PACIFIC

REVIEW OF SUPPLY CHAIN IMPERATIVES 2008

*Executive Summary*



# Executive Summary

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## Executive Summary

The Logistics sector is one of the fastest and perhaps most turbulent industries across the world. To add to the complexity, Asia's supply chain challenges are a unique contrast to those of North America and Europe, differing significantly across immediate borders due to contrasting geographic landscapes, rapid economic development in Asia, diverse government regulations, and differing maturity levels of supply chain infrastructure and usage in this region.

Based on recent company interviews and an extensive review of the supply chain literature and industry reports, TLI-Asia Pacific and Frost & Sullivan honed in on five key imperatives that are particularly pertinent to the current and future supply chain environment in Asia Pacific:

1. *Moving beyond warehousing and transport as outsourced services:* The outsourcing trend for the logistics industry still emphasizes basic services, mainly including warehousing and transport services. To compete in this market, many logistics service providers have to adopt a cost leadership strategy, which would likely reduce the average profit margins for the logistics industry.
2. *Leveraging IT to for greater supply chain visibility and collaboration:* Advanced technology is expected to be even more critical for successful supply chains in the future. Effective implementation of technology-based solutions is likely to lead to increased productivity and operational efficiencies, which in the long run, would lead to cost reduction, attracting new customers and expanding service offerings to regional customers.
3. *Mitigating supply chain disruptions:* In the light of enhanced security requirements for the intra-Asia and trans-Pacific trade, the management of risk in the supply chain will sit squarely on the agenda of many LSPs. Conformance and compliance to global standards of risk mitigation, as well as a close evaluation of costs of effective implementation, will soon be a reality to ensure safe and uninterrupted passage from farm to table.
4. *Engineering green and sustainable supply chains:* With a renewed focus on sustainability and environmental consciousness, the green movement will have its appeal among shippers and consumers in the supply chain. LSPs now need to consider carefully how to implement acceptable "green" logistics programs without unduly affecting their cost advantage and responsiveness of delivery.
5. *Integrating the supply chain regionally and globally:* The ever-growing demand for customized warehousing and the demand for specialized services leave logistics service providers faced with opportunities to offer a complete range of logistic services – basic as well as integrated/specialized, to the ASEAN region. This integrated and specialized service market is expected to be a promising market for service providers for possible higher profit margin.

## **THINK Executive**

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Established by The Logistics Institute – Asia Pacific, THINK Executive is intended for companies interested in a common area of research to engage with economies of scale through a dedicated research team.

For enquiry and participation details please

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