



MOVING FROM LOGISTICS TO SUPPLY CHAIN SERVICES WILL CREATE MORE HIGH PAYING AND INTERESTING JOBS TO ATTRACT YOUNG TALENT. FOCUSING MORE ON EXTERNAL MARKETS, RATHER THAN JUST INTERNAL OPERATIONS, WILL ALSO HELP TO EQUIP THE WORKERS WITH EXPERTISE THAT CAN ENHANCE THEIR MARKET VALUE.

– Prof Teo Chung Piaw (right) from the Department of Analytics & Operations at NUS Business School



BY VIVIEN SHIAO

TRANSFORMING LOGISTICS

Game-changers in the logistics ecosystem are turning to digitalisation and talent development to stand out from the crowd and to move the sector forward

FEW people in Singapore grow up wanting to join the logistics industry, no thanks to its dull, unglamorous image as a traditional sector stuck in its ways. Yet, for a small, trade-dependent country, logistics is the backbone of the Singapore economy. It links the various nodes across the island-state and beyond, functioning as a key enabler of trade and the flow of goods.

Singapore has been doing well on this front, consistently coming in as Asia's top logistics hub according to the World Bank. But in a competitive industry with global rivals muscling in, firms across the entire logistics ecosystem cannot afford to keep still.

This issue, we take a look at how game-changers in the logistics ecosystem are turning to digitalisation and talent development to stand out from the crowd and move the sector forward.

PROBLEMS IN THE INDUSTRY

Despite Singapore's achievements in the logistics sector, industry watchers observed that the industry is plagued with issues – many that are still ongoing today.

Jason Goh, CEO, Asia, Yang Kee Logistics, warns: "The biggest issue for the industry is that it is still very traditional and fragmented; and if we do not transform, upgrade and align fast enough as an industry in Singapore, we will lose our edge as a logistics hub in the region."

Lee Junxian, co-founder and CEO of cross-border logistics and relocation startup Moovaz concurs, stating that the behemoth logistics industry is "a tad phlegmatic", as a result of its sheer scale.

"The industry itself is extremely complex with multiple moving parts and intermediaries. Coupled with the lack of transparency and information asymmetry, the entire industry seems like a black box – and not many people have a clear understanding of it," he says.

He observes that amid the recent adoption of technology in various sectors, the logistics industry still lags behind and is heavily dominated by traditional players.

The last major innovation in the industry probably took place in 1956 when containerisation was introduced which revolutionised the container business, Mr Lee points out.

"Not many major breakthroughs have surfaced over the years, apart from the recent and very primal discussions about the adoption of blockchain," he says.

He also observes that many of the small to mid-sized logistics firms in Singapore – and even South-east Asia – are very much family-run, with day-to-day operations heavily

driven by manual processes and personal relationships.

Another challenge facing the industry is manpower. The unsexy reputation of the logistics sector also does not help to attract fresh blood, resulting in a dearth of talent that can potentially innovate and improve the industry. The existing workforce will also need to be reskilled in order to stay relevant as the industry transforms.

For example, Prof Teo Chung Piaw from the Department of Analytics & Operations at NUS Business School points out that outsiders tend to associate logistics as tedious work, reserved for those who "cannot find jobs" in other industries.

SOLVING PROBLEMS WITH DIGITALISATION

Logistics firms in Singapore are seizing the opportunity to help solve issues in the logistics sectors.

Rodney Ee, chief operations officer of Alliance 21 Group, saw that the industry was facing declining margins, cost pressures, as well as a smaller manufacturing base in Singapore and therefore lower volume of exports, among other challenges.

To overcome them, the company decided to carry out a digital transformation of the company by harnessing technology to build a new freight and fulfilment portal known as Alex.world. "The portal helps us to market our services in the digital space and beyond our physical boundaries," he says.

It also helps to improve the productivity of the staff and provides the customer with a more "holistic experience" of moving their freight by simplifying the processes of getting a quote, making a booking and tracking their shipment, he adds.

On top of its portal which it built from scratch, Alliance 21 Group also embraced the use of Robotic Process Automation to further enhance efficiency of employees. It is also increasingly using big data to analyse and guide business decisions, says Mr Ee.

Another firm that is trying to tackle issues in the logistics sector is Janio Technologies, a startup that provides international shipping services for business-to-consumer e-commerce merchants.

One issue that the firm is trying to solve is cross-border e-commerce shipping, which is usually complex and expensive.

Working with multiple service providers along the supply chain also tends to result in "massive amounts of paperwork", with additional layers of communication required to coordinate shipments, and a high risk of

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losing the parcel along the way, says Nathaniel Yim, chief marketing officer, Janio Technologies.

He says: “How Janio solves this is to use technology to enable a seamless flow of goods across countries, simplifying logistics in South-east Asia.”

The startup works with localised service providers that specialise in specific parts of the supply chain in different countries, connecting them to Janio’s platform to provide an integrated service that provides merchants with express shipping quality with affordable postal service rates.

“In a fragmented market like South-east Asia, where each country has its own regulations, languages and operational complexities, our use of technology helps to standardise procedures for smoother shipments to all markets in the region,” he says.

The company’s technology-centric approach provides complete visibility along the supply chain, with each logistics partner in the chain being held accountable for the service that it provides.

This, in turn, helps the startup to address a main gripe about the quality of service, especially when it comes to e-commerce deliveries to the end consumer.

Mr Yim explains: “We’ve all heard stories from friends about how their parcels have taken months to be delivered when it should have taken a few days, or maybe they received items that might have been damaged during shipping but the delivery companies refuse to take responsibility.”

He notes that the problems are exacerbated during peak periods such as 11.11 or 12.12, when order volumes spike but delivery capacity cannot keep up.

Similarly, Moovaz aims to use technology to solve pain points, but in the area of international relocation. Mr Lee explains that the industry, which tends to be dominated by traditional moving companies, is often unable to keep up with modern demands. Complaints that are often

heard include slow processes, a lack of price transparency and predictability and lack of visibility.

As a one-stop platform, Moovaz leverages on data analytics and machine intelligence to solve and recommend a transparently-priced packaged “optimised for quality and value”, he says.

Users just need to key in their details such as location and move dates, and the system can aggregate a list of service providers for them in real-time. On top of that, its self-inventory tool allows users to add or remove items, providing them with instant updates on volume and price changes to make informed decisions, adds Mr Lee.

PEOPLE DEVELOPMENT

While startups in the logistics sector are usually able to attract young and hungry talent eager to make a difference, it is not so easy for firms that have been in the business for a long time.

One homegrown firm that is defying the odds is Yang Kee Logistics, one of Singapore’s largest logistics players that is transforming its business both in terms of technology as well as people development.

As proof of its forward-thinking leadership, its new logistics hub was ready just last year to prepare for the future Tuas Mega Port, says Mr Goh. “Today, we have the largest and most modern warehouse right next to the future port, and in very close proximity to many of the industrial parks and hubs in the area,” he adds.

In terms of technology, Yang Kee has enhanced its systems and processes internally through enterprise resource systems and freight management systems. As a result of the latter, the firm can now handle double the amount of import and export volumes through automation and streamlining of processes, where paperwork is now transferred electronically.

But aside from technology, Mr Goh says, one way that the business manages to keep itself nimble and competitive is to intentionally ensure that the decision-making hierarchy is kept relatively flat.

Workers are also encouraged to have a “big picture view of things” and be well-informed of the development trends so as to play a bigger role to build the ecosystem and ensure seamless operations, he adds.

The firm also takes manpower development very seriously. For example, it started an inhouse teaching academy for core operational training in 2015 to equip its staff with relevant skills and knowledge for the business, such as project management, leadership and safety.

It also allocated an internal training budget for employees from executives all the way to ground staff. Yang Kee is also known as one of the early supporters of initiatives such as the SkillsFuture Earn and Learn programme, where polytechnic graduates pursue their studies for a specialist diploma in supply chain management while working in logistics at the same time.

It also actively reaches out to institutes of higher learning to get students interested in the logistics sector



SEE THE BIG PICTURE
At Yang Kee, workers are also encouraged to be well-informed of development trends so as to ensure seamless operations



TECH IT UP
Janio’s chief marketing officer Nathaniel Yim (left) says that the company uses technology to enable a seamless flow of goods across countries, thus simplifying logistics in South-east Asia



and the opportunities that the firm has to offer.

In the case of Alliance 21 Group, getting the right talent is an issue, says Mr Ee. To manage this, it provides on-the-job training for talent crossing over from other industries. It also uses a variety of channels to reach out to job seekers and works with various government agencies to hunt for suitable talent, he shares.

One thing that business leaders all agree on is that what it takes to enter the logistics industry is rapidly changing as well.

Mr Goh says: “In terms of the skills of the future, the ability to embrace technology and learn across multiple platforms is key to tomorrow’s workforce.”

He adds that with more automation and smart tools incorporated in day to day operations, warehouse operators will need to have the ability to conduct first-line troubleshooting and fixing it on the spot when a malfunction occurs.

“These new work requirements will see warehouse operators trained and equipped with a higher level engineering or IT skills,” he says.

NUS’s Prof Teo says that firms that embrace technology can develop better jobs in logistics, moving the profession from manual work to higher value-added tasks.

“Moving from logistics to supply chain services will create more high paying and interesting jobs to attract young talent,” he says. “Focusing more on external markets, rather than just internal operations, will also help to equip the workers with expertise that can enhance their market value.”

LOOKING FORWARD

There are many trends that are shaping the future of the logistics industry that firms should take note of.

Alliance 21 Group’s Mr Ee believes that the future of logistics lies in the mass adoption of automation and artificial intelligence. “For example, as our technology continues to evolve, the use of drones and autonomous vehicles is almost certainly the future of last-mile deliveries,” he says.

Yang Kee’s Mr Goh concurs, adding that augmented reality and big data are “game-changers” for the logistics industry. “Embracing these trends in the logistics industry will quicken and shorten product life cycles, which in turn creates a new demand of supply chain design and solutions for customers,” he says.

These emerging trends also means that the workforce needs to learn new skills to operate the new technologies and communicate with customers. They also need to co-exist in a work environment with machines and welcome constant changes, he says.

“Upskilling and retraining will be a major push to make this adoption effective,” adds Mr Goh, adding that firms need to relook their operations to push for productivity in a manpower and land-scarce country like Singapore.

Moovaz’s Mr Lee observes that in the South-east Asian landscape, there is a wave of consolidation taking place as companies need to realise economies of scale. He says: “The industry is forced to think out of the box and work together for efficiency and leverage on shared resources and economies.”

On a positive note, there is also a wave of second and third generation logistics business owners in the industry who are coming into their own, he notes. “As digital migrants or digital natives themselves, they are leading the charge in building or investing in technology . . . It is heartening to see such progress in the industry, and we can definitely expect more initiatives to transform the logistics sector in the coming years,” he adds. ■