

# Logistics and Transportation Trend in 2015 and Beyond for ASEAN Countries



**Presented by:**

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# Agenda

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**Overview**

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**Key Trends**

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**Outlook and Way Forward**



## ASEAN Today

GDP up to  
2 trillion  
USD

621  
millions of  
population

3.2% share  
of World  
GDP

6.71%  
share of  
World trade

GDP per  
capita of  
\$12,000

700 billion  
USD  
investment

## ASEAN in 2019

GDP up to  
nearly 4  
trillion USD

653  
millions of  
population

3.6% share  
of World  
GDP

7.14%  
share of  
World trade

GDP per  
capita of  
\$15,165

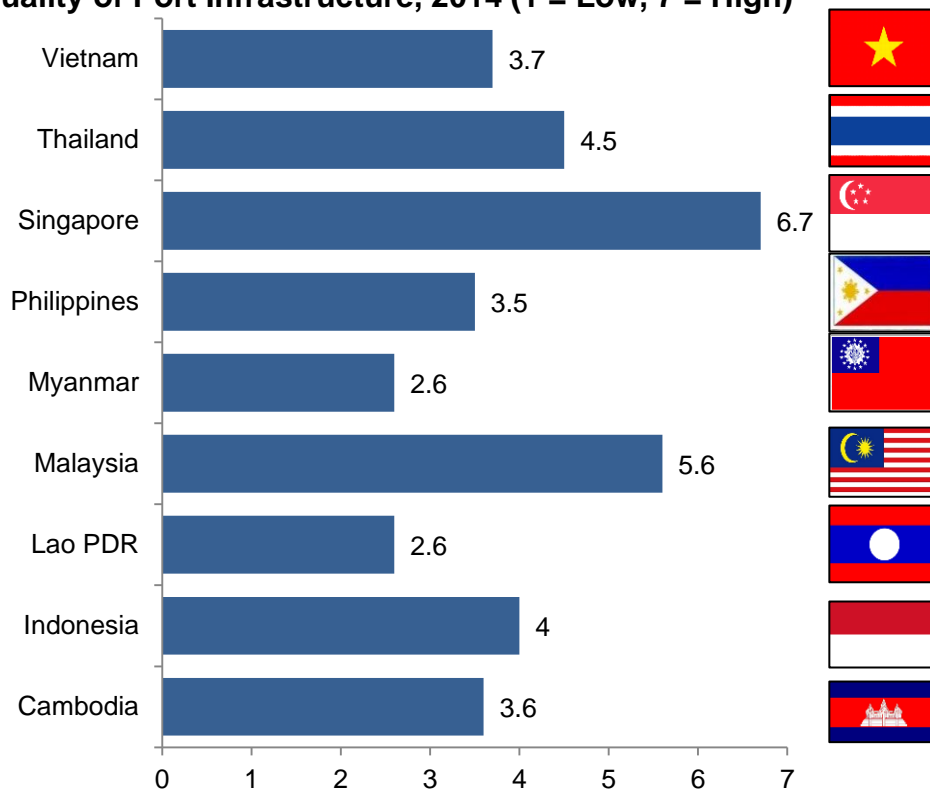
Over 1  
trillion USD  
investment

ASEAN presence as one of the strongest emerging market offers great opportunities for LSP in this region boosted by numerous Free Trade Agreements within ASEAN countries

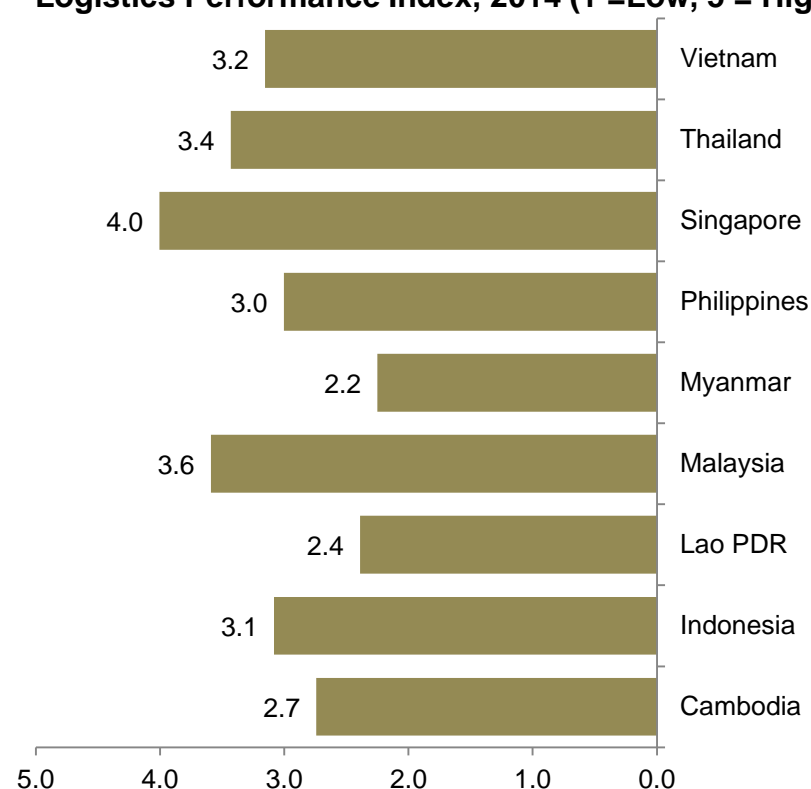
*Source: Industry publications, Analysis by Frost & Sullivan*

# Logistics performance in ASEAN is heading to support higher growth

**Quality of Port Infrastructure, 2014 (1 = Low, 7 = High)**



**Logistics Performance Index, 2014 (1 =Low, 5 = High)**



- Singapore & Malaysia are the champion of logistics performance and quality of port infrastructure
- Action needed for revitalization: massive investment in logistics and ICT infrastructure and structural reforms

Source: Industry publications, Frost & Sullivan Analysis

## Key Aspects for the Growth of Transportation & Logistics in ASEAN



### Regional Economic Growth

- ASEAN's logistics industry expands rapidly, in line with the region's economic growth, slightly easing from 5.0% in 2013 to 4.7% in 2014



### Number of Logistics Service Provider

- LSPs in ASEAN's logistics industry, homegrown and global, are rising



### Domestics Needs

- Rising domestic demand in ASEAN will change the nature of trade in the region

- Implementation of ASEAN Economic Community (AEC) aims to upsurge growth and opportunities by grabbing untapped market through integration of the logistics market in the region

*Source: Industry publications, Analysis by Frost & Sullivan*

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# Transportation & Logistics Market: Key Trends & Development

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**Improve Logistics Management**



**Advance and Integrated IT Solution in Logistics Operation**



**Higher Demand of Value Added Services**



**Specialized and customized logistics focus**

## Improve Logistics Management

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- The robust trade, economic growth, and liberalization policies followed by many ASEAN countries have resulted in increased trade volumes.
- Increased demand in transportation, handling, and warehousing needs has led to a demand for integrated logistics solutions in the region
- Logistics activities have been outsourced as a cost-effective solution

### Examples in the industry

- Selected bus lines are used to carry goods/ package delivery in provincial operations in Philippine on their routes

# Advance and Integrated IT solution in Logistics Operation

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- Customers want **more visibility in supply chain** from their logistics service providers (LSPs) to optimize inventory, improve forecasting, increase communication and establish smoother supply chains
- Integrating IT services across **vendors, suppliers, customers with LSPs** being the key point of collecting, maintaining and disseminating information

## Examples in the industry

- Leading integrator express service company currently opens its real-time tracking service to customers in the aerospace, finance and arts industries, which previously only limited to the healthcare and life science industries
- One of the leading express service company opens an advanced regional security command center in Singapore to monitor its integrated air and road operations in the APAC region, and provide customers full visibility over their goods 24/7

## Higher Demand of Value Added Service

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- Shifting to higher value added services is perceived as an appealing growth opportunity in ASEAN region
- Extension of value added services not only in operational functions (e.g. inventory management and order processing) but also at the planning level through services (e.g. supply planning and designing, and supply chain restructuring)

### Examples in the industry

- In Indonesia for example, Based on Voice of Customer Industry Assessment by Frost & Sullivan in 2014: Packaging & Labeling, Kitting & Consolidation (Continuously Supply) and Fleet & Vendor Management are the top 3 value-added services likely to be outsourced more in future

## Specialized and Customized Logistics Focus



- **On-demand transportation** is an evolving field within the 3PL industry. On-demand model includes services like full truck load (FTL), hotshot (direct, exclusive courier), next flight out, or commercial airline shipping, and international expedited.
- **Increased demand in handling skill for special shipments** result in the establishment of specialized logistics services such as clinical trial logistics, hospital logistics, and Halal logistics. it comes at a premium price, thus profitable for 3PL providers

### Examples in the industry

- One of the leading integrator company in express service launches “PharmaSafe” service, specialized temperature-controlled service for temperature-sensitive pharmaceutical shipments (Vaccines, Insulin)
- The rapidly growing global Halal food market creates demand for Halal logistics service. Logistics companies should offer Halal logistics services to capture this need

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**Overview**

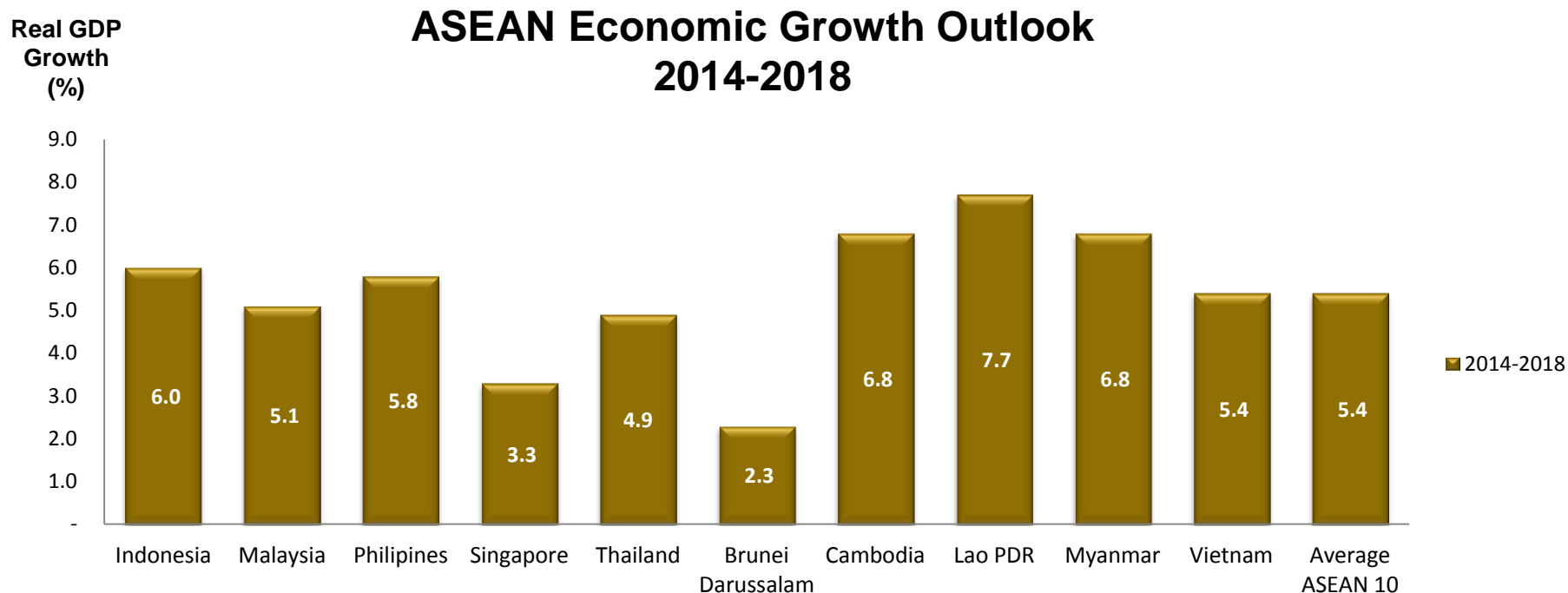
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**Key Trends**

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**Outlook and Way Forward**

# The economic outlook in ASEAN countries remains vigorous propelled by growing regional integration

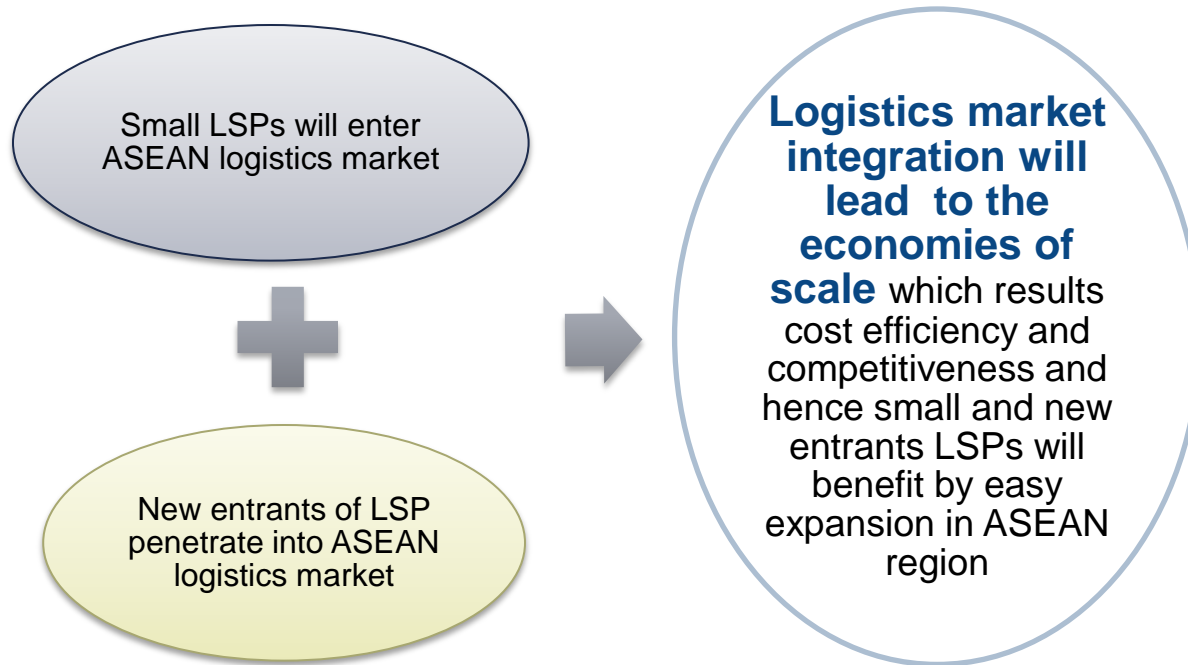


- Average growth around 5.4 % over the medium term 2014-2018
- Key drivers : resilient domestic demand, high infrastructure spending and economic reforms

Source: Industry publications, Analysis by Frost & Sullivan

## The implementation of AEC is likely to change the existing structure of the logistics industry in ASEAN, impacting incumbents and new entrants

Number of players in ASEAN logistics sector, homegrown and global, is rising



- The growing regional market attracts foreign LSPs to ASEAN market
- The established domestic players as strong opponents to offer end to end low-logistics services to the global market

Source: Frost & Sullivan Analysis

# Integration of logistics market in AEC context will amplify the movement of goods in ASEAN countries

## Key Steps for Integration



Capacity enhancement in : transport infrastructure, handling, storage and distribution



Capability enhancement in : Transportation hub & nodes, transport infrastructure and service providers

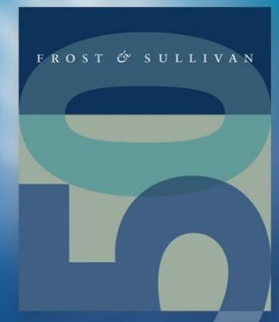


Collaboration in : trade facilitation, border facilities integration and regional integration



Source: Frost & Sullivan Analysis

T h a n k Y o u



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