

THE ROLE OF 4PL IN RESHAPING SUPPLY CHAIN



Presented by:

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BritCham Indonesia**

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About Me....



Ir. Harry Purwoko
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*Expert Council of
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Having more than 30 years experience in business management and freight forwarding in major companies, such as Tempo Scan, Gillette, DHL Global Forwarding, and Damco – Maersk, and still working at Okatrans and gosolutions.

Member of expert council of Asosiasi Logistik Indonesia and board of Aprindo.

Director of Sembada Pratama, School of Supply Chain and lecture of Insitut Transportasi dan Logistik Trisakti, Jakarta

Graduate from ITB, IPMI/ Monash, certified by AOTS Japan, European Logistics Association, and BNSP.



AGENDA

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PREFACE - Understanding Logistics & Supply Chain in Indonesia

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LOGISTICS INDUSTRY - *Challenge 2020-2024*

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THE ROLE OF 4PL IN LOGISTICS INDUSTRY

4

CONCLUSIONS

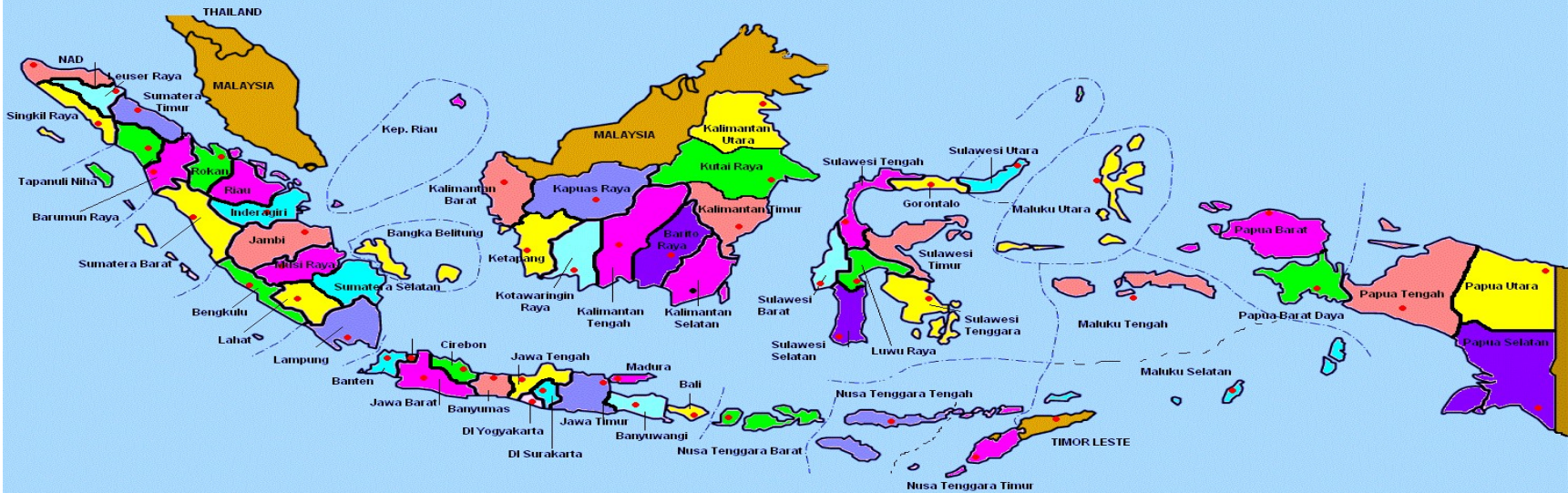
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PREFACE
Understanding Logistics & Supply Chain
In Indonesia



Indonesia Logistics at a Glance

Serving more than 17,000 islands in 34 Provinces



Despite CAGR 7.9% in logistics market, the main challenges:

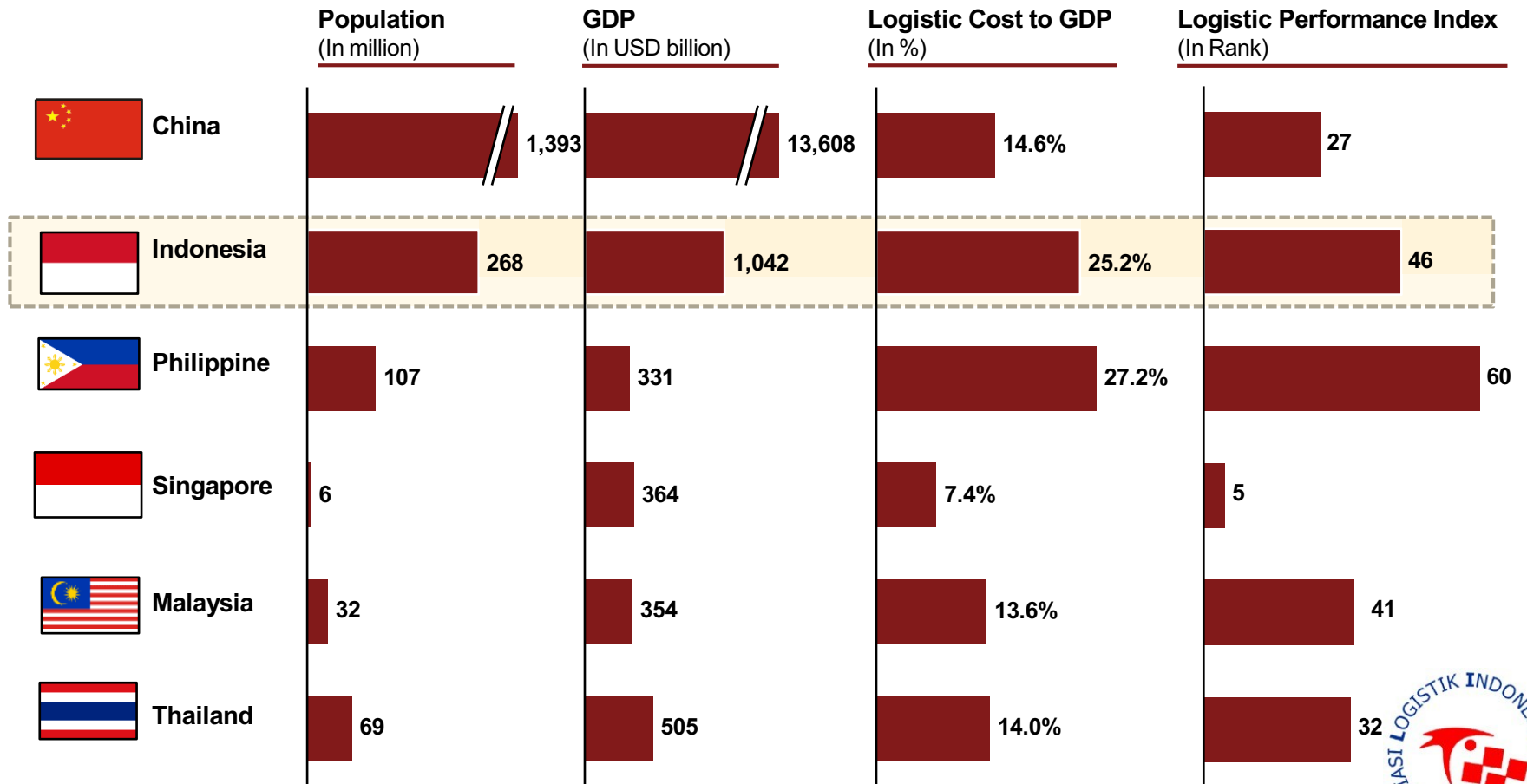
- High logistics costs and flow imbalance of goods from West to East or vice versa***
- Rank 46 in Logistics Performance Index (World Bank 2018)***

The logistics performance (LPI) is the weighted average of the country scores on the six key dimensions:

- 1) Efficiency of the clearance process (i.e., speed, simplicity and predictability of formalities) by border control agencies, including customs;
- 2) Quality of trade and transport related infrastructure (e.g., ports, railroads, roads, information technology);
- 3) Ease of arranging competitively priced shipments;
- 4) Competence and quality of logistics services (e.g., transport operators, customs brokers);
- 5) Ability to track and trace consignments;
- 6) Timeliness of shipments in reaching destination within the scheduled or expected delivery time.



Given its large economic power, Indonesia has the highest logistic cost to GDP ratio...

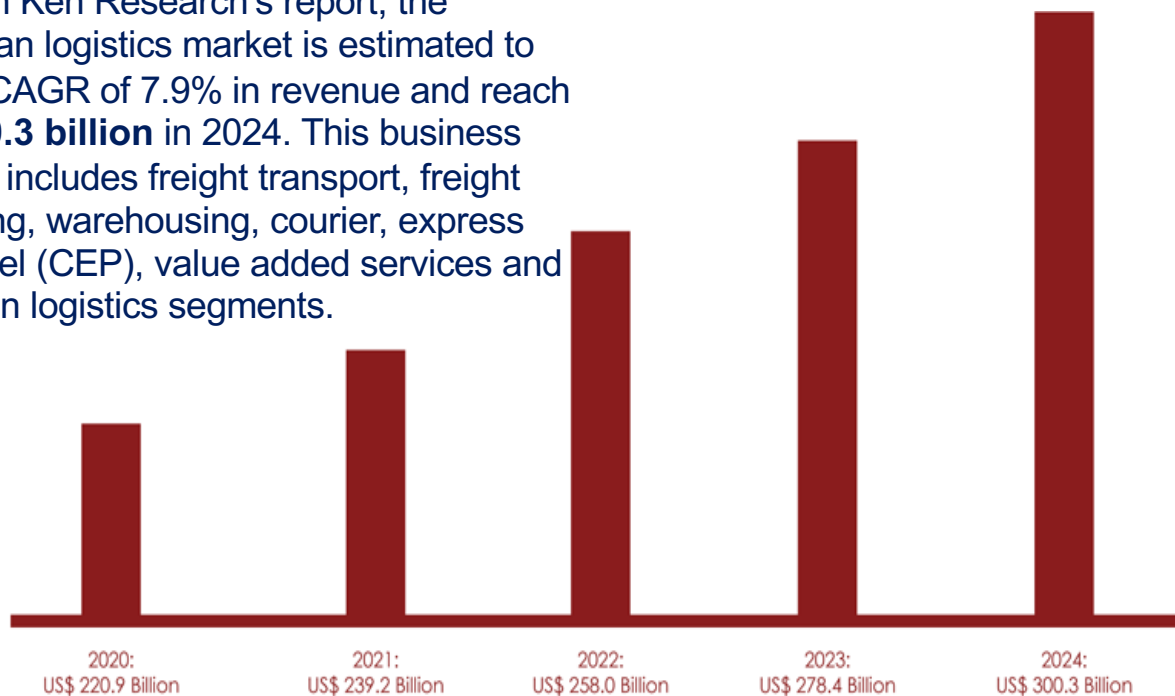


Source: World Bank; IMF.

Indonesian Logistics Market 2020 – 2024



Based on Ken Research's report, the Indonesian logistics market is estimated to grow at CAGR of 7.9% in revenue and reach **US\$ 300.3 billion** in 2024. This business prospect includes freight transport, freight forwarding, warehousing, courier, express and parcel (CEP), value added services and cold chain logistics segments.

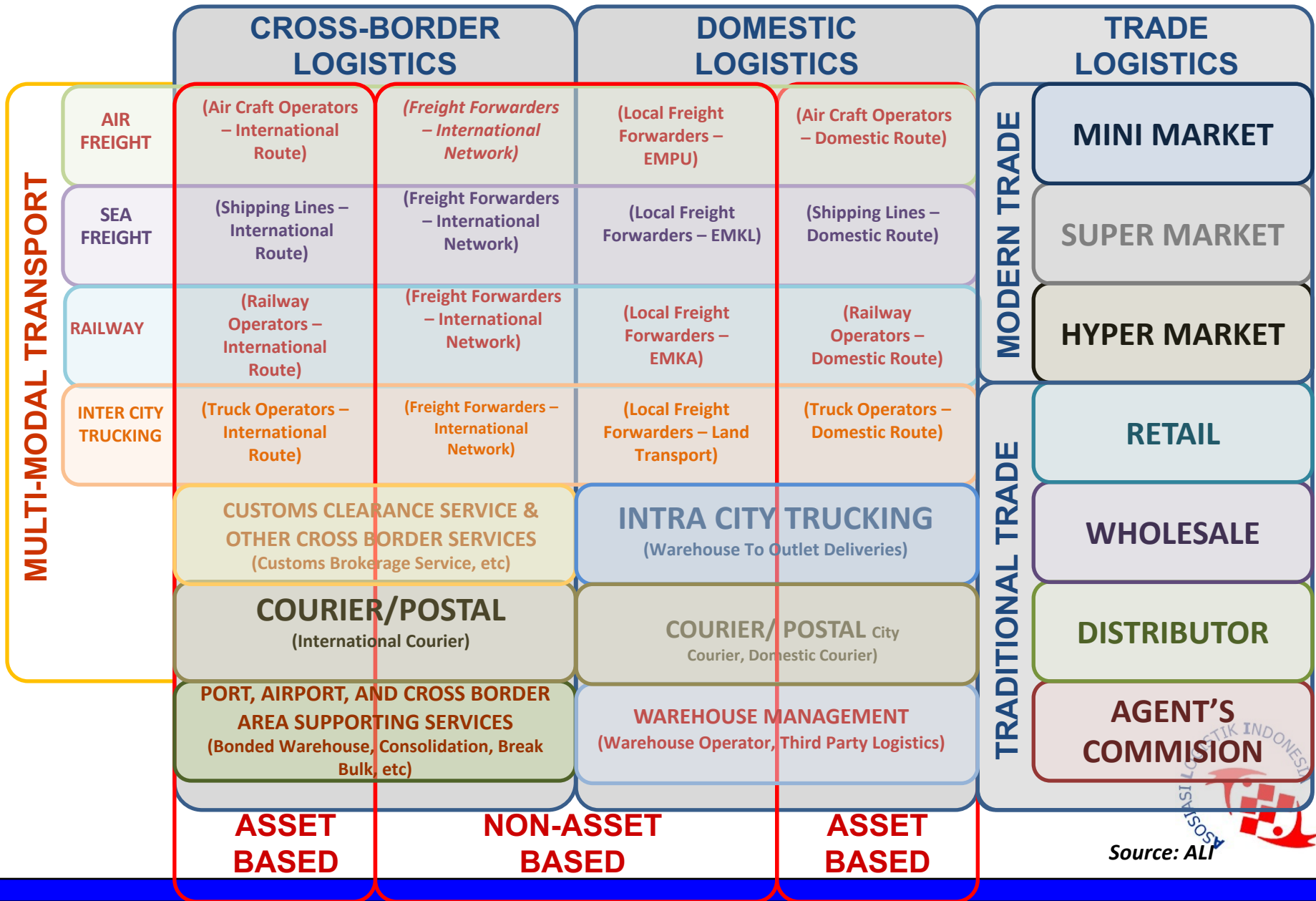


- *Fragmented Industry*
- *Very segmented*
- *Can not focus on all industries*

Source : Ken Research, WEF, (2020)



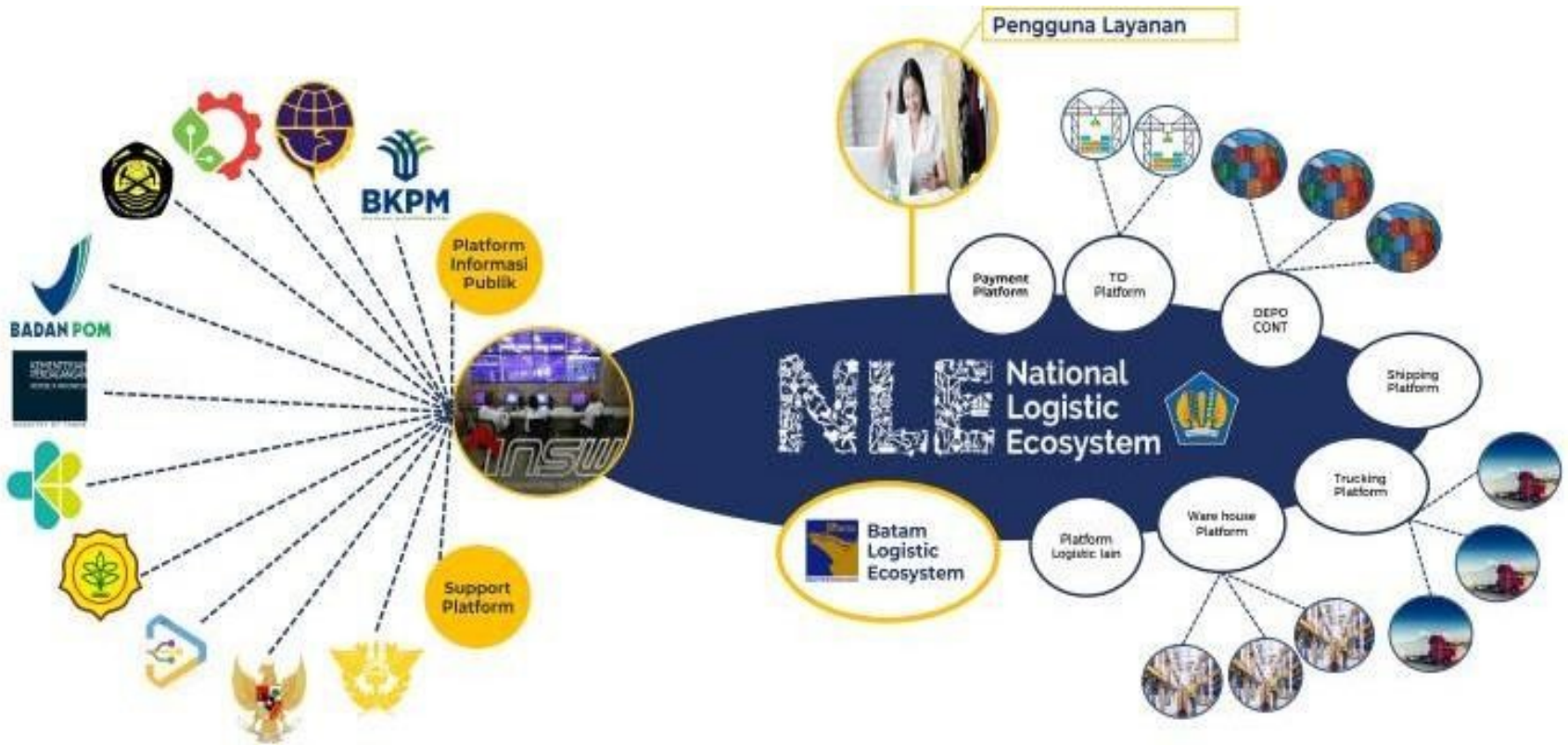
Logistics Activities in Indonesia



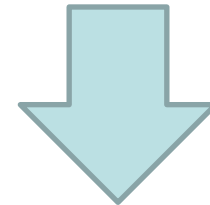
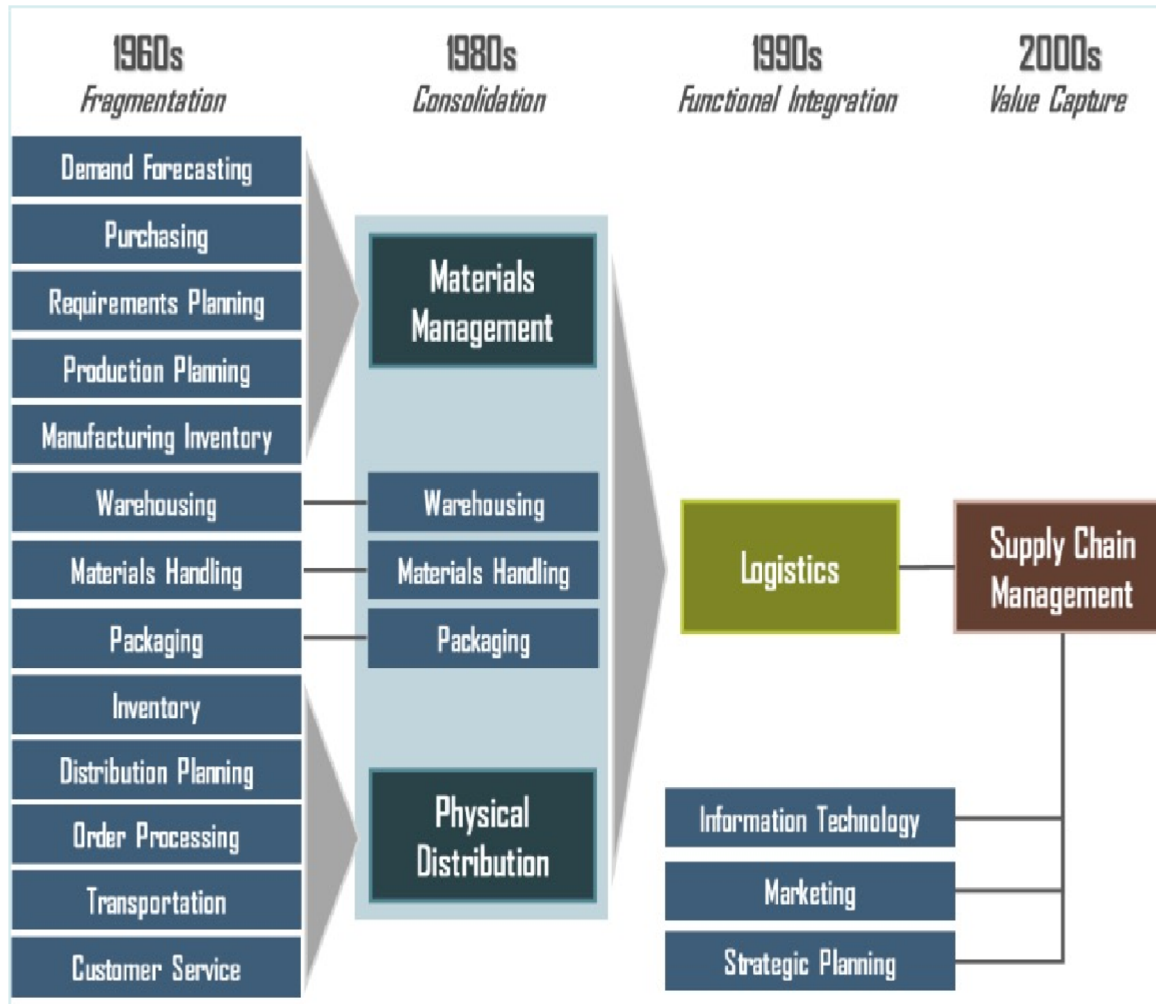
Source: ALI



NLE as Driver



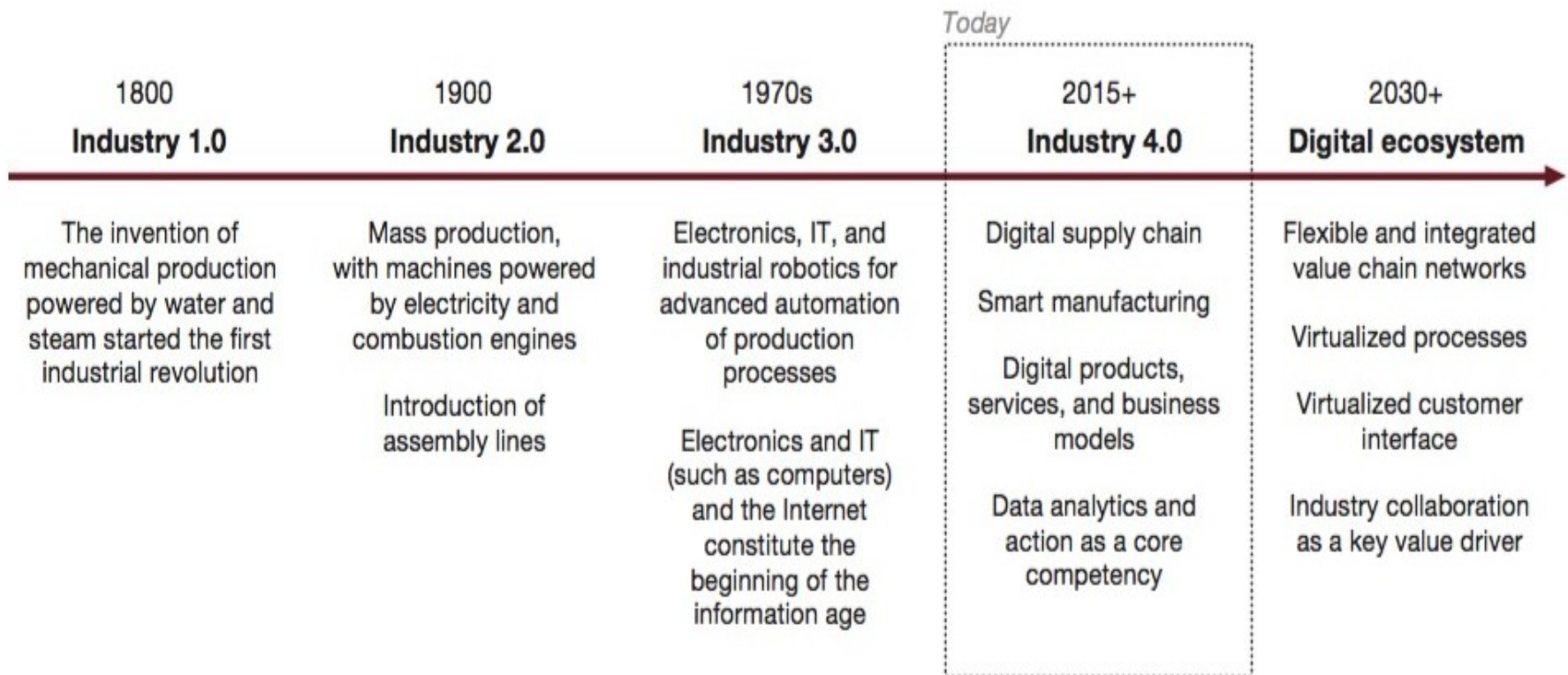
Evolution Concepts of Logistics & SCM



- Port management
- Container management
- Industrial estates
- Freight forwarding
- Project logistics
- Lean logistics
- Reverse logistics
- Humanitarian SCM
- Pharmaceutical logistics
- etc

Industrial Revolution 4.0

Industri 4.0 combine of automation and cyber technologies that include robotics, internet (Internet of things), cloud computing and artificial intelligence



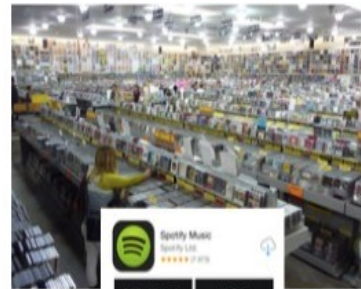
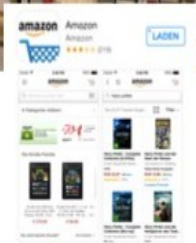
Source : PwC, (2016)

Industrial Revolution 4.0

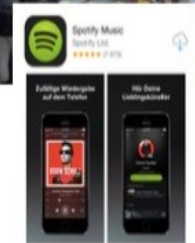
New Business Model in Internet or Digital Era



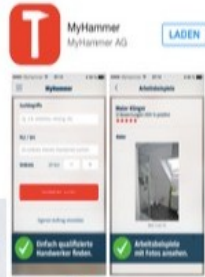
From bookstore
to e-book



From record store
to streaming



From
Yellow Pages
to marketplace

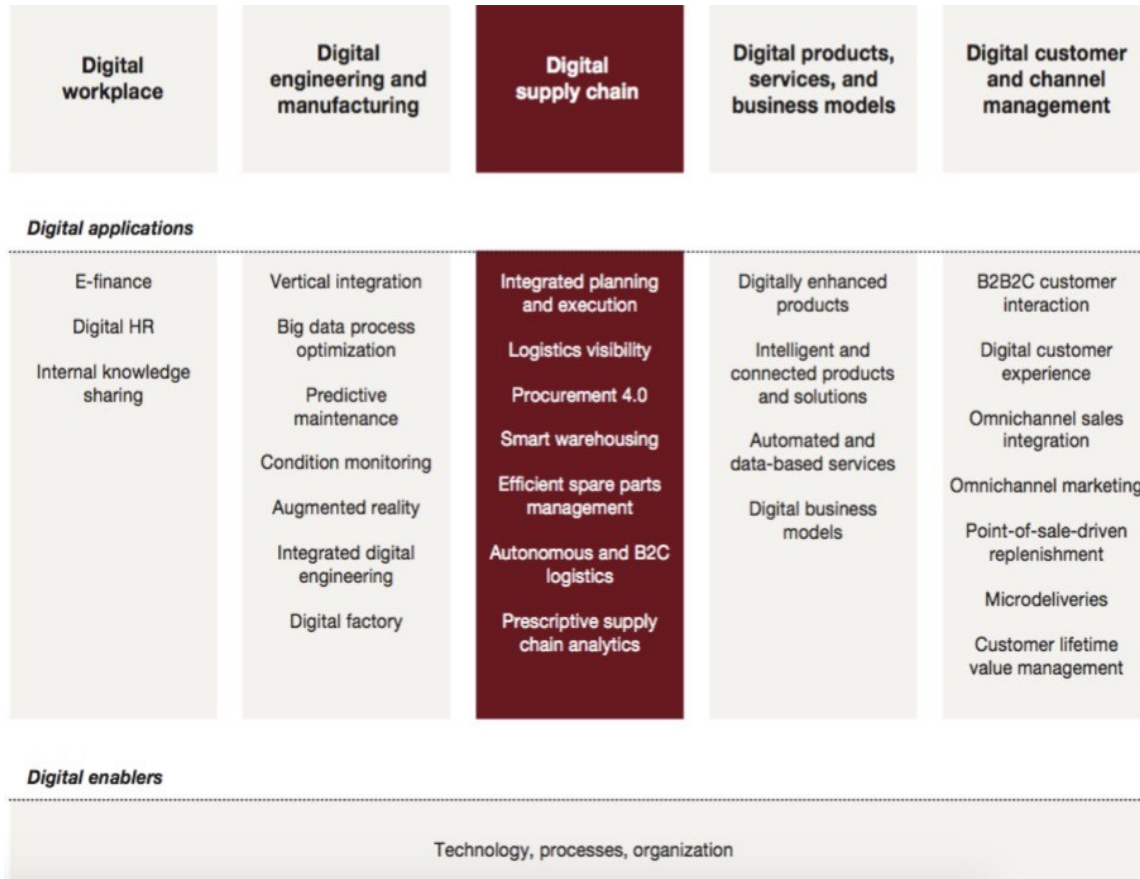


From taxi
to ride-sharing



Source : Siemens, (2015)

Industrial Revolution 4.0



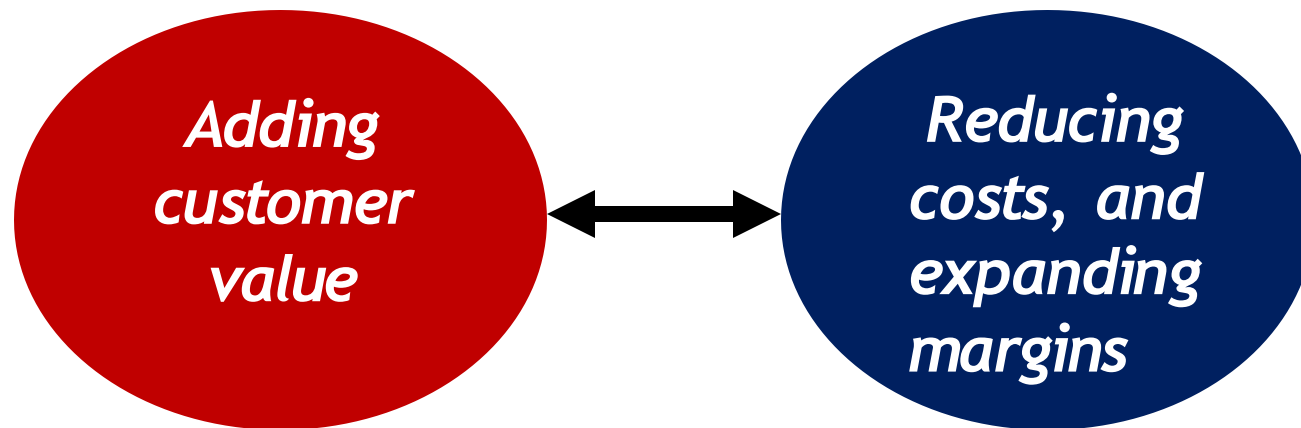
Industry 4.0 calls for a truly agile supply chain that integrates IT systems both vertically and horizontally.

Source : PwC, (2016)



How do we win the competition in the Supply Chain era?

To win one or both of the following options:

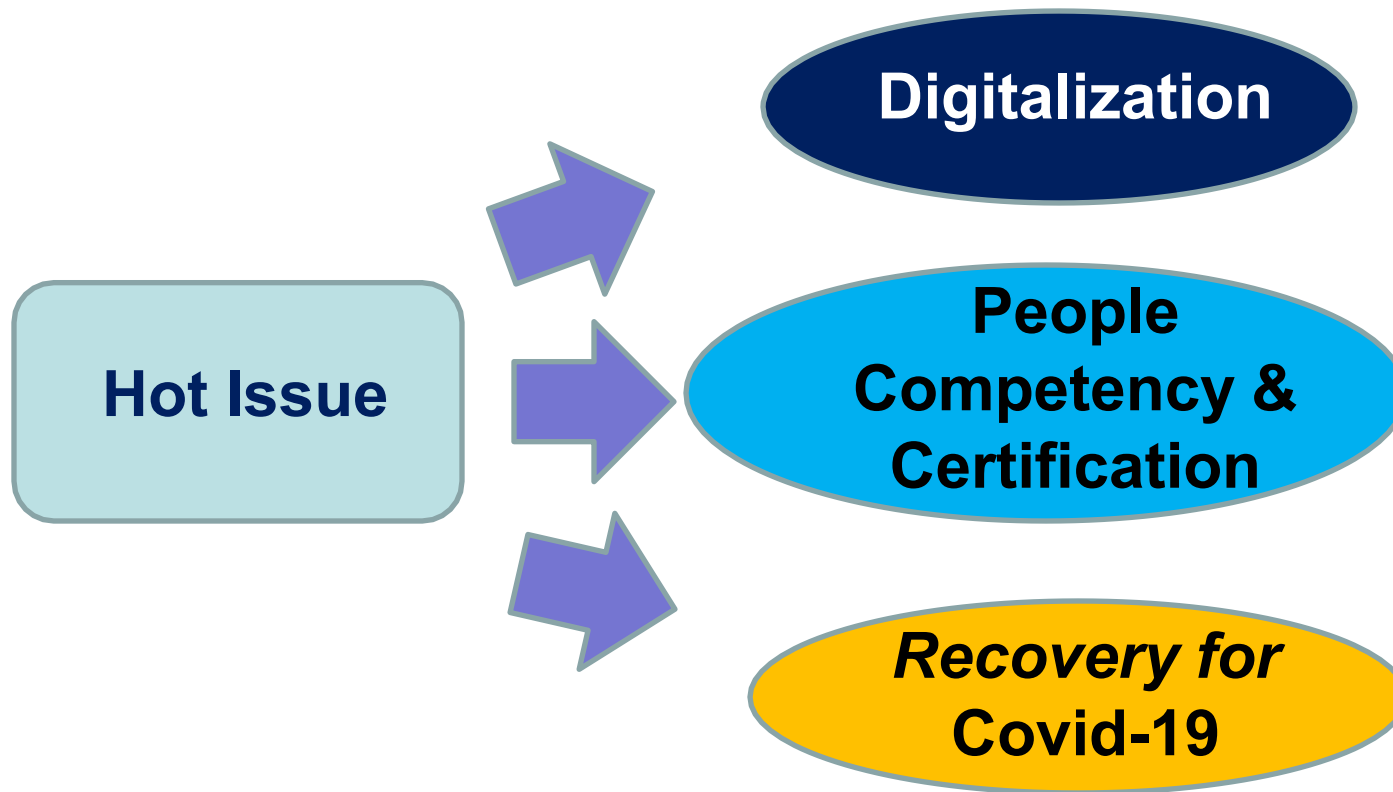


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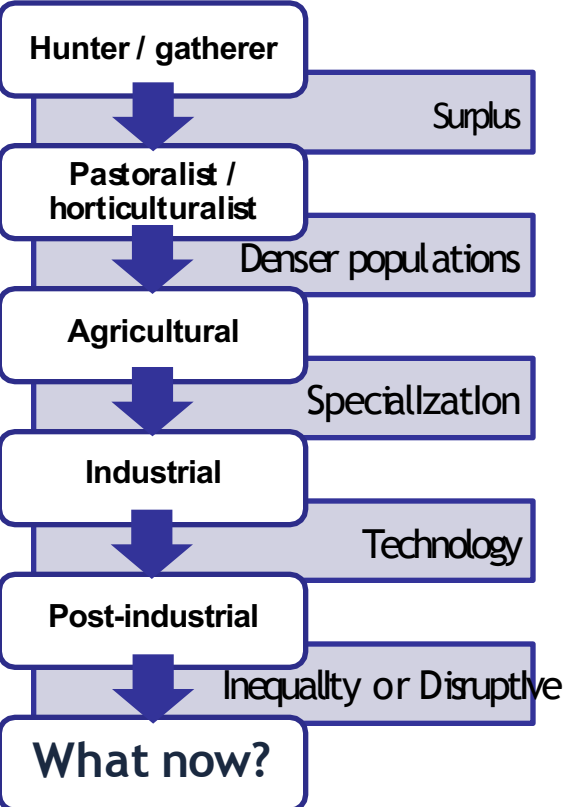
LOGISTICS INDUSTRY - *Challenge 2020 -2024*



Logistics Hot Issue 2020-2024

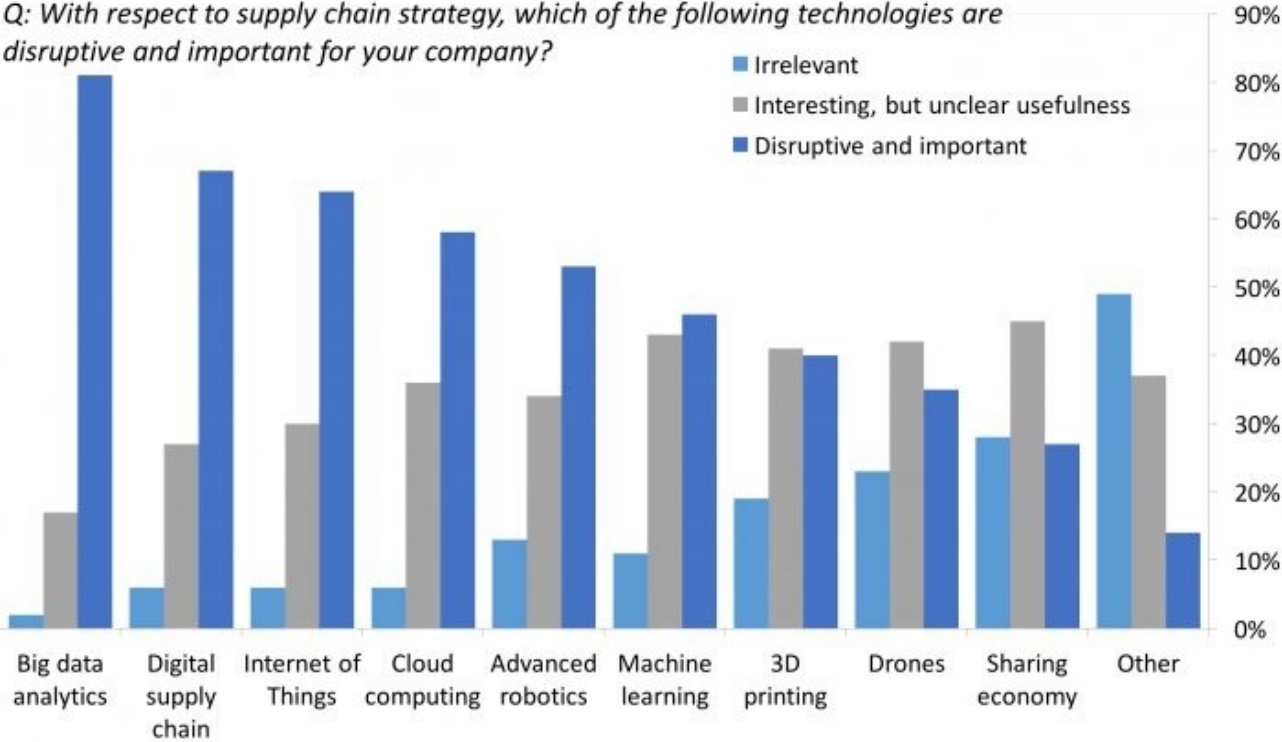


Disruptive....



Disruptive Technologies In The Supply Chain

Q: With respect to supply chain strategy, which of the following technologies are disruptive and important for your company?



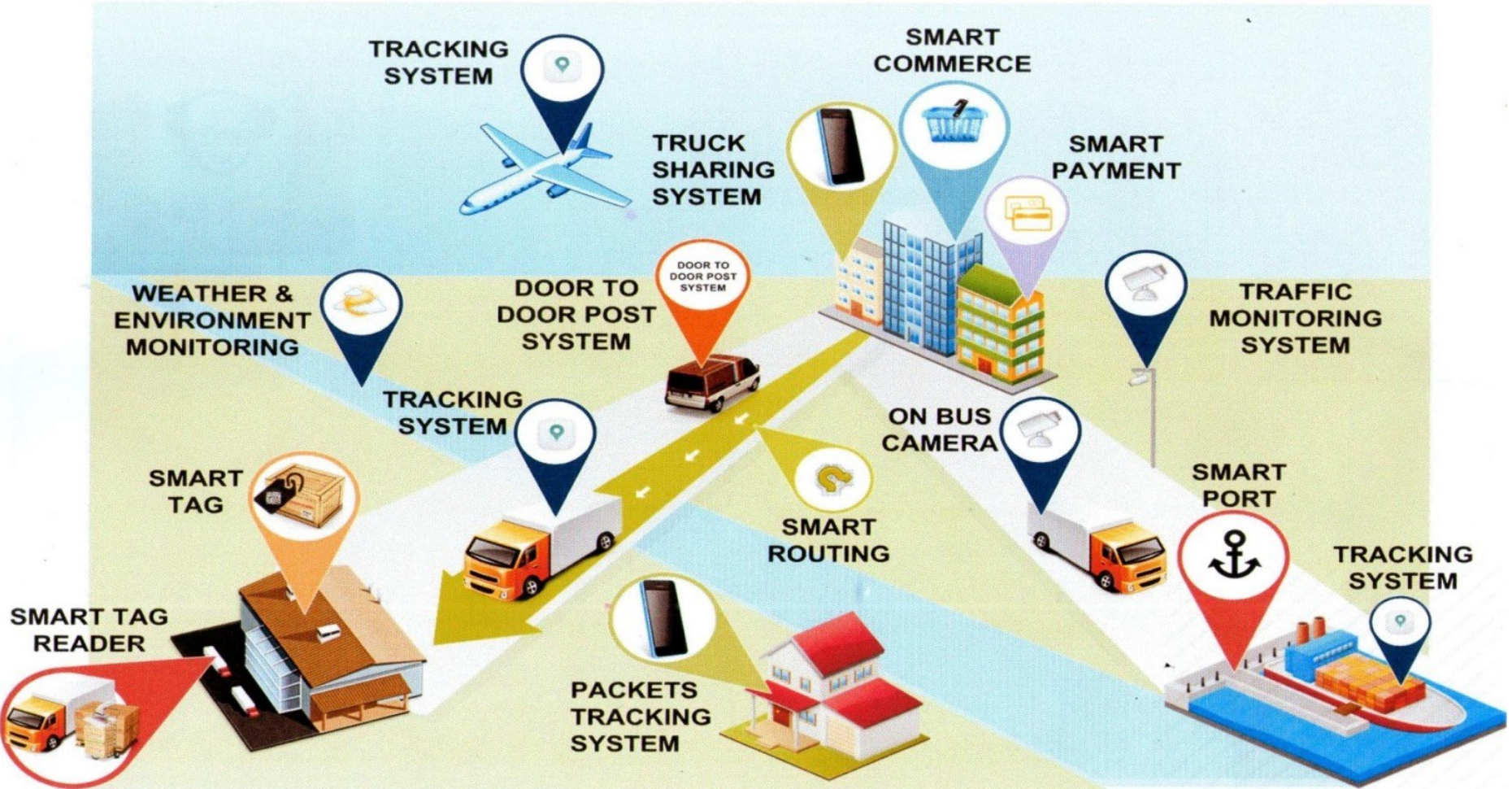
N = 1,415
Source: SDC Future of the Supply Chain Survey, 2016

Shall we call mobile era?

BI INTELLIGENCE



Disruptive...



NEW NORMAL :

New direction of Logistics and Supply Chain

- *Artificial intelligence*
- *IOT*
- *Sharing Economy*
- *eCommerce logistics and online shops*
- *SME's*

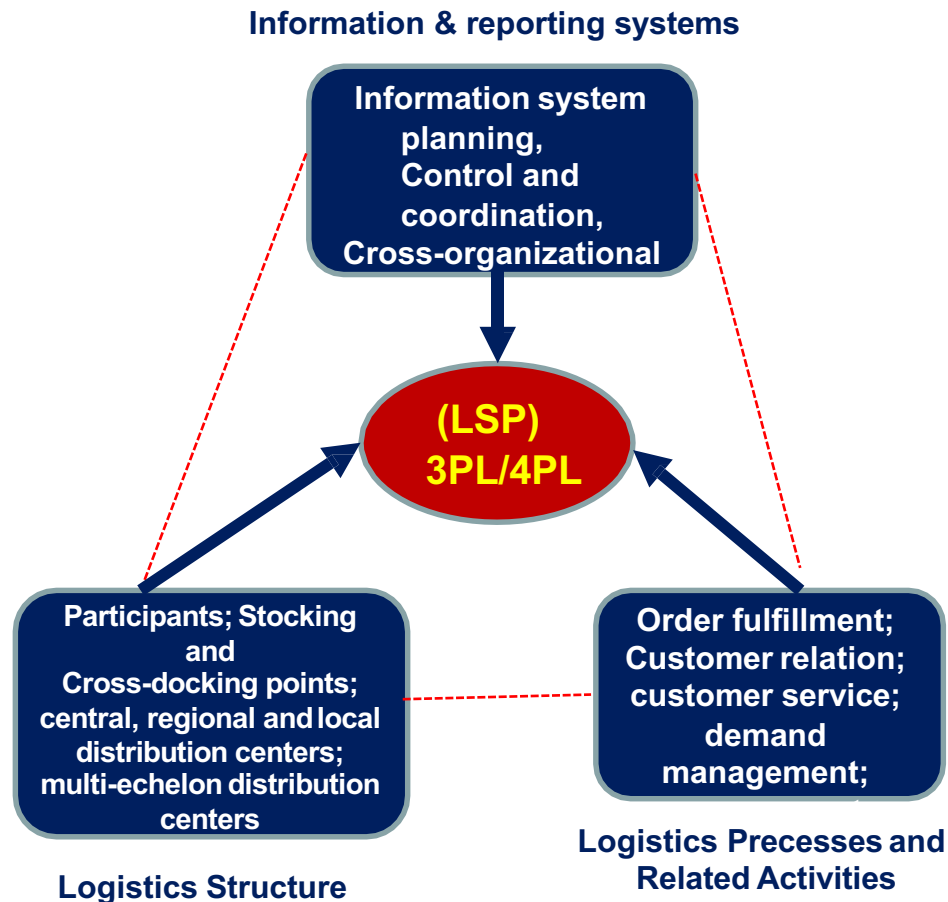
Influence on the
business model
and operating
system

Need to prepare a more adaptive and efficient process design and business model with integrated 4PL

3

THE ROLE OF 4PL IN LOGISTICS INDUSTRY

Alternative Business Development Model



Source : Aldin & Stahre (2003)

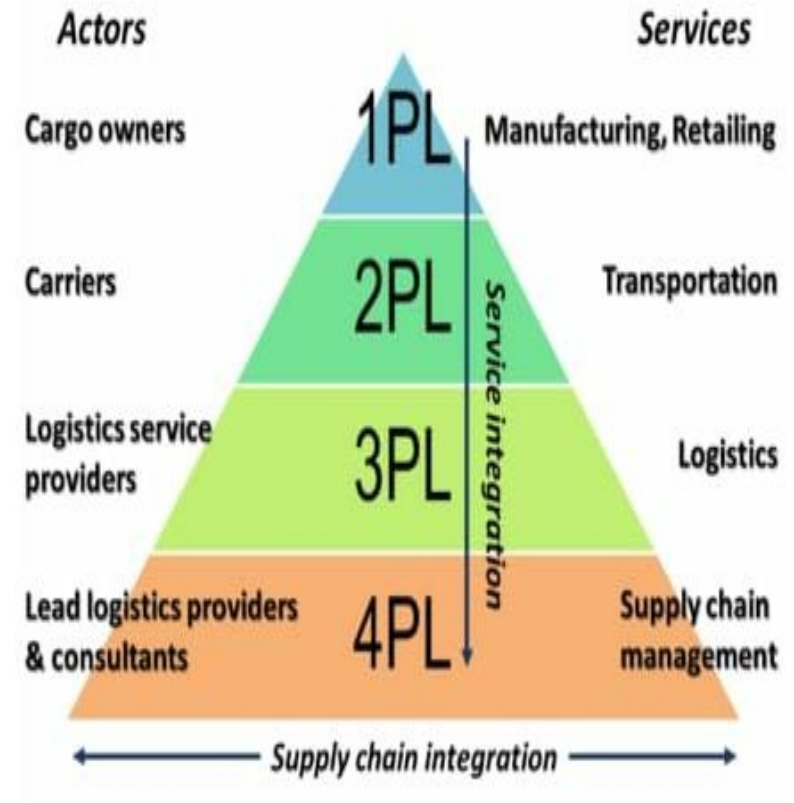
Layers of Logistics Service Provider

1PL (Shipper) is a firm/individual that needs to have cargo, freight, goods, produce or merchandise transported from a point A to a point B. It can be a manufacturer, trader, importer/exporter, wholesaler, retailer or distributor in the international commerce field.

2PL (Second Party Logistics / Carrier) is an asset-based, which actually owns the means of transportation. Typical 2PLs would be shipping lines which own, lease or charter their ships; airlines which own, lease or charter their planes and truck companies which own or lease their trucks.

3PL (Third Party Logistics) provides outsourced services to companies for part or sometimes all of their supply chain management function. Well known 3PLs include DHL, Wincanton, Norbert-Dentressangle, CEVA & APL Logistics

4PL (Fourth Party Logistics) is an independent, singularly accountable, non-asset based integrator who will assemble the resources, capabilities and technology of its own firms and other firms, including 3PLs, to design, build and run comprehensive supply chain solutions for clients. The role of 4PL in the time of the pandemic has answered the challenge of developing a more efficient by reshaping the Supply chain including managing 3PLs



The Role of 4PL

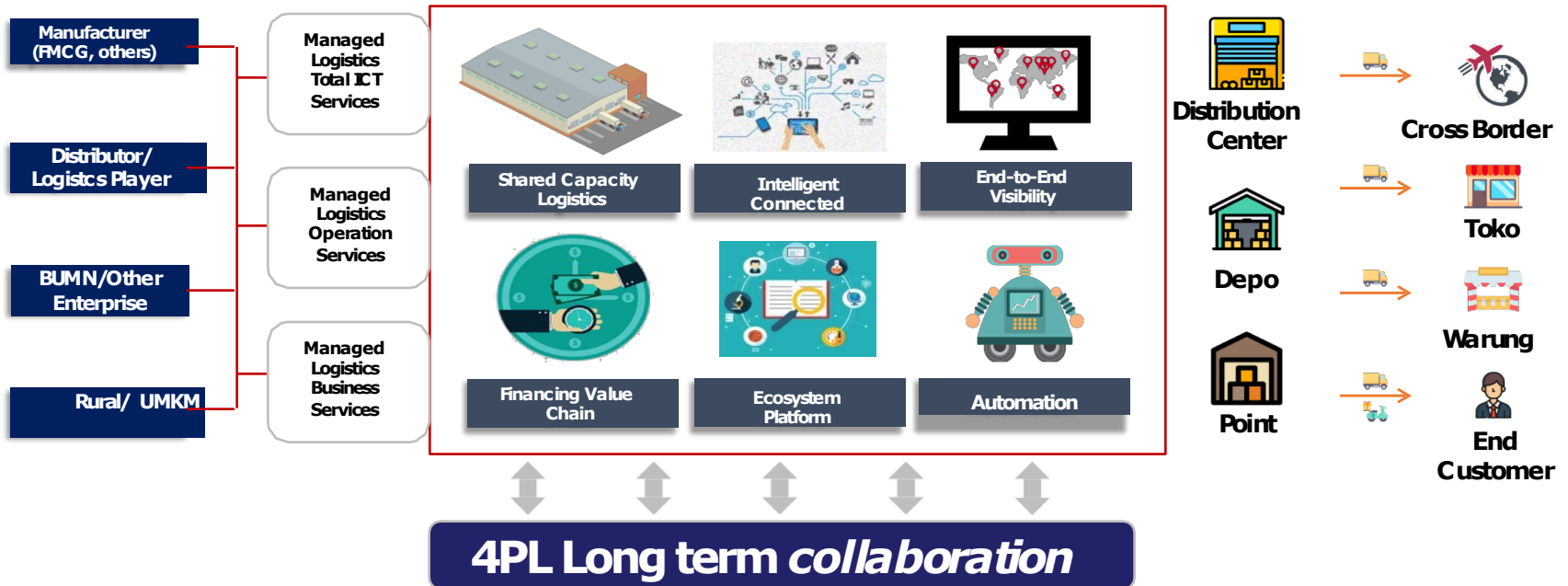
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4PL Long-term Platform for Logistics

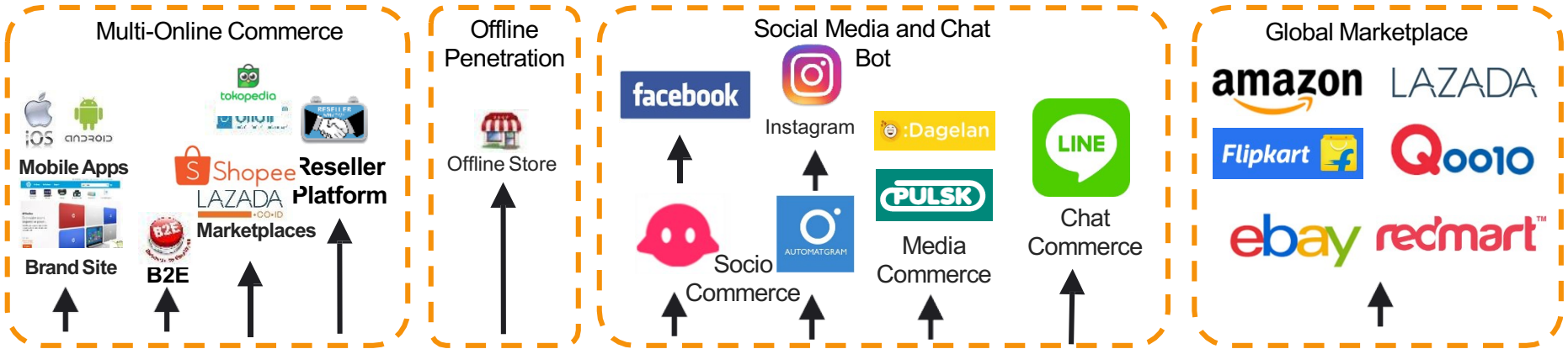
SCM and Value-Added Service



4

CONCLUSION

ECOMMERCE, DIGITALIZATION AND LOGISTICS : Integrated Solution through Omni-Channel Platforms



Integrated platform is how to build a platform that not only captures customers through single channel, but multi-channel and even omni-channel

4PL (LSP)



Logistics Focus Area (Digitalization)





**END OF
SLIDES
THANK YOU**

