THE ROLE OF 4PL IN RESHAPING SUPPLY CHAIN









Presented by:

OKIN R.PURBA, SE, MM, CSLP

Dewan Pakar Asosiasi Logistik Indonesia (ALI)

Disampaikan dalam Webinar BritCham Indonesia



About Me....



Ir. Harry Purwoko MM, MBA, CSLP, ESLog

Expert Council of Asosiasi Logistik Indonesia (ALI) 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 Aptrindo.

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

1

2

3

4

PREFACE - Understanding Logistics & Supply Chain in Indonesia

LOGISTICS INDUSTRY - Challenge 2020 - 2024

THE ROLE OF 4PL IN LOGISTICS INDUSTRY

CONCLUSIONS



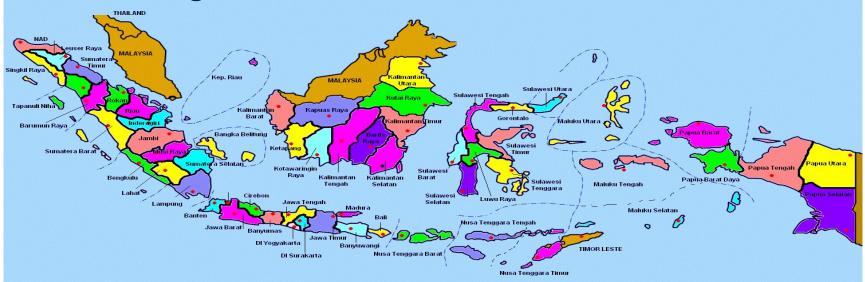
1

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:

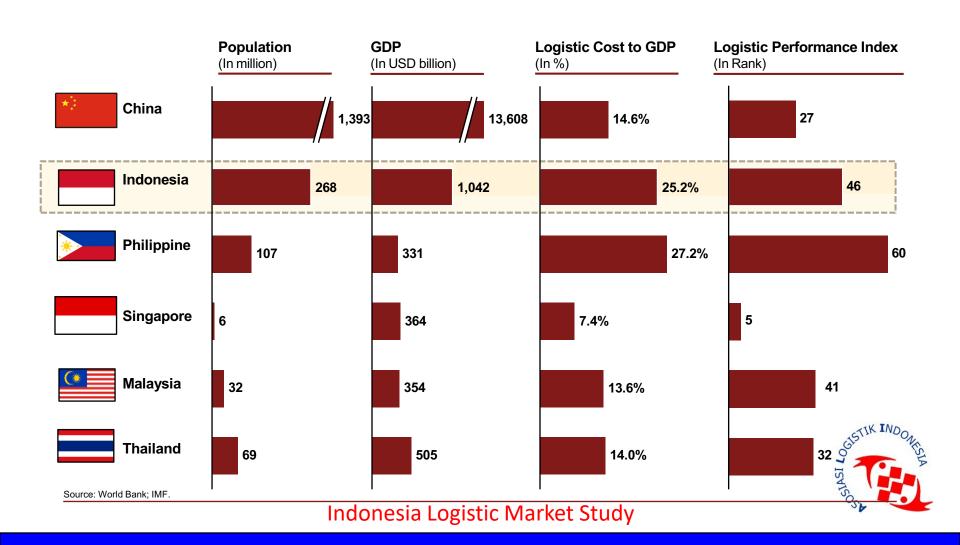
- High logistics costs and flow imbalance of goods from West to East or vice versa
- Rank 46 in Logistics Performance Index (World Bank 2018)

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

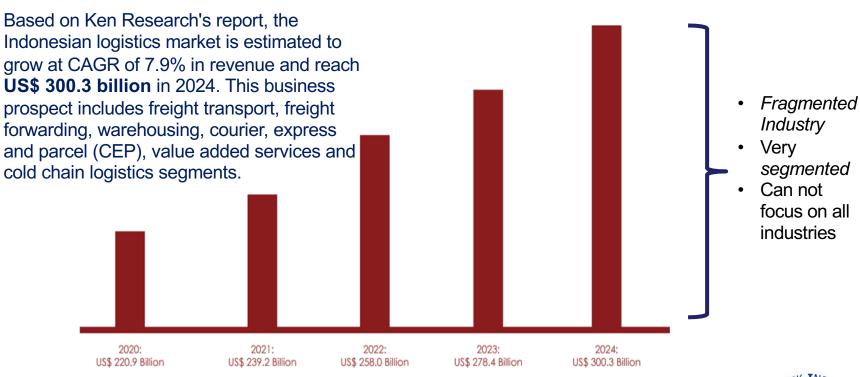
- 1) Efficiency of the clearance process (i.e., speed, simplicity and predictability of formalities) by border control agencies, including customs;
- 2) Quality of trade and transport related infrastructure (e.g., ports, railroads, roads, information technology);
- 3) Ease of arranging competitively 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...



Indonesian Logistics Market 2020 – 2024



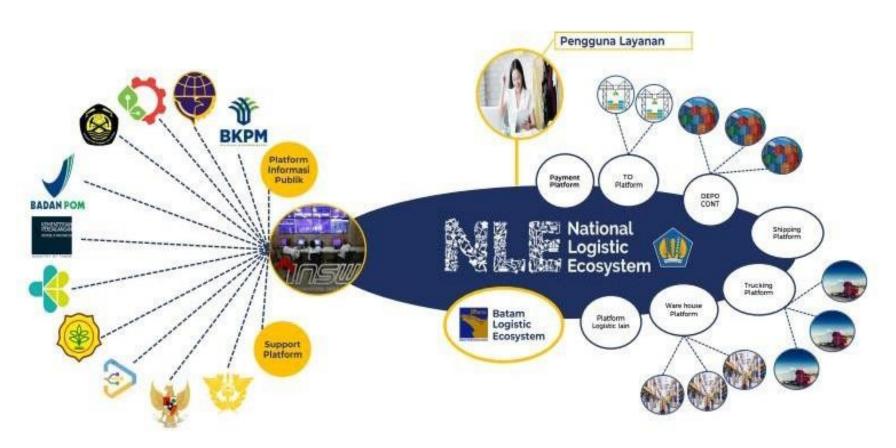
Source: Ken Research, WEF, (2020)



Logistics Activities in Indonesia

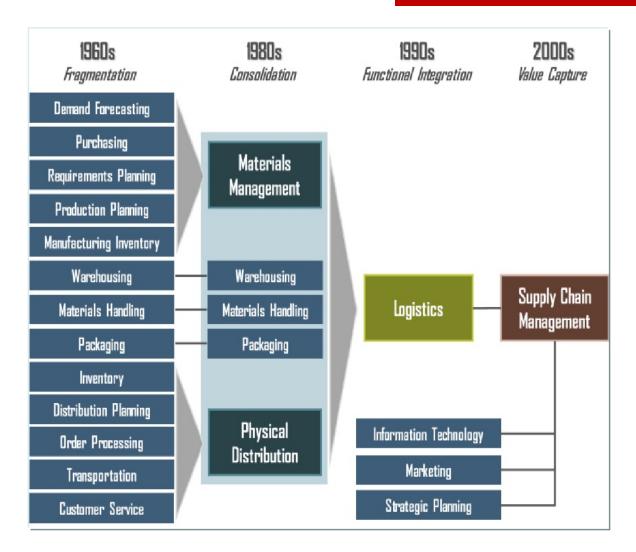
CROSS-E LOGIS				ESTIC STICS		TRADE LOGISTICS	
	AIR FREIGHT	(Air Craft Operators – International Route)	(Freight Forwarders – International Network)	(Local Freight Forwarders – EMPU)	(Air Craft Operators – Domestic Route)	MODERN TRADE	MINI MARKET
RANSPORT	SEA FREIGHT	(Shipping Lines – International Route)	(Freight Forwarders – International Network)	(Local Freight Forwarders – EMKL)	(Shipping Lines – Domestic Route)		SUPER MARKET
F	RAILWAY	(Railway Operators – International Route)	(Freight Forwarders – International Network)	(Local Freight Forwarders – EMKA)	(Railway Operators – Domestic Route)		HYPER MARKET
MULTI-MODAL	INTER CITY TRUCKING	(Truck Operators – International Route)	(Freight Forwarders – International Network)	(Local Freight Forwarders – Land Transport)	(Truck Operators – Domestic Route)	ADITIONAL TRADE	RETAIL
MULTI		OTHER CROSS B	RANCE SERVICE & ORDER SERVICES rage Service, etc)	INTRA CITY (Warehouse To 0	TRUCKING outlet Deliveries)		WHOLESALE
		(Internatio	R/POSTAL nal Courier)		POSTAL City nestic Courier)		DISTRIBUTOR
		PORT, AIRPORT, AI AREA SUPPOR (Bonded Warehouse, Bulk	TING SERVICES Consolidation, Break	WAREHOUSE N (Warehouse Operator,		TRAD	AGENT'S COMMISION
		ASSET	NON-A		ASSET		Source: ALI
		BASED	ASED BASED		BASED	Source: ALI	

NLE as Driver





Evolution Conceptsof 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

1800 Industry 1.0	1900 Industry 2.0	1970s Industry 3.0	Today 2015+ Industry 4.0	2030+ Digital ecosystem
The invention of mechanical production powered by water and steam started the first industrial revolution	Mass production, with machines powered by electricity and combustion engines Introduction of assembly lines	Electronics, IT, and industrial robotics for advanced automation of production processes Electronics and IT (such as computers) and the Internet constitute the beginning of the information age	Digital supply chain Smart manufacturing Digital products, services, and business models Data analytics and action as a core competency	Flexible and integrated value chain networks Virtualized processes Virtualized customer interface Industry collaboration as a key value driver

Source : PwC, (2016)





Industrial Revolution 4.0

New Business Model in Internet or Digital Era





From record store to streaming

From taxi to ride-sharing



Source: Siemens, (2015)

Industrial Revolution 4.0

Digital workplace

Digital engineering and manufacturing

Digital supply chain

Digital products, services, and business models Digital customer and channel management

Digital applications

E-finance

Digital HR

Internal knowledge sharing

Vertical integration

Big data process optimization

Predictive maintenance

Condition monitoring

Augmented reality

Integrated digital engineering

Digital factory

Integrated planning and execution

Logistics visibility

Procurement 4.0

Smart warehousing

Efficient spare parts management

Autonomous and B2C logistics

Prescriptive supply chain analytics

Digitally enhanced products

Intelligent and connected products and solutions

Automated and data-based services

Digital business models

B2B2C customer interaction

Digital customer experience

Omnichannel sales integration

Omnichannel marketing

Point-of-sale-driven replenishment

Microdeliveries

Customer lifetime value management 66

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

Digital enablers

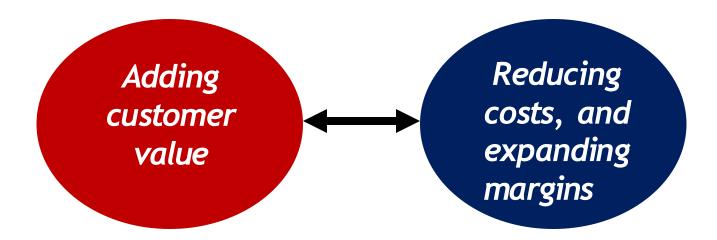
Technology, processes, organization

Source: PwC, (2016)



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

To win one or both of the following options:



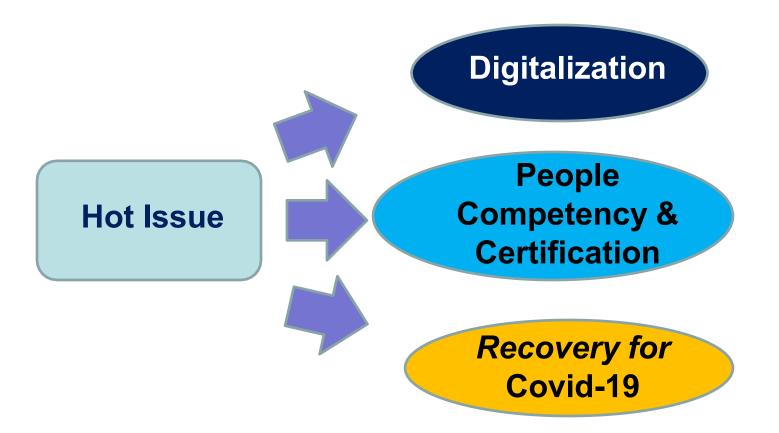


2

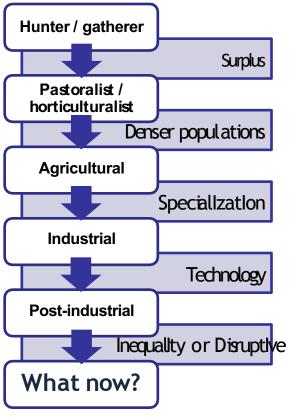
LOGISTICS INDUSTRY - Challenge 2020 - 2024



Logistics Hot Issue 2020-2024

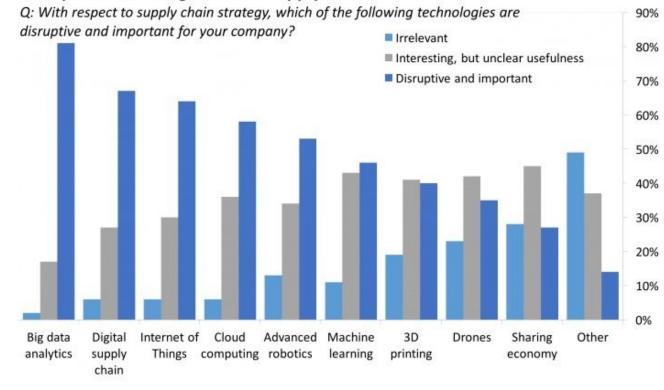


Disruptive....



Shall we call mobile era?

Disruptive Technologies In The Supply Chain

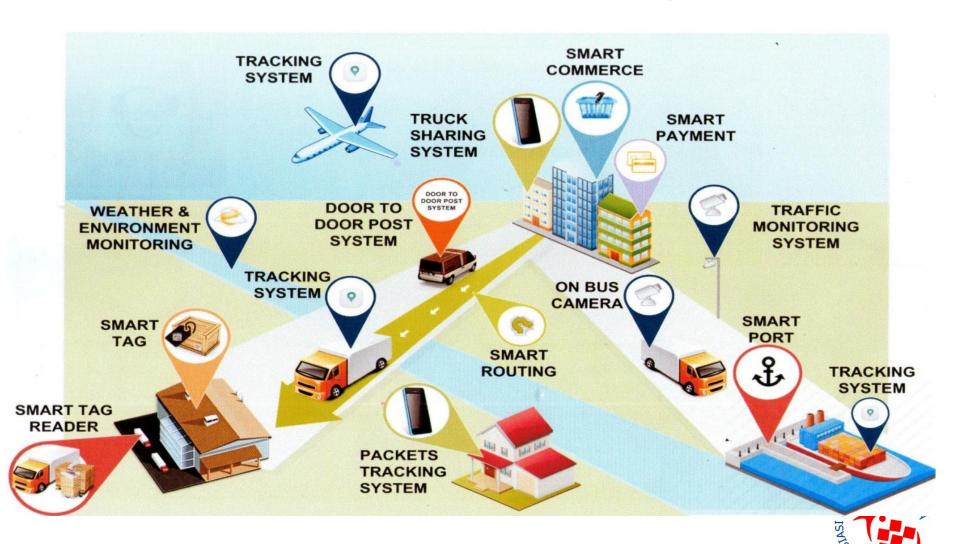


n = 1,415 Source: SDC Future of the Supply Chain Survey, 2016





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



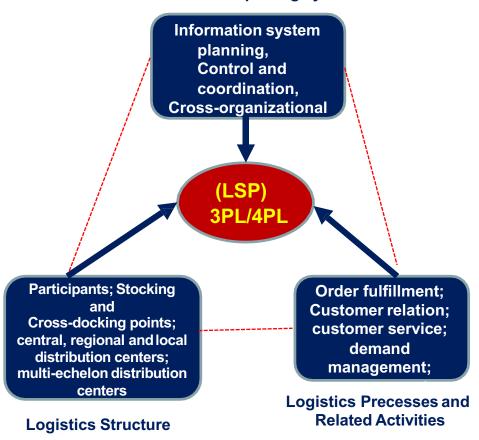
3

THE ROLE OF 4PL IN LOGISTICS INDUSTRY



Alternative Business Development Model

Information & reporting systems





Source: Aldin & Stahre (2003)

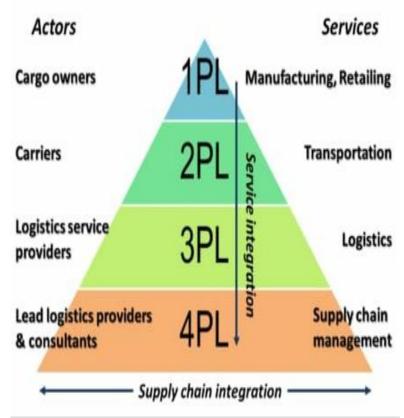
1PL (Shipper) is a firm/individual that needs to have cargo, freight, goods, produce or merchandise transported from a point A to a point B. It can be a manufacturer, trader, importer/exporter, wholesaler, retailer or distributor in the international commerce field.

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

Layers of Logistics Service Provider





The Role of 4PL

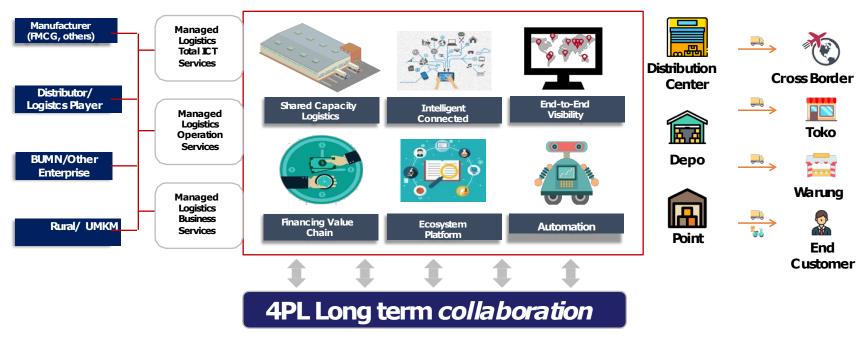
4PL is an independent, singularly accountable, non-asset based integrator who will assemble the resources, capabilities and technology of its own firms and other firms, including 3PLs, to design, build and run comprehensive supply chain solutions for clients.

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



4PL Long-term Platform for Logistics

SCM and Value-Added Service



4

CONCLUSION

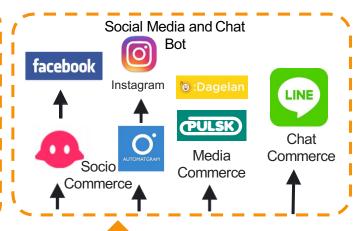


ECOMMERCE, DIGITALIZATION AND LOGISTICS:

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



Logistics Focus Area (Digitalization)





END OF SLIDES THANK YOU



