

SUPPLY CHAIN TRIBE

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SPECIAL REPORT

3PLs - The Protagonists

This Special Story presents a future forward direction that the 3PLs are gearing up for and are perhaps most excited about.

SUPPLY CHAIN VISIBILITY AND REAL-TIME GAPS

Visibility tools are high in demand but companies struggle with low market maturity for these solutions. Our recent Webinar, 'Real-time Visibility in Logistics' offered fascinating insights into what visibility means to the stakeholders and how enhanced visibility is the only way forward.

3PLs THE PROTAGONISTS

While some may feel the term a bit too exaggerated, but 3PLs globally as well as in India have displayed an impeccable resilience to turn the Covid-19 tide. Showing grit & determination, 3PLs have played the indispensable role of the PROTAGONISTS when the world needed them the most. Aply aided by the technology, they have achieved the unprecedented. While Covid-19 pandemic also exhibited some loose ends in the supply chain, the 3PL fraternity was quick enough to stitch them in no time. This Special Story is not just an ode to their mettle but also presents a future forward direction that the 3PLs are gearing up for and are perhaps most excited about. Read on to 'Shaping the Trends of our times'...

THE events of 2020 created a dramatic tipping point for supply chains, to say the least. Even before the COVID-19 pandemic struck us, supply chains started experiencing trouble and had to address the immediate high demands for goods. As the nationwide lockdowns started getting implemented globally, the supply chain's role as the lifeline of humanity—getting goods & services to all types of customers quickly, safely, and securely—became quite evident. In short, as rightly remarked by Carlos Cordon, Professor of Strategy and Supply Chain Management, IMD Business School, in one of his recent articles, the supply chain has become a main protagonist everywhere, it has moved from playing a “behind the scenes” organizational role to being a prime driver of the company business.

Tapas Sudan, Research Assistant, and Dr. Rashi Taggar, Assistant Professor, Shri Mata Vaishno Devi University, in their research paper,

'Recovering Supply Chain Disruptions in Post-COVID-19 Pandemic Through Transport Intelligence and Logistics Systems: India's Experiences and Policy Options', have highlighted that Indian firms have focused on interconnected and lean supply chains to overcome the supply gaps in normal business operations. The COVID-19 pandemic has led to massive supply chain disruptions (SCDs) due to undiscovered supply chain vulnerabilities caused by government-imposed economic restrictions including transportation disruptions worldwide including India, which adversely impacted the normal functioning of the firms. Many Indian firms have experienced severe disruptions in transportation and logistics services, including stronger impact on transportation and logistics data, time delays, and cargo cancellations due to drastically reduced freight capacity, limited mobility, ports shutdown, and problems in routine customs clearances. All this has also

severely delayed the production of goods, transport consignments, and logistics services thereby caused massive delays and rerouting to final consumers.

Supply chains faced a significantly transformational phase due to the necessity for greater agility. Interestingly, the prior perception of supply chains as a support activity was rapidly replaced by the understanding that these are a major strategic focus on ensuring the survival of businesses and economies. The distribution and supply of COVID-19 vaccinations and the resulting complex cold chain requirements were one of the most defining issues for supply chains. Thus, in order to ensure the sustainability of supply chains and the resulting mobility, which are important pre-requisites for businesses and economies to thrive, it is necessary to adopt apt and timely 3PL (Third Party Logistics) trends, which will undoubtedly transform the global supply chain landscape in response to the 'new normal' as dictated by the pandemic.

SUPPLY CHAIN COMMUNITY RISING TO THE OCCASION

Bobby Sharma, Vice President – Retail & Logistics BU, Atos Syntel, in his blog, has aptly stated that the global logistics industry has risen with energy and alacrity to the challenges of covid-19, protecting staff and customers while flexing to the peaks and troughs in demand. Impacts were profound as supply chains were seriously disrupted and new regulations rapidly introduced.

“Meanwhile, the business-to-consumer market has exploded as people in lockdown turned to the internet to make their purchases. And not only did volumes grow; the profile of goods being shipped changed, with more consumers ordering even the largest purchases online. In response, logistics companies fast-tracked their growth and development strategies, quickly expanding to seven days a week and making significant investments in e-commerce, people, and assets to cope with demand,” he added.

Giving a 3PL perspective, **R Shankar, CEO-India, TVS Supply Chain Solutions**, remarked, “Companies have been impacted, suffered from massive losses but most have worked hard to keep business alive to support their team members and community. It was very important to protect and maintain the health of people working in the supply

chain during this time of crisis. However, keeping the distribution chain alive by the supply management strategies was also important to meet the consumer demands. Companies supported manpower to resume to work by arranging permissions and their transportation. Not only they incentivised them but also ensured safe practices (physical spacing, contact-tracing and PPE were followed). Companies also recruited temporary staff to support operations. This helped to reduce supply chain disruptions as far as possible and delivery of essential material across the geographies which was need of an hour. The collaboration was seen across manufacturers, suppliers and logistics partners and everyone did the possible role to minimize the supply chain disruption. Many companies collaborated with government sharing the intelligence on ground and so the needed actions are taken to sustain the operations.”

While **Deven Pabaru, CEO, Stellar Value Chain Solutions**, avowed, “In the ongoing pandemic scenario, supply chain management companies have been going the extra mile to ensure business continuity for their clients. At Stellar, we have developed a special Covid taskforce which has been working relentlessly in all our locations so that impact of disruptions can be kept to a bare minimum. The members of the task force devise solutions by working closely with

the leaderships and internal teams. They coordinate with the local and regional authorities to keep the supply chain operations running while complying with all the protocols. The results have been extremely encouraging so far.”

Talking about global landscape, **Radu Palamariu, Managing Director – Asia Pacific, Alcott Global and the Global Head of Supply Chain & Logistics Practice**, remarked, “Covid19 was, and still is, one of the toughest times for most of us. Most of us had not seen a disruption at such a global scale before. And I am amazed of how well the supply chain and logistics professionals globally have risen to the occasion. And demonstrated their skills. It is only because of them that the world kept going. That we have not seen food shortages or any shortages at all (minus some toilet paper temporary bleeps), which if we think about it is quite amazing, in a time where lockdowns, warehouses and factory closures as well as transport disruptions happened daily. So, kudos to all these heroes!”

Sharing as to how pandemic brought an opportunity for the business, **Raju Kurian, Chairman and MD, Unisis Group**, said, “Pandemic has brought structural shifts in the way we do business and some of which will remain permanent, like online working, virtual meetings and less business travel. We realized that agility is crucial and we managed to stay in the game because

Radu Palamariu, Managing Director – Asia Pacific, Alcott Global and the Global Head of Supply Chain & Logistics Practice

A key challenge that is still ongoing is the need for TALENT that has the right skills in digital and technology. Because most 3PL companies have a way to go before being truly digital, the fight for talent with such skills is high. And the competition is not only with other 3PLs, it is with most other companies as such skills are in demand across industry sectors. I see this as a main challenge, how to increase the 3PL industry as a great employer brand to attract this top talent.



R Shankar, CEO- India, TVS Supply Chain Solutions

The biggest lesson learned during Covid-19 is that the pandemic is here to stay, and we need to prepare to address it better by strengthening the supply chain through extensive planning and digitization. Excessive dependence on one supplier/ location /geography is to be avoided. Multiple sourcing options and delivery models is a way to go. Building end-to-end supply chain visibility, capturing learning in the planning process, building efficient SCM practices and keeping plan B always ready will minimize the impact.



we adjusted to the changing market dynamics. We also realized that we need to be ready with a scalable emergency plan when faced with a crisis. An efficient communication system to keep external and internal stakeholders updated is very important. Every challenge opens opportunities and we too kept looking for opportunities. In our case, being trailblazers and one of the fastest growing companies in the logistics and shipping industry in the ME region, we quickly realized and shifted our focus towards warehouses and logistics park as the pandemic had accelerated the demand for these verticals across tier I, II, and III cities in India. We also realized that tier II and III cities in India including in Kerala are underserved markets for grade A logistics park and warehouses and hence are focusing our efforts on these markets immediately.”

TECHNOLOGY – THE MOST CRUCIAL PILLAR

“Digitization, automation, and robotics are expected to transform the value chain with digital platform-based freight solutions, logistics process automation, and last-mile delivery solutions,” said **Senthil Kumar Subbiah, Supply Chain & Logistics Practice Industry Analyst at Frost & Sullivan**. “The integration of computing devices enables interoperability by linking people, processes, and data without any physical movement. Reducing human

intervention at various steps of the supply chain can be a game-changer during a pandemic or similar crisis. For instance, owing to the fears of virus transfer while handling voluminous paperwork by multiple parties, Indian Customs has mandated the usage of a single-window system for the transfer of export documentation.”

Subbiah added, “A key factor driving the post-COVID-19 recovery of the sector is the proposed logistics policy by the Government of India. The policy aims to eliminate inefficiencies and reduce costs by removing bottlenecks in the logistics value chain. Logistics costs associated with customs and border clearance are expected to decline. The development of cold storage infrastructure and the adoption of digital technologies would reduce costs associated with warehousing operations. The policy is expected to streamline trade and investment processes in India, resulting in an improvement in export competitiveness.”

According to R Shankar, digital transformation has been accelerated due to the pandemic and companies are evaluating automated planning, alternate models of delivery, automated supply chain operations, data analytics and AI to minimise the disruption caused due to pandemic. Visibility over supply chain and predictive analytics are two core areas of interest to supply chain community. TVS SCS has already

embarked on this journey by adopting world class technologies. To ensure the visibility of operations tools such as WMS, TMS, control tower, BI dashboards are adopted. Integration with customer technologies is being ensured to have seamless experience. Analytics and big data tools are used to facilitate intelligent decision making.

Deven Pabaru highlighted, “During the pandemic, technology has been playing a critical role in ensuring superior supply chain visibility and efficient management of supply chain complexities, thus upholding the key parameters of a resilient supply chain such as agility, transparency and integrity. Integration of digital technologies and data analytics have not only added predictive capabilities to the supply chain operations but also delivered superior performance and competitive edge to the clients. In this rapidly evolving economic scenario, a tech-enabled supply chain facilitates real-time data and communication flow so that companies are able to respond to the demand fluctuation and address operational bottlenecks faster.”

As remote collaboration has become the new normal because of the pandemic, we have been using advanced online video conferencing tools to strengthen our connect with our customers and vendors as well as streamline our internal processes through regular team meetings. The ability of online video conferencing

tools to break the geographical barriers has helped us develop synergy across our teams located across the country, thus accelerating our service delivery.

“We have also rolled out cloud-based enterprise-class Infor Warehouse Management Systems (WMS). Launched for the first time in India, the scalable supply chain solution which can be integrated with the clients’ tech platform offers advanced real-time visibility, data-driven insights, and customised services. Coupled with our in-house transportation management system (TMS), we have ensured real-time visibility and speed for our customers,” added Pabaru.

INNOVATIVE PRACTICES IMPLEMENTED BY 3PLS

TVS SCS has adopted Relentlessly Lean, Passionately Reliable and Collaborative Innovation attributes as its culture and has created 18-point charter. R Shankar added, “This is being driven across the organization to constantly focus on improving efficiencies through breakthrough ideas, encourage own resources to synergise with other functions, foster collaborative team working, anticipate and proactively initiate change to be relevant in the market. Core competencies around which TVS SCS operates are Optimized solution design, lean practices adoption and competitive cost.”

Continuous people development is taken up through SEAT (Self

Enhancement Activity of TVS SCS) and TVS Way to bring the culture of continuous improvement and innovation. Innovation is also driven through Cross-deployment of capabilities; leadership invests significant time & efforts to bring the capabilities acquired through global acquisitions in India.

For Deven Pabaru, the supply chain demand is exploding in India banking on the rapid growth of e-commerce and omnichannel retail. The growth potential is huge in the supply chain domain. It's not about capturing market share now. It's about capturing the larger share in the demand spectrum. The scalability factor will define how far a supply chain service provider can go to leverage the booming phase.

“At Stellar, in pursuit of capturing the larger demand share, our endeavours have always been to build operational presence ahead of demand. We have already developed more than 12 million sq. ft. of warehousing space across the country along with robust express, less-than-truckload and temperature-controlled transportation infrastructure. The idea is to gain the first mover advantage the moment supply chain service demand spreads out further to hit those regions. We have a firm belief on the revival of India consumption story and are now planning to expand our warehousing space further,” he averred.

Giving classic examples of resilience shown by companies during pandemic, R

Shankar informed, “TVS SCS is handling many customers, which handle essential category of products, even during high peak of Covid, operations were sustained keeping in mind all government regulations and safety practices. Team members ensured the permissions for running customer operations, arranged e-passes for employees, facilitated transportation for them and ensured that basic food & hygiene requirements are fulfilled for employees to work safely and earn their wages, which are essential for their survival too. Customers have appreciated the support extended during Covid period and referred TVS SCS as preferred 3PL partner, which is flexible and reliable.”

Highlighting Stellar’s initiatives during Covid-19, Deven Pabaru, stated, “During the pandemic, we have been involved in a number of collaborations with our customers aiming at reducing cycle time significantly. We have closely worked with our clients to cut through the multiple layers in the supply chain to help them accelerate their speed to market. In one such instance, we have joined hands with a mattress manufacturing company to deliver mattresses to a hospital within 12 hours to meet urgent requirements. So effective was the supply chain strategy that the company eventually adopted it as standard procedure to fulfil emergency requirements.”

Elaborating on the value-added propositions of Unisis, Raju Kurian,



Deven Pabaru, CEO, Stellar Value Chain Solutions

The unprecedented pandemic scenario challenged our ability to adapt to emerging realities both in our personal and professional space. However, all of us have shown survival instinct, resilience, and adaptability in one way or the other to navigate extraordinary circumstances. The way we have changed our approach to life and prioritized skill development to re-configure our existence while enduring the unpredictabilities is a lesson in itself. We are now better prepared to face any eventuality in life.



Raju Kurian, Chairman and MD, Unisis Group

There is a dearth of grade A warehouses and logistics parks in India with 64% skew towards grade B warehouses. It is more pronounced in South India with not a single grade A logistics park in Kerala. This is one area that we are currently focusing on. Along with grade A warehouse or logistics park, we see significant demand for a Warehouse Management System, Automated picking tools, Automated guided vehicles, Automated inventory control platforms and Internet of Things.

informed, “We believe Hybrid Composite Technology (HCT) is the future of construction which delivers on superior quality, cost efficiency, speed and sustainability. Using HCT, we innovate and create unique prefab products & systems suited to match regional requirements. Due to the off-site factory production setup, we can avoid delays due to rains, heat or severe cold as well as ensure minimal disturbance on-site. This technology also allows flexibility to our architects which allows us to explore innovative designs. More importantly, use of HCT has helped us to avoid ‘No Cost Overruns’. Being leading players in logistics and shipping in more developed markets, like the ME region, we are in a better position to build grade A logistics park and warehouses in Kochi and South India to meet the requirements of world-class corporates.”

CHANGING GLOBAL SUPPLY CHAIN DIASPORA & INDIA'S REIGNING ROLE

Global pandemics have revealed the weakness of manufacturing and the supply chain. Below given areas will fetch the attention and in turn will drive transformation of supply chains, as pointed out by R Shankar:

Scenario planning: Scenario based supply chain planning processes (real-time production decisions based a demand sensing)

Risk management – Flexible sourcing

arrangements from multiple suppliers, adaptable manufacturing lines, scalable warehousing, and transportation agreements

Continuous efficiency focus – Flexibility and agility in decision making and implementation, lean and continuous improvement practices to keep costs low

Sustainable supply chain – Long-term supply planning and network design, managing trade-offs between customized product offerings and efficiencies offered by consolidated sourcing, storage and manufacturing

Capability building and retention – Environment and Safety standards, employee policies. Focus on automation, continuous training and building good work culture

Strong data capture and visibility – Quick decisions based real time data (inventory levels, consumer behaviour, fluctuations in freight and raw material prices)

Analytical capability – Capability to build insights and act on it

Digitization and high level of technology integration – Sensors and geolocation, Robotics, UI and display innovation, Cloud Services, Big Data, etc.

According to Deven Pabaru, the supply chain operations have experienced unprecedented disruptions in recent

times. Companies at present are facing challenges to keep their operations running because of the disruptions caused by localised lockdowns. Therefore, retail companies are looking for end-to-end integrated supply chain solutions with enhanced real-time visibility so that they can make real-time decisions. Such demands are fuelling adoption of digital technologies in supply chain management dynamics. Supply chain companies are now keen to leverage artificial intelligence, machine learning and data analytics to add value to their customers' business.

Added R Shankar, “Global Supply Chain is reconfigured as no one wants to put their eggs in a single manufacturing basket; no one wants to depend on a single source for their needs, this creates opportunity for India. India fits in all three strategies adopted by multinationals – 1) China Plus One 2) An alternative to China 3) Locations with big local markets and low cost so they can scale up and produce for both, the domestic market and exports.

Steps taken by Indian Government to harness this opportunity:

- ☑ States are preparing actionable blueprints to attract foreign investments; the focus has been on Korea, Taiwan, Singapore, Japan, and US
- ☑ Incentives and reforms are being looked at for example NITI Aayog proposed to grant a four-year tax holiday to any investor, who wishes

- to bring in above \$100 million
- ❑ FDI limits in select sectors is being looked at
- ❑ Single-window Centre-state clearance system will be introduced
- ❑ Bilateral ties will be leveraged to push investment inflows
- ❑ Change in policy approach towards SEZs
- ❑ To tackle delays in land acquisition, India has identified 461,589 hectares of land to prepare a land pool bank. It includes new areas, and 1,15,131 hectares of existing industrial land in states such as Gujarat, Maharashtra, Tamil Nadu and Andhra Pradesh, which are favoured by investors
- ❑ In the post-COVID environment, several states have changed labor laws.

“The global supply chain discourse has been witnessing a phase of redesign or reconfiguration to minimize the pandemic impact. Those realignments in operations and strategic outlook will influence and impact the Indian supply chain ecosystem as well and will eventually throw up new possibilities and growth opportunities. The government renewed focus to boost manufacturing competitiveness and infrastructure will create an enabling environment for a sustainable supply chain transformation. The government is moving in the right direction by initiating large scale infrastructure development. The supply chain companies need to invest in technology and human capital to leverage the potential,” added Deven Pabaru.

PREPPING UP FOR GLOBAL DISRUPTIONS TO MINIMIZE THE NEGATIVE IMPACT ON BUSINESSES

3PL must respond on multiple fronts at once, they need to protect their workers' safety, ensure operational viability, make supply chain agile and risk free. Key to this, as highlighted by R Shankar is:

- ❑ **Transparency** – Create real-time visibility not only in terms of freight but the overall operations view to maintain a nimble approach to logistics management to rapidly adapt to any situational or environmental changes.

- ❑ **Resilient supply chain** – Continuous assessment of the risk creating risk governance and documenting the processes
- ❑ Creating strong supplier ecosystem
- ❑ Digitizing supply chain management to improve speed, accuracy, and flexibility
- ❑ Financial models to capture the impact of various shock scenarios / insurance/ risk mitigation of specific gaps
- ❑ Employee safety practices to maintain health and safety during the crisis and ensuring the engagement to keep the employee moral high.

According to Deven Pabaru, 3PLs can build resilience to lessen the impact of disruptions of global magnitude by raising funds, investing in advanced technology and hiring world-class talents. A 3PL company empowered by strategic growth capital, cutting-edge technology and skilled human capital is better positioned to navigate challenges and scale up operations to leverage emerging opportunities.

THE BOOM OF SCAAS (SUPPLY CHAIN AS A SERVICE)

Post-Covid, the market for 3PL is expected to grow at a faster clip at around 15-20% in medium term, compared to a growth rate of 7-8% for the overall logistics sector. The preference towards large 3PL players is due to the belief that their operations would exhibit greater resilience to localized disruptions in India and overseas that are still expected to occur periodically over the foreseeable future. Sectors such as e-commerce, consumer goods, organized retail, pharma, auto ancillaries and engineering are likely to drive this growth.

Carrying on the growth bandwagon, Raju Kurian, elucidated on Unisis Group's ambitious plans for the Indian market. “Indian warehousing market is expected to grow by ~15% between 2021 and 2025 and leasing of warehousing space is expected to reach 100 million sqft. by 2023 from 32 million sqft. in 2019. 3PL players are capitalizing on this opportunity by building logistics and distribution centers to stock inventory for e-tailers. This has given rise to the demand for warehouses and logistics

parks in India. With a view to capitalize on the burgeoning opportunities waiting to be tapped in the Southern part of the country, our focus area remains to be Kerala and rest of South India. With high disposable income, Kerala is recognized as a fast-growing consumer market, and companies are increasingly setting up base there. High Internet penetration and per capita online spends make Kerala very attractive to e-commerce companies. With the increasing realization about the need for grade A facilities, there are corporate clients already enquiring about such options. With our expertise in building new age smart warehousing in international and regional markets, we are well positioned to capitalize on the transforming warehousing landscape in the country,” he avowed.

Talking about collaboration as the need of the hour, Deven Pabaru commented, “Collaboration is at the core of supply chain management. As complying with the localized restrictions and health & safety protocols for the workplace issued by the authorities to curb the pandemic spread has led to operational challenges, we have been witnessing a renewed focus on collaborations across stakeholders including customers and the government to minimize the supply chain shock. That spirit of collaboration amid challenging scenarios kept the supply chain moving. Such a convergence of ideas, thoughts and intent is truly invaluable. Finally, the accelerated adoption of digital technology to minimize the impact of pandemic on the operations has redefined the efficiency and resilience. Tech-driven remote collaborations, data-driven demand projections, etc., have further enhanced customer centricity. These are the biggest takeaways for me in the last 18 months.”

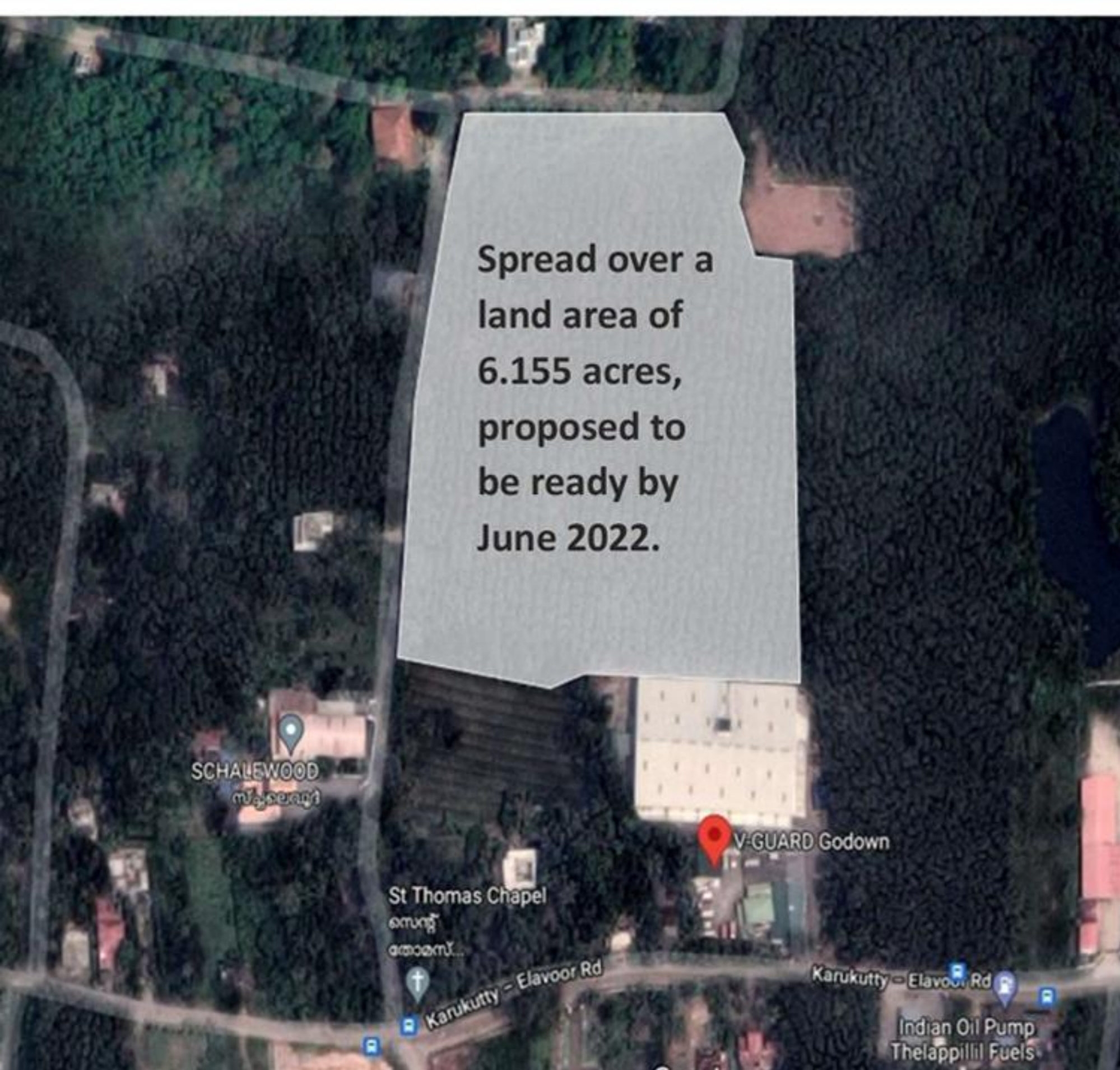
Going by the fast-pacing trends, industry specialists have aptly summarized that businesses will increasingly adopt Supply Chain as a Service (SCaaS) in the future, followed by the outsourcing of manufacturing, procurement, quality assurance, inventory management, demand planning and other non-core activities to one supply chain provider or 4PL partner. That, in essence will be the future of logistics and support industry 4.0.

KERALA WELCOMES THE SMART LOGISTICS PARK, FOR NEW-AGE SUPPLY CHAINS

Project by:



Peechanicadu, Karukkutty, Ernakulum Dist, Kerala



Spread over a land area of 6.155 acres, proposed to be ready by June 2022.

LOCATION

Kochi is centrally located in Kerala. All major industries have been looking at Kochi for storage and redistribution. Our Logistics Park has easy access by road and is in close proximity to many railway stations, airport and sea-port.

- Close access to NH 544
- Cochin International Airport - 13Kms
- Vallarpodam Port managed by Dubai Ports Trust - 26Kms
- Angamali Railway Station - 6.6Kms

SPECIFICATIONS

- Designed as three boxes, having grade A warehouses, with attached offices and parking spaces for each warehouse or could be build to suit according to end user requirements.
- Built on high ground with no chance of water-logging.
- All requirements of a modern warehouse has been fulfilled including, eave height of 12.5 mts, modern dock system, roof insulation and high grade flooring.
- Health, Safety and Environment compliant with sprinklers and other safety norms as per National Building codes
- Scope for future expansion

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