



Public and Contract Warehousing Trends and Value Added Services 公共仓储与合同仓储-发展趋势 与增值服务

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Agenda

- Outsourcing 外包/ Definitions
- Value Added Services 增值 仓储
- Warehousing 仓储 in China
- Outsourcing 外包 in the US
- Trends 趋势
- Areas of Opportunity 机会
- Acquisitions & Mergers
- Contract Lengths

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What Is Outsourcing? 什么是外包?

Having Someone conduct a service which you would otherwise need to provide yourself.

让别人负责管理一项本应由您自己负责的服务。

That someone not being otherwise associated with you.

这个别人不可以是您的同行。

Traditionally this amounts to the contracting out of support or assessorial activities.

传统意义上来说，您不能对这个合同的签约方提供任何支持或评估。



Third Party Services 第三方服务

- Distribution • 配送
- Installation & Setup • 安装
- Reverse Logistics • 逆向物流
- Global / Import & Export • 国际/进口及出口
- Personnel • 人事
- Transportation • 运输
- Packaging/Labeling • 包装/贴标
- Sourcing • 采购

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Types of Outsourcing 外包的类型

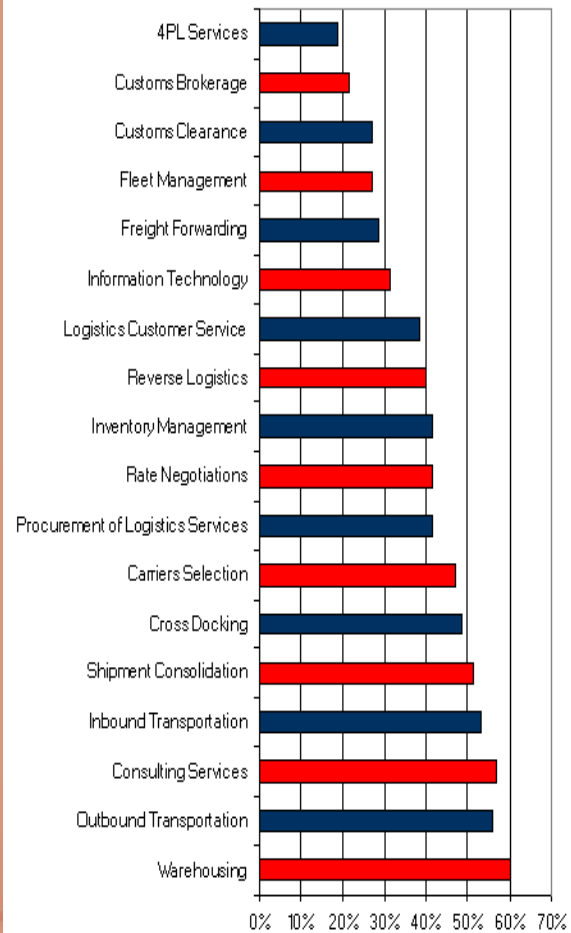
Third-party warehousing is normally divided into two categories:

第三方仓储一般可以分为两类：

- Public warehousing • 公共仓储
- Contract warehousing • 合同仓储



Value Added 增值



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Warehouse Services Trends

仓储服务趋势

Trending
To More
Value
Added
Services

Trends Influencing Warehousing

- Value Added Services
 - Fast growing part of outsourced warehousing.
 - Allows shippers and manufacturers to "postpone" final format of products and thus reduce total numbers of SKU's and inventory size.
 - Typical services include:
 - Brand labeling / Packaging (private label)
 - Order entry and customer service
 - Kit assembly / Make-to-order
 - Multi-pak creation
 - Shelf / end-of-aisle display ready
 - Reverse logistics for store returns
 - Product repair
 - Inventory control



Cub FOODS

Logistics Leadership since 1994

Trends Influencing Warehousing

- Value Added Services
 - Increasingly important for servicing select industries:
 - Club stores
 - Mass merchandisers
 - Box retail / Department stores
 - Auto lines and repair channels
 - Grocery wholesalers and retail chains



MURPHY

Value-added Services...

Example: Retail Supply Chain
End-of-Aisle Displays.
Club Packs, Labeling and Packaging.
Multi Vendor Sales Promotion Displays & Master Invoicing Retailer for Wholesaler.




Cub FOODS

SUPERVALU

Advantage

Trends Influencing Warehousing

- Postponement Concept...
 - Delaying the final product form in order to customize for customer delivery spec's.




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Outsourcing 外包 in China

A Changing Market in China

Logistics is Changing in China



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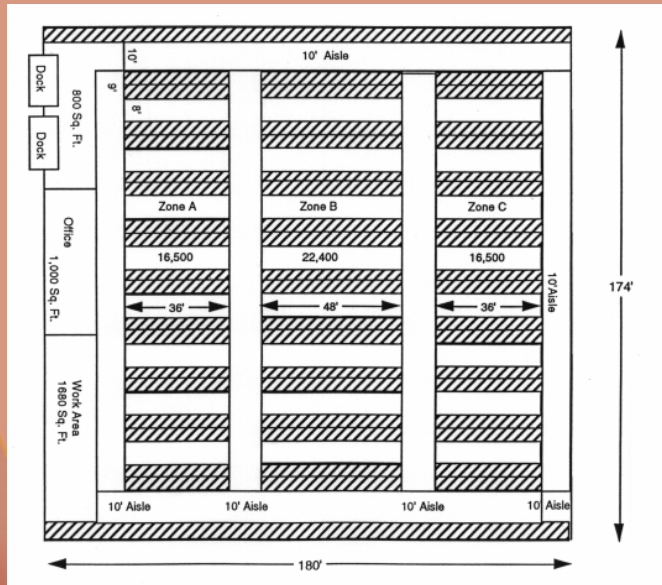
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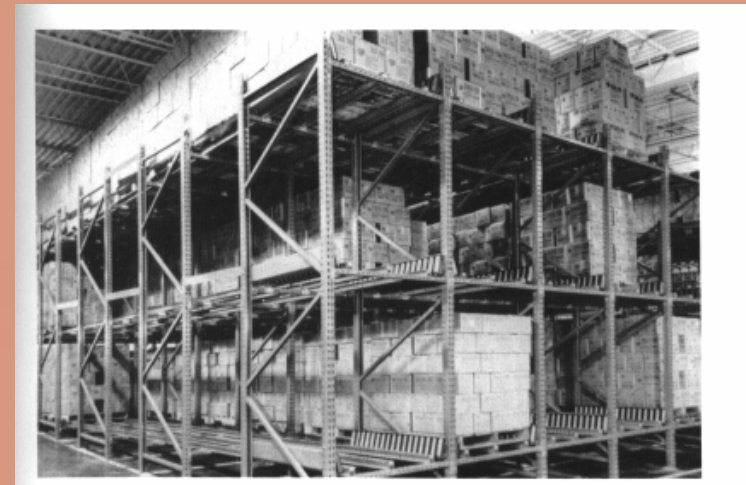
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It used to be all about storage 存储



Zone A	16,500
Zone B	22,400
Zone C	16,500
Wall Area	9,200
Bridging	<u>3,100</u>
Total	67,700



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World Class Warehousing in China



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Top Thirty 3PL's in China

Place	Company Name		
		16	China Railway Sepcial Cargo Service Co., Ltd.
1	COCSCO Logistics Ltd.	17	Shanghai Jiaji Express Co., Ltd.
2	China Postal Logistics Co., Ltd..	18	Tsingtao Haier Logistics Co., Ltd.
3	JC International Logistics Group Co., Ltd.	19	Tsingtao Transportation Group
4	Heilongjia Provincial Huayu Logistics Group Co., Ltd.	20	ShenzhenTempus Logistics Co., Ltd.
5	Guangdong Postal Logistics Distribution Service Co., Ltd.	21	China Railway Express Co., Ltd.
6	China Shipping Logistics Co., Ltd.	22	South Logistics Co., Ltd.
7	Anji - TNTAuto Logistics Co., Ltd	23	China Railway Modern Logistics Technology Co., Ltd.
8	EAS International Logistics Co., Ltd.	24	PG Logistics Group Co., Ltd.
9	Tianjin Datian Group Co., Ltd.	25	Shenzhen EH Supply Chain technology Co., Ltd.
10	China Material Warehousing and Transportation Co., Ltd.	26	Guangzhou Haiyuan Logistics Ltd.
11	JHJ International Transportation Co.	27	Shanghai Ba-shi Yuexin Logistics Development Co., Ltd.
12	Sinotrans-Yue Lee Logistics, Ltd.	28	China Container Holding Group Company
13	China Railway Container Transportation co., Ltd.	29	China Southern Airlines
14	CHINA AIR EXPRESS CO., Ltd.	30	China Merchants Logistics Group Co., Ltd.
15	Tianjin Zhehua Logistics Group		

Source: China Association of Transportation and Communications, 2004.

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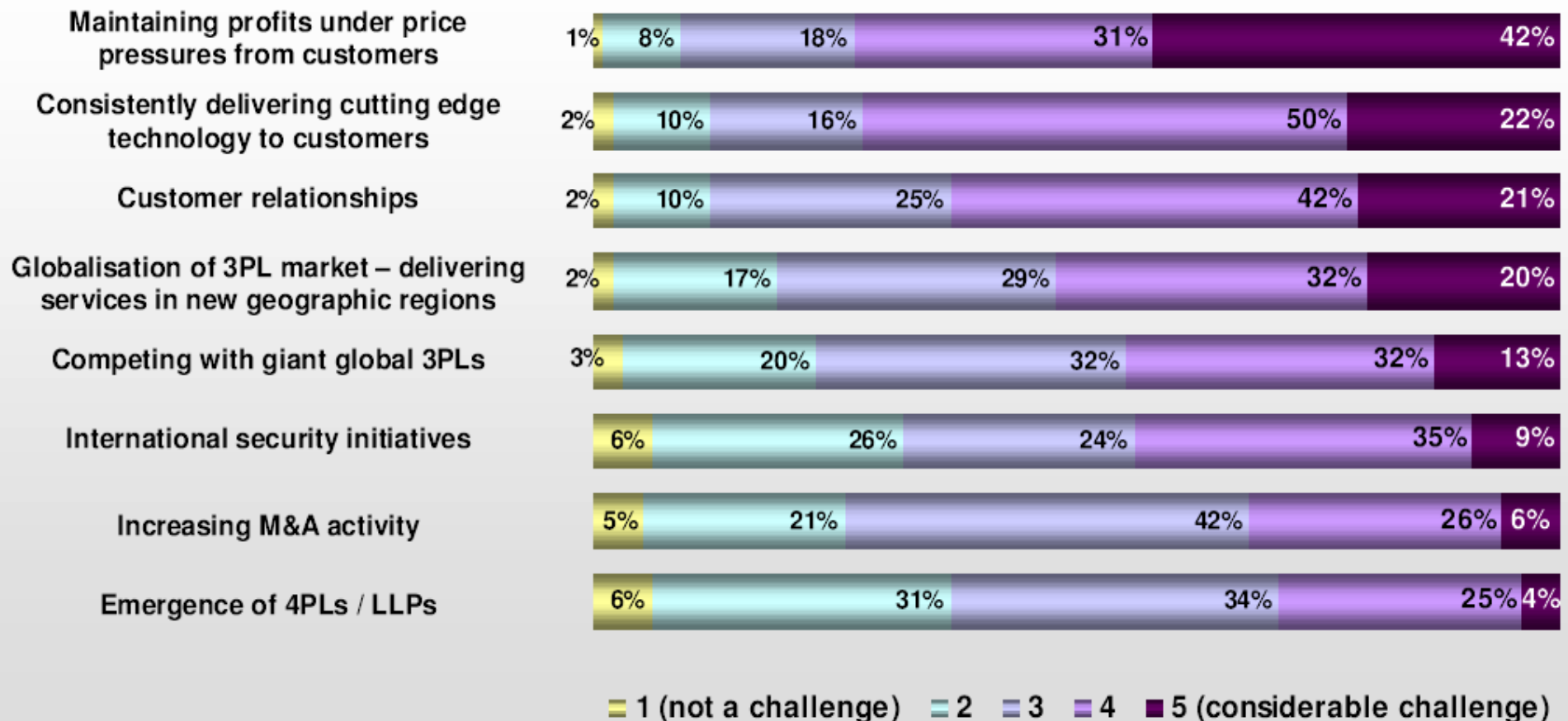
The background is a solid dark orange color. In the upper right corner, there is a stylized globe of the Earth, showing continents and latitude/longitude lines, rendered in a lighter orange/brown tone. A large, thin, light orange arc curves from the left side towards the bottom center. A thin vertical line runs down the right side of the slide.

US Outsourcing 外包

Outsourcing Trends in the US Market

Main Challenges for US 3PLs

Main challenges for US 3PLs



Source: North American 3PL Market Report, April 2007

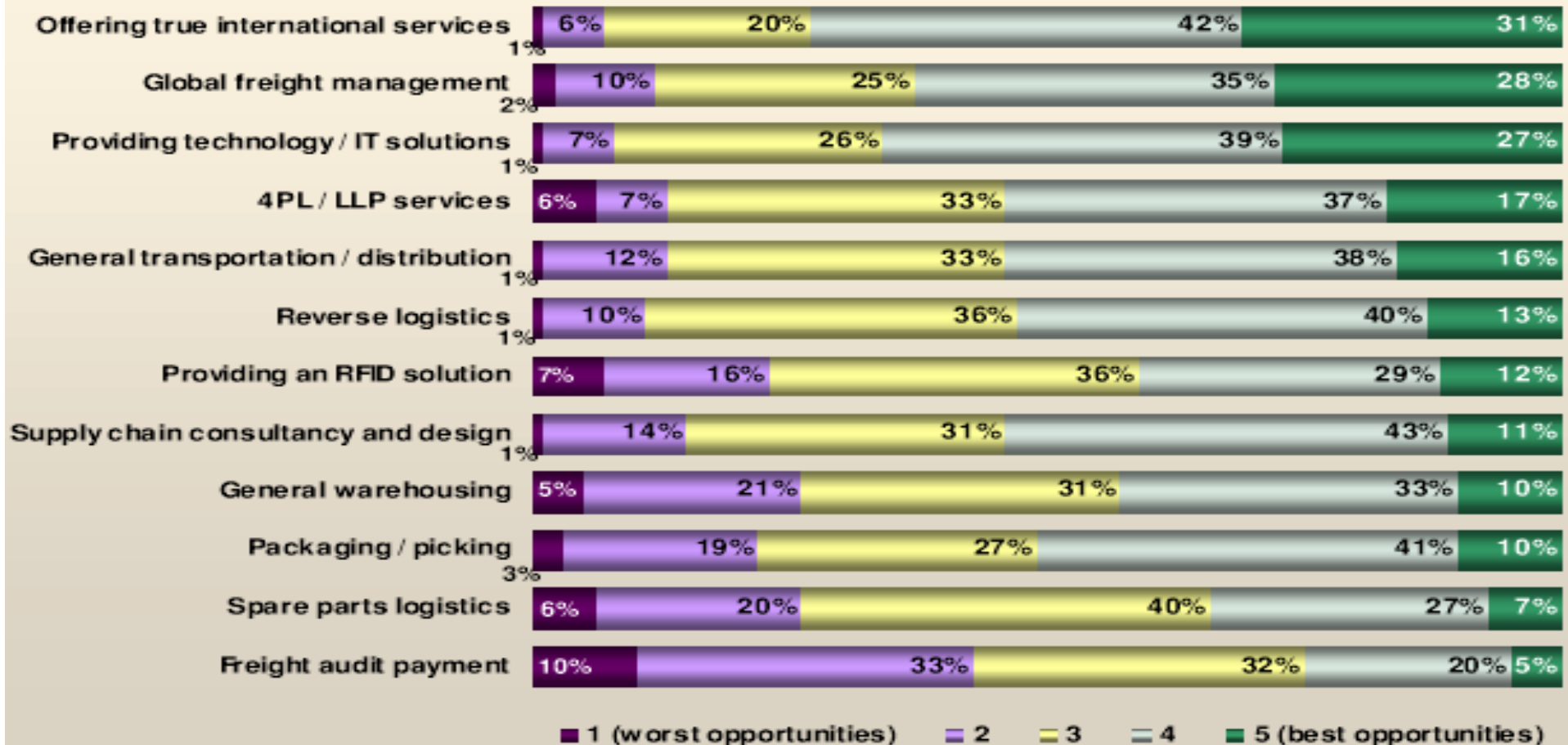
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Growth Opportunities in US 3PL Industry

Growth opportunities in US 3PL industry



Source: North American 3PL Market Report, April 2007

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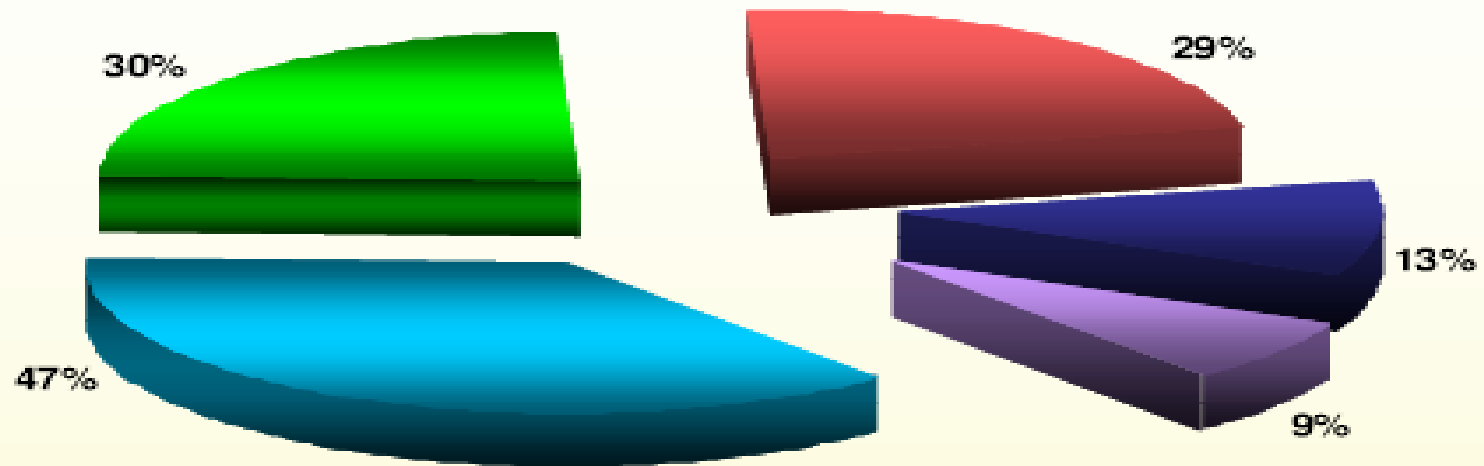
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Geographic Growth Strategies

Strategy for expansion into new geographical regions



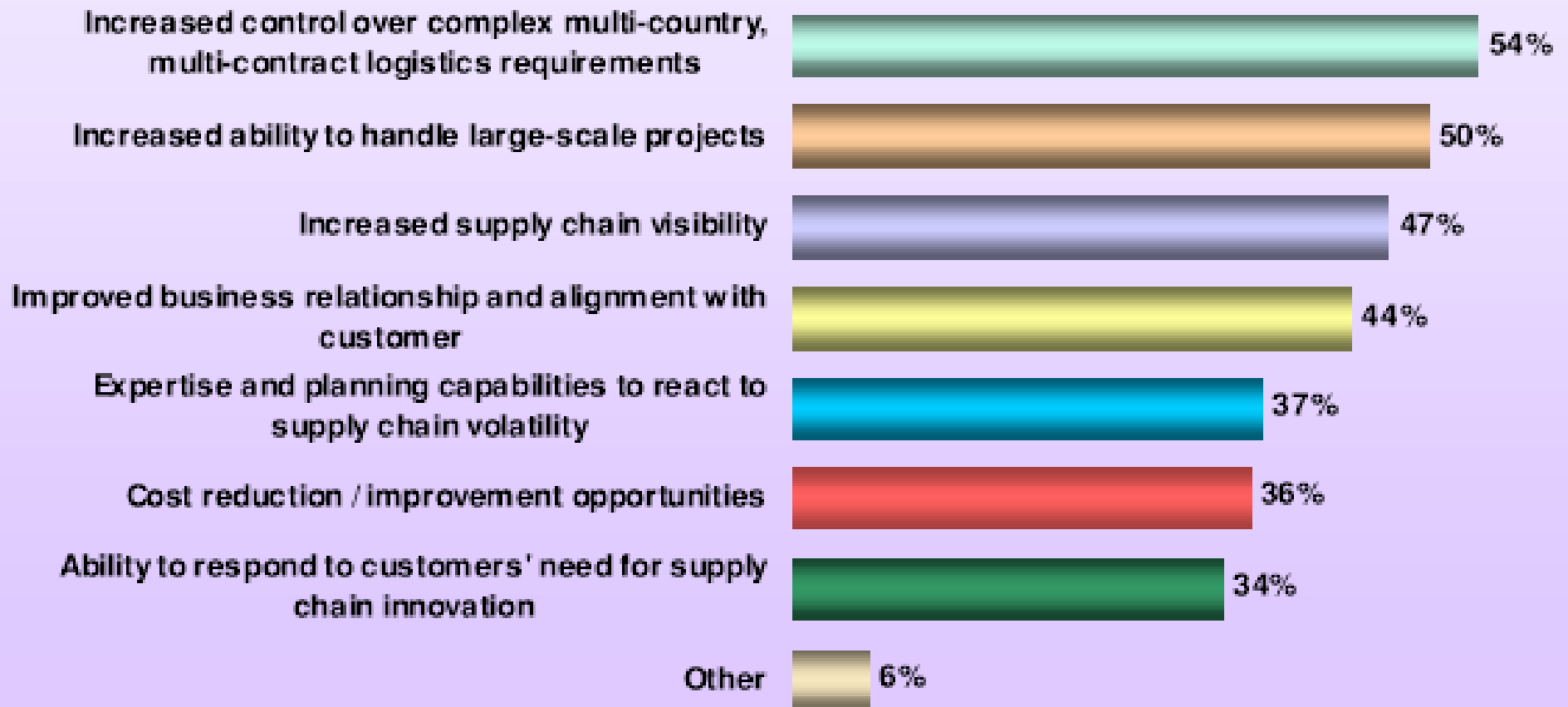
- We are entering new geographical markets when our customers do
- We are pro-actively investing in distribution networks and distribution centres in new geographical markets before customers have actually demanded it
- We are acquiring local logistics / transport providers in new geographical markets to expand our network in those areas
- We are not expanding into new areas
- Other

Source: North American 3PL Market Report, April 2007



4PL / LLP Strategies

Advantages of 4PL / LLP model



Source: North American 3PL Market Report, April 2007

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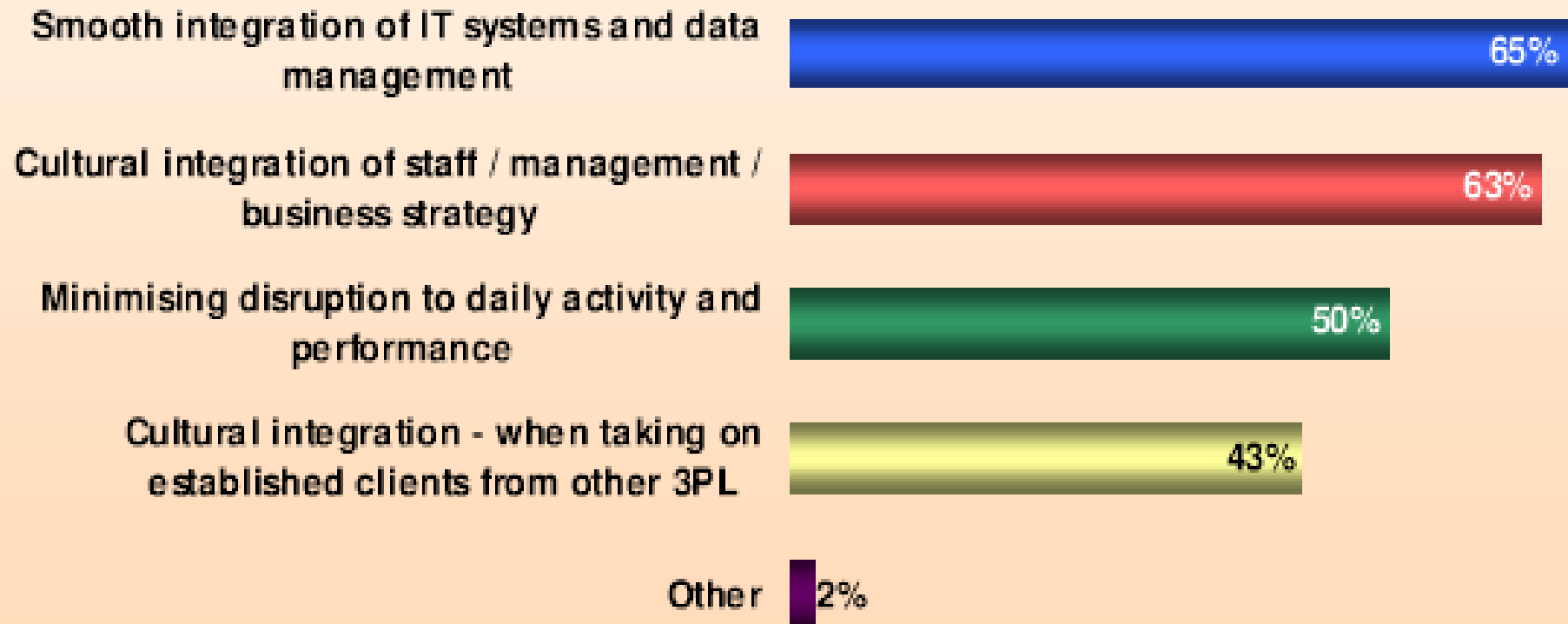


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Acquisition Risks/Challenges

Key acquisition challenges



Source: North American 3PL Market Report, April 2007

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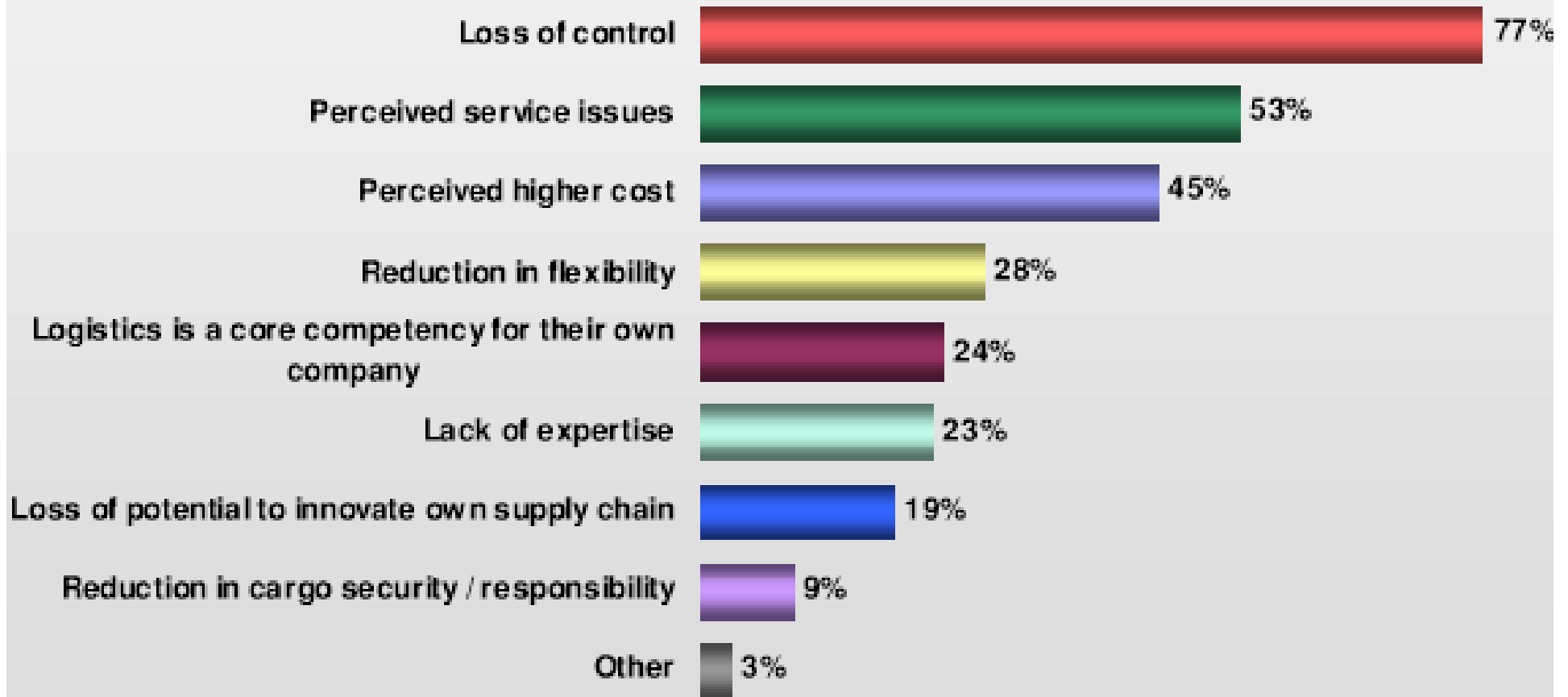


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Users Concerns

Shippers' key outsourcing concerns



Source: North American 3PL Market Report, April 2007

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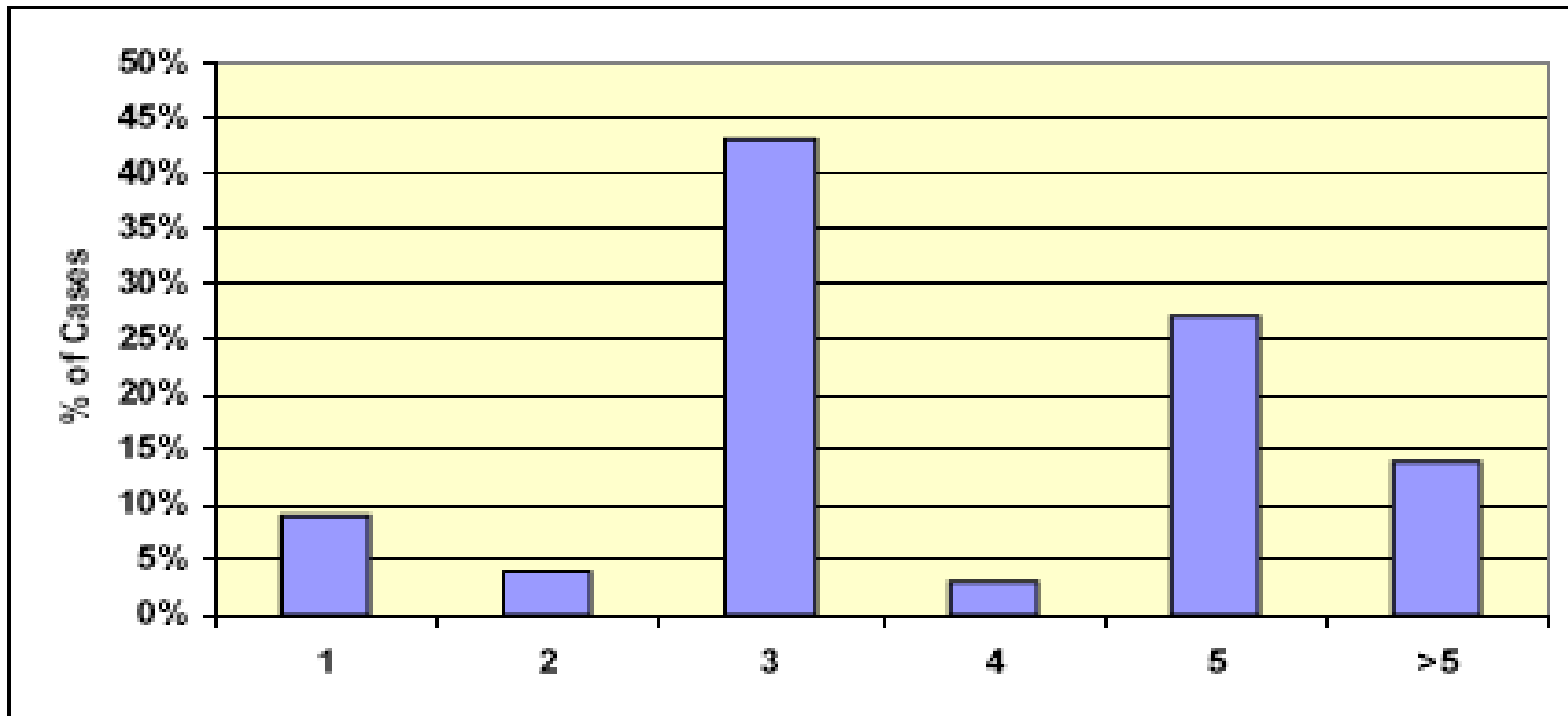
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Warehouse Contract Length



Source: Armstrong & Associates, Inc. White Paper: "An Overview of Warehousing in North America – Market Size, Major 3PLs, Benchmarking Prices and Practices".

Sample Size Information: Contract 258 locations, > 800 Customers. Public 176 locations, > 1,700 customers.

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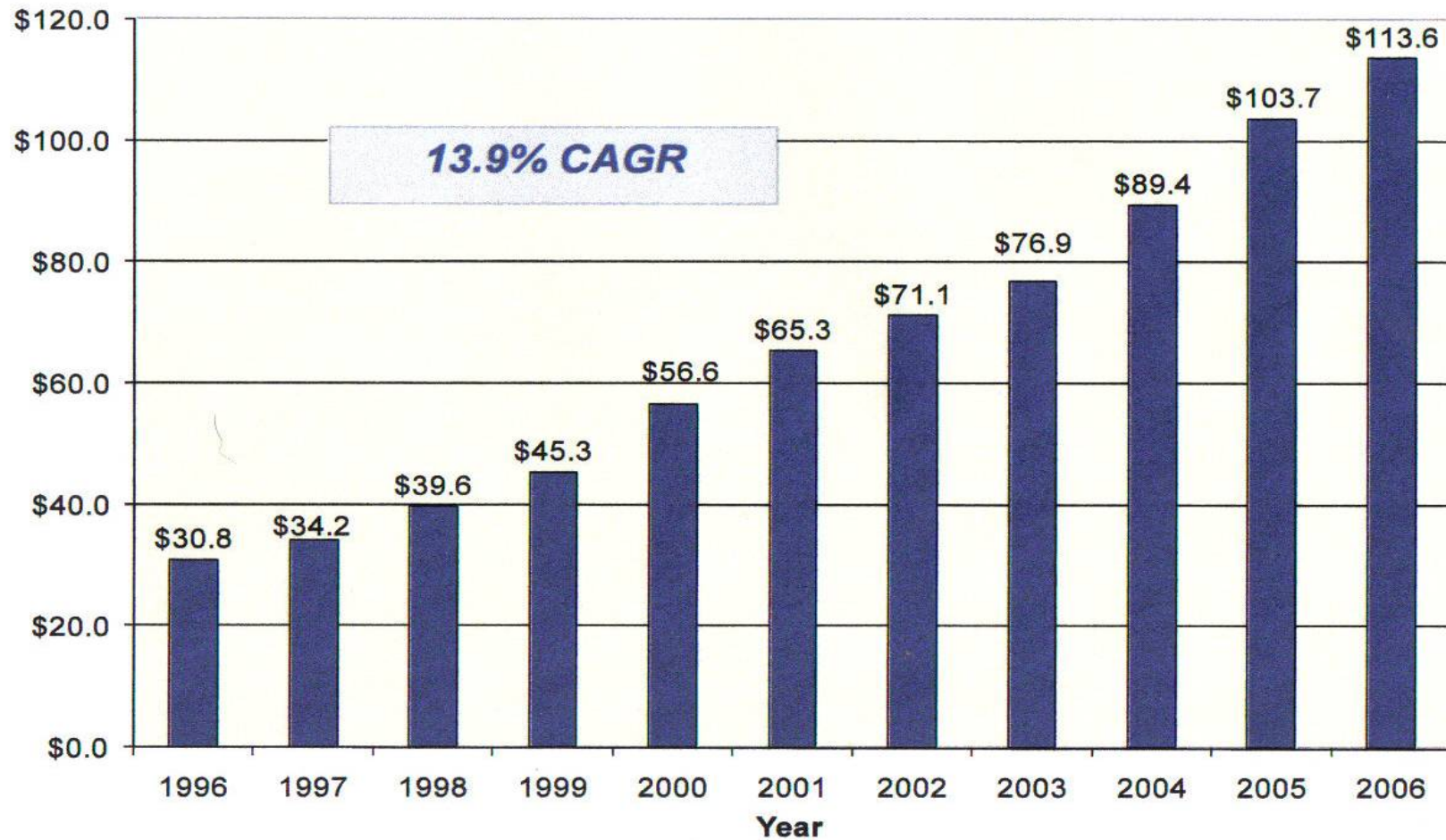


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U.S. 3PL Market 1996 to 2006 (\$ Billions)



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Top 25 North American 3PL companies based on Net Revenues

	Company	Revenues - Gross (\$ mln)	Revenues - Net (\$ mln)
1	UPS Supply Chain Solutions	1,514	1,514
2	Ryder	1,877	1,463
3	Exel	2,407	1,293
4	Schneider	1,194	1,194
5	DHL Danzas Air & Ocean	1,358	1,168
6	Caterpillar Logistics Services	1,750	1,050
7	Penske Logistics	2,459	1,048
8	Menlo Worldwide	1,576	1,000
9	NYK Logistics (Americas)	997	997
10	Tibbitt & Britten Group Americas	948	948
11	TNT Logistics North America	754	754
12	Expeditors International of Washington Inc	2,624	735
13	APL Logistics	975	693
14	J.B.Hunt Transport Services Inc.	671	671
15	USCO/Kuehne & Nagel	1,890	645
16	Fedex -Supply Chain Services	603	603
17	UTIWORLDWIDE, Inc	1,503	596
18	Ruan	620	580
19	AmeriCold Logistics Inc.	700	575
20	C.H. Robinson	3,437	545
21	Nippon Express USA, Inc.	6,540	527
22	north American Logistics	941	499
23	EGL Eagle Global Logistics	735	479
24	BAX Global Supply Chain Management	976	464
25	Genco	409	320

Source: eyefortransport

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Trends in Outsourcing

趋势 外包

The Direction for Tomorrow

Global Estimates of 3PL Revenue – 2006 (\$ Billions)

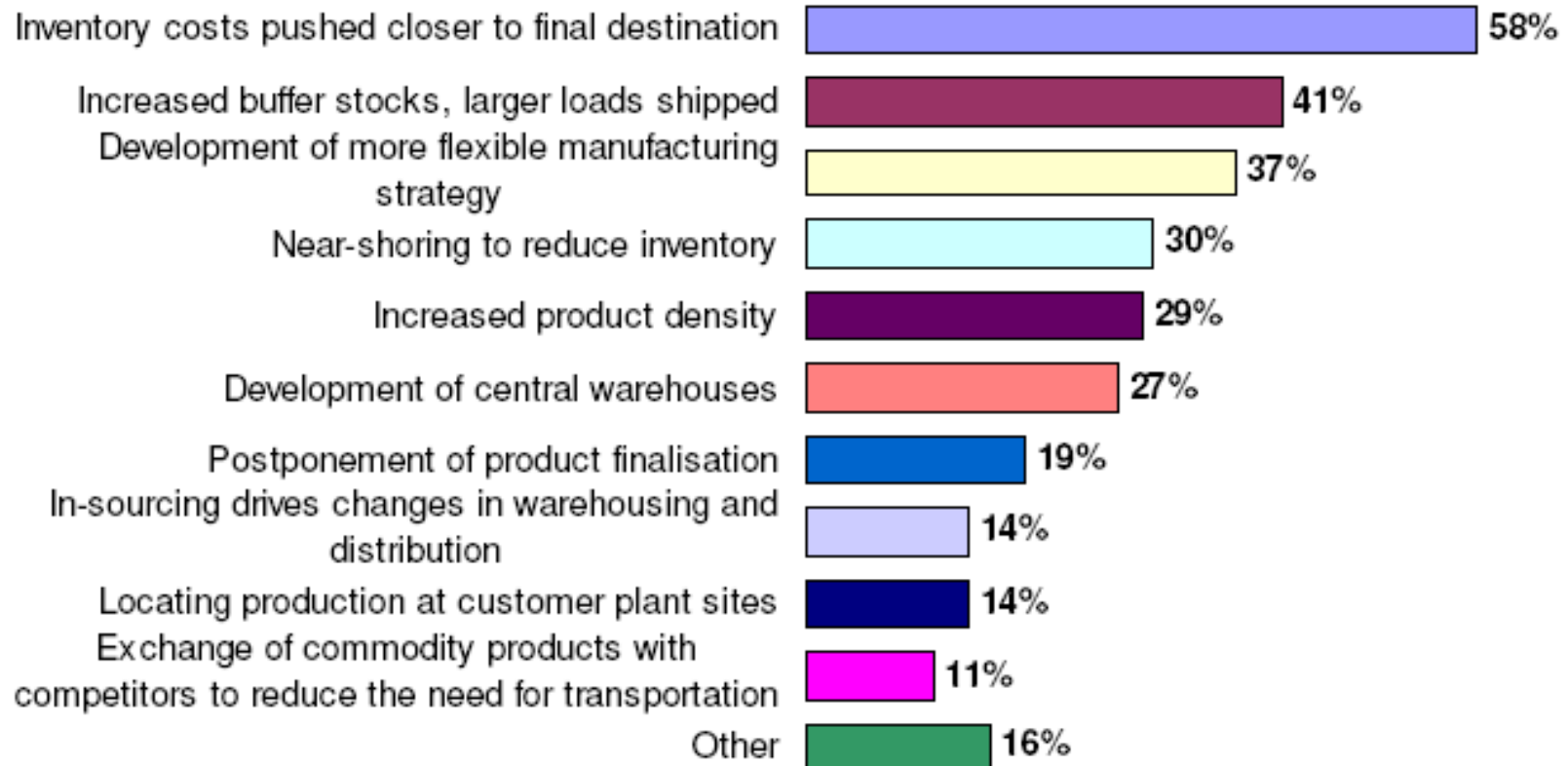
	Gross Revenue	Net Revenue	ITM	Contract Logistics
U.S.	114	53	42	72
Europe	139	68	41	98
Japan	37	17	7	30
China	30	15	10	20
Other Asia Pacific	18	9	6	12
Other Americas	24	12	8	16
Other	29	14	10	19
Totals	391	188	124	267

Global 3PL Market penetration is low, but growing.
3PL Penetration is 20% in Europe, 17% in US and lower in Other countries.



Consequences of Rising Fuel Costs

Consequences of higher fuel prices



Source: eyefortransport Fuel Pricing Report, August 2008

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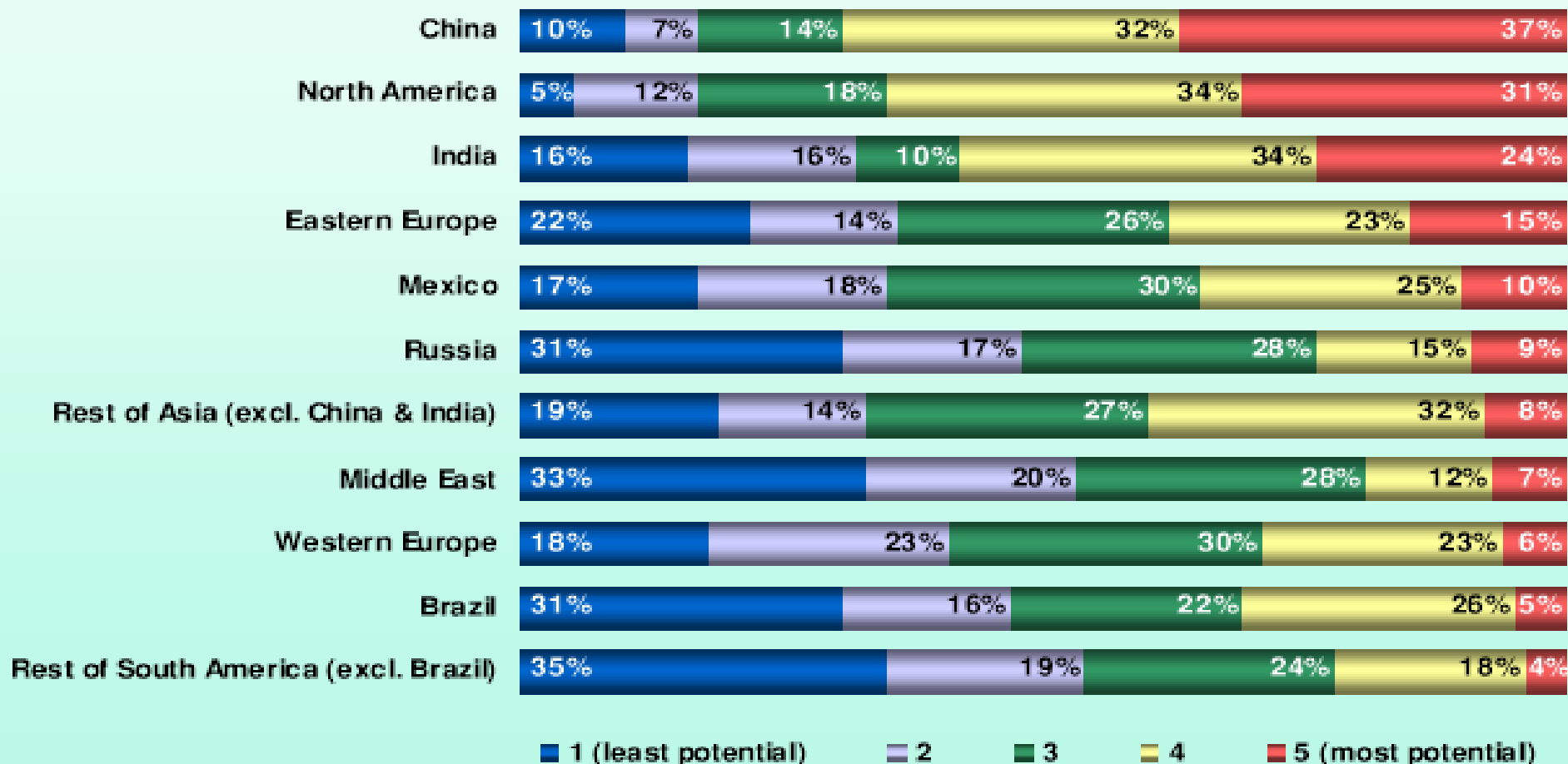


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Regions With Most Growth Potential

Regions with most growth potential within next 3 years



Source: North American 3PL Market Report, April 2007

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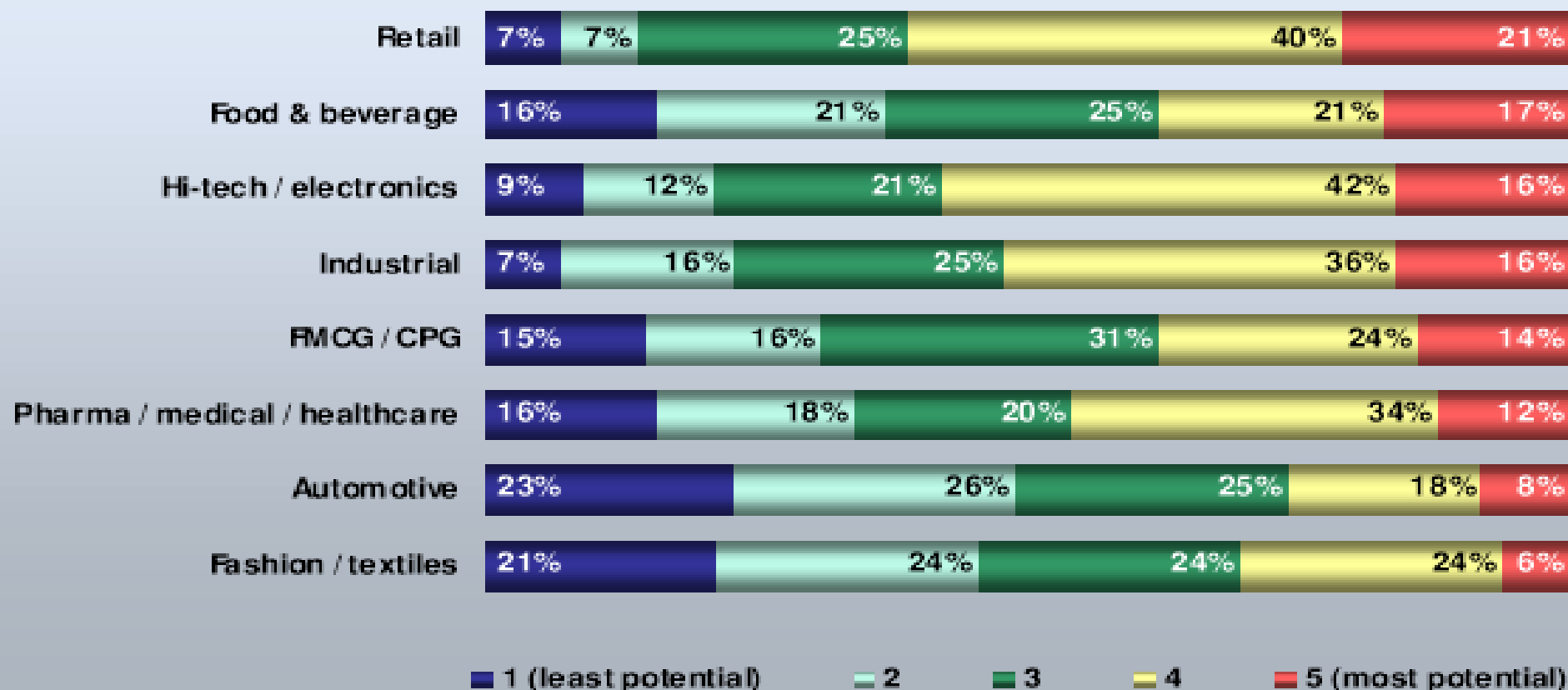
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Industries With Most Growth Potential

Industries with most growth potential within next 3 years



Source: North American 3PL Market Report, April 2007

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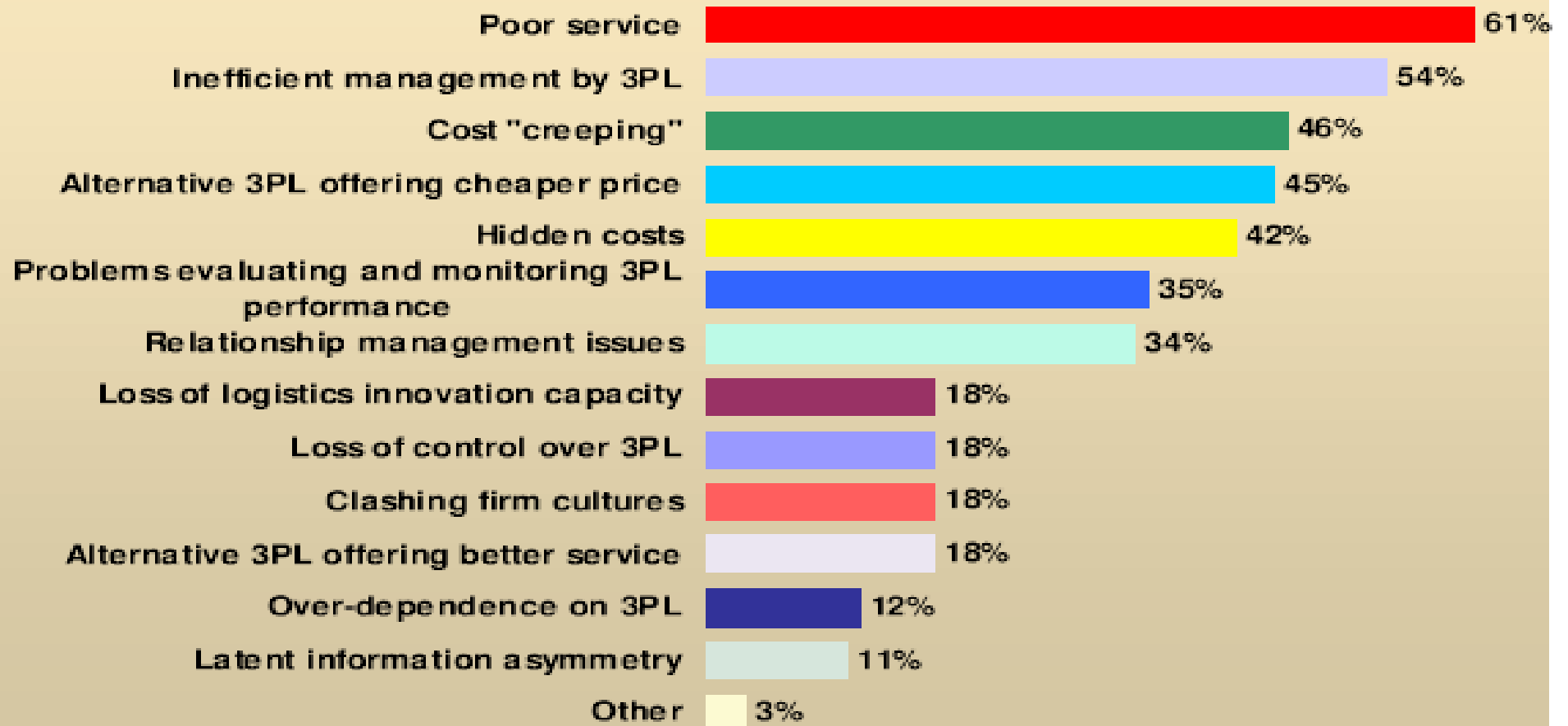
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Key Reasons for Non-Renewals

Key reasons for non-renewal of 3PL contracts



Source: North American 3PL Market Report, April 2007





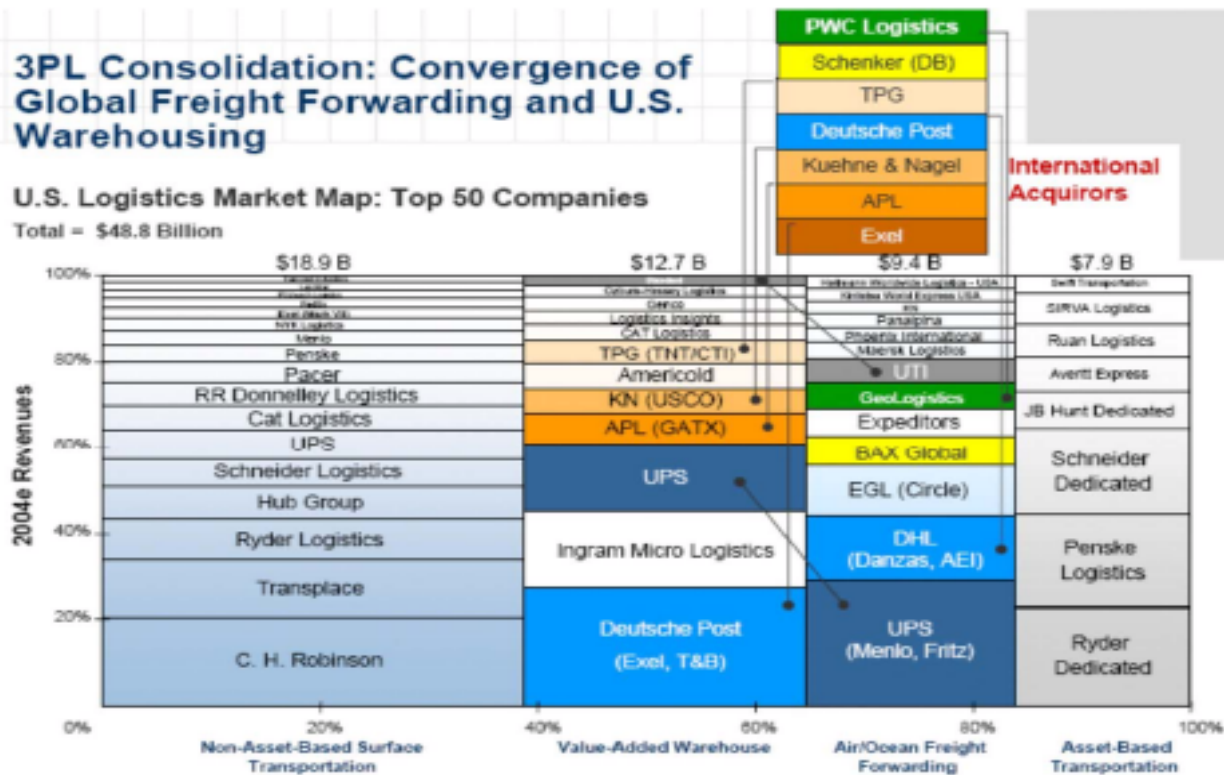
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Industry Landscape Changing....

3PL Consolidation: Convergence of Global Freight Forwarding and U.S. Warehousing

U.S. Logistics Market Map: Top 50 Companies

Total = \$48.8 Billion



Note: Only includes the top-50 companies, or \$49 billion.
Total U.S. logistics market is actually over \$75 billion.



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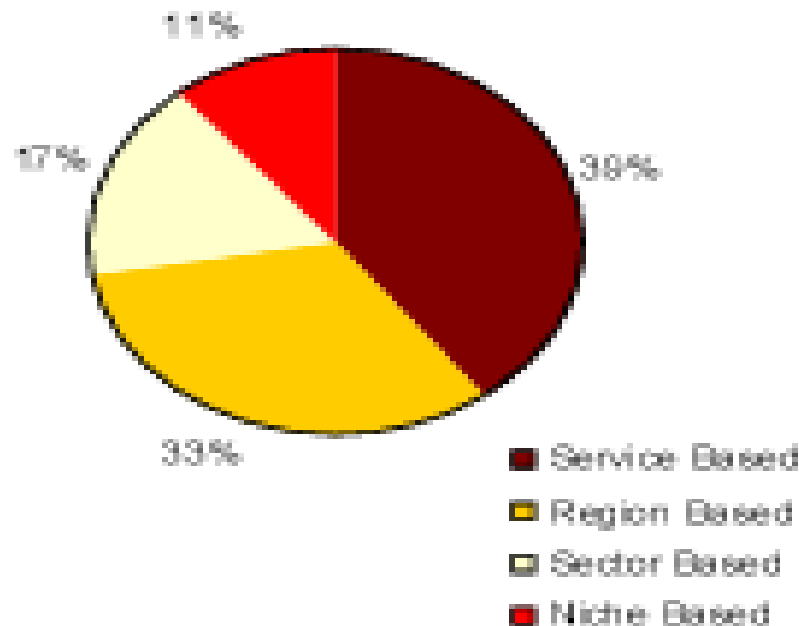
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Consolidation – a major market driver

3PL M&A Break Down



Of the 83 recent M&A transactions analyzed, 39% are services based, 33% are region based, 17% are sector based and 11% towards growth in niche segment.

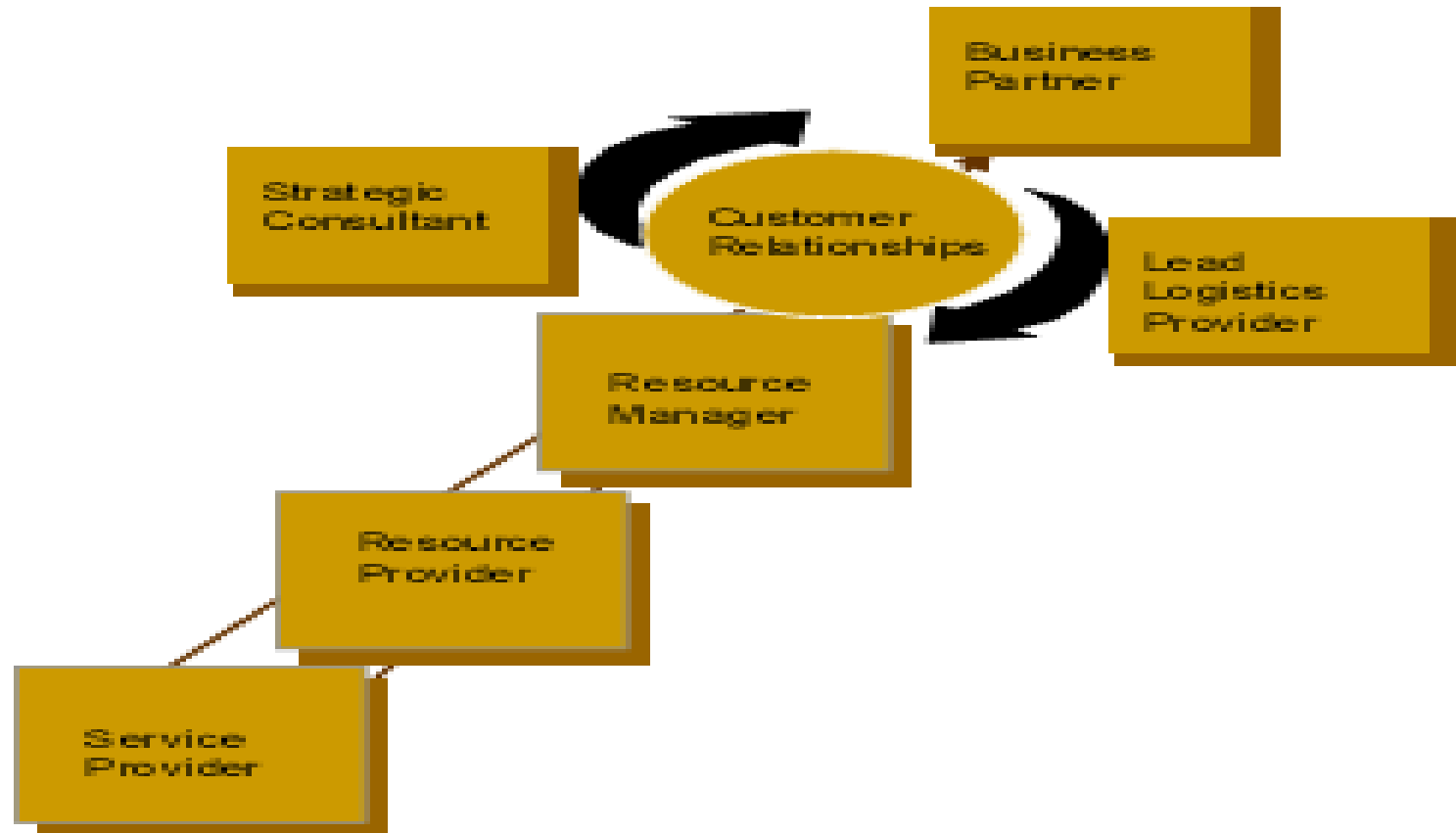
The largest acquisitions are asset based, followed by service based and then regional based. Non-asset based players are acquiring asset based players and vice versa, for effective risk management.

Source: eyefortransport



The Future of the 3PL Industry

The new 3PL playing field – Where the future winners can be found



Source: eyefortransport

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Evolving Supply Chains – increasing complexities



Source: eyefortransport

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Questions 问题

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