02 March 2012

$42 MILLION COMMITTED TO IMPROVING PRODUCTIVITY OF SINGAPORE’S LOGISTICS AND TRANSPORTATION INDUSTRY

1. The Logistics and Transportation industry is an important economic sector, contributing 8% of Singapore’s GDP in 2011 and employing almost 205,000 workers. As mentioned in Minister of State, Ministry of Trade and Industry & Ministry of National Development, Mr Lee Yi Shyan’s speech in Parliament today, companies in the logistics and transportation industry can look forward to greater government support for productivity-driven growth. The National Productivity and Continuing Education Council (NPCEC) has endorsed a $42 million, 5-year productivity roadmap to lift the long term productivity of the logistics and transportation industry. As logistics is a key enabler to other industries, these efforts will also boost our productivity in both our manufacturing and services sectors.

2. Drawn up by the Singapore Economic Development Board (EDB) and SPRING Singapore in consultation with companies, partner agencies and industry associations, the roadmap focuses on two key areas and would increase the value-added (VA) per worker in select segments¹ of the logistics and transportation industry by about 30% to S$130,000 by 2015.

3. The two key areas are:
   (i) Enhancing Supply Chain Management Expertise
   (ii) Enhancing Innovation and Efficiency at Enterprise and Industry Levels

¹ Figures are calculated based on the Transport & Storage industry classification as a whole, excluding public transport which are cyclical in nature and carriers (shipping lines and airlines) which have been excluded from the roadmap as they enjoy higher productivity of VA per worker.
Enhancing Supply Chain Management Expertise

4. Supply chain management (SCM\(^2\)) is a strategic competitive advantage and key differentiator for global industry leaders. Industry players in domestic sectors such as healthcare and retail have indicated that they suffered from poor productivity due to inadequate planning in both stocking and delivery of critical inventory. By enhancing their SCM capabilities, companies in Singapore can derive higher productivity and lower operating costs. The EDB plans to strengthen the SCM expertise in Singapore by attracting more leading SCM activities from industry players to facilitate knowledge transfer of global best practices and know-how to Singapore. Suppliers and partners, especially the small and medium enterprises (SMEs) working with these industry players will also have the opportunity to level up.

5. Developing SCM expertise specifically for Asia would also serve as an additional differentiating factor. Such pan-Asian SCM expertise residing in logistics providers would help businesses here navigate the trade landscape in the region and capture new growth with rising intra-Asia trade. EDB has already started working with logistics companies to offer On-the-Job Training (OJT) for their supply chain managers. The training focuses on building new know-how on the operating landscape in Asia and harnessing opportunities for pan-Asian supply chain optimisation.

6. There is also an opportunity for logistics companies in Singapore to develop specialised capabilities and solutions for the manufacturing and services industries. This will ensure that these companies are able to compete beyond cost and engage in higher value activities. Industries where logistics companies can develop specialised capabilities include biomedical sciences, perishables, oil and gas and aerospace. EDB and SPRING will continue to work closely with local universities, polytechnics and institutes of technical education (ITEs) to equip students with the relevant skills in each area. EDB will also continue to work with leading logistics players to develop these specialised capabilities.

\(^2\) SCM involves the design, planning and execution of processes that optimise the flow of information, cash and goods.
Enhancing Innovation and Improving Efficiency at Enterprise and Industry level

7. To enhance innovation and improve efficiency, a Centre of Innovation for Supply Chain Management (COI-SCM), in partnership with Republic Polytechnic will be officially launched later this year. The COI-SCM will serve as the platform and one-stop centre to assist companies in appreciating efficiency gains through process innovation, use of technology and automation, process re-design and re-engineering. The COI-SCM will also help logistics companies develop expertise through training courses. This will enable the logistics industry to stay relevant to the new demands from their customers through continuous innovation and improving efficiency (Profiles of firms that have embarked on productivity improvement projects are included in Annex A).

8. SPRING, in consultation with industry partners and experts, will develop a customised Logistics Productivity Toolkit to assist enterprises to measure productivity and in the process, identify key gaps and opportunities for upgrading and enhancement. SPRING will also encourage enterprises to innovate and consider new business models to drive efficiency and productivity. Sharing of resources and complementary services are some examples of how enterprises can work together to enhance business capabilities and gain market share.

Conclusion

9. The productivity roadmap, which focuses on enhancing supply chain management capabilities and improving operational efficiency, will help select segments of the logistics and transportation industry achieve the productivity target of S$130,000 for VA per worker by 2015.

10. “Singapore’s position as a leading logistics and transportation hub has been a critical enabler to our successes in manufacturing, trading and other services sectors. The launch of the Logistics and Transportation Productivity Roadmap underlines EDB’s strong commitment to work with companies, government agencies and industry
associations to improve productivity. This will ensure that the industry retains its long term competitiveness and achieve our goal for Singapore to be a leading supply chain hub,” said Mr. Kelvin Wong, Executive Director, Logistics, EDB.

“Logistics or supply chain management of SMEs play a key role in the growth of both the logistics industry and their customers. With a focus on providing greater value-add to customers, these SMEs have to continuously innovate and enhance productivity. Partnering our SMEs, SPRING will continue to support their capabilities development and productivity initiatives, enabling our SMEs to meet their customers’ dynamic needs for business growth in Singapore and beyond,” said Ms Samantha Su, Director, Services and Biomedical, SPRING Singapore.
About the EDB
The Singapore Economic Development Board (EDB) is the lead government agency for planning and executing strategies to enhance Singapore’s position as a global business centre. EDB dreams designs and delivers solutions that create value for investors and companies in Singapore. Our mission is to create for Singapore, sustainable economic growth with vibrant business and good job opportunities. EDB’s ‘Host to Home’ strategy articulates how we are positioning Singapore for the future. It is about extending Singapore’s value proposition to businesses not just to help them improve their bottom line, but also to help them grow their top line through establishing and deepening strategic activities in Singapore to drive their business, innovation and talent objectives in Asia and globally.

For more information on EDB, please visit www.sedb.com

About SPRING Singapore
SPRING Singapore is an agency under the Ministry of Trade and Industry responsible for helping Singapore enterprises grow and building trust in Singapore products and services. As the enterprise development agency, SPRING works with partners to help enterprises in financing, capability and management development, technology and innovation, and access to markets. As the national standards and accreditation body, SPRING develops and promotes an internationally-recognised standards and quality assurance infrastructure. SPRING also oversees the safety of general consumer goods in Singapore. For more information, please visit www.spring.gov.sg.

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Annex A - Profiles of firms that have embarked on productivity improvement projects

These are two projects done by the Technology Development Centre of Republic Polytechnic and illustrative of COI-SCM's capabilities.

Case Study 1: Cloud-based Transportation Track and Trace System for a Multi-user Environment

Company Name: IM Roadways (subsidiary of IM Holdings Group)
Name of Interviewee: Eddie Seow
Designation: CEO & Founder
Email: eddie@imf.com.sg
Contact No.: 91881110

(i) Company background
Since 1999, IM Holdings Group has grown into a total supply chain provider, with solutions spanning from global transportation & distribution to warehousing, procurement & quality management to trade & marketing consultation. IM's customers include SMEs, as well as multi-national corporations in the IT, retail, manufacturing, engineering and oil & gas industries. Today, IM has offices in 7 countries across Asia, and a fast-growing network of partners and agents around the world.

Recently, IM Holdings Group has transformed itself from a conventional logistics provider into a value chain integrator, providing clients with a complete platform to gain market access for your products in the most cost-effective and efficient way.

(ii) Objectives
Part of the IM Holdings Group, IM Roadways wants to develop a cloud-based transportation track and trace system for a multi-user environment in an intended SME Hub. Under this system, the coordinator in the office has the ability to:
• Know what vehicles are available without the need to contact drivers
• Have updated delivery status information
• Assign last minute pick ups

(iii) Project Description
IM Roadways had engaged Republic Polytechnic to develop a cloud-based track and trace solution with the following features:
• Vehicle Tracking / Visibility
• Job Dispatch
• Job Tracking
• Electronic Proof of Delivery
(iv) Impact on Productivity Improvement
The project has been completed and yielded results as follows:

Time savings:
- Time for coordinator to call and check on driver = 1 hour per day
- Time for coordinator to let driver know where to pick up = 1 hour per day
- Time for coordinator to check on delivery status information = 1 hour per day

New capabilities:
- More flexible operations
- Better understanding of delivery time variability and relationships for more accurate service level tracking and monitoring
- Assist other SMEs to focus on their core competencies in product development, by offering customers customized track and trace visibility in their supply chains
**Case Study 2: Process Improvement to Improve Throughput and Productivity Levels**

Company Name: Hock Teoh Huat Transport (HTH Transport)  
Name of Interviewee: Ronald See  
Designation: Logistics Executive  
Contact No.: 81880193

(i) **Company background**  
Hock Teoh Huat Transport (HTH Transport) provides trucking transportation and logistics services for Singapore, Malaysia, Thailand, Batam, Hong Kong, China and Japan. HTH also has software to facilitate speedy customs clearance to meet their customers’ needs.

(ii) **Objectives**  
As part of HTH Transport’s aim to better meet customer requirements, they initiated a project to improve throughput and productivity levels of their current operations.

(iii) **Project Description**  
HTH had engaged Republic Polytechnic to perform process improvement which involved:
- Process map of all goods and information flow
- Identifying bottlenecks and time to clear bottlenecks
- Profiling activities when throughput goods are segregated and slotted
- Simulation of automation using a conveyor with diverters to ease the bottlenecks

(iv) **Impact on Productivity Improvement**  
The project has resulted in 50% increase in output per worker.