



CHALLENGES IN SCM DURING MCO AND RMCO

17/07/2020

Who are we

Bolloré Logistics


FIGURES 2019

21,400
STAFF

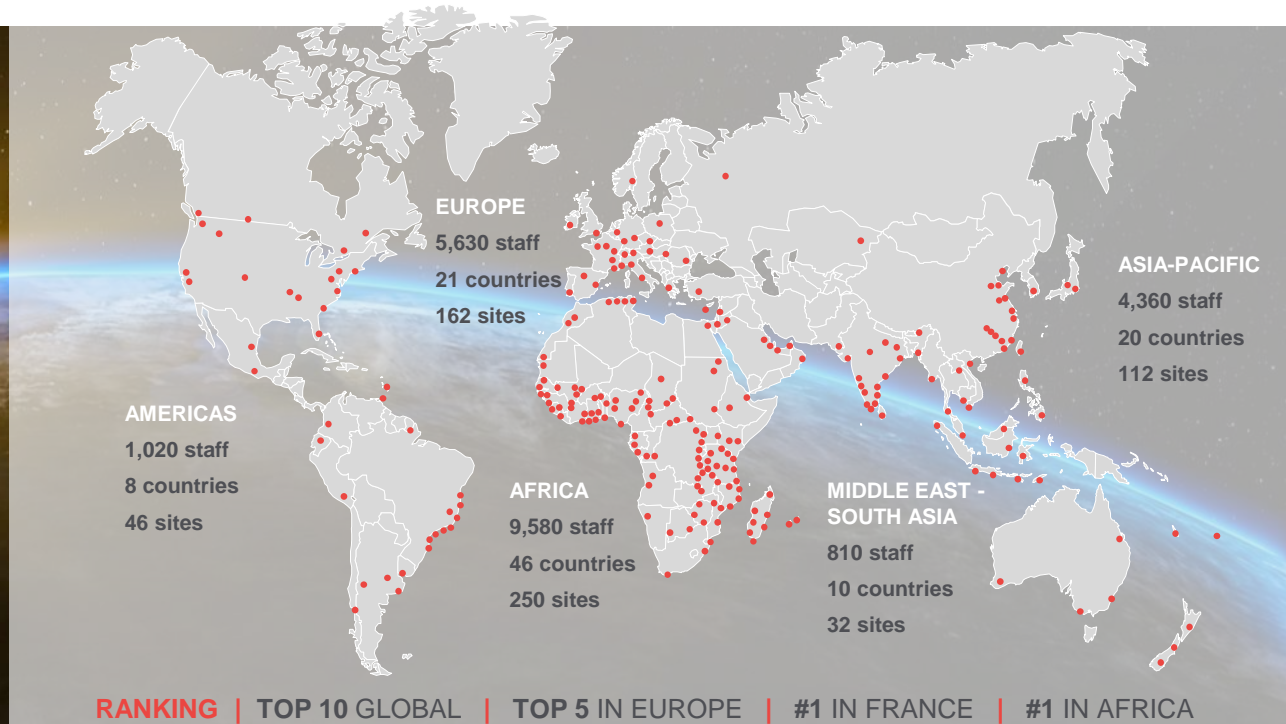
107
COUNTRIES

602
SITES

1,900,000
SQM WAREHOUSING


569,000
TONS

856,000
TEUs



What is SCM

DEFINITION

Supply chain management is the **management** of the flow of goods and services and includes all processes that transform raw materials into final products. It involves the active streamlining of a business's **supply-side** activities to maximize customer value and gain a competitive advantage in the marketplace.



What is SCM

OUR ROLE AS FREIGHT FORWARDER

Freight Forwarders are service providers. Connecting suppliers, manufacturers, customers and end-users. Providing solutions to move cargo from A to B.

Services we do, so you don't have to;

- Customs Clearance
- Trucking
- Ocean/Air/Sea/Rail freight or combination
- Contract Logistics (B2B / B2C)
- VAS (picking/packing/kitting/labelling)
- 4PL, Control Tower.
- Dangerous Goods
- Heavycargo (project logistics)



CNY 2020

Covid-19 Causes a total lockdown in China just before CNY.

China is “the factory” of the world.

Goods stop flowing out of China ,Sea/Air/Truck, causing huge disruptions to global supply chains.

Between CNY and 18 March, Asia goes in lockdown, including Malaysia, or imposes restrictions.

Borders close and international air travel comes to a standstill.



COVID-19 Pandemic Sea Freight Impact

Pre Covid-19 Impact

China shut down by end January 2020, started with Wuhan and Hubei cities, follow by other city gradually. The shut down disrupted China export for Q1 2020.

With China manufacturing represents about 45% of Chinese GDP.

Shut down of China result to vessel utilization badly affected.

Blank Sailing / Vessel Omission ratio risen sharply in Feb and Mar. Freight to Europe dropped from USD750 per TEU (Feb) to USD 550 per TEU (Mar).

Vessel capacity expected to reduce by 30% due to Covid-19 pandemic

Post Covid-19 Impact

China re-open early Feb except Wuhan and Chongqing which only started in early Mar 2020.

Volumes to Europe/MED continue to drop and blank sailing programs continue. Service suspended by major player such as MSC.

Ocean Freight continue under pressure due to Bunker development and reducing volume.

Freight continue to dropped from USD 550 per TEU (Apr) to USD 450 per TEU (Jun), but rebound to USD 750 per TEU (Jul) for Europe.

Peak Season Surcharge and General Rate Increased kicks in for Transpacific trade which facing prolong space tight issue.



Impact on Capacity reduction

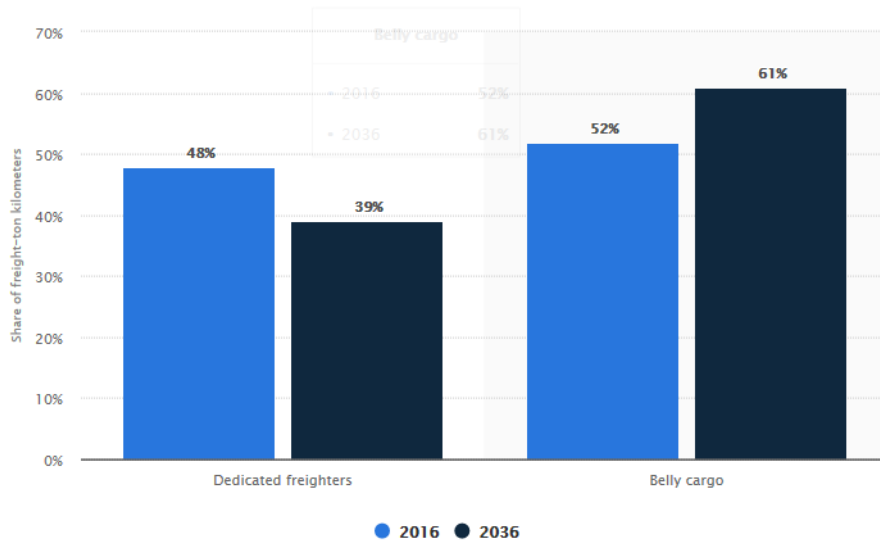
Shortage of equipment due to equipment not able to position to demand country

Very short validity of ocean freight offer by shipping lines especially for long haul shipment, forwarder will have to take bigger risk when customer required monthly rate.

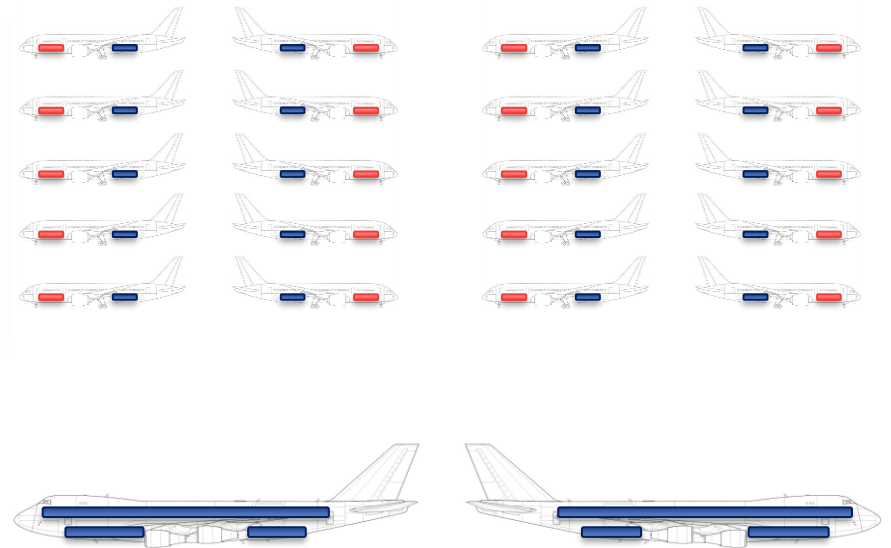
More carrier option is need to ensure we can still serve customer for week of sailing required

CNY 2020

AIRFREIGHT IMPACT



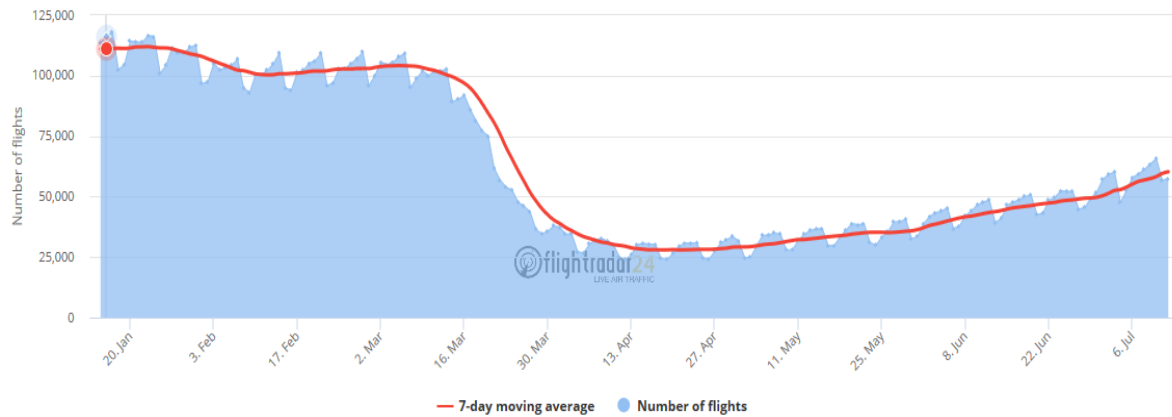
PAX frequency & capacity VS CAO



CNY 2020

AIRFREIGHT IMPACT

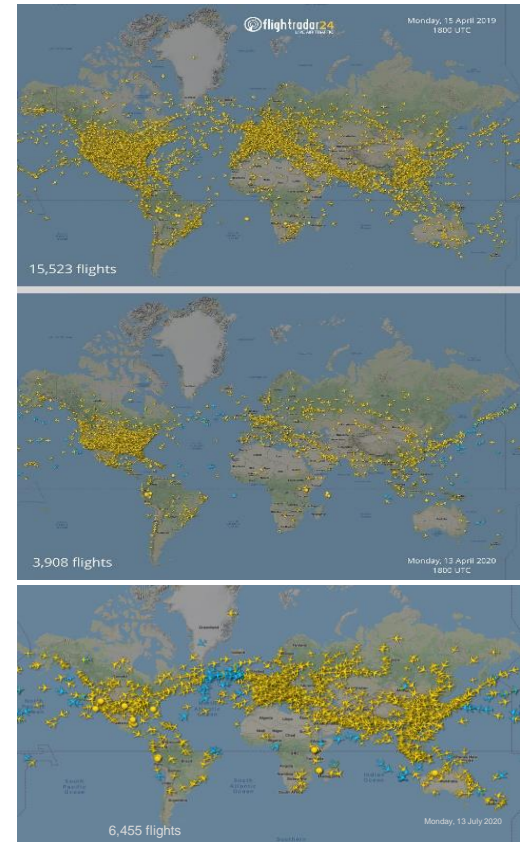
Number of commercial flights tracked by Flightradar24, per day (UTC time), last 180 days



Commercial flights

Commercial passenger flights + cargo flights + charter flights + some business jet flights.

- Increase mainly due to domestic flights (EU / US / CN)
- Intl flight number still low with many cancellations on scheduled PAX service

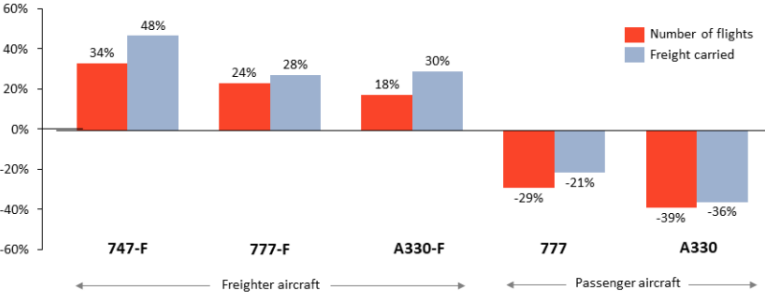


CNY 2020

AIRFREIGHT IMPACT

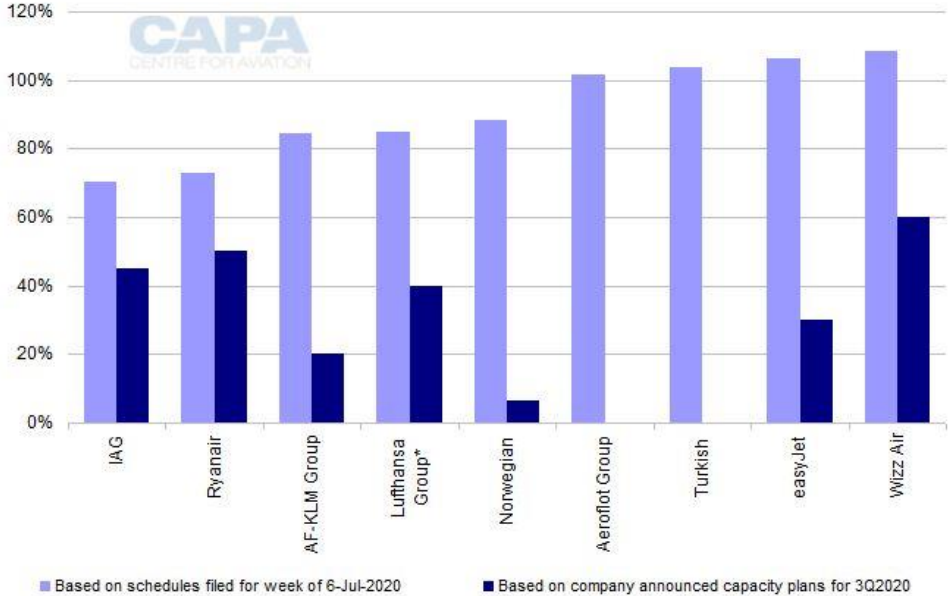
Change from February to March 2020 per aircraft type

WorldACD
MARKET DATA

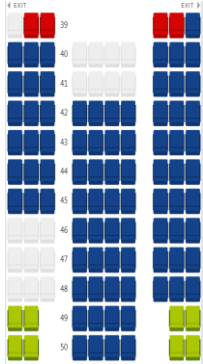
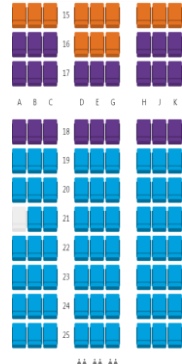


CNY 2020

AIRFREIGHT IMPACT



Leading European airline groups: projected seat capacity as a percentage of 2019 levels for 1st week of July Vs planned capacity for October 2020



Current load ratio for next available PAX flight out <15%

CNY 2020

AIRFREIGHT IMPACT

	HKG	CDG	MIA	LHR	SIN
CDG	1x PAX 5% // 9%				
MIA	1x CAO 0% // 15%	2x PAX 11% // 44%			
LHR	21x PAX 3% // 60%	31x PAX 1% // 37%	17x PAX 4% // 74%		
SIN	5x PAX + 3x CAO 1% // 9%	3x PAX + 3x CAO 1% // 25%	1x CAO 0% // 15%	5x PAX + 3x CAO 2% // 21%	
KUL	2x PAX + 8x CAO 3% // 22%	3x PAX + 1x CAO 0% // 50%	3x CAO 14% // 42%	2x PAX + 3x CAO 0% // 27%	6x PAX + 4x CAO 1% // 5%

2x = 2 flights per week
8x A/B/C = total 8 flights for 3 A/Ls
1 st % : % Flights available in Mar/Apr 2020 compared to Jan 2020
2 nd % : % Flights available Today compared to Jan 2020

75% < < 100%
50% < < 75%
25% < < 50%
0 < < 25%

Challenges to overcome

INTERNAL – STAFF AND OPERATIONS

- Wellbeing of Employees
- Office vs Home environment
- IT infrastructure – Access to systems
- Communication – with team members and operations and authorities, customers

Solution;

- Start early with BCP (Business Contingency Plan).



Challenges to overcome

EXTERNAL – CLIENTS/VENDORS

- Dealing with conflicting information from authorities.
 - Essential Goods yes/no?
 - Border closed yes/no?
 - Interstate Travel?
 - WH services open or not?
- No international airtravel -> no belly capacity, freighters only (50% reduction of capacity).
- Price impact
- Blank Sailings from Ocean carriers (overcapacity vs Low Demand?)
- Cargo stuck in ports – Non Essential Goods
- Communication – with team members and operations and Service Providers
- What were our clients problems. Can we help?
- Aid & Relief (Masks, Gowns, Gloves)

Solution;

- Start early with your BCP (Business Contingency Plan).
- Ask for your suppliers BCP.



Summary

- Have a BCP
- Be agile to quick changing markets
- E-Commerce will play a much bigger part than it was before
- Digitalization / Innovation
- More flexibility in working hours and location. WFH Policy?





STAY IN TOUCH WITH

BOLLORE
LOGISTICS

