



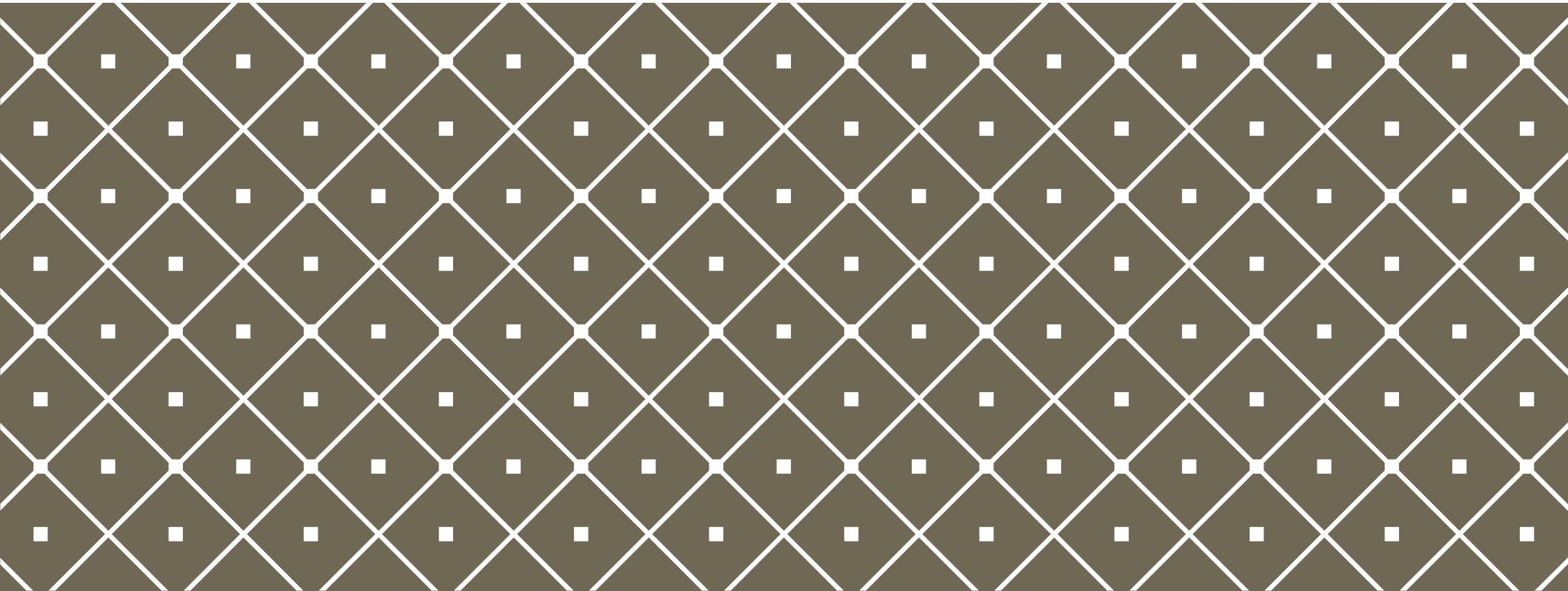
PRIVATE SECTOR PLAYERS: LOGISTICS SOLUTIONS FOR EFFICIENT SUPPLY CHAIN MANAGEMENT IN INDONESIA

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Deputy Chief Executive Officer
Spire Research and Consulting



Topic

- 1 Logistics Market and Performance in Indonesia
- 2 Indonesia: The Six Sectors of Logistics
- 3 Met and unmet needs of Indonesia Logistic Industry



LOGISTICS MARKET AND PERFORMANCE IN INDONESIA

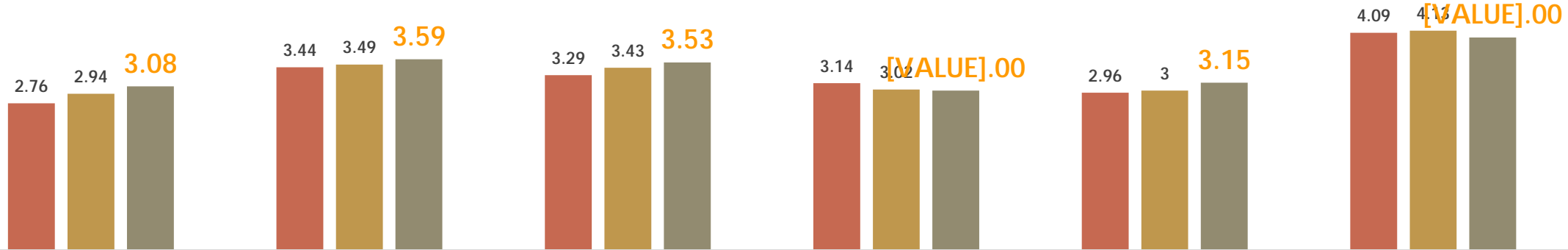
LOGISTICS PERFORMANCE INDEX (ASEAN)



The Knowledge to Decide

ASEAN LOGISTICS PERFORMANCE INDEX

■ 2010 ■ 2012 ■ 2014



Indonesia

Malaysia

Thailand

Philippines

Vietnam

Singapore

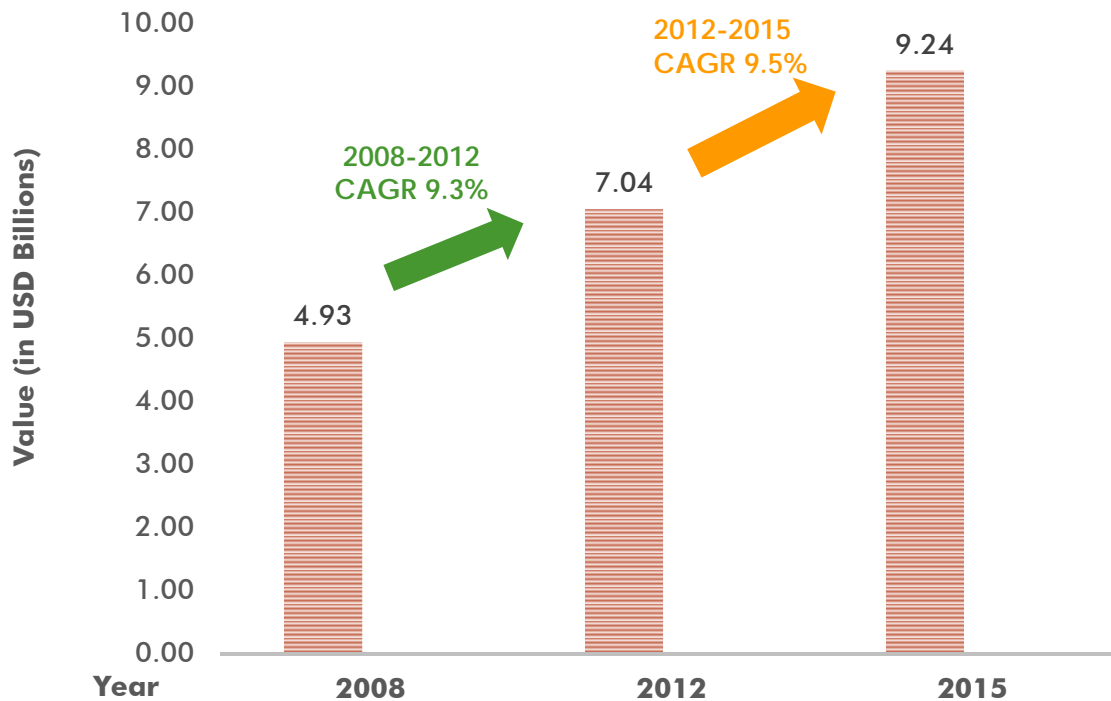
Sectors (2014)	Score	Sectors (2014)	Score	Sectors (2014)	Score	Sectors (2014)	Score	Sectors (2014)	Score	Sectors (2014)	Score
Customs	2.87	Customs	3.37	Customs	3.21	Customs	3.00	Customs	2.81	Customs	4.01
Infrastructure	2.92	Infrastructure	3.56	Infrastructure	3.40	Infrastructure	2.60	Infrastructure	3.11	Infrastructure	4.28
Int. Shipments	2.87	Int. Shipments	3.64	Int. Shipments	3.30	Int. Shipments	3.33	Int. Shipments	3.22	Int. Shipments	3.70
Logistics Competence	3.21	Logistics Competence	3.47	Logistics Competence	3.29	Logistics Competence	2.93	Logistics Competence	3.09	Logistics Competence	3.97
Tracking & Tracing	3.11	Tracking & Tracing	3.58	Tracking & Tracing	3.45	Tracking & Tracing	3.00	Tracking & Tracing	3.19	Tracking & Tracing	3.90
Timeliness	3.53	Timeliness	3.92	Timeliness	3.96	Timeliness	3.07	Timeliness	3.49	Timeliness	4.25

Source : World Bank

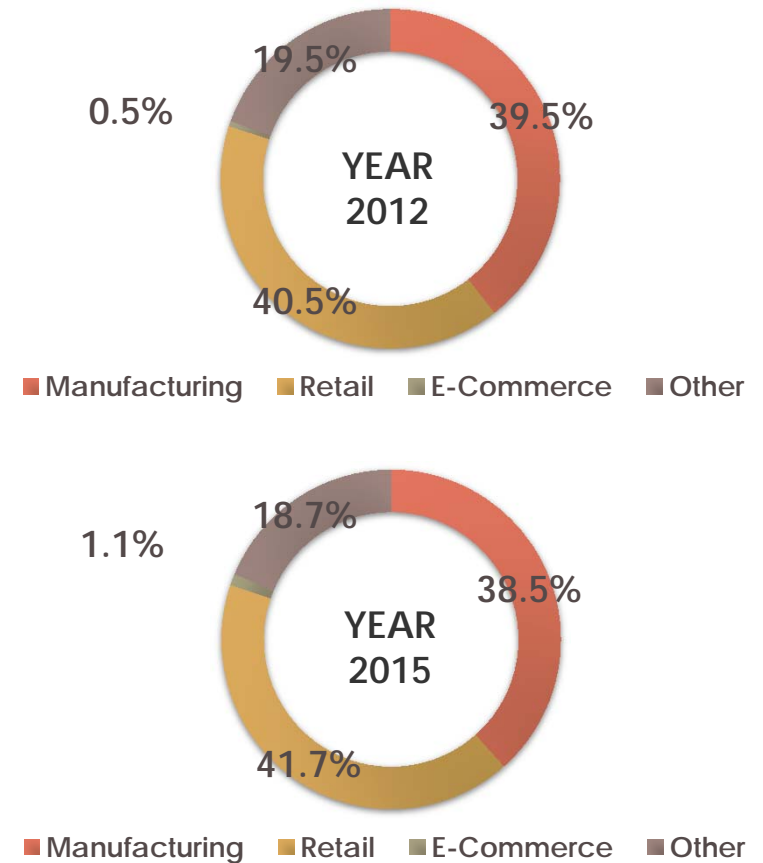
MARKET SIZE OF 3RD PARTY LOGISTICS BUSINESS IN INDONESIA AND THEIR BREAKDOWN BASED ON CUSTOMER SECTORS



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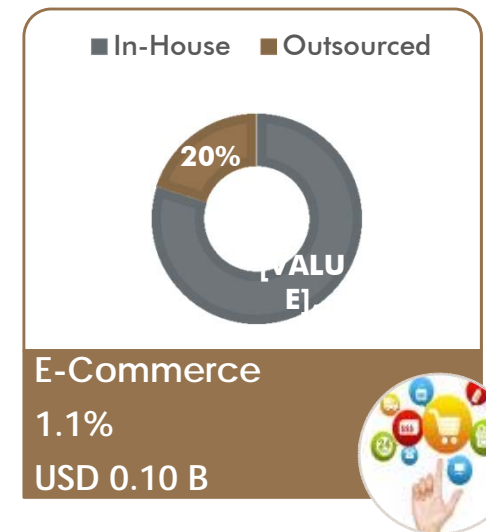
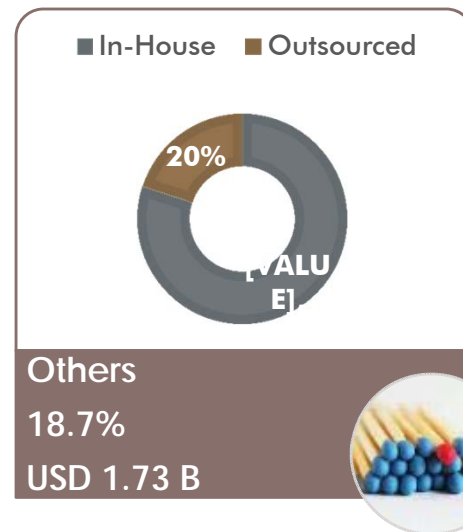
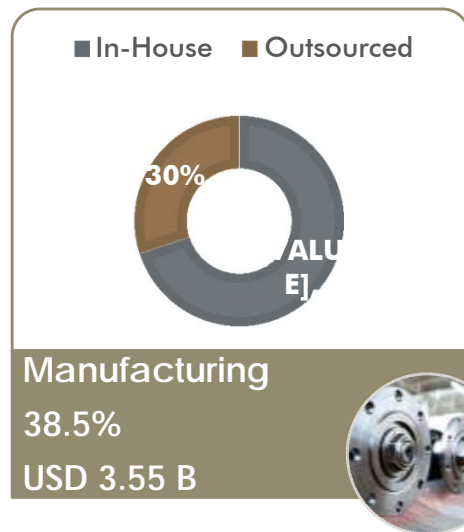
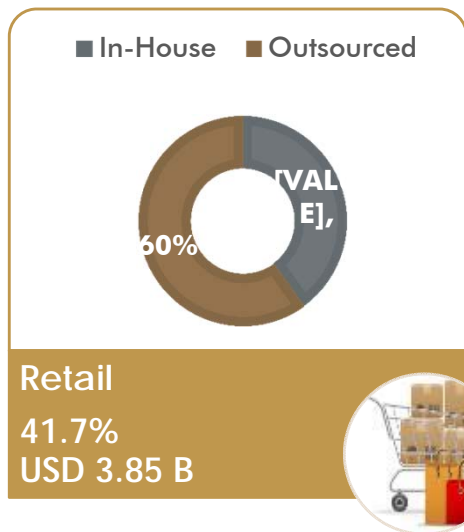


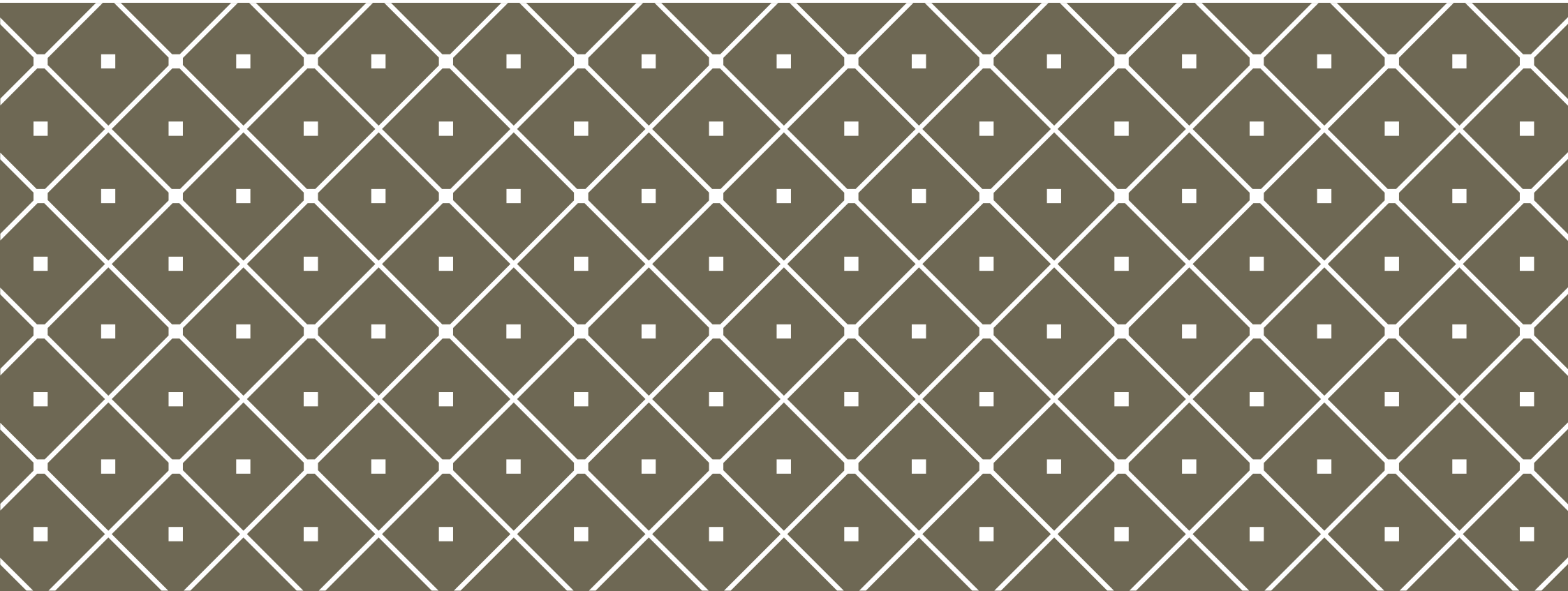
Breakdown of Market Size by Customer Sectors (2012 and 2015, Value)



Source: Spire's primary interviews, FICCI.

LOGISTICS SPENDING BASED ON INDUSTRY SECTOR AND THEIR BREAKDOWN BASED ON THE ACTORS (2015)





INDONESIA: THE SIX SECTORS OF LOGISTICS

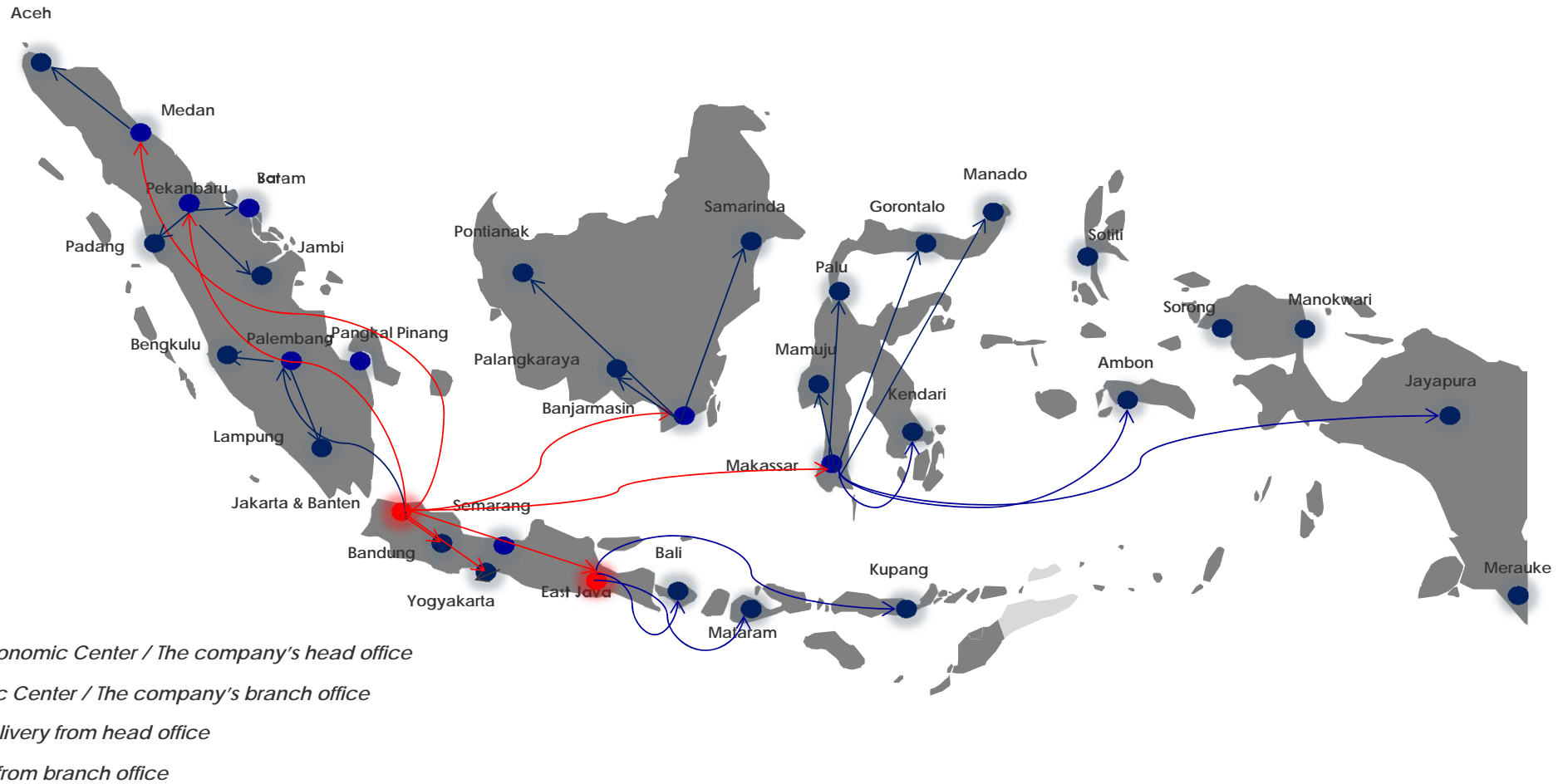
LPI: INFRASTRUCTURE - 6 INDONESIA ECONOMIC CORRIDOR



- 1. = Sumatra EC**
- 2. = Java EC**
- 3. = Kalimantan EC**
- 4. = Sulawesi EC**
- 5. = Bali – Nusa Tenggara EC**
- 6. = Papua – Kep. Maluku EC**

Sectors	Infrastructure				
Score	2.92				

COMPARISON BETWEEN INDONESIA ECONOMIC CENTER IN LOGISTIC PLAN AND LOGISTICS DELIVERY ROUTE OF AN AUTOMOTIVE COMPANY



Source : Master Plan for the Acceleration and Expansion of Economic Development of Indonesia (MP3EI), Spire Primary Research

Kadin Siap Dukung Pembiayaan dan Pembangunan Infrastruktur

Infrastruktur penolong di tengah ekonomi yang limbung.

Oleh : Rochlimawati



Jalan Tol Mojokerto - Kertosono (Dok. Astra)



VIVA.co.id - Kadin Indonesia menilai infrastruktur merupakan kata kunci di tengah kondisi ekonomi nasional yang sedang limbung. Ketersediaan anggaran yang dialokasikan pemerintah maupun yang datang dari investor sudah seharusnya diikuti gerak cepat pembangunan infrastruktur.

January 15, 2015 7:00 pm JST

Indonesian growth plan

Government to spend \$436B on infrastructure

SADACHIKA WATANABE, Nikkei staff writer



Cars are held up in a traffic jam on a main street in Jakarta on Wednesday while construction of Indonesia's subway is underway on the left.

JAKARTA -- The Indonesian government will soon release a five-year infrastructure improvement plan worth over \$400 billion aimed at stimulating economic growth.



The Knowledge to Decide

Pemerintah pacu pembangunan infrastruktur tingkatkan pertumbuhan

Jumat, 12 Juni 2015 18:52 WIB | 7.191 Views

Pewarta: Bayu Prasetyo



Wakil Presiden Jusuf Kalla. (ANTARA FOTO/M Agung Rajasa)

“ Banyak hal, termasuk mempercepat pembangunan infrastruktur, pembangunan ekonomi kami perbaiki, banyak, ”

Jakarta (ANTARA News) - Pemerintah Indonesia akan memacu pembangunan infrastruktur untuk meningkatkan pertumbuhan ekonomi Indonesia, kata Wakil Presiden M Jusuf Kalla.

LPI: INTERNATIONAL SHIPMENTS



The Knowledge to Decide

Export Time and Cost

Import Time and Cost

Country	Port or Airport Supply Chain			Land Supply Chain		
	Distance* (km)	Lead Time (days)	Cost** (USD)	Distance (km)	Lead Time (days)	Cost** (USD)
Indonesia	133	3	579	255	2	579
Malaysia	512	1	3,000	-	-	-
Thailand	25	1	250	-	1	1,000
Philippines	-	2	572	-	2	1,000
Vietnam	36	1	237	43	1	274
Singapore	30	2	323	-	2	909

Country	Port or Airport Supply Chain			Land Supply Chain		
	Distance* (km)	Lead Time (days)	Cost** (USD)	Distance (km)	Lead Time (days)	Cost** (USD)
Indonesia	94	4	568	189	5	1,233
Malaysia	512	1	3,000	-	-	-
Thailand	-	1	500	-	1	2,000
Philippines	-	2	630	-	2	1,000
Vietnam	-	1	281	-	1	354
Singapore	-	2	266	-	2	783

*Refer to the distance indicator for port and airport

**Typical charge for a 40-foot dry container or a semi trailer

Sectors	Customs		Int. Shipments			
Score	2.87		2.87			

Source: Logistics Performance Index 2014

LPI: LOGISTICS COMPETENCE

SHIPMENTS % MEETING QUALITY CRITERIA*



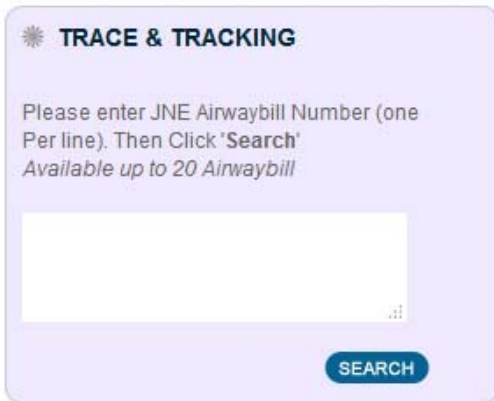
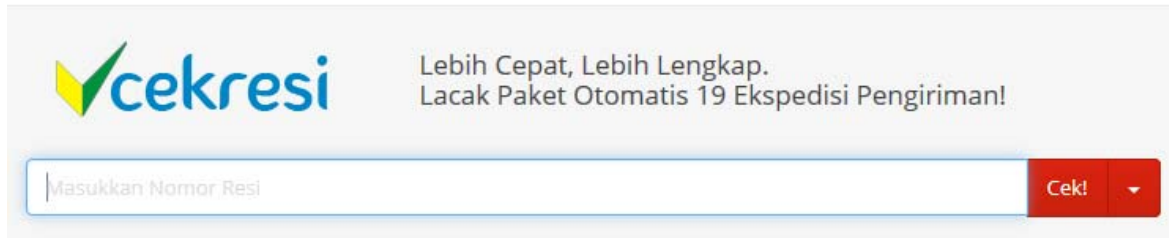
*The criteria is the safety of the package being sent and the amount of delivery time

Sectors				Logistics Competence		
Score				3.21		

LPI: TRACE AND TRACKING

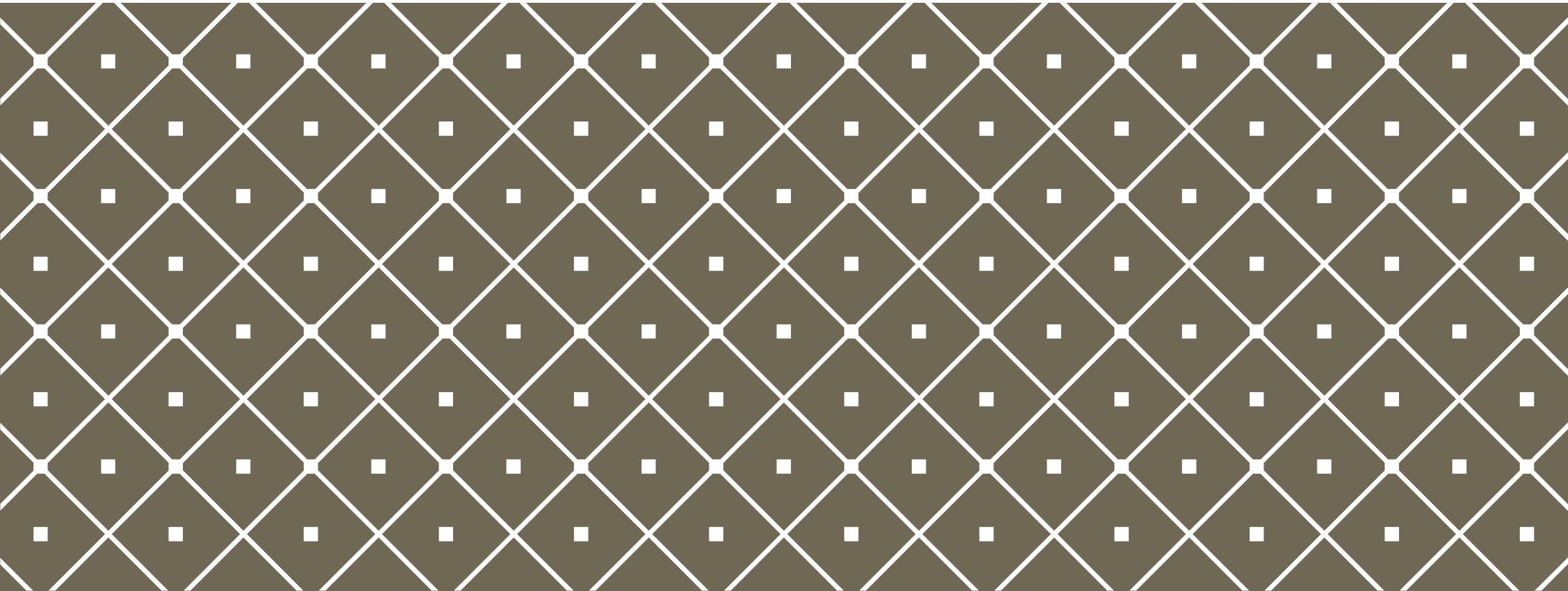


The Knowledge to Decide



Although the sent package can be checked via website, the data are inputted manually, causing some delay between the actual delivery and the status.

Sectors					Tracking & Tracing	
Score					3.11	



MET AND UNMET NEEDS FROM INDONESIA LOGISTIC INDUSTRY



CLIENT SIDE: CURRENT MET AND UNMET NEEDS FROM SERVICE PROVIDERS



The Knowledge to Decide

	Current Met Needs	Current Unmet Needs	Recommended Actions
General	<ul style="list-style-type: none"> Good working relationships with 3PL providers 	<ul style="list-style-type: none"> Expensive inter-island shipping 	<ul style="list-style-type: none"> Offer <u>discounts for larger shipment volumes</u>
Manufacturing	<ul style="list-style-type: none"> 3PL providers are able to handle documentation requirements for custom clearance, import/export well 	<ul style="list-style-type: none"> Unclear and varying price rates imposed by different 3PL providers Bad service quality in terms of delays in schedules and lack of communication 	<ul style="list-style-type: none"> Provide simple manuals/ schedules for determining prices rates and average industry benchmark to facilitate comparison <u>Real-time delivery tracking service</u> where <u>alerts</u> will be sent via email/ phone call when there is a delay
Retail	<ul style="list-style-type: none"> 3PL providers will bear cost for damaged goods 3PL providers are well-equipped to handle necessary procedural requirements for import and export 	<ul style="list-style-type: none"> Delayed delivery schedules to retail stores due to slow custom clearance Expensive to outsource inventory management Lack of proper cold-chain logistics facilities to keep groceries fresh Warehousing facilities are not equipped with latest inventory management system (IMS) technology 	<ul style="list-style-type: none"> Choose local partner with <u>good customs relations</u> Adopt U.S model of <u>charging inventory management fee based on total volume</u> of goods delivered Ensure that trucks are full-equipped with freezers and other <u>cold chain facilities</u> Ensure that warehousing facilities are equipped with <u>latest IMS</u>
E-commerce	<ul style="list-style-type: none"> Geographical coverage of 3PL service providers 	<ul style="list-style-type: none"> Delayed shipping times due to sub-contracting by 3PL providers engaged Damaged valuable/ fragile goods during delivery 	<ul style="list-style-type: none"> Minimize delays in delivery schedules by <u>maintaining own fleet</u> rather than sub-contracting Offer <u>special packaging service</u> to minimize damage to fragile and valuable items Ensure <u>geographical coverage</u> to whole of ID

CONCLUSION



Infrastructure

Logistics in Indonesia is **held back by the lack of infrastructure**. This situation is, however, **currently being improved** by the government.

Logistics competence is also an issue here, as currently seen from the amount of **in-house logistics activity compared to outsourced (70:30)**

Logistics Competence



Tracking and Tracing

Tracking and tracing system are applied to the logistics industry. Some **improvement to real-time** by use of the technology will make it more effective.



The Knowledge to Decide

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