The eLogistics Market in Asia/Pacific

The eLogistics Market in Greater China: Trends and Analysis

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Filing Information

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Table 2
Greater China Spending Statistics

Factor	Statistics
Average annual elogistics spending	
Small to medium-sized companies	US$5,000
Large multinational companies	US$1.5M
Average elogistics revenue as a portion of total logistics revenue	
Hong Kong	12%
China	0.3-0.4%
Taiwan	N/A

Source: IDC, 2001

Selecting Partnerships

It is commonly expressed that partnerships are very important to build the portfolios of elogistics service firms. Partners are also seen primarily as a means to gain better reach in the market, be it via technology, financial or manpower resources. The key technology partners are the data-hosting providers. Financial partnerships are mostly with the parent companies, while transportation or delivery manpower is usually outsourced to local transportation agents.

Although each partner should be able to add value to the services uniquely, the important factor is to be able to manage the whole processes more cost- and time-effectively. It is also much appreciated to have partners that can understand the local market environment clearly. Credibility and reputation are two key criteria that elogistics service firms look at when selecting partners. Adherence to timeliness and thoroughness in performance is just as important.

Competitive Analysis

We use the IDC Leadership Grid to compare the players on their relative abilities to understand the logistics requirements of their customers (opportunity alignment) and develop them into elogistics services (ability to gain share). Through a series of attributes, each player is rated and positioned against each other (see Figure 4). Below are the attributes covered under each category.

Attributes under "Opportunity Alignment" include:

- Ability to set industry standard

- Estimated current market share

- Potential for market dominance

- Product and services breadth

Attributes under "Ability to Gain Share" include:

- Customer perception

- Financial strength

- Global strength/presence

- Market momentum

- Partnership strength

- Product competitiveness

- Service capabilities

- Value proposition

- Sales/marketing strategies

Figure 4
Greater China Leadership Grid — eLogistics Service Providers
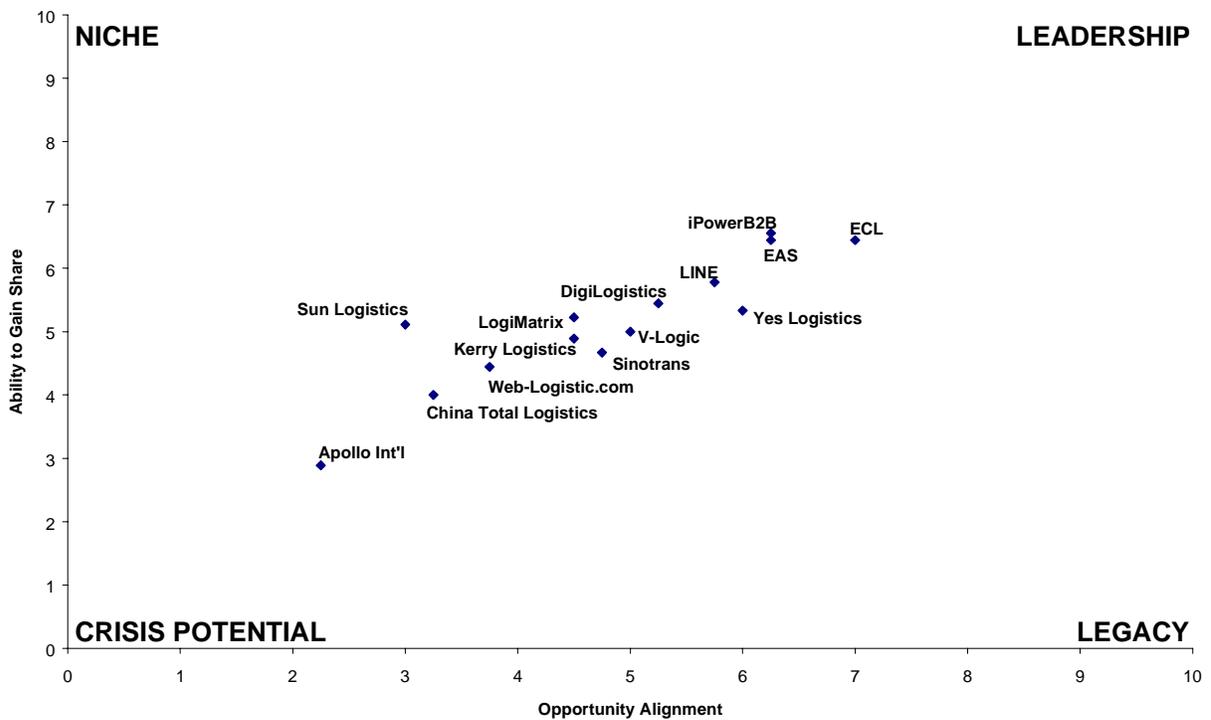
Source: IDC, 2001

Please note that the grid in Figure 3 does not represent all the players in the market.

Appendix A — Company Profiles

This section gives a detailed description of the operations of each player researched with regards to providing elogistics services.

eCommerce Logistics (ecL), www.eclasia.com

Company Overview

ecL is a privately owned Hong Kong–based company that was founded in 1999. Its main business is to provide elogistics services to various needs in the supply chain industry in the Greater China region, ranging from suppliers through to manufacturers, distributors and end consumers.

Mr. Simon Hsu is the chairman and CEO of the company and at present, the company has a total of 79 employees. It has three distribution centers; two in Hong Kong and the other in Taipei. Table 4 shows the company's staffing.

Table 4
ecL — Staff Breakdown

Department	%
Management	8
Sales and Marketing	11
Technical	14
Logistics Administration	59
Finance, Human Resource Administration	8

Source: IDC, 2001

Services Offerings

ecL started its elogistics service offerings in June 2000. It took the company nine months before that to undertake intensive design and testing. Design of the necessary systems took six months. For testing purposes, ecL worked with a couple of SMEs and the period lasted three months.

ecL's services can be categorized into three areas:

- Customer care
  - Order input and telemarketing
  - 24x7 multilingual customer service
  - State-of-the-art telephony technology
  - Automatic call distribution (ACD)
  - Computer telephony integration (CTI)

- – Sales support (up/cross-selling)
- – Toll-free 800 hotline
- Order fulfillment
  - – 24-hour pick-and-pack capabilities
  - – Full pallet or automated conveyor delivery system
  - – Outbound palletization
  - – Consolidated shipping
  - – Repacking, kit building and assembly capabilities
  - – Custom-labeling
  - – Forms, and other messaging capabilities
  - – Customs declaration and clearance procedures
- Warehousing
  - – Systematic inventory segregation and control
  - – Spares management and reverse inventory
  - – De-vanning
  - – Inbound and outbound
  - – SKU registration
  - – Assignment and documentation
  - – Break bulk and re-palletization
  - – 24x7 security patrol
  - – Sophisticated fire prevention system
  - – Temperature and humidity control cycle
  - – Full stock count
  - – CCTV

ecL has total warehouse size of 13,950 sqm in Hong Kong and 18,600 sqm in Taiwan. All items are assigned barcodes. There is the main bulk storage area for heavy items and a detailed picking area for loose items. There is also an area to store fast-moving items, life-picking — this area usually stores up to 500 per inventory item. Specified by customers, stock can also be put under a fenced security area. Table 5 lists some facilities/solutions that ecL deploys. In the warehouse, ecL has Web-based cameras that allow its customers to physically view their stock online.

Table 5
ecL — Facilities and Solutions Deployed

Type	Vendor
Hardware Technology	IBM AS/400
Data Centers	iAdvantage
Delivery or Transportation Agents	Own fleet for Hong Kong delivery and FedEx for overseas delivery

Source: IDC, 2001

Customer Analysis and Industry Focus

ecL charges its clients on the basis of each transaction. There is the incoming cost and outgoing cost as well.

Its target customers are local multinational companies with B2B businesses. The bulk of ecL's customers are B2B customers, at 85% of the total. Long-term customers are assigned a dedicated account manager, while others are handled on a project-basis. ecL's recent customers include a host of wine distributors, together with manufacturers of electronic goods and cosmetics products.

Go-to-Market Strategies

The company aspires to be the leading elogistics enabler in Greater China and Asia/Pacific. It aims to be a one-stop shop for total elogistics services, linking global merchants and direct marketers to their customers. The company has been investing heavily in enhancing its capabilities in ordering and fulfillment processes.

So far, ecL has participated in a few trade shows in the United States to showcase its services. It has also spent a considerable amount on brand advertising and held seminars locally to improve visibility.

ecL views some of its competitors in Greater China to include Kerry Logistics, Jardine Logistics, Sun Logistics, and Edward Keller.

Future Plans

ecL has budgeted an average annual capital expenditure of US$5 million to US$8 million for the next three years. In preparation for the forthcoming accession of both China and Taiwan into the WTO, ecL is aggressively pursuing an expansion strategy in China with plans to open three more distribution centers in the coming year in Shanghai, Tianjin and Guangzhou. Other areas to scope include the US market, Japan, Korea and Australia.

Its CRM applications system is currently in the final stages of development. It also plans to upgrade its service provision to encompass more e-supply chain processes.

ecL is looking forward to achieving a yearly growth of 100% in the next three years with its business strategy focused on Greater China.