



Will the Future of HK Logistics Industry be depending on Technology?

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Overview

- A Changing World
- A Competitive World
- Hong Kong's Advantages
- Hong Kong Positioning
- Is Technology a Means to an End?



A Changing World

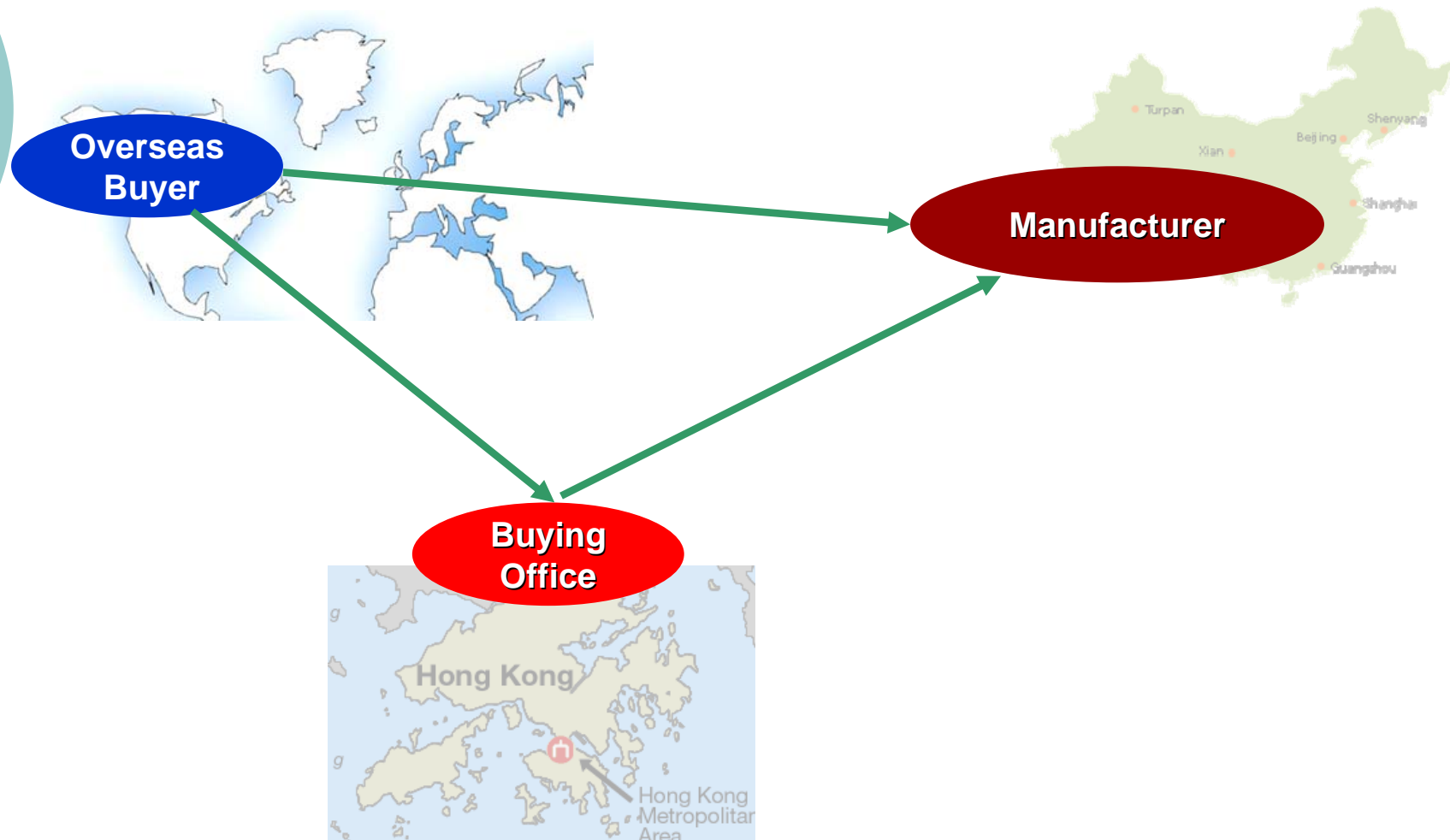
- Globalisation
 - Specialisation of Manufacturing Processes
 - High reliance on SCM and IT
- Transformation of PRD Industry Model
 - Move towards higher value added industry
 - Move towards Service oriented economy



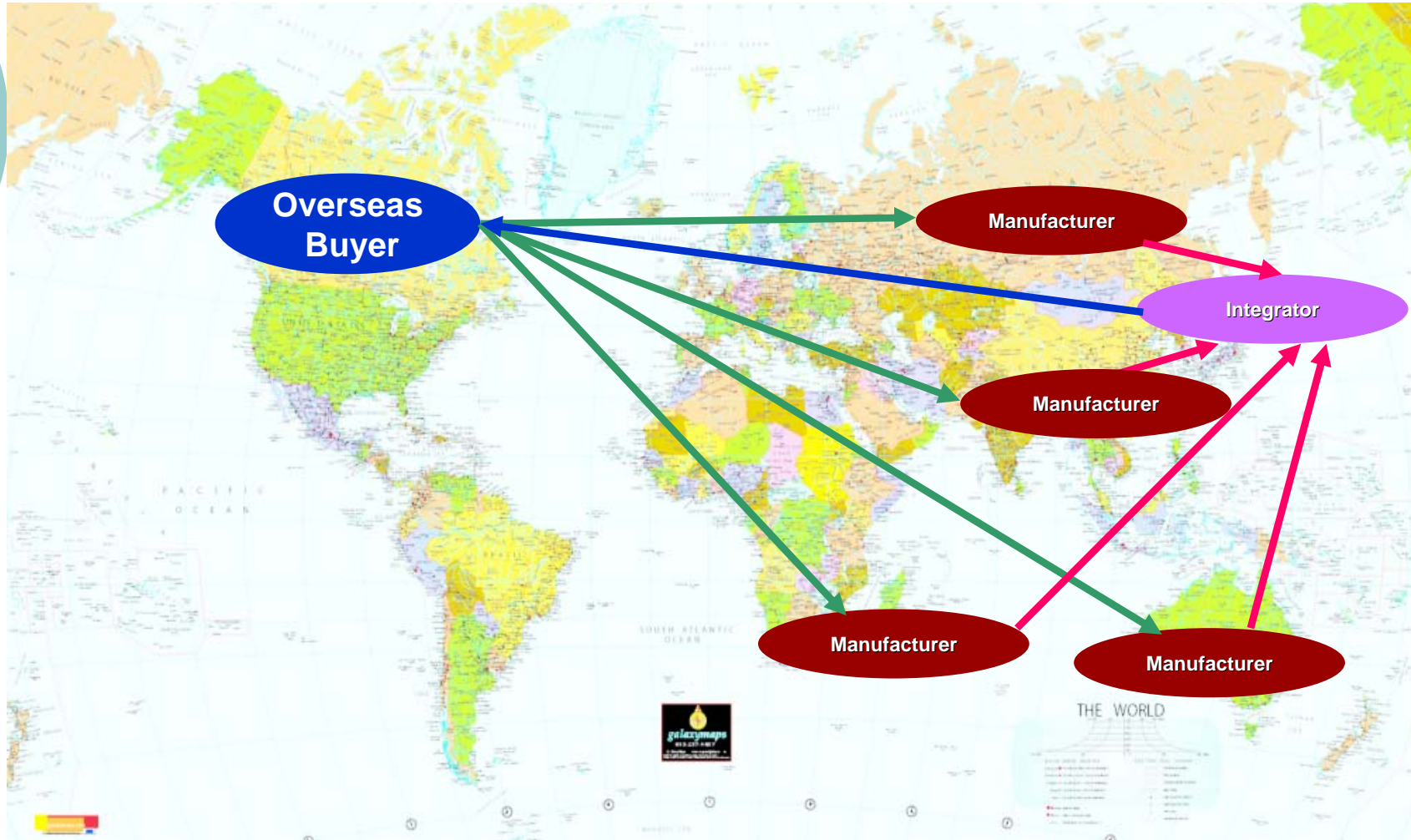
Changing Paradigm in Global Manufacturing

- Single Point OEM Manufacturing - Traditional
 - Look for the most cost effective OEM manufacturer
 - OEM responsible for all material sourcing, sub-assembly production & final integration
- Distributed Manufacturing – New Trend
 - Look for individual sub-assembly manufacturers globally for best value for money
 - Final assembly of all semi-finished components performed at locations with the best capability

Single Point OEM



Distributed Manufacturing





Distributed Manufacturing – The Implications

- Significant increase in importance for:
 - **Logistics efficiency** - sub-assembled products shipped across geographies
 - **Supply Chain Management** – the reliance on IT to track & manage semi-finished sub-assemblies
- Specialisation & focus on region specific capabilities in logistics & manufacturing

A Competitive World

http://www.pdc.gov.hk/docs/summary_statistics.pdf - Windows Internet Explorer

http://www.pdc.gov.hk/docs/summary_statistics.pdf

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Hong Kong Port Develop... http://www.pdc.gov.hk/...

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表 13 世界貨櫃港口的排列
Table 13 Ranking of Container Ports of the World

貨櫃港口 Container port	二 零 零 七 2007		二 零 零 六 2006	
	千標準貨櫃單位 '000 TEUs	排列 Rank	千標準貨櫃單位 '000 TEUs	排列 Rank
新加坡 Singapore	27 936	1	24 792	1
上海 Shanghai	26 150	2	21 719	3
香港 Hong Kong	23 998	3	23 539	2
深圳 Shenzhen	21 099	4	18 470	4
釜山 Busan	13 260	5	12 039	5
鹿特丹 Rotterdam	10 791	6	9 653	7

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Hong Kong's Advantages

- Quality of Manpower
 - Knowledge
 - Quality of Work
 - Integrity
- Simple Taxation and Customs Regime
- Well established banking services



Hong Kong's Advantages (2)

- Well established infrastructure
- Independent Landing Rights
- Innovative application of Technology
- Smooth and unrestrictive flow of:
 - Goods
 - Information
 - People
 - Funds



Hong Kong Positioning

- Can HK still sustain to be a labour-intensive “Logistics Hub”?
- How to make the best of Hong Kong unique advantages – the differentiation of HK?



Hong Kong Logistics Industry must evolve

- Transformation from secondary to tertiary
- Focus
- Specialise
- Knowledge and Service based
- From a product idea to a finished product on the shelf – where parts of the value chain have the highest value add?



Way forward – the possibilities

- Hong Kong as a specialised transshipment hub – on products such as electronics parts, flower, luxurious goods, etc
- Hong Kong as a Supply Chain Hub – to be the Brain in Supply Chain Management



What about Technology?

- As a trend:
 - More and more IT platforms
 - More reliance on IT systems to perform:
 - Track and trace
 - Inventory control
 - Cost Control and Analysis
 - Production forecast
 - Supply Chain Management
 - Warehouse management
 - Fleet Management
 - Traffic control
 - Higher use of Telecommunications, Network, Data Interchange



What is Technology for?

- Ultimately, technology alone serves no purpose
- Technology must help us to:
 - Improve services to customers
 - Increase our value
 - Improve the business process
 - Maximise our control over a process



Conclusions

- Technology is only the means to an end.
- Technology is useful only if it can help use to improve our processes, our cost structure and our services
- Technology **costs money**
 - to save money and find more money!



**Thank
You!**