



Hong Kong R&D Centre for Logistics and
Supply Chain Management Enabling Technologies
香港物流及供應鏈管理應用技術研發中心

Hong Kong Logistics and Supply Chain Industry Survey

Kelly Lam

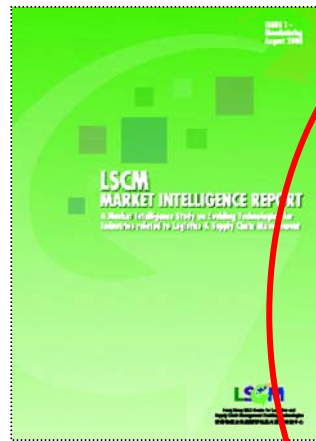
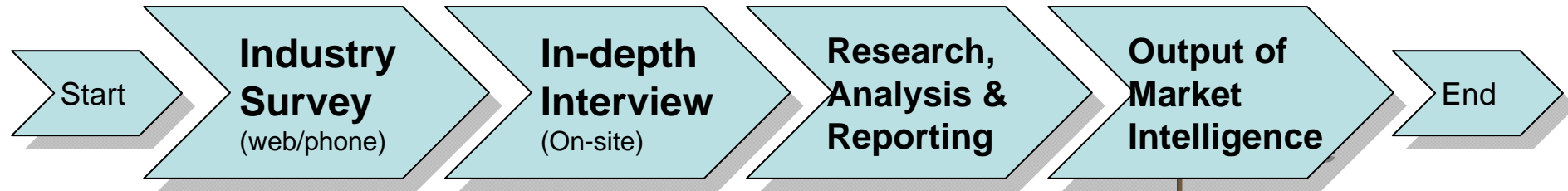
Marketing Manager

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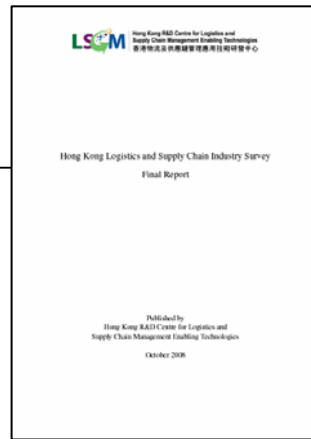
- Background
- Profile of Respondents
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- Acknowledgements
- How to join Us?



Background



MI Report#1
(Aug 08)



Survey Result
(Sep 08)



MI Report#2
(Oct 08)

Major Deliverables

- 1. Regular Reports
- 2. Dissemination Events
- 3. Knowledge Portal

2008

2009

6 Regular Reports and 3 one-time In-depth studies

2010



Background

- A start-up activity of the MI Project
- Target respondents:
 - ◆ Logistics service providers
 - ◆ Major industry user groups
- Objectives:
 - ◆ To understand current I.T. adoption level
 - ◆ To identify barriers in technology adoption
 - ◆ To explore interested technology initiatives
- Data collection method:
 - ◆ Web survey and telephone interviews
- Survey period:

June to September, 2008



Background

- Sample size:
 - ◆ Target : 2,400
 - ◆ Actual : 2,435

- What are the next steps?
 - ◆ Make use of the survey results to prioritize problems and technology issues

 - ◆ Carry out on-site company visits to understand their operations, technology problems and needs, technology vendors and research institutes are also included in the visiting plan with emphasis on technology and application trend (a total of 400 companies to visit in 18 months)

 - ◆ Publish industry focused reports on a regular basis and have all market and technology intelligence widely distributed to the industry



Profile of Respondents (1)

- 500 logistics service providers (21%) participated in the survey
- Distribution of major industry user groups: mainly manufacturing (37%), followed by import/export trade (30%) and wholesales & retail (9%)

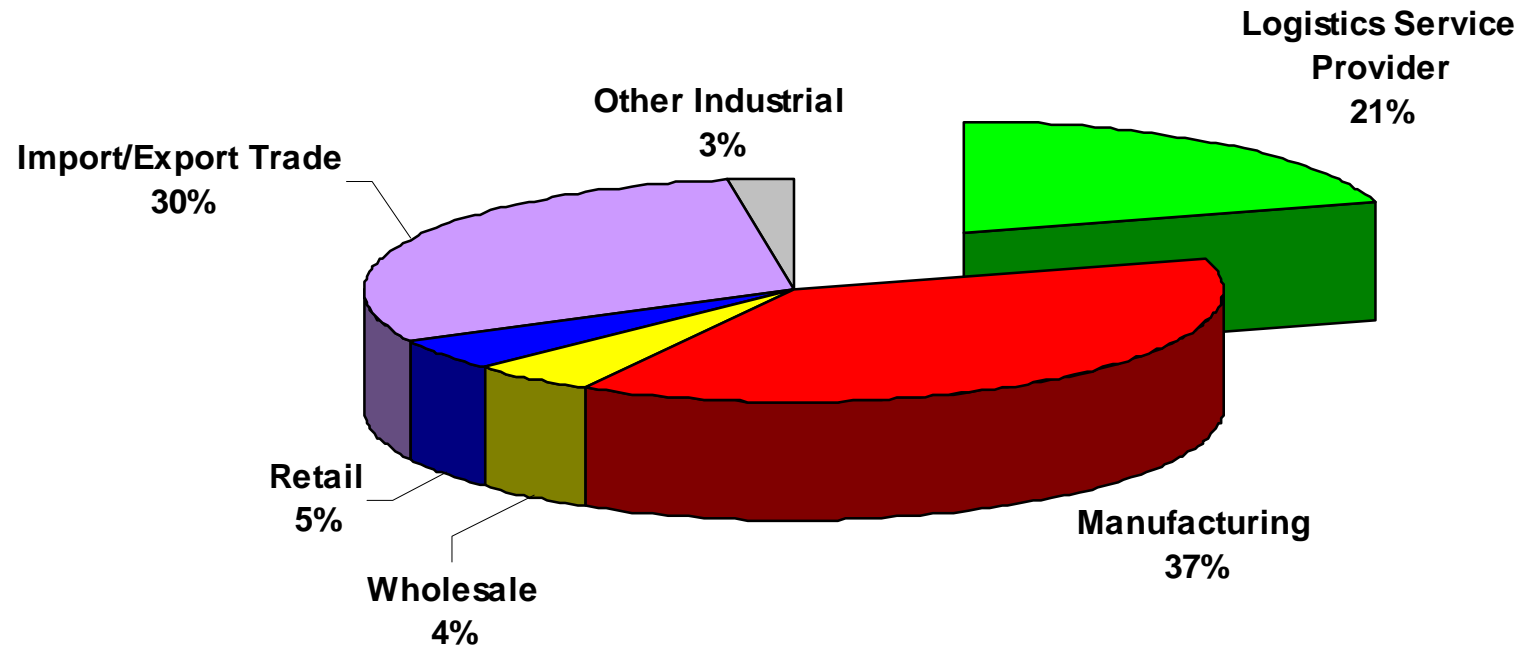


Figure 1: Profile of respondents by industry sector

Profile of Respondents (2)

- More than 80% with fewer than 50 employees
- Almost two-thirds with less employee size under 20

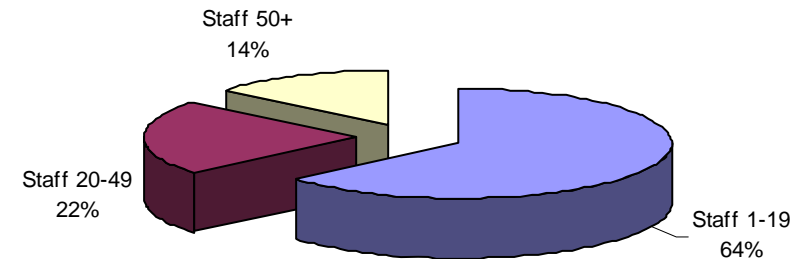


Figure 2: Profile of respondents by employee size



Figure 3: Profile of respondents by employee size by industry sector

Majority of respondents are
SMEs in Hong Kong

Current I.T. Adoption Level (LSPs)

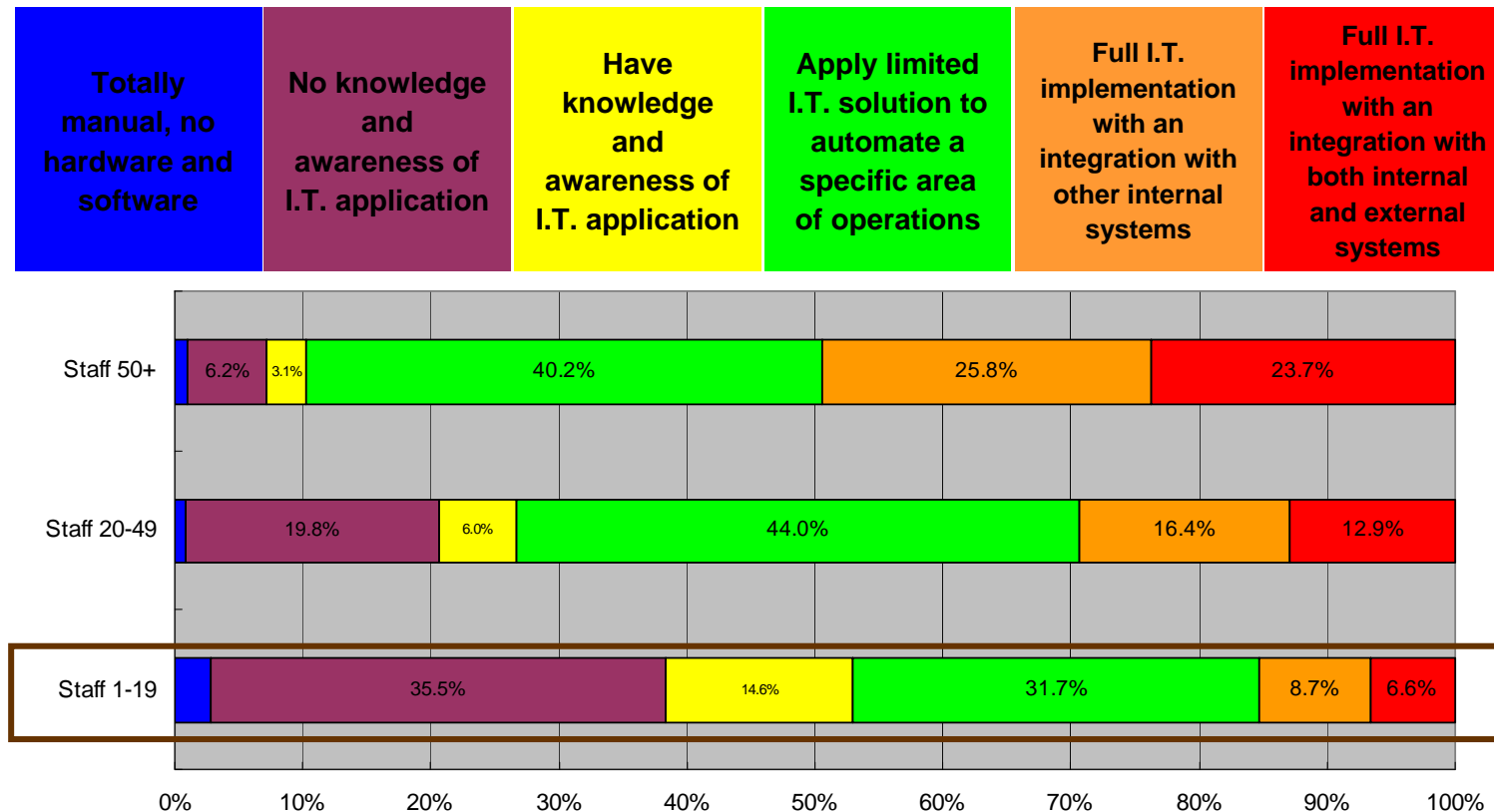
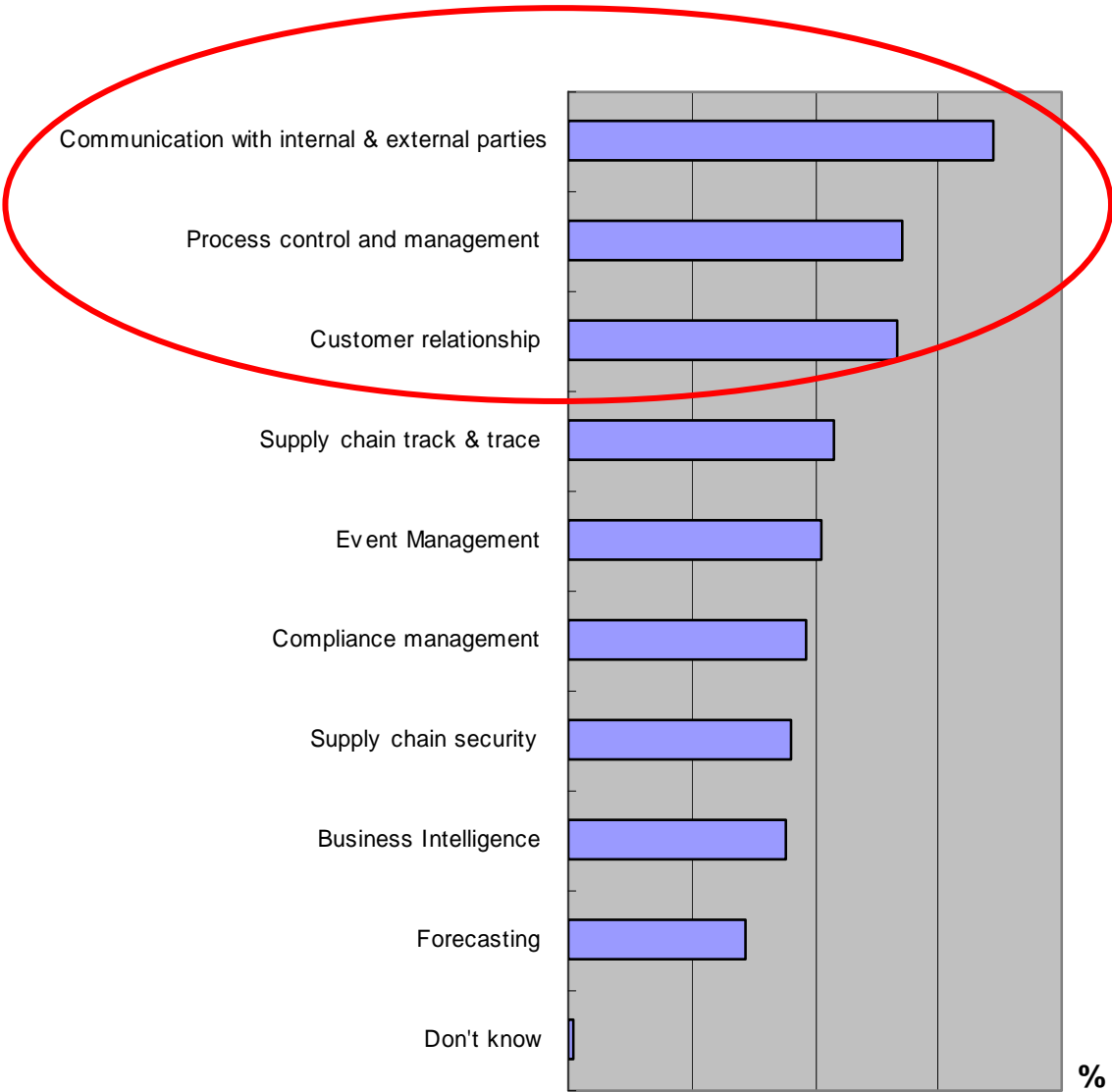


Figure 4: Current I.T. application status summary

- One-quarter (25.2%) of LSPs rated themselves either “Full I.T. implementation with an integration with other internal systems” or “Full I.T. implementation with an integration with both internal and external systems”
- For LSPs with employee size under 20, over 50% of them have no I.T. solution to solve daily operating issues except office applications like MS Office and Email, or even operated manually

Current I.T. Adoption Level (LSPs)

Figure 5: Areas adopted with I.T. applications



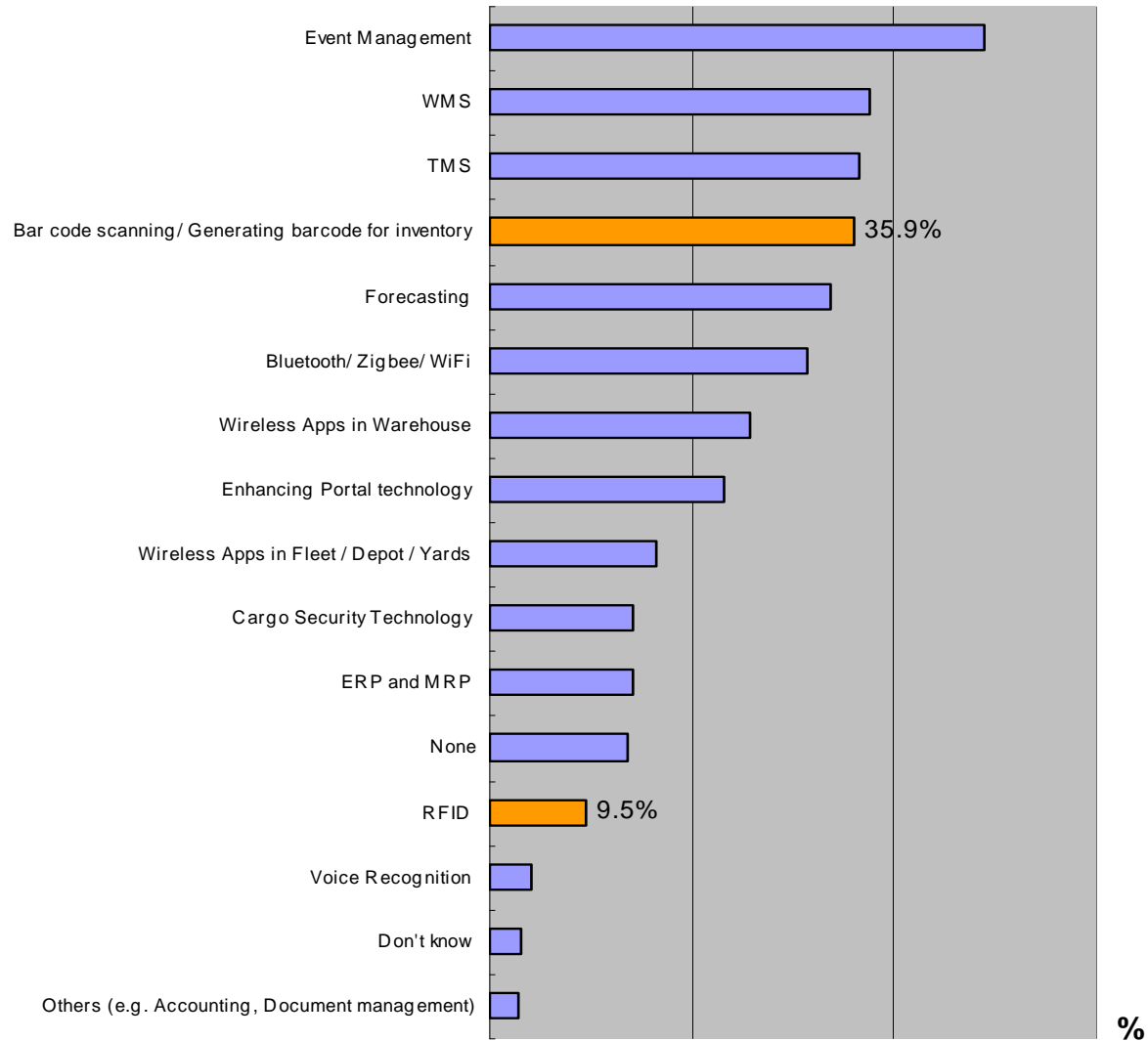
Top 3 areas:

1. Communication with internal & external parties
2. Process control and management
3. Customer relationship

I.T. adoptions in
 all aspects
 were higher for
 companies
 with staff 50+
 than smaller
 companies (i.e.
 staff 1-19)

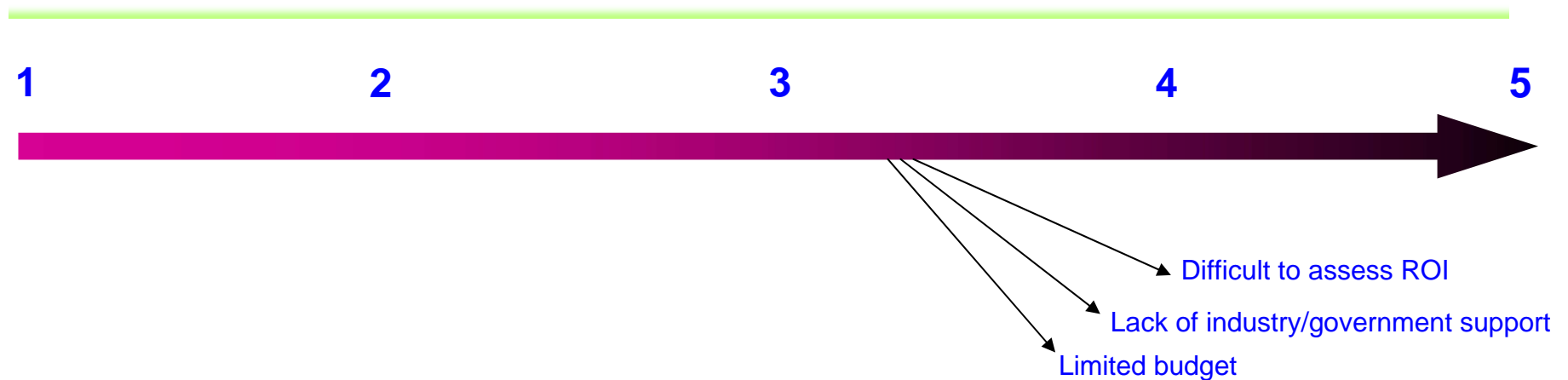
Current I.T. Adoption Level (LSPs)

Figure 6: Technologies in use



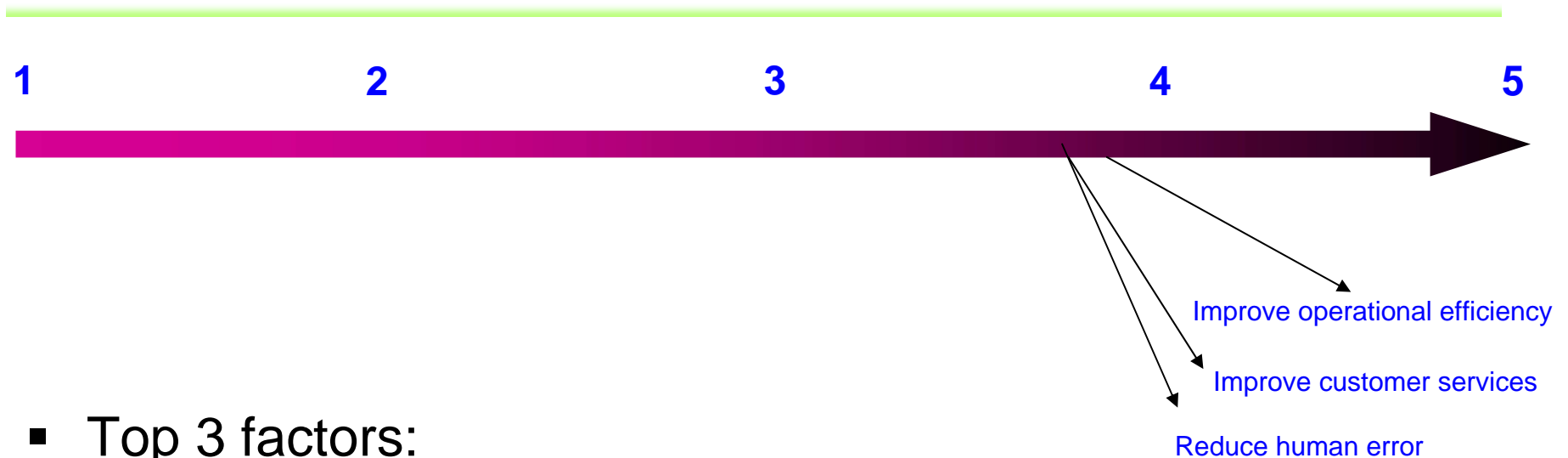
Barcode Vs RFID:
35.2% vs 9.5%

Technology Adoption – degree of challenge



- Top 3 possible obstacles:
 - ◆ Difficult to assess ROI (3.36 points)
 - ◆ Lack of industry/government support (3.3 points)
 - ◆ Limited budget (3.27 points)
- Rankings were consistent among respondents regardless of company size

Technology Adoption – motivation factor



- Top 3 factors:
 - ◆ Improve operational efficiency (3.91 points)
 - ◆ Improve customer services (3.81 points)
 - ◆ Reduce human error (3.81 points)
- Rankings were consistent among respondents regardless of company size

Future I.T. Adoption Level (LSPs)

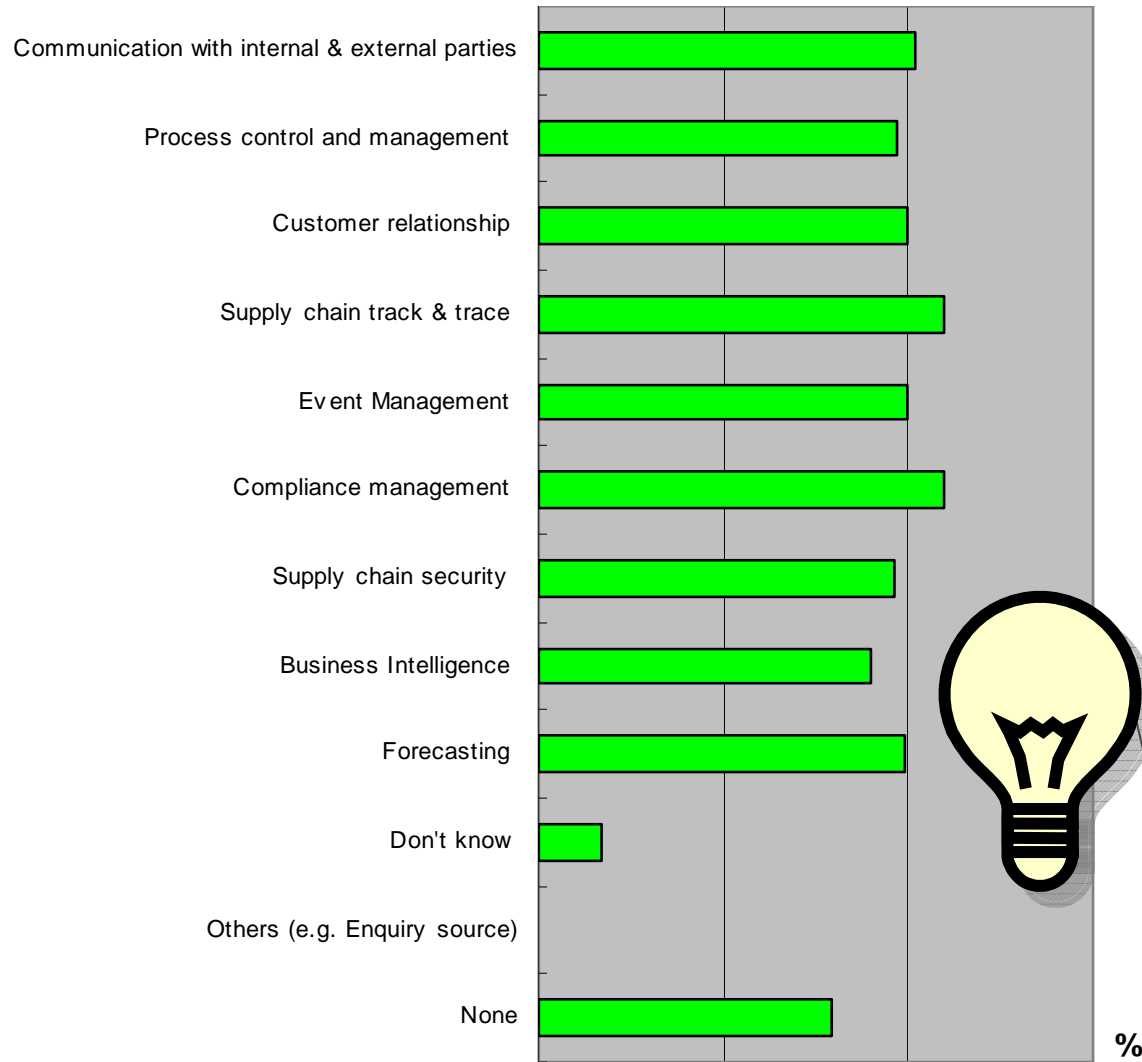


Figure 7: Areas to adopt in future

The willingness to automate business operations with I.T. was similar in all aspects

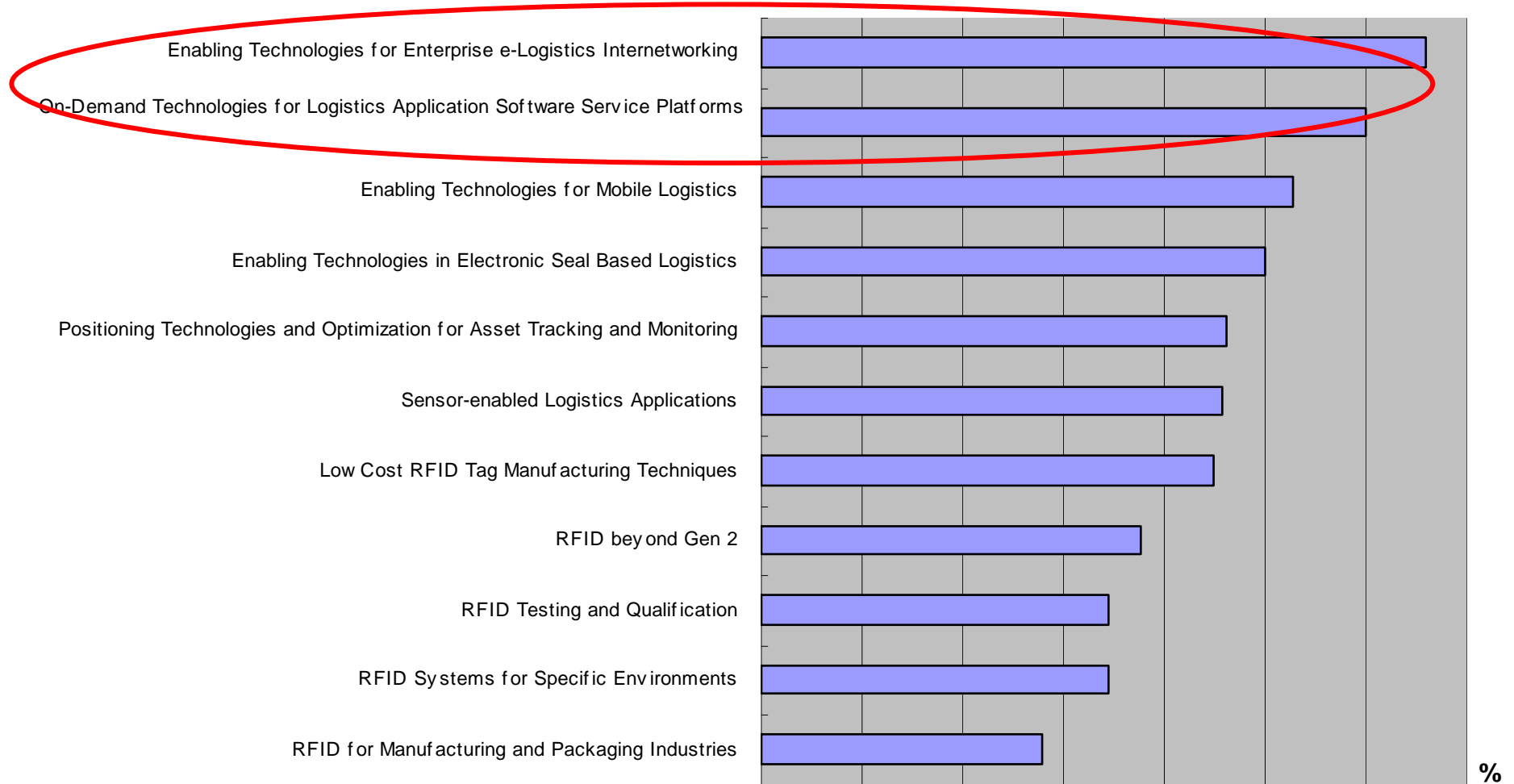
I.T. industry's viewpoint:

1. Trend of Clients' Business Processes: reporting features, wireless applications and increase in collaborations

LSPs are facing increased expectations and competitions

Interested Technology Initiatives (LSPs)

Figure 8: Interested technology initiatives (LSCM R&D roadmap)



- From LSPs' views on technology initiatives, "Enabling technologies for enterprise e-logistics internetworking" ranked first, followed by "On-Demand Technologies for Logistics Application Software Service Platforms"

Summary

- Current I.T. adoption level among the 500 respondents (LSPs) were rated at “low-to-mid” level
- They adopted I.T. (e.g. Portal Technology and Electronic Document Exchange) in communicating with internal & external parties, a growing need was shown in new technology for collecting and sharing data
- Apart from enhancing the reporting feature, a trend of adopting wireless technology was identified
- LSPs are in need of Industry/government supports, they are also looking for more collaborative solutions
- Solutions to improve operational efficiency of LSPs are of great worth

Current I.T. Adoption Level (User Groups)

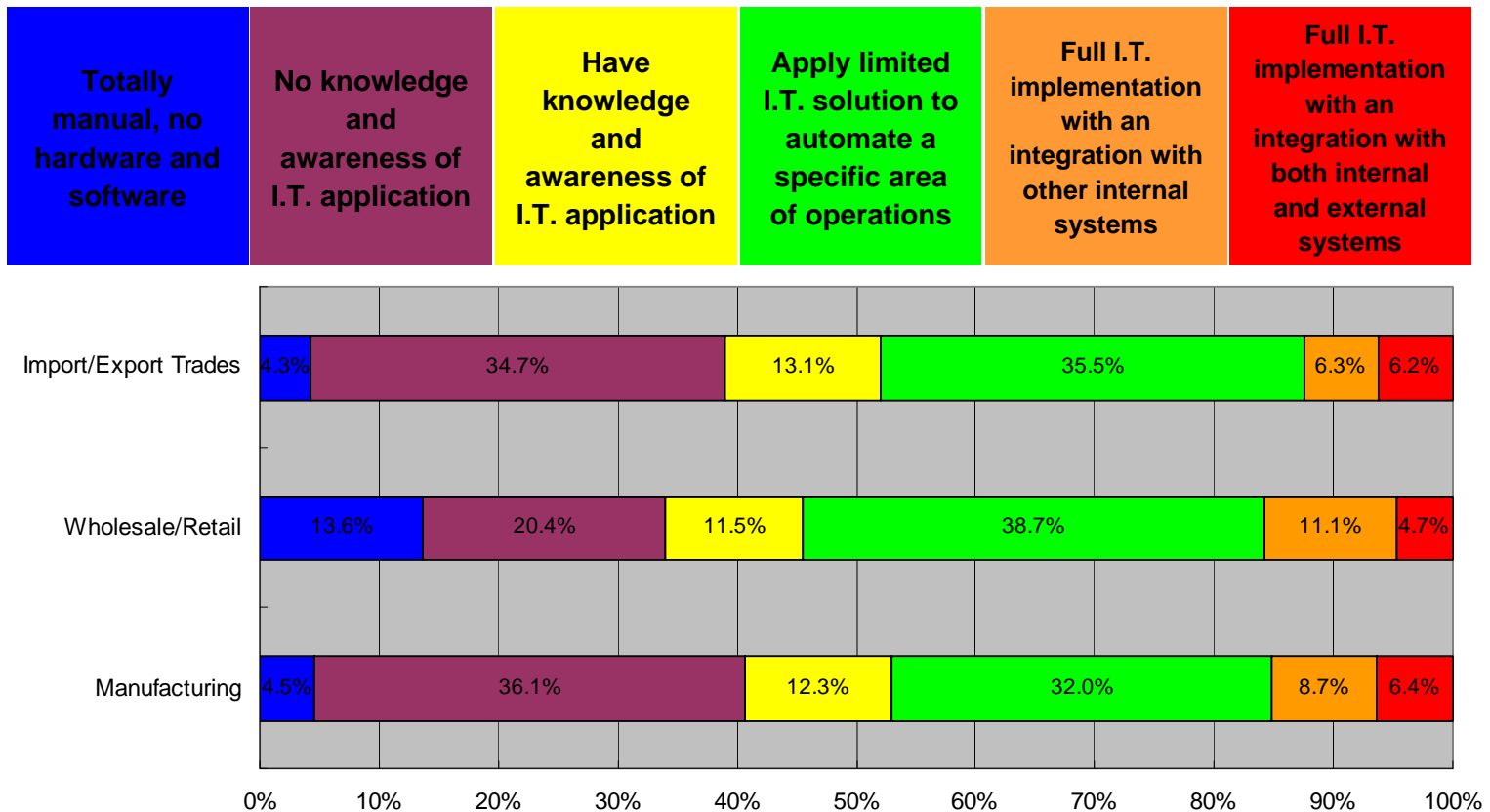


Figure 9: Current I.T. application status summary

- Less than 15% of Users rated themselves either “Full I.T. implementation with an integration with other internal systems” or “Full I.T. implementation with an integration with both internal and external systems”
- For Users with employee size under 20, close to 50% of them have no I.T. solution to solve daily operating issues except office applications like MS Office and Email, or even operated manually

Current I.T. Adoption Level (Manufacturing)

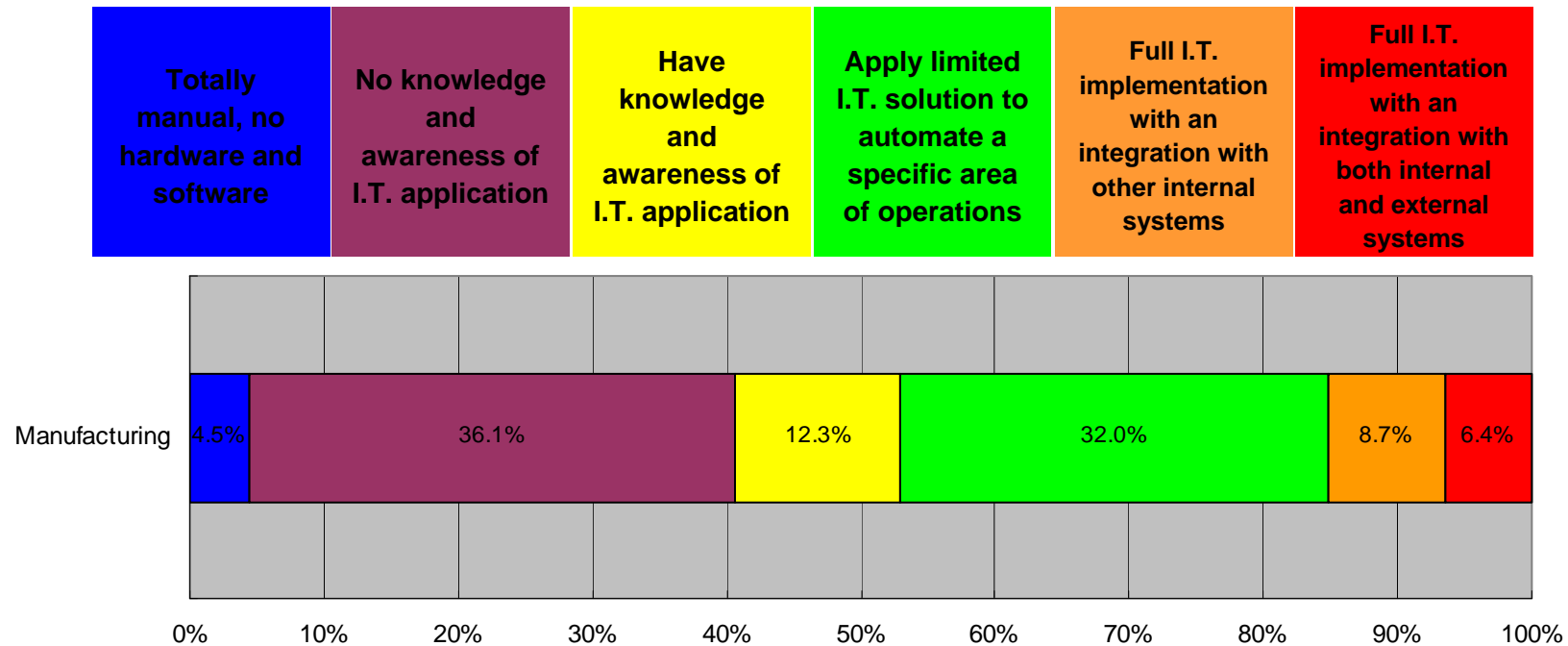


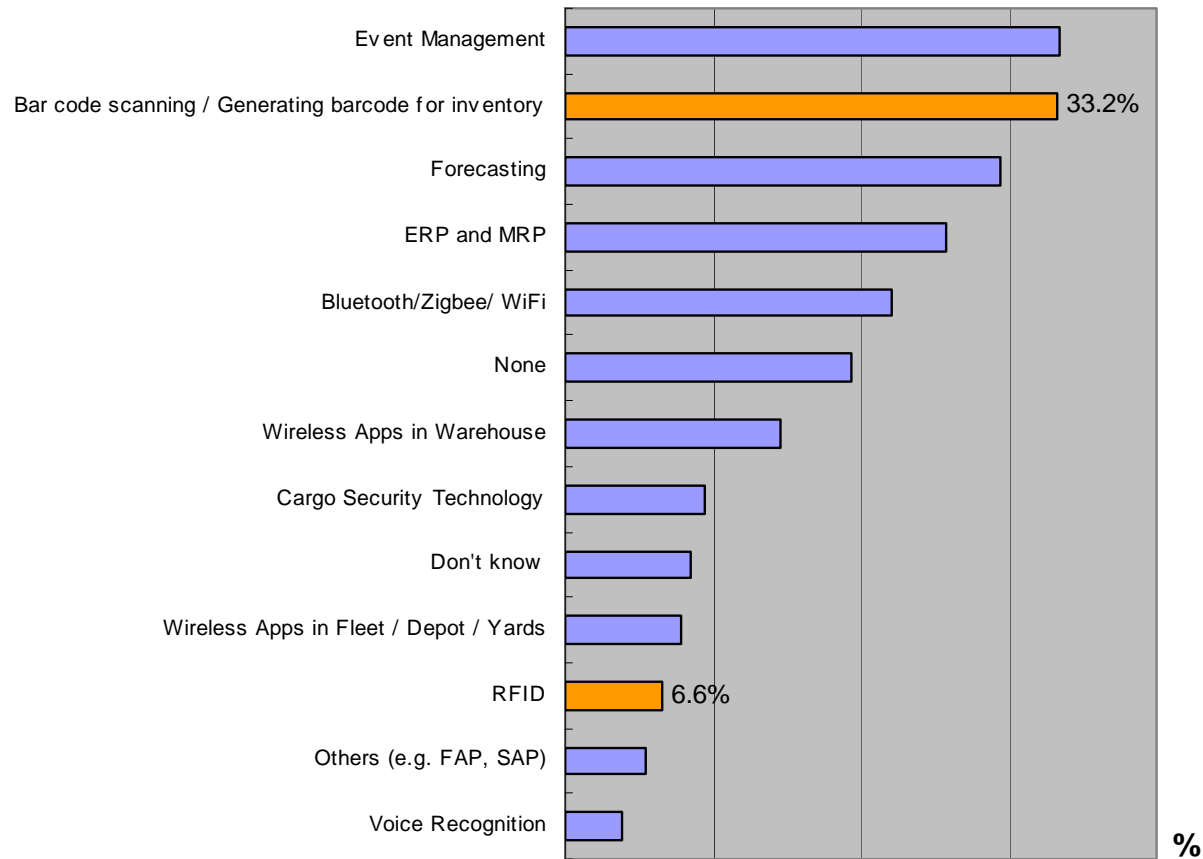
Figure 10: Current I.T. application status summary

Are they satisfied with the current solutions in supply chain?

30% answered either very or quite satisfied majority of them expressed neutral

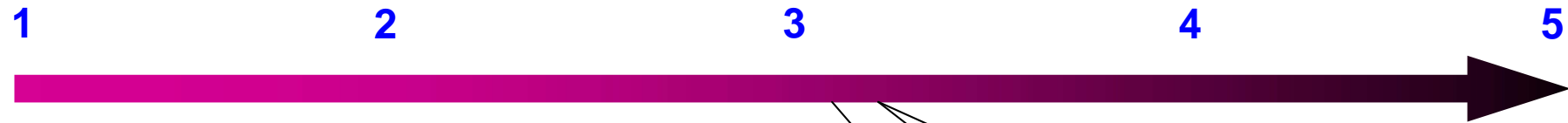
Current I.T. Adoption Level (Manufacturing)

Figure 11: Technologies in use



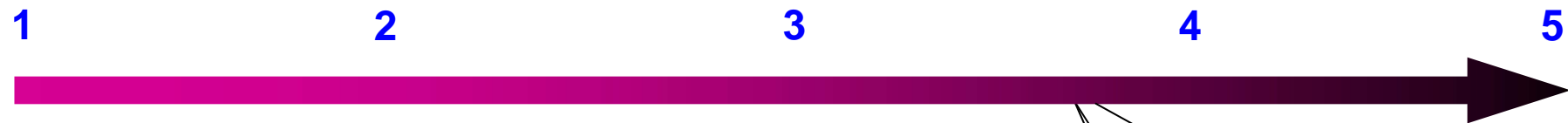
Barcode Vs RFID:
33.2% vs 6.6%

Technology Adoption – degree of challenge & motivation factor



- Top 3 possible obstacles:
 - ◆ Difficult to assess ROI (3.2 points)
 - ◆ Limited budget (3.2 points)
 - ◆ Data integration (3.06)

Difficult to assess ROI
Limited budget
Data integration



- Top 3 factors:
 - ◆ Improve operational efficiency (3.75 points)
 - ◆ Improve data quality (3.71 points)
 - ◆ Reduce human error (3.7 points)

Improve operational efficiency
Improve data quality
Reduce human error

Areas to adopt I.T. in future (Manufacturing)

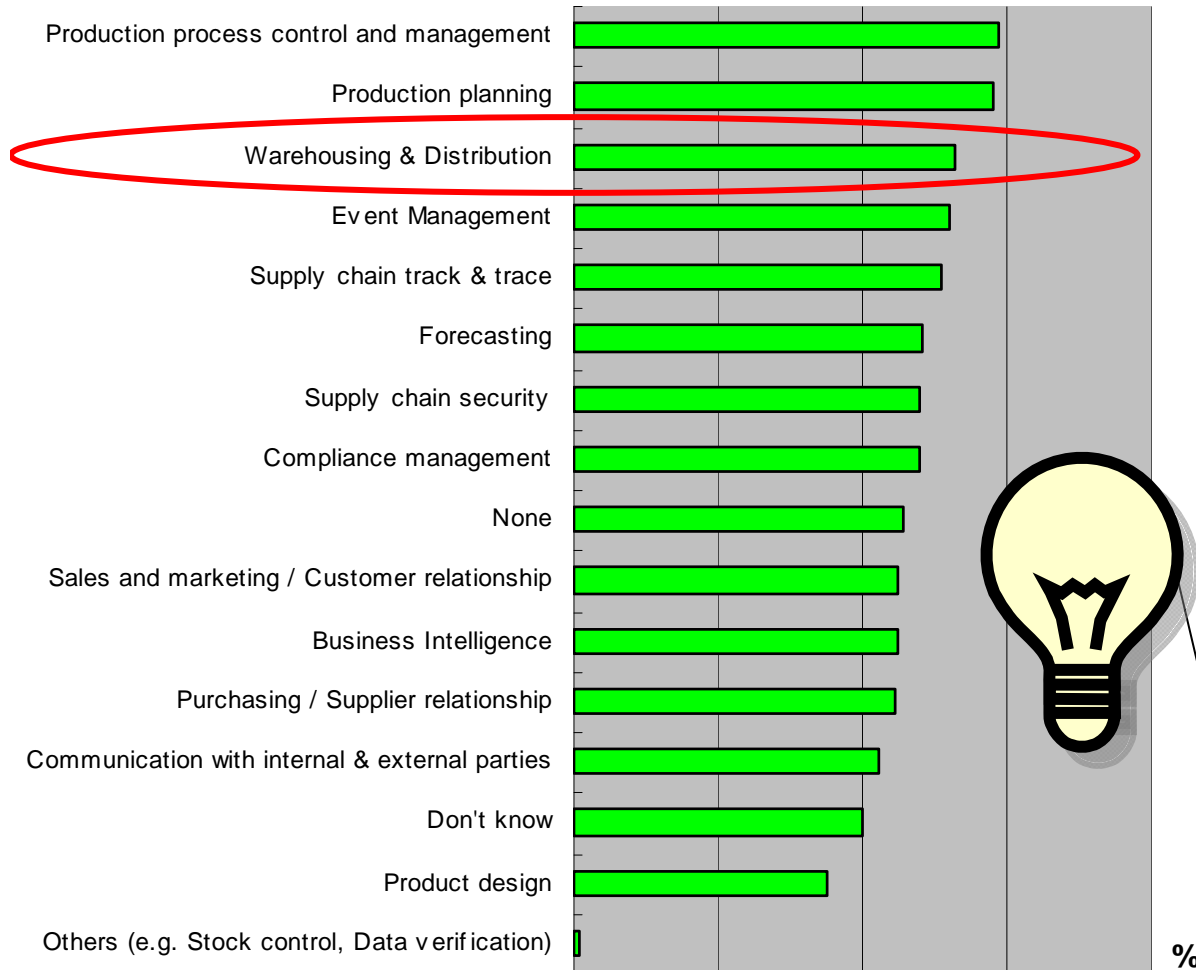


Figure 12: Areas to adopt in future

Top 3 areas:

1. Production process control and management
2. Production planning
3. Warehousing & Distribution

I.T. industry's viewpoint:

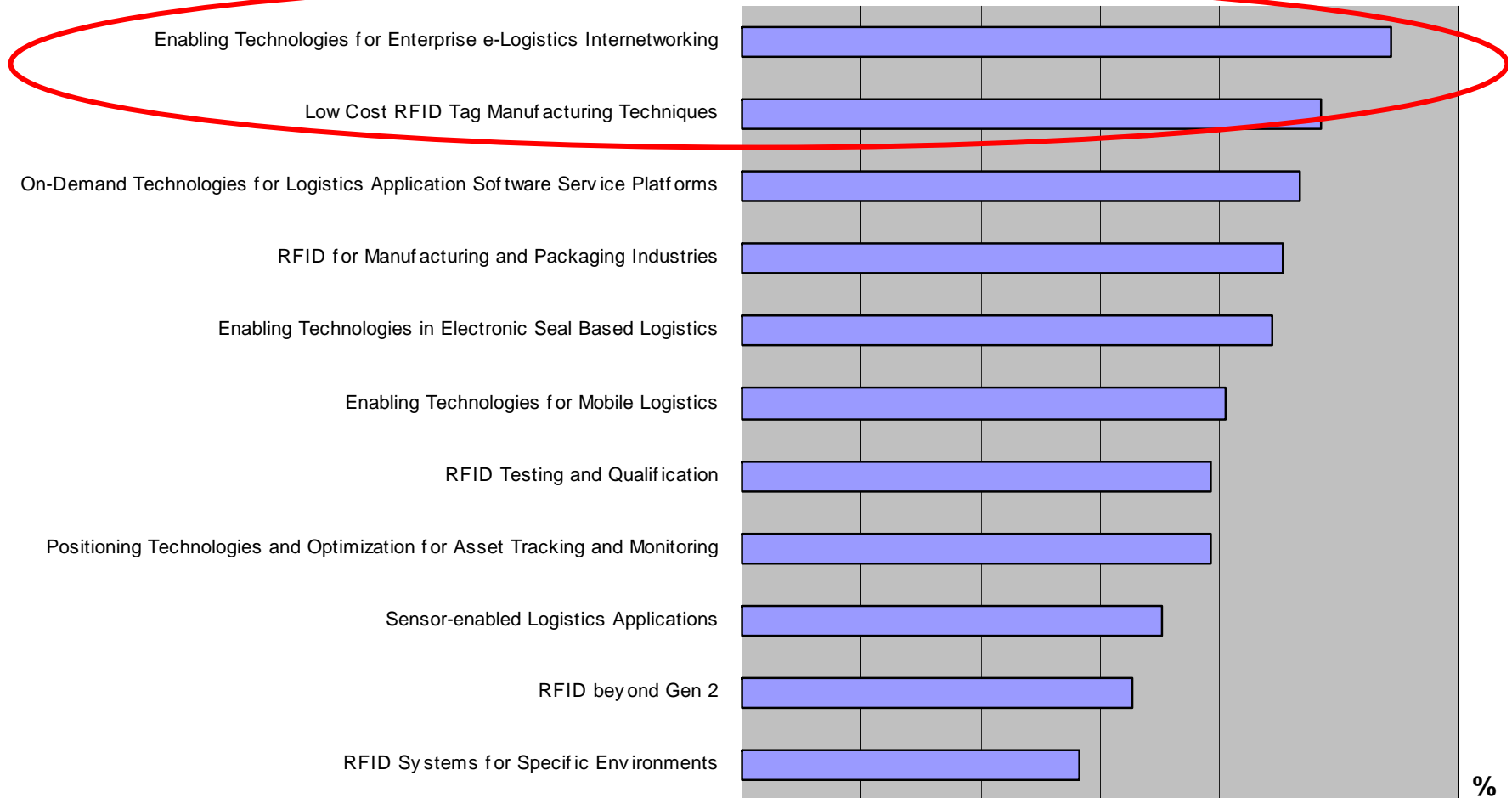
1. Warehousing & Distribution: A key area to adopt I.T. as perceived from their customers
2. They found customers adopted least I.T. in this area

Users are in need of WMS

Expectation to logistics industry: Real Time Freight Tracking

Interested Technology Initiatives (Manufacturing)

Figure 13: Interested technology initiatives (LSCM R&D roadmap)



- From Manufacturers' views on technology initiatives, "Enabling technologies for enterprise e-logistics internetworking" ranked first, followed by "Low Cost RFID Tag Manufacturing Techniques"

Summary

- Current I.T. adoption level among the 2000 respondents (Users) were rated at “low-to-mid” level, less than 10% of manufacturers rated “Full I.T. implementation with an integration with other internal systems”
- Manufacturers used to adopt barcode systems in managing inventory, a growing need was shown in new technology for production process control and management and WMS
- Manufacturers showed expectation to logistics industry in providing real time freight tracking function
- In terms of new technology initiatives, they expressed interest in “Enabling technologies for enterprise e-logistics internetworking” and “Low Cost RFID Tag Manufacturing Techniques”
- Solutions to improve operational efficiency and data quality for Manufacturers are of great worth

Acknowledgements

Host Organization:



Hong Kong R&D Centre for Logistics and
Supply Chain Management Enabling Technologies
香港物流及供應鏈管理應用技術研發中心

Research Consultancy:



Supporting Organizations:



How to join us?

- Company/Industry-support Organization can join us as

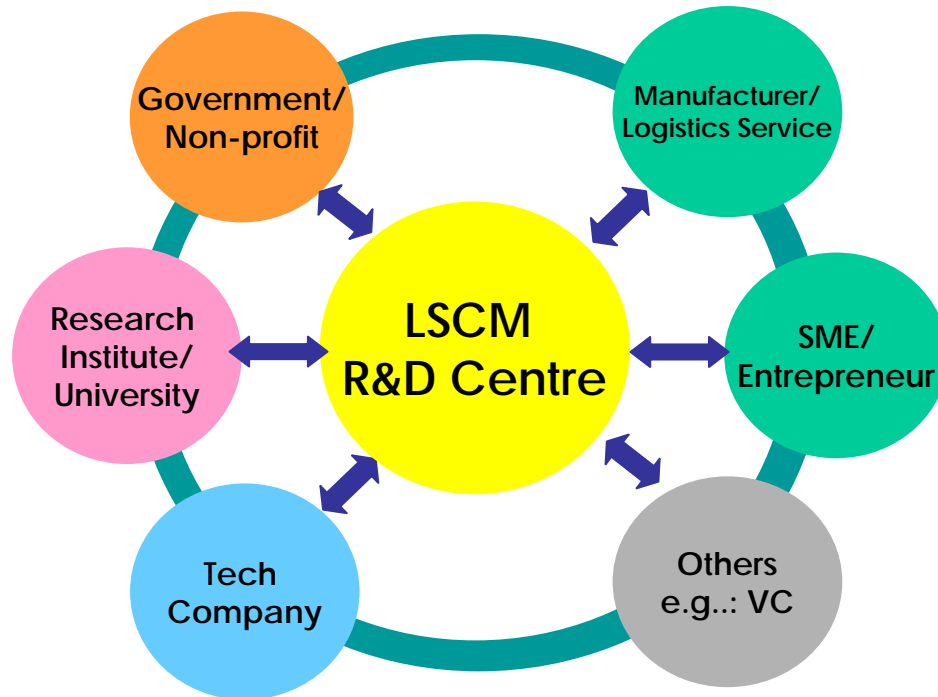
- ◆ Supporting Organization
- ◆ Sponsoring Organization
- ◆ Centre Member



- Visit our Project Webpage at:

www.lscm.hk/mi

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- ◆ Companies that offer solutions to end-users/practitioners in supply-chain management processes

- **Individual**

- ◆ Individuals who are interested in innovative logistics and supply chain related technologies

- **Company / Institute**

- ◆ End-users, small or medium sized enterprises, venture capitalists, R&D organizations and universities

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Key perception to RFID

	Customer's Viewpoint	I.T. Industry's Viewpoint
Positive	<ol style="list-style-type: none">1. Agreed RFID is a trend2. Agreed RFID can increase operation efficiency and reduce human error	<ol style="list-style-type: none">1. Facilitate data collection function2. Applicable to various industries and applications
<i>Negative</i>	<ol style="list-style-type: none">1. <i>High cost</i>2. <i>Insufficient knowledge</i>	<ol style="list-style-type: none">1. <i>Not mature</i>2. <i>Low usage in logistics industry</i>



THINK still or DO now?

Share your views with us

Learn more about China RFID Industry Development in next session

Visit solution showcase by our industry members during coffee break

Join panel discussion after coffee break

Thank You

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