

SupplyChain

PHILIPPINES

Going the last mile
We explore the complex
world of last mile logistics

A world class supply chain
connects to what's ahead.

A world class supply chain
engages wherever you may be.

A world class supply chain
moves lives every step of the way.

Let's keep things moving.

**2018 SCMAP
SUPPLY CHAIN
CONFERENCE**

2-3 OCTOBER 2018
EDSA SHANGRI-LA MANILA
MANDALUYONG CITY, PHILIPPINES

The most prestigious event in Philippine supply chain returns on 2-3 October 2018 at the EDSA Shangri-la Manila. Hear from top supply chain players about what lies ahead for the industry and the profession. Visit scmap.org to become a sponsor or delegate.



Going the last mile

With the growth of e-commerce and ubiquitous new technologies providing wider access and transparency, the last mile is now seen as the next frontier of supply chain. We explore all of the elements at play that make (or break) the last mile.

Page 18

OPENER

2—Nestor Felicio on why we need to look beyond our individual operations to improve our supply chains

3—Henrik Batallones on how the last mile brings supply chain closer to the customer

KNOWLEDGE

5—Clark and Subic position themselves as the country's next logistics hubs

8—Does Mindanao need a development like Clark?

10—What makes bitcoin tick

12—Notes from the Asian Logistics and Maritime Conference in Hong Kong

14—Why should you go for a supply chain degree?

DEBRIEF

27—The biggest SCMAP Supply Chain Conference yet

32—Tax reform tackled on Supply Chain Outlook

34—Visayas chapter looks at the region's infrastructure

36—'Sharpening', take two

37—New customs regulations at Clark 'Kapihan'

FROM THE PRESIDENT
WRITTEN BY [NESTOR FELICIO](#)

“Managing supply chains is an efficiency game. But perhaps we should start looking not just within our individual operations, but also across industry lines, as a way out of this vicious cycle. Supply chains are, after all, interconnected.”

Where will you be in 2028?

I ask because according to a study on “the future of fulfillment” by Zebra Technologies, 40% of parcel deliveries will be delivered in two hours by 2028. “Major disruptive forces of online shopping and increasing consumer connectivity have combined to establish a new on-demand retail economy that is blurring the lines among manufacturers, transportation and logistics firms and retailers,” it says.

The key ingredient is that companies will be reaching out across industry lines to collaborate for better overall efficiency. The study was conducted across sixteen countries, including the United States, Mexico, United Kingdom, Germany, China, India, Australia and New Zealand.

If you’ll be in any of those countries ten years from now you will see this happen. Will we see this in the Philippines?

Make no mistake. We are living in exciting times. During SCMAP’s Supply Chain Outlook we heard that the Philippines again exceeded 6.5% GDP growth in 2017. Surely the country is

moving up the global economic rankings. But our country will only realize its potential if its supply chains and logistics can deliver goods and materials to support its resurgent manufacturing and agricultural base, and provide the needed goods and services to its growing population.

The “golden age of infrastructure” has been much touted by government agencies together with the massive Build, Build, Build program that is a cornerstone of its economic plans. We welcome these developments as they will debottleneck many of the constraints of growth.

But before we can even think about leapfrogging into the future, there are many pain points that we feel today that we know we have to address. For instance, we miss deliveries and make customers angry simply because we could not find trucks or get our goods on ships during peak days.

We buffer for these uncertainties by adding inventory across the entire supply chain, increasing working capital cost that gets passed on to consumers.

The cost to serve is increasing with inflation while burdened with inefficiencies. For instance truckers have a high empty rate because of traffic, unsynchronized truck bans, single trips with no returns, and other issues. At the same time shortage of truck drivers and qualified warehouse personnel bug the industry.

While this may not paint a rosy picture, the industry has always shown its resilience and creativity. Managing logistics and supply chains is an efficiency game; it is part of our DNA. But perhaps we should start looking not just within our individual operations, but also across industry lines, as a way out of this vicious cycle. Supply chains are, after all, interconnected.

That is why SCMAP will continue to shout the battle cry “Connect. Engage. Move.” in 2018, all in pursuit of its mission towards world class supply chains in the Philippines.

In 2018 we are launching several initiatives on collaboration across companies, led by the members of the Board. These include: *surge planning* for peak days; optimizing *cost to serve*; delivering *reliability and performance*; *manpower management* in transport and warehouses; opportunities in *last mile logistics*; the impact of *transport regulations*; and *downstream collaboration*.

These are the pain points we want to connect with, engage in discussions, and move towards solutions. Details of these can be found in our website, [scmap.org](#), and will be covered in our General Membership Meetings. I invite you to take part and share your experiences and even offer solutions from your companies. Challenges are also opportunities.

Enabling our country to realize its potential as a rising economic power is not an easy task, but nothing worthwhile has been achieved that came easily. Maybe all it takes is to imagine the possibilities. A world class Philippine supply chain industry. A dream for now, but every step that we take will bring us closer to making this a reality.

Where will you be in 2028?

Nestor Felicio is president of SCMAP and corporate vice president for integrated planning and logistics management of Unilab, Inc.

CHAIN REACTION

WRITTEN BY HENRIK BATALLONES

“It’s supply chain that allows customers to choose which color of shirt they want to buy—and return them if the product is not up to their standard. With the last mile, we step even closer to them.”

“He’ll throw around terms like ‘supply chain management’ and it makes me want to punch him in the face!”

That’s comedian John Oliver, on a recent episode of his HBO comedy series *Last Week Tonight*. The segment was about cryptocurrencies; the gag was about that one guy you know who would not shut up about how bitcoin is the future. (You know those people—show-offs keen to prove they’re ahead of the curve, and are richer for it, supposedly. I’ve actually edited out an expletive in that quote—it’s HBO, after all.)

I’m not bringing out my metaphorical pitchfork. I get it. The term “supply chain management” is a complicated phrase to the man on the street, as opposed to us who work in supply chain. We live it, we breathe it, and we understand it more than most; perhaps it is down to us to explain to them how important our work is to keep lives moving—from how they get to work to how they buy food for their families—despite it being mostly out of their view. But then, they might tune out. We can be geeky about it, after all.

That makes the increased prominence of the last mile so interesting. It’s the one aspect of supply chain that hits

closest to home. You can easily distill it down to the fact that this has been going on for years: “Have you ever ordered pizza on the phone?” But of course, it’s so much more than that—and the advent of the last mile meant more thought has been put into not just being more responsive to customer demands, but ensuring that the entire operation can be in tune with these preferences. And that provides an opening that could allow more people to understand just what supply chain management is: all the planning, the number-crunching, and the thinking that goes into ensuring that if you want to buy those hard-to-find face masks online, you can get it.

But then, we can be geeky about it, and you know how most people react when you get overly enthusiastic about something and just go on and on. Or maybe it’s just me.

The other thing that makes the last mile so interesting is how it puts supply chain at the heart of customer service. Yes, this has always been an aspect of supply chain, but up until now we have worked behind the scenes to enable the means to best satisfy our customers. It’s supply chain that allows customers to

choose which color of shirt they want to buy—and return them if the product is not up to their standard. With the last mile, we step even closer to them. Take the major e-commerce sites not just delivering products to homes, but also receiving returns.

All this is because customers now have different demands—and more of them. As we’ve explored in the last issue of this magazine, these shifting demands have led to new retail models and new approaches to serving customers better. In many cases, supply chain no longer just works to ensure the environment where this goal is achieved exist; now we work to ensure this goal is achieved ourselves. The last mile puts us on the front line.

That’s what we’re exploring further on this issue of *Supply Chain Philippines*—the many aspects of the last mile, the technologies that enable it, and more importantly, how the rise of the last mile emphasizes on something we in the profession have long known: the importance of collaboration across all players and stakeholders. It is still the best way to serve our customers, even if they don’t get an inkling of just how much work goes into it.

Doing well on the last mile is an increasingly part of the criteria for the competitiveness not just of a business, but of a country’s economy. It’s now an important indicator of just how responsive a business is to its customers, and also how well a country enables this responsiveness. No wonder so many people are looking at this and working hard to get it right.

Here at SCMAP, it’s one of the issues our new collaboration groups are focusing on. And that’s just one of the many things we have been up to lately. I’ve never had to squeeze in this many articles in our Debrief section—all these events and activities across the country. And we even managed to do a visual refresh for this magazine, too. But then, continuous improvement—that’s what we in supply chain do. Just don’t punch us in the face for it. •

Henrik Batallones is SCMAP’s marketing and communications executive and editor-in-chief of *Supply Chain Philippines* magazine.

FOR SUPPLY CHAIN AND LOGISTICS SYSTEM



1000x1200 mm ONE PIECE PALLET



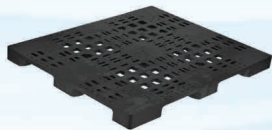
1200x1200 mm REVERSIBLE PALLET



1000x1200 mm MEDIUM DUTY PALLET



1000x1200 mm PERFORATED FLOORING



1100x1300 mm REVERSIBLE GRID-TOP



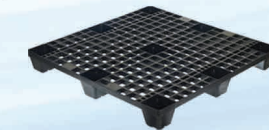
1000x1200 mm DECK TYPE PALLET



1200x1200 mm DRUM PALLET



1200x1200 mm ONE-WAY PALLET



Heights are available in 140 mm, 150 mm, and 160 mm



PLASTIC SLIP SHEET

- Reusable & Recyclable.
- Reduce transport weight and cost.
- Comply with import / export certification.



HAS TWO (2) SURFACE:
SMOOTH AND TEXTURE

ABS PLASTIC BOARD

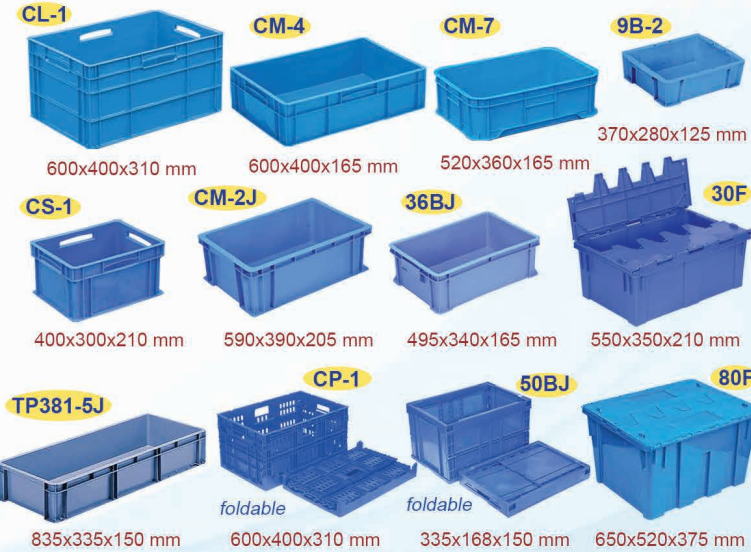
- Ceiling and Walling material for clean room cold storage and processing areas.
- Thickness are available in 1mm, 2mm, & 4mm.



ABS board as truck walling

with Sentinel truck-matting

STACKABLE CLOSED CRATES



CRATES WITH REWORKS FOR PICKING SOLUTION



Reworked Crates help reduced warehouse operation cost and maximize manpower and storage capacity.

← Reworked CL-1 with cover and Trolley 1 without handle

STANDARD TROLLEY
with foldable handle



- Trolley 1:**
648 x 440 x 749 mm
- Trolley 2:**
876 x 610 x 972 mm

CUSTOMIZED TROLLEY



- 3 in. standard wheel height.
- Available in various sizes.

STEEL CAGE
with wheels



Foldable Type
875 x 710 x 1720 mm

Sentinel®
PP HOLLOW SHEET

- Keeps your styrofoam box protected during transport.
- Customize according to your requirements.



STYROFOAM BOX
PROTECTOR



with ABS Sheet armor

Distributed by:

First Pinnacle
TRADING CORPORATION

Showroom: G/F CBT Condominium, No. 60 West Avenue, Quezon City
Tel No. (02) 373-9797 local 141 • www.firstpinnacle.com.ph
sales@firstpinnacle.com.ph



ISO CERTIFIED
Certification International
ISO 9001:2008

KNOWLEDGE



Is the future up north?

Clark and Subic are shaping up to be the country's next logistics hubs. We look at the developments making it possible—and what lies ahead for the region

WRITTEN BY
HENRIK BATALLONES

One of the thrusts of the Duterte administration is to decongest Manila and spur growth in other parts of the country. That's one of the lines of thought behind the government's ambitious infrastructure program: to connect major economic hubs, to facilitate trade and business, and hopefully to spread around economic growth to the rest of the country, and not just in the obvious places.

While this is in full swing, this vision is closest to being realized just north of Manila. Clark and Subic, sites of former American military bases, have long been a destination for businesses and tourists, thanks to decades of work in developing the sites and promoting investments. Recent plans, however, are poised to bring the two districts—and the whole of Central Luzon—to a much more prominent status, not just as a center of

business and logistics, but also perhaps of government as well.

DECADES OF GROWTH

It all began in the early 1990s, when the Philippines declined to renew the lease of the United States government over land where the Clark Air Base and Naval Base Subic Bay sat. As American forces began to leave, the government devised plans to convert the former military bases to special economic zones, taking advantage of the infrastructure and facilities left behind. The establishment of the Subic Bay Metropolitan Authority in 1992 led the way, enticing foreign companies with tax incentives and duty-free privileges: foreign companies such as FedEx and Coastal Petroleum heeded the call. The status of Subic was further solidified when the 1996 APEC Leaders'

Summit was held there.

Meanwhile, Clark would initially establish itself as a destination for tourism, with the opening of the Clark International Airport, and the consequent opening of casinos, hotels and golf courses, attracting tourists from across Asia. The Clark Development Corporation (CDC) also actively wooed manufacturers to invest in the freeport.

Now both Subic and Clark have established themselves as a suitable investment location for international companies in the Philippines: it is now home to companies such as Texas Instruments, Yokohama Tires, Rolls-Royce and Hanjin. Apart from attractive incentives, both freeports offer competitive facilities: Subic is home to both sea and air facilities (the latter being home to FedEx's Asia hub, before it moved to Guangzhou in 2005) while Clark's airport has seen steady increases in passenger and cargo traffic over the years.


The recently completed Subic-Clark-Tarlac Expressway (SCTEX), as well as the rehabilitation of the North Luzon Expressway (NLEX), has further enhanced connectivity with businesses in Manila, opening up not just the two freeports but its surrounding cities to expanding business and tourism opportunities. The anticipated completion of the final section of the Tarlac-Pangasinan-La Union Expressway (TPLEX) in 2019 should open up the two districts further, this time from businesses from further up north.

The region's steady growth, however, is in spite of delays and confusion regarding plans for future development. Both the SCTEX and TPLEX saw delays, while plans for whether Clark International Airport would supplement or wholly replace the congested Ninoy Aquino International Airport remained unclear.

The entry of the Duterte administration, however, seems to be a critical turning point for the future of Subic and Clark, recognizing the role both play in furthering the country's economic growth. Thus, a significant part of the government's infrastructure program focuses on further developing the region's logistics infrastructure and, most notably, building a new "supercity".



New Clark City At 9,450 hectares, this new development aims to further spur economic growth in Central Luzon



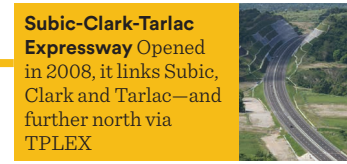
Clark Freeport A former US Air Force base, it is now the center of industry and tourism in Central Luzon



Clark International Airport Manila's secondary air gateway is being expanded, with new terminals opening in 2020



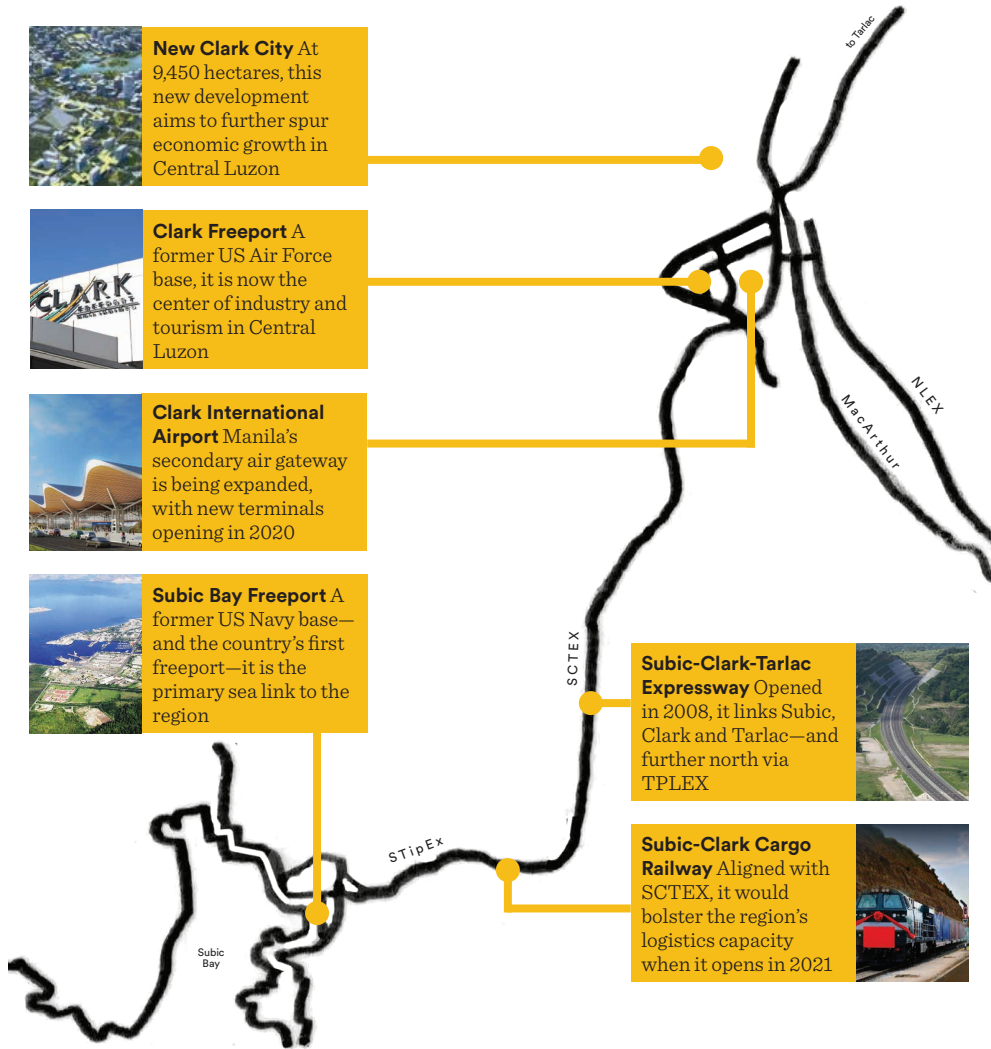
Subic Bay Freeport A former US Navy base—and the country's first freeport—it is the primary sea link to the region



Subic-Clark-Tarlac Expressway Opened in 2008, it links Subic, Clark and Tarlac—and further north via TPLEX



Subic-Clark Cargo Railway Aligned with SCTEX, it would bolster the region's logistics capacity when it opens in 2021



EXPANDING LINKS

Central to efforts to enhance connectivity to and from Central Luzon is the Clark International Airport, home to flights from twelve airlines, both domestic and international, and saw 1,514,531 passengers in 2017. Construction of a new passenger terminal is now underway, envisioned to accommodate eight million passengers annually, tripling the airport's current capacity; it is expected to be finished by 2020. Two more terminals are planned to be built by 2025, bringing total capacity to 110 million passengers. By comparison, NAIA has seen over 39 million passengers go through its gates in 2016.

While air traffic to Clark is still dominated by low-cost airlines, it is encouraging to see it is also now home to flights from Philippine Airlines, Asiana Airlines and Qatar Airlines. Still, the uncertain role of Clark as a gateway to the Philippines continues to hover. The government has received two unsolicited

proposals to build new airports to supplement, or replace, NAIA: the Sy and Tieng families are looking to transform Sangley Point in Cavite City into a modern air and sea logistics hub, while the San Miguel Corporation wants to build a completely new airport in Bulacan. While the government is not committing to either project, the lack of a definitive air travel policy is a gap that needs to be filled.

Also hampering Clark—at least in its role to supplement NAIA—is the lack of connections between it and Manila. A rail link between the two is expected to be completed by 2022, using existing PNR rights of way, although it is not the high-speed rail link some have advocated. The completion of Skyway Stage 3, which would connect NLEX and the South Luzon Expressway (SLEX), should also boost traffic to Clark, especially for those living in the Southern Tagalog region who dread going through Manila's congested roads just to catch a

flight.

Another rail connection being eyed is one between Subic and Clark, passing alongside the SCTEX and seen to carry mostly cargo, with some passenger traffic as well. Once completed in 2021, it will play an important role in the growth of Subic and Clark as a logistics hub, providing a seamless connection from air, land and sea.

A NEW CITY

Perhaps the most ambitious bid to transform Central Luzon into a center of growth is New Clark City, a planned community encompassing over 9,450 hectares of land in Capas, Tarlac, just north of the Clark Freeport. When completed, it is expected to be a hub for businesses and residents in the region, not just for services and industry but also for those in the agricultural and food sectors.

In a way, New Clark City would go further than the first flagship project of the Bases Conversion Development Authority (BCDA): Bonifacio Global City in Taguig. Now a bustling business district and home to both local conglomerates and multinational companies, it has begun to buckle under its own weight in recent years. As is elsewhere in Manila, congestion has become a problem, and the lack of public transportation options has made commuting to and from the district more difficult. It has also become more of a “playground of the rich”, with residential developments catering to (and priced for) the upper classes.

New Clark City aims to avoid the issues confronting BGC, and Metro Manila in general. One, it will focus on mobility, with an emphasis on efficient mass transportation and walkability. It aims to achieve the latter by integrating green space throughout the development, from foliage in the sidewalks to a central park running across the development. Two, parts of New Clark City will be devoted to mixed income housing, allowing employees who work in the development to also be able to live in it.

A planned food processing terminal is seen to support farmers across Central and North Luzon, bringing their products closer to supply chain links within Clark and Subic, as well as downwards to

Manila and the rest of the country. It also aims to do the same for advanced industries with the planned Innovation and Industrial Corridor. Also in the works are modern sports facilities and the National Government Administrative Center, which will house satellite offices for national government agencies and should ensure continuous operations of the government should any issues arise in Manila.

THIS WAY UP

It is good that the government is putting its money where its mouth is with its plans for across the country, but particularly in Clark and Subic—the result of decades of planning and coordination between the national government, local government units, investment promotion agencies such as the CDC and Subic Bay Metropolitan Authority, and locators and other stakeholders. But of course, infrastructure isn’t the only way to ensure the growth of any locality, and these plans may fall flat if the region does not sustain demand that would feed it.

Clark and Subic became viable destinations for businesses because of attractive tax incentives and transparent policies, and these have managed to weather successive changes in government, and the policy changes that come with it. If the aim is to truly decongest Manila—maybe by convincing the many companies based there to move their headquarters north—perhaps a little more stability when it comes to policies is in order?

There’s also the question of whether all these plans for developments in and around the Clark-Subic corridor will actually materialize. While the government is serious with it—and the involved agencies have the track record to prove it—there’s understandable apprehension that things will be different from the blueprints, that the purported effects won’t take place. But this, we hope, should not deter all involved in realizing this vision. Clark and Subic realizing their potentials should lead to greater things for the Philippine economy. •

Thanks to Linda Pamintuan and Malou Balano for assistance with this article.

We are going north This year’s Supply Chain Immersion heads to Clark and Subic

We’re doing things a little differently for this year’s Supply Chain Immersion. Unlike in previous years, we won’t be going on a boat: instead, we’ll be taking a bus and heading north, to Clark and Subic.

This year’s event, which will be held on May 17-19, puts the spotlight on the country’s emerging supply chain hub, and the center of new projects and developments spearheaded by both the national and local governments.

Part of this event is the second edition of Supply Chain Perspective, a half-day seminar bringing together local business leaders and supply chain experts. We will particularly be looking at supply chain optimization—how we can make the most of the resources available to us, and how we can align our supply chains with global value chains. This event will be held on the afternoon of May 17 and will be open to the public.

Those who registered for all three days of Supply Chain Immersion will get to tour the most important locators in Clark and Subic: the locators and facilities that are setting the stage for the region’s emergence as a new gateway to the Philippines.

As always, the event provides delegates with opportunities for networking and fellowship, all through an itinerary that SCMAP has especially crafted, along with its newly-established North Luzon chapter and its partners in the industry.

More information about the event is available on our website, scmap.org, as well as on our social media channels. We hope to see you there.



Does Mindanao need its own Clark?

As the government looks to shift development to Mindanao, we ponder if a logistics hub can spur development the way Clark and Subic has for northern Luzon

WRITTEN BY
HENRIK BATALLONES

For the past couple of decades Clark and Subic—the nerve centers of Central Luzon’s emerging business and logistics hub—have been an attractive destination for locators both domestic and international. With recent and upcoming infrastructure projects spearheaded by the government—the Subic-Clark-Tarlac Expressway, the Subic-Clark cargo rail link, the ambitious New Clark City—it’s set to become a focal point for this country’s development.

The development of Clark and Subic also illustrates the importance of collaboration between the public and private sectors in enabling growth to other parts of the Philippines. Granted, the conditions were ideal to begin with: the infrastructure and facilities the Americans left behind were a good starting point. But the region’s growth would not be this profound if not for the continued coordination between the government, who recognized the potential of the former military bases, and the private sector, who helped steer all concerned towards the right direction.

My recent visit to Clark for SCMAP North Luzon’s first Kapihan Session illustrated the strength of industry and locator groups in bringing forward concerns to government agencies, who thankfully are receptive to the need to



maintain the region’s competitiveness. This comes in handy as the national government pushes with further decentralization, looking towards the regions to both decongest Manila and to bring the rewards of a booming economy ever closer.

That brings me to Mindanao, a region that, despite efforts, has been undeniably left behind. Government figures put the highest poverty incidence in the Philippines in several regions in Mindanao: the ARMM, at 48.2%, is the highest, followed by the CARAGA region (at 30.8%) and Region X (30.3%). Many factors are at play, but perhaps most notable is the peace and order situation in the island, stretching back decades, discouraging both the public and private sectors from investing there. While we have seen growth in recent years, these have been limited to major urban centers such as Davao and Cagayan de Oro, cities that have proven to be more resilient in the face of both natural calamities and domestic terrorism.

The Duterte administration’s infrastructure program seeks to redress the balance by setting some projects in Mindanao, but apart from the planned Mindanao Railway (whose first phase, connecting Tagum, Davao and Digos, is set to open in 2022) these projects are of smaller scale—perhaps a testament to how much planning has gone to projects in Luzon and Visayas across the years. Enhancing links between Mindanao’s major cities—and its farms, important considering the region’s reliance on agriculture—can spur growth, but the current limitations of port facilities in Cagayan de Oro, Davao and General Santos might hold back the network’s potential.

Does Mindanao need its own Clark,

then? I don’t mean something exactly like current plans for Clark. As it stands, the region isn’t conducive to be home to high-level manufacturing like in automotive parts or semiconductors: both internal and external connections just aren’t robust enough. Also, the service industries will still flock to Davao or Cagayan de Oro. But Mindanao’s agricultural sector needs a boost, and perhaps a new nerve center there, forming part of a new agri-corridor in the region, might just spur it.

How about a highway connecting CDO with Davao and General Santos, and another one connecting Zamboanga with, say, Surigao? What if we build a new “agri-city” on the intersection of these two highways, acting as a “bagsakan” for the produce grown in Mindanao? Like the mooted food processing terminal at New Clark City, it can integrate all these farmers and producers with the country’s supply chain network, with easy access to the region’s major seaports and airports, leading to Cebu and Manila in the north, and to our regional neighbors, particularly Indonesia, in the south.

As we’ve seen in Clark and Subic, continuous collaboration between the public and private sectors—both sides understanding what the other needs, and working towards a solution that benefits all—can go a long way in spurring development and economic growth. The conditions in Mindanao may just be right in the coming years. May we not waste the opportunity, whether it be with a grand vision like what I just made up, or otherwise. •

A version of this article first appeared on *PortCalls* April 2, 2018 issue, as part of our fortnightly column, SCMAP Perspective.

COMPLETE LINE OF STORAGE & RACKING SOLUTIONS



SELECTIVE RACKS



DRIVE-IN RACKS



MULTI-TIER / MEZZANINE



SHUTTLE RACKS



CANTILEVER RACKS



LONG SPAN SHELVINGS



BOLTLESS SHELVINGS



SUPERMARKET SHELVES

DENNIS INTERNATIONAL MERCHANDISING, INC.

www.victorhardware.biz | dennissalesint@gmail.com

CT POWER Tailift Forklifts

A TOYOTA INDUSTRIAL CORPORATION COMPANY



DIESEL FORKLIFTS



ELECTRIC FORKLIFTS



REACH TRUCKS



POWER PALLET TRUCKS



FULL ELECTRIC STACKERS



SEMI-ELECTRIC STACKERS



MANUAL STACKERS



HAND PALLET TRUCKS

SALES • LEASE • SPARE PARTS • SERVICE • WARRANTY

**VICTOR
HARDWARE**

697-699 G. ARANETA AVENUE, QUEZON CITY
743-6761 / 0917-5893556 / 0998-5424776
sales@victorhardware.biz | www.victorhardware.biz

The bits behind bitcoin

As cryptocurrencies hit the headlines, we dive into what makes it tick—and what it all means for supply chain

WRITTEN BY HENRIK BATALLONES

What is bitcoin?

Bitcoin is just one example—the biggest one, as it was launched in 2009—of a cryptocurrency.

Okay—what is cryptocurrency?

Essentially they're "virtual" currencies: it is used to facilitate transactions, using cryptography to secure and verify these transactions, and also to control the creation of new currencies. What makes bitcoin and its ilk different is that they are decentralized, meaning there is no central bank (unlike traditional currencies) and no single authority.

How can it work without a central authority?

Central bank manage currencies—printing new bills, assuring its value, ensuring its supply—from one point. Bitcoin, on the other hand, distributes this function to millions of computers running particular software. Transaction involving bitcoin are broadcast to this whole network; computers that receive this information create entries in their own log.

These logs—all the same, but scattered across the network—ensures that bitcoin is not double-spent, meaning one bitcoin is not used for two different, independent transactions. This is the thinking behind blockchain: a decentralized public ledger.

That's where this blockchain thing comes in, huh?

Yep. And it's the technology that has excited a lot of people about bitcoin and other cryptocurrency. As it's decentralized, it's supposedly secure: for a transaction to be deemed legitimate it must appear on all logs of all computers in the network. This transaction cannot be altered just on one point; you have to alter it at every point. Considering there are millions of them mining for bitcoin at this moment, it's a difficult and time-consuming thing to do. Each block also contains information from the block preceding it—like a chain—so you'll also have to edit those to get away with it.

Now, what's mining?

In bitcoin, mining is the process of recording, securing and verifying transactions to the blockchain. This is done by grouping them together into blocks, and broadcasting it out across the network. The process keeps the whole cryptocurrency decentralized.

But for a computer (running bitcoin software) to be able to do this, it has to solve a math problem to find a random number. It takes a really long time to do: it depends on a computer's processing power. No wonder some miners build specialized computers, or pool their resources, or look for cheap electricity, or just hack into other people's computers.

Mining isn't solely to create new bitcoin—it's designed with an upper limit. But successful miners also get a share of transaction fees with every block they make, encouraging players to keep the network secure.

The origin story of a bitcoin

A bitcoin transaction is broadcast across the whole network. A miner—software running on a specialized computer—gets to work, confirming the transaction by putting it in a block.

To include the transaction in the block, the miner must generate a proof-of-work—a particular number that is difficult to arrive at, requiring billions of calculations per second.

When a miner successfully calculates this number, it can start creating the block of transactions, building on previous blocks. The nature of mining means arriving at the number is resource-intensive.

How do you get rich on cryptocurrencies?

That's a difficult one. The easy answer is to mine for bitcoin, but that requires a lot of resources, and again, new bitcoin won't be created forever. (After bitcoin number 21,000,000, there will be no more.)

Another answer is to "invest" in bitcoin—buying a coin, or more likely a portion of it, through a bitcoin exchange using traditional currency. But that's tricky, as bitcoin (and other cryptocurrencies) are mostly speculative. You're running on the assurance, from computers across the network, that your bitcoin is worth something. (If you don't buy that, you can go for other cryptocurrencies, like ethereum or dogecoin. Yes, that is named after the Internet meme. There are slight differences with bitcoin—it explains why there are many cryptocurrencies at the moment.)

So, it's all just hype?

Depends on how you look at it. Investing in cryptocurrencies is betting on it being the next big thing. But nobody really knows that for sure. The people behind bitcoin say you shouldn't expect to be rich off it, and yet its value ballooned in late 2017. People speculate, buying low and selling high. It has certainly caused warning bells to ring in the world's banking systems, with some warning that it's all just a bubble that's going to pop soon, and others taking even more active steps, like South Korea banning anonymous trading of bitcoin.

And what if it isn't?

Well, congratulations—you have a new global currency. Admittedly there are some utopian ideals running the thinking behind bitcoin, or at least that's what those who have since taken up the cause think. (Independent! No external interference!) Whether traditional currencies would give way once this happens is still really hard to tell.

Ultimately, bitcoin is just a symptom and not the main cause. Outside the bitcoin mining community there's genuine excitement over the possibilities provided by blockchain, in how it secures data—transactions, videos, anything—by making it a bit more difficult to access.

Do those possibilities have to involve cryptocurrencies?

They don't have to. Already some are exploring how blockchain technology can be used to secure, say, financial transactions. Some of these players, however, are squaring in on the decentralized aspect of blockchain, removing the mining part, and sometimes even the public part.

Take Ripple, a payment system (and, also, a cryptocurrency developer) whose protocol does not use mining. It is also relatively centralized, partly for legal reasons; it has the backing of several banks around the world. But some may be reassured by blockchain records being more difficult to alter, because records are distributed among multiple points, and all these records have to be edited for a change to be truly made.

Can we in supply chain take advantage of blockchain?

The possibilities of blockchain have yet to be fully understood: right now people have an solution for a problem they don't know yet. In the supply chain front, though, some are using blockchain to monitor a product's provenance from the supplier's supplier to the customer: every stop in the chain is recorded on the blockchain, and as these records would be difficult to tamper, there's a greater guarantee that information about a certain product is truthful.

Yes, blockchain can contain any form of data, not just a list of transactions. The first ever block mined by Bitcoin's founders included text poking a bit of fun at the banking system. Downside is, people are using this technology for bad as well as good—take the recent discovery of several German researchers of links to child pornography embedded in a blockchain.

In other words, this is all a bit of a Wild West at the moment, but sooner rather than later, hopefully, we'll have a good idea just what the impact of these technologies is for the world we live (and work) in. •

Once the whole bitcoin network verifies the block, the successful miner (or mining pool) gets rewards in the form of transaction fees and, for now, new bitcoin. The more computing power you contribute to mining, the greater the reward.

The bitcoin (or whatever cryptocurrency you mined) you earn can now be freely used in transactions or traded. Its worth really depends on the market—and that's dictated, right now, by speculative demand.

Doggocoin wurks 2

Much secure

Doin the wow

I love bepis

Many da coin

More notes from the ALMC

We return to the Asian Logistics and Maritime Conference in Hong Kong to learn more about what's moving supply chain from one of the world's major trade hubs

WRITTEN BY
HENRIK BATALLONES

We at SCMAP once again had the privilege of taking part in the Asian Logistics and Maritime Conference, held last November 23-24 at the Hong Kong Convention and Exhibition Centre. Once again, we—and several other SCMAP members—had the chance to hear from leading experts and practitioners and learn about the direction of supply chain in the region and around the world.

This is my fourth time attending the conference, which in 2017 attracted over 2,000 delegates from 36 countries, and saw over 120 exhibitors (including, once again, the Philippines' F2 Logistics). Across those years the topics have, on the surface, remained the same—the Belt and Road Initiative, the rise of e-commerce—but that proves those movements are not just fads, but rather are new realities we must confront if we are to remain competitive. It is also proof of Hong Kong's commitment to becoming an important meeting point between China, which has emerged to become one of the world's economic superpowers, and the rest of the world, particularly its immediate neighbors in Asia.

One example is the enhanced ties between Hong Kong and Thailand: the latter's transport minister, Arkhom Termpittayapaisith, spoke of his country's ambition to become a regional logistics hub, with significant investment in rail and sea links, as well as enhancing

ease of doing business. It's an initiative that mirrors our ambitions for the Philippines.

BELT AND ROAD MOVING ALONG

The Chinese government's Belt and Road Initiative continues apace, with development on new maritime links to the south and new land links to the north in full speed. Speaking during the panel on Belt and Road, Victor Fung, group chairman of the Fung Group, said we need to recognize the impending boom in trade activity among the roughly sixty countries taking part in the initiative. In ways, China's growth—as well as other players like India and the ASEAN—has altered global supply chains, with consumption also rising in the east and no longer limited to western countries: he says the Belt and Road would act as the “premiere platform” connecting these economies to small- and medium-sized enterprises along the chain.

Li Guanpeng, president of Chinese freight forwarder Sinotrans, anticipates the Belt and Road would accelerate the shift of the world's economic centers to developing countries, and particularly to China, shifting it from a production-based economy to a consumption-based one. However, Siddique Khan, head of Kerry Globalink Logistics, admits that the rise of the last mile still presents a formidable challenge. Fung also foresees the Belt and Road having an impact on the political and legal systems of participating countries, with an opportunity for convergence and alignment in standards and practices. (This is worth watching: this could be one front in China's ambitions to become a world superpower rivaling the United States.)

NEW DIGITAL CHAINS

Emerging technologies such as blockchain and the Internet of Things continue to be a topic of interest at the ALMC. Of particular interest is how it could help business-to-business transactions the way they have changed business-to-consumer ones. Henry Ko, Asian managing director for Flexport, thinks further digitizing supply chain models would alleviate problems, citing how his company uses its own integrated platform to process everything along the supply



chain, catering to the needs of both the company, its customers and its partners, providing a better user experience and lowering costs. His ultimate vision is “a social network for trade” which would allow buyers and sellers to directly contact each other.

Dr. Hans Lombardo, co-founder of Hong Kong start-up Chain of Things, has a different approach: what he calls “smart buckets”—a physical storage point with sensors that report an item's status, utilizing blockchain technology to ensure transparency and security. He also proposes a potential shipping identity network and a blockpass solution in collaboration with industry partners, all to further mitigate losses and errors across the supply chain.

Existing logistics players are also tapping technology: Jeff Steilen, vice president of information technology for UPS Asia Pacific, cites his company investing over USD 1 billion annually on technology, mainly to improve efficiency, visibility, and sustainability. The need for supply chain stakeholders to invest in technology is underscored by IBM Research's head scientist Dr. Ren Changrui, who pointed out that despite



Despite this, the global supply of halal products only amount to 20% of demand, and one reason is the perceived difficulty of keeping the product halal across the supply chain. Ensuring this, according to Dr. Ch'ng Soo Ee of the Malaysia Innovation Hub, means ensuring appropriate sourcing, managing relationships with partners and customers, and quickly identifying and rectifying problems that might lead to cross-contamination. (Halal products must be in a separate container, away from non-halal products, during transmission.) An example cited by Zulkifli Bin Ab Latif, halal compliance director of A-Transglobal Logistics—which shifted from specializing in oil to halal products—is the discovery of a product that contained DNA from pigs; contamination was found to have occurred during handling. The loss of trust in halal, he said, can lead to a drastic loss of sales.

Luckily, halal logistics is not as hard as it sounds: Jamil pointed out that, at its essence, it is all about trackability and traceability—something the wider supply chain industry is already looking to address. (Ideally, he says, even the financial system handling the entire supply chain should be Islamic, but he acknowledges that this is difficult in many countries, and defers to halal standards established in their respective jurisdictions.)

The Philippines, for its part, has begun to expand its halal credentials, with its recent full membership to the International Halal Accreditation Forum, which could boost the standing of halal accreditation in the country. We have relayed our learnings to our colleagues at the Department of Trade and Industry, identifying it as a particular growth point for our supply chain.

In four years of attending the Asian Logistics and Maritime Conference, I am encouraged to see Filipino players becoming more open to ideas from around the world. May this continue; may this lead us to being world class. •

The next Asian Logistics and Maritime Conference happens on November 20-21, 2018. For more information, visit www.almc.hk. Thanks to Megan Fung of the Hong Kong Trade Development Council for the assistance.

skepticism across the industry, many of the technologies poised to impact supply chain are already in use.

The adoption of these technologies would also be driven by consumer demand, as was illustrated in the session on the impact of e-commerce on F&B logistics. Michael Tse, co-founder of online food platform Organic Taste, asserted that customers already expect more from them, not just in product variety, but also in efficient and effective customer service.

Technology, he said, can play a great role in furthering supplier relationships: his company, which does not carry large amount of stocks, uses data analytics to monitor which items need to be replenished. Michael Tung, supply chain head for DKSH Hong Kong, also cites the role of analytics in transforming customer information into a more meaningful marketing strategy.

LF Logistics' John Parkes, finally cited technology's role in linking suppliers, retailers and customers no matter where they are in the world. He sees the potential for social media platforms as a customer relationship management tool, and cites his company's work with

WeChat to develop various aspects of e-commerce, as well as technologies such as RFID and augmented technology to improve processes.

HALAL ALL THE WAY

We took particular interest in the ALMC's session on halal logistics, arguably an overlooked aspect of supply chain particularly in the Philippines, which has a sizeable Islamic population, particularly in Mindanao. While manufacturers based there already adhere to halal standards, it is likely end-to-end supply chain operations aren't—and it's an opportunity for the region as it gears up for economic growth, and particularly as it sets its sights on international trade through the ASEAN RORO route to Bitung, Indonesia.

Tapping into halal logistics also means gaining access to over 1.8 billion Muslims across the world. As Dato Seri Jamil Bin Bidin, head of the Halal Industry Development Corporation, pointed out, to Muslims, halal is an obligation: everything they use and consume—not just food, but also cosmetics, medical products, and even services—must be certified halal.

Millennials, choose supply chain

Here are five reasons why a supply chain career is rewarding and fulfilling

WRITTEN BY [MARVIN BUNYAG](#)



Supply chain management could be a foreign term to Filipino millennials since it is not yet widely taught in Philippine schools. Only a few of them offer an SCM degree. When asked to define it, it is likely students' answers would be different. Some companies even undervalue the impact of what supply chain management can do for their business.

Therefore, it is no surprise this field is struggling to gain more attention and importance to the public. Thankfully, executives today are starting to realize that supply chain management is critical to business success as they try to meet ever-changing customer demand.

Most are thrilled about the product, but no one seems to wonder how it gets on the shelf. The logistical value of the product does not attract some customers because it plays its role behind the scenes, from sourcing to final product conversion to delivery. To the extreme, some people underestimate supply chain when it is truly the lifeblood of business survivability. This is where the knowledge gap stems from, and it creates an opportunity for higher education insti-

tutions and businesses to work together. But why should students pursue a supply chain degree and career?

- **SCM is gaining attention.** While it is not a very popular topic in the Philippines, companies are beginning to adopt world class supply chain management practices. More supply chain practitioners are engaged in forums, seminars and trainings to learn new perspectives and approaches. It is obvious the resources today are more abundant than before, with industry experts, online courses, and professional organizations providing training. Companies are trying to fill the knowledge gap by relying on these resources.

- **Job growth.** The US Bureau of Labor Statistics estimates that supply chain jobs will grow by 26% from 2010 to 2020 globally. This correlates to the fact that supply chain is becoming more complex due to globalization, technology trends, and increased digitization. Therefore, new positions will be generated. One is the creation of the Supply Chain Analytics Specialist position, responsible for using big data to help management make better decisions. Another is the Process Innovation Analyst role, responsible for redesigning processes and integrating technologies to streamline the entire process. Job creation is also attributed to strong economic gains. Companies are likely to add more jobs as they expand their operations. SCM graduates are positioned to get hired sooner since there is much less competition in this field.

- **There is a talent gap.** DHL has warned that the demand-to-supply ratio in supply chain is six to one: there are six jobs available for every qualified SCM graduate. It could go as high as nine to one if higher education and companies do not take initiatives to close the gap. There are several reasons. First, the industry's job growth rate is outpacing individuals with supply chain management and logistics degrees. Second, it is not as attractive to the public compared to other occupations such as engineering and finance. Third, most academic institutions in the Philippines do not offer an SCM degree. Therefore, millennials have no clear understanding of the variety of career options with this

degree. "The task of finding people with the right skillsets required to run these highly complex operations is increasingly difficult especially at the middle and upper management levels. Unless companies solve their problem, it could threaten their viability to compete on the global stage," says Lisa Harrington of LHarrington Group LLC.

- **High pay.** According to the Robert Walters 2017 Global Salary Survey, there is an average salary increase of 25%-30% for moving and logistics companies. This indicates that Philippine companies are trying to attract Filipino professionals who are working overseas to go back home. However, even without the data, the apparent talent shortage in the industry would compel many companies to increase salaries offered to attract SCM graduates. In addition, as recognize the direct impact of supply chain on financial performance, they are more likely to allocate more resources for supply chain management talent.

- **It's not a boring job.** You get to travel domestically or internationally. Since many organizations choose to purchase rather than produce their own raw materials, travel is often necessary. In most cases, suppliers are located outside the company's geographical location. It is typical for people in the procurement function to visit the supplier's facility for a product or process inspection, assessing capacity and manufacturing environments, building relationships, and other purposes. In addition to procurement, employees within SCM are also required to travel, as all functions directly influence the product movement from its source to production to customer delivery.

Consider pursuing a degree in supply chain management or logistics. There has never been a better time to start taking a step toward earning an SCM degree. A recent study shows that millennials are more engaged, focused, and committed to pursuing a supply chain career. It is encouraging to see that this generation is beginning to make a difference in this industry. •

Marvin Bunyag started his supply chain career in Davao City before working for the likes of Kohler and Hood Packaging in the United States.



SOLID SHIPPING LINES CORP.

“Most Reliable Domestic Shipping Company”

DIRECT LINER FREIGHT SERVICE

Manila—Davao—Manila
Manila—General Santos—Manila
Manila—Cagayan de Oro—Manila

MANILA

471 San Fernando Street,
Binondo, Manila
Telephone Numbers:
(02) 241-8787
(02) 241-9841
Fax Number:
(02) 921-6942

MANILA

SLB-A Units 104-105
MNHPI Operations Center 1
Pier 16, North Harbor
Tondo, Manila
Telephone Numbers:
(02) 588-9075 / (02) 935-7255
(02) 921-9304 / (02) 921-1021
(0919) 617-8725 / (0922) 816-3211
(0916) 232-6717 / (0916) 232-6780
Fax Number:
(02) 282-7376

DAVAO

Tefasco, Ilang Tibungco
Telephone Numbers:
(082) 238-0758
(082) 238-0068
(082) 238-0070
Fax Number:
(082) 238-0071

GENERAL SANTOS

Makar Wharf
Telephone Numbers:
(083) 552-4589
(083) 552-4788
(083) 553-5805
Fax Number:
(083) 553-5803

CAGAYAN DE ORO

Gaabucayan Street, Agora
Telephone Numbers:
(088) 856-2024 to 27
Fax Number:
(088) 856-2028



- No huge capital investment necessary.
- Guaranteed supply anytime.
- Addresses seasonality of your requirements.
- Focus more on your production.



→ **CRATES**

- Beverage Crate
- Multi-Purpose Crate
- Vegetable / Fish Crate
- Multi-Purpose Tray



→ **FLOORING**

- Pigpen Flooring
- Chicken Flooring

↑ **PALLET**

- One Way Pallet
- Heavy Duty Pallet
- Twin Pallet
- Medium Duty Pallet

It's the
LEASE
 we can do for you...

RENTAL SCHEME

- ✓ Short term
- ✓ Long term
- ✓ Rent-to-Own
- ✓ Rental with Logistics Services

OTHER SERVICES

- PALLET WASHING
- FLOAT ANALYSIS
- PROPER HANDLING SEMINAR



CONTACT US:

Canlubang Hub Operations Silangan
 Silangan Industrial Estate

Tel No (632)6323661 to 69 • Mobile No. (0917)5149125

Email: msalvador@smg.sanmiguel.com.ph • Website: www.smypc.com

Enviro-tuff Liner™ Patented

Your protection against the toughest weather conditions

WHAT is ETL?

With challenges in every part of the globe's supply chain infrastructure, companies encounter losses, spoilages and delays in their shipments due to temperature variations. After studying the supply chain and witnessing firsthand the challenges exporters and shippers face, **San Miguel Yamamura Packaging Corporation (SMYPC)** developed the **Enviro-tuff Liner™ (ETL)**, a product set to revolutionize the transport of containerized goods in a cost-effective way.

The Enviro-tuff liner is designed to insulate shipping containers and protect the goods within from the hazardous temperature fluctuations during transport. It makes transportation of bulk goods effectively possible with standard 20ft and 40ft container vans.

WHY use ETL?

With global warming and climate change looming around, temperature variations can be really harsh to your products making them susceptible to damages and losses. In many cases, the damage is irreversible.

The ETL is a product that promises to deliver more than its alternatives. It is more cost effective and better performing than bubble wrap and thermal blankets. ETL is so easy to install as it eliminates the use of double-sided adhesive tapes, glues, and mechanical blowers during installation.

HOW does ETL work?

Without the proper protection of the ETL, cargo inside a container can be exposed to dangerous heat penetrating in three ways: radiation, conduction, and convection. Radiation or radiant heat penetrates through the container wall from the outside via infrared radiation. Conduction occurs when the cargo makes direct contact with the hot container walls whilst convection is the hot air circulating throughout the container.



The ETL helps eradicate these problems by reflecting up to 97% of the radiant heat, preventing the cargo from making direct contact with the container walls and preventing hot or cold air coming through the fully sealed liner. It averts rapid penetration of radiant heat through the liner thus ensuring greater temperature consistency for your cargo during transit.

Average Temperature: ETL vs No Liner

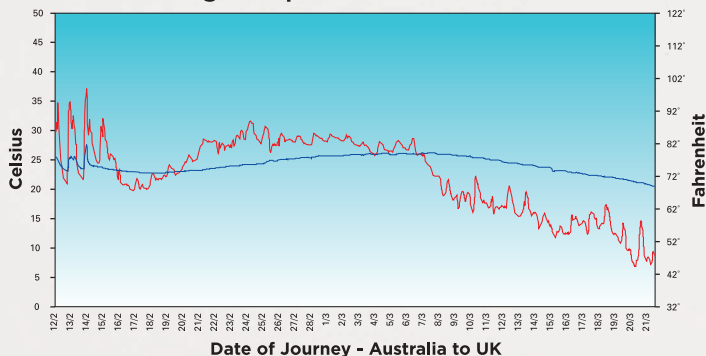


Fig. 1 The red line shows a container without an ETL experiencing extreme temperature fluctuations while the blue line highlights the consistent temperature maintained with an ETL.

WHO uses ETL?

Due to its affordability, ease of installation, versatility and strength, the ETL is used across many industries including wine, food and beverages, chemicals, electronics, automotives and other temperature-sensitive products.

Above all, in logistics operations — besides the delivery of quality goods to its destination, is the assurance of protecting the goods from the toughest weather conditions — and that is the commitment of the Enviro-tuff liner.

For inquiries, please contact:

Jane Caballero

Mobile no.: 0917-5335263

E-mail: mcaballero@smypc.sanmiguel.com.ph

Going the last mile



A woman in a blue striped shirt is talking to a man in a maroon shirt. They are standing near several red delivery boxes. In the foreground, a red bicycle with yellow wheels and a red delivery box is parked. The delivery box has the text "#8-7000" and "jollibee edelivery.com" on it. The background is filled with lush green trees and a stone wall.

We explore the many elements that make
this new frontier in supply chain possible

WRITTEN BY HENRIK BATALLONES

Mapping the last mile

The straightforward believes a complex that enable a sea

A colleague of mine decided to buy a charging pad for her phone. It seemed like a nice thing to have, she told me; after all, her phone was capable of wireless charging, and it felt good to be free from having all those wires. So she placed an order from one of the better known online stores, who told her the item would arrive the following day.

The item did arrive the following day, and the payment went smoothly. But then we realized she may have been given the wrong item. She didn't get a charging pad, but instead, got a really bulky power bank. (Could it have been a power bank that also serves as a charging pad? We tried with our phones; nope, it isn't.) She contacted the store and raised her complaint.

"Pwede po bang daanan ninyo kami sa store namin para papalitan 'yung item?" they told her.

"Nagpa-cash on delivery ako kasi busy ako, wala akong oras," she answered. *"Bakit ako pupunta sa inyo?"*

It also turns out they charged her for more than they should have. She admits she wasn't really sure how much the item cost, so she readily paid twice what she should have. As we went to press, despite numerous follow-up calls, she still hasn't been given the charging pad she actually ordered, nor has she been refunded.

That sounds like one of those stories you've likely seen on your Facebook feeds, the sort where disgruntled customers find they have no other way to settle their grievances with online sellers than to post about it on social media, a warning for their friends to either be really careful, if not avoid the store altogether. It's just proof of how much customer demands have evolved over the years, more so with the changes to retail and business models caused by the possibilities new technologies have offered. It also shows the new pressures put on a business to deliver with these expectations in mind, and particularly to its supply chain operation, on which these expectations rest.

Thankfully, stories like these are more the exception rather than the norm, especially for bigger retailers. They have figured out how to harmonize the many moving parts of their supply chain, as well as how to take advantage of new processes and technologies at their disposal, to better serve their customers. Over the years businesses have looked at the last mile—the final stretch in the delivery process, from the distribution center to the end customer—as the new frontier not just in supply chain management, but in customer service. But, as opposed to what the name implies, the last mile is not limited to that final step: many elements are at play, from warehouse management systems, to app development, to customer service hotlines. In a sense, the last mile covers most, if not all, of the supply chain.

"We've been doing last mile for a long time," I once explained to a colleague. "It's pizza delivery. 30 minutes or it's free."

The transportation aspect is what most of us, especially the customers, see when we explain the last mile. It is what fills the last gap between the business and the now

1

I want to buy something...

The last mile begins with the customer browsing for information on what he wants to buy, whether

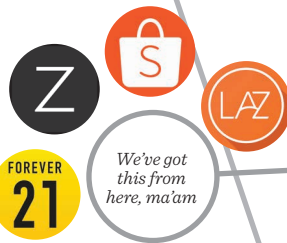


it be through a website, an app, social media, or by visiting a physical store

GFriend wearing Reebok... want!

Apps allow shoppers to browse whenever, wherever—and, hopefully, make them buy... and buy some more

Websites should allow for the same functionality as apps, for a truly seamless experience
Customers want usable apps where they can browse, buy and track



Payment options are important whether the purchase is made online or offline. Are you paying via cash, or credit card? Will you use a bank transfer, or your mobile wallet?



2

Picking and packing

As the customer waits, the merchant is off to fulfill the order. In the case of e-commerce sites, a distribution center tracks down the item and prepares it for delivery.

Warehouse management systems monitor inventory levels and product flows, often available on the cloud for anywhere access. Ideally the information here should also be on the customer platform, alerting customers to items running out of stock

I see my supply chain from my house!

Advanced picking systems ensure accuracy in order picking, minimizing the chance of human error

RFID, GPS and bar codes allow better traceability across the last mile

ard experience of buying online
network of players and technology
less experience for the customer

3

Off to the delivery team

The last mile fills the gap between the store and the customer. The logistics provider plays a critical role not just in delivering, but in enabling services to the shopper



3PL providers—logistics firms, couriers and transporters—are close partners with many e-commerce sites, handling not just the physical delivery but also cash-on-delivery payments

Bigger e-commerce sites often utilize their own dedicated fleets, providing greater control and transparency

Support systems provide both courier and customer important information: directions for the former, order status for the latter

Couriers are also expected to have a good idea of where they're going—and to be in contact with the customer on the last leg of the order's trip

Service-level agreements are important to keep merchants and 3PL providers on the same page when it comes to service, payments and other details

Peak periods mean bolstered transport and support teams—and managed expectations—to ensure customers remain satisfied despite the inevitable delays



4

Let's see what we bought...

It does not end with the courier handing off the item to the customer. The last mile means the logistics partner handles customer service and payment—and in the Philippines, this means cash on delivery



Value-added services such as allowing the customer to inspect the item before paying is now the standard expected by shoppers at their door

Want to try out your shoes?

(dancing like SinB in excitement)

Smartphones are now an indispensable tool for couriers. Whether they're delivering groceries or shoes, all they need to notify the customer and the merchant of the delivery status is in an app

And of course, the other essentials: a smile, attention to detail... and change



Thank you so much!



5

Can I return this item?

Not all transactions go as planned, and e-commerce outfits have robust returns policies to stay competitive. That means logistics partners can go in both directions for the retailer



The returns process can be as easy as entering details in the website or an app, and either dropping off the item at a designated point, or have the courier pick it up from your home directly

From there, the logistics partner delivers the item back to the distribution hub—like a reverse transaction

Payments can be reversed or refunded depending on when the transaction is cancelled or the return is initiated. This means coordination between the merchant and logistics partner is important to align numbers

We'll take care of it!



IU wearing New Balance... want!

time-time-starved, mobile, and slightly more impatient customer. As such, more things are being delivered to the customer now, from foods to groceries, from gadgets to clothes, and everything else in between.

The advent of the last mile ties in with a general paradigm shift in distribution and transportation models. We began with large-scale deliveries from a production facility to a distribution facility, and smaller (but still large enough to fill, say, a closed van) deliveries to multiple stores in one trip. Now, evolving demands from both customers and retailers—faster fulfillment, smaller delivery windows—have led to a shift to smaller deliveries direct to stores. Some still do multiple stops per trip, but increased congestion in urban areas have made changes to a business' delivery fleet necessary. Now, trucks and vans are complemented by motorcycles and even bicycles. The world's logistics big-hitters, like Amazon, have even explored the use of delivery robots and drones.

Increasing complexity in transportation has also led to some opportunities for new players to, at the very least, provide solutions for businesses looking to provide last mile delivery, or to augment existing resources during peak periods. Ride-sharing services like Uber and Grab have provided delivery services, alongside newcomers like Lalamove and Deliveroo (locally known as Transportify). They allow businesses to also tap into vehicles such as sedans and wagons, offering extra flexibility, particularly with the size of packages and spikes in demand. For customers, this also means a better ability to track the whereabouts of their orders.

But then, the impact of last mile's advent on transportation is not as big as in other fronts. Arguably, supply chain managers already have a grip on shifting transportation strategies to account for changes in demand, whether planned or unplanned. Where last mile makes a bigger impact is in what happens before an item is transported to the customer. It's in how a customer interacts with the business throughout the transaction, from the selection process to the final placement of order. It also affects the ability of smaller players to enter the

1—Delivery services like Honestbee provide value both to time-starved consumers, as well as to businesses looking to dip their feet into last mile delivery 2—Cashless payment systems like GCash are poised to play a huge role in improving last mile logistics capabilities



marketplace, providing them with tools to be able to better compete with established outfits.

For customers, the first step is online.

With the rise of e-commerce, chances are they're looking online to, at the very least, glean information on an item they want to buy. For many, social media fills the gap, with both businesses and close friends helping inform a customer's decision on what—or what not—to buy. For smaller businesses, social media platforms such as Facebook or Instagram provide an accessible show window for them to hawk their wares, too.

For larger players, however—whether they be online-only upstarts or established brick-and-mortar players—their online presence is an opportunity to provide the customer with even more information about their planned purchases. Websites for major e-commerce players can tell you whether an item is in

stock, and provide easier customization if ever you want it. With smartphones becoming more accessible and Internet access expanding fast (although, in the Philippines, speed and reliability remains an issue), these players are looking to duplicate, if not enhance, the experience with apps.

Some players have moved to providing smaller players the infrastructure to better establish their businesses. Online marketplaces such as Shopee, as well as platform providers like Tackthis, allow businesses to not just market their items to the shopping public, but also analyze data pertaining to customer habits and preferences, allowing them to plan and deploy resources better. These platforms also provide smaller players access to support and payment systems they would otherwise have difficulty tapping if, say, they remained exclusive to social media.

Increasingly, one factor that affects what (and where) the customer shops is payment methods. In the Philippines, the fact that most people, particularly those in rural areas, do not have physical access to a bank is a roadblock to the growth of e-commerce. Smaller players have had to settle for methods such as cash transfers to process transactions with their customers. Those living in urban areas, however, are starting to have more options: apart from credit cards and bank transfers, the emergence of cashless payment methods are providing

Where last mile makes a bigger impact is in what happens before an item is transported to the customer.



1



2

both businesses and customers more options to do business.

While attention is more focused on initiatives from the country's major telecommunication companies—Globe's GCash, with help from Alibaba subsidiary Alipay, and PLDT's PayMaya—cashless payment has been in the Philippines for years now. Jollibee's HappyPlus and SM's eTap have long provided wallet services to its users, giving them the ability to load their cards beforehand, and paying at participating merchants with their cards. The government's Beep card, a public-private partnership with the Ayala and Metro Pacific groups, is mostly used for public transport, but can also be used in select establishments. Several banks have also started embracing contactless payment technologies from Visa and MasterCard, and the government-mandated rollout of EMV cards poises it for wider adoption.

The entry of GCash and PayMaya goes one step further, integrating a user's mobile wallet with his mobile phone. Thanks again to apps, and technologies like QR codes, one can pay for transactions by opening up his mobile phone and scanning a code. (On the flipside, this can also work for large transactions between suppliers and retailers.) While these providers are aggressive in encouraging merchants to enter their systems, adoption rates, particularly among smaller players, is low. Perhaps it's a chicken-and-egg situation: maybe we'll

see more when more users adopt these mobile wallets. For now, the steady uptake of loading stations in convenience stores and malls—and possible further mobile integration, perhaps including payment via prepaid credit—should make adoption easier.

Marketplaces also provide merchants access to customer service systems, a particularly important aspect as customers are more keen to learn about the status of their orders. This may include contact centers providing support via call or email, or the development of chatbots (as is the case with Zalora and Lazada). This support may extend not just to the customer but to other moving elements such as riders and transporters, in aspects such as payment concerns, returns and even wayfinding.

None of the elements that make the last mile work would be possible without technology. The advent of advanced

The advent of the last mile is arguably shifting the way we look at supply chain management.

systems and processes has enabled many of the things that allow supply chain managers to have a better understanding of the many moving parts in their operation, and, in some cases, have better control over them. In particular, the increased interconnectivity between these systems also provide the supply chain manager the ability to respond to any issues and spikes in demand whenever, wherever.

We have been using these technologies for a long time now. Warehouse management systems allow us to track inventory, monitor product and information flows, and manage assets. Analytics tools allows us to better understand how and where our products are moved, and ultimately consumed, and also gives us the ability to plan ahead with a greater degree of certainty. The entry of technologies such as GPS and RFID also broadened our understanding of the behavior of our products from the moment they enter a distribution facility to the moment they reach the stores, or in this case, the end customer. It can also help facilitate item returns and customization options, if available.

The advent of cloud computing has expanded these possibilities. Most advanced WMS set-ups now provide a capability to upload information to a secure server, often in the so-called cloud, where we can monitor our operations from any location, usually through a central dashboard. Supply chain—and the last mile—is a 24/7 affair, after all, and the ability to respond quickly to urgent situations can spell the difference between good and bad customer service. Imagine being able to respond to spikes in demand from your bedroom: you see a surge of orders, you recruit extra vehicles through services like, say, Transportify.

Smaller players also benefit from the possibilities offered by cloud computing. Whether through a marketplace or through an off-the-shelf WMS or ERP system, smaller players can benefit from a system that can elevate their businesses and better allow them to respond to customer needs. They may not be able to have a bespoke mobile app, but the improvements to processes these systems provide would allow them to better compete with bigger players.

The economic case for the last mile Nestor Felicio thinks the last mile makes economic sense—and is here to stay



delivery is still cheaper than driving (or commuting) to the store, paying the parking fee, and driving back home. Not to mention the time spent. This is the value that Amazon offered. Books were a no-brainer (even bypassing the physical medium and delivering content directly to Kindle devices); now they are into food and fresh goods, among other things.

At the end of the day, it is not about e-commerce or the Internet. It is still about good old supply chain costs, and the total cost (or value) in the eye of the consumer.

Now, there are more alternatives. You don't have to drive; you can call Uber. And traditional stores are fighting back with omnichannel marketing and distribution, blurring the lines between online and offline engagement. And that is exactly what Uber wants to dominate—it is testing a grocery delivery service in partnership with Walmart.

Which business model will win? Amazon's integrated model (source, warehouse, pick-pack, deliver) or Uber's service model (dominate the last mile)? My personal view is that they will co-exist.

Amazon is expanding its footprint in Southeast Asia; the Philippines, with its young population of 100 million and high smartphone penetration, is an attractive market. And don't forget Alibaba, already established here and aggressively investing in growth and cashless payment systems.

With Uber having sold its Southeast Asia business to Grab, the field is wide open for other players to enter the last mile logistics arena. Conglomerates that have recently acquired and consolidated logistics companies are in a good position to leverage into these opportunities.

Whatever the outcome, the future logistics landscape will look different. And it all makes economic sense.

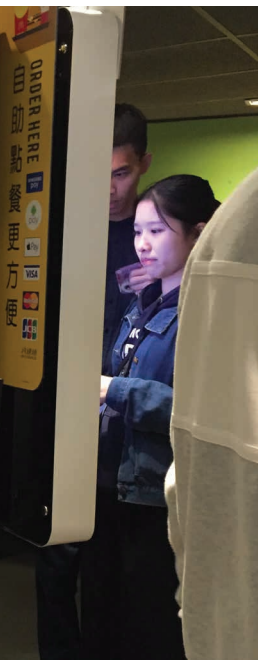
Nestor Felicio is president of SCMAP and corporate vice president for integrated planning and logistics management of Unilab, Inc.



Cloud computing has also allowed for greater transparency not just for those working behind the scenes, but for customers as well. They already expect to be able to know not just when their package is coming, but where the package is at any given moment—distribution partners already enable this, but perhaps soon we'll see larger e-commerce sites allow tracking of orders, much like Uber, through their apps. These e-commerce sites already allow customers to know if the products they want to buy are out of stock and, perhaps, when they'll be back in stock—another benefit of WMS interconnectivity.

The advent of the last mile—and the technology that allows it—is arguably shifting the way we look at supply chain management. We were looking to fill the last remaining gap between the product and the customer, that put supply chain at the front lines of customer service, while keeping its role behind the scenes, making sure everything moves the way they should, to enable a seamless experience for the customer. In a way, though, the customer is no longer just a target at the end of the chain, but all over it. The moving parts that form the last mile sees the customer having a say all throughout the process, from the initial purchase to the final delivery, and perhaps, when the transaction doesn't go as smoothly as hoped, to the returns process.

We've been doing this for a while now. Decisions are not made in a vacuum, but



The last mile can also take the form of enhancing the customer experience in physical locations—like this McDonald's branch in Hong Kong, where orders are made (and paid for) through touch-screen kiosks

increasingly we've been amassing data to better understand our customers, from focus group discussions, to customer loyalty programs, to the digital crumb trail they leave behind through websites, social media and apps. The last mile puts these insights at the forefront, integrates them throughout every process, and keeps us at our toes. Supply chain is no longer just the domain of numbers, flowcharts and processes; it is now customer service, through and through.

With new frontiers come both new challenges and opportunities, particularly in ensuring that the last mile experience is as seamless and worry-free as possible for the customer. Critical, as always, is the importance of strong collaboration between players across the supply chain—more so now that, with technology playing a greater role on both the back rooms and the front lines, there are many more elements at play.

Apart from the traditional relationships between producers, logistics providers and retailers, there are other teams whose input are critical to ensuring a good customer experience. There are the IT teams, both on the back-end (say, those designing warehouse and transportation systems) and front-end (like app developers and UI/UX designers), ensuring seamless transactions from both the retailer's and customer's perspective. There are also those who are directly involved with the custom-

er service side: the support teams, the couriers and riders, perhaps even the retailers themselves, in the case of marketplaces such as Lazada and Shopee.

An example I always love to cite is the story presented by Zalora's Constantin Robertz during one of our General Membership Meetings. He talked of how he illustrated to their logistics partners that cash on delivery is doable, by investing in both the technology that allows it and training the last mile fleet that would implement it. Now the e-commerce giant boasts of not just COD payment, but also its 15-minute "customer try-on" service, and an efficient returns system where riders can pick up the items from the customer. Their logistics partners have also taken on the challenge in areas not served by Zalora's own fleet. For the retailer, this also means better tracking of packages, and more data points allowing everyone to understand any gaps in the whole customer experience.

The importance of technology in enabling the last chain also raises new issues—or at least, reimagines them. Security is one factor, and with the threat of phishing, hacking and other forms of cybercrime looming, players across the supply chain must ensure that systems are robust and secure, all to gain and keep the trust of producers, retailers and customers. Increased awareness towards privacy, after revelations of unauthorized collection and use of personal data, is also a factor; in the Philippines, the Data Privacy Act serves as a guideline for businesses.

The most important issue players in the last mile face is trust, between merchants and customers above the line, and among all players—marketplaces, logis-

tics providers, merchants, even financial institutions—below it. It is this trust that allows the last mile to flourish, and no amount of investment in technology can make up for the loss of this trust. For customers, this may mean managed expectations, like when delivery is delayed, or an assurance that their packages will not be subject to pilferage during transit. For merchants, this may mean timely remittance of payments, ensuring that riders do not make away with the money and disappear into the night. Ensuring this trust holds is a continuous process, from detailed service-level agreements, to regular training of all personnel (particularly those on the front lines), to constant feedback to merchants, providers and customers.

While the last mile emerged from the explosion of e-commerce, it is also important to remember that it very much applies to offline shopping experiences, too. For retailers, their entry in the online shopping space is all about providing as many options as possible to customers—take fashion brands like Penshoppe or Bench offering e-commerce options alongside their physical stores. (This is most evident with the emergence of cashless payment methods in the Philippines.) Customers ultimately go online because it may be more convenient to them; alternately, they stay offline because it may be more comfortable. Or, as is the case with most people, they look things up both online and offline, before making a purchase, again, either online or offline. If you cannot replicate one experience on the other, you have some kinks to iron out.

So, would my time-strapped colleague have been better off buying a charging pad offline, than ordering one online and having the retailer get both the item and the pricing wrong? The point of the last mile is to ensure this shouldn't be an issue—that, whatever option she goes for, she gets the same level of service. It is supply chain's new frontier, indeed. •

Supply chain is no longer just the domain of numbers, flowcharts and processes.

This article is part of the output of SCMAP's last mile collaboration group, established to discuss supply chain issues and challenges. Thanks to Dina Pilapil, Roselie Tubeo, Dario Arive Jr. and Norman Adriano for assistance with this article.

**connect.
engage.
move.
all at your
fingertips.**

Be up to speed with the latest events, activities and updates from SCMAP through our expanded online and social media presence.

scmap.org Our new website has all the information you need on upcoming events, our advocacies and how to become a member

Facebook For event information and updates on events shaping the supply chain industry: facebook.com/supplychainphilippines

Twitter For live event updates: twitter.com/scmap_ph

LinkedIn Connect with the industry's best through our events.

DEBRIEF



Connecting, engaging and moving supply chain The 2017 SCMAP Supply Chain Conference brought together stakeholders, practitioners and business leaders in our most ambitious—and successful—event yet

WRITTEN BY [HENRIK BATALONES](#)

We called the 2016 edition of our flagship event, the SCMAP Supply Chain Conference, the biggest yet. I think it's safe to say that assertion no longer stands now.

Modesty aside, we have outdone ourselves. The 2017 SCMAP Supply Chain Conference, held last September 20-21 at the EDSA Shangri-la Manila in Mandaluyong City, is our biggest yet. We gathered renowned speakers from

business, government and the academe. We tackled the most pressing topics in supply chain, and also looked ahead to how the industry's role in shaping and improving Filipino lives is set to evolve. It also helped that we have slightly increased the number of delegates from the previous year's conference, and also saw a well-attended exhibit featuring leading supply chain products and services.

Tying in to the battle cry SCMAP adopted early in 2017—"Connect. Engage. Move."—we explored the many ways supply chain connects, engages, and moves Filipinos. To help us do that, we reorganized the plenaries into sessions, each exploring a theme. On the first day we looked at efforts to enhance the country's trade links with its neighbors, and also at how we can develop and keep talent as supply chain gets more attention. On the second day we explored customer satisfaction and new technologies that may affect the industry. We also tapped supply chain managers who gladly shared their experiences from around the world, and their insights into how we should approach our work.

But we began with three keynote speakers, all renowned and respected in their fields. Peter Wallace, one of the leading voices of the Philippine business community, kicked off the conference by presenting his take on the state of

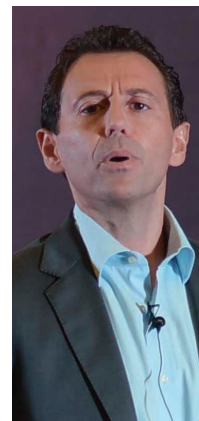
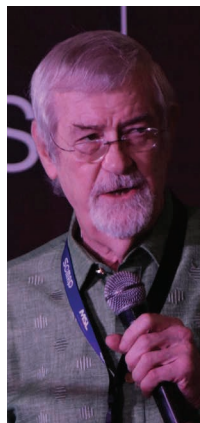
the country's economy and what lies ahead under the Duterte administration. Atty. Ruth Castelo, undersecretary of the Department of Trade and Industry, followed with government efforts to enhance ease of doing business and improve the competitiveness of our logistics processes. Finally, Ma. Catalina Cabral, undersecretary of the Department of Public Works and Highways, presented a status report on the government's ambitious infrastructure program, aimed to further boost the Philippine economy.

The first day's session on international linkages was led by the REID Foundation's Dr. Thomas Aquino, who looked at how government has furthered its trade links with its neighbors. The Hong Kong Trade Development Council's Dickson Ho presented an international perspective, considering the proximity of China's Belt and Road Initiative to the Philippines. Manila North Harbour Port Inc.'s Raul Quisumbing tackled how local ports are suiting up for the challenge. Finally, renowned urban planner Felino Palafox Jr. presented just how planning and infrastructure can improve not just linkages, but Filipino lives as well.

The next session, which looked at talent development, featured People Management Association of the Philippines president Ramon Segismundo, who looked at the demands put on the modern supply chain manager, and British American Tobacco's James Michael Lafferty, who discussed efforts to keep employees motivated—complete with some physical activity for the delegates.

The following day began with a session on supply chain's role in ensuring customer satisfaction. Presenting the perspective of the logistics provider was Royal Cargo's Michael Kurt Raeuber, who illustrated his company's efforts to keep service levels up for their principals. Presenting the retailer's perspective was Rustan Supercenters' Irwin Lee, who also touched on how technology is upending retail models and forcing them to evolve.

Three supply chain managers at the top of their fields led the next session, each providing their distinct perspec-



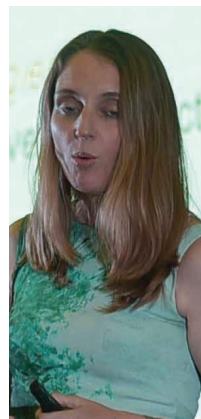


Previous page— SCMAP president Nestor Felicio and Wallace Business Forum's Peter Wallace officially open the conference

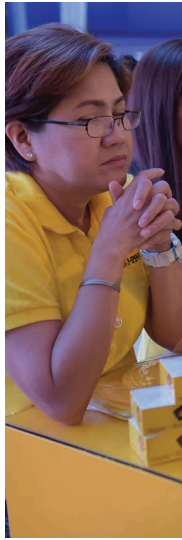
Top row— The country's top supply chain managers in one selfie

Middle row, from left— Peter Wallace; Usec. Ruth Castelo; Usec. Ma. Catalina Cabral; Dr. Thomas Aquino; Dickson Ho; Raul Quisumbing; Felino Palafox Jr.; Ramon Segismundo; James Michael Lafferty

Bottom row, from left— Michael Kurt Raeuber; Irwin Lee; Luca Fichera; Patricia Anna Cambel; Antonio Rivera III; Kenneth Lingan; Maureen Ledesma; Suzie Mitchell; Josemari Danga



1—Day one, registration time
 2—A little physical activity never hurts
 3—Some audience participation before the panel on customer satisfaction
 4—A quick post-panel chat
 5—Hosts Cliff Eala and Roselie Tubeo giving some prizes away
 6—Two undersecretaries and a president
 7—SCMAP president Nestor Felicio opens the conference...
 8—...while SCMAP director Tina Alvarez closes it
 9—The exhibit was bustling with activity
 10—Rows and rows of gift bags
 11—The panel on future supply chain
 12—Once it's all over, a post-conference huddle



5

6

8



9



10



11



12

tives honed from years of working not just in the Philippines, but from around the world. Nestlé Philippines' Luca Fichera talked about his experiences from years working across the world. Johnson & Johnson's Patricia Anna Cambel presented a regional perspective. Finally, Mead Johnson Nutrition's Antonio Rivera III distilled decades of global experience into six slides, providing a succinct take on what supply chain managers are ought to do.

The final session looked at how technology is set to change supply chain. Google Philippines' Kenneth Lingan made an important point: that technology is already here, and chances are they are at the palm of your hand. Vesl Trade Finance's Maureen Ledesma presented a peek to the future, with blockchain set to move things further, while DHL Supply Chain's Suzie Mitchell discussed how logistics companies like hers are adopting to change. Finally, SSI Schaefer's Jose Mari Danga had one last reminder: a call for sustainability in the face of evolving technology.

The decidedly varied mix of speakers—supply chain, marketing, human resources, urban planning—was selected to highlight how supply chain works best: with collaboration, not just within supply chain, but with every stakeholder around it. We also tweaked the conference format to make delegates more comfortable with asking questions, and the Q&A sessions were quite spirited: ninety minutes weren't enough in most cases. The delegates—around 350 this year—were more engaged than before, it seemed. (The moderators—members of the SCMAP board, also bringing their expertise in—certainly helped.) That also was the case with the exhibit, which gathered top supply chain products and services, and was attended by roughly a thousand people across the two days.

It felt good knowing that the changes we implemented to the SCMAP Supply Chain Conferences worked out for the best—the sleepless nights were definitely worth it. But that also challenged us to go one step further for this year's conference, which will be held on October 2-3, again at the EDSA Shangri-la Manila. Challenge accepted, we say. We hope to see you there. •

Presenting a view of 2018

Supply Chain Outlook tackled the impact of tax reform on the economy—and unveiled a fresh take on how SCMAP will deal with industry challenges

WRITTEN BY
HENRIK BATALLONES

As is now traditional for SCMAP, the new year began with a look at what lies ahead for the supply chain industry with its Supply Chain Outlook forum, held last January 26 at the EDSA Shangri-la Manila.

The pressing topic for the industry (and for everybody in general) is tax reform—a series of new laws and initiatives being rolled out by the Duterte administration, the first phase of which went into effect at the beginning of 2018. For the supply chain industry, this could mean higher logistics costs: higher taxes on petroleum products and energy would impact both warehousing and transportation, while higher taxes on new vehicles could provide a stumbling block to efforts towards fleet modernization.

But the government's initiatives also sees the changing of tax brackets for personal income tax, which could see higher take-home pay for employees, and drive more consumption.

Mitch Abdon, incoming director for the Strategy, Economics and Results Group of the Department of Finance, was at hand to explain just what the five tax reform packages mean. Apart from arguing for the importance of new tax laws to the government's plans to boost spending in infrastructure and social services, she also outlined the possible



1—SCMAP's Board of Directors with its past presidents and the day's speakers
2—Swearing in (seven of) the board members
3—A question from SCMAP North Luzon's Frankie Villanueva
4—Coffee on the sidelines
5—Speakers Mitch Abdon and Roni Balbieran during the open forum
6—SCMAP president Nestor Felicio delivers his inaugural address
7—Catching up on some reading





THE 2018 BOARD

President—Nestor Felicio, *Unilab Inc.*

President-elect—Christine Pardiñas, *Rustan Supercenters Inc.*

Secretary—Dina Pilapil, *LF Logistics*

Treasurer—Clarissa Castillo, *Johnson & Johnson*

Auditor—Arnel Gamboa, *National Bookstore*

Directors—Ma. Cristina Alvarez, *Procter & Gamble*; Mark Philip Comandante, *Zuellig Pharma*; Pierre Carlo Curay, *XVC Logistics*; German Martizano Jr., *Unilever*; Anghelita Santor, *Nestlé*

1



5



6



7

impact of future tax reform packages, including changes to corporate income tax, which is expected to be tackled in the second package.

Also speaking at the event is a familiar face to SCMAP: Ronilo Balbieran of the REID Foundation once again presented his take on the Philippine economy, arguing that tax reform should ultimately benefit the country in the long term.

Supply Chain Outlook also saw the induction of the organization's Board of Directors for 2018—a mostly unchanged board from the previous year. Notable is the naming of Rustan Supercenters' Christine Pardiñas as president-elect, meaning she will assume SCMAP's top seat from 2019 to 2020—the first from the retailing sector to do so.

In his address, SCMAP president Nestor Felicio noted the organization's success in 2017 and how it presents them with new challenges for the coming year. A new initiative from the organization sees the establishment of collaboration groups which would serve as a venue for members to discuss and brainstorm solutions for pain points they experience. The output of these groups would be reflected across SCMAP's events and activities for the year, as well as in future issues of this magazine.

Seven groups, each led by an SCMAP director, has been established, tackling surge planning, cost to serve, reliability and performance, manpower management, last mile logistics, transport regulations and downstream collaboration. Members are invited to participate and provide their input in the groups' focus group discussions and meetings.

"In 2018, our battle cry 'Connect. Engage. Move.' will take on new meanings," Felicio said. "We will direct our efforts towards these pain points, getting connected and educated about the issues, so that we can engage ourselves and all stakeholders, towards moving and solving them."

"What if everyone in the chain coordinates and agrees to making the total supply chain efficient and not just their individual localized operation?" he later said. "Maybe it is crazy to dream, but every step that we make brings us closer to making this dream a reality." •

SCMAP Visayas tackles region's infrastructure

The chapter's Infrastructure and Traffic Summit looked at how Cebu is—and should be—coping with the pains of a growing economy

WRITTEN BY [JOHN CHIN](#)

Going deeper on the efforts and possible solutions in addressing traffic in Visayas, SCMAP's Visayas chapter held the Infrastructure and Traffic Summit last September 15 at the Bayfront Hotel, Mandaue City. The well-attended event was filled with a highly competent and reliable set of resource speakers from both government and industry.

Engr. Fortunato Sanchez, chair of the Metro Cebu Development Coordinating Board, highlighted that most of the infrastructure problems we suffer from today are due to the lack of planning and prioritization. As a result of this failure of engineering, he suggests pursuing the establishment of the Metropolitan Cebu Development Authority to institutionalize planning and provide for better results in the coming years.

Ador Canlas, regional director of the Department of Public Works and Highways, then shared the Build Build Build program of the Duterte administration, enumerating a number of promising projects in the region to address the issue of connectivity in Visayas' inter-island landscape. He discussed ongoing projects like the N. Bacalso Underpass, and other projects underway including diversion roads, bridges, and many more, hoping to achieve traffic decongestion and a more livable, sustainable, and resilient community in Region VII.



1—A group photo before we go home
2—Getting to know you
3—A chance to put in questions to the experts





Top row, from left—Engr. Fortunato Sanchez; Ador Canlas; Engr. Allan Alfon
Middle row, from left—Dr. Rodien Paca; Arch. Jensen Racho; Atty. Israel Garaygay III
Bottom row, from left—Philip Tan; Atty. Rafael Christopher Yap; Engr. Ricardo Mendoza

Engr. Allan Alfon, president of the Cebu Cordova Link Expressway Corporation, capped the morning session by sharing details on their CCLEX project, providing a direct link between the City of Cebu and Cordova. He also revealed that the toll bridge would charge “a similar rate with the Luzon tollways”, which would probably be at around PHP 80 for the 8.5-kilometer expressway. Promising as it is, both the convenience and the aesthetics of the facility would be something to look forward to in the future.

Dr. Rodien Paca kicked off the afternoon session by tackling port management and planning. He presented the steps and factors considered in making a study for the port. He further explained that double handling and port congestion are the primary drivers of the problems in the port.

“The port is the barometer of a city’s economy,” Paca said, while emphasizing the need for more ports and more ships cater the growing demand of the Cebu provincial network.

An insightful analysis of the Cebu traffic situation was shared by Architect

Jensen Racho, past president of the United Architects of the Philippines’ C1 district, as he presented numerous solutions to traffic. Some of these include the use of flared intersections in road construction, the superblock model in urban development, and mass transport systems.

The problems and solutions elaborated was then supported by Atty. Ismael Garaygay III, head of the Cebu City Transportation Office. The EEE (Enforcement, Engineering, Education) framework, he said, is an important aspect of constructing and implementing an effective traffic management plan.

A passionate discussion of Mandaue City’s new zoning ordinance was then presented by Philip Tan, chief executive officer of Wellmade Holdings and the private sector’s representative in the city’s zoning board. He shared the vision of the ordinance, and the critical points that each establishment should take note of. He expressed how this ordinance would be a step into transforming Mandaue into a cultural and social city with appropriate facilities.

“Either we bite the bullet today, or

wala jud mahitabo (nothing will happen)”, he said.

The last speaker was Atty. Rafael Christopher Yap, project manager of Cebu City’s Bus Rapid Transit project. He enlightened the participants with how BRT as a public transport system is an effective solution to traffic congestion. He also agreed with Tan’s perspective on development: “If it is difficult to implement now, it is way more difficult in the future,” he said.

Also attending the conference was Engr. Ricardo Mendoza, representing the Office of the Presidential Assistant to the Visayas, who outlined plans to build a light rail line serving Cebu City and surrounding areas.

“Decisions, supported by correct information, is very powerful,” SCMAP Visayas president Gilbert Cabataña concluded, expressing his hope that the information shared during the event is used to further resolve the problems involving infrastructure and traffic in the region. •

John Chin is a management trainee for LF Logistics, working from its offices in Cebu.

1—Monde Nissin's Allan Flores 2—Adsia Group's Nestor Dolina 3—LF Philippines' Carlo Magno Jr. 4—A packed room at the Harolds Hotel



1

2

3



4

Sharpening the practitioners, once again

The second Sharpening the Supply Chain Practitioners event highlighted the power of collaboration

WRITTEN BY HENRIK BATALLONES

Sharpening the Supply Chain Practitioners—arguably the flagship event of SCMAP's Visayas chapter—returned last February 9 with more insights into supply chain management from world class managers.

The half-day event attracted a record number of attendees, to the point that the ballroom at the Harolds Hotel in Cebu City had to add more seats at the last minute. In total, 150 delegates from 45 companies took part, with some flying in from Manila.

Kicking off the event was Allan Flores, head of supply chain for Monde Nissin Philippines, who came in with twenty years of experience in FMCGs. His talk on the journey towards agile

supply chain pressed on the need to recognize the many moving parts of a single supply chain, to allow it to be more responsive and flexible as needs arise.

Providing a different perspective is Nestor Dolina, head of the Adsia Group of Companies. He talked about what he called “hardcore” logistics, taking a deep dive into warehousing and transportation, particularly the decisions one makes when it comes to setting up a supply chain operation. The professed “numbers guy” highlighted the importance of data collection and analysis to ensure the right decisions are arrived at.

Providing yet another perspective was Carlo Magno Jr., vice president for operations of LF Philippines. He offered

delegates a view of how the future is impacting supply chain today: how new technologies (and new applications for them) enable operations to serve its customers better.

Despite these differing perspectives and backgrounds, two important things shone through. One is the importance of collaboration, particularly in a profession whose origins can be traced from different disciplines. When put together, these perspectives can provide a holistic view of a supply chain, allowing it to understand the many factors that affect its success.

Another—and one that's perhaps underappreciated sometimes—is the importance of people. With supply chain practitioners often given multiple tasks, particularly in a bid to boost efficiencies, attention must be given to ensuring personnel are well-equipped with skills, and are also looked after.

Now composed of 41 companies, SCMAP's Visayas chapter has truly established itself by providing an avenue for supply chain practitioners to discuss industry trends and issues. •



1—Time for questions at the open forum
 2—The Bureau of Customs' Maritess Martin
 3—SCMAP North Luzon president Frankie Villanueva 4—SCMAP North Luzon vice president Eva Tejada

1



2



3



4

Breakfast with the collector

SCMAP North Luzon's first Kapihan Session brought together locators and stakeholders as they discuss supply chain concerns unique to the region

WRITTEN BY [HENRIK BATALLONES](#)

SCMAP North Luzon's first Kapihan Session, held last March 19 at the Xenia Hotel at the Clark Freeport Zone, illustrated the unique challenges that stakeholders and locators there face.

First to be discussed were the provisions of the second package of tax reform, which is expected to impact corporate income tax rates. This proved to be an issue for companies doing business at special economic zones like Clark, who are anxious to know of its effect on the tax incentives they currently receive, not to mention fears of policy instability affecting not just their business but the country's global competitiveness. Chapter president Frankie Villanueva presented the results of meetings and consultations with stakeholders in the region—including meetings with members of the Senate—and announced that a new draft of the second package, which should take into account honoring existing tax incentives and boosts efforts to secure foreign direct investments, will be released for consultations soon.

The event's keynote speaker was Maritess Martin, who was recently named district collector for the Port of

Clark by the Bureau of Customs. She made time from her busy schedule to discuss new customs regulations, particularly ones that affect special economic zones like Clark. She also put a spotlight on efforts by the Bureau to increase collections and continually engage with the community it serves, giving particular focus on consultations and outreach with the Korean community in the country after an incident where a Korea tourist alleged mistreatment from customs inspectors under her watch.

The event, which was sponsored by the Clark Development Council, saw around 45 delegates from locators across the region, as well as some who drove in from Manila. They were given a chance to put in their questions, and also to network with regional stakeholders, a recognition of the growing potential not just of Clark and Subic, but of surrounding areas as well.

Villanueva expressed hope that the Kapihan Session would not be the last for SCMAP North Luzon, and envisions future versions of the event would feature collaborations with other industry and business groups in the region. •

NEW MEMBERS

SCMAP welcomes its new members: **APL Logistics**, represented by Demetrio Gaston; **Benson Industrial Cold Storage**, represented by Justin Vincent Tan; **Chelsea Logistics Holdings**, represented by Raul Quisumbing; **DSV Global Transport**, represented by Raundolf Geronimo; **FM Global Logistics**, represented by Catherine Gayatin; **Indigo Software**, represented by Michael Hill; **K5 Plus Logistics**, represented by Carmel Maling; **Mets Logistics**, represented by Henry Reyes; **Olympus Global Logistics**, represented by Rubenal Cabanlong; **PricewaterhouseCooper Consulting Services**, represented by Victor Gabriel Ona; **Producers Connection Logistics**, represented by Flor Santos; **Samsung SDS Global SCL Philippines**, represented by Reynaldo Quintero; **Transportify Philippines**, represented by Noel Abelardo; and **Victory Star Shipping**, represented by Jessie Calinog.

COMING UP

This year's **Supply Chain Immersion** heads to Clark and Subic from May 17-19 ... the **2018 SCMAP Supply Chain Conference** is set for October 2-3 at the EDSA Shangri-la Manila ... and three more **General Membership Meetings** on June 21, August 16 and November 15. More updates on our website, scmap.org, and on our social media channels.



SCMAP recognized for contributions to maritime sector

SCMAP was recognized by the Maritime Industry Authority (MARINA) for its contributions to the maritime industry. It was among several organizations and individuals honored at the first National Maritime Week Recognition Night, held on September 28 at the Philippine International Convention Center. MARINA recognized the organization's work to promote better standards and training for those working in the maritime industry, in recognition of its important role in supply chain. SCMAP president Nestor Felicio, former president Cora Curay and executive director Norman Adriano received the award on behalf of the organization from former MARINA administrator Marcial Amaro III.

SCMAP joins supply chain panel for UP students

SCMAP directors spoke to business administration students of the University of the Philippines as part of a panel discussion on supply chain risk and sustainability. Upon the invitation of Dr. Ma. Gloria Talavera, chair of the university's business administration department, SCMAP president Nestor Felicio and director Dina Pilapil spoke on how supply chain managers ensure resiliency in their operations—and put a word in on just why a supply chain career is the way to go. The panel was held on October 26 at the UP Virata School of Business, at the Diliman campus.

SCMAP links with ASEAN mentorship network

SCMAP is represented during the launch of the ASEAN Mentorship for Entrepreneurs Network. Unveiled during the 2017 ASEAN Business and Investment Summit held on November 12-14—coinciding with the ASEAN Summit in Manila—the initiative sees 143 pioneer mentors across all ten ASEAN countries to connect MSMEs with business practitioners, academe members and entrepreneurs, with the hope of enabling them to enter global value chains. SCMAP director Carlo Curay and former director Max Yap—who are also mentors for GoNegosyo's Kapatid MentorMe program—are among the pioneer set, part of the initiative by the ASEAN Business Advisory Council.



3



5



4



6

1—SCMAP's leadership with MARINA head Marcial Amaro III **2**—New members, freshly sworn in, at November's GMM **3**—Nestor Felicio and Dina Pilapil with UPD's Ma. Gloria Talavera and her students **4**—Carlo Curay and Max Yap at the ASEAN Mentorship for Entrepreneurs Network launch **5**—Introducing our president from 2019... **6**—Filling up the dance floor at our fellowship

November GMM takes on town hall format



SCMAP took a different tactic for its final General Membership Meeting of 2017, engaging its members in a town hall discussion of supply chain trends and challenges in a bid to tap their expertise and knowledge. Held at the Discovery Suites in Ortigas last November 16, the discussion—led by executive director Norman Adriano, and including inputs from SCMAP members and other supply chain stakeholders—ranged from new technologies impacting supply chain to new demands on supply chain exerted by changing customer expectations.

Christine Pardiñas speaks at Asia Logistics Summit



SCMAP vice president and Rustan Supercenters vice president for supply chain Christine Pardiñas was one of the speakers at the Asia Logistics Summit, held on November 24 at the Marriott Hotel Manila. Organized by LBC Business Solutions and Asia CEO Forum, the event gathered top logistics stakeholders including Air21 founder Bert Lina, Lazada Philippines head Inanc Balci and former Mead Johnson Nutrition supply chain head Antonio Rivera III.

SCMAP helps with domestic shipping road map



Former SCMAP president Cora Curay was one of the speakers at a roadmapping workshop for the domestic shipping sector, organized by the Maritime Industry Authority (MARINA) last November 27 at the City Garden Grand Hotel in Makati City. She discussed current trends, challenges and opportunities facing the country's shipping industry, alongside representatives from the Philippine Interisland Shipping Association (PISA) and Philippine Shipping Vessel Owners Association (PSVOA).

SCMAP ushers in Christmas with a groovy fellowship

SCMAP's Christmas fellowship, held at the Makati Sports Club last December 1, saw a gathering of SCMAP members and friends as the organization capped an eventful 2017 and looked ahead to a promising 2018. The event began with remarks from president Nestor Felicio, who introduced the incoming Board of Directors—including president-elect Christine Pardiñas, who will assume the top seat from 2019 to 2020—and was followed by games (and a "Despacito" dance-off, as the theme was "Move to the Christmas Groove"), gifts (there were quite a lot of them) and fun. And, indeed, it was a beautiful sight, seeing the dance floor filled to the brim with our friends and colleagues.

We are a community that moves the global competitiveness of the Philippine supply chain industry.

The Supply Chain Management Association of the Philippines is the country's premier supply chain organization, playing a key role in supporting its role in enhancing the country's competitiveness and improving Filipino lives.

Founded in 1989 as the Distribution Management Association of the Philippines, SCMAP now has over 200 members from the manufacturing, retailing, distribution and logistics sectors, spread across the national organization based in Manila, as well as chapters based in Cebu, Clark and Cagayan de Oro.

The organization is led by a ten-member Board of Directors, elected annually by the general membership; the Board later elect the officers amongst themselves. They are ably supported by the Secretariat, led by its Executive Director.

WHAT WE DO

SCMAP promotes and advances the supply chain industry by connecting with stakeholders, engaging them in meaningful discussions on industry trends and developments, and moving the sector towards global competitiveness.

Its work centers on three pillars:

Advocate—Throughout its history SCMAP has advocated for policy reforms involving the supply chain industry. Government agencies, industry groups, non-government organizations, academic institutions and other stakeholders turn to SCMAP for insight into the profession and its role in the national economy. These discussions have led to policy reforms and other initiatives that help keep Philippine supply chain competitive.

Communicate—Through regular events SCMAP strives to keep its members up to date on industry trends, developments and opportunities. The SCMAP Supply Chain Conference, held every September, is the country's premier supply chain event, bringing together major players in supply chain, business and government. Also, through regular membership meetings, collaboration groups and its biannual magazine *Supply Chain Philippines*, it provides a venue for members to discuss supply chain issues and promote benchmarking and best practices.

Educate—Through its work with various institutions and organizations,

SCMAP has committed itself to promoting supply chain education. The organization helps formulate programs and initiatives aiming to bring supply chain awareness to everyone—from those working in the front line, to entrepreneurs, to middle-level and corporate-level supply chain managers—through its work with TESDA and GoNegosyo. Its annual Supply Chain Immersion event also brings a unique perspective on supply chain, with local tours and interactive workshops.

WHY YOU SHOULD JOIN

SCMAP membership supports the organization's work towards moving the global competitiveness of the country's supply chain industry. Members can provide input to discussions on supply chain policies by participating in surveys, focus group discussions and consultations.

Through SCMAP's work, its members—and the supply chain sector at large—have benefited from efforts to improve supply chain processes, from preventing disadvantageous regulations and impositions to calling for transparent and justifiable logistics costs.

Members can also tap into the organization's wide network of supply chain managers and experts, including those from major players in the Philippine economy. SCMAP's regular events provide a venue for connecting and networking with colleagues.

Membership to the organization is open to both companies and individuals. For more information, visit scmap.org.

SupplyChain PHILIPPINES

As the official magazine of the Supply Chain Management Association of the Philippines, *Supply Chain Philippines* provides an essential briefing on trends and developments affecting the industry, and the national economy as a whole; discussion on supply chain issues and concerns; and updates on the activities and advocacies of SCMAP.

Published twice a year, in April and September, the magazine is distributed to all SCMAP members, including the

country's top manufacturers, retailers, distributors and logistics providers. The magazine is also read by supply chain stakeholders from government, business and the academe.

This unique reach makes *Supply Chain Philippines* an ideal platform for companies to promote their products and services to the biggest and most important players in Philippine supply chain.

We accept display ads as well as advertorials, with preferential rates for SCMAP member companies. Updated rates and ad specifications are available

on our website, scmap.org.

Supply Chain Philippines also accepts article contributions. Whether it be a piece on best industry practices, or a feature on new innovations affecting the way we work, we'd love to hear from you. Send a short synopsis and profile via email to magazine@scmap.org. Writers who will get published will get freebies and perks.

Contributions must abide by our editorial standards and should not promote a company, product or service, otherwise it will be treated as an advertorial and charged accordingly.



Find your true north.

This year's Supply Chain Immersion is heading to Clark and Subic, an emerging hub for business and logistics in North Luzon. Join us as we connect with local business leaders and supply chain experts and visit the companies that are transforming the region and fulfilling its potential. See it for yourself on 17-19 May.

Hear from supply chain stakeholders from the region and across the country, and understand the challenges of supply chain optimization—and the opportunities that make it possible.

Visit the region's top locators and facilities and appreciate how the Clark and Subic corridor is transforming into the country's new business and logistics hub.

Tap into the expertise of top supply chain managers that form SCMAP's membership, and network with your colleagues in three days of truly immersive learning.

For pricing details and to become a sponsor or delegate, visit scmap.org



LOGIMAT: THE ALL-IN-ONE STORAGE AND PICKING SOLUTION

The Vertical Lift Module, with its numerous basic functions and unique additional options, not only significantly improves the performance of warehouse processes, but also ensures the ergonomic and safe operation of the warehouse. As an autonomous system or as a module integrated into an automated application - the LOGIMAT is characterized by its universal usability.

AT A GLANCE: THE LOGIMAT VERTICAL LIFT MODULE

- Highly convenient goods-to-person principle
- Compact design has economic and environmental advantages
- Travel times reduced by more than 70 %
- Compared with static solutions, the Vertical Lift Module requires up to 90 % less warehouse space
- Automated processes and ergonomic design improve performance by over 20 %