

CEO Newsletter

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Logistics Industry Consolidation Continues Into 2016

Written by Kimble Winter
Chief Executive Officer, Logistics Executive Group



There has been unprecedented growth in mergers and acquisitions within the Logistics and Supply Chain industry since 2015. The impact of this is potentially going to change the industry in far-reaching ways if it continues.

“Globally, in our offices in the Middle East and Asia in particular, we have noticed a growing demand for corporate advisory services in Mergers and Acquisitions practice,” said Darryl Judd, who leads Logistics Executive Group’s Corporate Advisory Services. “There has been a marked increase the number of qualified client approaches since Q3 last year and this demand has continued into 2016. The Middle East and Asia remain the most active with customers wishing to expand their business footprints or add strategic niche operations to meet new challenges and ensure their competitiveness” he added.

According to Supply Chain Quarterly’s annual survey¹, CEO’s would predict every year that there would be an emphasis on acquisitions. However, counter to this survey prediction, relatively few large-scale acquisitions occurred in the logistics industry between 2008 and 2014. The Supply Chain Quarter’s staff found this

NEWS

Free Trial: MyProfile Behavioural Assessment

This month Logistics Executive Group is offer a free trial to its MyProfile Behavioural Assessment system. Simply contact us at websales@logisticsexecutive.com. Using Myprofile helps you find the right person, with the right attitude. Myprofile is one of the fastest, most cost effective and easiest ways to help identify the best candidate for the job. It also improves retention, eliminating costly hiring mistakes and improves effectiveness in the workplace.

To find out more about Myprofile, visit our [website here](#).

New Market Report Available: 2016 Global Contract Logistics

All you need to succeed in the changing contract logistics market. Published for its tenth consecutive year, Logistics Executive TI’s latest market-leading report, Global Contract Logistics 2016, is now available to purchase. The report provides industry leading analysis of global, regional and country level contract logistics markets as well as detailed profiles of the leading providers. The comprehensive report also contains Logistics Executive TI’s unique market sizing and forecasting data. The report, Global Contract Logistics 2016, provides a comprehensive overview of the market including, the first time in the series, a dedicated chapter on the adoption of technology throughout the industry.

[Purchase report here.](#)

puzzling so in their 2014 survey they asked CEOs why merger and acquisition activity continued to lag behind expectations.

Some said this was because acquisitions were overpriced, some mentioned post-acquisition integration problems, others stated they had achieved the desired scale through previous acquisitions and organic growth. In early 2014 however this began to change on an unprecedented scale. There was a new wave of large-scale mergers and acquisitions in the logistics industry. Incredibly, between 2014 and September 2015, US\$20 billion was spent on acquisitions in the industry. This buying frenzy is continuing to this day.

The trigger for these acquisitions clustered around four categories: consumer demand pressures, globalisation, financial considerations and economic conditions. Consumer demands have increased considerably with the advent of e-commerce which has enabling consumers to reach further geographic markets and for business to find seamless solutions to provide them with their purchases.

Companies have had to manage multi-channel retailing and consumer relationships in a more sophisticated, complex method that is heavily integrated with logistics services and technology. Barriers are starting to breakdown, not just in terms of geography but in regards to information sharing and traditional industry roles. Businesses are starting to trust 3PL's more with their sensitive company information and this has allowed these providers to integrate and manage their services better.

Thanks to the emergence of e-retailing with the phenomena exemplified by Amazon and its Asian counterpart, Alibaba, 3PL's are under more pressure than ever to provide customers with a broad range of services within an expanding geographical footprint. Acquisitions provide an efficient way of achieving this. Often in countries like India and China where there are some restrictions on foreigners doing business, it is easier to achieve a footprint through acquisition rather than with a direct investment.

We are also finally experiencing an emergence from the Global Financial Crisis. Despite the economic slowdown in China, various wars in parts of the world like Syria and other indicators of market volatility there seems to be an overall feeling of cautious confidence.

However, Pense and Capgemini Consulting's annual State of Logistics Outsourcing Study of September 2015 suggest that this sudden trend could be attributed to what they call "defensive acquisitions." According to this theory, one player makes a move at domino effect occurs. If one 3PL starts to expand by acquisition the others think, from a defensive point of view, that they also need to follow suit in order to stay competitive.

Regardless of these various reasons, it seems that consolidation is going to remain a dominant theme in the logistics and supply chain sector that is set to continue. In their predictions for global logistics 2016, Gartner says they expect that by 2020 the top ten, global 3PL's will control 80% of the world's logistics volume. They expect logistics service providers will evolve to meet the fast-paced, specialist demands of different market segments. They will evolve into a relatively small number of these huge global 3PLs who will be serviced by small niche players who will work for them

Logisym Dubai 2016 Early Bird Tickets Now on Sale

Early bird tickets for Logisym Dubai 2016 Supply Chain Conference have now gone on sale. The event being held 22-23rd November 2016 is expected to attract 300+ delegates along with more than 50 local and international speakers and will tackle a number of key issues in the GCC region and look beyond 2020.

[Purchase ticket here.](#)

ALA MasterClass Malaysia

Commencing from October 2016. This 6 module Masterclass for ALA Diploma for Supply Chain Management & Operations will kick off in KL, Malaysia. HRDF certified. You number one pathway to a Diploma in Supply Chain with any 6 MasterClass! Slots are limited and registrations now open.

[Register here.](#)

UPCOMING EVENTS

Ti Future of Logistics 7 – 8 June 2016, London, United Kingdom

The subject of innovation forms a core part of Ti's Future of Logistics conference series, the first to be held in Singapore, October 2015 and will be continued at the second in London, June 2016. Ti have now successfully run over 10 conferences in Europe, Dubai and Singapore and in 2016 will be bringing the conference series to London for the first time.

www.ticonferences.com/london/2016

GLCS LogiSYM Malaysia 2016 12 – 13 October 2016 Kuala Lumpur, Malaysia

GLCS LogiSYM Malaysia 2016 promises to be a highly unique event. Building on the success of the past 4 years, the 2016 Fifth Annual Global Logistics and Supply Chain Symposium will focus this year on providing a platform for mid to senior level shippers to discuss and explore innovation, excellence and what changes we can expect to see in the Asian supply chains of tomorrow. We will hear from leading solutions providers in the industry and explore best practice collaboration case studies. The structure of the symposium is such that delegates will have more interactivity with supply chain peers, allowing the development of ideas and for delegates to

on a contract basis.

A report by PWC seems to support this theory. In their study, PWC found total M&A activity in 2015 nearly doubled from the previous year with an increase from US\$87 billion to US\$172.7 billion. PWC also found that the number of what they call



“megadeals” globally (which PWC defines as being of US\$1 billion or more) grew considerably in 2015 to 28 deals which are up from 17 deals the previous year. This growth constituted an increased the average deal value to US\$771 million up from US\$376.7 million in 2014.

It is predict that the result of this industry consolidation is that the balance of power will shift from shippers to 3PLs, which according to Supply Chain Digest² may lead to a major infection point in the supply chain. “It is a compelling argument” continued Darryl Judd. “3PL’s have tried for years to provide more sophisticated services for their customers. Since the GFC, the role of Logistics has really stepped up to become a critical business function”.

“Logistics service providers are becoming less interested in competing by way of lower prices and more interested in competing by way of offering. They are setting up long term relationships based on infrastructure investment and industry knowledge.” In this way, the logistics function is continuing to take prominence as a critical business success driver rather than the backroom appendage. “Consumers will continue a faster, more efficient logistics service and this will be the deciding factor that will either make or break a business so their reliance on 3PL’s will only increase” concluded Darryl Judd.

No doubt there are exciting times ahead for the industry and the acquisition phase will continue for some time to come.

¹Supply Chain Quarterly – Quarter 3 2015

²“Supply Chain Graphic of the Week: 3PL Industry Consolidation Continues at a Rapid Pace” Supply Chain Digest Feb 11, 2016



KIMBLE WINTER
Chief Executive Officer
Logistics Executive Group
kimw@logisticsexecutive.com

The founder of the company, Kimble is an acknowledged specialist in Executive Recruitment across Logistics and Supply Chain sectors. A dynamic and engaging senior executive with 35 years leadership experience spanning Corporate Advisory, Executive Coaching, Public Speaking, Search & Recruitment across the Supply Chain, Logistics, FMCG, Retail, Resources, Industrial, Disaster Relief and Humanitarian sectors. Kimble has built an international reputation as the founder (1999) of Logistics Executive Group which delivers whole of lifecycle business services including Search & Executive Recruitment, Corporate Advisory, Online Education and Executive Coaching / Mentoring.

acquire actionable take-aways to present back at the office.

www.logisym.com/events/logisym-malaysia-2016/

The World Logistics Show Bahrain 2016 18 – 20 October 2016 Bahrain

The World Logistics Show is an innovative event held annually in Bahrain for companies that are involved in facilitating options of supply chain management and Logistics to different buyers. It is approved by the Ministry of Industry and Commerce.

www.worldlogisticsshow.com

Logisym Dubai: Beyond 2020– Connecting Supply Chains, Creating the Future 22 – 23 November 2016 Dubai, UAE

LogiSYM Dubai 2016 is a unique two-day conference set in Dubai, United Arab Emirates from 22 to 23 November 2016. A premier event for Logistics & Supply Chain professionals, educators, Information Architects and Usability Practitioners, LogiSYM Dubai 2016 will bring together 300 professionals from around the region. With EXPO 2020 just around the corner and the UAE forging ahead as the regional’s leading supply chain hubs, this year’s theme: ‘Beyond 2020 – Connecting Supply Chains, Creating the Future’ looks at the opportunities, supply chain and consumer mobility and sustainability.

www.logisym.com/events/logisym-dubai-2016/

ABOUT US

Logistics Executive Group is the acknowledged industry leader providing a suite of whole-of-lifecycle business services including Corporate Advisory, Executive Search and specialist Supply Chain and Logistics Training.

CONTACT US

Sydney: +61 282629800
Melbourne: +61 396078263
Perth: +61 892881774
Singapore: +65 66929202
Hong Kong: +852 39582313
Shanghai: +86 2161037078
Dubai: +971 43616275
Mumbai: +91 2266089532
New Delhi: +91 1244696680
Chennai: +91 444202 4819
London: +44 2032397624
Bangalore: +91 9940059232