

eLOGISTICS in BRIEF

WITH INTERESTING TRENDS & NEWS IN LOGISTICS & SUPPLY CHAIN

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EDITORIAL

Will RSS be the new digital information revolution?

by paul denneman

RSS is doing to the Web today what the Web has been doing to print for the last several years. That was the frightening thought Matt McAlister, InfoWorld's VP and general manager, was thinking at that day that InfoWorld's top news RSS feed received more requests than their home page. "We have disintermediated our Web site by offering our news in an easier to access format.....again. "

When you Google "RSS" (Really Simple Syndication) at this moment you will get as many hits as Microsoft or Windows, and that is already over ten times more than general terms like Logistics or Supply Chain or the recent hype bLog. Technical hypes like RFID and WIFI will not get half of the attention as logistics. Another comparison, the term Internet is scoring almost four times more hits.

It is for sure, "RSS" is the hype of which a lot of people are not aware of its future and today's impact. Only the existence of the Web did decline the daily subscribers of newspaper for over 6% in the past half year. What will then be the impact of RSS on this? Whoever figures out how to get the masses to embrace RSS will have a monumental impact on this developing digital information revolution. And will this new standard in the digital information revolution have its impact in the area of logistics and supply chain?

It certainly will. I am not talking about getting logistics information feeds like f.e. eLogistics Trendwatch has. No, it will be -in my opinion- play an important role in all chain collaboration activities. It will be of crucial importance in sharing RFID tag information. How? That is to figure out by the techs. But in the end, the only thing that counts is: "Whoever figures out how to apply the use of RSS in Supply Chains, will ride with the this fast developing digital information revolution and finally will have a monumental impact on the future of logistics and supply chain."

Will this be our chance to become millionaires?



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SUPPLY CHAIN MANAGEMENT

AMR Research tracks 7 new Supply Chain Trends?

by bruce richardson, amr research

Here are the seven new topics that will likely appear on the agenda of future AMR Research events. What do you think? Will any of these make next year's agenda, or is 2010 a better bet?

1. Disruptive innovation and "appropriate technology"

What does the car of the future for India look like? As more of that country's population moves toward purchasing their first car, buyers will have a choice of options from manufacturers around the world. The most intriguing announcement to date is Tata's plans to build the "People's Car." This four- to five-seat vehicle is scheduled to appear in 2008 at around \$2,000 to \$2,200. This is about one-fifth (or less) than the price of most low-end cars sold there today. Tata is targeting the five million people currently riding motorbikes.

The idea of "appropriate technology" came from Small is Beautiful, a book written by E.F. Schumacher. The point is that we can't take product from other markets and assume that they are appropriate for developing countries or markets. Other examples include MIT's Nicholas Negroponte's plans for building \$100 laptops for India, China, and other Asian markets. Given the challenges of accessing reliable electrical power, the laptop will be powered by a hand-crank or bicycle. Honest.

2. Labor supply chains

Earlier this year, IBM received some press coverage on its plans for labor-based supply chain management. Through its Workplace Management Initiative, which aligned "labor strategy to business strategy," IBM saved \$500M last year and is looking to save \$2.0B to \$2.5B annually. While part of the savings came from better utilization of its consultants, the long-term plan is to develop a global demand plan for skills needed far out into the future.

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SUPPLY CHAIN MANAGEMENT

7 new Supply Chain Trends?

– continued from page 1 –

Believe it or not, more than 25% of current U.S. workers will reach retirement age by 2010. This has the potential for a major “brain drain,” especially in the federal government. A recent Accenture study noted that 45% of the respondents worked at companies without workforce planning processes or tools for knowledge transfer. We suspect that most companies have neither a long-term labor demand plan nor have thought about the impact of the retirement of baby boomers.

3. Financial supply chains

A recent e-mail from TradeBeam noted that the average global trade cycle for order-through-to-settlement runs about 120 days. The company’s goal is to cut that cycle by at least 10%, leading to an immediate improvement in all cash-related metrics. Likewise, Bolerio.net has developed software for automating the process for generating letters of credits and other financial instruments. Its goal is to help companies achieve shorter procure-to-pay and order-to-cash cycles. Look for ongoing research from Guy Dunkerley on the impact that global tax policies will have on future supply chains, too.

4. Eco-Tech: Doing well by doing good

Much of our coverage on the environment and technology has focused on global regulations aimed at reducing/eliminating hazardous substances or increasing recycling or reuse. While most has been about the costs and benefits of compliance, we think there is great marketing opportunity in going green (see the AMR Research Alert article “Green Compliance: It’s a Marketing Opportunity, Not a Burden” for more on that).

A few weeks ago GE made a splashy announcement of its “ecomagination” initiative. The company is developing 17 new products and technologies aimed at improving the environment. Executives expect the new offerings to generate \$20B in revenue by 2010. Its plan is to double its R&D budget to \$1.5B over the same period. Any bets on which big company will be next?

5. Sensor networks

If you enjoy reading about “smart dust” and sensor networks, you may know that there are more than a \$1B worth of projects underway involving wireless networks of motes, robots, cameras, and computers. Imagine a low-power network that can measure light, precipitation, wind speed, humidity, barometric pressure, soil temperature, humans, and weapons, and you can sense new applications for the environment, facilities management, traffic management, and all facets of security, from homes to the battlefield. Where does this fit in the supply chain? How about lights-out manufacturing or distribution?

6. Nanotechnology: a quiet \$10B market

In 15 years of attending AMR Research’s and other industry events, I’ve only heard one speaker mention nanotechnology, the science of using sub-microscopic materials or particles. Believe it or not, nanotech is a \$10B market, with much of the growth coming from Japan and the United States. Last week, Motorola demonstrated its first nano-emissive display. It measures one-eighth of an inch. This could be part of the next 42-inch, sub-\$1,000 televisions by 2007. Hitachi and a German university are teaming to use nanoscale latex spheres to build next-generation storage devices. Meanwhile, Bell Labs is reported to be developing fingerprint-sized phones and “nanoglass” for longer lasting batteries.

It’s not just technology companies. A recent article in USA Today (June 1) talked about the role that nanotech is playing in paints, sunscreens, apparel, and even creating gem-quality diamonds. What effect will nanomaterials have on your next new product launch?

7. Human area networks

Earlier this year Japan’s NTT unveiled RedTacton, a plan to turn the human body into a 10 MB local network. Instead of using sensors or electric current, the network would use the natural electric field on the body’s surface. One news article talked about being able to exchange data by shaking hands or transfer music files by a kiss on the cheek. While it remains to be seen if anything comes of this, one could imagine new applications for security or medical diagnostics. There seems to be a logical link to sensor networks, too.

SUPPLY CHAIN MANAGEMENT

Supply Chain & Operations Management Glossary

This glossary was originally compiled in conjunction with a course on Logistics and Supply Chain Management at the University of Chicago. Now it is available as a free download for you.

<http://www.lindo.com/glossary.pdf>

WAREHOUSING & DISTRIBUTION

The 2005 Warehouse Management RFP Template

The 2005 WMS RFP Template, created and endorsed by leading supply chain consultants, is the end result of intensive research and interviews with hundreds of logistics professionals. With so many WMS solution providers to choose from, The 2005 WMS RFP Template is critical if your company is requiring all vendors to prove the true value of their solutions BEFORE a buying decision is made.

[http://www.mutatis-mutandis.nl/downloads/2005 WMS RFP Template.xls](http://www.mutatis-mutandis.nl/downloads/2005%20WMS%20RFP%20Template.xls)

MERGERS & ACQUISITIONS

Merger in container shipping

When P&O Nedlloyd will be incorporated by Maersk, then this will be the biggest take-over in container shipping ever. Maersk worldleader in this market, currently with a market share of 12%, will then be twice as big as the next competitor, the Swiss Mediterranean Shipping Company (MSC, 8%). P&O is currently the number 4, with a market share of 6.5%.

Although most of the big container lines have huge orderbooks that will greatly increase capacity over the next few years, there is little scope for more organic growth through fleet expansion until 2009 because most of the world’s big shipyards are full. That leaves growth through acquisition, with both P&O Nedlloyd and AP Møller-Maersk openly saying in recent months that they were in favour of more industry consolidation.

The take over of P&O Nedlloyd would have far-reaching consequences throughout the industry.

eLOGISTICS & eFULFILLMENT

Value chain more stream lined due to the internet

by stephan hang, deutsche bank research

Web application - the internet-aided, second-category business model - adopts an inward-facing approach. The web application model seeks to optimise business processes throughout the value chain and thus complements the outward-facing web publishing model. The web applications offered by software houses fall into three product categories: customer relationship management (CRM), enterprise resource planning (ERP) and supply chain management (SCM). CRM, ERP and SCM applications are confronted by the problem that IT structures in companies have expanded over time in most cases as stand-alone solutions and have seldom been rigorously integrated via software layers and interfaces to form a comprehensive solution. In many companies the different IT applications can at best be described as a loosely stitched patchwork quilt. The use of proprietary program codes, the incompatibility of diverse software applications, Byzantine licence conditions and overloaded functionalities thus lead to inefficiencies and the limited adoption of these software solutions in the value chain.

System integration is gaining increasing importance for software houses given the inefficiencies generated by operating web applications side by side. In this regard the Enterprise Application

Integration (EAI) approach is the first area receiving special attention. Conventional EAI boosts process and resource efficiency by thoroughly reorganising corporate structures. Sales, materials management, production and accounting, and the CRM, SCM and ERP applications on which they are based, have to be geared towards the specifications of the EAI application.

Software is no longer merely the means for executing predefined processes; it assists in the structuring of these processes. On the one hand, this fundamental approach enables EAI to achieve the direct, seamless integration of business processes into the value chain. But, on the other hand, this approach is based on a capex budget that is higher than many companies can afford.

New strategies are needed given these inefficiencies associated with web applications. The big, international software houses are currently expanding their product ranges well beyond their original core activities. Comprehensive modular software applications are particularly attractive. The logical consequence is that the inexpensive system integration provided by web services will become a more important element of the offerings of software houses. The integration of IT systems that companies have hitherto operated side by side will become the dominant software trend. In particular the growing interaction between machines will substantially expand the scope of applications. Even though web services have not yet managed to establish themselves in the commercial market, they are highly promising applications. For manufacturing companies and modern service providers, software houses are changing from product vendors into providers of comprehensive solutions.

Source: http://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD0000000000186720.pdf

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GLOBAL TRADE & LOGISTICS

**Reminder:
U.S. Wood Packaging Import Restrictions**

The Animal and Plant Health inspection Service (APHIS) has published the Final Rule for new requirements concerning the importation of wood packaging material in the US. The implementation date for regulatory enforcement shall be September 16, 2005. The delay between publication and implementation shall allow an appropriate amount of time for countries to establish programs to become compliant with ISPM 15 and the Final Rule.

APHIS has set standards for Wood Packaging Material imported into the USA through 7 CFR 319.40 - Importation of Wood Packaging Material, as published on September 16, 2004. This rule states that all regulated wood packaging material shall be appropriately treated and marked under an official program developed and overseen by the National Plant Protection Organization (NPPO) in the country of export.



Until September 16, 2005, as the designated enforcement date, APHIS will follow its current requirements for imported wood packaging material. Please note that PPQ is in the process of updating all references to SOLID WOOD PACKAGING to reflect the September 16, 2004 rule for REGULATED WOOD PACKING MATERIAL.

The Animal and Plant Health inspection Service (APHIS) is responsible for protecting and promoting U.S. agricultural health, administering the Animal Welfare Act, and carrying out wildlife damage management activities.

For more details on: Pallets 101: Industry Overview and Wood, Plastic, Paper & Metal Options:

http://www.ista.org/Knowledge/Pallets_101-Clarke_2004.pdf

Chinese Textiles

OUTSOURCING

CHINA: Go for it!

by edward hadas, breakingviews

China is apparently moving with extreme caution towards a modest revaluation of the renminbi. The government continues to drop hints that there will soon be a new fix some 5-10% higher than the longstanding Rmb8.3 rate. It fears the effects of a more dramatic move on the Chinese economy. But the caution may be counterproductive.

The government's economic and political logic is certainly plausible. A big revaluation would probably provoke China's exporters to cut jobs and wages. And that could spur social unrest in a country that has a huge supply of underemployed labour.

But financial markets have their own momentum. Traders would know that a 5-10% revaluation cannot do much to reduce China's trade surplus with the US. Political pressure for another move would start almost immediately. And the traders would have hard evidence that the Chinese were willing to move. The likely response would be a flood of hot money into the renminbi.

Of course, China has capital controls to keep speculators out. But they are rather like the Great Wall - not quite as formidable as they look. China welcomes inward investment, especially from overseas Chinese. Filtering the "good" from the "bad" is already hard. When speculators have seen one inadequate move, they would be likely to try harder.

In short, an attempt to shift the currency a little bit might end with the Chinese authorities capitulating. Fair value for the renminbi is estimated to be 15-30% higher than the current level. But in such a scenario, it would probably overshoot.

Far better for China to act decisively and revalue the currency properly in the first place. That would mean shifting the rate by about 20%. A jump of that magnitude would not only calm down the US, which is threatening trade sanctions if there isn't a revaluation; it would also take the wind out of the speculators' sails.

There is, of course, no indication that Beijing is contemplating such a bold move. But, then, surprise is crucial to such a shock strategy. If that were the government's intention, it would not be letting

SUPPLY CHAIN SOFTWARE

Top providers in Supply Chain Management

Supply Chain Management (SCM) is a process-oriented, integrated approach to procuring, producing, and delivering products and services to customers. SCM has a broad scope that includes sub-suppliers, suppliers, internal operations, trade customers, retail customers, and end users. SCM covers the management of material, information, and funds flows. Effective supply chain management enables you to make informed decisions along the entire supply chain, from acquiring raw materials to manufacturing products to distributing finished goods to the consumer.

Top SCM Providers (alphabetically)

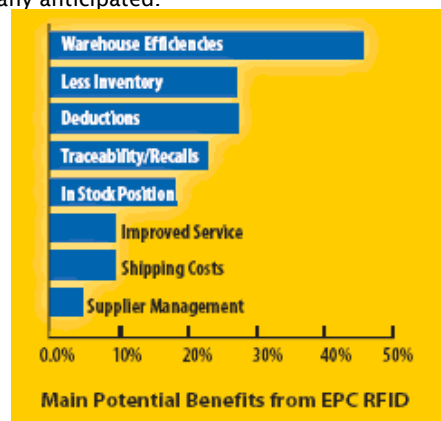
Baan	i2	iLog
IMI	HK Systems	J.D. Edwards
Manhattan Associates	Manugistics	NxTrend
PeopleSoft	SAP	SCT
SSA EXE		

SUPPLY CHAIN TECHNOLOGY & RFID

What Is the Real Status of Wal-mart RFID efforts?

by steve banker, arc research

ARC Research discovered that public reporting on the status of Wal-Mart's RFID efforts has been highly misleading. The impression conveyed to the public by many pundits is that all Wal-Mart SKUs bound for three of the retailer's Texas distribution centers, from the top 100 suppliers, were RFID-tagged started January 1st. This is incorrect. In fact, there was a set of negotiations between Wal-Mart's top 100 suppliers and the retail behemoth. In these negotiations, Wal-Mart has shown more flexibility than many anticipated.



Wal-Mart mandated that, by January 2005, its top 100 suppliers had to apply passive RFID tags based on EPC-global standards to cases and pallets headed toward three specific distribution centers (DCs) in Texas. The impact of this will eventually be felt on virtually all manufacturers of consumer goods because Wal-Mart's moves in RFID are being copied by other retailers.

The focus right now is on Wal-Mart, and the question people are asking is: What is the status of your efforts? The more interesting questions should be directed at Wal-Mart's suppliers. Those questions are: How successful were you in your negotiations with Wal-Mart? What does it take to do well in those negotiations?

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