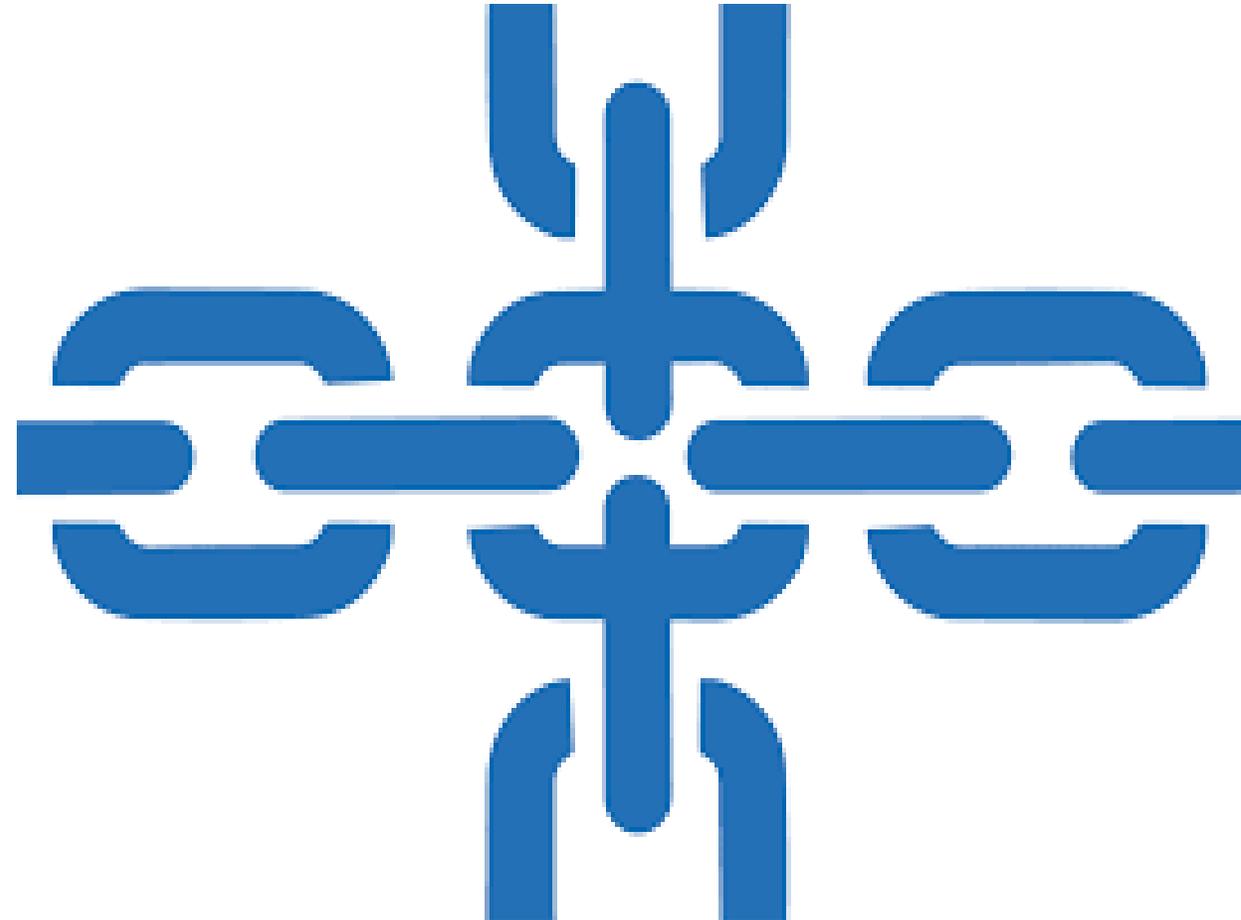




Global Supply Chain Trends And Australia

Erica Gilcrist – Director, SCLAA
25th July 2018



Did You Know.....

- Of the 2.1 million companies in Australia, over 409,000 of them are small – medium businesses (with 1 – 200 employees) with supply chain / logistics functions.
- Almost all companies in Australia have supply chain / logistics / procurement functions.
- In dollar terms the whole industry represents 8.6% of Australia's GDP.
- Supply Chain adds more than \$135 billion to the economy.
- The Supply Chain industry employs 1.2 million people.

Supply chain and logistics is an important function for the success of Australian businesses.



Today's Knowledge Theatre Discussion

- I. Review the Top 10 Global Supply Chain Trend Projections of Ten years ago – **2008**
- II. Review the Top 10 Global Supply Chain Trend Projections of Today - **2018**
- III. Shifts, trends, projections and comparisons:
How does the Australia stack?
Australian Supply Chain moving forward.
- IV. Q&A
- V. Session Wrap

10 Years Ago

Top Ten Supply Chain Trend Predictions 2008

Globalization is the Buzz

glob·al·i·za·tion

/ˌglɒbələˈzɑːʃən, ˌglɒbəˈlɪˈzɑːʃən/

noun

the process by which businesses or other organizations develop international influence or start operating on an international scale.



Today

Top Ten Supply Chain Trend Predictions 2018

Technology is the Buzz

tech·nol·o·gy

tek'näləjē/

noun

noun: technology; plural noun: technologies

the application of scientific knowledge for practical purposes, especially in industry.

"advances in computer technology"





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Ten Years of Global Supply Chain

Reflect, Compare, Advance



From Manufacturing to Technology

2008: There will be an overall shift in the Organizational Structure from manufacturing and assembly to product and technology development.

2018: Digital technology '*Hype*' will continue

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Growth Industries 2016-2017

- Mining, agriculture, forestry, fishing, rental, hiring, real estate, professional, scientific and technical services.
- In contrast, Manufacturing in Australia declined across all key data items with EBITDA down circa \$1.2B

Technology Trends

- SCM & Logistics Companies have steadily been migrating away from 'home-grown' systems and software packages.
- Trust in the security of the 'Cloud' is still weak.

Cost Reduction & Expansion



2008: The Key Drivers of the Supply Chain: Cost Reduction & Expansion

2018: Tariffs: Significant impact on landed cost and overall functionality of the Global Supply Chain Network

Tumultuous Politics

- Europe and Asia are churning out Trade Agreements with the U.S. remaining staunch
- Britain's planned exit from the EU

2018: Omnichannel Revenue Management

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International Trade

Supply chain software companies are rapidly adding 'Border Modules' to their Supply Chain Software packages. Australian companies need to be quick on the uptake.

Bricks & Mortar v. Online

Retailers started getting hit hard with Online shopping during the GFC and are still struggling to recover. One word: Amazon!

Internal Organizational Barriers & Supplier / Partner Management



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2008: The Gap between **planned** benefits/savings and **actual** will be the result of internal organizational barriers and failures of external network partners.

2018: Logistics workers, labor shortages and automation

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SCM Then and Now

- Certified competency like engineering, accounting, etc.
- Supply Chain in Australia still strongly focused on landside activities and costs rather than the entire breadth of the supply chain.
- Robust procurement and supplier management systems and practices lagging.

Labor & Efficiency

- High labor costs, aging workforces and lack of automation
- Costly and inflexible industrial agreements.

China



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2008: China and India will dominate manufacturing.

2018: China will continue to dominate the global manufacturing trade.

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China is Australia's largest trading partner

- Accounting for nearly 1/3 of total Australian Exports
- Followed by (in order) Japan, U.S., S. Korea, India, NZ, Singapore, U.K., Malaysia & Taiwan.
- Complexity of the unrest between China and the U.S. In some cases Australia may benefit while taking a hit in other areas.
- Balancing act on at the global level.

Moving Goods

2008: Product quality and safety as well as supply chain delivery and security will be the most critical concerns when expanding the supply chain globally.

2018: Keeping goods moving is and will continue to be tougher and pricier than anticipated.

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Managing the Exceptions

- Domestic geographic challenges and Global geographic challenges
- Infrastructure, capacity and planning
- Industrial instruments, laws, regulations and cost to serve

2008: There will be limited supply chain flexibility and lack of internal competency to manage partners. Better visibility across the supply chain is required.

2008: By 2010 - The need for greater supply chain flexibility will overtake product quality and customer service as the main supply chain strategy.

2018: Retail supply chains will require flexibility to avoid breaking.

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E-Commerce - ability to find and adopt the right technology solution

- SCM Management software, border management and data analytics to help plan, flex and capture unforeseen supply chain and logistics costs.
- Challenges with planning, buying, shipping, inventory management while balancing multiple sales channels.

The Environment and Social Sustainability

2008: Environmental Sustainability is a key requirement in future globalization strategies, outside of regulatory requirements. It is not yet considered a strategic differentiator.

2008: Supply chain maturity across differs across geographic regions and industries.

2018: *"Earlier this year, the Natural Resources Defence Council and the Institute of Public & Environmental Affairs launched [a real-time supply chain transparency tool](#). Apparel brands including New Balance, Gap, Target, Puma, and Esprit are now linked publicly to their suppliers' environmental performance."

Australia

Very good at a domestic policy level.

- Participation on the Global Level.
- Robust supplier management practices governing contractual arrangements.

Impact of Supply Chain Strategy on the Organizational Executive



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2008: The CXO agenda across industries and geographic regions is converging on improving supply chain flexibility and performance.

2018: CXO's are challenged to be in the present while continuing to look to the future.

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Increasingly, Australian organizations are setting new priorities on the CXO agenda to ensure continuous SC flexibility whilst working to shape the requirements for continuing into future high performance supply chains.

1. COOs need to minimize operational costs, automate and improve productivity.
2. Sourcing and product development leaders need to delivery innovative and competitive products to increase revenue and reduce time to market.
3. Chief Risk Officers have to mitigate risk by ensuring suppliers, products and shipments are in compliance with multi-national regulations at minimal cost.



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Open Discussion





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Thank You