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How a fashion group and personal care products brand found the answers in Pakistan.



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Agility helps to develop educational opportunities in Cambodia.



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In emerging markets, companies of all sizes know they need the tools and expertise to make their transportation, warehousing and distribution more efficient.



Tradelanes

With the growth of a new consumer class in emerging markets has come demand for sophisticated logistics in the supply chains that serve them.

Even a decade ago, the emerging markets supply chain was typically built to serve producers. It delivered inbound raw materials and intermediate goods to a production location and moved finished products overseas to buyers and end consumers in the United States, Europe and other developed markets.

Tradelanes looks at the development of supply chains built to serve emerging markets and consumers in those countries. We also look at the fast-growing small and medium-size brands going head-to-head with one another and with multi-nationals in emerging markets – companies seeking the logistics know-how and tools to compete.

We examine the demand for high-end contract logistics – the integration and optimization of warehousing, transportation, distribution and inventory management – and show how it has worked for customers in Indonesia, India and Pakistan.

Agility's Colin Mewburn-Mercer walks us through a supply chain assessment, something once reserved for larger companies and now sought by homegrown and regional brands. Next, we scrutinize the customer portal tool, again once available primarily for multi-nationals, that is becoming essential to smaller companies operating in emerging markets.

Emerging markets countries have to deepen their knowledge base to continue making gains. *Tradelanes* takes a look at two Agility-backed education initiatives in Cambodia that aim to broaden and deepen the talent pool by expanding access to schooling and working with young mothers.



13 The customer portal
Easy-to-use tools give customers a complete view of the supply chain.



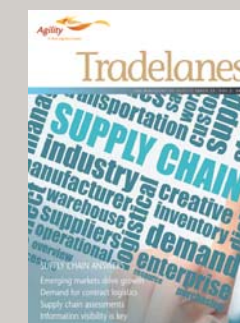
7 Technology in action
A look at how one company manages the complex flow of its products from Asia to Latin America.



21 Supply chain success story
Sports apparel and fashion brands gear up to serve Indonesian consumers.



agility.com



Contract logistics pulls together the many facets of a supply chain.

Search for logistics answers

Demand for contract logistics in emerging markets is soaring



3

In the world's emerging markets, demand for contract logistics – the business of engineering supply chains and optimizing warehousing, transportation, distribution and inventory – is growing rapidly.

Market intelligence firm *Transport Intelligence (Ti)* estimates that the contract logistics market will grow at 6.8 percent per year between now and 2018, driven primarily by expanding demand in emerging markets. This trend is most notable in Asia Pacific, which is set to overtake Europe as the world's largest contract logistics market. By 2018, Asia Pacific's contract logistics revenues are expected to approach \$100 billion. Other high-growth regions include Africa (11.6 percent CAGR), Asia Pacific (10.7 percent CAGR), Central America (10.2 percent CAGR), and the Middle East (8.6 percent CAGR), *Ti* says.



There are two parts to this story. First, e-commerce is reshaping demand for industrial real estate in mature markets, driving significant rate increases that in turn are seeing companies offshoring warehousing, storage and other destination supply chain activities. In the United States, for example, industrial rents (75 percent of which go toward warehousing) rose 3.4 percent in the last year and are coming close to pre-crisis 2008 levels, according to *The Economist*. As a result, there has been a push for contract logistics in emerging markets where industrial space is cheaper. Asia, in particular, has benefitted from the trend as logistics providers increasingly offer solutions like “direct to ▶



Search for logistics answers



store” shipments or distribution center bypass models that get goods to market without an expensive intermediate stop in the mature, high-rent country where they are to be sold.

The second driver is the explosive growth in consumer demand in emerging markets themselves. It has been powered by increases in population, size of the middle class, spending power, and urbanization rates, along with steady progress in health, education and poverty reduction. Of note has been dynamism in the economies of ASEAN, GCC and Sub-Saharan African countries, and growth in the economies of Indonesia, Nigeria, Bangladesh, Mexico and Pakistan. Consumer demand has fed the need for upgraded warehousing, transportation, systems and supply chain expertise in those countries as they shift to higher-value exports and pivot to meet the demands of the new consuming class at home.

What does this mean?

Demand for infrastructure, value-added services

The nature of contract logistics in emerging markets is being redefined. As markets such as China, India, Indonesia and Nigeria continue to mature, simple structures for storage and rudimentary inventory management are no longer enough.

By 2025, consumption in emerging markets will account for \$30 trillion, nearly half of the global total.

Businesses in industries ranging from retail to technology expect modern industrial infrastructure and facilities, no matter where they operate.

Increasingly, they demand value-added services within the four walls of the warehouse – from technology upgrades, to labeling and managing of returns. They also are seeking the same supply chain solutions that allow large multi-national companies to optimize how they run their businesses by enhancing reliability and cost-effectiveness.

“We clearly see this changing dynamic play out in our business,” says Tarek Sultan, Agility CEO.

Examples:

- In the Middle East, Agility has been able to consolidate costly national distribution centers of customers in pharma, retail and automotive into a more efficient regional distribution hub at Agility’s flagship Dubai facility.
- In Asia, Agility built the largest polymers mega-hub in China, constructing it to world-class specs with an intense focus on Health, Safety & Environmental standards.
- In Africa, Agility is building 70 sophisticated distribution parks for FMCG, life sciences, and oil and gas customers. ▶



UNINTENDED CONSEQUENCES

E-commerce, nearly 7 percent of all sales in the United States, is creating demand for warehousing space. Rents and property values for this space are increasing rapidly. Many companies, particularly those producing in Asia, are looking to ship goods direct to stores to avoid the expense of consolidation, fulfillment and distribution in the United States.

Agility’s flagship facility in Dubai has allowed major pharma, retail, and auto customers to consolidate dozens of national distribution centers into one regional facility.





One of Agility's customers in Malaysia is a local retail company that grew from two stores to more than 100 in just two years.

"The very definition of contract logistics in emerging markets has shifted dramatically. Companies like ours are reshaping what it means to do contract logistics in Asia, the Middle East and Africa," Sultan says.

Home-grown SMEs are leveraging systems to grow

Small and medium-sized local companies based in emerging markets are also beginning to take advantage of supply chain management tools and techniques once available only to multi-nationals and regional giants.

In the past, especially in the Middle East and Asia, local companies tended to manage their warehousing and distribution in-

80% of
Agility staff
work in
emerging
markets.

house. That is rapidly changing, says Morten Damgaard, CEO Agility Southeast Asia.

"In Indonesia, we work with the biggest multi-brand sports retailer in the country. They have close to 2,000 stores in 65 cities. They aren't a mom-and-pop,

Contract logistics in emerging markets has shifted dramatically as witnessed by the Agility-operated mega-hub in Shanghai built for a chemicals client and the largest of its kind in China.

they're a highly sophisticated supply chain customer," he says. "We offer warehousing and domestic distribution for their products, including from their e-commerce sales, as well as value-added services like labeling and tagging. More than 1,000 orders and 110,000 pieces of throughput volume are processed every single day."

Damgaard says homegrown companies across Asia are looking for answers. "One of our most interesting customers in Malaysia is a local retail company that grew from two stores to more than 100 over the course of just two years. They use our inventory management systems via an online portal to increase reliability and reduce costs. That was a major factor in their tremendous growth."

Beyond track and trace

A third factor driving contract logistics demand in emerging markets is the critical role of technology investment. There is a demand for greater visibility across the entire supply chain. Customers that once looked only for simple track and trace capability are today looking for business intelligence and analytical tools that help them manage day-to-day flows of goods and identify areas in their supply chains where they can wring out cost.

"Customers are looking for providers with horsepower and confidence in this area," says Colin Mewburn-Mercer, VP/Global for Agility's Integrated Supply Chain Solutions.

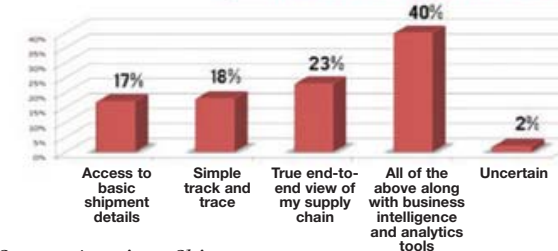
CHANGING CUSTOMER PERCEPTIONS OF SUPPLY CHAIN VISIBILITY

THE DEFINITION OF VISIBILITY

In 2013, more than two-thirds of shippers said that visibility means little more than track and trace. But things changed in 2014...

70%

2014 DEFINITION OF VISIBILITY



Source: American Shipper, www.americanshipper.com/main/gtminfographic.aspx

One size does not fit all, and an agile offering in IT is essential.

"One size does not fit all, and an agile offering in IT is essential. Customers are frequently concerned that deploying IT processes can take months and that the process is vulnerable to mission drift."

Agility offers customers the ability to integrate with their Enterprise Resource Planning system (ERP). For larger customers with more sophisticated needs, Agility is also able to integrate with vendors, clients and third parties via Electronic Data Interchange (EDI) or web services.

Agility customers have access to a web-based customer portal that offers configurable reports, online shipment booking, and management of documents, exceptions, vendors, and stock and inventory.

The advantages are clear: 100 percent elimination of manual rekeying, improvements in data quality, and the ability to allow vendors to directly submit – and take accountability for – their information online.

"It comes down to fundamentals: drive efficiency, reduce process cycle times, improve reliability and performance, and empower customers," Mewburn-Mercer says. "Now customers in emerging markets want the same thing the big MNCs have been getting."



Technology in Action

Technology helps customers manage complex logistics challenges, improve collaboration, eliminate errors, and increase efficiency. Take the example of a European retailer looking to optimize a supply chain that involved buyer consolidation from 11 origin sites in four countries, along with exports to four destination countries with more than 300 suppliers.

Agility set up an Agility-staffed multi-country consolidation center in Colombo, Sri Lanka to handle cargo originating from India and Bangladesh for onward shipping to Argentina and Brazil. The center manages label inspection of more than a half-million pieces a month. Special arrangements such as back-to-back charter transport are used to deftly manage seasonal cycles, spikes in demand and even emergencies such as global shipping disruptions.

Underpinning it all is technology. Performance data collected by Agility is aggregated directly into the customer's Enterprise Resource Planning (ERP) system. The resulting visibility gives the retailer the enormous advantage of remaining flexible with shipment plans right up to the point of loading. The end result: tighter lead times on cargo movement, plus reduced handling and storage fees at destination. Even with demanding lead times to accommodate sourcing and distribution of finished products from diverse suppliers across the Indian subcontinent, Agility ensures its customer's stores are refreshed each week with new styles.



Supply chain assessment

WHEN YOU NEED ONE AND WHAT TO EXPECT

Q&A with Colin Mewburn-Mercer

Colin Mewburn-Mercer leads supply chain assessments for companies in retail, FMCG, automotive, technology, aerospace and other industries. He is Vice President/Global for Agility Integrated Supply Chain Solutions (ISCS).

Q: When do companies ask you to look at their supply chains?

When something's not working correctly. When a client runs out of in-house expertise to deal with the situation, or when a client is at a decision point and unsure which way to progress. Sometimes clients come to us because their existing providers aren't pro-active enough. We provide a variety of services, covering projects from major multinationals down to very local companies.

Q: How does an assessment start?

Typically, it starts with on-site orientation, learning about a client's business processes. This leads into the gathering of data, in order to put together fact-based models to represent how their business processes function. A (supply chain) re-design and solution proposal has to be supported by data in order to argue the case for change in the specific challenge area.

The initial dialogue is critical. We have to be better listeners than talkers. You can't learn about a client's challenges unless you give the client a chance to explain what they are

experiencing. The key question we have to answer is: how are we going to add value?

First, you need to focus upon the customer's challenges, find out about what keeps them awake at night. You can often start a project and end up with massive mission creep, unless you have a clearly defined scope. You want to find out why it's important for a customer to go down the analytical route – understand their reasoning. You don't want to focus on the problem or challenge in isolation, so you need detail about the hand-offs on either side of the stage in the process where the customer identifies challenges. You look at cases, examples, data, documents, exceptions – failures to resolve problems in the supply chain and shipment.

Customers often like options, different ideas to solve the same issues. This gives them the opportunity to combine the input they get with their own views about what could or should work best. We are able to help the customer re-design the process, but we also know how to help implement the changes.

Q: What happens after the assessment is finished?

Clients engage not only to solve initial challenges but also because we try really hard to focus on developing individual continuous-improvement plans, where we take responsibility for driving cost out of the supply chain as part of continuous evolution.



Q: What about companies that aren't Agility clients to begin with? Do they use you?

Sure. A large multi-national consumer goods company wanted our help defining lead times to market. They wanted us to show what we'd estimate as representative lead times rather than what they internally defined those times to be. They wanted to develop a model for getting products from India to certain Latin America markets because they were having problems developing forecasts.

They needed models for how much stock would be required in a particular market for particular periods. If they don't know the lead times, they either oversupply – too much stock coming in too quickly – or they undersupply, and stock runs out.

Clients also like neutrality, the feeling that they are speaking to a team that isn't placing them constantly under buying pressure. Some clients are cautious about going to their freight forwarder for consultative or assessment projects. They need to feel that we won't just try and steer them towards using our forwarding and 3PL services.

Supply chain assessment

Q: Big Four consulting firms do supply chain assessments, too. Why would a client choose to use a 3PL instead?

When a client finds it difficult to justify a \$100,000 supply chain evaluation by a Big Four consultant, a 3PL provider with expertise in the same area is a welcome solution. The best 3PLs have scaled up their services and modeling capabilities over the past 10 years.

Assessments by 3PLs are generally a cheaper route, so that has become quite a powerful argument in our favor. Another advantage is speed. We typically move quicker. With existing

and Asia Pacific the number has grown significantly in the last few years. But ISCS has experience in all geographic areas.

Q: When is an assessment worth it?

When you can bring sufficient savings to pay for the cost of the consultancy. If it's going to cost me \$25,000 to have the study done and I'll get recommendations that will save \$500,000, it's not a difficult calculation.

For clients, it's about learning

You can't learn about a client's challenges unless you give the client a chance to explain what they are experiencing.

Q: What's different about Agility ISCS?

We are a much more bespoke provider. We try to escape from the one-size fits all model. Clients used to see "bespoke" as time-consuming and unnecessary. The trend we are seeing, increasingly, is that they want



clients, if you're already handling their freight, you already have a lot of data that can be used to build the models we rely on to gain an understanding of their supply chain. We can eliminate chunks of time required to get the clients' data, make assumptions on how to interpret it, etc.

Q: What about emerging markets?

We've had a relatively small number of projects coming out of Africa and the Middle East, but in Latin America

where they actually spend their money, and how they could spend less to get the same impact. Or it is about developing the structure or processes to be able to absorb much bigger volumes with a similar cost footprint.

Many of them want a checkpoint, a benchmark where they can get an external view on how they shape up against other companies within their sector. They want new ideas and approaches that they may not have considered or may not have known how to achieve.

providers who will listen and design processes around the very specific challenges they have to address.

Secondly, Agility ISCS has developed a reputation as being an innovative solutions player. We usually come back with different ideas from our mainstream consulting industry competitors. Lastly, we manage supply chains – that's Agility's principal business – so we know whether our solutions will work and what it will take to make them work. ▶



Where's the problem? What's the answer?

Companies with goods to move can break down their supply chains into eight areas that get scrutiny in a thorough assessment.

- **VISIBILITY**
Am I managing shipments, orders, vendors and exceptions efficiently?
- **NETWORK SOLUTIONS**
Do I need a control tower?
Should my customer be on-site?
What about a 3PL or 4PL provider?
- **CASH FLOW**
How can I maximize it?
- **CARGO MANAGEMENT**
Vendor consolidation? Value-added services? Where are the savings?
- **HUBS & LOGISTICS SOLUTIONS**
Cross-docking? Cargo rework? Warehousing? What's most efficient?
- **PRIMARY & SECONDARY DISTRIBUTION**
Do I need a distribution center? What's best for product launches? Do I need packaging help? How do I handle returns?
- **PROCUREMENT**
How do I work with my franchisees? Do I need help with e-booking? What about "greening" my procurement?
- **MODULATION**
Do I really have a grasp of my operations, compliance and performance?

An Agility Solution

CFS consolidation at Chennai and delivery to customer Distribution Centre at Xiamen



The customer portal

BEYOND SINGLE-SHIPMENT VISIBILITY

Once just for the big guys, now a must-have for SMEs



Customer portals are giving small and medium-size companies access to the same customized, tiered, integrated and affordable tools that were once used only by large, IT-savvy enterprises.

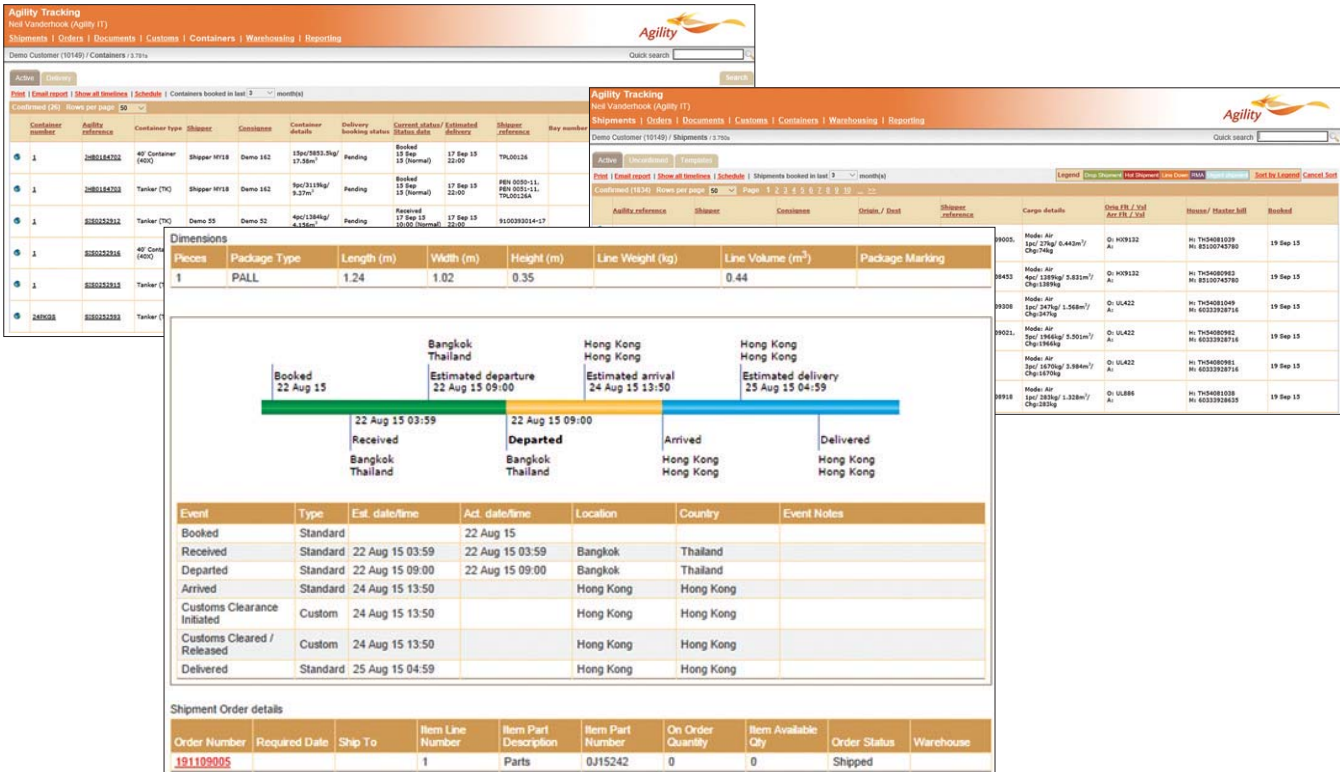
Small and medium-size enterprises don't have the shipping volumes or complex supply chains of Fortune 500 companies, but that doesn't mean their logistics needs are simple.

An operations executive at a medium-size company might oversee tens or hundreds of shipments a month along with activities at multiple warehouses. He might have additional responsibilities beyond managing his supply chain. But many companies can't afford the sophisticated supply chain platforms and dedicated IT staff that large enterprises often have.



Single-shipment track-and-trace tools offered by third-party logistics providers have long been a mainstay for these companies. But as volumes and complexity have grown, supply chain managers need more powerful tools enabling them to see overall performance against targets and quickly spot operational problems. Some logistics providers such as Agility offer robust end-to-end visibility solutions that target this very need.

"Medium-size companies can benefit from integrated visibility platforms like Agility's customer portal," says Alex Greuter, Chief Technology Officer at Agility. "The portal lets customers see all shipment activity in one consolidated ►



view. They have access to shipment documentation, and they can schedule shipments, track movement of inventory in warehouses, manage purchase orders, and more, all with a single log-in."

Indeed seeing the details of a complex supply chain is useful, and the reason many SMEs are eager to use customer portals. Portals allow them to see all their shipments and drill down to check the detailed status of a particular shipment. In addition, customers can get email alerts about the status of critical shipments, so they know where their cargo is, without having to seek out the information.

Flexible reporting, regulatory compliance

While some customers like having all the details at their fingertips, others prefer seeing the big picture. Agility's medium-sized customers use a range of summary reports from the portal, including shipping status and KPI performance, so they can spot problems at a glance. A flexible reporting engine allows them to create custom reports and have those reports emailed to them on a daily, weekly or monthly basis. That's a big time saver for operations managers at medium-size enterprises who can't devote themselves to monitoring shipments.

Regulatory compliance can also be a struggle for SMEs. Keeping track of key shipment documents sent as email attachments is time-consuming. With the customer portal, shipping documents are automatically scanned and stored, and accessible on demand. Customers know where the documents are and can upload them to store alongside standard shipping documents already in the system so all relevant documents are in a single, secure repository.

Customers can get email alerts about the status of critical shipments, so they know where their cargo is, without having to seek out the information.

Online booking, warehouse insight

SMEs also are finding that they gain efficiency and reduce errors by using a portal to schedule shipments. Online job booking is quick and easy. It reduces delays and



inefficiencies that occur when jobs are submitted via emails and spreadsheets. "Customers that try the online booking feature never go back to the old way," Greuter says. "They realize the simplicity and efficiency of conducting business this way. The portal also offers a container view and container booking for customers who need precise time slot allocation for delivery bays."

Agility's portal gives customers access to rich warehouse management functionality, in addition to the freight management tools. They can track inventory in and out of the warehouse and see how they are performing against KPIs.

Greuter says some customers gravitate to the portal for help with purchase order management. Others benefit from Agility's US customs management module, which lets them manage their entries and view AES filings. Customers with their own IT systems can tap into the Agility portal through its extensive EDI-based integration framework, further streamlining processes like shipment booking and order

To get to Agility's customer portal, click the "register" link on the www.agility.com website home page. An Agility representative will contact you to discuss your needs and give you a user ID. Most features are intuitive, but Agility offers training for customers requesting it.

management so they can improve data accuracy and get greater visibility across their whole supply chain.

"We're trying to create a one-stop-shop for customers, even those with specialized needs," Greuter says.



Winning with warehousing

SOLUTIONS IN SOUTH ASIA



17

Companies that operate in emerging markets all want to manage and distribute their products efficiently, moving inventory swiftly to keep costs low. That can play out differently from one market and company to the next, as it did with this FMCG producer, automotive manufacturer and clothing retailer.

Global fashion group In Pakistan

A Spanish multinational clothing retailer operates a supply chain with a complex network of more than 300 suppliers, buyers from 11 sites in four destination countries and a global distribution network of over 6,000 retail stores. The fashion group designs and manufactures almost all its products by itself, dispatching its newest fashions to stores every two weeks. Agility operates a 30,000 sq.ft. consolidation center for the group in Karachi and handles garments originating from Pakistan and moving to Spain.



Three examples of complex warehousing requirements

Each year, Agility transports approximately 2,000 tons of jeans via air freight and another 25,000 cubic meters of jeans using ocean freight to the customer's central warehouse in Spain where all global shipments are consolidated. At the heart of the consolidation center is an order management system that keeps track of all important supply chain information, including purchase orders, inventory levels, milestones and operational performance. An EDI link to the customer's in-house IT system ensures full visibility of the supply chain to better manage seasonal cycles and address problems right up to the point of loading. ▶

Winning with warehousing

SOLUTION BENEFITS:



What an Agility solution can look like

PHYSICAL CARGO FLOW



AGILITY WAREHOUSE

STANDARD WAREHOUSE SERVICES



VALUE ADDED SERVICES*



* Production and/or Aftermarket



AGILITY IT CAPABILITIES

- Agility Tracking (door-to-door)
- Warehouse webportal for control + transparency
- Warehouse Management System (WMS)
- Electronic Data Interchange (EDI) connectivity with supplying & receiving factors
- Odette standard EDI & labelling
- Electronic invoicing on behalf of suppliers
- Work with customer to deploy additional capabilities

AGILITY CONTROL TOWER

- Ensure that door-to-door supply chain flow meets and exceeds all client expectations (KPI)
- KPI & Reports: Continuous Improv., Plan / Forecast / Alerts, Consulting, Other TBA.



Consumer goods giant in Pakistan

Agility is one of Pakistan's largest 3PL providers, offering state-of-the-art warehousing and distribution facilities in a country where they are not widely available. In Karachi, Agility provides 215,000 sq.ft. of warehousing space to a global producer of personal care products such as shampoo, conditioner and facial wash.

The customer counts on Agility to handle both finished, imported goods and products that it manufactures in Pakistan. Agility manages various warehousing activities. Agility stores raw material for the customer's production plant; moves goods from the plant to a distribution center, then from the center to retail outlets in five cities; and receives and manages 21,000 pallet positions of finished goods.

Multi-nationals selling in Pakistan can find it a difficult place to operate: roads are poor and crowded; infrastructure is underdeveloped; and crime and sectarian violence flare up frequently. To help navigate that environment, Agility uses its strong on-the-ground knowledge and well-established local operations, along with a GPS-enabled fleet management system. Agility provides value-added services such as special packing for sales promotions, and product

labeling. Its Karachi facility – equipped

with advanced warehouse management systems and handling equipment – helped the customer to achieve economies of scale by consolidating its operations under one roof, improving vehicle utilization and boosting order fulfillment performance.

Pakistan manufactures more than 50% of world's hand-sewed footballs.

Luxury automotive manufacturer in India

A German luxury car manufacturer was expanding its business in India but had difficulty distributing its high-value spare parts on a timely basis to meet demand across the vast country. Agility set up an 87,000 sq.ft. warehouse in Bhiwandi, a suburb of Mumbai, to serve as its national distribution center for car parts.

The majority of the warehouse space is demarcated as an excise area for taxable goods while the remaining space serves as a customs bonded warehouse for goods that are not yet subject to tax. The spare parts are imported from Germany via ocean freight and are meant for the automaker's finished passenger cars in India. Agility receives and clears the shipments through customs and conducts a check to ensure they meet quality and quantity standards before binning them. Each month, the inventory management system handles more than 20,000 SKUs. When the automaker's authorized Indian dealers place their orders – routine inventory replenishment, a rushed order, or ultra-urgent parts required for a broken down, roadside vehicle – Agility picks and packs the required items for distribution in any part of India in 24-72 hours. The agile distribution network enables the customer to stay on track in meeting its growth plan across India.

LARGEST DEEP-SEA PORT

Pakistan's Gwadar Port is the largest deep-sea port in the world. Situated on the Arabian Sea, it is a vital access point for Pakistan and for landlocked Afghanistan and Central Asian countries. Gwadar is intended to be a fully developed regional hub and trans-shipment port. China Port Holdings took over management at Gwadar in 2013, and the Chinese government is financing much of current development.



Indonesia: view on the ground

SUPPLY CHAIN
SUCCESS STORY



Support for
leading sports
apparel and
fashion brand

Companies producing in emerging markets are learning new lessons as they retool their supply chains to take advantage of the opportunities to sell into those markets for the first time.

Two companies – a consumer sports brand and a global fashion house – turned to Agility to help them make

the pivot in Indonesia, where a growing middle class has the buying power to attract big brands.

The sports apparel retailer needed a reliable domestic supply chain that allowed it to store, track and distribute across Indonesia, where the company had sourced and manufactured goods for export but done little selling. Agility allocated 3,300 sq.m. of space

in a 17,600 sq.m. warehouse in East Jakarta to manage distribution within Indonesia. That facility processes orders. It picks, labels, packs and ships sports apparel, footwear and equipment, using road, ocean and, when urgent, air freight so the goods get to the customer's 11 authorized Indonesian distributors and 400 retail outlets, many of them quite remote. ►



Indonesia's youthful population is feeding the growth of its workforce and consumer class. By contrast, the workforce is shrinking or about to shrink in Thailand, Malaysia and China, where the population is aging.



Collection & return

Reverse logistics are critical to customer satisfaction and efficient inventory turnover, so Agility also manages the collection and return of defective or recalled goods. It also gave the apparel maker 24/7 inventory visibility and the ability to track products in near real-time by integrating an Electronic Data Interchange (EDI) connection to the sports company's order management system.

Indonesia has embarked on a massive infrastructure program to stimulate growth by driving down logistics costs and improving connectivity between east Indonesia and more prosperous Java. The plan is to attract advanced manufacturing and service industries and wean the nation from reliance on mining and palm oil.



at emerging markets – rather than mature ones – as the places driving growth,” says Jens Wessel, SVP Sales & Marketing for Agility Asia Pacific. “We have to be able to show that we can shorten their supply chains and lead



Agility's recommended configuration enables the sports apparel company to compress its supply chain and eliminate costly steps between its factories in Indonesia and end consumers. The warehousing and distribution service reduces lead time and freight costs, and improves inventory management through better operational efficiencies.

“Companies coming to us have shifted their thinking. Now they look



times so they can move products into different markets.”

Via Singapore

An American “fast-fashion” retailer of men's and women's clothing and accessories uses a different supply chain model. A consolidation hub in Singapore receives finished products from the retailer's production plants in China, Bangladesh, Cambodia and Vietnam. The products are then



exported to Indonesia via air freight to minimize the lead time.

Agility provides the company with Direct-to-Store (DTS) service that frees the customer to concentrate on its core strengths. Each week, Agility receives shipments containing clothes, shoes and accessories at its Singapore warehouse. Each shipment contains up to 13,000 items that are then individually labeled and tagged according to customized orders. With a turnaround time of just two to three days, the items are flat-packed and distributed directly to retail stores in Jakarta, where they go immediately onto racks or displays. Fast, agile DTS service improves profit, reduces inventory, minimizes price markdowns and ensures retail stores get the right product assortment on time.

Wessel says there are important considerations for companies now selling into markets that once were primarily sources of supply:

- “You can't overlook the need for higher SKU counts and seasonality, both of which reflect the increasing sophistication of consumers in these markets. Those factors have an impact on production and lead times for retail customers.”
- “Shorter lead times put more focus on making transportation routes more efficient and shorter.”
- “There is a premium on strong IT integration, a solid multi-modal transportation platform and good people on the ground.”

Wessel says brands have opportunities to drive more efficiency in high-velocity emerging markets supply chains. “They don't need to sacrifice the level of service they expect across their global trade lanes that feed more developed markets.”

Improving education

AGILITY HELPS IN CAMBODIA



25

What began with volunteerism by two Agility executives has grown into a corporate commitment for vital education initiatives in Cambodia, which continues to struggle with the effects of the harrowing Khmer Rouge period (1975-1979) and its aftermath.

Jens Wessel, SVP Sales & Marketing, Asia Pacific, introduced Agility to Caring for Cambodia (CFC), a group that operates 21 pre-K through Grade 12 schools in Cambodia, including programs aimed at building literacy and math skills for pre-school children, as well as parental skills for young mothers. These programs give children a significant advantage, as early enrollment increases the likelihood of graduation and academic achievement. Jens and his family, living in Singapore, have traveled to Cambodia to work with CFC. Agility has been supporting CFC's pre-school and young mother programs since 2012.

At about the same time, Agility began working with the Norwegian Association for Private Initiatives in Cambodia (NAPIC). With support from United World College of South East Asia (UWCSEA), NAPIC set up a full-

day school – KUMA Cambodia – in 2012 to educate and care for the most vulnerable children in villages near Takhmau, south of Phnom Penh. The Agility-NAPIC connection came about through Morten Damgaard, CEO of Agility Southeast Asia, who worked with UWCSEA and NAPIC as a volunteer and now serves on KUMA's advisory board.

"Poverty stunts education," Damgaard says. "In Cambodia, children are forced to drop out of school at primary or secondary levels in order to work and help support their families and because many can't afford basic academic expenses. Without support, it's unlikely they will get the education they need to rise out of poverty."

Four years of destruction

The Khmer Rouge destroyed Cambodia's education system and most other institutions during four years of totalitarian rule in which up to two million Cambodians, nearly a quarter of the population, died. Traumatized and impoverished, Cambodia was slow to recruit teachers, reopen schools and rebuild its education system.

Today, there are about three million students in more than 12,000 primary, ►





secondary and tertiary schools. Literacy rates, at near zero among school-age children after the fall of the Khmer Rouge, are climbing.

"The educational landscape in Cambodia is improving," Wessel says. "But progress is slow. Support from organizations like Caring for Cambodia makes education more accessible. It won't be long before we see most, if not all Cambodian children in school where they belong."

More than half of Cambodians are under age 18. Many are growing up in motherless households or have no female role models. As a result, CFC addresses normal education needs and offers instruction for young parents.

CFC builds a brighter future

With Agility's support, CFC has been working to ready pre-school children for grade school while, at the same time, helping mothers develop parenting skills that will ensure their children succeed. CFC provides basic health and dental education, and hygiene instruction and materials,

working with more than 330 mothers and 500 children from 12 pre-schools.

A separate CFC program, serving nearly 900 junior high and high school girls, aims to encourage and empower female students, giving them the confidence and tools to stay in school. Agility funds two counselors and a senior program manager; it has paid for laptops and program management expenses. Each semester, CFC trains more than 85 teachers in ways to address the needs of female students.

Programs such as CFC's are new to Cambodia. They have helped keep children in school longer and improved graduation rates, drawing attention from key government officials. In a visit to CFC last year, Cambodia's education minister said the country would adopt CFC's education and program standards for pre-schools throughout Cambodia.

Lydia Breckon, Development Director for CFC, said: "We are very grateful to Agility for helping us to make this excellent education a reality for thousands of Cambodian children."



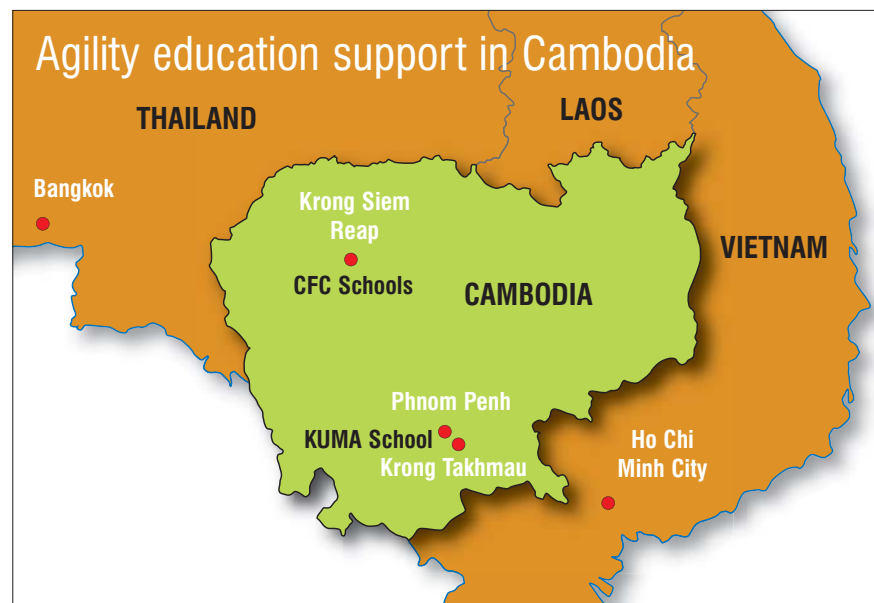
KUMA Cambodia

NAPIC's KUMA Cambodia program serves some of the country's poorest children and families by providing schooling, food and medical assistance. Located south of Phnom Penh in villages around Takhmau, the capital of Kandal province, KUMA educates children who would otherwise go unschooled and offers the parents workshops in social skills, children's rights, vocational training and employment.

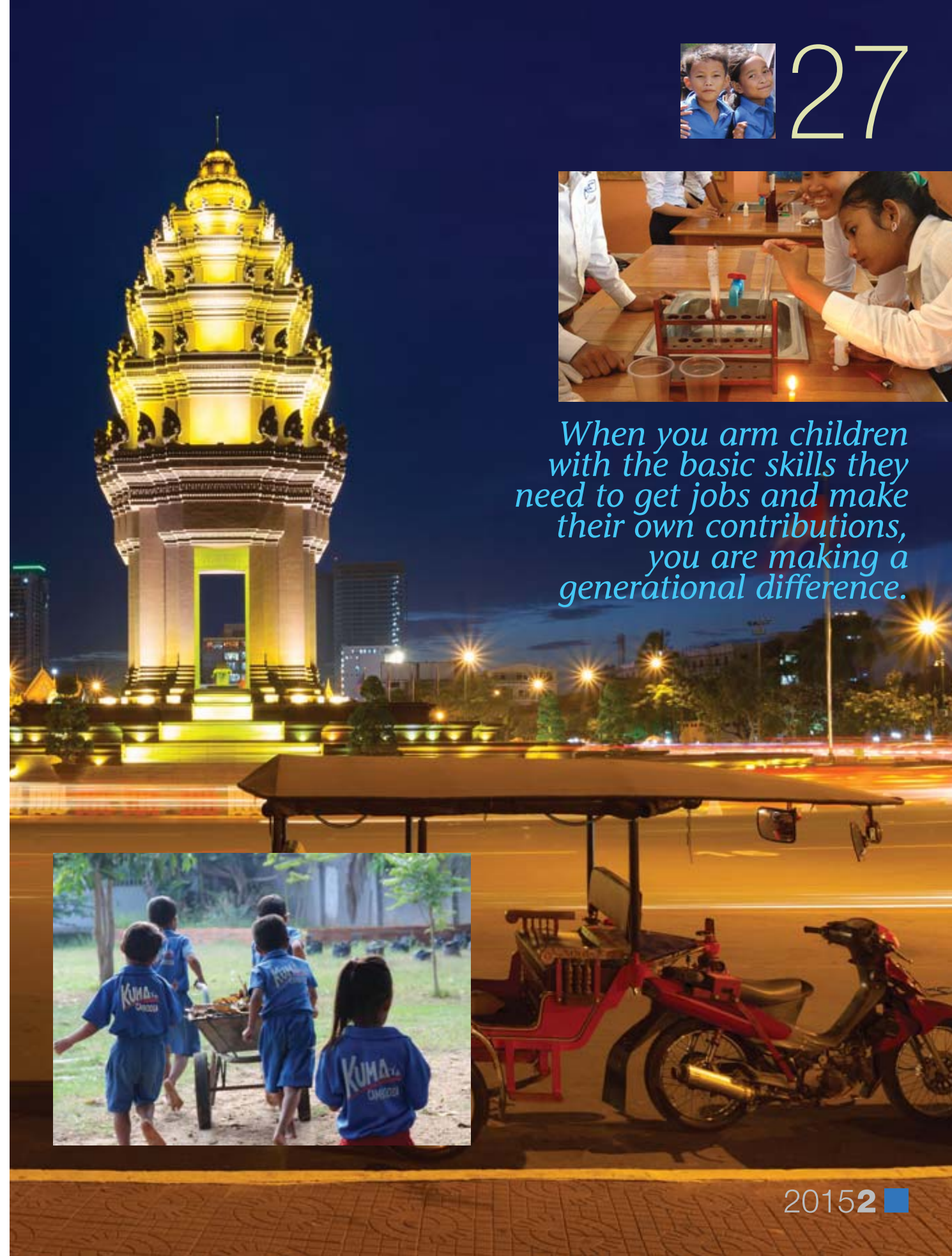
Instruction at KUMA is basic elementary education: math, Khmer and English reading and writing, arts, and physical education. KUMA also provides three nutritious meals a day, hygiene, medical and dental care. Through Agility's support, KUMA is able to give children medical exams and vaccinations, and to offer guidance, skills and instruction intended to help their parents get jobs.

Community development in emerging markets has become an Agility priority as the company has expanded in frontier economies. "You don't have to make enormous financial contributions to make a huge difference in these countries. When you arm children with the basic skills they need to get jobs and make their own contributions, you are making a generational difference," Wessel says.

www.caringforcambodia.org
www.kumacambodia.org



When you arm children with the basic skills they need to get jobs and make their own contributions, you are making a generational difference.



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About Agility

Agility brings efficiency to supply chains in some of the globe's most challenging environments, offering unmatched personal service, a global footprint and customized capabilities in developed and developing economies alike. Agility is one of the world's leading providers of integrated logistics. It is a publicly traded company with \$5 billion in revenue and more than 22,000 employees in 500 offices across 100 countries.

Agility's core commercial business, Global Integrated Logistics (GIL), provides supply chain solutions to meet traditional and complex customer needs. GIL offers air, ocean and road freight forwarding, warehousing, distribution, and specialized services in project logistics, fairs and events, and chemicals. Agility's Infrastructure group of companies manages industrial real estate and offers logistics-related services, including e-government customs optimization and consulting, waste management and recycling, aviation and ground-handling services, support to governments and ministries of defense, remote infrastructure and life support.

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