



# Global Contract Logistics 2017

The 2017 edition of Ti's annual Global Contract Logistics report includes analysis and insight into the development of the industry in line with recent environmental legislation and technological advancements. In addition, the report includes Ti's bespoke contract logistics market sizes and forecasts, as well as profiles of the strategies and performance of leading logistics service providers.



Logistics Briefing



Ti Dashboard



Ti Reports



Ti Portal GSCi



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### Ti's Origin and Development

Ti is a leading logistics and supply chain market analysis company developed around five pillars of growth:

- Logistics Briefing
- Ti Market Research Reports
- Ti Insight portals
- Ti Consulting
- Ti Conferences and Training

Ti acts as advisors to the World Economic Forum, World Bank, UN and European Commission and have 14 years worth of providing expert analysis to the worlds leading manufacturers, retailers, banks, consultancies, shipping lines and logistics providers.

### What Sets Ti Apart?

- Globally recognised and trusted brand
- Global Associate Network provides a multi-country, multi-disciplinary and multi-lingual extension to Ti's in-house capabilities
- More than fourteen years of knowledge delivery to global manufacturers, retailers, banks, consultancies, shipping lines and logistics providers
- Unique web-based intelligence portals
- Interactive dashboard
- On-going and comprehensive programmes of primary and secondary research

### Global Expertise with Local Focus.

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.

Since 1999, clients have trusted us to help recruit, build world-class leadership and drive business performance with integrated Corporate Advisory services.

Today, we are a single source for leadership development, talent & recruitment services and business consulting to empower businesses and leaders to reach their goals. Offering a full suite of solutions designed and executed to position our clients from growth and overall improved performance, our service pillars include;

- Executive Search & Leadership Recruitment
- Corporate Advisory & Business Performance Consulting
- Accredited Training & Education Programs for the Supply Chain and Logistics sector.





**Professor John Manners-Bell BA  
(Hons) MSc AKC FCILT**

Prof John Manners-Bell is Chief Executive of Ti, Honorary Visiting Professor at the London Metropolitan University's Guildhall Faculty of Business and Law and an adviser to the World Economic Forum.

He has over 25 years' experience working in and analysing the global logistics sector. John started his working life as an operations manager of a logistics company based in the UK. Prior to establishing Ti in 2002, he worked as an analyst in consultancies specialising in international trade, transport and logistics. He also spent a number of years as a manager of UPS, in a strategic marketing and communications role. John holds an MSc in Transport Planning and Management from University of Westminster and is an Associate of King's College London where he studied Classics and Theology. He is a Fellow of the UK Chartered Institute of Logistics and Transport and former Chair of the Supply Chain and Logistics Global Advisory Council of the World Economic Forum. He has also advised the European Commission Directorate-General for Energy and Transport. He has written three books on the industry – 'Global Logistics Strategies: Delivering the Goods', 'Supply Chain Risk: Understanding Emerging Threats to Global Supply Chains' and 'Logistics and Supply Chains in Emerging Markets'. His second book, 'Supply Chain Risk' won the Mention Speciale ACA-Bruel Prize for supply chain literature in 2014.



**David Buckby**

Having obtained a Masters in Economics David is now Ti's resident Economist. David manages one of Ti's core strengths, that of quantitative analysis of a range of logistics markets, including sizing and forecasting.

David contributes to the GSCi portal, Ti Reports and consultancy projects. He also is author of many briefs for Ti's Logistics Briefing service. His key interests are the economics of the logistics sector, emerging markets and statistical modelling.



**Lilith Nagorski**

Ti's Head of Research, Lilith, joined the company as a Researcher after graduating in 2011. She began her career researching and analysing logistics provider strategies on Ti's Global Supply Chain Intelligence (GSCi) portal.

Lilith quickly brought improvements to the organisation and efficiency of the department took on the responsibility for managing Ti's intelligence portal, market reports and team of researchers, analysts and consultants.



### Alexander Le Roy

As a graduate in International Relations, Alexander Le Roy brings a variety of knowledge and interest to his role as an Analyst at Ti.

Alexander joined the Ti research department in 2013. Since joining the company, he has contributed to 10 top selling Ti reports, in addition to the GSCi portal. The breadth of his analysis includes content on logistics providers, logistics markets and supply chain software. Alexander has developed a significant body of work in the evaluation of log-tech start-ups, and holds a keen interest in the latest technological developments in the industry.



### Violeta Keckarovska

Violeta is a research analyst with vast experience in the design, implementation and analysis of electronic and person-to-person surveys. Having worked across a number of sectors, including retail, luxury goods and FMCG, Violeta is experienced in gaining valuable insights across brand perception, voice of customer and strategic re-positioning intelligence campaigns for B-to-B and B-to-C clients.

As a member of the Market Research Society, Violeta brings best practice in research, insight and analytics across Ti.



### Andy Ralls

Andy is a quantitative analyst at Ti. He graduated from the University of Southampton with a Mathematics with Finance degree in 2014. In his studies, he chose a final year project on actuarial modelling and forecasting and enjoyed modules on statistical distribution theory, financial mathematics and macroeconomics.

Andy has since worked for a top accountancy firm and for a wealth management company. These experiences give him a strong understanding of company accounts and investment products and has given him a wider understanding of the financial sector.

Andy contributes to the GSCi portal, consultancy projects and authors news and briefs for Ti's Logistics Briefing service. He also works on Ti Reports and contributes to market sizing and forecasting sections.

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Technology has always played an important role in the modern contract logistics industry. During the early stages of the sector's development, it was seen as a competitive advantage for large logistics companies to differentiate their service offering from the vast number of smaller, commoditized players in a highly fragmented market.

However, investment in technologies involving huge corporate IT departments is not the pathway to competitive advantage that it once was. Technology has become widely democratized with start up developers being able to provide the smallest logistics companies with sophisticated service offerings. As the authors of the report comment, 'For decades only the big players have been able to invest in large, scalable solutions supporting individual operational functions. But the seismic shift resulting from the evolution of cloud services and mobile computing is challenging every aspect of the industry. [Enterprise Resource Planning suites] are not proving to be well suited to the needs of nimble and agile logistics solutions providers who are subject to a constant stream of changing requirements.'

This is just part of the story though. New technologies are not only being used to make processes more efficient, they are changing the nature of the logistics industry itself. As the report makes clear, new models, such as 'supply chains on-demand' could revolutionize the relationship between client and 3PL, allowing far more flexibility than presently exists. The extreme volatility which characterizes e-retail supply chains is a case in point. Bringing in units of warehousing capacity to meet demand at peak times is expensive and inefficient, and the contract mechanism which governs logistics relationships in the supply chain is clunky and bureaucratic. Perhaps, in a few years, integrations between supply chain planning suites and asset marketplaces, such as that

announced between Llamasoft and Flexe, will become the norm in the industry.

In this exciting period for the industry, technology development is not only revolutionizing the processes involved in logistics, but also affecting the transport assets which are required to undertake the movement of the goods themselves. From a public policy and environmental perspective this is critical. Partly as a response to environmental regulation, actual and threatened, and partly due to natural innovation and ingenuity, alternatives to the diesel engine are being developed at pace. Initially as a result of targets to reduce greenhouse gases, and more latterly from a public health desire to reduce noxious particulates, there has been a rush to develop alternative fuels as well as battery technology to power electric vehicles. However, as the authors of this report stress, efforts are still in their early stages and will not transform the global vehicle fleet for several years. This may be too slow for many city regulators who are coming under pressure to reduce the number of deaths and illnesses caused, many health professionals say, by exhaust emissions. This report looks in detail at the increase in popularity of 'Low Emission Zones' (LEZs) presently being proposed or implemented around the world as well as their potential impact on supply chains.

Now in its 15th edition, Global Contract Logistics 2017 continues to be the only report to track and predict the complex path of the industry and the changing relationships between all the parties involved in the supply chain business.

## 1.2 Key findings



- The Global Contract logistics market grew by 3.9% in 2016, up from 3.7% in 2015.
- Globalisation of supply chains, the growth of e-commerce and technological innovations have changed the structure of the contract logistics market, with logistics providers trying to retain their competitive edge by expanding their service portfolios either organically or via acquisition.
- While 2016 has seen contract logistics providers pursuing different growth avenues, expanding in high-margin markets was a common growth strategy, with the healthcare and pharmaceutical sector being identified as a particularly lucrative market.
- Supply Chain Operating Networks have provided a means of substantially improving supply chain visibility, but none of the competing vendors yet offers a complete solution.
- Blockchain holds great potential, and is still developing, but it is unlikely to be a silver bullet for supply chain visibility.
- Current battery technologies are insufficient to replace conventional internal combustion engines, and future replacements may take years to commercialise.
- Hydrogen fuel cells appear to be a promising technology, but the jury is still out on whether they will work in practice.
- Even though the level of consolidation in 2016 is estimated to have dropped compared to 2015, looking ahead the outlook for consolidation activity in the industry remains positive.
- For logistics providers to realise synergy effects in mergers and acquisitions, ensuring an effective post-acquisition integration is vital.
- The market is forecast to grow at a real 2016-2020 compound annual growth rate (CAGR) of 4.8%.

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