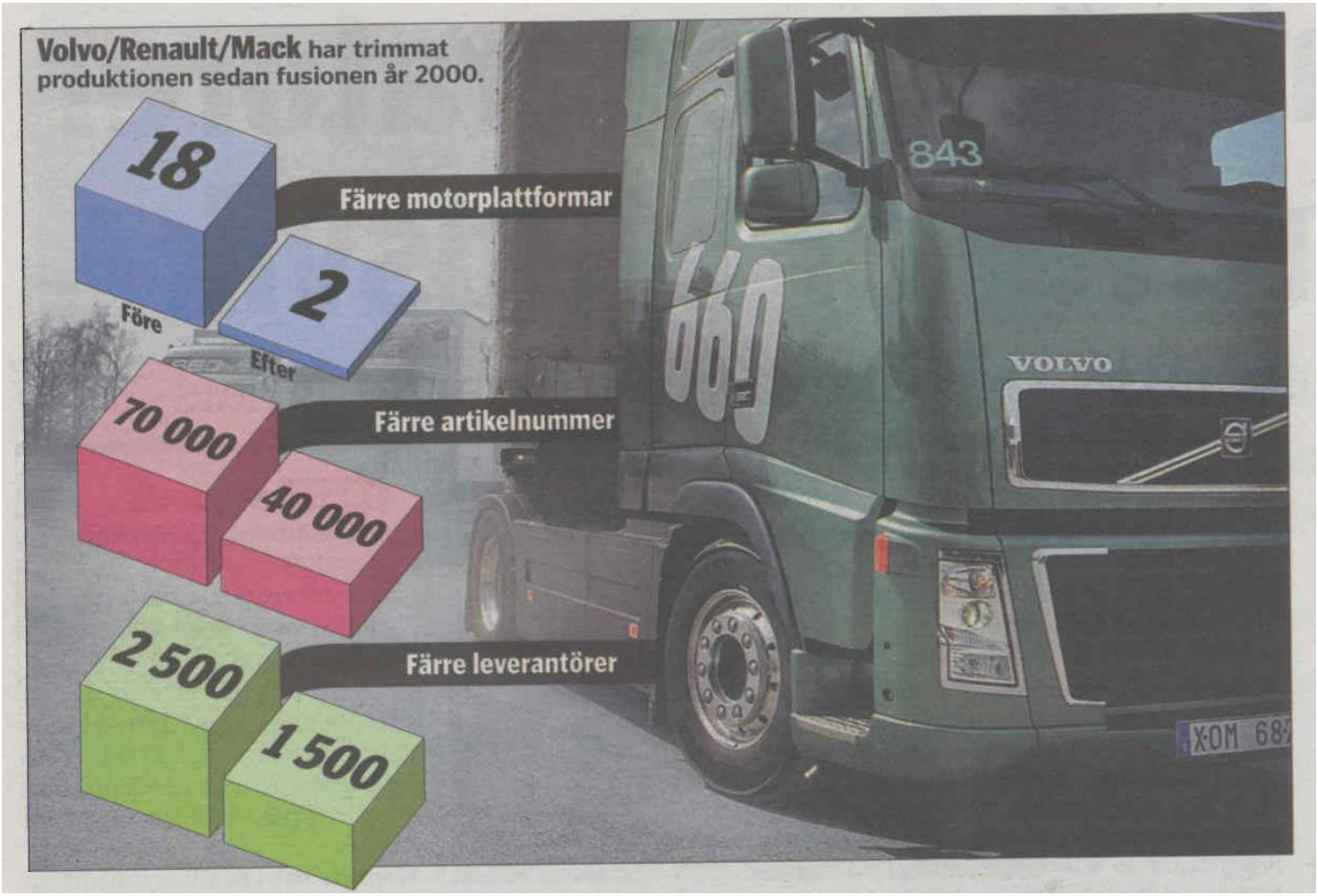
Future Trends of Logistics Strategy

A Normative Perspective

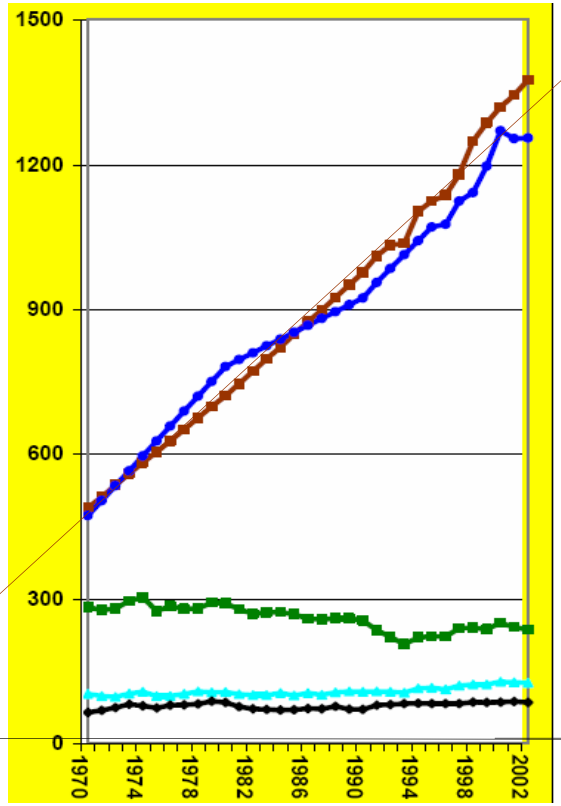
”Volvos recept för fusionslycka”

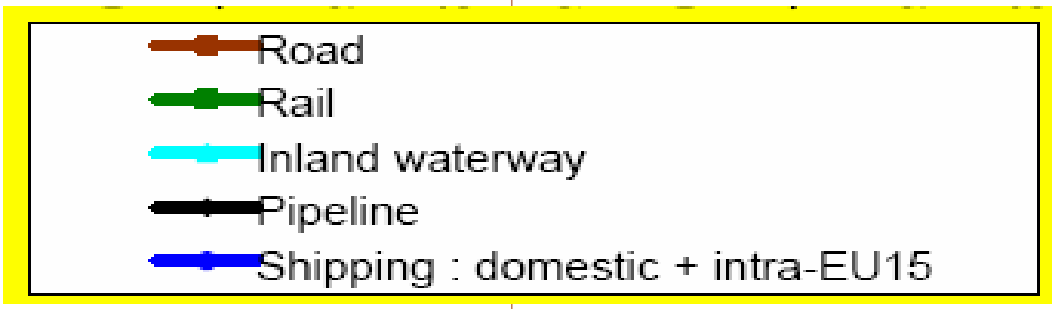


(Ny teknik, 060926)

Agenda

- ***Industrial trends***
- **Customer demand**
- **Function deliveries**
- **Industrial impacts**
- **Statements**





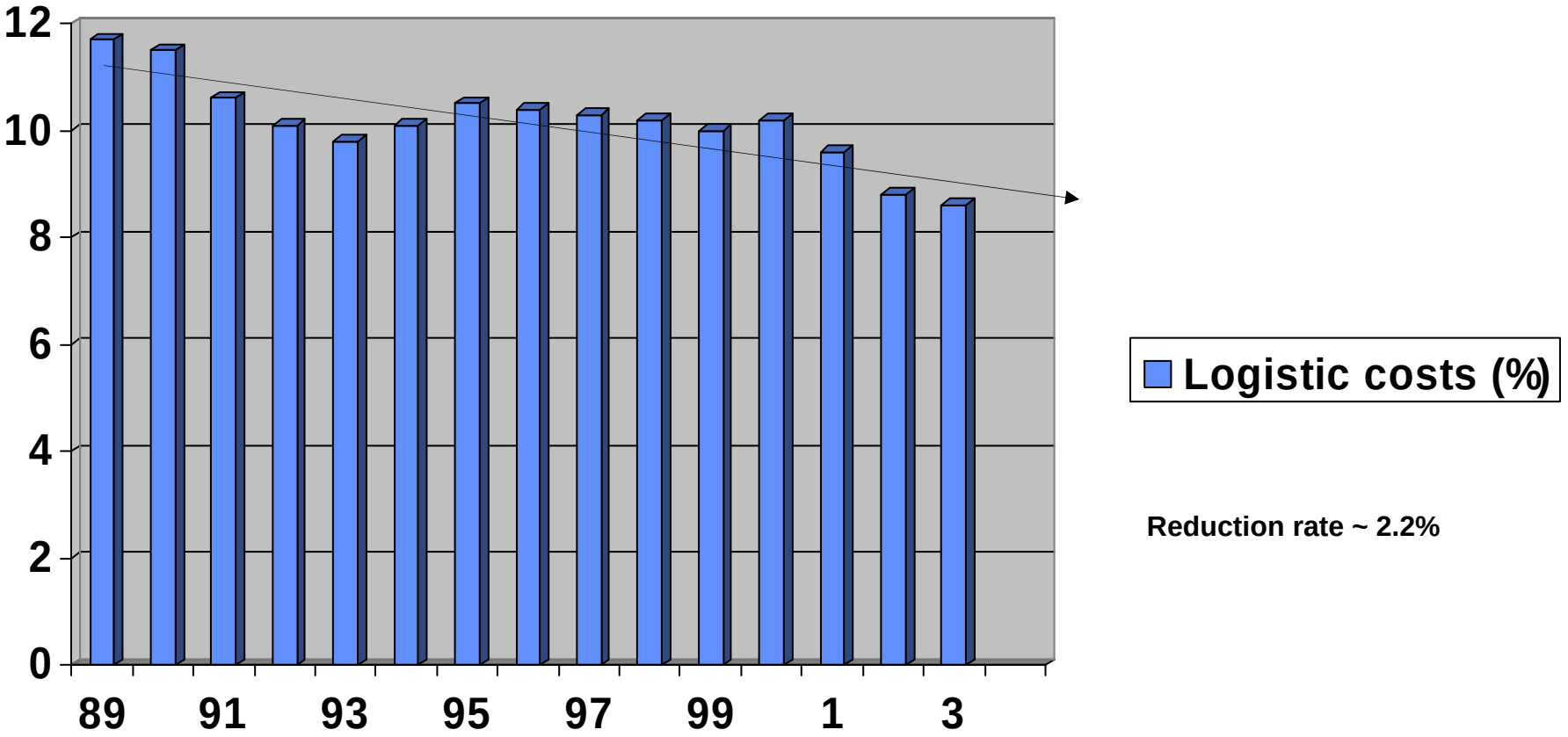
(EU, 2005)

1945

2030

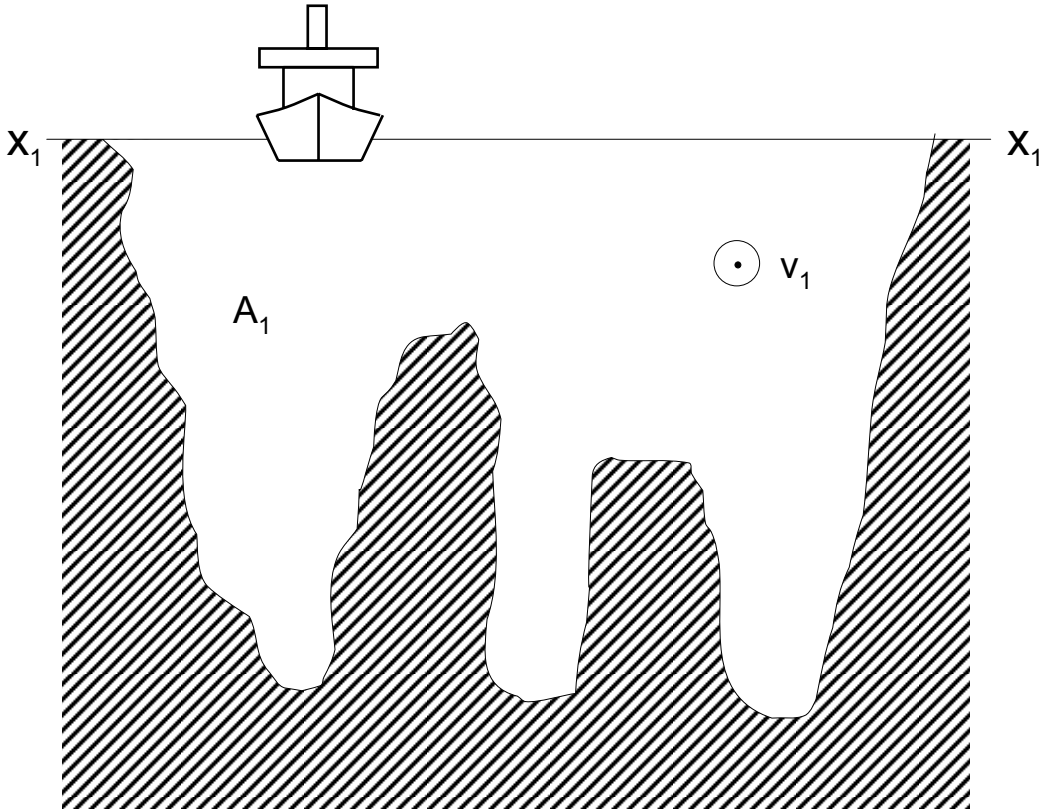
2050

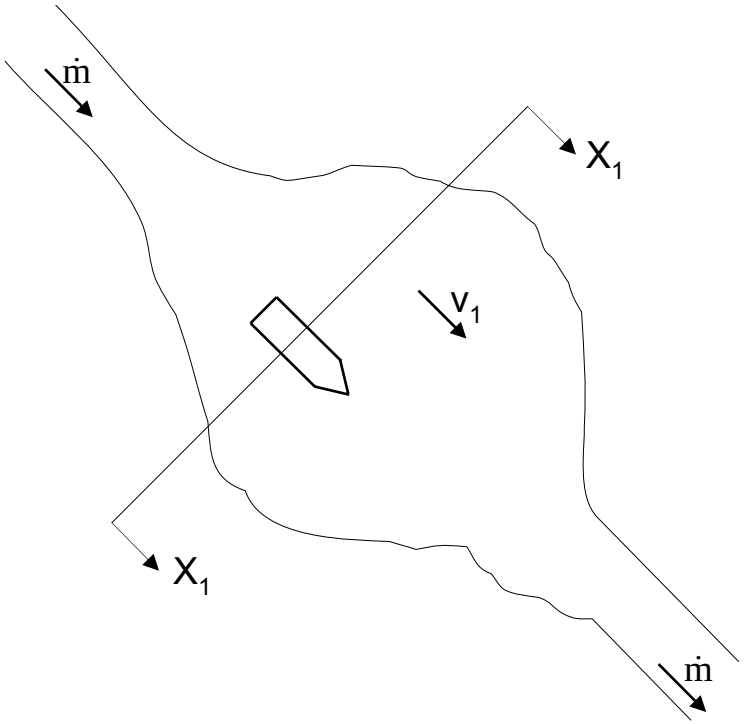
Logistics cost as a percentage of US gross domestic product (1989 -2003)



Reduction rate ~ 2.2%

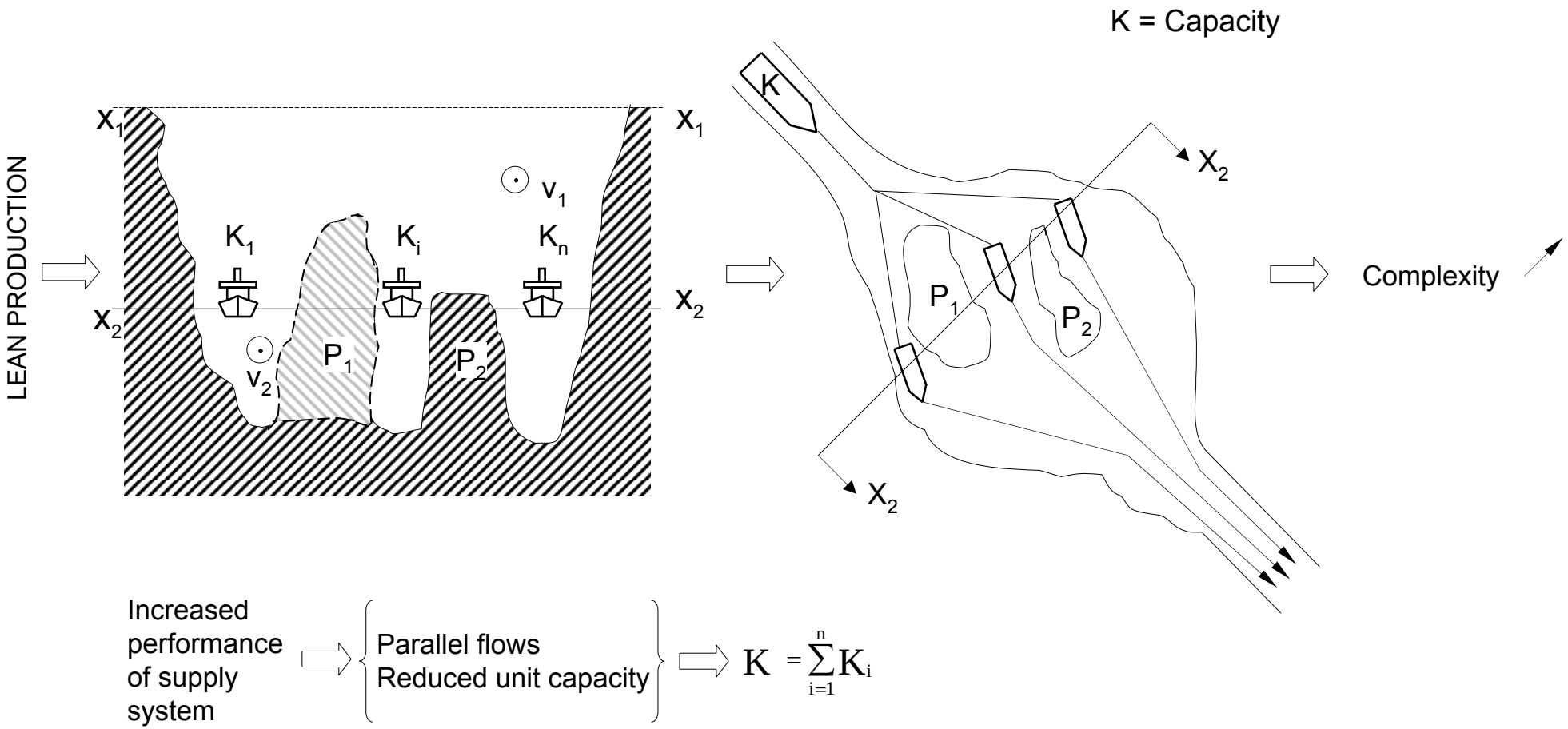
LOGISTICS COMPLEXITY - LEAN PRODUCTION I





Freight flow $= \varphi = v_1 \cdot A_1$

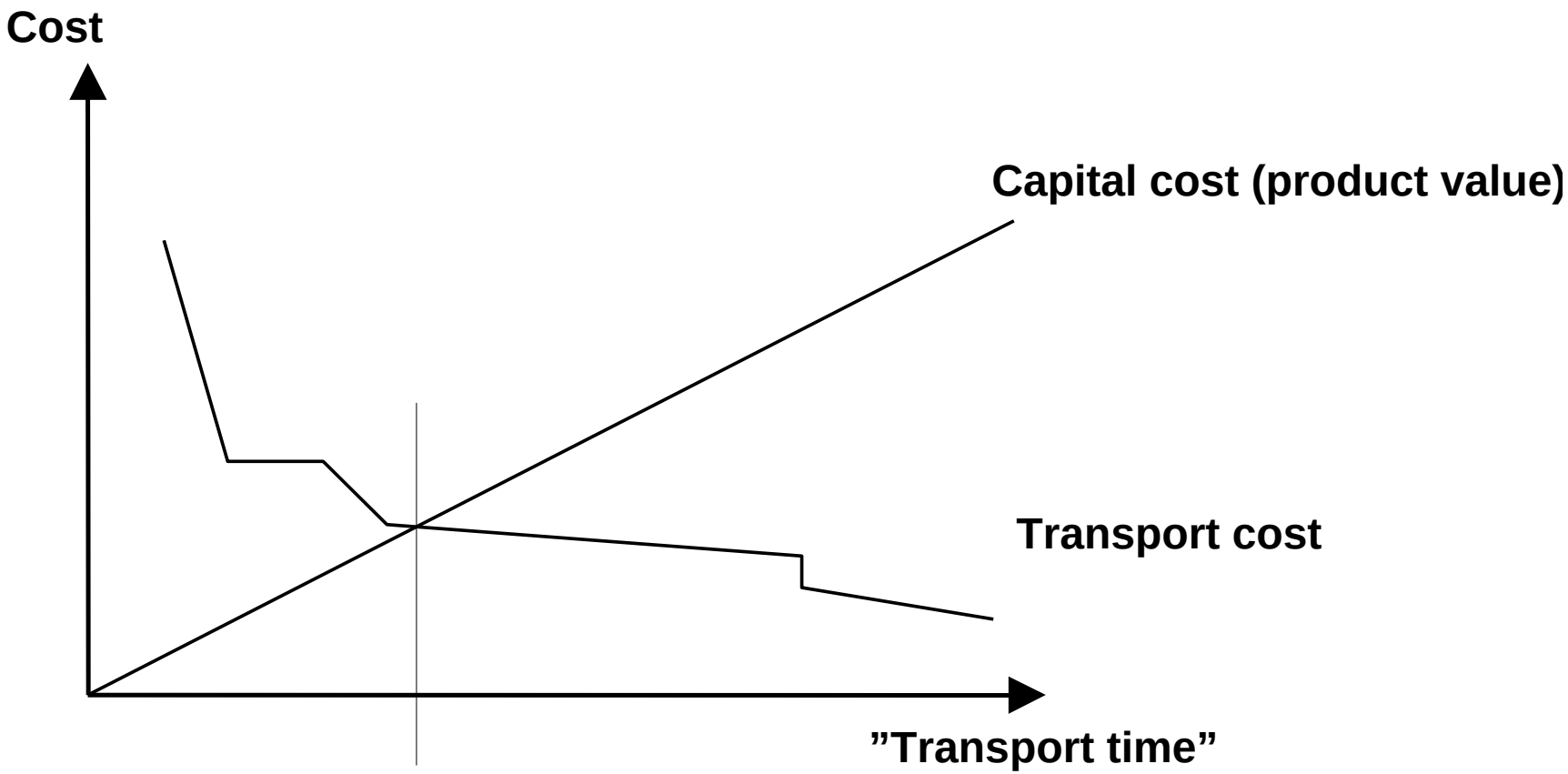
LOGISTICS COMPLEXITY - LEAN AND PARALLEL PRODUCTION V



Increased performance of supply system ⇒ { Parallel flows; Reduced unit capacity } ⇒ $K = \sum_{i=1}^{n} K_i$

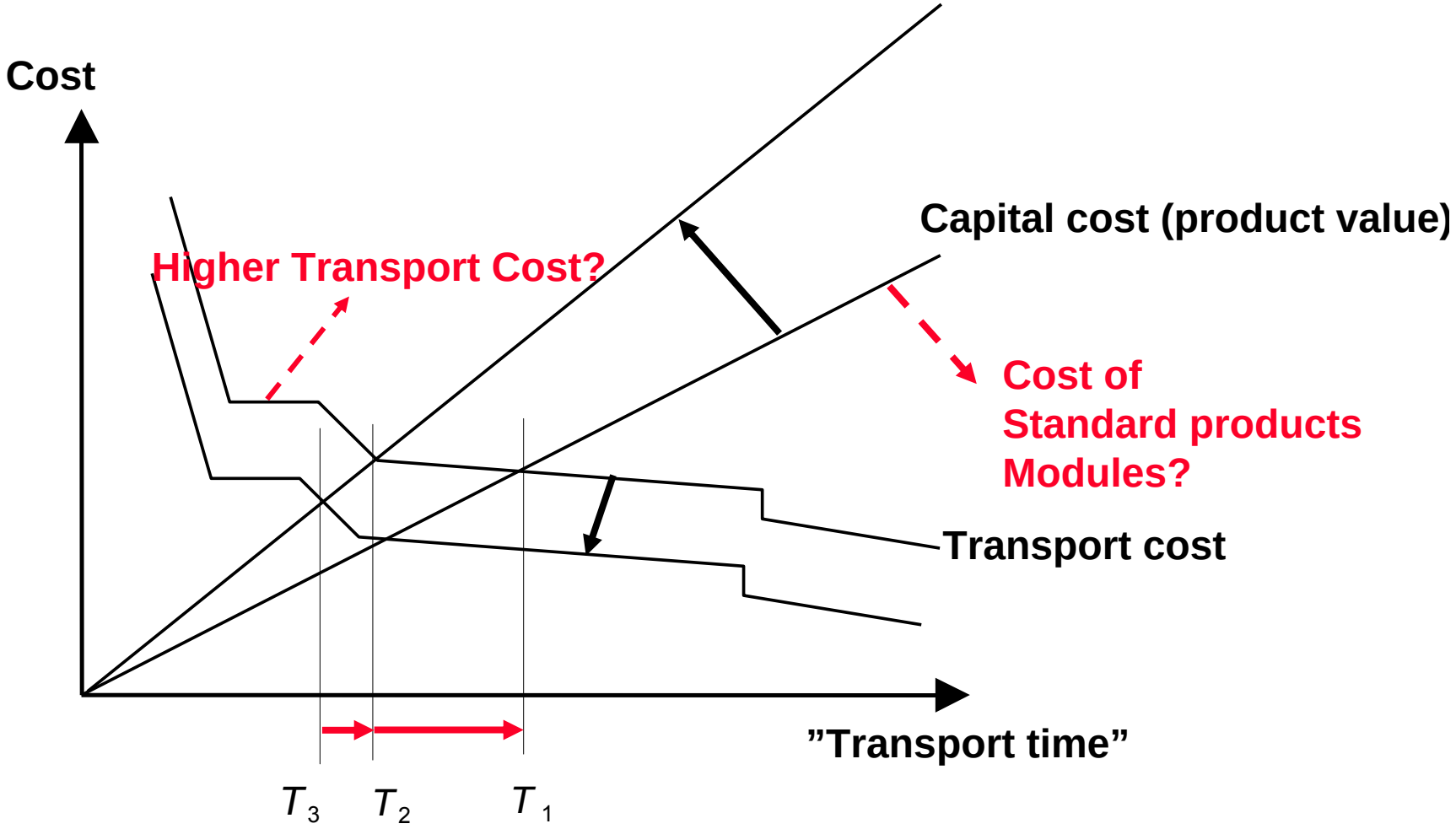
Discussion
based on the concept of ’The Japanese Sea’

- Flow speed
  - New system
- Reduced batch sizes
  - More consignments
- More controlling
  - Better information system
- More information
  - Focus on interfaces



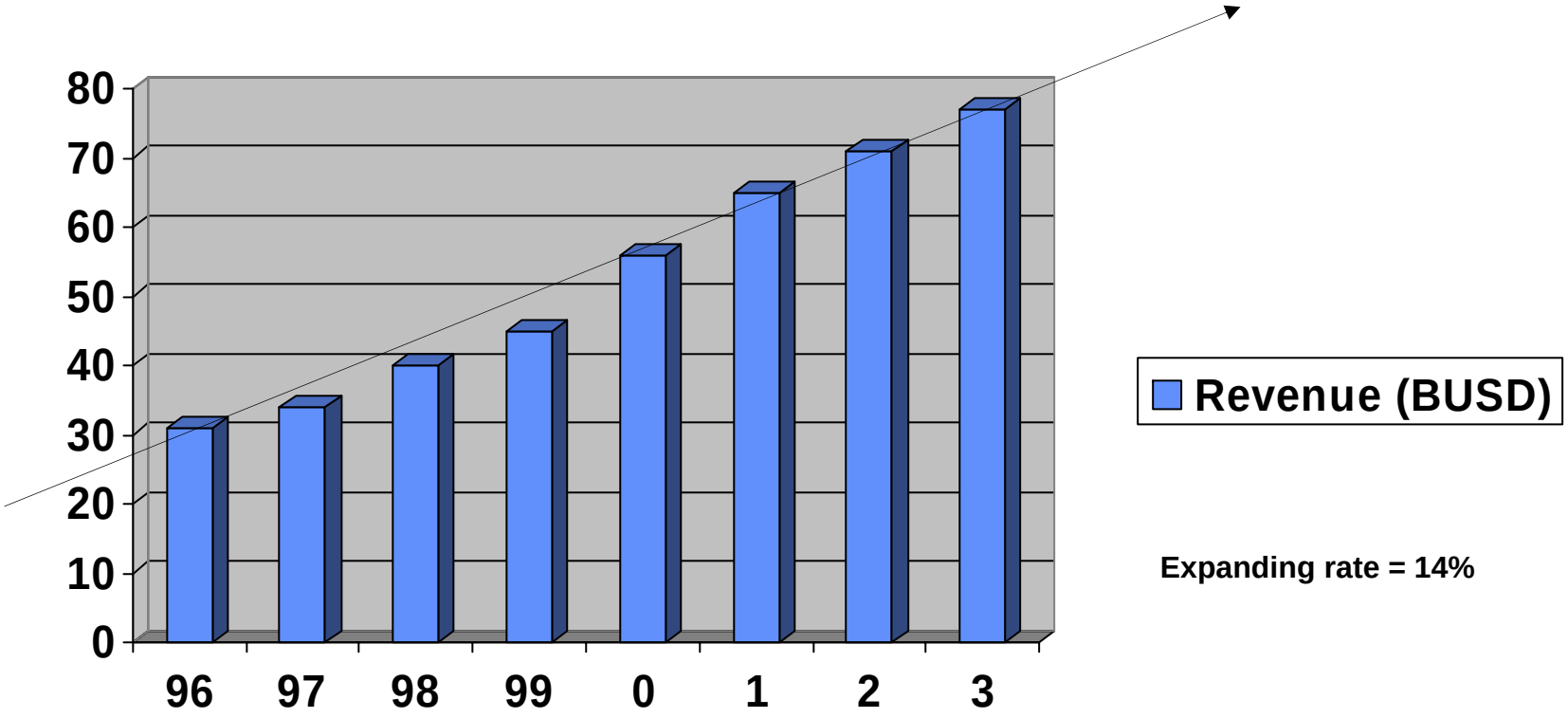
Paradigm: Capital cost – logistic cost

If T are to increase what is than needed?



Paradigm: Capital cost – logistic cost

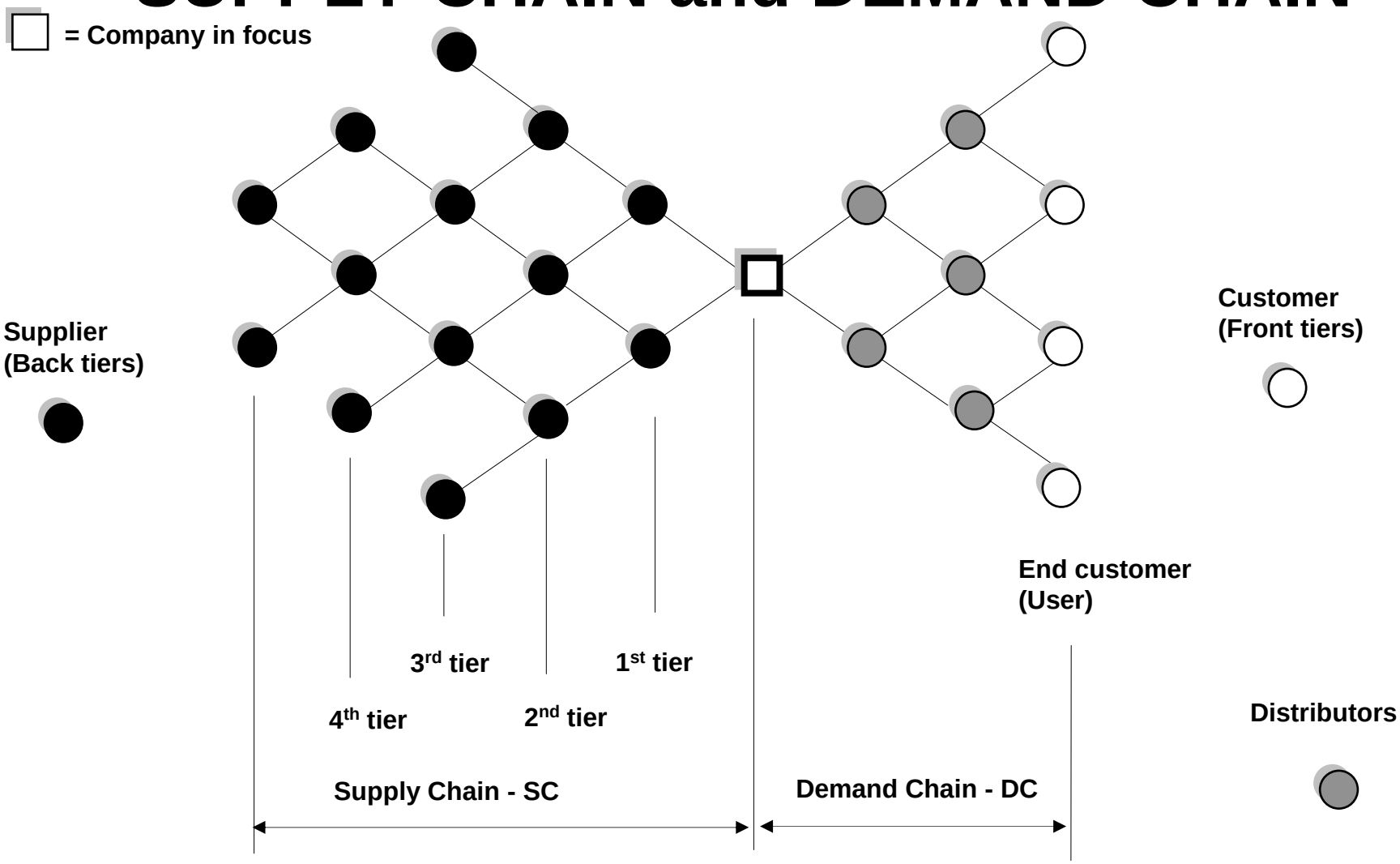
Annual 3PL/Contract logistics market revenue in the US



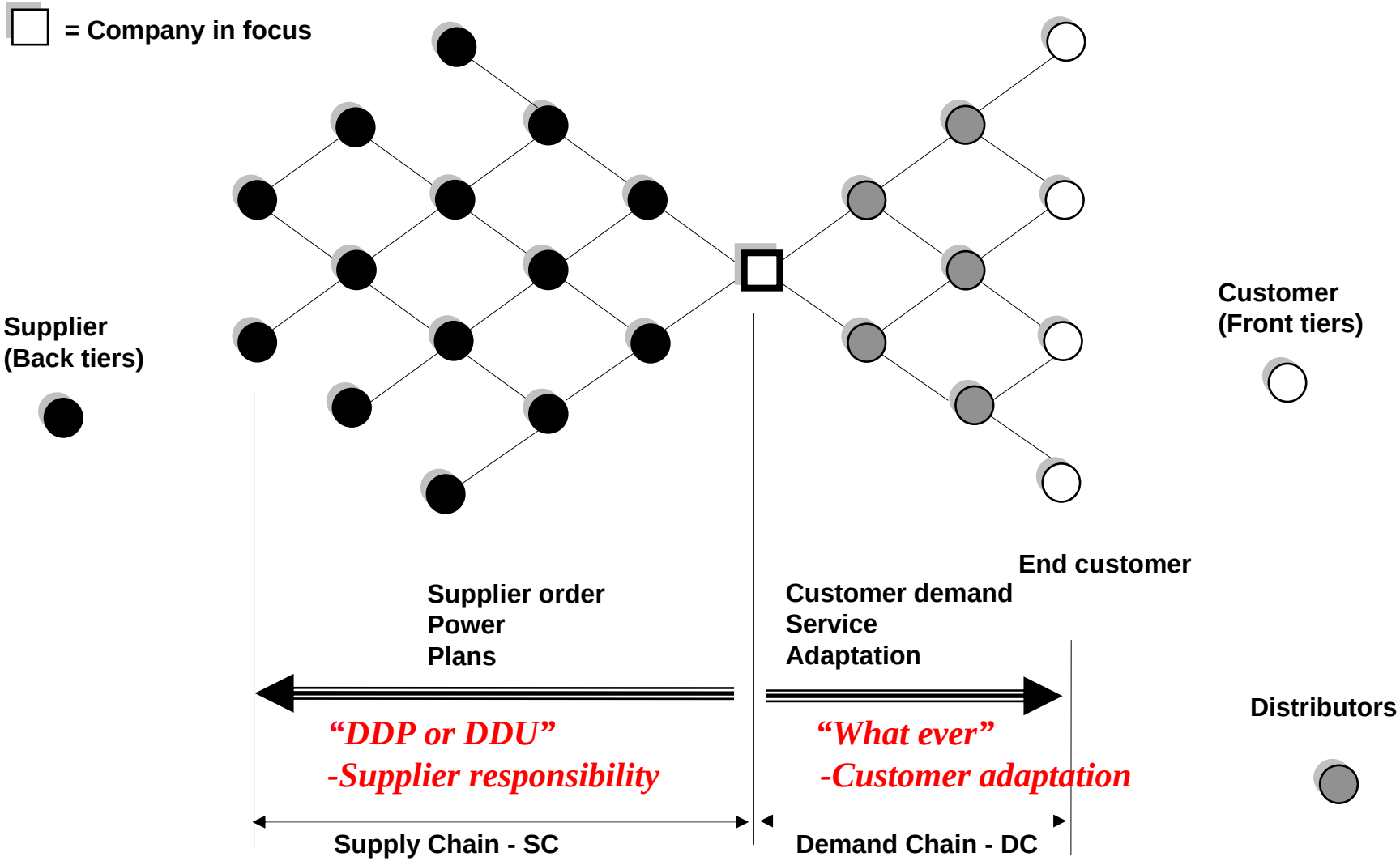
Agenda

- Industrial trends
- ***Customer demand***
- Function deliveries
- Industrial impacts
- Statements

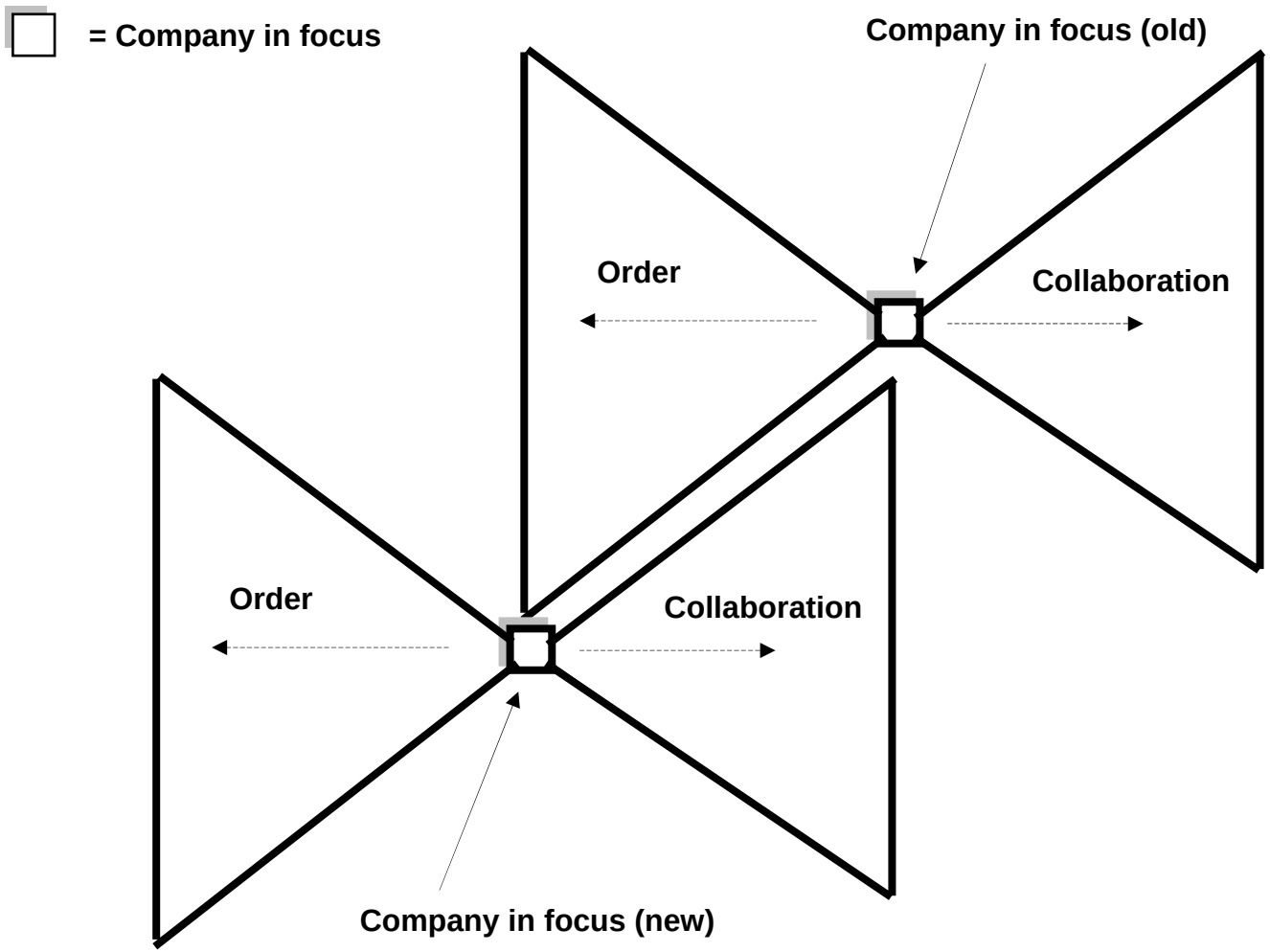
SUPPLY CHAIN and DEMAND CHAIN



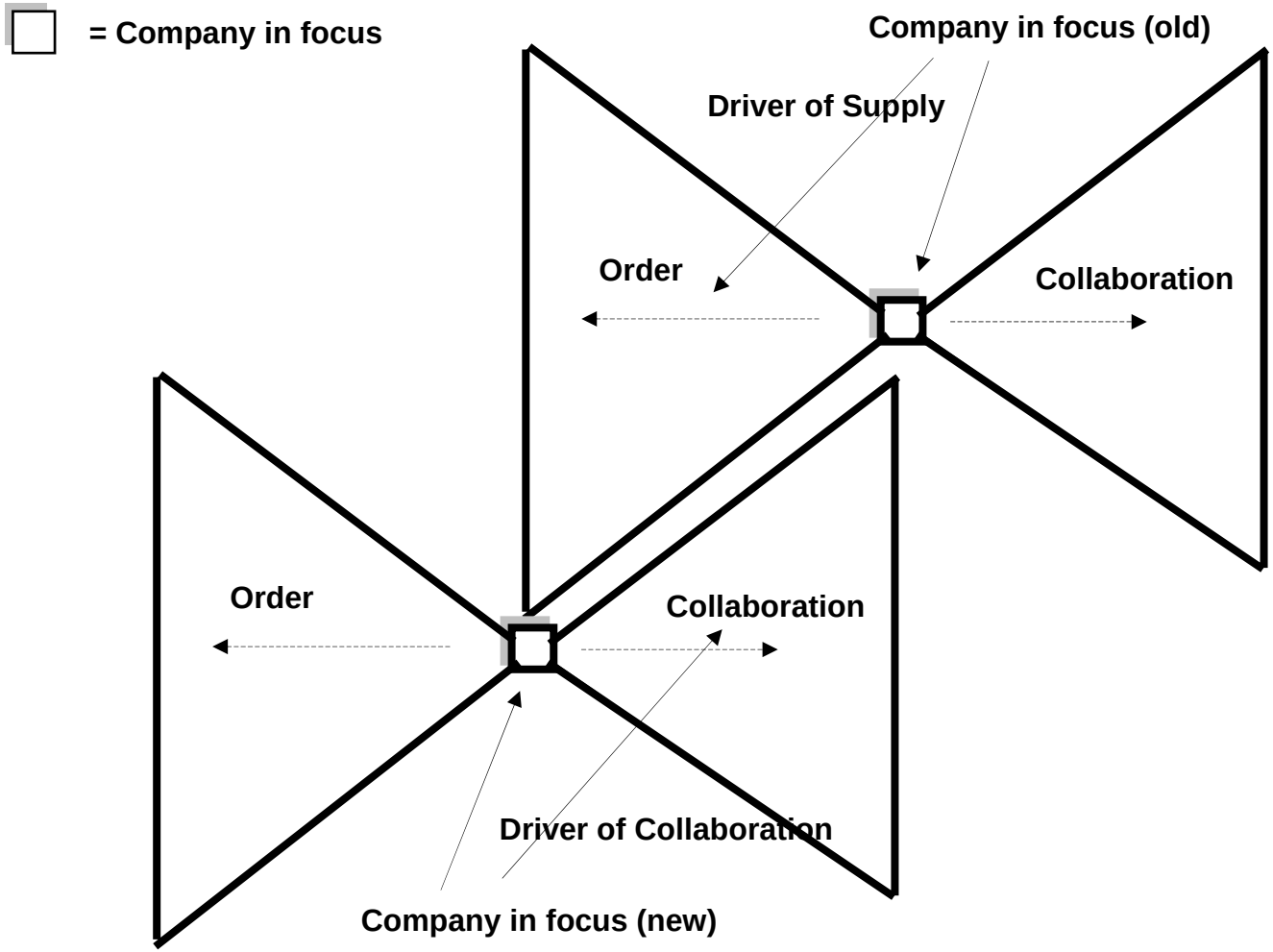
Consequences on delivery set-ups



SUPPLY CHAIN and DEMAND CHAIN



SUPPLY CHAIN and DEMAND CHAIN



Flow Competition

“Competition between companies”.

Traditional paradigm.

**“Not a competition between companies,
a competition between Supply Chains”.**

Christopher M., 1995

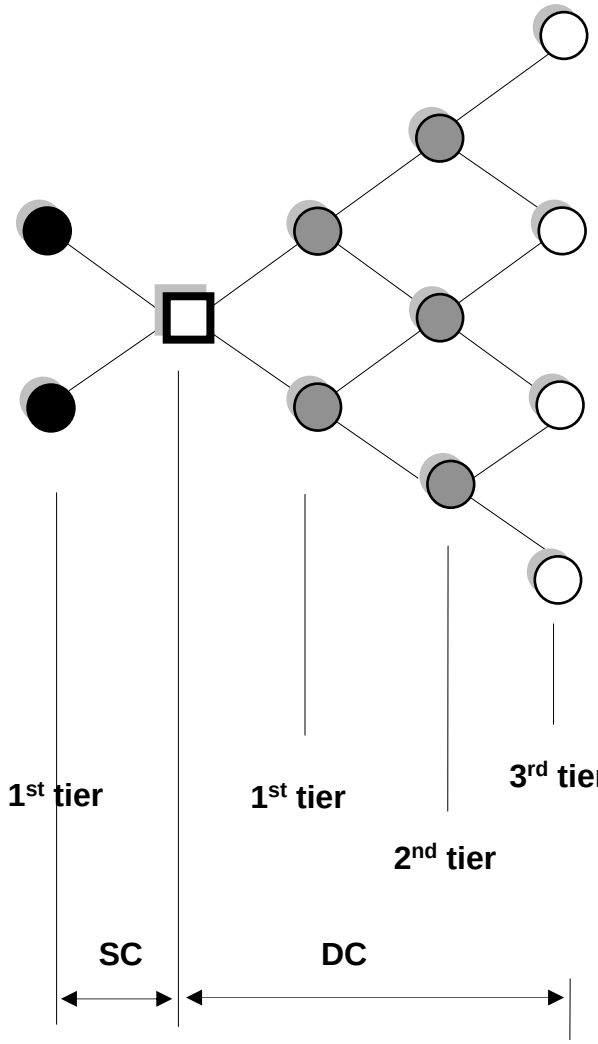
**“Not a competition between companies,
not a competition between Supply Chains,
a competition between Demand Chains”.**

Lumsden K., 2002

SD CHAIN – Procurement of functions

= Company in focus

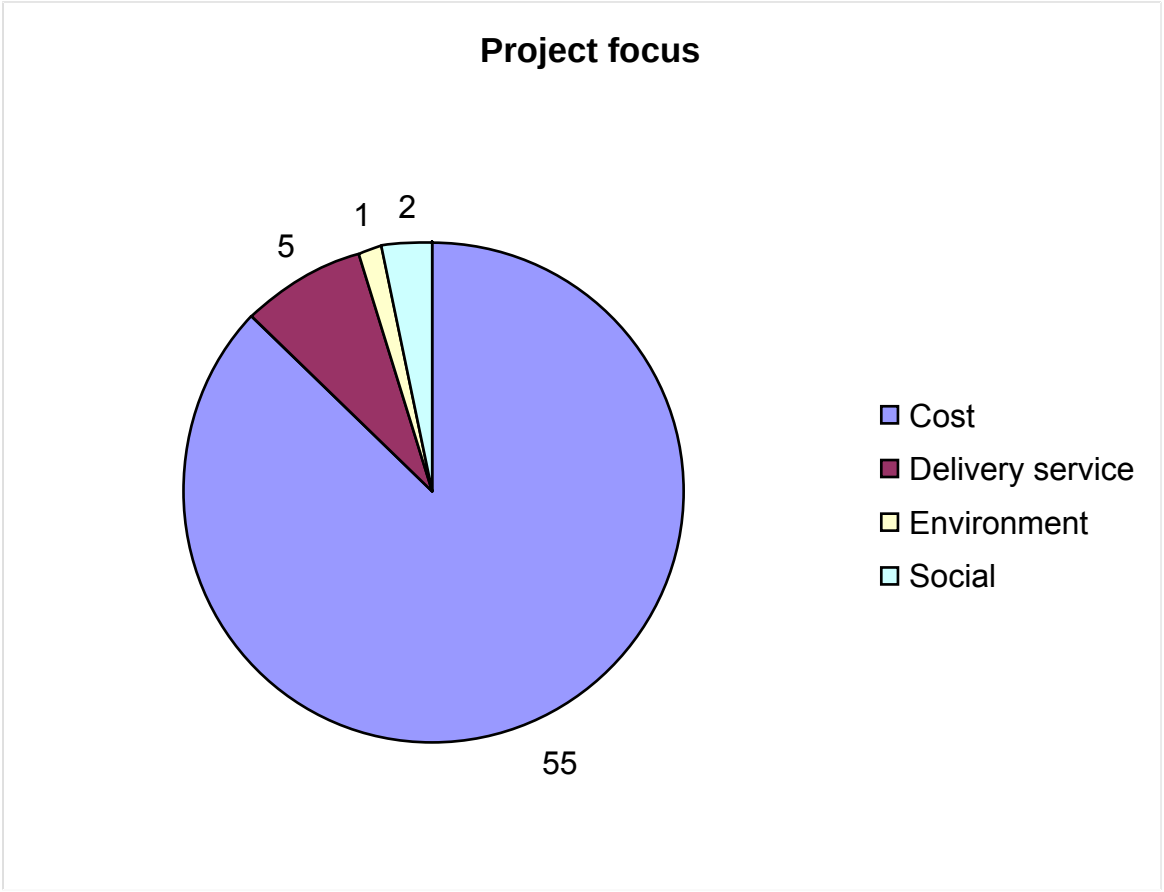
Supplier
(Back tiers)



Customer
(Front tiers)

Distributors

Empirical findings



- 87 % have cost focus
- 18 % have an external collaboration focus

(Lindau et al.,2004)

Agenda

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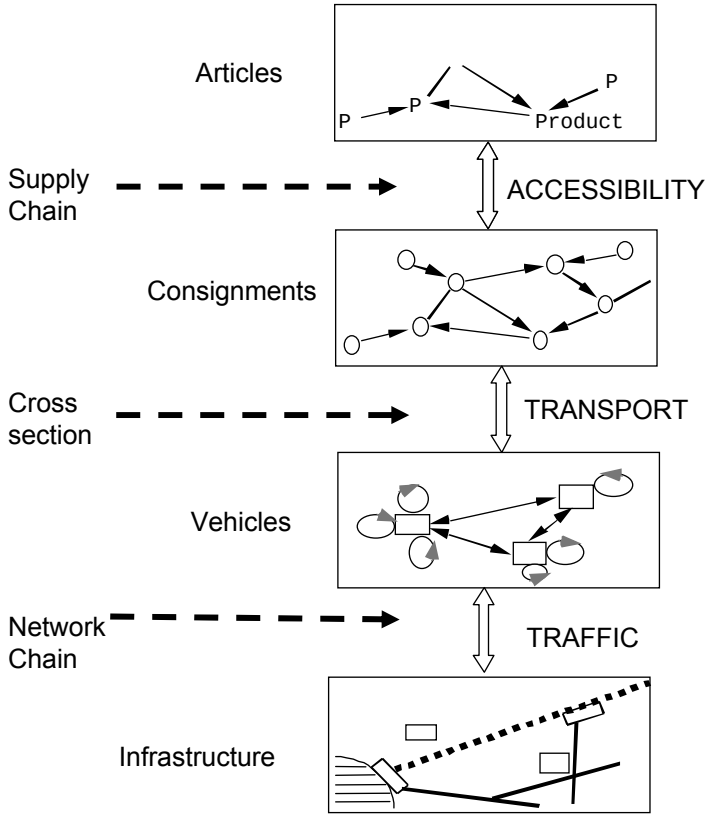
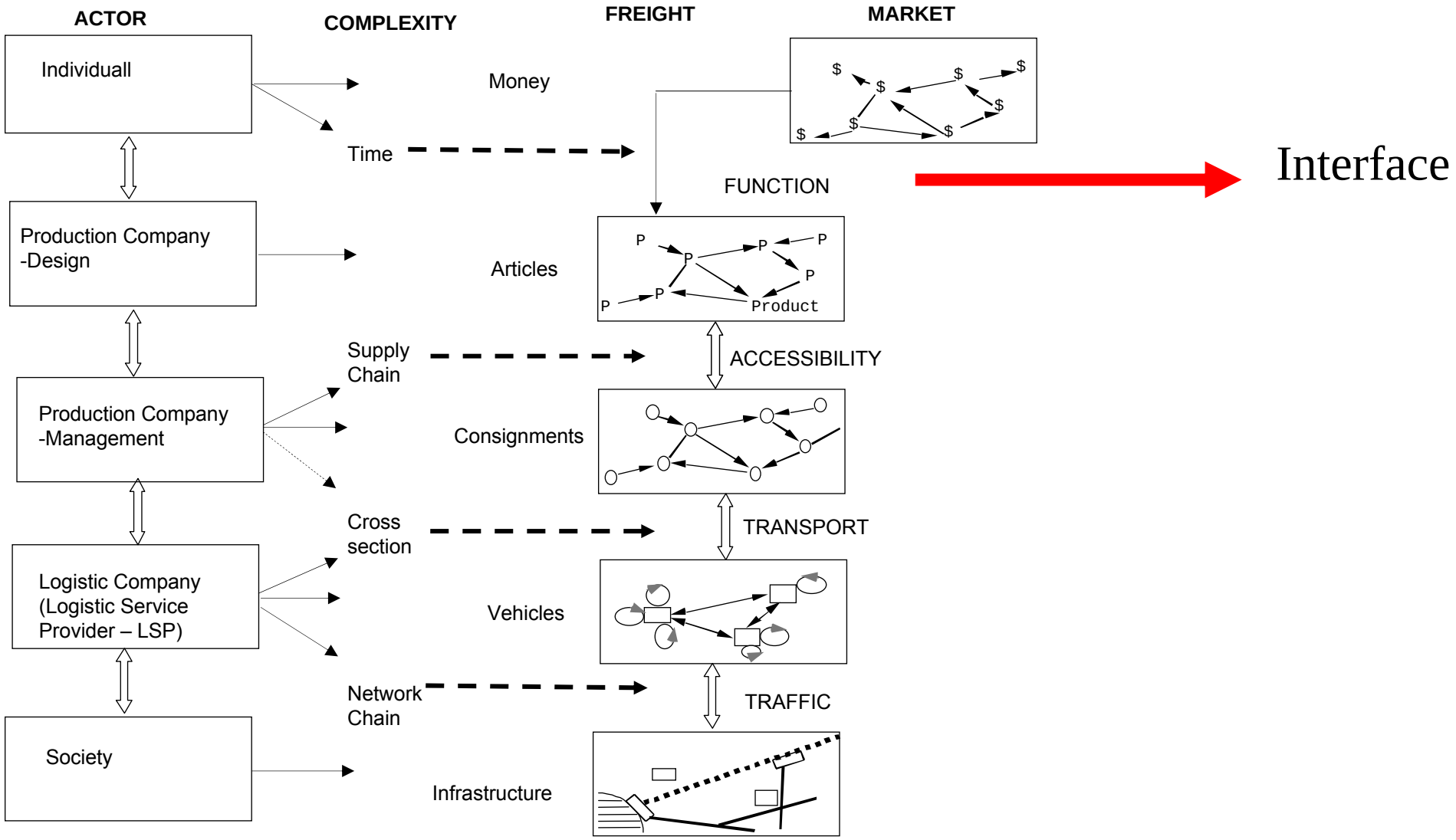
LOGISTICS SYSTEMS

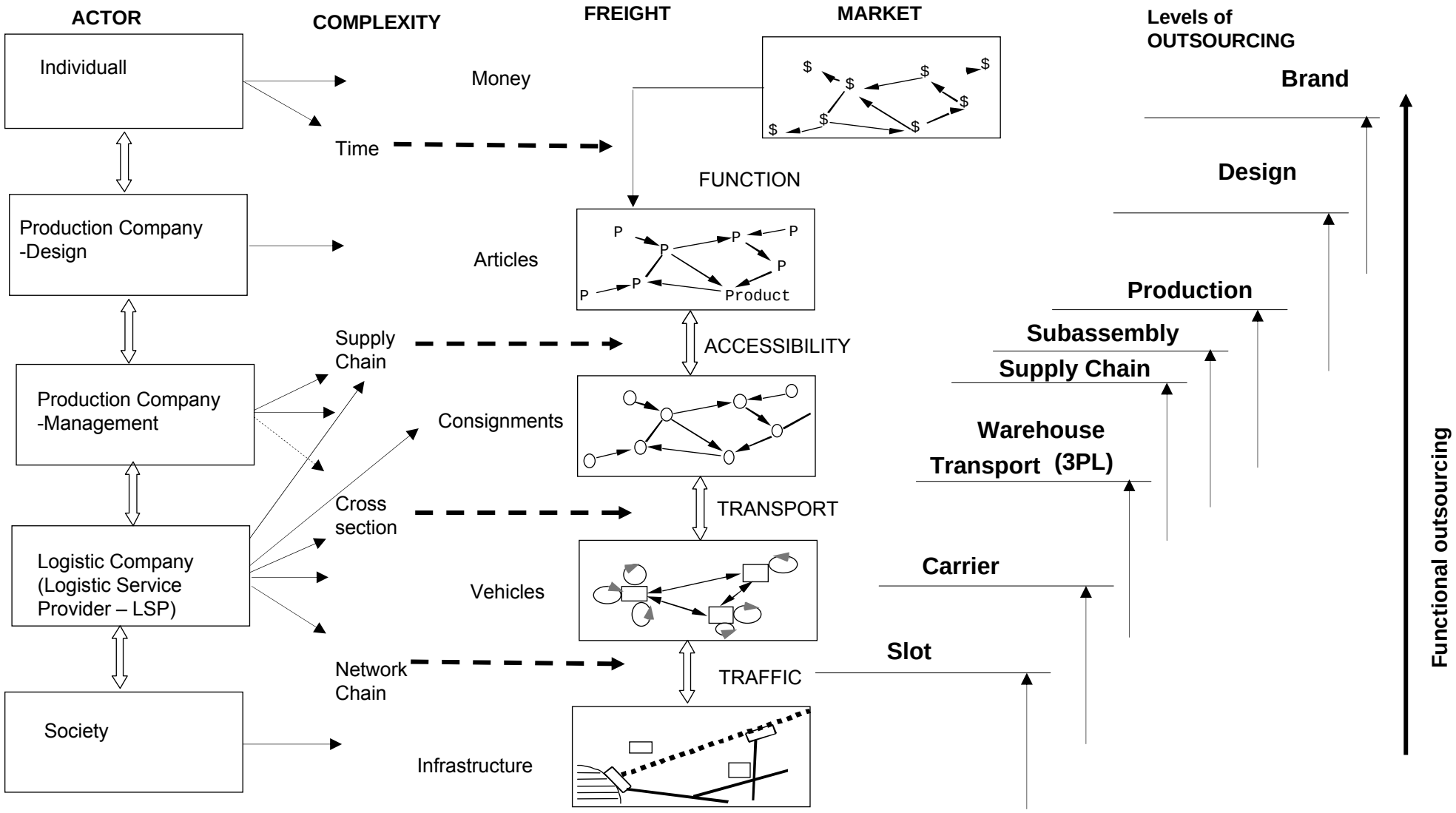
COMPLEXITY **FREIGHT** **MARKET**



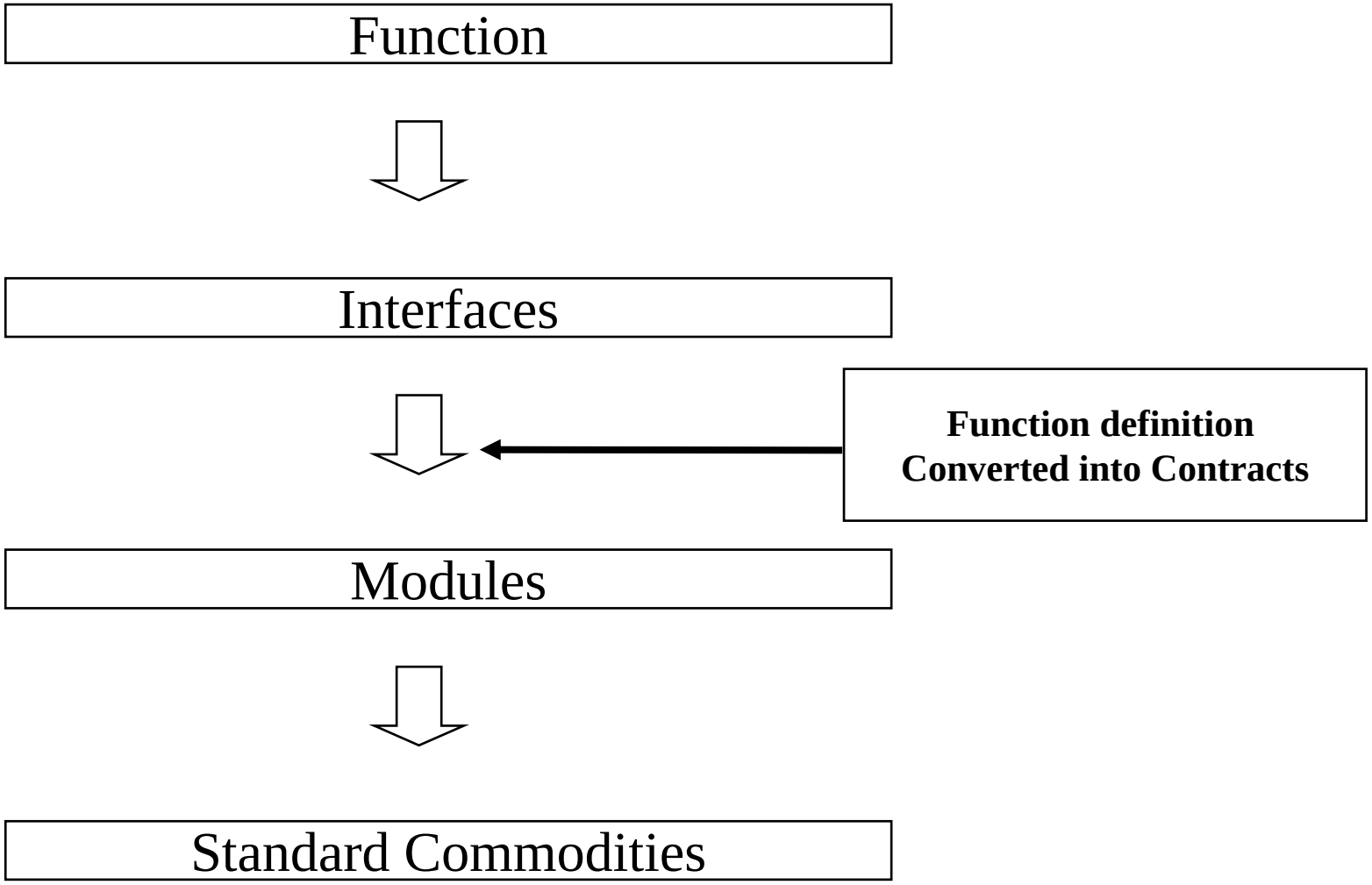
LOGISTICS SYSTEMS



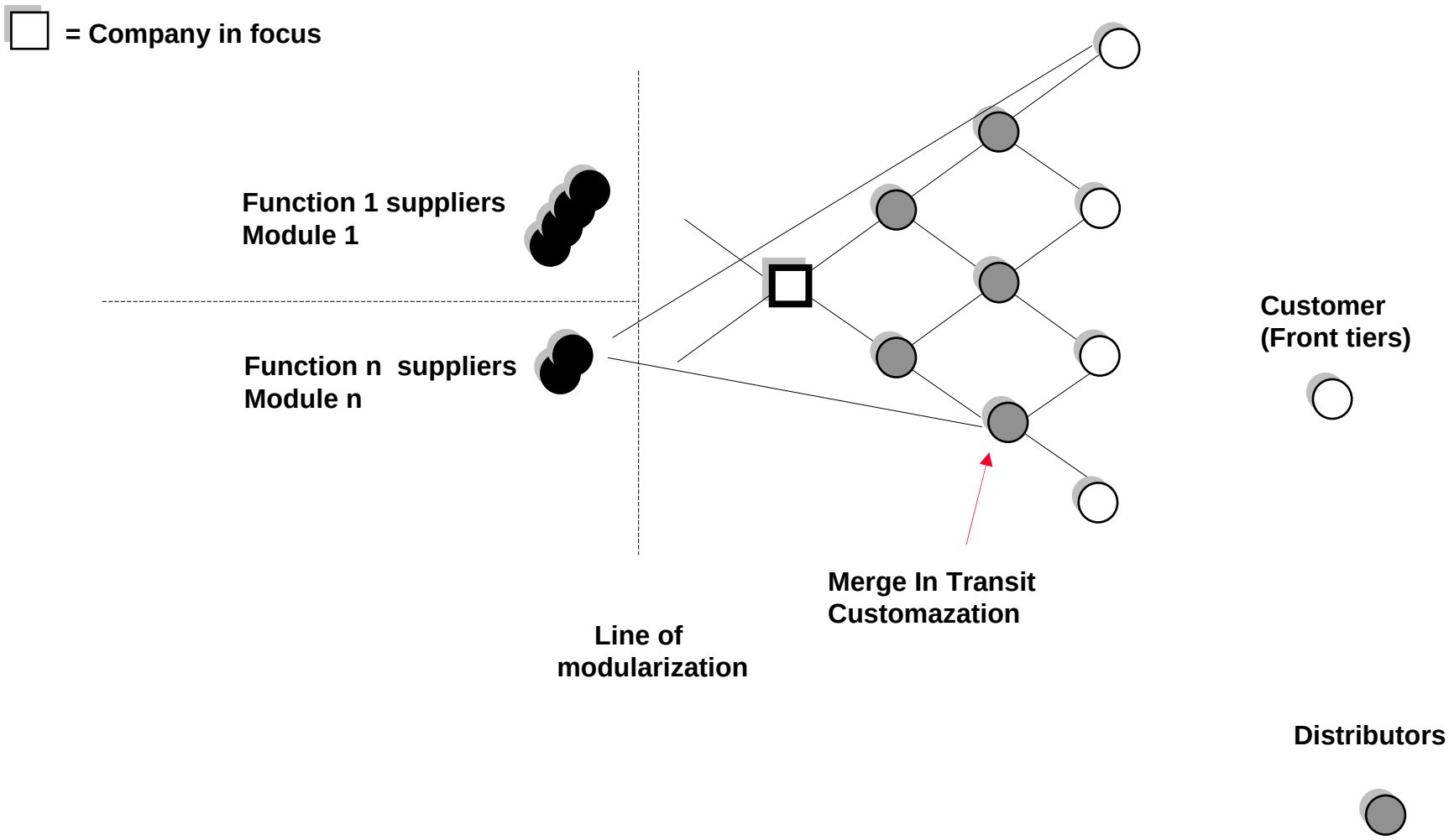
Outsourcing



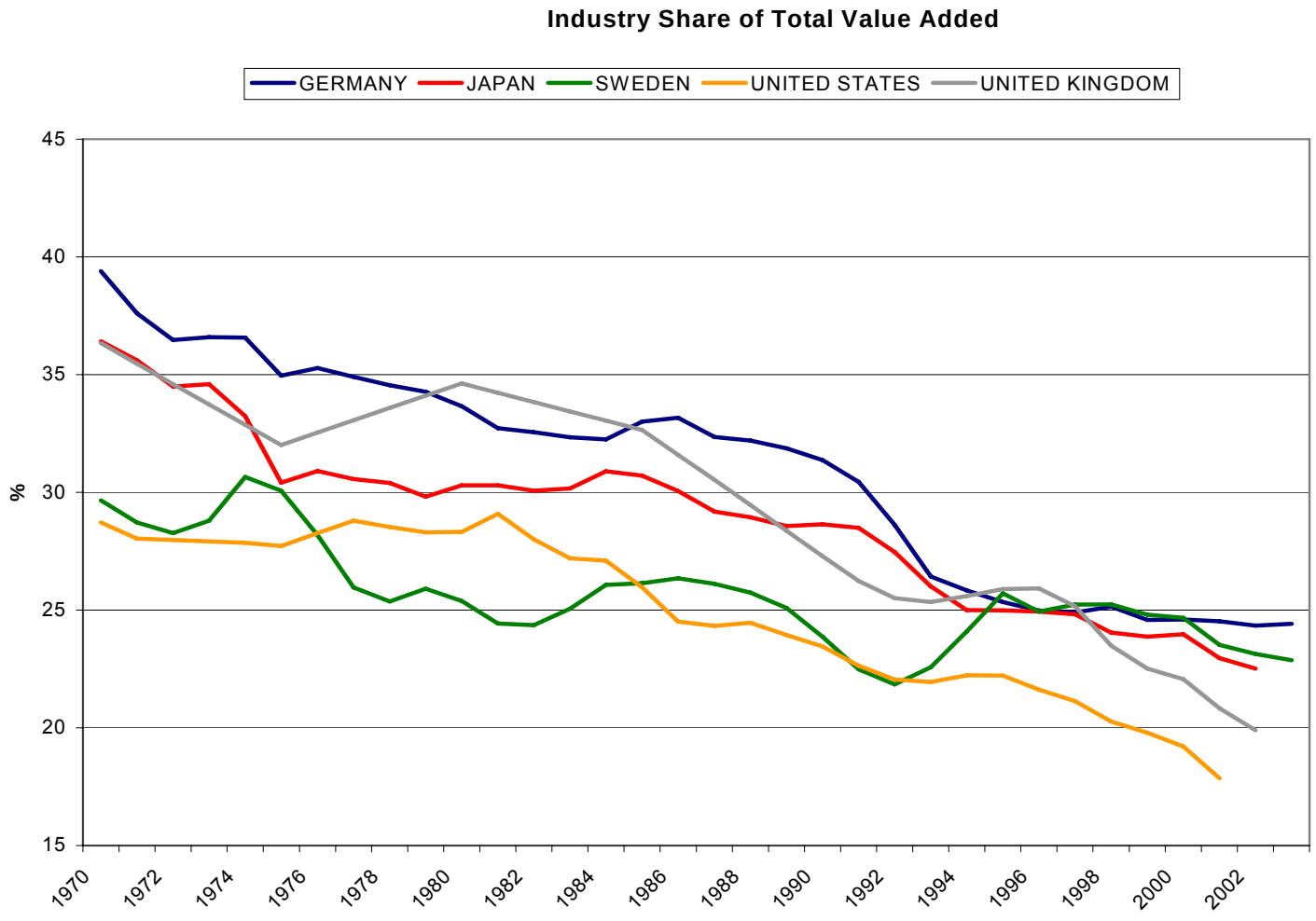
Consequences of Function focusing



S/D CHAIN - General Interfaces



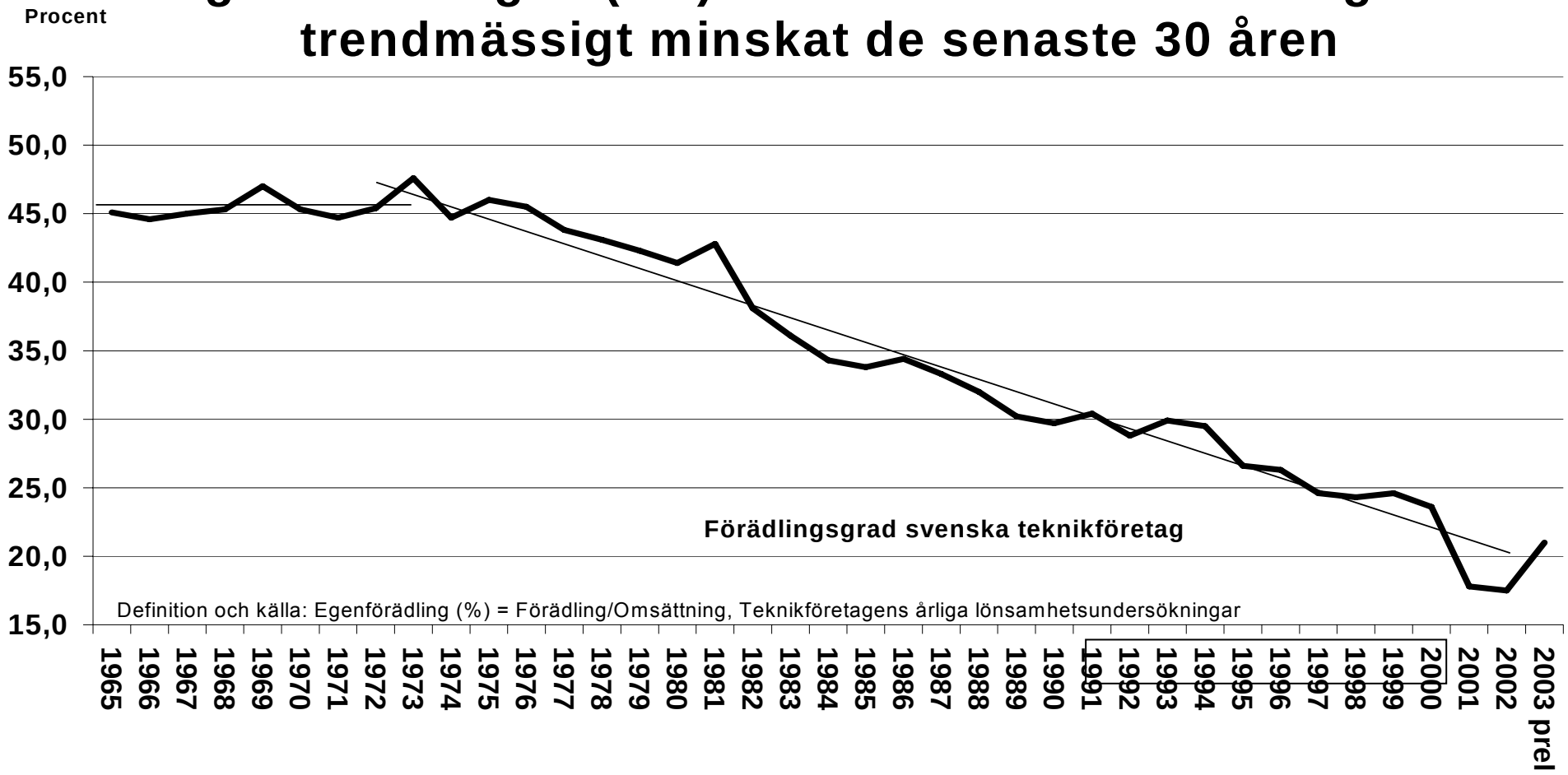
Structural Changes



Källa, IVA 2005

Source: OECD National Accounts

Egenförädlingen (i %) för svenska teknikföretag har trendmässigt minskat de senaste 30 åren



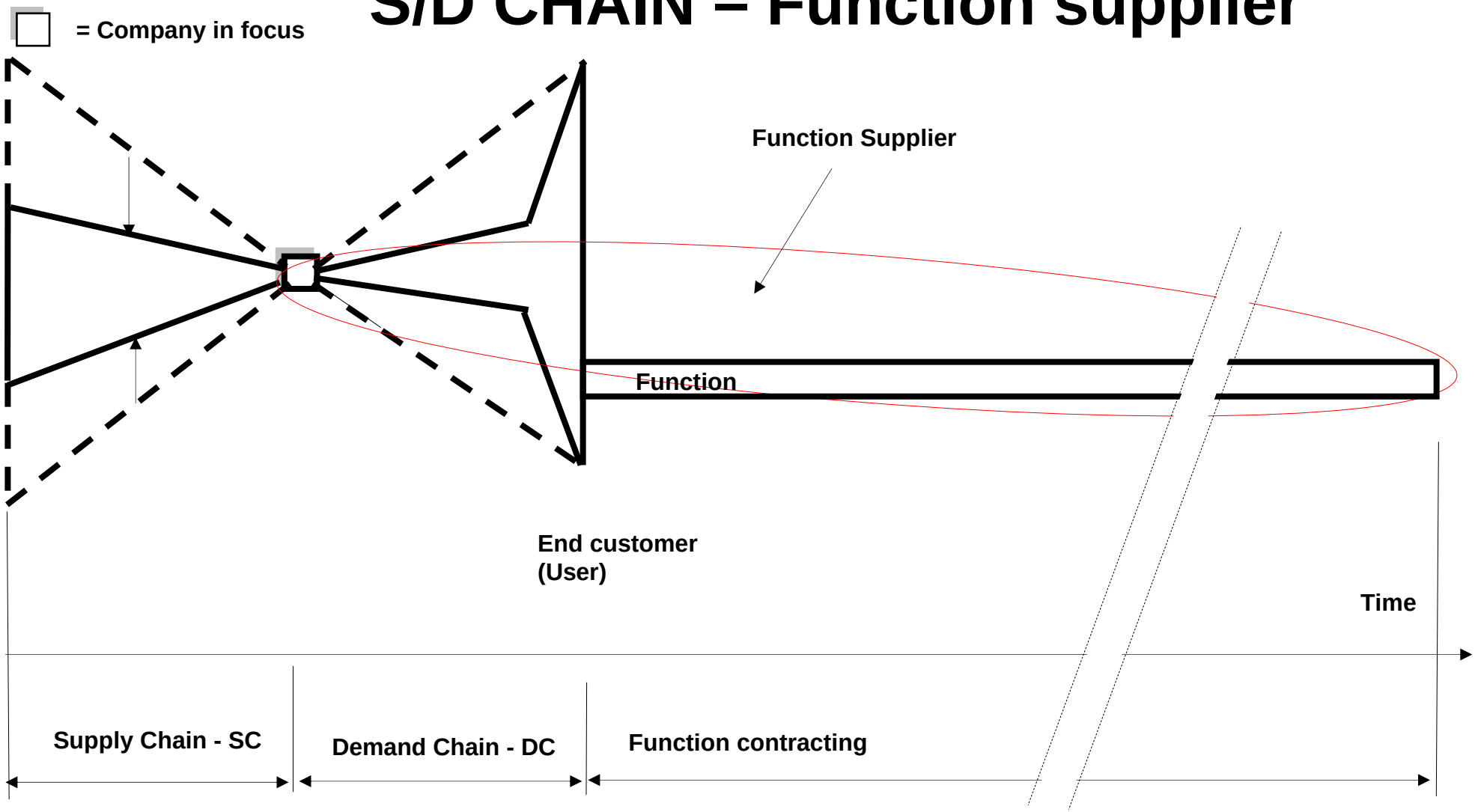
Källa, IVA 2005

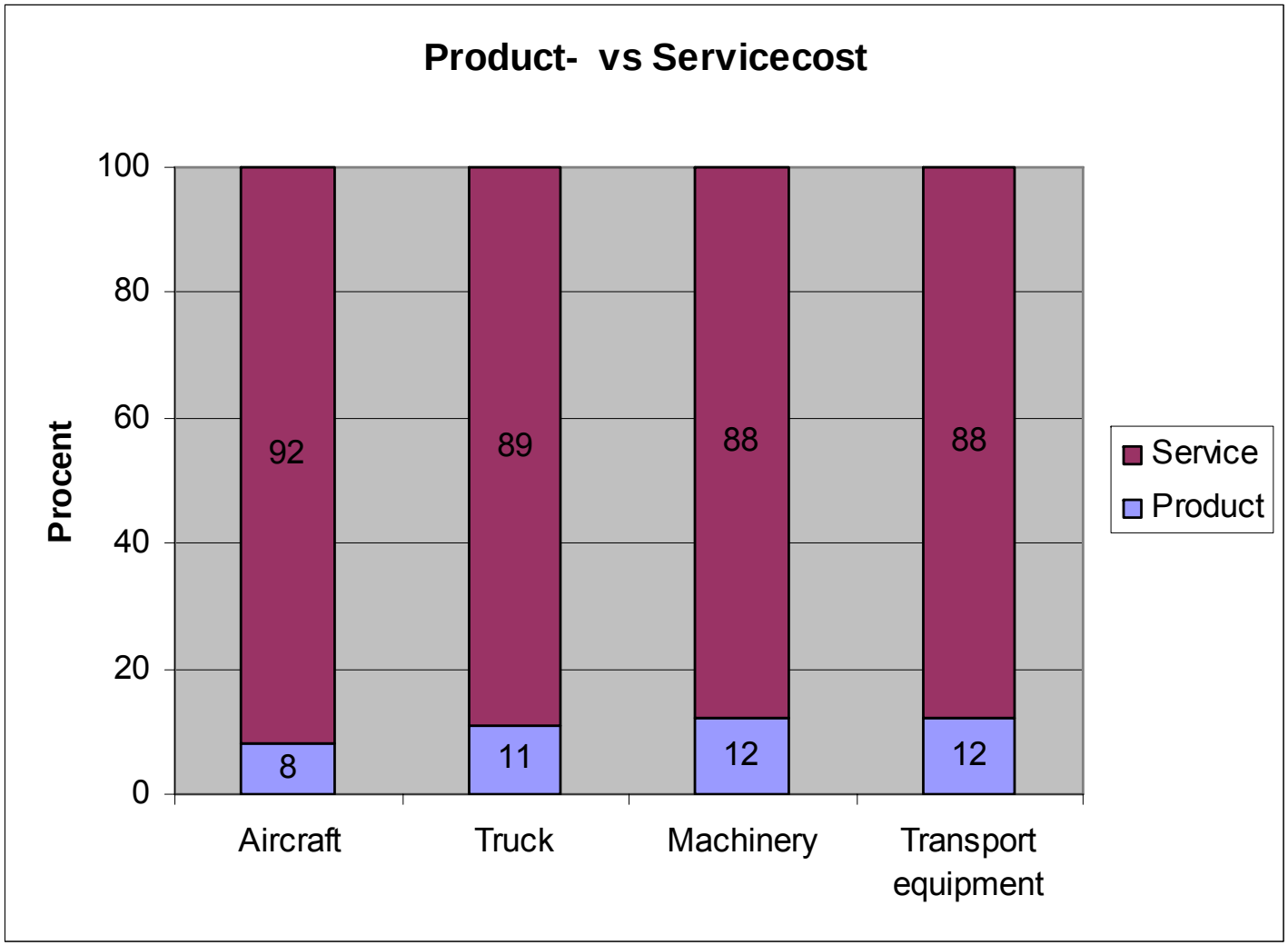
What is the probability that the following statements will be a reality?

If choosing a manufacturing site today Sweden would not be the choise	46
If choosing a manufacturing site today a OECD country would not be the choise	33
If choosing a manufacturing site today a low cost country would be the choise	61
If transfering the manufacturing from Sweden the product development would be moved	36
If transfering the manuacturing it will be closer to the customer	44
The manufacturing will be transfered to Sweden	13
Up to 2010 the companies will increase their insourcing of manufacturing	20
Up to 2010 the companies will decrease their insourcing of manufacturing	46

(IVA, 2004)

S/D CHAIN – Function supplier





(Accenture, 2005)

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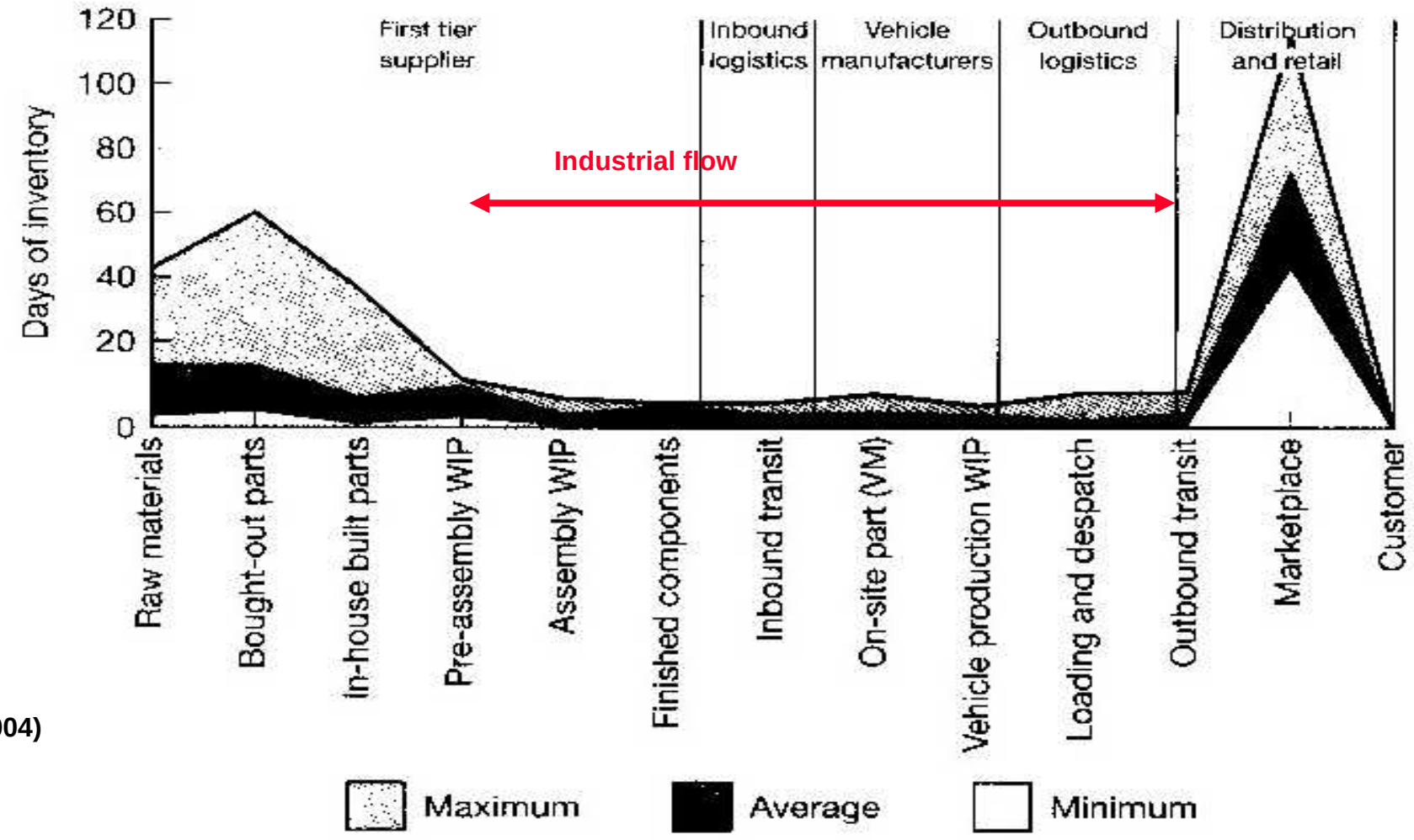
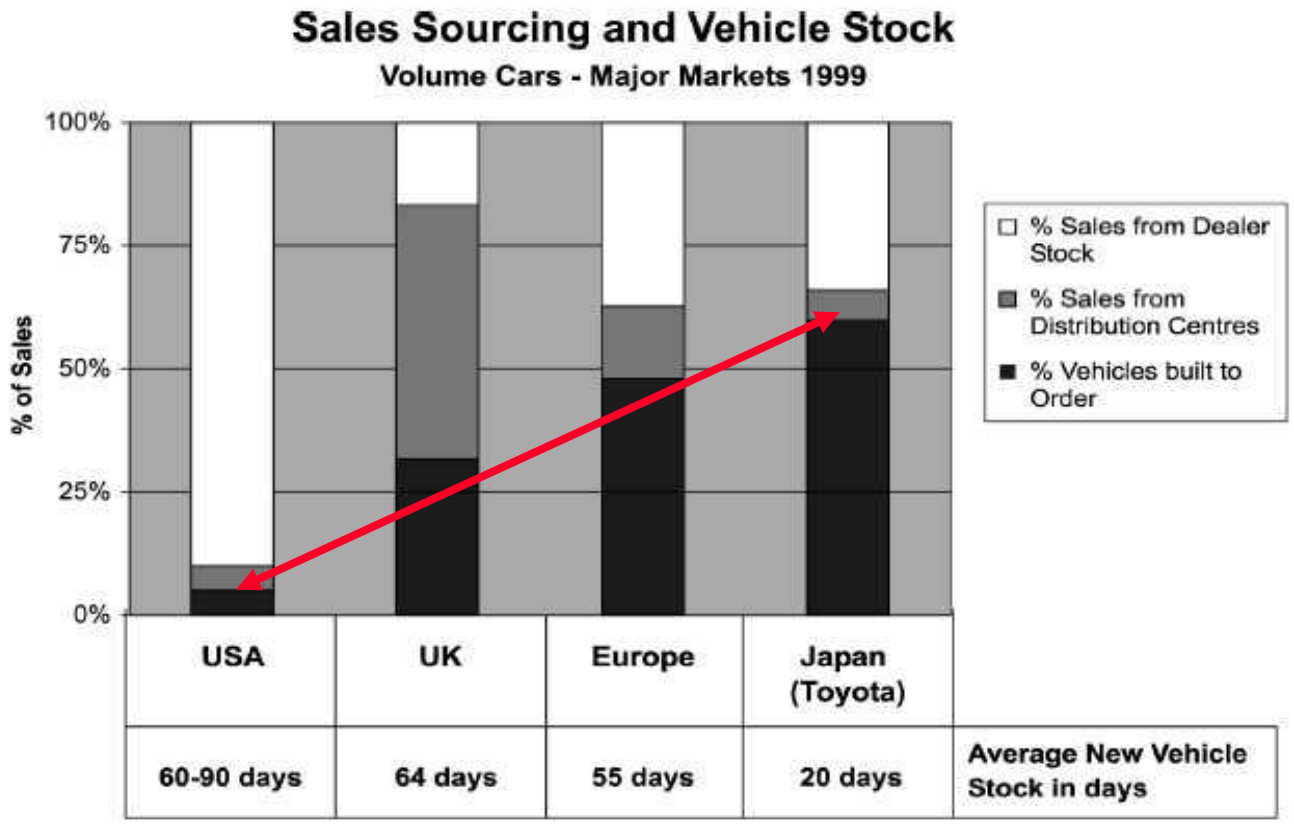
Inventory, Automotive industry



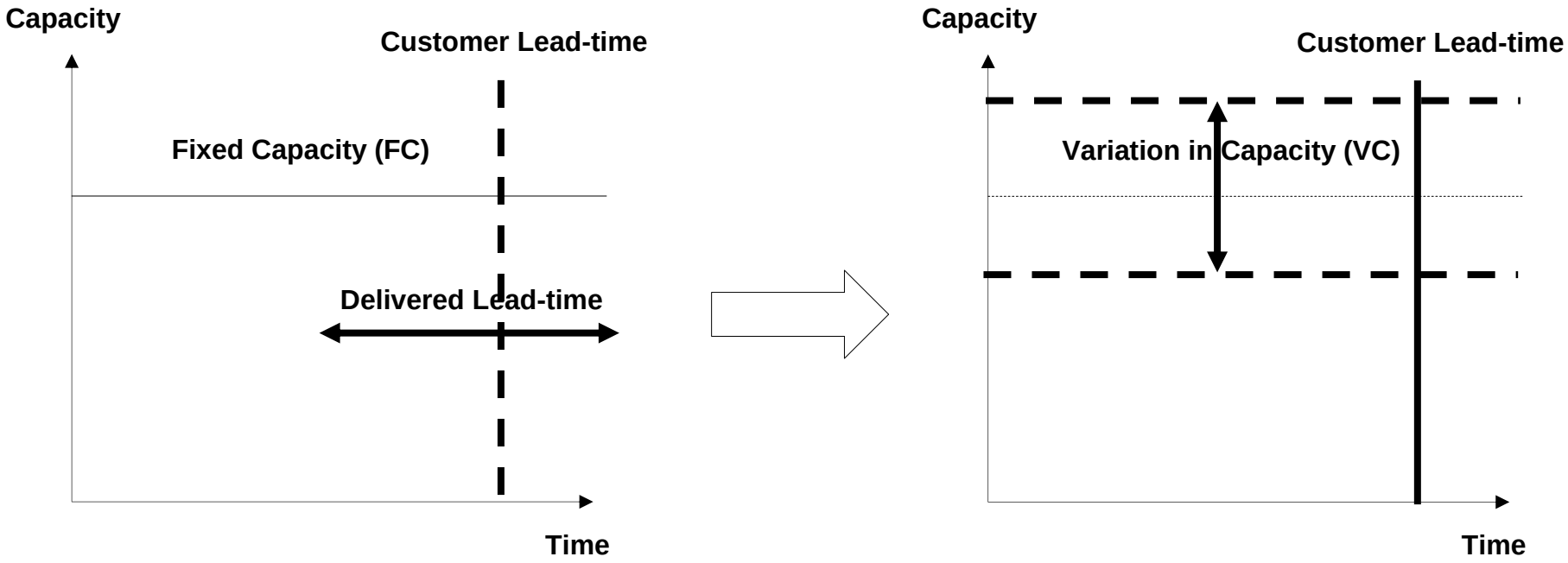
(Hellveg, 2004)

Sales sourcing



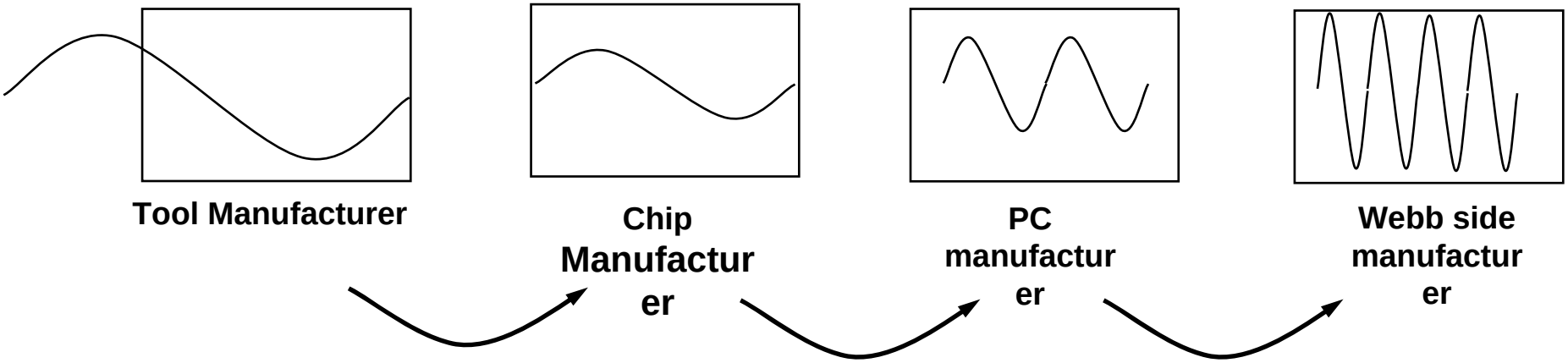
(3DayCar and ICDP, 2000)

From Lead-time to Capacity Variation
Asymptotic Factory



CLT ≠ DLT

CLT = DLT

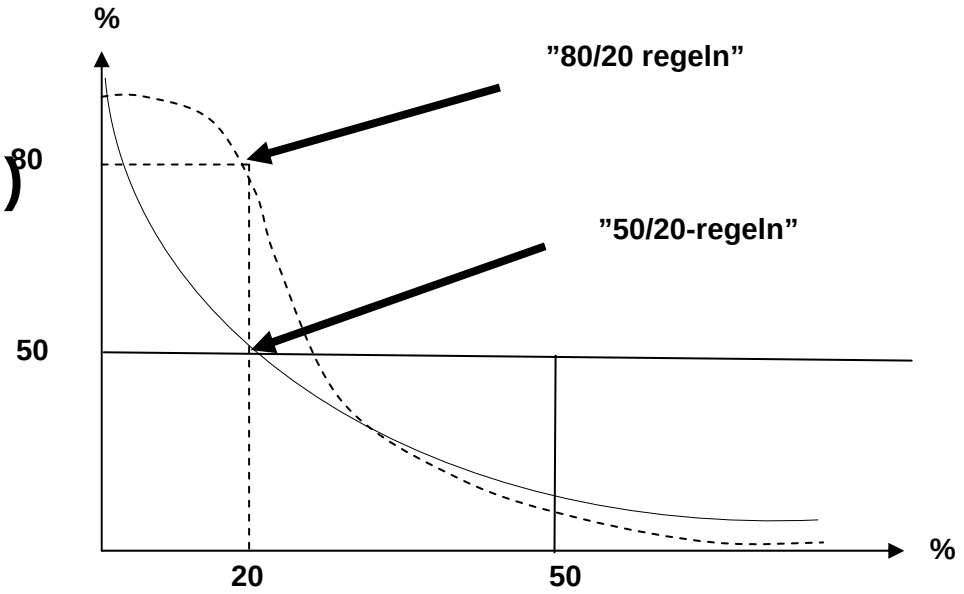


- **Clockspeed increases closer to the final customer**
- **Clockspeed amplification in the Supply Chain:**

(Fine, 1995)

The Long Tail

- Large article number
- Indirect article number (”linked”)
- Connected business
- E-business
- Virtual inventory
- Software
- “Print on demand”
- Make to order



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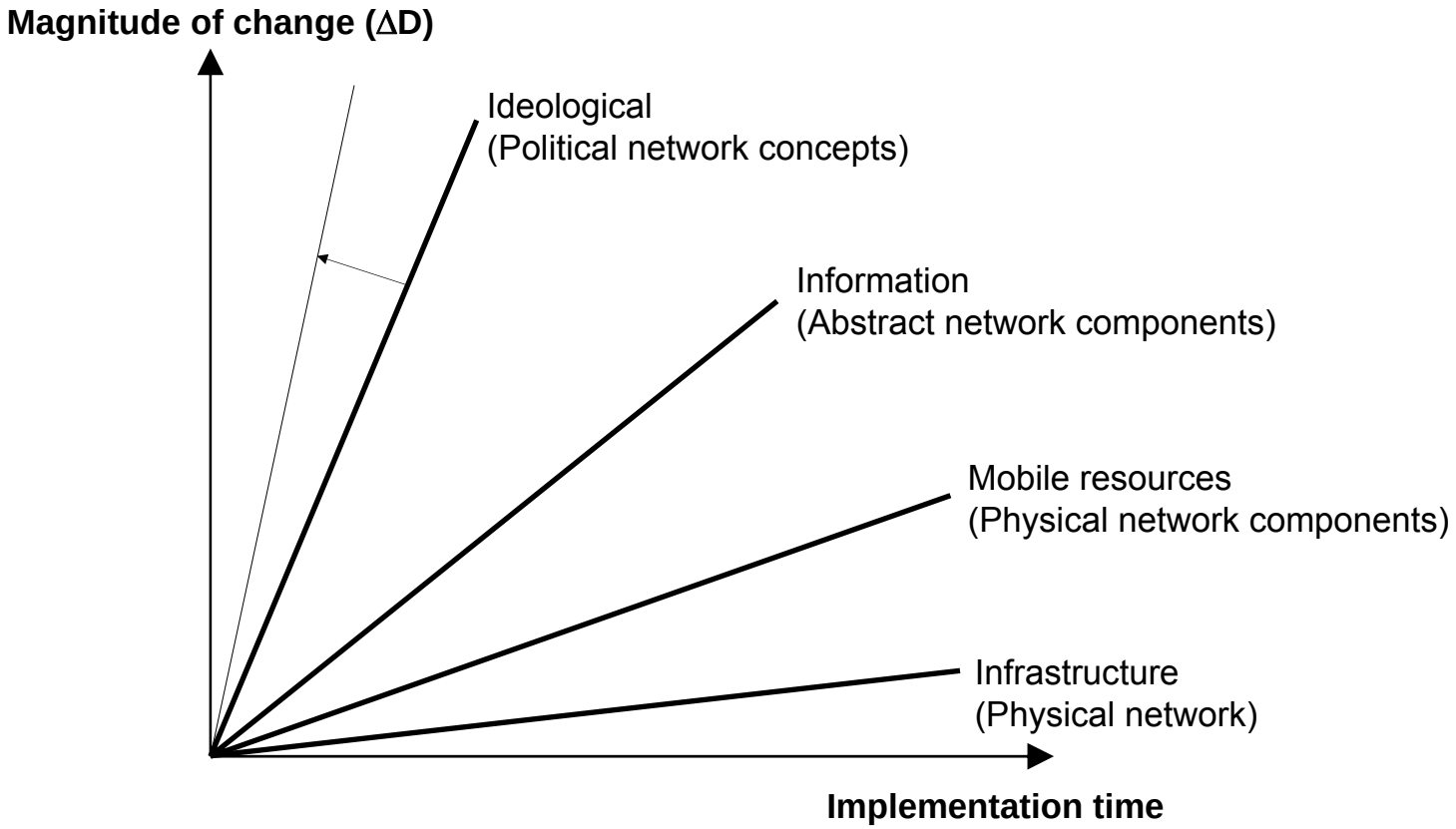
TRENDS AND POSIBILITIES
The Product

- Increased product value
- Subcomponents
- Modules of function
- ”Time to Cash” – TTC
- Digitalization of products
- Individualization

Statements

- **Logistics and Transport of freight do not have a life of its own**
- **Energy cost is not the critical factor, rather the availability of energy**
- **The infrastructure will be there**
- **Information technology has to be used more effectively in logistics**

SYSTEM CHANGABILITY



Information and Flexibility

”Adding information is a way to reduce the number of alternatives

– it is reducing the flexibility”

(Lofti, 2005)

Tack för att ni lyssnade

Be careful, i might be back!

From Supply Chain to Demand Flow

Chain

- Goes both ways
- Goes down- and upstream
- Responsibility in time

Flows

- Goes one way
- Goes downstream
- No responsibility the next second