

ECOMMERCE LOGISTICS

COVID-19 proved to be a double-edged sword for SingPost eCommerce Logistics in 2020. Similar to its counterparts in the industry, SingPost also faced major disruptions in global supply chains and logistics networks. On the other hand, government-mandated movement restrictions and lockdowns imposed around the world spurred a massive and immediate uptick in eCommerce adoption. This resulted in a boom in demand for both domestic in-country and international cross-border eCommerce logistics and fulfilment services, with data suggesting that this trend will continue post the pandemic.

OVERCOMING COVID-19 CHALLENGES

On the domestic in-country eCommerce logistics front, Quantum Solutions (QS) has taken an agile approach to capture growth by leveraging its core strengths. In particular, QS' enhanced campaign management capabilities now offer eCommerce customers a more efficient, versatile and scalable solution to better meet the surge in demand for their products last year due to the pandemic.

This, coupled with operational and process enhancements over the past year, has translated into improved cost efficiency. For example, the introduction of a continuous process improvement programme has helped teams across the QS network to learn from one another and adopt best practices. Furthermore, QS has also

expanded its warehousing footprint – by expanding existing facilities and adding new sites – to better support customers' needs.

On the international cross-border front, QS was hampered by air freight connectivity issues to and from Changi Airport as flights were grounded en masse following COVID-19 restrictions imposed by countries worldwide. While dedicated freight networks were unaffected, the bulk of its shipments were carried in the cargo hold of passenger aircraft, so the sharp drop in passenger flights also meant that cargo space evaporated virtually overnight. To overcome this challenge, QS pivoted to offer alternative cross-border solutions to customers, including the use of non-air shipment alternatives. The success of QS' domestic in-country and international cross-border solutions enabled the business to continue



delivering year-on-year improvements to profitability despite tremendously challenging circumstances.

SingPost's freight forwarding subsidiary FPS Global Logistics (FPS) also delivered strong results in the face of an unprecedented operating environment. Massive reductions to capacity, a global equipment shortage, record-high freight rates and port congestions constituted major challenges to FPS throughout the year. In response, FPS teams across the network took an entrepreneurial approach to secure capacity and equipment, capture opportunities, and steer the company through the choppy waters. The market outlook in the coming year remains highly challenging, but FPS is well-gearred to tide through the tough times.

In Australia, SingPost eCommerce Logistics' subsidiary CouriersPlease (CP) saw strong growth buoyed by an eCommerce boom during





the COVID-19 outbreak last year. Reacting to the spike in delivery volumes, CP expanded its franchisee network and increased its staff and driver numbers. Six new facilities were also set up in New South Wales, Queensland, Western Australia and the Australian Capital Territory to improve processing capabilities and business continuity planning.

In addition, technologies were enhanced to minimise potential delays and improve the delivery experience. All of these initiatives, implemented under strict safety controls and social restrictions mandates, culminated in the delivery of more than 20 million consignments across Australia, with the company registering significant revenue growth for the year. Going forward, CP will continue to invest in operational and technological enhancements as well as service initiatives to strengthen its network and capability.

Despite the pall cast by COVID-19 on international trade flows and supply chains, SingPost eCommerce Logistics has managed to weather the worst of the pandemic. This is a testament to the resilience, adaptability and courage of staff across the network, well positioning SingPost eCommerce Logistics for its transformation and growth journey ahead.

INVESTING IN A POST-COVID WORLD

2020 had been one of the most challenging periods for SingPost eCommerce Logistics, and the outlook in the near term remains uncertain. COVID-19 vaccines are being administered worldwide with countries in the midst of inoculating their citizens, but the reach and efficacy of this global vaccination drive remains to be seen. The recovery in aviation and air travel remains slow in the near term, as international travel continues to be hampered by sporadic COVID-19 outbreaks in various countries. Government-mandated movement restrictions and border closures are still being imposed on a regular basis around the globe.

As the world continues to grapple with COVID-19, SingPost will maintain its vigilance and adapt to the new normal. The business has been successful in maintaining its high service standards over the past year only because of the dedication and commitment of its staff, despite the past year being the most difficult in history of SingPost.

In the year ahead, SingPost eCommerce Logistics will continue to capitalise on the accelerated eCommerce growth across the Asia-Pacific by expanding its warehouse fulfilment footprint in the region and

strengthening its capabilities to better meet customers' growing needs. Current processes will continue to be re-engineered to further improve customer experience, efficiency and scalability in light of this new normal. A new cross-border digital platform will also be rolled out to accelerate onboardings, improve operations and enhance data visibility so as to drive business decisions.

SingPost eCommerce Logistics will continue to expand into the Business to Business to Consumer (B2B2C) space on the back of strong demand during the COVID-19 outbreak last year. With the eCommerce volume surge brought on by COVID-19, there is now further impetus for businesses to look for both B2B and B2C capabilities from a single provider. To this end, SingPost acquired a minority stake in Freight Management Holdings, a leading 4th party logistics business in Australia providing integrated, technology-enabled supply chain and distribution solutions. This investment will allow SingPost to further capitalise on the growing eCommerce segment in Australia while scaling up our B2B2C logistics capabilities. Going forward, SingPost eCommerce Logistics is well-positioned to build a strong, integrated B2B2C network that can fulfil both B2B and B2C requirements for customers within Singapore as well as the wider Asia-Pacific region.

