

# LOGISTICS

We made significant strides in expanding and enhancing our global eCommerce logistics network, successfully executing several strategic and game-changing initiatives. Integration of recent acquisitions and further infrastructure investments significantly strengthened our integrated, end-to-end logistics value chain. Steady progress was made during the year in the areas of last mile delivery, warehousing and fulfilment, freight, and customer service.



*Transforming last mile delivery around the world, our POPStations won the top prize for retail customer access at the 16th World Mail Awards and are now being deployed in Australia.*

## SHORTENING THE LAST MILE

Our wholly owned subsidiary, Quantum Solutions, made several acquisitions that greatly augment our last mile ecosystem in Australia and Hong Kong. Our investment in Australian eCommerce service aggregator Hubbed, the country's only logistics provider exclusive to the news agency channel, added the company's 680 newsagents to our network Down Under. Integrating this with CouriersPlease, a last mile parcel delivery company which we acquired the prior year, we now offer customers in Australia the flexibility of collecting online purchases, dropping off parcels, and buying delivery products from Hubbed's newsagents, which can be found across the whole of Australia at any time and at their convenience.

Major strides were initiated towards our goal of making CouriersPlease Australia's leading eCommerce courier service. We grew existing core services and launched new international and domestic services, including International Saver, International Priority and Domestic Same Day. We also expanded the geographic footprint of CouriersPlease to Perth, Cairns, Darwin, Albury and Coffs Harbour, thus forming an efficient and effective distribution network throughout Australia.

Additionally, CouriersPlease has launched POPStations in the past year which enables customers to collect their parcels at their own convenience. Together with Hubbed, these new additions to the CouriersPlease family create an eCommerce ecosystem that will provide customers with seamless access to their parcels, as well as deliver stellar experience to them.

In Hong Kong, we invested in parcel delivery company Morning Express Couriers and E Link Station, which operates a rapidly expanding network of self-collection parcel smart lockers.

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The investments have created an efficient logistics delivery network for online retailers in Hong Kong that sell international brands, such as Calvin Klein and Clarins. Our enhanced network also gives Hong Kong shoppers greater flexibility in receiving parcels through multiple channels, including effective and convenient digital lockers and redemption centres.

The year also saw enhancements in Quantum Solutions' eCommerce fulfilment technology platforms. Leveraging technology for enhanced agility, we deployed Android devices within our warehouses to increase capacity and productivity during the eCommerce peak seasons. Additionally, we integrated information technology systems across eCommerce platforms and marketplaces to enable seamless transactions and information sharing.

We continue to transform the last mile delivery landscape for eCommerce through our POPStation network, which garnered the top

accolade in retail customer access at the 16th World Mail Awards. The POPStation network has expanded to about 140 locations in Singapore, making it one of the world's densest networks of self-service lockers, with just two kilometres on average between locations.

POPStation functionality has been extended beyond parcel collection. Customers can now return online purchases via the smart lockers, make payments on collection via various card options such as credit card, cash card and NETS, and post parcels booked through our online service ezy2ship.com. The technology has been standardised and deployed in other countries to offer synergised last mile delivery solutions across the region. For instance, we deployed 10 POPStations in Australia through CouriersPlease, with a target to increase deployment by the end of FY2016/17.

## INTEGRATED ECOMMERCE LOGISTICS

Construction of the SingPost Regional eCommerce Logistics Hub building was completed during the year. The S\$182 million facility is expected to be fully operational in the second half of 2016 and will be the first

*The SingPost Regional eCommerce Logistics Hub features fully integrated automated warehousing and parcel sorting systems for maximum efficiency and productivity.*



eCommerce logistics facility in Southeast Asia to be equipped with cutting edge technology such as integrated, automated warehousing equipment linked to fully automated parcel sorting systems for maximum efficiency and productivity. The Logistics Hub will bring SingPost's eCommerce logistics capabilities and services under one roof, enabling us to imbue online retailers with enhanced agility to address the rapid growth and evolution of global eCommerce markets. The hub will also create additional capacity, ensuring SingPost is poised for future growth of the burgeoning eCommerce logistics industry.

#### **FORTIFYING FREIGHT SERVICES**

Our freight forwarding arm, Famous Holdings, continued to provide strong business-to-business distribution services in continental Europe and the United Kingdom. We also enhanced our continental Europe network with the acquisition of Rotterdam Harbour Holdings (Famous Pacific Shipping Rotterdam), which offers consolidation services for shipments going through Europe's largest container port.

In response to continued depressed ocean freight rates, we have widened our service offerings to direct customers and provided strong business-to-business as well as business-to-consumer services in collaboration with Quantum Solutions. This is in addition to our core cargo consolidation business.

We have further enhanced our transshipment hub centre in Singapore by offering a wider range of carriers and guaranteed sailings to attract transshipment cargo. We have also introduced multi-modal transportation modes, such as sea-air and air-sea, to support shippers in their value creation to customers. In Singapore, Famous Holdings is working closely with Quantum Solutions to offer seamless supply chain

solutions, spanning warehouse management to final distribution services. This will be rolled out in more markets within our network.

Several new services, including sea freight for vPost, were launched to enhance our eCommerce logistics value chain. The addition of vPost's sea freight service enables customers to continue using eCommerce platforms for purchasing bulky items, which has been an increasing trend. Customers can receive bulky and heavy items right at their doorstep without paying higher air freight rates.

#### **ACCOLADES AND SUCCESSES**

Many synergies from the integration of our recent acquisitions were realised during the year, enabling us to acquire many eCommerce customers that require end-to-end fulfilment services in the region.

Our efforts to transform the parcel delivery customer experience have gained us international kudos. Our SP Parcels subsidiary won several accolades during the year, including the 16th World Mail Award 2015's Retail Customer Access for POPStations, Supply Chain Asia's Last Mile Partner of the Year, and the Universal Postal Union's EMS Cooperative Certification Gold Level Award 2015.