

Surge in demand for logistics, e-commerce




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THE e-commerce boom in the wake of Covid-19 has spiked demand for express delivery and warehouse space, fuelling bottom lines of logistics companies and driving expansions.

A case in point is [Tasco Bhd](#), which closed its financial year ended March 31,2021 (FY21) with record-high profitability that rose four times to RM41.27mil.

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“We have witnessed a surge in demand in all our business segments, but especially in international airfreight and sea freight segments, as well as our contract logistics business.

There’s also an increase in requests for warehouse space due to abnormality within the global supply chain and also the need to keep higher buffer stock to ensure non-interruption of production due to Covid-19 risk factors, ” he tells StarBizweek. He says that during the first movement control order (MCO) from March 18- May 3,2020, there was strong demand for cold-chain and convenience retail logistics to cater for the handling of food and pharmaceutical goods. This mitigated the impact of the MCO.

“Moving from that period, as our customers re-started their operations, our business volume experienced a surge resulting in a V-shape recovery from the month of June 2020 onwards until to-date, ” Lee adds, pointing out that the group’s top line expanded some 30% from organic growth year-on-year in FY21.



“With work-from-home initiatives becoming the new norm, we think the demand for logistics services will stay, ” says Tiong Nam Logistics Holdings Bhd executive director Victor Ong.

Tasco is involved in contract logistics, air freight forwarding, trucking, ocean freight forwarding, and cold supply chain logistics, where it is a leading player with about 35% market share.

Last month, the group announced it is expanding to East Malaysia and Kalimantan area via the acquisition of Hypercold Logistic Sdn Bhd, which has the largest cold chain warehouse capacity as well as eight temperature controlled trucks in Sabah.

The acquisition, slated to be completed in the second quarter of this year, will raise Tasco’s capacity to 53,000-56,000 pallets – cementing its lead position in the transportation of temperature sensitive products.

Lee says, while the group is on the look-out for mergers & acquisitions, there is nothing concrete at the moment.

Where organic growth is concerned, it plans to invest around RM400mil over the next five years to cater for its next phase of growth.

“These expansion plans will be more focused on warehousing capacity at strategic locations that we have identified as well as increase our vehicle fleet for port haulage business, ” says Lee.

The issue is can the pandemic-fueled boost last when things eventually normalise?

For now, the lockdown rules are still not relaxed completely and the fear of outdoor shopping and virus transmission remains.

Post-pandemic, players in the industry are confident that the digital format of doing business is here to stay.



GDEX MD and CEO Teong Teck Lean says even as Covid-19 exacts a bitter toll on the economy, it is catalyzing digital transformation across business models and channels from banks to professional services like doctors.

While the shift from offline to online, in particular for individual shopping, is becoming a habit for consumers, the workplace has also transformed.

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Ong adds that the company is also seeing an increasing number of customers outsourcing non-core logistics and distribution services to total logistics solution providers like Tiong Nam.

"This has been an ongoing trend as companies strive to reduce cost, improve efficiencies, and focus on their core competencies," he says.

Tiong Nam, which has a presence in more than 20 strategic locations across six countries in South-East Asia, is currently expanding to meet

future needs and allocated about RM200mil in capital expenditure for warehouse expansion for the financial years ending March 31,2021 to March 31,2024.

The first phase of the expansion encompasses the ongoing construction of a new warehouse in Senai, Johor, as well as upcoming ones in Pelabuhan Tanjung Pelepas, Johor and Shah Alam, Selangor.

“Upon the targeted completion of these facilities by the end of FY22, the group’s total warehouse capacity would stand at 6.4 million sq. ft., growing from 6.0 million sq. ft. currently, ” he tells StarBizweek. The group, which recorded a 260% jump in net profit to RM6.4mil for the third quarter ended Dec 31,2020, would also be expanding its regional facilities, and plans to build a new warehouse in Senoko, Singapore in 2022 and may consider further expansions across its regional network if there is market demand.


At ACE Market-listed Tri-Mode System (M) Bhd, its group MD Datuk Hew Han Seng says the company has been handling more export cargo and saw greater demand for its air-freight services segment in 2020.

The company, which offers sea and air freight, container haulage, warehousing, and transportation services, is also gearing up for growth.

At the end of March, Tri-Mode moved to its new 12-acre headquarter and distribution hub in Pulau Indah Industrial Park where it has additional spaces for future expansion.

The hub houses a 85,000 sq ft, of warehouse built-up space. Together with third-party logistics services, Hew is optimistic the warehouse segment will generate a new source of income from financial year ending Dec 31,2021.

The pandemic is also seeing logistics companies evolving with trends.

[GDEX Bhd](#)  says providing more comprehensive digital solutions is an area of focus, while strengthening the current core business to emerge

as a pure-play last-mile delivery company with a regional presence.

Its MD and CEO Teong Teck Lean says even as Covid-19 exacts a bitter toll on the economy, it is catalyzing digital transformation across business models and channels from banks to professional services like doctors.

“Customers are more digitally-savvy and seek seamless connectivity between e-commerce platforms and other social commerce platforms with logistics fulfilment services too, he says.

Interestingly, the pandemic has also brought about collaborations between competing companies.

Last month, GDEX and Tasco inked a memorandum of understanding to enhance logistics delivery services, riding on each party’s strength.

This is perhaps a signal that logistics companies are not only adapting, but ready to embrace the rapidly changing behaviour toward online channels, which are likely to stick post-pandemic.