THE ASIA-PACIFIC REGION THIRD PARTY LOGISTICS INDUSTRY IN 2013: THE PROVIDER CEO PERSPECTIVE

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INTRODUCTION

This paper is based on a survey of the CEOs of ten large 3PLs serving Asia-Pacific (APAC) Region that was conducted in mid-2013. The survey focused on the state of the APAC marketplace for 3PL services at that time.[i] The authors also conduct similar annual surveys of 3PL CEOs in North America and Europe.

The 2013 survey focused on a variety of issues including the key marketplace dynamics in the APAC 3PL industry, changes taking place in the Chinese economy, long-standing problems related to finding and keeping management talent, the industry's ongoing commitment to environmental sustainability, and a wide range of other aspects of the industry's current status and future prospects in the region.

The CEO of each company included in the survey was contacted by e-mail and asked to participate in a web-based survey. A target group of 10 of the largest 3PLs in APAC was contacted, and the CEOs of nine of those companies agreed to participate and completed the survey. Exhibit 1 lists the companies that participated in the 2013 APAC survey.[ii]

RESULTS

Revenues and Profitability

The survey addressed several 3PL provider revenue and profitability issues, and each is discussed below.

Success in Meeting Growth Projections.

The CEOs were asked about the success of their companies in meeting their APAC revenue growth projections during 2012, and all nine CEOs responded to the question. Two exceeded their revenue projections, three met their projections, and four did not meet their projections. As noted later in this paper, that development may be traced to declining GCP growth rate in China over the past two years.

Company and Industry Profitability.

The CEOs were next asked to categorize the profitability of their companies' APAC business units during 2012. Five (56%) reported their companies had been *moderately profitable*, two (22%) *broke even*, and two (22%) reported being *moderately unprofitable.*

CEO views were also solicited concerning the profitability of the APAC 3PL industry as a whole in 2012. Of the nine respondents, six (67%) categorized the regional 3PL industry as *marginally profitable*, two (22%) thought the industry *broke even*, and one (11%) categorized the regional industry as *moderately unprofitable.*

The Slowing Growth Rate of the Chinese Economy.

During 2012 the Gross Domestic Product (GDP) of Chinese economy grew at annual rate of 7.8%. While in global terms that growth rate is quite impressive, it was substantially lower than the 9.3% and 10.4% growth rates registered in 2011 and 2010 respectively.[iii] The survey asked the CEOs if that change had impacted the strategies and operations of the 3PLs in China, and four said "yes." Among the impacts cited were:

- A substantial loss of air volume from China to the United States
- Volume declines in some accounts involving trade between China and other APAC countries
- Declining volumes and lower margin yields combined with increased competition from small/medium size 3PLs

As a result of those changes, one of the 3PLs noted that his company is taking a more selective approach to customers and the marketplace. The company is declining business if the customer does not seem "serious enough." That approach is reflective of increasing customer selectivity in the global 3PL industry. Customer profiling has become quite common as companies seek to develop collaborative relationships with key customers.

While the growth of Chinese import and export traffic has slowed, the domestic economy has continued to expand, and that has also impacted the operations of 3PLs in China. In many instances those companies had originally entered the Chinese market to support the import/ export operations of large American and European clients. Now, some of those clients are moving a portion of their manufacturing and sourcing operations closer to North America and Europe. As a result, the import/export business of some 3PLs is becoming less import/export oriented in China and more focused on domestic distribution and consumption activities. The 3PLs participating in this survey were asked what percentage of their business in China is now focused on import/export activities versus domestic distribution and consumption, and on average those percentages were 61% and 39% respectively.

Nearshoring

There has been considerable discussion of the concept of nearshoring as some American and European manufacturers reconsider their earlier decisions to move some of their sourcing and manufacturing activities from their home countries to Asia. Data gathered in our 2013 North American 3PL CEO survey indicated that there has been some significant nearshoring activity involving their customers, particularly involving movements from the APAC region to Mexico.[iv] We decided to examine the same issue in the APAC survey, and three of the nine 3PL CEOs indicated that some of their key clients were participating in that movement. When asked what industries have been involved, the CEOs identified the following industries--consumer goods (apparel), bio-tech, low-to-medium value electronic and consumer goods, automotive, pharmaceuticals, and medical equipment. Two CEOs indicated that the moves that have taken place have involved shifts from China to Mexico, and the other cited a movement back toward Europe. Interestingly, the two that mentioned the China to Mexico shift indicated that they are now handling increased volume of air and sea shipments supporting material exchanges between China and Mexico.

In a related development, seven of the nine CEOs noted that there is also a significant movement of manufacturing from China to other lower-cost APAC countries. Six mentioned shifts to Vietnam, and similar smaller scale movements of manufacturing operations were also noted involving relocation of manufacturing operations to Thailand, Sri Lanka, India, and Indonesia.

Mergers and Acquisitions (M/A)

The global 3PL industry has undergone a major consolidation movement in the past decade, but the pace of that movement has slowed considerably in the APAC region during the past several years. In fact, only one of the nine companies involved in the 2013 survey reported his company made one or more acquisition during the past year with that company acquiring a smaller 3PL.

Further, the respondents expect acquisitions to play a relatively modest role in company revenue growth during the next three years. On average they expect acquisitions to generate 3.75% of their revenue growth during that period. However, that average figure is somewhat misleading in the one company reported it expects 15% of its revenue growth to come from acquisitions, while four CEOs reported that they don't expect any of their companies' revenue growth over the next three years to come from acquisitions.

Introduction of New Services

Five CEOs reported their companies had introduced new services in the region during the past year. Those service offerings included the following:

- Retrieval and disposal of waste electrical and electronic equipment from consumers on behalf of manufacturers
- Expanded origin consolidation services
- Value added, process specific support for inbound automobile parts
- Fashion and apparel tagging, fitting, localization, repacking services

Green/Environmental Sustainability Issues

The nature and extent of 3PL involvement in environmental sustainability projects have been examined in each of the last five APAC surveys. Data generated in those surveys have shown a very strong commitment to the pursuit of "green" goals by 3PLs. This continuing commitment was again demonstrated by responses to the 2013 survey. However, this year the 3PLs showed less interest in expanding existing programs or undertaking new sustainability initiatives.

Five (55%) of the nine companies surveyed reported they expanded their existing sustainability programs during the past year, and only four (44%) 3PLs reported launching new sustainability programs during 2012. This was not surprising in that many of those companies had introduced low-capital cost green projects in previous years, and that the higher capital cost programs are more difficult to sell to company boards.

It is also worth noting that only one of the nine companies involved in the survey indicated that they plan to launch a new environmental sustainability initiative next year.

Choosing among Potential Sustainability Projects.

3PL executives are typically faced with a broad range of potential environmental sustainability projects that might be undertaken by their companies. Obviously all of those projects cannot be funded. In this year's survey we sought to determine the most important standards used by 3PLs in choosing among the various initiatives that would reduce their carbon footprints. It's important to understand that companies do not typically use one standard to make such decisions, but the most frequently mentioned standard was return on investment (ROI) that was mentioned by four CEOs. Several CEOs suggested that there are instances in which because of the compelling social value of projects they may be undertaken even if they have a negative financial impact.

Customer Interest in Sustainability Issues.

Over the past five years we have asked the CEOs many questions concerning the degree of customer interest in environmental sustainability issues. In the 2013 APAC survey we decided to approach that issue from a branding perspective. We asked the CEOs how successful their companies had been in using their sustainability programs/accomplishments to differentiate themselves from other 3PLs. Eight companies responded to the question, with three (35.5%) saying very effective, four (50%) saying effective, and one (12.4%) saying the efforts had not been effective.

Most Successful Environmental Sustainability Initiatives.

Many of the 3PLs involved in the annual APAC 3PL CEO surveys have multi-faceted environmental sustainability programs. This year they were asked to identify the most successful of those initiatives to date in terms of reduction of the carbon footprints of their companies. They gave a wide range of responses, including the following:

- Use of LED lighting in company facilities
- No idling rules for company trucking fleet
- Increased use of energy efficient equipment in warehouses
- Participation in SmartWay program
- Improved insulation in facilities and offices
- Development of application and processes that monitor CO2 footprint.

As we have discussed in our previous APAC papers, many of these initiatives have not only improved the carbon footprints of the 3PLs but have also fostered similar improvements in the operations of their supply chain partners. In addition to those improvements, in many instances those initiatives have also yielded substantial cost reductions to those companies.

Greatest Opportunity for 3PL to Reduce Its Carbon Footprint.

The CEOs were next asked to look forward and assess what they believed to be their companies' greatest opportunities to reduce their carbon footprints in the future. Four CEOs responded to the question. Among the opportunities they identified were possible conversion to alternative fuels for company vehicles, establishment of no idling guidelines, improvements involving capture of rainwater, LED lighting, motion sensors in facilities, proper insulation of facilities, use of solar panels in company buildings, and continued monitoring of subcontracted fleet operations, particularly in developing countries. One respondent made another interesting observation. He noted that his company had been quite successful in capturing the "low hanging fruit" within his organization, and that the most significant future opportunities would involve helping customers cope with potential legislation that would restrict their future carbon emissions.

The data generated in our last five APAC 3PL surveys has shown a real commitment on behalf of those companies to foster improvements in environmental sustainability not only within their own organizations, but also in the operations of the customers they serve and subcontractors used by the 3PLs. The success of those programs not only in terms of reducing their carbon footprints but also in terms of cost reduction has been quite impressive. While the 3PLs believe their sustainability initiatives have also generated some brand value, their customer base is still primarily cost driven in making the 3PL selection decision.

3PL Services to the Healthcare Industry.

Each of the last two APAC surveys has examined a variety of issues related to the attractiveness of the healthcare industry to the regional 3PL industry. The structure of the healthcare industry is rather complex and includes a broad range of participants including, among others, pharmaceutical companies, medical device manufacturers, distributors, and hospitals. In our 2012 survey we established that the most attractive sectors of that industry to 3PL service providers were medical device manufacturers and pharmaceutical companies. Distributors and hospitals were deemed substantially less attractive as potential clients. We also determined that each of those sectors has a wide variety of supply chain management challenges, and that for a 3PL to effectively serve different sectors of the healthcare industry it must have very specific sector knowledge, in-house expertise, and, in many cases, substantial front-end investment in facilities dedicated to serve healthcare clients. The logistics services already being provided to healthcare clients were also documented in that survey. The CEOs also suggested serving clients is, in many cases, very difficult as a result of complicated organization structures, institutional inertia, and low levels of client expertise in the value proposition that might be provided by 3PLs.[v]

Seven of the nine companies involved in the 2013 APAC survey reported they already serve healthcare clients. On average, healthcare clients generate approximately 9% of their current revenues, and those revenues projected to grow to an average of 16.5% three years from now. We asked those seven CEOs to rate the companies' effectiveness to date in competing for healthcare business is several areas. In each area they were given three choices—*very effective, effective,* and *not effective.* The results are summarized in Table 1.

In terms of their effectiveness in establishing their company brand in the healthcare field, five said *effective,* and two said not *effective.* In terms of effectiveness in attracting healthcare clients, six said *effective,* and one said not *effective.* Interestingly, when asked about their effectiveness in generating profits in serving healthcare clients all seven said *effective.* In the 2012 survey many of the CEOs expressed concerns about the ability of their companies to develop the necessary expertise to compete effectively in this space. However, their responses this year show greater optimism. One said his company had been very effective in doing so, five said effective, and only one said not effective. Similarly, in the 2012 survey many of the CEOs were concerned that their companies either would not or could not make sufficient investments in healthcare related assets to effectively compete for such business. Their responses to a related question in the 2013 APAC survey indicate that is still an area of concern. While one said his company had been very *effective* in doing so, and four said they had been *effective,* two still believed their companies were not *effective* in doing so.

While the broadly defined healthcare industry is naturally of interest to APAC 3PLs, to move forward they must clearly define the sectors that industry that are of greatest interest to them and focus their resources on meeting the competitive requirements of those sectors. It appears very unlikely that a single company can be an effective competitor in a broad range of those healthcare industry sectors due to related cost, expertise, and capital availability issues.

Industry Dynamics

In each annual APAC survey the CEOs are asked to identify the most important industry dynamics affecting the APAC 3PL marketplace. In response, three CEOs cited regulatory changes and compliance pressures. Two mentioned the movement of some manufacturing from China to either other APAC countries or Mexico, and the same number identified the sustained economic growth of the region as a major regional dynamic. Among the other dynamics mentioned by one CEO were the slow improvements in economic conditions in the United States and Europe, more competition from "local" 3PLs in China, rising wages in China, margin pressures on 3PLs, modal shifts in the region to less expensive modes, and growing environmental concerns within the region.

Industry Opportunities

The CEOs were also asked to identify the most significant opportunities for 3PLs in the APAC, and, as has been the case in previous surveys, there was little consensus. Among the opportunities highlighted by the CEOs were the following:

- Acquire smaller 3PLs in niche markets to achieve regional scale
- Consolidate 3PL supply base, and also offer to assist customers in doing so
- Expand services in the e-commerce and e-fulfillment spaces
- Expand business with existing customers by bundling services
- Develop more industry specific expertise in such areas as healthcare
- Place more emphasis on emerging markets such as India, Vietnam, Indonesia, and Latin America

- Provide LLP services in emerging markets
- Emphasize multi-modal optimization on behalf of customers
- Provide customers with higher levels of technology connectivity for their entire supply chains.

Not surprisingly, many of those opportunities were related to growth prospects in emerging economies as the Chinese economy grows at a slower pace. It is also worth noting that several CEOs were quite optimistic about the opportunities involving provision of services to the rapidly expanding e-commerce marketplace in the APAC region, particularly China. While that sounds enticing, the 3PLs would be well-advised review the experience of 3PLs in the United States when the dot.com bubble burst before deciding to aggressively pursue such business. When that bubble burst, many large 3PLs had the unpleasant experience of watching many of their e-commerce clients go bankrupt while owing the 3PLs substantial sums of money. At that time many of the 3PLs vowed that they would never get involved in the B2C space again, but that attitude seems to be changing.

Regional Industry Problems

Those surveyed were asked to identify the most significant problems faced by 3PLs in the region, and three major problem areas emerged. They were: problems associated with finding and keeping managerial talent, the competitive challenges faced by 3PLs in the region, and, challenges related to regional regulatory and infrastructure issues.

As has been the case for the past several years, finding and keeping management talent continues to be a problem for APAC 3PLs, particularly in view of rising wage rates in the region. That issue is addressed in detail later in this paper.

In terms of competitive challenges, the CEOs identified several including continuing pricing pressures, increasing customer demands for 3PL flexibility and quick response capability, the lack of customer loyalty, and competitive problems caused by real estate companies that are offering low warehousing rates to fill underutilized space. Additionally, many regional 3PLs feel increasing pressure to invest in new infrastructure with customers expecting high risks to be taken on the 3PL side of the equation.

Several regulatory and infrastructure issues were also highlighted. In many areas the burden of regulatory compliance has increased, and at the same time the lack of quality transportation infrastructure, particularly in the region's emerging economies, causes real operating problems for 3PL service providers and their customers.

Most Significant Development in Regional 3PL Industry in the Last Year

When asked to identify the most significant development in the regional 3PL industry during the last year, the CEOs' responses covered a broad range of topics, including several related to the region's economic conditions. Specifically, they noted the following developments:

- Improvements in staffing and skills of PRC-based state owned enterprises
- Continued movement of manufacturing and export consolidation activities to lower wage cost APAC economies including Thailand, Vietnam, Indonesia, and Sri Lanka

- Continuing weakness in traditionally strong markets, i.e. Asia-Europe and Asia-North America
- Emergence of a hyper competitive pricing market for 3PL services
- Increased domestic consumption in Asia, which is still resilient despite signs of an economic slowdown in the region; that consumption is increasingly focused on high value/high quality goods
- 3PL customers moved from quantity to quality sourcing; new customers are still sourcing by price alone
- Increased customer interest in 3PL speed and flexibility leading to pressures on some 3PLs to become more asset-light.

Managing Human Resources in the 3PL Industry

The annual APAC surveys have been conducted for more than a decade and in most of those years the CEOs have ranked "finding and keeping talented managers" among the top three problems faced by 3PLs in the region. In many of the previous annual surveys we addressed a broad range of related topics, and we continued that line of research questions in the 2013 survey. Specifically, we asked the CEOs to tell us why the talent shortage continues to be such a significant problem in the industry. For the first time we also asked them to rate the industry's treatment of young managers along several different job related dimensions. We concluded by asking them if their companies had specific features in their human resource management programs.

Why Does This Problem Persist?

All nine CEOs gave their opinions on the question, and many of their responses focused on the competitive nature of the marketplace for logistics/supply chain management talent. As the field has attracted more attention in recent years individuals with expertise and experience in the field have been aggressively pursued by manufacturers, retailers, transportation companies, consultants and 3PLs. Globally, there is far greater demand for that talent than supply. In many instances the 3PLs find themselves in a competitive environment in which other companies, particularly manufacturers, offer substantially higher wages and benefits than they do. In addition, the CEOs also suggested that 3PLs are not generally well branded and young managers may prefer to work for companies that are better known to consumers. It was also suggested that many 3PLs appear to have been slow to adapt to the evolving and changing expectations and needs of a younger workforce that may be looking for a better work/life balance. One of the respondents placed the blame for these continuing problems on the industry's human resources function for failing to recognize that disconnect with the younger workforce.

However, several of the CEOs noted recent regional expansion of university-level programs in logistics/supply chain management as a partial solution to the problem of finding and keeping management talent. They specifically mentioned not only logistics/supply chain management programs at several Chinese universities, but also the fact that many Chinese students who had attended universities in the United States with logistics/supply chain management programs are now returning to China and looking for employment opportunities with 3PLs. This should help to reduce the severity of these problems in the region over time.

CEOs Rate the 3PL Industry as an Employer.

The CEOs were also asked to rank the 3PL industry's treatment of young managers on a variety of dimensions including salary, benefits, career opportunities, travel and workload. A five-point scale ranging from one to five was used, with one being the lower end of the scale. The results are enlightening and are shown in Table 2.

On the five-point scale, the respondents' average ranking of industry salary was 2.67. Only one CEO ranked the industry above good in terms of salary, and two ranked it poor. The average ranking of benefits was the same at 2.67. Only one ranked it above good, with two ranking the industry's benefits as poor. The data suggests that the 3PL industry needs to determine how it compares with the salaries and benefits offered by their competitors in manufacturing, retailing, transportation and consulting. That's important not only at the entry level, but also as individuals move up through management ranks. If the industry is not competitive in these areas this problem will continue to plague these companies.

With respect to career opportunities, the average ranking was 2.78, with two ranking it very good, but four ranking it fair. It is extremely important that employees understand those opportunities, and that they are given clear career guidance within these companies. That is critical with respect to retention.

Travel requirements generated an average ranking of 2.89, with three ranking it fair. 3PLs need to examine how much time managers are on the road. At the beginning of one's career the concept of travel is exciting and interesting. Over time that becomes much less so. How much is too much, and where can technology be used as a substitute for travel? Clearly face-time is important in building client and company relationships, but there are trade-offs to be considered.

Finally, in terms of workload the CEO rankings averaged 2.56 with three ranking it fair on that dimension. This should be major concern for the industry as it assesses its ability to hire and retain management talent. Based upon the data, the industry is reminiscent of the trucking, forwarding and warehousing entities that created much of the 3PL industry as subsidiaries. It's quite common to hear that potential employees are told that initial workload expectations are likely to be in the 60-70 hour per week range, and they are likely to be on call 24/7. That is not a particularly attractive life style for the new generation that is seeking a greater work/life balance. This old-school approach to talent management is clearly not working in the industry.

3PL Human Resource Programs.

The survey also sought to determine if the 3PLs had specific human resource management programs in place within their organizations. Eight (89%) reported their companies had formal training programs for new employees. Six (67%) said that they had university-recruiting programs. Four (44%) said they had initial job rotation programs for new employees, and the same number reported formal mentoring programs in their companies. Three (33%) indicated they had employee stock ownership programs, and two (22%) reported profit sharing programs. However, the data that was previously introduced is far more important to the future of the industry than the existence of specific programs like these.

Estimated Company and Industry Revenue Growth Rates

Finally, the CEOs were asked to estimate the rates of annual company and industry revenue growth in the region for the one and three-year periods, and eight CEOs provided estimates. Their projections are shown in Tables 3 and 4 and are discussed below.

The average company revenue growth projection for next year was 9.0% versus a 15.75% estimate in 2012, with the projected three-year company revenue growth average being 11.63% versus 14.63% in 2012. However, once again as we have observed in previous surveys, the estimates varied significantly from company to company, with the one-year company projections ranging from -20% to +25% and three-year projections ranging from 2% to 25%.

CEO projections of regional 3PL industry growth over the next year were 8.57% versus 9.0% in 2012. The three-year industry projections averaged 8.0%, compared to 10.25% in 2012. The individual CEO projections of the industry's growth rates ranged from 6% to 10% for the one-year period and the three-year projections also ranged from 6% to 10%.

SUMMARY AND IMPLICATIONS

Summary

This paper has discussed the results of a 2013 survey of the CEOs of nine of the largest 3PL service providers operating in the APAC marketplace.

The annual GDP growth rate in China has declined considerably over the past three and some European and North American companies have moved a portion of their manufacturing activities either to lower cost countries in the region or Mexico. These developments are reflected in the lower regional revenue growth projections in this year's survey.

Several of these companies expanded existing environmental sustainability programs during the year, but few launched new sustainability initiatives. Only one company indicated it planned to launch a new sustainability program next year. Most of the companies believe their sustainability efforts have given them some degree of differentiation in the marketplace, but to date their commitment to those programs has had little effect in the marketplace in terms of retaining customers or attracting new customers. However, the 3PLs see real opportunities to improve their carbon footprints in the future, primarily through use of alternative fuel vehicles, and they recognize such efforts frequently not only offer environmental improvements but also reduced costs to them and their customers

Seven of the nine companies involved in the APAC survey reported they had clients in the healthcare industry. On average their healthcare clients account for approximately 9% of their APAC revenues, and that average is projected to grow significantly over the next three years to approximately 16.5%.

The most important dynamics operating in the APAC market for 3PL services were identified as changing regulatory and compliance pressures, the movement of some manufacturing from China to lower-cost APAC countries or Mexico, and the sustained, albeit slower, economic growth of the region. Not surprisingly, many of the CEOs surveyed are focusing on company opportunities outside of China, looking for growth in services linking China with growing economies in such countries as India, China, Vietnam, and Latin America.

The recent expansion of e-commerce activities in China also seems to present important growth opportunities for 3PLs. The most important problems noted by the CEOs were primarily related to finding and keeping management talent, the competitive pressures faced by 3PLs in the region, and ongoing challenges related to regional regulatory and infrastructure issues. The authors have made specific suggestions about how those talent issues might be addressed in a separate paper.

Implications

Despite the slower growth projections of the Chinese economy, the APAC market for 3PL services will continue to expand at an impressive rate. Buyers in the region are becoming more sophisticated, and they are pressing logistics service providers to offer more flexible, lower-cost solutions while expecting the 3PLs to continue investing in infrastructure. Gain-sharing and pain-sharing pricing models are likely to become increasingly common as the large 3PLs and their key customers seek to find more collaborative approaches to problem solving for mutual benefit. At the same time, 3PLs serving the region will likely feel pressure to follow customers into new areas as those customers transition manufacturing operations to lower labor cost countries in the region.

The growth forecasts of the companies participating in this year's APAC survey were still very optimistic. The realization of those forecasts is predicated on two assumptions. First, domestic consumption in China will continue to grow steadily, and second, the 3PL industry will have to find new areas of regional growth. In terms of growth prospects, two areas seem relatively attractive. The first is development of more extensive services to support B2C and B2B e-commerce. The recent growth of online sales, in China, particularly during the 2013 holiday season, will undoubtedly lead to greater 3PL involvement in that space, but the large 3PLs would do well to reflect upon the industry's experience as the dot.com bubble burst. Many of their initial e-commerce customers failed, often owing their 3PLs substantial sums of money. Not all e-commerce companies are created equal, and simply putting an "E" in front of a company name doesn't make it an attractive client. In assessing the attractiveness of providing services in this space large 3PLs must decide which segments of the industry to pursue. There are opportunities ranging from support of sourcing activities to handling returns and reverse logistics. The 3PLs need to assess the relative attractiveness of each of those e-commerce supply chain segments in developing their marketing strategies.

Second, the healthcare industry would seem to be an attractive target for APAC 3PLs. However, there are substantial costs associated with development of not only related infrastructure by also expertise if the 3PLs are to compete for this business. In some instances, lack of capital availability will preclude some 3PLs from becoming significant players in this market.

A high priority for large 3PLs in APAC should be a reassessment of company policies related to the hiring, training, treatment, and retention of talented managers. 3PLs must compete with manufacturers, retailers, consultants, and other potential employers for that talent, and their efforts to do so to date have not produced the results they have sought.

Exhibit 1
Third Party Logistics Companies Included in the 2013 APAC 3PL Industry CEO Survey

CEVA Logistics
DHL-Exel Supply Chain
Kuehne+Nagel Logistics
Menlo Logistics
MIQ Logistics
Penske Logistics
Rhenus Logistics
UPS Supply Chain Solutions
UTI Integrated Logistics

Table 1
3PL Effectiveness in Providing Services to Healthcare Clients in the APAC Region

Measure	Very Effective	Effective	Not Effective
Establishing brand		5 (71.4%)	2 (28.6%)
Attracting clients		6 (85.7%)	1 (14.3%)
Generating operating profits		7 (100%)	
Developing internal expertise	1 (14.3%)	5 (71.4%)	1 (14.3%)
Making sufficient investment to compete	1 (14.3%)	4 (57.1%)	2 (28.6%)

Table 2
APAC CEO Ranking of 3PL Industry on Various Job Dimensions

Job Dimension	Excellent (5)	Very Good (4)	Good (3)	Fair (2)	Poor (1)	Average Weighted Response
Salary		1	6		2	
Benefits		1	6		2	
Opportunities		2	3	4		
Travel		2	4	3		
Workload	1		3	4	1	

Table 3
2013 Survey CEO One and Three-Year Revenue Growth Projections for Their Companies, APAC, and Comparisons with 2012 Projections

One-Year Company Projection, 2013	One-Year Company Projection, 2012	Three-Year Company Projection, 2013	Three-Year Company Projection, 2012
9.0%	15.75%	11.63%	14.63%

Table 4
2013 Survey CEO One and Three-Year Revenue Growth Projections for the APAC 3PL Industry, and Comparisons with 2012 Projections

One-Year Company Projection, 2013	One-Year Company Projection, 2012	Three-Year Company Projection, 2013	Three-Year Company Projection, 2012
8.57%	9.0%	8.0%	10.25%

Robert Lieb, Kristin Lieb, and Joseph Carlier, "North American, European and Asia-Pacific Markets for 3Pl Services: 2013 3PL Provider CEO Perspective," presented at the Annual Global Conference of the Council of Supply Chain Management Professionals, Denver, October 22, 2013.

Some questions were not answered by all CEOs due to individual company policies concerning financial disclosure. Further, in a number of instances, average industry data is presented in the paper, but there is often substantial variability around those averages. That variability reflects a number of factors, including differences in company strategies, operating policies, and market segments served.

World Bank, GDP Growth (annual %), 2013.

Robert Lieb and Kristin Lieb, "North American, European and Asia-Pacific Markets for 3PL Services: 2012 3PL Provider CEO Perspective," presented at the Annual Global Conference of the Council of Supply Chain Management Professionals, Atlanta, October 1, 2012.

Robert Lieb and Kristin Lieb, "North American, European and Asia-Pacific Markets for 3PL Services: 2012 3PL Provider CEO Perspective," presented at the Annual Global Conference of the Council of Supply Chain Management Professionals, Atlanta, October 1, 2012.

Robert Lieb, "How to Fix the 3PL Talent Problem, Supply Chain Quarterly (Quarter 3, 2013), pp. 27-30.