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Technology key to keep Hong Kong as international logistics hub

The LSCM Logistics Summit gathers key industry players to shed light on how the application of technology can propel the logistics industry forward and retain Hong Kong's competitive edge amidst intense regional competition.

Logistics professionals, government officials, academics and researchers will congregate on 3 September to discuss the latest industry trends, build research and technology transfer partnerships as well as promote the application of innovative technology in the upcoming Logistics Summit organised by the Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies (LSCM R&D Centre).

Hong Kong has enjoyed the status of being the region's most important logistics hub for decades, thanks to its strategic location, unique history and flourishing international commerce. However, as the sourcing base in Southern China disperses and goes inland, container ports and airports in neighbouring cities rapidly develop, and free trade agreements proliferate across the Asian region, all these mean fewer cargoes are and will be coming to Hong Kong, and the industry needs to undergo a major overhaul to retain its competitive edge.

The LSCM R&D Centre, established in 2006 with funding support from the Innovation and Technology Fund of the HKSAR Government, aims to strengthen the local logistics industry by providing a one-stop shop for technology transfer and commercialisation. It is hosted by three leading universities, namely The University of Hong Kong, The Chinese University of Hong Kong and The Hong Kong University of Science and Technology, providing a strong research basis for the development of applied technologies.

"While in the past the success of the Hong Kong's logistics industry was location-driven, we now can no longer count on having the same advantages. Many container ports have sprouted around Southern China, which are less expensive and closer to the sources or destinations of the cargoes. A downturn is already happening. Like the finance and trading sectors, our logistics industry has to become

Hong Kong's airport and container port, among the busiest in the world, face intense competition from their regional counterparts.

Dr Paul Tsui believes new technological developments will greatly enhance the efficiency of SMEs.

service and knowledge-driven. We need to be very good in managing logistics service intelligently without handling the cargoes physically," said Tommy Lui, Chairman of the LSCM Board of Directors.

Technology and talent are indispensable in achieving this goal. The development and adoption of Radio-frequency Identification (RFID) is one of the key trends that will have great implications for not only the logistics industry but also the overall success of any global business. RFID is a technology that uses radio-frequency electromagnetic fields to transfer data from a tag attached to an object for the purposes of automatic identification and tracking. With RFID and cloud technology, the information can be automatically uploaded and accessed anywhere and in real time, making the supply chain very transparent. For instance, most of the leading US retailers will in the next nine to twelve months proactively plan for advertising and in-store promotion based on real-time production and shipment status in the upstream, make quick replenishment decisions on real-time shelf inventory information in the downstream, and improve consumer shopping experience

with customised product information and self-checkout. "The adoption of RFID is reaching a tipping point now and those who are not yet prepared will soon find themselves very much behind," said Mr Lui.

The Logistics Summit will offer an excellent occasion for industry leaders, government officials and related associations to share their expertise and insights on how to embrace these global changes. There will be a Technology Showcase for system integrators and hardware and software developers to present their products, as well as a Government-Industry Dialogue Session to discuss the opportunities and challenges of the industry, with focus on the Mainland China.

Hong Kong's logistics industry is largely made up of small and medium-sized enterprises (SMEs), and one of the key challenges is to help these companies get up to speed with the latest important technologies. Related to the development of RFID, these SMEs have been aiming to go completely paperless in their freight transactions, from the shippers and freight operators to government agencies and the

end users.

"For e-freight to come to fruition, we need to have a common platform and undergo a massive standardisation of documents which is going to take a long time. As SMEs are also very cost-conscious, they need help from the government to equip them with a common system to get them connected," said Ir Dr Paul Tsui, Chairman of Hongkong Association of Freight Forwarding and Logistics Ltd. It is also common for SMEs to use several platforms to file documentations, resulting in duplication of effort in data input. A "single window submission" is also a goal that the industry hopes to eventually achieve.

Mr Lui agrees that helping SMEs jump

on the latest technology without too high a cost is imperative. "SMEs might not be able to participate in the developmental phase of the technologies because of cost and resource constraints, but the LSCM R&D Centre aims to facilitate their technology adoption through commercialisation of relevant technologies with our system integration partners so that the development costs are shared and the technology usage are more affordable for SMEs," he added.

Through this year's Logistics Summit, the LSCM R&D Centre expects to create a constructive exchange between the industry, government and research organisations about the strategic directions of the logistics community.

Tommy Lui hopes to strengthen the competitiveness of the logistics industry through technological innovation.

LSCM Logistics Summit 2012

Date   : 3 September 2012
Time   : 9am – 5pm
Venue   : Charles K. Kao Auditorium, Hong Kong Science Park, Shatin
Website : http://web.lscm.hk/sites/summit2012