

Chapter 4

Import and Export Logistics Service Providers

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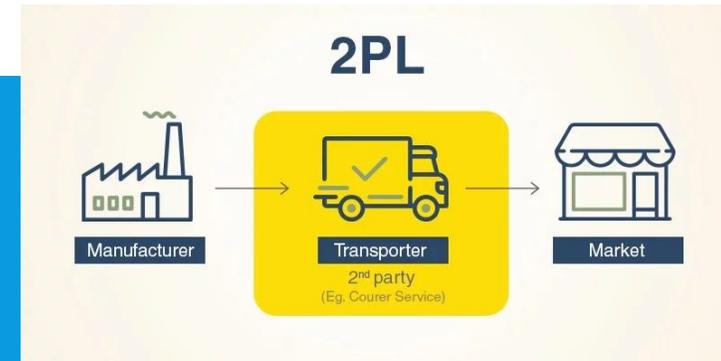
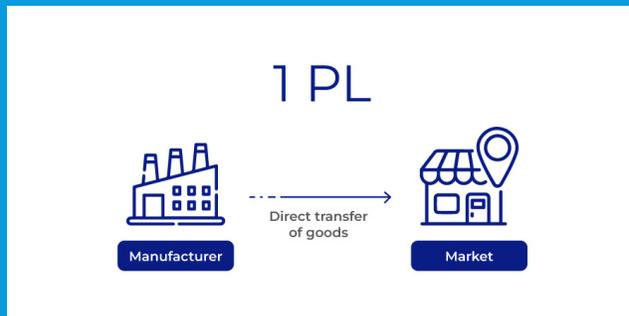
Logistics Service Provider

- ◇ LSP means an external service provider or an external operator. It has specialized expertise that has an important effect on work aid and can save money and reduce costs.
- ◇ Transportation Services: Automobile, truck, rail / pipeline, water, air and MTO (Multimodal Transport Operator) terminal to terminal or door to door.

TYPES OF LOGISTICS PROVIDERS

1PL (First Party Logistics)

- Refers to an organization or business that engages in logistics activities by itself, which is a logistics service provider that does not rely on the logistics work of others. An organization that can do this must have a good and strong enough business management system.



2PL (Second Party Logistics)

- Refers to basic logistics providers. That is, the only freight carrier with specialized expertise, such as air carriers, sea freight providers, truck carriers such as FedEx, DHL, UPS.

TYPES OF LOGISTICS PROVIDERS

3PL (Third Party Logistics)

Refers to a person representing a specialized logistics (2PL) service provider, i.e. Shipping or Freight Forwarder, who helps to take care of the transportation of goods, both import-export, including taking care of documents and customs clearance to ensure that the goods arrive at their destination safely.



4PL (Fourth Party Logistics)

Refers to the customer assistant who selects a logistics service provider (3PL) agent by providing information technology services and consulting on logistics system development and management within the supply chain.



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5PL (Fifth Party Logistics)

Refers to e-Business Market service providers, which will provide logistics service providers (3PL or 4PL) and help manage the supply chain through the E-Commerce system, which will help the system to be flexible and cost-effective. This leads to an effective management strategy that can fully respond to logistics service users.



TYPES OF LOGISTICS PROVIDERS

DFREIGHT

1PL



A farmer who transports fruits to a grocery store for sale.

2PL



A courier delivers fruits from farm to the grocery store.

3PL



A logistics company with a fleet of trucks packs fruits and transports them from farm to grocery store.

4PL



A logistics company strategically oversees a 3PL on behalf of the farmer to pack and transport fruits to grocery store.

5PL



A logistics company administers a farmer's whole supply chain network from production to distribution using technology.

Outsourcing logistics services

1. Transactional Outsourcing
2. Tactical Outsourcing
3. Strategic Outsourcing



Benefits of outsourcing services

1. Clear business benefits
2. Control costs to reduce
3. Higher service capability
4. Helping small and medium-sized companies compete
5. Use resources in core activities
6. Earn money from asset transfers
7. Investment reduction
8. Mitigation of outsourcing services



Risks from outsourcing services

1. Risks associated with customer service
2. Risks associated with data confidentiality
3. quality
4. growth
5. Deadlines
6. Supports expanding the scope of work
7. Risks associated with labor matters
8. Higher service costs



Selection of logistics activities to be outsourced

1. Creating a strategy for outsourcing logistics services

- Consider the main goals of the company.
- Company Analysis.
- Check your provider's expertise.

2. Guidelines for selecting logistics activities to be outsourced

- Organize activities that affect customers' purchasing decisions.
- External service providers in complete activities.
- Activities that cause damage to the business should not be employed.
- Organize activities that are not the core activities of the business.

Logistics costs

COST

- ◇ 1. In-house logistics operating costs
 - ◇ Fixed costs
 - ◇ Variable costs
- ◇ 2. Outsourcing logistics services costs
 - ◇ Cost of operation in outsourcing
 - ◇ Cost of hiring a logistics provider

Important factors in the selection of external providers

- ◇ 1. Cost factors
- ◇ 2. Service factors
- ◇ 3. Organizational factors
- ◇ 4. Physical factors



PROCUREMENT AND SELECTION OF LOGISTICS SERVICE PROVIDERS

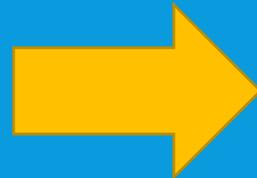
- 1. Summary of scope of outsourcing
- 2. Identify the scope of the necessary services.
- 3. Determination of possible logistics providers
- 4. Data request and list filtering process
- 5. Bid Request
- 6. Evaluation and comparison of offers
- 7. Choosing a logistics provider
- 8. Contract
- 9. Action Plan



OUTSOURCING LOGISTICS SERVICES MANAGEMENT

Old design

The operational process
is within the
organization.



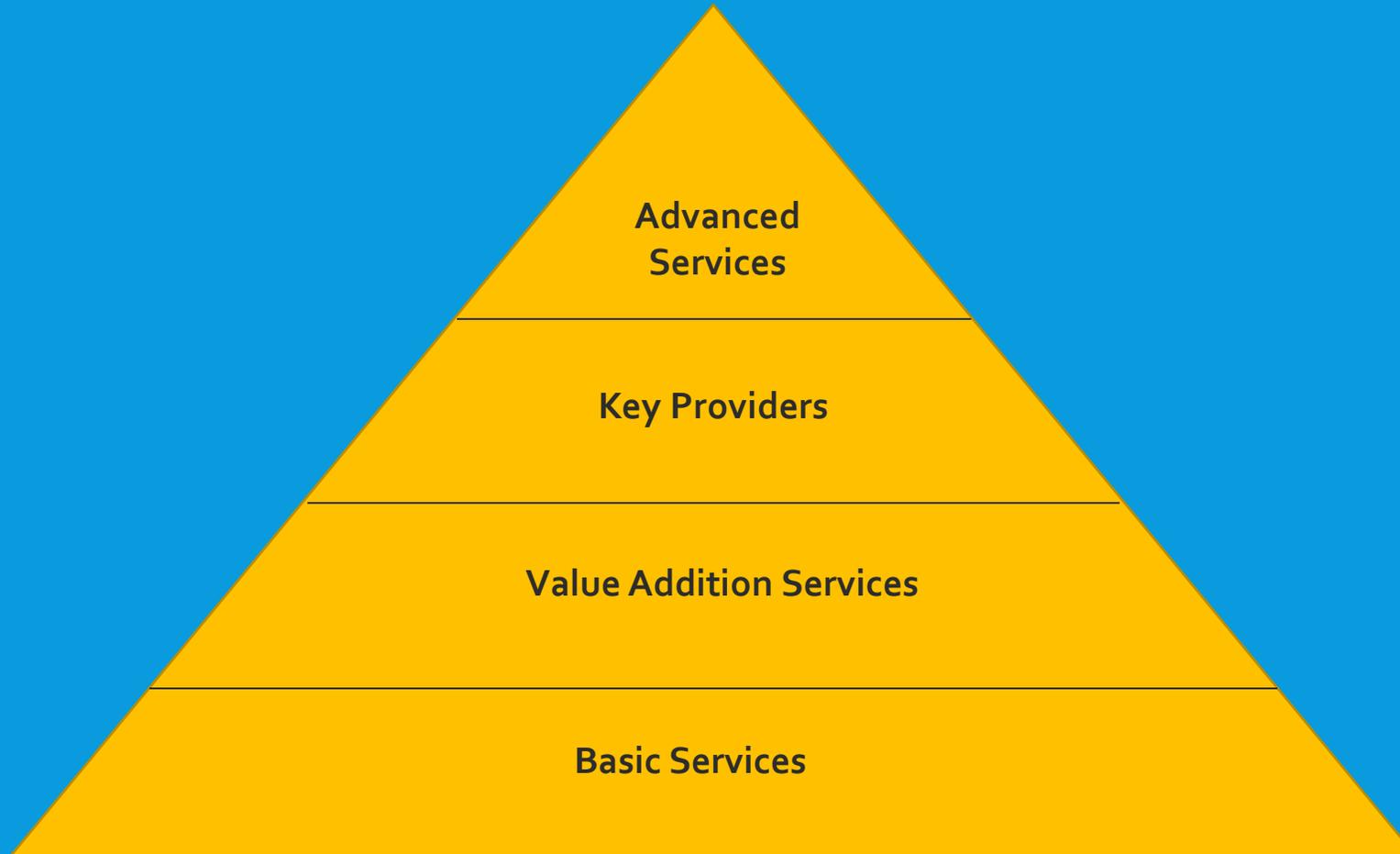
New design

External Operational
Processes

FACTORS FOR SUCCESS IN MANAGEMENT

- 
- Performance Management
 - Reconciliation
 - Communication
 - Service Provider Visits
 - Conflict Management

DEVELOPMENT OF LOGISTICS SERVICE PROVIDERS



LOGISTICS IN THAILAND

Logistics in Thailand It started in 1997 when Thailand experienced a major financial and economic crisis. As a result, Thailand had to seek help from the Foreign Fund or IMF after Thailand opened up free trade. Since then, many foreign companies have invested in Thailand, which has joint ventures with Thais, making many industries under the ownership of foreign companies. As a result, Thailand is under the trend of globalization until logistics becomes widespread in Thailand. At present, logistics has become one of the mainstream businesses of the country. Thailand's logistics services business is currently divided into 5 groups.



1. TRANSPORTATION OF GOODS BOTH DOMESTICALLY AND INTERNATIONALLY



- **Freight Transportation and Forwarding**

Freight Transportation and Forwarding: Nowadays, freight forwarding business is popular for import-export business operators who help facilitate entrepreneurs so that they do not have to waste time processing import-export documents by themselves, including not having to contact the transportation themselves.

2.STORAGE / WAREHOUSE MANAGEMENT

▪ Fulfillment / Warehousing and Packing

Fulfillment is a ready-to-ship warehousing service that facilitates online sellers or e-commerce businesses. Fulfillment services help you from warehousing, packing, to shipment. 1. Store 2. Packing 3. Shipping 4. Statistics & Systems



3. PROVISION OF CEREMONIAL SERVICES RELATED TO LOGISTICS



- **Non-Asset Based Logistics Service**

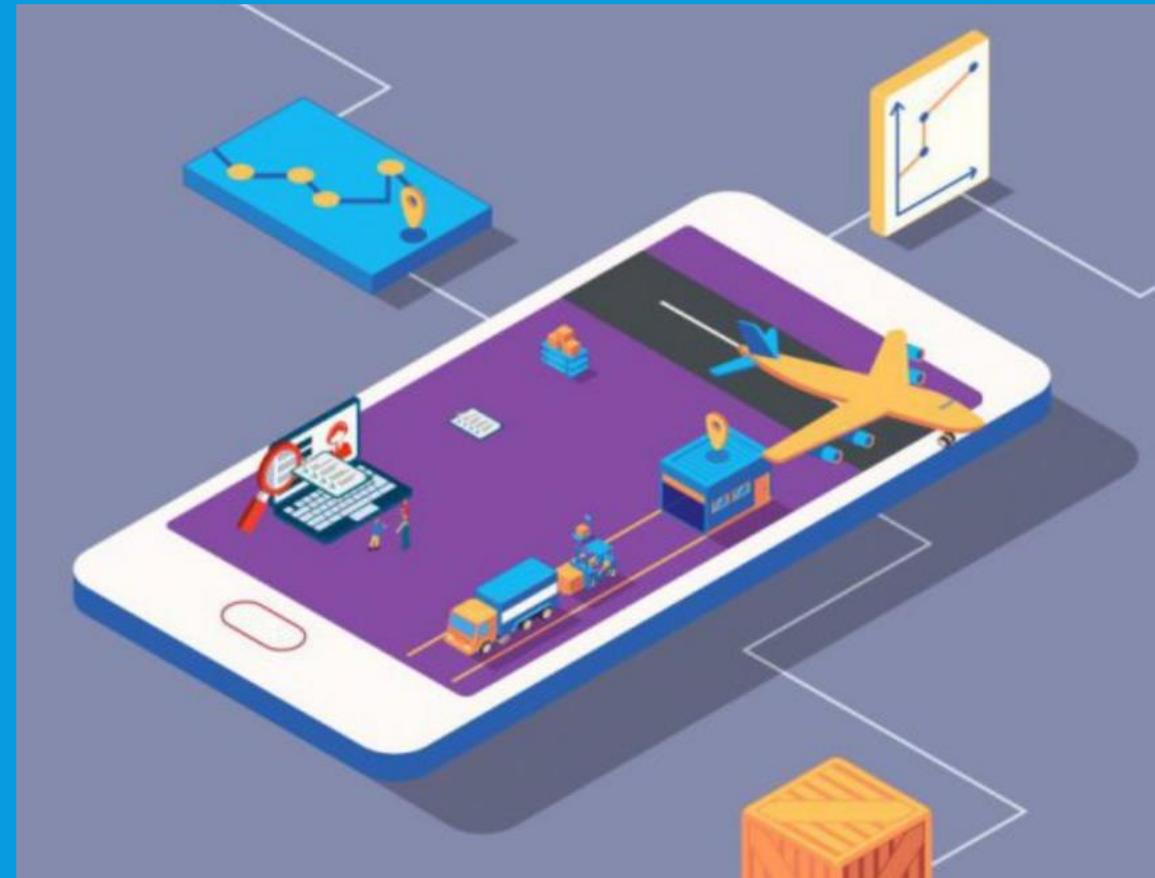
Non-Asset Based Logistics Services cover customs or revenue clearance. Documents related to importing or exporting goods to carry out the delivery of goods correctly. The Non-Asset Based Logistics Services process will assist users with all the formalities that are document processing, allowing users to save money and spend more time on their own business.

4. INFORMATION TECHNOLOGY AND LOGISTICS CONSULTING

Information and Communication Technology/ Consulting

ICT (Information and Communication Technology) refers to technology related to information, information and communication, starting from creating, analyzing, receiving and transmitting data, storing and reusing.

Consulting or consulting because logistics services need to take into account ICT technology that helps in the provision of logistics services and logistics consulting.



5. PARCEL AND POSTAL SERVICES BOTH DOMESTICALLY AND INTERNATIONALLY.



Parcel and mail services It provides services related to the transportation and delivery of letters, parcels, packages, and publications, as well as Counter Services activities. By dividing according to the characteristics of the service user. Postal services and courier services are one of the services provided by logistics in Thailand.



End & Questions

End-of-chapter questions

- ◇ 1. What is the development of the logistics service provider model?
- ◇ 2. Explain the process of outsourcing logistics services.
- ◇ 3. What are the logistics costs and how do they affect the decision to hire a service provider? explain
- ◇ 4. What is the trend of the 3rd party logistics services business in Thailand?
- ◇ 5. Tell us about the opportunities and obstacles in Thailand's logistics services today.