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FULFILLMENT

Warehouse & Distribution

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Offshore or onshore?

Once the rising star of e-logistics, e-fill has been acquired by ambitious freight forwarder Gluck and logistics entrepreneur Peter Gunn to provide importers the choice of pre or post positioning

e-fill has had a chequered history as a dot com e-tail warrior and warehouse provider in the hands of Harris Scarfe and then Shell. But the sale of Shell's convenience outlets to Coles-Myer as part of the retailers' petrol wars changed all that.

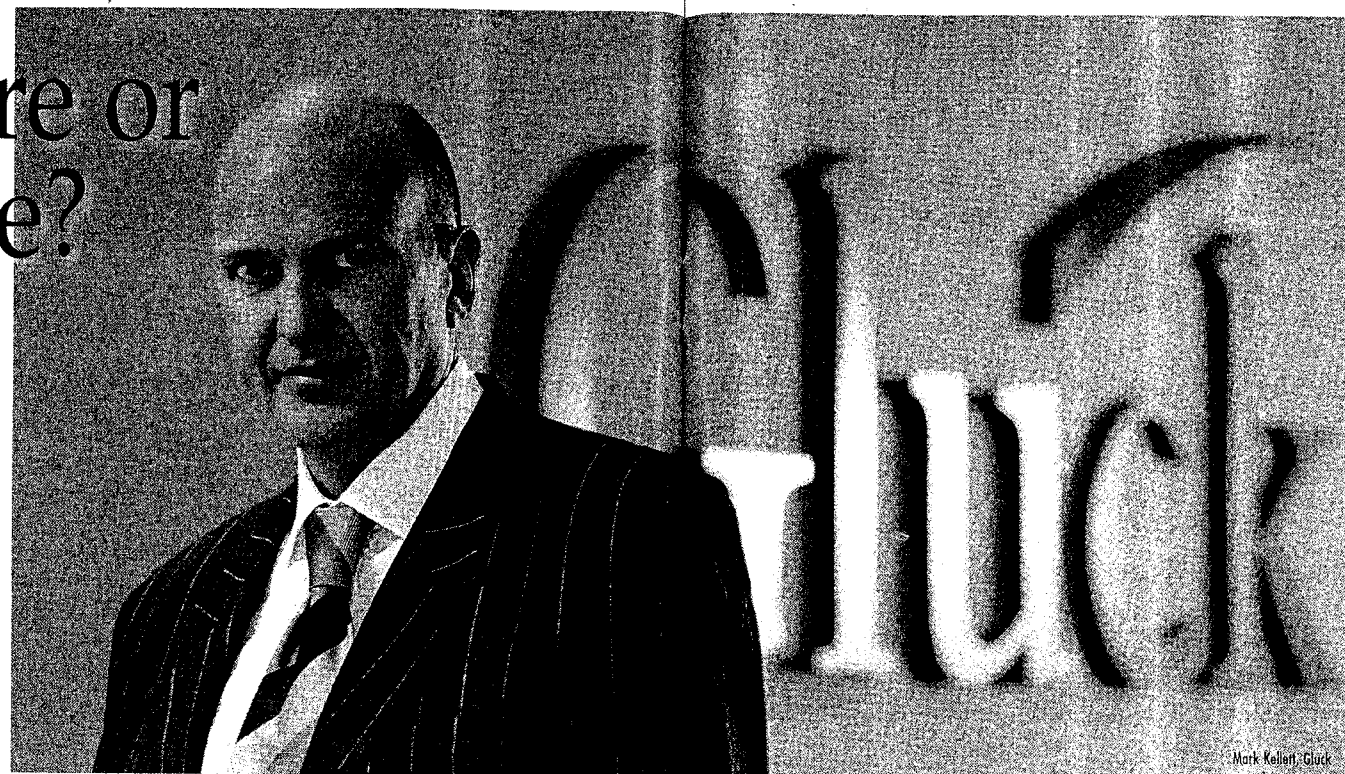
Now Peter Gunn's PGA Group and Gluck Forwarding Systems have acquired equal shares in the company.

Gunn has a long established reputation in the logistics sector. PGA Logistics was sold to the Mayne Group in 1998, but he maintains a continuing small wharf cartage operation and an investment portfolio, which includes FMCG warehousing facilities and the Alice-Darwin railway.

Gluck already provides fulfilment services in China and had appointed a business broker to canvas and survey the domestic market for opportunities in warehouse value-adding. Then it discovered PGA had a similar brief.

Gluck Managing Director Mark Kellett says e-fill provided a good fit for both businesses.

"Gluck and Peter Gunn had a passion to develop an end-to-end service to the retail sector for store ready merchandising in China or at destination here in



Australia," he says. "We were doing the same thing, so it made sense to do it together."

E-fill CEO Scott McKay says the combined backing of PGA and Gluck provides clients with truly end-to-end supply chain management.

"With Gluck, we can offer air and sea freight, customs clearance, storage, sorting, packing, pricing and delivery to the shelves in exact quantities on a daily basis if required. We offer fulfilment solutions such as multiple cross-docking, storage strategies and a complete reverse logistics process," he says.

E-fill employs 100 people across five functional specific customised locations — two in Victoria, two in New South Wales and one in Queensland — and offers supply and fulfilment services that allow direct delivery to retail outlets of sorted, tagged, pre-packed and priced consumables and apparel.

A separate aspect of the business is

warehousing and fulfilment of fast turn-over inventory to petrol stations and convenience stores. It uses RF and pick to light technologies for fulfilment of everything from confectionary to bulk groceries and apparel.

"We open warehouses to meet business growth that are functional specific in terms of staff and systems as opposed to one large geographic warehouse," McKay says.

e-fill is currently turning over less than \$10 million per annum, but aims for more than \$50 million per annum within five years. Kellett says the company will move beyond its warehouse owner-operator role in Australia to invest in China.

Gluck already offers country of origin warehouse services — pick and pack and value add — in China through its partnership with Jardine and Beltrans. Clients including Millers, Super Cheap Auto, Quiksilver, Nike, Colorado, The

Reject Shop, Godfreys, Reece and Sara Lee.

"From placement of an international purchase order, through to retail point of sale, the only area where Gluck could not provide a warehousing service in its own right was here in Australia. It was logical for us to enter this domain," Kellett reasons.

He says the decision whether to pick and pack in China or Australia depends on cost and lead time.

"If it's indent [import/export] order and has a [store] breakdown in unit quantities at least four weeks in advance of its in-store date, that means we have enough time to do the pick and pack at origin in China, send it over the water, break down the container and cross-dock at an LCL carrier," he explains.

McKay says this option allows the product to be shipped directly to the port or state where it's being distributed, rather than bring everything into the

"As the retailers push inventory responsibility back ... [suppliers] are having to offer ... more stock locally."

"If fashion or seasonal ranges sell well in advance, it allows you to pre-position. But as the retailers push inventory responsibility back more and more on the suppliers it also means [suppliers] are having to offer retailers more and more stock locally.

"There are forces at both ends."

PGA/Gluck pitches e-fill against majors such as Eagle Global Logistics, Exel, DHL and Khuene Nagel. Kellett argues Australia is not a priority for these multi-nationals, whereas e-fill/Gluck offer local expertise.

McKay points to e-fill's competitive advantage as having the systems and discipline to manage small order picking profitably. He sees growth in other sectors, which will benefit from similar flow-through and cross-dock services.

"People are looking to an alternative to having all their suppliers turn up at the convenience store every day," he says.

In the pre-retail market, he sees offshore trends in the fashion, auto parts and hardware sectors. This will require sophisticated warehousing to manage longer lead times.

"Our focus is on getting imported lines through as cheaply as possible," McKay says. "We're focussing on a handful of sectors and servicing them very well, rather than being thinly-spread and applying generic solutions." ■

