

EXPERT ADVICE

Umer Shams Arakkal, general manager of Xvise Innovative Logistics, explains how consultancy firms are helping companies to survive the global recession.

How long has Xvise Innovative Logistics been active in the Middle East region?

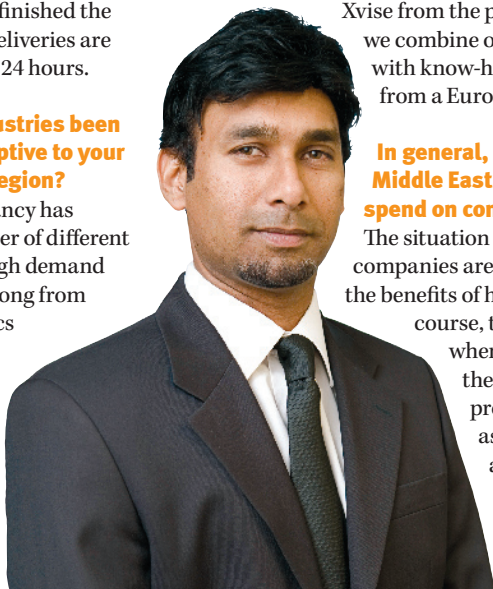
Following our successful launch in Austria around 10 years ago, the Xvise management team has searched for opportunities to expand its business into other parts of the world. The growth of logistics activities in the Middle East, Africa and Asia was particularly impressive and a decision was made to launch a central office at Dubai Airport Free Zone to overlook these regions. That was back in 2006 and we now have a dedicated team of consultants with expertise in procurement, warehousing, distribution, transportation, and project management.

Can you remember the company's first assignment in the Middle East?

We secured a contract to restructure the supply chain operations of a Dubai-based food distributor that supplied its products to retail outlets, hostels, institutions and camps in the United Arab Emirates and Oman. It previously took the customer over 10 days to deliver its products, however since we finished the assignment, the deliveries are completed within 24 hours.

Have certain industries been particularly receptive to your services in this region?

Logistics consultancy has appeal for a number of different industries, although demand is traditionally strong from the 3PL, electronics and fast moving consumer goods (FMCG) sectors. In addition, we're often invited to speak at Middle East trade seminars and universities.



What are some of the common issues that customers need to address?

A number of companies are looking to boost their productivity and need the advice of experts to help with the restructuring and reorganisation of their operations. In some cases, a strategy has already been implemented and failed, so it's a case of damage control. We also receive a lot of interest from companies that have allocated a budget for new technology solutions or material handling systems, but need assistance with the selection process.

How many consultancy firms in the region specialise in logistics?

Such companies are relatively limited, although self-employed consultants are also available with logistics expertise and contacts. At the same time, customers are generally more confident about selecting a proven company with a successful history. One factor that differentiates

Xvise from the pack is the fact that we combine our local expertise with know-how and techniques from a European background.

In general, do companies in the Middle East show a reluctance to spend on consultancy services?

The situation has improved because companies are starting to understand the benefits of hiring a consultant. Of course, there are still occasions when we have to educate the customer. It helps to provide examples, such as a client that saved a million dirhams on a racking system after we discovered it wouldn't improve their efficiency.

How much of a concern has the global recession been for customers?

The logistics industry has not experienced this level of recession in the past 50 years and companies are searching for ways to restructure their operations and keep their costs under control. At the same time, it's still essential to maintain service levels and honour any prior commitments. This is where a consultancy firm can provide their expertise and onsite management.

"Companies need the advice of experts to help with restructuring their operations"

What are your predictions for the future of logistics activities in the region?

I think the United Arab Emirates has set a benchmark for the rest of the Middle East to emulate in terms of infrastructure, customs regulations, freight forwarding, warehousing and transportation. However, under the global recession, there will be a short-term drop in warehousing and transportation prices and when that's combined with a fall in demand, I think the 3PL sector will be involved in a price war. In the long-term, the market will start to grow, although the pace will be slower and more steady than the previous 10 years.

How has Xvise started to prepare for this long-term growth in the region?

Dubai will remain our central base for the Middle East region, although we're also looking at market opportunities in Saudi Arabia, Kuwait, Jordan and other emerging Middle Eastern economies. In addition, the logistics market in India has reached an all-time high and we feel there is definitely scope for Xvise to introduce its specialisation in the subcontinent and provide the local players with critical support. However, our development plans have a strong focus on growing at a steady pace and ensuring the quality of service continues to prosper. ■