

THE OVERVIEW ON LOGISTICS & UTILIZATION RFID ON SUPPLY CHAIN IN VIETNAM

THE 6th – AFIT CONFERENCE
TOKYO – OCTOBER 2007

NGUYEN QUYET THANG
SINO CO., LTD - VIETNAM

CONTAINS

- VIETNAM ECONOMIC OVERVIEW
- GENERAL INFORMATION OF LOGISTICS & SUPPLY CHAIN IN VIETNAM
- ADVANTAGE & DISADVANTAGE OF UTILIZATION RFID IN SUPPLY CHAIN IN VIETNAM

VIETNAM ECONOMIC OVERVIEW

- Vietnam is one of fastest grow economic on the world for more than 10 years. The economic grow rate $> 8\%/year$.
- After Vietnam joined to WTO in 2006, foreign investors are strongly considering to eshtablish new business or expand their existing one in VN.
- With 50% of population of 84 million under 30, Vietnam has a strong human resource and consuming force.

VIETNAM ECONOMIC OVERVIEW

- Estimated export figure in 2007 will reach to 48 billion. The grow rate is 20.5% compare to 2006.
- Import of 2007 will be around 67 billion
- Retails business become the hottest one at this moment due to the average income of people is increasing
- The demand for supply chains and logistics services is over the current ability of existing providers in the market

VIETNAM ECONOMIC OVERVIEW

- The IT infrastructure is hot growing, the users of fixed telephone, cell phone and internet almost double increasing after Vietnam joined WTO.

	2005	2006
- Fixed tel. ownership rate	8.50%	18.86%
- Cellphone ownership rate	12.25%	26.19%
- Internet dissemination rate	14.30%	20.00%

- Economic booming and young population are factors of readiness for applying new technologies.

GENERAL INFORMATION OF LOGISTICS & SUPPLY CHAIN IN VIETNAM

- Logistic cost 2006: 12 billion = 20% GDP, double times compare to industrial countries
 - Transportation take part of 60% of this cost (mostly sea freight)
- Domestic transportation cost is also high due to the low condition of infrastructure (only 19% of roads were asphaltised).
- There are 600-800 local logistic companies but the size are small and very small → insufficient of capital, human resource, technologies. They are becoming agency for foreign logistic companies which have global networks.

GENERAL INFORMATION OF LOGISTICS & SUPPLY CHAIN IN VIETNAM

- Logistic giant companies are ready to establish their 100% owned operations in Vietnam when the government lift the limitation according to WTO commitment.
- Targeted seafreight throughput in 2010 is 100 million tons → need modern infrastructure and technologies to adapt new demand.
- The fully supply chain systems are at the starting stage → there is no obstacle of compliant to old systems

ADVANTAGE & DISADVANTAGE OF UTILIZATION RFID IN SUPPLY CHAIN IN VIETNAM

- Advantage:

- The utilization of barcode and 2D barcode in logistic & supply chain in VN is still not the standard and very limit → the cost for converting from the old technologies to RFID is very low
- Young workers are clever and easy to be trained → the utilization of new technologies would be smoothly
- The demand for optimization supply chain to increasing competitiveness of enterprises are huge.

ADVANTAGE & DISADVANTAGE OF UTILIZATION RFID IN SUPPLY CHAIN IN VIETNAM

- Dis-advantage: beside of normal obstacles which all of us known, there are other factors
 - Local logistic companies are small → they do not have a full operation supply chain system → considering cost of investment and ROI.
 - Giant foreign logistic companies from US or EU may apply the RFID system according to their standards in original countries → may cause im-compliant among systems.
 - Insufficient of trained human resource ready for utilization of RFID in both proffesionals: logistic and IT.

Thank you !

