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Konsortium's revenue to rise in tandem with trade

KONSORTIUM Logistik Bhd will see revenues increase with the growing amount of trade this year, and a continued growth in the next few years as a result of the positive impact of its IT transformation.

The company began the IT transformation in 1998 and would complete it by year end, said executive chairman Mirzan Mahathir.

Konsortium plans to expand its logistics capabilities with the aim of being a premier logistics provider in South Asia and Southeast Asia. It sees the tyre manufacturing industry as a sector that it can concentrate on, and which could help it in its plans.

"Each industry has its own peculiarities and needs. We hope that by fulfilling the requirements of the tyre industry, we can go on to attract more logistics requests from this particular industry.

"We aim to handle businesses throughout South and Southeast Asia," he told reporters after a signing ceremony yesterday between Konsortium and DMIB Bhd and Sime Tyres Marketing Sdn Bhd.

Konsortium was to provide transport and warehousing for DMIB and Sime Tyres Marketing for three years.

He said since October last year Konsortium had been undergoing a trial on logistic handling for both companies and he was happy to see the agreement signed.

For DMIB, the agreement would entail Konsortium collecting tyres from the former's base store in Petaling Jaya, storing and distributing them to dealers nationwide.

For Sime Tyres Marketing, Konsortium will handle the receiving of tyres from their plant in Alor Setar for storage and distribution to dealers in the Klang Valley.

At the same time Konsortium will also handle the logistics of other products such as batteries, bedding, golf balls and golf accessories.

Sime Darby Bhd's director of tyre manufacturing and DMIB managing director Jafar Carrim said Konsortium was awarded the contract based on successful past business dealings where for several years Konsortium undertook the shipping, warehousing and documentation forwarding needs for all DMIB's and Sime Tyres' exports.

Konsortium's 90,347 square foot warehouse in Subang Jaya currently accomodates 1,200 product types and is fully integrated with both companies' order management system.

Mirzan said the company was hoping to sign more deals with big companies and at the same time target the small and medium scale industries, which he said was very responsive. Currently it had 150 SMI clients.

On competition from the 20 haulage companies in operation, he said there would be no significant impact as there were barriers to entry for newcomers.

On Konsortium's trasformation to electronic business, Mirzan said everything should be in place by year end. He declined to disclose the investment amount in this project but said that an announcement with regard to this would be made on Monday.

A company spokesman said the two deals "involving quite a large investment" would be signed on Monday. Currently IBM was their main consultant.

Meanwhile, DMIB and Sime Tyres Marketing hoped to increase their 25 per cent export turnover in Asean countries to 50 per cent within three years.

Hence, they have decided to concentrate on their core business of manufacturing and marketing by outsourcing non-core activities such as logistics.

Jafar said that by Jan 1 next year the Asean Free Trade Area agreement will kick in bringing a reduction on tariffs on tyres from the current 40 per cent to 20 per cent and by 2003 to five per cent.

He said: "We have to concentrate on being operationally more efficient and also to increase production with the view of exporting. There are some tyres which are only manufactured here. We hope to hit the 500 million people in Asean with our tyres."

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