



The end of the middleman: Is sourcing as we know it dying?

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**Egidio Zarrella – Clients and Innovation Partner, KPMG China**

***Consumers +the changing landscape of disruptive technologies: innovate or die***

Replaced 5,000 people with technology with a 250 K USD investment. 400 people left.  
Biggest spenders on the internet in China are very young ones and very olds ones.  
China is spending more in AI and cognitive than Europe and US put together: it's a race  
It's not about scale, it's about a focused, educated workforce  
Spending more in Asia on mobile payments than anywhere else on the planet  
3D printing is the next step  
Don't assume economy is tough. It has just moved to a new platform.  
If you don't start looking at change, you end up getting controlled by it  
We don't care about privacy until we're attacked  
You should be planning for scenarios of disruption

**Thibault Villet – CEO, MEI.COM**

***The Impact of platforms on the Fashion Supply Chain***

GS online penetration in China - 31% to 49% in 2020  
Alibaba used 2 technologies for Singles Day – 1: Augmented Reality, 2: Virtual Reality  
Live streaming has taken over: Between Oct 21 and Nov 11, 60,000 live streams

Omni-Channel: It's all about online to offline  
Bloggers can spread looks straight after fashion shows through their followers  
Demand for broader assortments / smaller runs / personalisation  
Reduced inventories (store locations become extensions of distribution centres)  
Technology led innovation (connected wearables)  
Empower and recruit millennials – listen to how they see the world

## **Anne-Laure Descours – Global Director Development and Sourcing Apparel, PUMA SE**

### *How collaboration becomes the new norm and helps to manage versatility*

Co-creation: Complex and unpredictable business environment requires flexible and fast response  
The chase after cheap labour and low FOBs has delayed the apparel industry to invest into technology  
Manufacturers have been slow to embrace change: now the weakpoint of the supply chain  
Co-Management: engage in collaborative dialogue with supplies to gain mutual benefit  
Work closer with sales: break down barriers and learn from each other

## **Thomas Audoly – General Manager, Buying Office Southern China, Kingfisher Sourcing**

### *From a fragmented sourcing operation to a unified and integrated sourcing approach – How Kingfisher changes its buying office model through its One Kingfisher Plan*

Production excellence is becoming a key matter when you supply the same product to different countries  
Must ensure the quality and availability of the final products  
Involve teams more upstream in the process to ensure quality, not just at final stage  
Designing a nice product isn't enough; you have to make it affordable to everyone if you want it to reach the mass market  
Value creation through lower the costs and increasing customer benefits  
Good design without good cost is useless

## **Ambrish Jain – SVP, Sales & Marketing, TAL Apparel Limited**

### *Challenge & Change: A new paradigm in apparel sourcing*

Top 3 KPIs of any sourcing organisation: quality, delivery, cost  
Should cost be the core driver of your business / the core KPI? It's important, but is it key?

Search for low cost sourcing countries continues: Ethiopia is the new frontier. Where next?  
Quality: How can you drive a habit change? 1) Common understanding of quality 2)  
Compliance  
Challenging the on-time delivery mindset: shift from on-shelf availability to on-demand availability  
The power of mobiles is here to stay  
The age of personalisation is now

## **Pierre Bastjaens – Head of Services & Operations Procurement, Cathay Pacific**

### ***Outsourcing: why should we rely on those who know best to deliver more value?***

Lots of tools at our disposal as procurement professionals: outsourcing is one of them  
“Do what you do best and outsource the rest”  
The right partner: major player (someone who has the skills), scale and strong financials, solid track record, strong innovation capabilities  
The process: business requirements definition (preparation phase), risk analysis (convincing senior management), contractual framework, RFP, financial modelling  
Outsourcing should be on your radar  
Outsourcing = competitive advantage  
“If you deprive yourself of outsourcing and your competitors do not, you’re putting yourself out of business.”

## **Bernd Kehl – Global Head of Purchasing, Hager Group**

### ***How can sourcing persist in a digitalised world?***

Digitalisation is the use of digital technologies to change a business model and provide new revenue  
With IoT you get big data: this improves forecasting  
With digitalisation, many people become obsolete in the supply chain  
‘Future-proof sourcing’: algorithms will take over data analyses  
Low labour countries will disappear  
Future value proposition for sourcing: may become centre of information and power, added value lies in data management insight, an internal agency selects and manages the scientific network.  
The new sourcing value proposition is not rocket science, but it’s not easy to reach  
Sourcing is about managing and motivating people and this will sustain digitalisation trends

## **Veit Geise – VP Sourcing, VF Corporation**

**Philip Van Remoortere – Business Development, DDS Logistics Limited**

**Charlie Xu – Vice President - Professional Services, Greater China, Lectra**

**Moderator: Nick Ramil – Head of Validation, Brinc**

### *Digitalise or not*

Enable collaboration between different design teams and the pattern makers (reduces time to market)

Digitisation creates speed, efficiency (reducing sampling cost)

C2M: Consumers to Manufacturers big in China (marketed through WeChat)

Made to measure through an industrialised push and on a scale never seen before

Pre-production needs updating and digitalisation

Creating data points in the manufacturing process is a task where there is a lot of opportunity to innovate – transparency is key

The basics still apply to sourcing (right factories for the right product)

Still room for a sourcing organisation

A lot more happening in Africa in the next few years – automation, unskilled labour in factories

### **Tony Nash – Founder and CEO, Complete Intelligence**

#### *Asia supply chains: Asking the right questions, getting the right answers*

Big question in forecasting is ‘how do you know?’

Today we have a lot of data and it can overwhelm us

People are tired of hearing about millions of data points but this is how we get to some of the answers

If you’re moving into a more data-centric way of running your business, senior executives really have to be behind it

Nobody needs another excel sheet / report, people want to understand how data looks

Supply chains are changing as analytics improve

### **Stephane Boivin – Co-Founder President & CEO, Pivot88**

#### *How factories’ self-inspection will enable better collaboration*

Top concern regards to supply chain in 2017? #1 = supplier quality

Biggest question re: suppliers = are they honest?

Lack of trust leads to inefficiency

Digitisation is the top process

Upstream supplier quality creates high value

Benefits of collaboration: Live information, better decisions early on, more trust

Start monitoring earlier in the process to speed up your supply chain

## **Fred Lemoine – Managing Director, Asia, Weave Services Limited**

### *The end of the middle man, or a new middle man?*

The sourcing agent has been instrumental to retailers when they did not have offshore sourcing operations

Most of the largest retailers have brought back their in-house sourcing activities

Supply chains are becoming more complex. These days it's data-led decision making.

The sourcing office is at risk of losing complete value add

CSR is moving away from disposable fast fashion – products will be more durable

Middleman has to dramatically up their game and enter a new era of 3<sup>rd</sup> party sourcing services

Visibility and data led decision making are now a must have that retailers cherish

Take data with a pinch of salt

1<sup>st</sup> step forward: conduct your self-evaluation to assess where your needs are

## **Augustin Ceyrac – Co-Founder and COO, Easyship**

### *SME Direct to Consumer*

Direct to consumer model arising more often – crowdfunding: customer likes the product and finances it directly

Now brands can use Facebook / Instagram / Google marketing to have direct interaction with customers at little cost

Who can ship what, where? Big question to understand.

Dynamic rates tool provides dynamic shipping options for customers at checkout to give customers visibility and confidence in shipping

Easier now for small brands to set up global logistics

Hong Kong is the best place to be for logistics

## **Matthew Haynes – Associate Director, Supply Chain, Morgan**

### **Philips Executive Search**

## **Wilson Chong Hon Wai – Chief Consultant, Very Lucky Japan KK Limited**

### *Building a powerful supply chain organisation with local talent*

Build an organisation for loyalty

Still a space for traditional media in recruiting – print still relevant depending on the job and organisation

Need for job title flexibility

In Hong Kong, title is important

Growth is important for attracting young talent – where will the company be in a few years?

Find ways to get to know your people inside and outside of work

Empower employees to guide the team / organisation culture in a positive manner

A lot of companies set up their values early on but never evolve them

Values have to be a living, breathing thing

## **Edwin Keh – Chief Executive Officer, The Hong Kong Research Institute of Textiles and Apparel**

### *Innovate the Future*

The world is shopping differently; the impact is store closures and cuts

For the last 20 yrs, clothes cost 60% less than they used to

The shifts from 2005-now: From cost centre to competitive advantage, from peripheral to core, from hierarchical to peer-to-peer (real time)

Change is rapid, sudden and unexpected

Today our mobile is the core of our social life

Social mission: customers want to feel good and connect with a brand; feeling good is more than just looking good

Fast is good, smart is even better

The world is changing; we still operate as if we make in the East and consume in the West – our supply chains still are optimised to reflect that; global middle class wave is heading the other way

Question for organisations to think about: Do we have an incentive scheme that rewards long term thinking?