

UDC 331

MODERN TECHNOLOGY IN THE LOGISTIC MARKET*T.YU YARMOSH, MALEI ALENA*

The article reveals the peculiarities of the Belarusian logistic market. The activities of service providers in the logistic market of the Republic of Belarus are examined and the rating in terms of development of logistics is defined.

Among the main driving forces in the international logistic market we can single out the globalization of the world economy, outsourcing, mergers and acquisitions, optimization of logistics costs at all levels of logistic systems and innovations in logistic activities due to technical and technological progress.

The analysis of the global logistic market trends indicates that the logistical structure has outgrown the framework of national economies, and nowadays the formation of the global logistics infrastructure is ongoing. For example, in the European Union the national logistics system is restructuring, they gradually merge into common European logistics system. A similar restructuring of the logistics systems of the countries of the Customs Union must take place in the near future. The first step of combining logistics systems has passed successfully – customs tariffs are unified, the function of customs control is transferred to the external border of the Customs Union. But much remains to be done to create a Eurasian logistics system.

Current trends in the global market for the production of goods and services are so that companies direct their efforts and capital on core activities, allowing outsourcing companies or, less often, specially created subsidiaries to implement minor functions. In full, this trend is observed in the logistics sector too.

Due to the current course of development of the world business, the number of logistics providers (intermediaries), delivering comprehensive logistics services, has significantly increased. Logistics services are a wide range of operations related to the procurement, storage and movement of goods [4]. It is worth noting that, according to Western classification of logistics activities 5 levels of logistics service (Party Logistics – PL), which differ in the range of services, and at the technological level are currently singled out:

1 PL (First Party Logistic) - Independent Logistics

This service is also called logistics insourcing and is characterized by the fact that freight owners perform all logistics operations themselves. This technology goes back to 70-80s of the last century.

2 PL (Second Party Logistic) - Traditional Logistics

The second name of this technology is "second party logistics" or partial outsourcing of logistics. With this service, the company performs just part of the logistics functions (planning, warehousing, supply chain formation), however, it outsources transport company (contractor), as it does not have their own transport. In this case, usually, contractors usually have a constrained functional and transport area and use their own transport fleet (tangible assets).

3 PL (Third Party Logistics) - comprehensive logistics outsourcing

A 3 PL provider is a specialized company which is outsourced to perform all or most of the logistics operations, that is, a freight owner is not engaged in outbound logistics. Providers of this type provide a wide range of services and have a highly qualified staff. A 3 PL – provider doesn't take part in the entire supply chain planning of the company and is not involved in client's economic activity. A contractor provides a range of services which include: transportation of goods, warehousing, cross docking, inventory management, packaging and freight forwarding.

4 PL (Fourth Party Logistic) - integrated logistics outsourcing

A service, in which a freight owner attracts a third-party logistics company, and confers it the right to provide services not only in comprehensive transport logistics, but also in planning and designing supply chains, as well as transfers responsibilities for logistics business processes management at the enterprise.

It should be noted that if a client company uses the services of a 3 PL – operator, 4 PL will manage them as well. Today, a large number of fairly large companies, for example, TOSHIBA, SONY, FORD and many others use 4 PL – provider's services. By implementing modern technologies in their businesses, companies increase their competitiveness and expand their presence in the global market.

5 PL (Firth Party Logistic) - «virtual» Logistics

When a 4 PL - provider begins to provide network business services, it becomes a 5 PL – operator. A striking example is online shops such as ebay.com, aliexpress.com, amazon.com, etc. Many experts believe that 5 PL 5 – providers do not exist nowadays and they are just a theory. They believe that, in fact, it is just the improvement of a 4 PL - system: the automation and optimization of the work on finding logistics solutions [1].

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Thus, all the providers listed above are logistics outsourcers which, using global information technology space, are able to provide a full range of services.

Long-term growth of logistics services in Europe is estimated at 4-8%, which is significantly higher than the GDP growth. At the same time by 2020, experts of McKinsey consulting firm predict a fourfold increase in world trade, which will cause a manifold increase in the demand for logistics services. More than half of the industry is concentrated in three countries such as Germany, Britain and France.

According to experts, the Russian market of logistics services is estimated at 55-60 billion USD, and the share of transport sector and freight forwarding by all modes of transport is 55%, the sector of warehouse services is 13% and the service sector for the supply chain integration and management is 32%. The volume of the Russian market of logistics services by 2015 is expected to more than double and amount to about 115 billion USD.

In Belarus the volume of logistic market is much more modest, and according to experts it is 4 billion USD a year, logistic services generate 7-8% of GDP. Analyzing the logistic market of the Republic of Belarus, it should be noted that the country has about three thousand companies and individual entrepreneurs, providing logistics services. However, the logistic market is 99.5% formed by 2PL-providers. In the 2PL-services market small companies providing certain types of logistics services dominate. And the most developed sector is freight forwarding.

The volume of 3PL market in Belarus is negligible and amounts to less than 0.5%. These are mainly logistics companies that have their own logistics centers, warehouses and provide a wide range of logistics services (transportation, warehousing, inventory management, distribution, customs clearance, etc.). Consequently, in Belarus there is an acute shortage of 3PL providers working with modern logistics technologies. Moreover, world-class 3PL-providers are poorly represented in the Belarusian market [2].

Thus, the increase in the volume of logistic services in the Republic of Belarus will encourage the growth of investments in logistics infrastructure.

There can be a long debate on the definition and functionality of each of the five PL - providers, as it's still far to a common approach and a consensus on the definition. At the same time, the needs of modern business set new goals including hiring PL-providers. And if a company is thinking of engaging one of them, they should weigh all the pros and cons, understand what they will lose (e.g. jurisdiction), and what will get (e.g., high level of service and high price of their products), and only then make a decision.

Do you need to contract a 4PL, which will coordinate the work of a 3PL, which in its turn will coordinate the work of 2PL and so on, as in a well-known fairy tale, or it doesn't worth to multiply mediators that make goods more expensive [3].

Thus, on the basis of the above-stated trends, it can be concluded that the logistics market, and, in particular, logistics outsourcing has a strong potential for its development in Belarus. The processes of globalization, integration and cooperation, as well as growing demands of customers encourage companies, that want to be competitive in the market, to apply logistic approach to building their business, and use a tool such as logistics outsourcing in their activities.

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