

ISO Containers on Wheels

The Way Forward for the GMS

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What are the Issues?

- The Greater Mekong Sub Region (GMS) logistics system is **fragmented, immature, and inefficient**
- Member countries are **fearful** and apprehensive of giving away competitive advantage
- There are entrenched **vested interests** at all border crossings that do not want to change
- There is a serious adverse impact to the economies all GMS countries due to their logistics industries not being able to deliver **world class best practice**



What Should Be Our Goal?

To take immediate steps to put in place the building blocks to develop the GMS logistics industry to operate at **international best practice** levels so that the economies of all member jurisdictions can optimize growth

In other words:

To Build a Better GMS for its People



How Can This Be Done?

- We must accept the **lack of progress** to date is due to **fear and apprehension** of member jurisdictions that is real and is unlikely to dissipate quickly
- Improving logistics efficiency must be incremental through absolute **focus on simple key initiatives** that will have the biggest impact
- Globally the physical movement of international cargo hinges around one instrument...

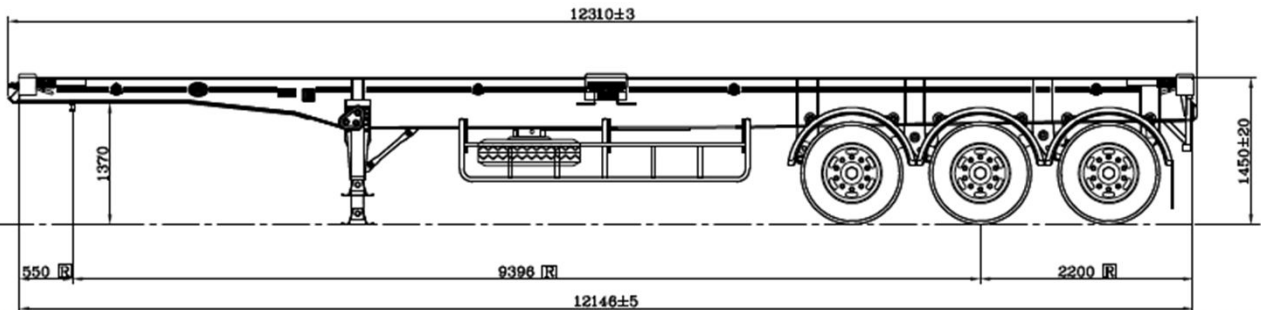


The ISO 40' Container



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The 40' Skeleton Trailer



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40' Skeleton Trailer Characteristics

- **Light weight** (4,800 – 5,900 kg kerb weight)
- **Low cost** (USD 14,500 to USD 20,000 for quality build)
- **Low maintenance costs**
 - Tires
 - Hub Maintenance
 - Suspension Maintenance
- Single purpose (carrying ISO containers)
- Can be equipped with GPS for tracking



The ISO 40' Container on Wheels



The ISO 40' Container on Wheels Solution

- **Tractor head swapping** at jurisdiction borders allows operators to remain within their areas of **competitive advantage**
- ISO containers have protocols that allow **freedom of movement** globally
- The ISO 40' Container on Wheels needs the same **freedom of movement** in the GMS
- Initially a **common GMS registration plate system** for 40' Skeleton Trailers is needed allowing free movement between all GMS member jurisdictions



Free Market Imperatives

If our goal is to “**build a better GMS for its people**” through improved logistics efficiency, then the following **free market imperatives** need to be adopted from the outset:

- The **cost of registration** for GMS plates should be standardized in all jurisdictions to ensure a **level playing field**
- Due to the low cost of the trailers, and the need for maximum flexibility to utilize resources, **cabotage issues should be ignored**
- There should be **no restriction on the number of licenses per jurisdiction** to be issued to avoid supply limitations leading to increased costs



40' Skeleton Trailer Management

- There will be **many issues** with free movement of 40' Skeleton Trailers within the GMS for asset owners outside their home jurisdictions, including:
 - Obtaining **return loads**
 - Managing destinations with minimal return load opportunities
 - **Parking** and storage whilst idle
 - Managing **breakdowns**, accidents and repairs of their assets
 - **Insurance** claim management
 - Trailer and tire **theft**
- **Trailer pooling** will not alleviate these challenges



A 40' Skeleton Trailer Management Solution

- Currently within the GMS trailer rental companies operate, eg.
 - Vietnam - Tan Thanh :: 600+ trailers
 - Thailand – KP Hire :: 400+ trailers
 - Myanmar – Yoma Fleet :: 70+ trailers
- These and other operators have the **experience, expertise, and the desire** to service the new market by providing a highly competitive solution
- Providing there are no restrictions on the number of GMS registration plates to be issued for 40' Skeleton Trailers per jurisdiction, **competition will ensure competitive trailer rental pricing**



The Expertise of Rental Companies

Allowing Trailer Rental Companies to provide the wheels for 40' ISO Containers within the GMS will include the following **competitive advantages from inception**:

- Online trailer **reservation systems** to book 40' Skeleton Trailers as required
- **On way rentals (OWR)** between the logistics hubs within the GMS
- **Yield management** rate books that accurately reflect the premiums or discounts of destinations based on real time demand volumes
- **Fully maintained equipment** with comprehensive asset insurance
- **Optimized trailer specifications** to ensure maximum lift capacity and fuel efficiency



What Does All This Mean?

Based on our current operating costs with sliver of profit for a 40' Skeleton Trailer at **75% utilization**, the average charges should be:

Daily Rental Charges:

US\$ 20.00 per day

Kilometer Charges:

US\$ 0.06 per kilometer

From this indicative average price, discounts and premiums would be applied depending on inventory at each logistics hub



What Does All This Mean?

The rental industry is **ready to step up** to provide a solution to the equipment operators that will allow them to focus on their **core competencies** within their respective markets, whilst enjoying **competitive trailer rates and flexibility** that will be ensured through competition.



In Summary

If we accept the goal:

To Build a Better GMS for its People

- Tractor head swapping at an early date will drive huge logistics efficiencies in the GMS
- The rental industry is **ready to step up** to put the **wheels under the containers**



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Thank you!
Questions please.

