

# Strengthening our network in

Capricorn Logistics is a India-focused global supply chain service provider. Capricorn's logistics products are unique which have withstood the tough times of global financial melt down. Sheetal Shetty, Managing Director, Capricorn Logistics in an exclusive interview talks about USP of the company, their products, future plans, etc...

SHYAM KUMAR

**Capricorn is relatively new in the logistics domain with hardly a decade of existence. How was the journey so far for the company?**

The journey has been challenging and inspiring. When we set out to make Capricorn, our goal was to become the first truly global Indian freight forwarder. While we can say that we are on course to achieve the same, the journey is going to be long, tough and challenging. The core team of Capricorn came from a leading multinational logistics organisation. The targeted customers of Capricorn were

The opportunities in the Indian logistics market are plenty, at the same time very competitive. Capricorn's focus will be those customers who are willing to balance price with service and size with capability. We intend to build the finest human resource team in India and in our growing international network as we believe that this is one factor which will determine who will be successful.

also common to that MNC organisation. The challenge to convince the customers to move from an organisation with a global network and experienced infrastructure was big and very difficult. Capricorn initially partnered with like-minded organisations, with strong local infrastructure and understanding of the market to convince and then handle the supply chain of the targeted customers. As we have grown, we have worked

towards our goal of our own network in major economies. Capricorn today has its presence via 100 per cent owned subsidiaries in China, Hong Kong, Germany, Singapore, USA, and UAE. Our business plan for the future envisages our own presence in UK, Italy, Belgium, Kenya and also expanding our reach in America and China.

**Capricorn's mission statement is 'think global and act local'. What does it signify in relation to customer experience?**

'Think global and act local' statement is a very simple philosophy where we adopt the best of the global supply chain practices but redesign to suit the local conditions and the customers expectations. Capricorn's existing and targeted customers are Indian corporates or multinational companies and they look for a supply chain solution that is global but suitable and adaptive to the local conditions and we believe that Capricorn's USP is exactly the same.

**Capricorn has established network in key overseas markets, viz. US, UAE, China, Hong Kong, etc. How did the global slow down impact your operations in these markets?**

For us at Capricorn, the global slowdown was a huge opportunity to gain market share as it became easier to convince a customer to work with a smaller organisation to utilise the cost benefits of Capricorn due to its low overheads. During this time, we have also been able to convince the customers of our superior and more personalised services. Capricorn's top line has grown by 37 per cent in the recession year and we expect to grow by more than 50 per cent this year. In fact, our US organisation has already shown growth of over 50 per cent this year. We are also very bullish in the UAE economy and believe that it has already started resurging again. In 2011, Capricorn intends to increase its presence in the Middle East and will start operations in the Kingdom of Saudi Arabia and Qatar. To focus on the OIL logistics, we

Sheetal Shetty,  
Managing Director,  
Capricorn Logistics

# China is our next priority: Sheetal

intend to start our office in Houston to add to our existing network in US.

**Logistics market is a highly competitive one, where customers always look for value additions and unique products and services from stakeholders. How do you counter this challenge?**

As with all our products, Capricorn's logistics product is also designed and tuned to individual customers requirements, as, we believe, every customer is unique. Value additions will always be based and suited to the best and emerging industry trends. Capricorn's core logistics team has significant number of people who come from the customer's side which gives us a head start in understanding the process and improving it. This is a unique selling point and service offering to the customer. In the coming years, organisations that challenge and improve the existing processes will lead the growth in the logistics industry.

**Capricorn has significant focus on automotive logistics. What are the opportunities do you see in this segment, and how prepared are you to tap this growing market?**

India's automotive market is growing at a blistering pace and also quickly changing. With the growing aspiration of people and easy availability of loans, the focus is on mid size cars. This has created a huge market for automotive logistics in numerous areas. However, the logistics challenges are also very high. Right from poor infrastructure, multiple tax laws, and huge bureaucracy to fragmented LSP's. Areas where Capricorn is partnering with major automobile manufacturers are Interplant Movements; Inventory Management; Order Processing; Component Warehouse Management; Sub-Assembly Management; and Parts Distribution Management.

At the helm of affairs of Auto logistics vertical, are people who have spent their life time in automobile supply chain management. With this vast experience and our deep network of branches and warehouses across India, we are already ahead with major car manufacturers and OEM's as their preferred LSP.

**What are your investment plans in relation to network expansion and other infrastructure in the domestic and international market in the coming years?**

Capricorn is looking forward to strengthening our China network with an investment of USD 2 million penetrating into Shenzhen as a branch office and also opening an office in Guangzhou. In addition to this, we will be opening up one more office in Los Angeles in USA. We also plan to startup our operations in UK and African continent in the year 2011 – 2012.

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**As a key player in the logistics business, what are the various trends you find in the market?**

In today's competitive market, top logistics and supply chains service providers have a common trait: the ability to respond quickly to shifts in demand with innovative products and services. To do this, they employ a variety of business strategies and models, coupled with leading management practices. And they consistently measure their performance based on a handful of key indicators:

- Order to supply attainment
- Time to value
- Supply chain cost

These indicators of supply chain performance are the gauges used to monitor the efficiency of the business. The 3PL today provides an integrated logistics solution for the supply chain.

This has fueled the fast growing trends of Third Party Logistics (3PL) outsourcing as companies and businesses continue to concentrate on their core business and outsource noncore business to the experts. The 3PL market has seen continued growth in areas of warehousing, transportation, value added services, such as repacking, bar coding, kitting, etc.

In light of this there are five trends that shape, influence and define outsourcing and modern logistics today.

1. **Competitive logistics:** continued reduction in inventory levels. One key

metric of logistics efficiency is the inventory/sales ratio, which measures the level of inventory companies require to support their annual revenues.

2. **Advanced technologies:** There is no question that technology has been a major driving force in logistics with most service providers employing a warehouse management system (WMS) to manage the efficiency of inventory, maximize utilization of space, tracking of orders, security enhancement, and cost efficiency.
3. **Trade liberalisation:** The conventional method of shipping has been reinforced with coastal shipping (given India vast coast line) and public-private rail freight. Bonded warehouses are giving way to FTEZ. This will help in reduction in time and costs.
4. **Specialised services:** This is required for midmarket logistics companies to compete successfully against global logistics giants. In creating a niche market, instead of catering to the outsourcing process as a whole, logistics companies have gone on to provide specialist services, examples of these services are:
  - i) Reverse Logistics; ii) Vendor Management Inventory; iii) Temperature controlled logistics; iv) Service Parts Logistics; v) Dangerous Goods Warehouses.
5. **Deregulation:** Ongoing deregulation will continue to facilitate competition. Good port infrastructure has induced companies to outsource their transshipment hub, international procurement centres (IPC) and value adding their goods. The hinterland of the ports have also grown to supply companies with bonded warehouses, free trade zones and has made it ideal for outsourcing of export based goods.
 

Another upcoming initiative would be the change in tariff duties. Goods and Service Taxes (GST) would simplify trade and encourage the managing of the supply chain in the hands of a 3PL.

In conclusion, the logistics marketplace will continue to be a source of growth and opportunity for innovative logistics companies who dare to provide niche services which are increasingly demanded by customers facing an ever more competitive and stringent operating environment. ❖