

# Special Report: Players that embrace tech will be winners in post-Covid-19 era

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AS the world comes to grips with the lifestyle changes wrought by the Covid-19 pandemic, people are talking about the “new normal”. However, GD Express Carrier Bhd’s (GDex) managing director and group CEO Teong Teck Lean thinks it is still premature to determine what the new normal will be for logistics operators.

“Things are still changing. The new normal is when you know what is coming, but the situation is still evolving because we still don’t know everything about Covid-19 and its impact around the world. For now, we are in a state of continuous adjustments to see how we can fit into these changes,” Teong tells The Edge.

And it is not all about Covid-19. Teong says the trade war between China and the US has also disrupted the global supply chain and had an impact on GDex as well, particularly in the first quarter of this year. And mutual

blame over the pandemic and China's move to impose sweeping national security regulations in Hong Kong have reignited tensions between the world's two biggest economies.

He says while it is hard to tell whether the shift is permanent or not at this juncture, it does give everyone a new perspective on alternative ways of doing business.

All the logistics players The Edge spoke to agree that the companies that embrace technology will emerge as winners.

"Businesses would see the benefit of digitisation in terms of cost savings and efficiency, while consumers would feel the convenience of purchasing things online," says Teong.

Pos Logistics Bhd CEO Che Akhma Ismail concurs. "We believe e-commerce will continue to grow and require strong logistics support as a result of new market segments that have emerged during the Covid-19 pandemic."

"E-commerce has and will continue to drive our courier segment. Delivery is a key element in the e-commerce customer journey, and we believe that automation of our parcel sorting centres and our digitalisation efforts in deploying the new track and trace system would provide us the competitive advantage and enhance customer experience," said Pos Malaysia group CEO Syed Md Najib

in a statement on June 15.

On its part, GDex is positioning itself to adapt to such changes and has its digital platforms and network infrastructure ready.

“We need to adapt to the new way of conducting business. Logistics firms need to be even more digitalised, [which] we believe is an ongoing process, and we must also be able to assist our clients to be digitalised as well. Also, we need to relook at the way we manage our operations to ensure that our service will not be disrupted if there is any lockdown in our operating area,” says Teong.

The group spent about RM30 million in its fiscal third quarter just ended (3QFY2020) to support its regional expansion in Vietnam and Indonesia, and on information technology enhancement. “That’s why our cash flow dropped slightly, but it is still sustainable. Cash-flow-wise, we will be much more positive this year because much of the amortisation had been made earlier,” he adds.

As at end-March 2020, GDex had RM53.03 million in cash and borrowings totalling RM36.81 million on its balance sheet, giving it a net cash position of RM16.22 million.

Freight Management Holdings Bhd group managing director Chew Chong Keat says its company will focus on new areas of growth such as online purchases during the

lockdown, which has seen increases in its e-fulfilment and last-mile business.

“Overall, our strategy of asset-light flexibility and innovation to overcome disruption in the supply chain — shipping lines having to ‘blank’ sail their schedules and airlines having to ground most of their planes when borders are closed — will help us weather potential downside in our performance due to this pandemic or any other disruption that may occur in the future,” he notes.

One of the fast movers when it comes to embracing technology is DHL Express (Malaysia) Sdn Bhd. It recently announced a new WhatsApp service for customers sending international shipments.

“Dubbed DHLontheGo, this new WhatsApp service was planned before Covid-19 as part of our next step towards the digitalisation of our services,” says DHL Express vice-president of operations Derek Tully. “But it became very effective during the MCO as people had to stay at home.”

Response to the new service, which is only available in Malaysia, has been “fairly okay”, he says.

“Things are constantly changing, different regulations are coming in every day, and we have to adapt to these. In terms of planning ahead, I genuinely do not know (when things will recover) but we are constantly reviewing our operations and business so that we are able to meet our customers’ requirements,” Tully notes.

For now, at least, Tasco Bhd deputy group CEO Tan Kim Yong says the basic new normal will include the measures undertaken by most companies to prevent the spread of Covid-19, that is, online meetings instead of physical, social distancing at work, and hand sanitising, mask wearing and using contact-tracing software.

“The business impact of the pandemic would be less travelling and hence, less hotel and travelling expenses. This is expected to continue even after Covid-19 is no longer a threat.”

The group conducts online meetings and staff take turns working on alternate days in the office to reduce crowding. Tan believes that for some sectors, certain work arrangements such as remote working and employees going to the office on a rotation basis will become a permanent feature post-Covid-19.

Freight Management’s Chew concurs. Due to health and safety concerns and the need for social distancing, most of its customer enquiries and sales promotions are now done via digital conferencing. “We are promoting e-billings, tracking and other solutions to our current and potential customers. Internally, where we used to travel to meet and plan, we are now reverting to digital conferencing. All this will probably be in place for the foreseeable future,” he says.

Che Akhma says Pos Logistics has implemented extra

precautionary measures in the form of hygienic practices by supplying its workers with face masks and hand sanitisers, as well as implementing social distancing.

The same applies for GDex, which has put in place more safety and health precautionary measurements in the workplace.

As with most workplaces, the employee's temperature will be taken before he or she enters the company's premises. "We also disinfect parcels and (sanitise) our hubs, restrict staff from moving between buildings, implement a work-from-home policy to ensure the company still functions smoothly, and (practise) social distancing when we deliver items to customers," says Teong.

Still, following social distancing protocols presents a new challenge. Teong says productivity has fallen because the number of onsite personnel has been reduced. For example, an area that could previously hold about 10 workers can now hold only six.

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