

Development of the Logistics Services Markets in Russia

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 **EBS**
European Business School

 **SMI**
Supply Chain Management Institute

Supply Chain Management Institute (SMI)

- Supply Chain Management Institute (SMI) is part of European Business School, Wiesbaden, Germany.
- European Business School is Germany's leading private Business School with 1200 students, 60 professors, 150 worldwide partner universities and almost 200 corporate partners.
- SMI is one of the leading research institutes worldwide for strategy, purchasing, logistics and supply chain management with 12 professors and 40 research assistants.
- SMI Russia conducts research, education, consulting and trainings in Russia since 2005.

- SMI has offices in: Wiesbaden (HQ)
Shanghai



Moscow

Bangalore

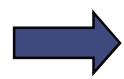


planned in Sao Paulo

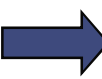


Geographical development

The main future driver for the geographical development of logistics in Russia is the 13 „Millioniki“

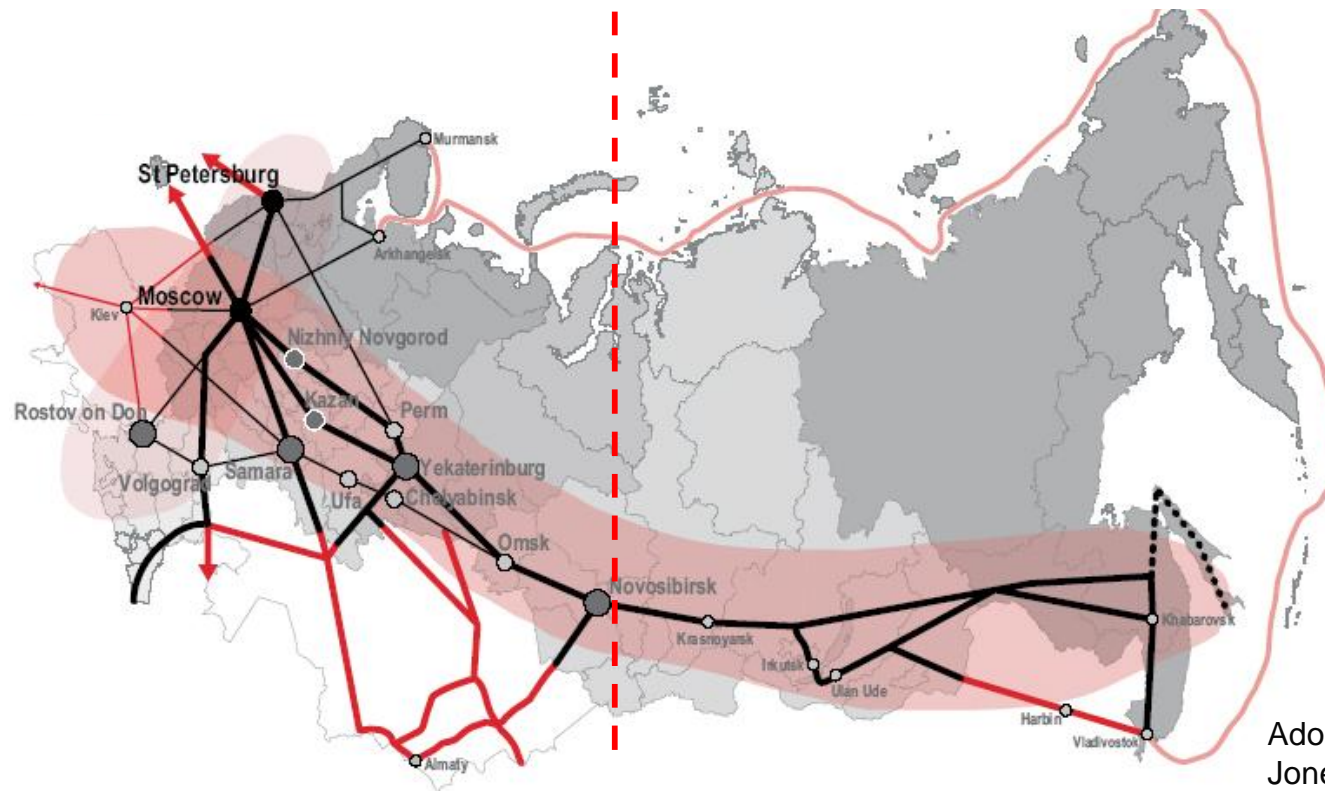


Focus of major
Logistics Service Providers



The logistical development of regions beyond Novosibirsk will depend strongly on governmental support

Focus of specialized
Providers & Subcontractors



Adopted from
Jones Lang Lasalle, 2007

Geographical development

Importance of Russian Regions



Industrial development

Due to the large geographical distances and poor level of infrastructure it is even more essential for Logistics Service Providers to generate large and constant volumes in order to establish networks.

Two industries play a key role in this process for Logistics Service Providers

- Retail Industry
- Automotive Industry (with focus on St. Petersburg, Moscow and Samara)

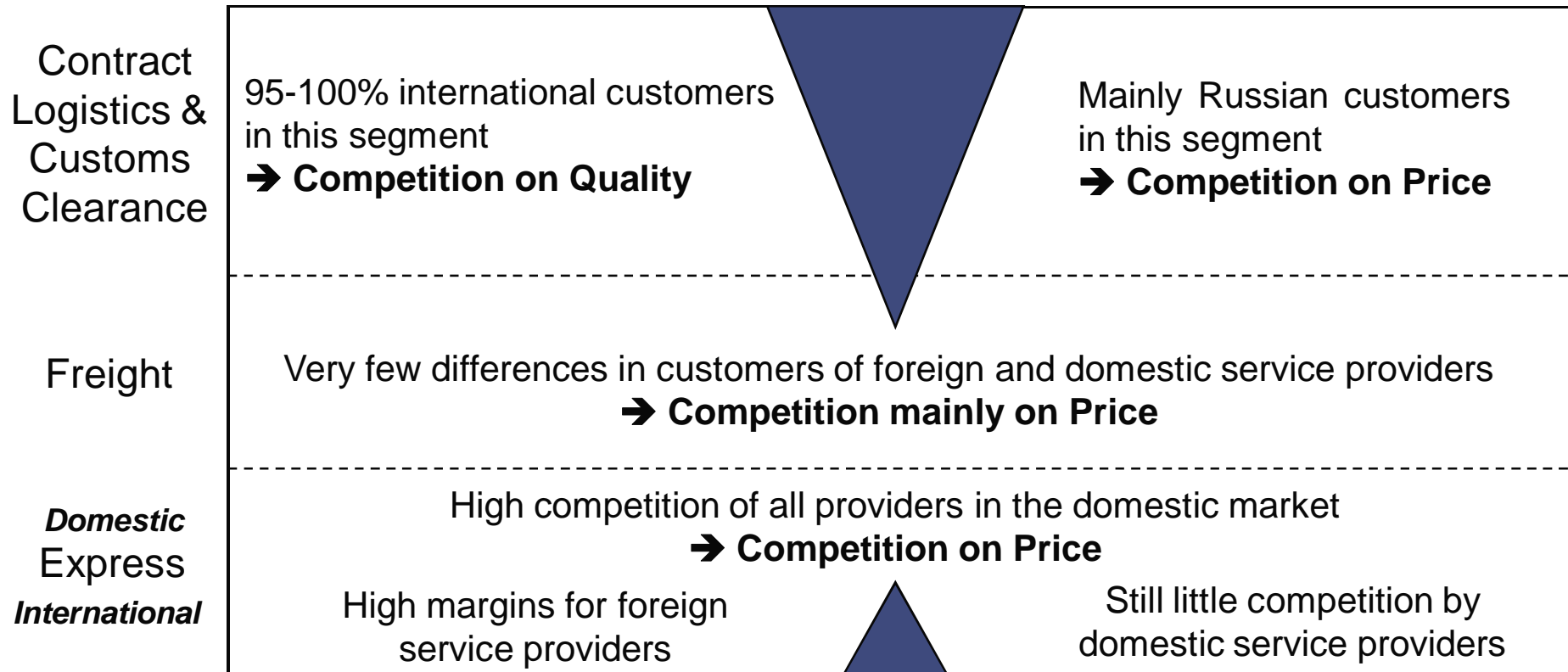
Other industries of interest for Logistics Service Providers will be

- Fast Moving Consumer Goods (FMCG)
- High-tech & Electronics
- Health Care
- Fashion & Clothing

The Russian Logistics Service Market

Foreign Logistics Service Providers

Domestic Logistics Service Providers



Reasons

- 1) **Quality (Foreign) vs. Price (Domestic) competition**
- 2) **Differences in sales channels**
- 3) **White vs. grey business practices**
- 4) **Differences in risk management**

How can regional government support logistical development?

Infrastructure

- Most important transport mode for Logistics Service Providers in Russia is trucking, making a good road network essential
- The availability of warehousing space is improving, but Cross-Docking and other specialized facilities are still missing

Processes and relations to state authorities

- Logistics Service Providers highly depend on their relations with customs authorities and tax authorities:
 - 1) Logistics Service Providers route imports through their “preferred” customs terminal to assure a timely delivery
 - 2) The process to prove Zero-VAT for transportation services is in practice not feasible, but can create a competitive advantage

Specialized logistics education and research

- Logistics Service Providers are missing employees specialized in logistics
- Companies have to invest heavily in training their employees, but very few educational institutions exist to serve this high demand
- Russia is missing specialized education on freight forwarding and contract logistics

SMI Projects in Russia focusing on logistics education and research

▪ **Russian-German MBA in Logistics:**

SMI is coordinating a MBA Logistics in Moscow. The MBA is a joint program of Moscow State University and European Business School financially supported by the German Academic Exchange Service and the German Ministry of Education.

DAAD



Planned:

▪ **Endowed Chair for International Logistics**

SMI plans to found an Endowed Chair for International Logistics in St. Petersburg, together with Petersburg State Transport University, Graduate School of Management of St. Petersburg State University and European Business School.



EBS
European Business School



Graduate School of Management
St. Petersburg State University

▪ **German-Russian Modernization Partnership:**

As part of the Modernization Partnership of the 8th Petersburg Dialog SMI is developing a concept for joint logistics education and research between Russia and Germany.

