

# Interview: Chin Yau Seng - President, Singapore Airlines Cargo

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*Chin Yau Seng, President of Singapore Airlines Cargo, highlights how SIA Cargo supports Singapore's reputation as a logistics hub in Asia Pacific and how the carrier has been able to adapt to the dynamic industry trends by tailoring their services to the customer's needs.*

**With twenty years of experience in the airline industry, could you introduce yourself to our international and regional audience and what attracts you to the industry?**

I am the president of Singapore Airlines Cargo, which is a wholly owned subsidiary of Singapore Airlines (SIA). Apart from operating a fleet of Boeing 747-400 freighters, SIA Cargo also manages the bellyhold capacity of most of the passenger airlines in the SIA Group, namely SIA, Scoot and SilkAir.

Despite joining the airline industry almost by chance, as I had received a scholarship from SIA for my university studies, I have been, and continue to be, fascinated by this multi-faceted business and dynamic industry. There is never a dull day. In SIA, I have had the opportunity to experience various parts of the business over the years, including spending four years working at a couple of overseas offices and heading three subsidiaries - SilkAir, Tigerair and, since May 2014, SIA Cargo.

**Singapore Airlines Cargo offers a range of services from chartered flights to valuables, perishables and live animal transportation. How are you developing your portfolio to the changing and ever-evolving market needs?**

In our efforts to continually adapt to customer needs, we have increased our focus on certain market segments or what we term as “industry verticals”. These verticals include aerospace, e-commerce, live animals, events, perishables and pharmaceuticals.

The way we market our services has evolved over the years – it is no longer just about offering a specific product or service to the market but, increasingly, it is about understanding the customer’s needs and tailoring solutions to meet those needs. It means having to continually build our competencies and ensure that we have the nimbleness to customize our products and services to better serve our customers. This keeps us on our toes and drives us towards greater innovation.

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The world has become much more digital and data-driven. This in turn creates opportunities to better manage complex global supply chains. Where, in the past, manufacturers needed to hold a large inventory of parts or have their parts suppliers located nearby, now parts can be more readily sourced from around the globe on a just-in-time basis, without putting too much of a strain on the manufacturing process. The availability of data and the ability to process large amounts of it enable better visibility and control of the supply chain.

E-commerce is yet another aspect of the digital economy. It has changed consumers’ purchasing behaviour and therefore the flow of goods. With the proliferation of the smartphone and other digital devices, the consumer can remain “plugged in” all the time and has become accustomed to getting things instantly. Consumer goods have traditionally moved from manufacturing centres to distribution hubs before onward transportation to retail outlets, but with the growth of e-commerce, consumers have increasingly come to expect delivery to their doorstep, without having to wait too long for their purchases to be delivered.

As a cargo airline, we need to be in tune with these trends and to see them as opportunities for air cargo. We are continuing to adapt our processes and invest in technology to effectively realize these opportunities. The work never stops.

**Speaking about pharmaceuticals more in-depth, what are the major logistical needs and concerns of the healthcare and life sciences sector specifically?**

Perhaps the most important need and concern is consistent temperature control, especially when pharmaceutical shipments need to be transferred across different service providers within the supply chain. For our part in the airport-to-airport transfer, our stringent cool-chain handling procedures ensure that temperatures are maintained within the required range. The key is in

ensuring that all parts of the chain play their part.

Another important need is reach. With the progress and development of emerging economies, including those in our Asia Pacific region, the demand for pharmaceutical products can only increase. Pharmaceutical companies need to be able to have easy access to even more locations to ensure that their products reach their ultimate customers without compromising product integrity. That is where direct air links are particularly important.

SIA Cargo is in a good position to fulfil those needs as we have a substantial global flight network, with extensive coverage of the Asia Pacific region. For example, we cover 13 destinations in Indonesia, 16 in China and another 13 in India. With more direct flights, transportation conditions can be better controlled and the products less exposed to the risk of breakdowns in the supply chain.

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**On the topic of reducing risk and closing gaps in the supply chain, Changi airport has taken several initiatives to further attract and develop its pharmaceutical supply chain capabilities. The airport is a member of Pharma.Aero, and also the first airport in Asia to embark on a community approach for the IATA CEIV Pharma Certification. What does this mean for Singapore Airlines Cargo and how do you maximize on the synergies?**

We work hand-in-hand with Changi Airport Group (CAG), government agencies and service partners to ensure that Changi airport remains the leading air hub in this region. Strengthening cool-chain capabilities is one of the tracks we are pursuing together. SIA Cargo is one of CAG's partners in the IATA CEIV Pharma community project and recently, both CAG and SIA Cargo decided to become members of Pharma.Aero. These initiatives reinforce our commitment to high quality standards for pharmaceutical handling. The efforts will not stop there - we will continue to improve to cement Singapore's position as a pharmaceutical air hub of choice.

**In reference to building the reputation of Singapore, which is known as a strong logistics hub for Asia Pacific, what contribution has Singapore Airlines Cargo played in creating this reputation?**

In addition to delivering high quality service to our customers, I would highlight our extensive flight network which provides our customers with direct air access a very wide array of locations. We provide the connectivity required to make the hub successful. Ultimately, it is about meeting customers' needs. Looking at the pharmaceutical industry specifically, several multinational

healthcare companies have already chosen to set up their regional distribution centers (RDCs) in Singapore. We believe that, to a large extent, this is due to Singapore's world-class infrastructure, pro-business environment and strong global connectivity for which the SIA Group, including SIA Cargo, plays a key role. Given that Singapore competes against other Asian cities in trying to attract the major pharmaceutical companies to set up their RDCs here, we are glad that these companies still chose Singapore, no doubt after rigorous evaluation. This also enables us to be even closer, geographically speaking, to these customers and in turn gives us the opportunity to serve them even better.

**Pharmaceutical and cold chain logistics is projected to grow 8-9 per cent totaling USD\$16.7 billion by 2020. In your view, what are the major factors that are growing the need for pharmaceutical and cold chain logistics?**

In the emerging Asian economies, for instance, the middle class segment is expanding rapidly, creating new demand with their higher purchasing power. With populations growing, governments are also being driven to improve healthcare infrastructure and access to medicines. This means that pharmaceutical demand in this region will continue to be on the rise and, with it, the need for pharmaceutical and cold chain logistics.

In Singapore, another factor driving the demand for pharmaceutical and cold chain logistics is the growth of regional pharmaceutical distribution centers. With more RDCs being established in Singapore, we expect more pharmaceutical products being shipped to and through Singapore, which is positive for our business.

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**Today, the increased role of information is allowing for more and more complex supply chains. Could you provide us with an insight into Singapore Airlines Cargo's operations and how you manage real time information?**

Our website already features a track-and-trace function which allows forwarders and shippers to check the status of their shipments online. For us, data is currently largely confined to the airport-to-airport segment of the supply chain. Looking ahead, we expect to see a lot more data sharing

and integration across the various segments of the supply chain. We already see this happening to a large extent in e-commerce logistics. For pharmaceuticals, data requirements include end-to-end temperature monitoring, which has driven the need for various types of in-flight temperature sensors. We are conscious of these needs and continue to work hard to improve our ability to provide the necessary data in as seamless a manner as possible.

One of the challenges in the air cargo industry is that data flows are still often disconnected between different segments of the supply chain. As an industry, we recognize this issue and are actively looking for ways to address the challenges. A lot of it is dependent on the electronic transmission of data to enable systems to talk to each other. We have an IT subsidiary in Singapore called Cargo Community Network (CCN) that provides data services for the air cargo industry, not just to SIA Cargo and freight forwarders but also to some other airlines. CCN is always on the lookout for ways to improve data sharing and integration. That said, there is still much to be done to truly embrace the digital and data economy.

**Could you tell us how the Just In Time (JIT) Business operations model and the shift towards and away from this model has impacted the Airline Cargo industry?**

JIT business operations is still very relevant to many industries. This is particular true for companies that manufacture complex and expensive equipment – the large aircraft manufacturers, for example. At the same time, however, we have also seen certain sectors adopt a less time-sensitive approach to inventories. Manufacturers of mass-market electrical and electronic goods, for instance, now transport a lot more of their products by sea, which obviously takes a lot longer than moving those goods by air. Low interest rates also mean lower inventory holding costs and, with the container shipping industry facing severe excess capacity in recent years, ocean shipping rates have also fallen substantially. These factors have made JIT less critical for these companies.

At a macro level, while we have seen the modal shift from air to sea for a portion of the mass-market consumer goods segment, we have also observed the growth in air cargo demand for specific segments such as e-commerce, perishables and pharmaceuticals, among others. As mentioned earlier, we have been adapting our business operations to cater to the needs of these specific segments. For instance, higher-end pharmaceuticals, including biopharmaceuticals such as vaccines, are often both temperature and time sensitive. Air cargo remains the mode of choice for such products, which continue to grow in demand. This is one of the reasons why we continue to have a sharp focus on continually strengthening our capabilities to cater to this segment.

## **In sum, what differentiates Singapore Airlines Cargo from other airlines?**

First, the operational efficiency of our hub in Singapore which has excellent infrastructure, including an excellent cool-chain facility. Second, our extensive global flight network that connects, for example, key markets in North America and Europe to the vast Asia Pacific region. Third, our commitment to serving our customers which can be seen from our employees, systems and processes. These are aspects that we continue to invest in and develop – they help to make us the cargo airline partner of choice for our customers. Through our focus on the industry verticals, we have also been able to better connect to our customers in those segments and better cater to their needs.

“The world is changing and continues to change, and customers need tailored solutions that meet, if not exceed, their expectations”

## **What is your vision for 2020?**

We want to stand out among the airlines as a preeminent service provider, not just in bringing cargo from point A to point B, but differentiating ourselves in the way we serve our customers in each of the industry verticals. As an organization, we are working hard to be effectively plugged into the digital and data economy, and I see promising growth for SIA Cargo in this regard. We will continue to leverage technology to better serve our customers and make the most of new business opportunities. The world is changing and continues to change, and customers need tailored solutions that meet, if not exceed, their expectations. We must remain nimble.

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