

# PERE

## Technology

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**Proptech takes center stage**

# KEYNOTE INTERVIEW

## How technology is improving industry efficiency



*Victor Mok, co-president of logistics and industrial real estate, GLP China, tells PERE how the firm is building up the logistics ecosystem by growing its investments in technologies*

### **Q** Why is technology important to efficiency?

Technology is key to the next modernization phase for the logistics industry. And that is certainly about improving efficiency. Customer satisfaction and growth drives the need for greater speed, accuracy, and flexibility within logistics, and by digitizing processes through integrated and flexible technologies we can accommodate a variety of customers and warehouse layouts and designs to enhance productivity.

Covid-19 has emphasized the critical nature of supply chains as companies seek to strengthen operations and business resilience. Home delivery has

gone from a convenience to a necessity. E-commerce orders continue to surge which is good news to the logistics industry, but it has also created greater complexity of the modern supply chain due to more demanding customer shopping preferences.

There are three key terms that we keep hearing as the online shopping spree grows: customers expect the goods to be delivered “fast, accurately and safely.” This has accelerated the adoption and use of technology to close

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the gap between the front end (consumer-facing) and the back end (logistics) of the supply chain in order to maintain the levels of service people are coming to expect.

Greater convenience must not be at the expense of environmental viability. We see this as a long-term trend and the industry has to evolve in a sustainable manner to improve overall efficiency and competitiveness without harming the environment and supporting the health and well-being of workers.

### **Q** What kind of technologies are you looking at? And why are these important?



GLP is focused on smart logistics solutions including data analytics, robotics, artificial intelligence, energy technology, internet of things, telematics, sensor technology and more, aimed at increasing supply chain visibility to help occupiers and owners understand their operations better and make better decisions to ensure the highest possible level of operational efficiency. For example, by utilizing sensor devices, we can identify areas of potential vulnerability and eliminate these risks which reduces costs for customers in the long term.

While there are new and improved technologies to capture data, what you do with the data is just as important as capturing it accurately. The underlying issue is how to turn data into actionable insights and a big part of our work is to better analyse the data and improve decision making across the supply chain.

For example, the use of cutting-edge technologies such as artificial intelligence, predictive algorithms and big data analytics allows merchants to better curate their offerings, more accurately forecast demand and to pre-stock their goods in the right quantity and warehouse location to meet growing customer demand. This is especially critical when it comes to major shopping festivals such as November 11 in China, which had more sales in 2020 than any year prior as a result of the pandemic driving even more people to shop online.

We look at technologies as a bundle because they do not communicate as humans do to exchange information – we need to connect them. Haina Smart Warehouse, GLP’s proprietary artificial intelligence and internet of things tool, uses an open source platform to help customers manage a diverse set of smart warehouse systems and operations.

**Q How should you approach technology - develop it, or invest in tech companies?**

We approach technology in two ways – development and application – with a focus to embed technologies in our

### How do applications improve efficiency?

**The key to greater efficiency is to work smarter, not just harder. GLP focuses on using technology to reduce wastage, increase speed and enhance accuracy while lowering cost.**

Libiao Robotics is a Chinese robotics startup and strategic partner of GLP. Some 10,000 Libiao robots, called “Mini Yellow”, are now operating in China, Southeast Asia, the United States and Europe.

	Automation/robotics	Intelligent sensors and IoT-based solutions	Artificial intelligence and Internet of Things tool
Applications	Robotic palletizers for picking, sorting, packing, and automated optical inspection systems for quality control	Entrance management, security management, dock management and fleet management	Financial and software services such as dynamic billing and intelligent scheduling systems
How it's enhanced the efficiency in GLP's portfolio	These smart warehouse tools can increase space utilization by 400 percent, personnel efficiency by 50 percent and goods retrieval rate of 100 percent	In GLP's logistics parks, entrance management technologies are increasing the speed of gate traffic by 100 percent, reducing the need for security guards by 50 percent, increasing the utilization of loading docks by 50 percent and increasing dock management efficiency by 98 percent	By employing these technologies in GLP's warehouses, it helps to increase storage efficiency by as much as 400 percent, reduce labour costs by up to 50 percent and achieve a goods retrieval accuracy of 100 percent
Example of GLP's investment	Zhejiang Libiao Robotics Co is a Chinese robotics startup and strategic partner of GLP. Some 10,000 Libiao robots, called “Mini Yellow,” are now operating in China, South-East Asia, the US and Europe	G7 runs a proprietary connected real-time platform for trucks, shippers, fleet manager and drivers. The platform is by 1.5 million trucks in China, representing 90 percent of China's trucking companies	Haina Smart Warehouse uses an open source platform to help customers manage a diverse set of smart warehouse systems and operations. Through the open platform, GLP establishes partnerships with leading equipment vendors, systems integrators and operators to provide a holistic smart warehouse solution

Source: GLP

operations to deliver measurable results. Around 15 percent of GLP employees are in technology-focused roles and support the development of proprietary technologies and we also have funds to invest in technology related companies.

We believe in deploying technology in a scalable manner and we do not believe we can do it all by ourselves. These companies have their own focus and expertise, whether it is cloud computing, robotics/automation, fleet

management services, new energy technology or autonomous vehicles. To date, the firm has invested more than \$2 billion in private equity and ecosystem investments globally since 2016.

Given our global footprint and access, we have been able to bring these companies and technologies together as we have the physical platform and facilities to apply and test out these technologies as a proof of concept for the logistics ecosystem. The future of real estate tech requires a deep

## Analysis

collaboration and integration between the real estate owners and the technology companies themselves and our goal is to partner with entrepreneurs and help them tap into the resources of GLP's ecosystem so they can succeed in growing their businesses while we also create value for our fund partners and customers.

### Q How is technology transforming business models?

The advent of new technologies has increased visibility into asset and component details, making it possible to provide asset-as-a-service offerings to customers. We started the GLP Asset Services Platform three years ago to provide tech-driven operational services, which now manages over 300 logistics and industrial parks, serving over 1,500 business clients.

Traditionally, we look at warehouses, trucks and labor as individual assets and components. But with this platform, we can turn these into services for our customers – you use it when you need it. This leads back to the idea of efficiency and reducing waste. The result is even better service and continued customer satisfaction.

We see technology as the next service offering customers will want and need, but not every logistics operator needs to invest in and own them. We can help there because GLP has the scale to source the technology and lease it out to multiple customers. These technologies include software, fleet management systems, artificial intelligence, robotics and the next generation of electric vehicles.

### Q Do you see different rates of tech adoption in different countries?

China has the advantage of a big population and we see a faster pace of e-commerce adoption because of strong consumption demand. Consumers easily embrace new technological products for time-saving purposes



GLP's logistics parks feature smart gates (above) and digital loading docks



Zhejiang Libiao Robotics Co is a Chinese robotics startup (right) and strategic partner of GLP

and that gives a lot of opportunities for technology adoption, particularly in the logistics sector.

In many ways India resembles China and we expect there to be some strong opportunities emerging as consumers are demanding better services every day. Everstone and GLP have established a long-term partnership dedicated to investing in the logistics ecosystem in India.

The joint venture is the first of its kind in India and expects to invest

approximately \$500 million in strategies and technologies to enhance logistics efficiency.

There is a lot of technology in the market, the challenge will be investing and implementing the right technologies and anticipating future changes to the industry given rapidly changing market dynamics. GLP will continue to bring partners and startups together to showcase and experiment innovative logistics solutions. ■





# We Are Deeply Invested In Technology



GLP fuels the businesses that make the modern world run more efficiently. We are dedicated to investing and developing innovative new technologies and services to create more efficient and smarter ecosystems.

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