

## Case Study

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# Swire Cold Storage Vietnam

## Modernising cold chain storage in Vietnam

Dexion designs and installs Double Deep racking system in a modern warehouse of international standard, transforming the cold chain landscape in Vietnam.

### Background

In the last 30 years, Vietnam's economic growth and development has been dynamic, transforming one of the world's poorest nations to a lower middle-income country. The World Bank reports that the country's GDP per capita growth has been among the fastest in the world, averaging 6.4 percent a year in the 2000s. The nation's growth has advanced the population to become more educated and healthier than they were 20 years ago.

In 2013, it was reported that Vietnamese households have been spending more on electrical appliances such as air conditioners, washing machines and fridges resulting in 14 percent growth in appliances in just a 12-month period. Market trends indicate that local consumers are purchasing bigger capacity refrigerators and are changing their lifestyle when it comes to fresh food shopping. Supermarkets have replaced wet markets, and families now stock up food for the week instead of purchasing on a daily basis.

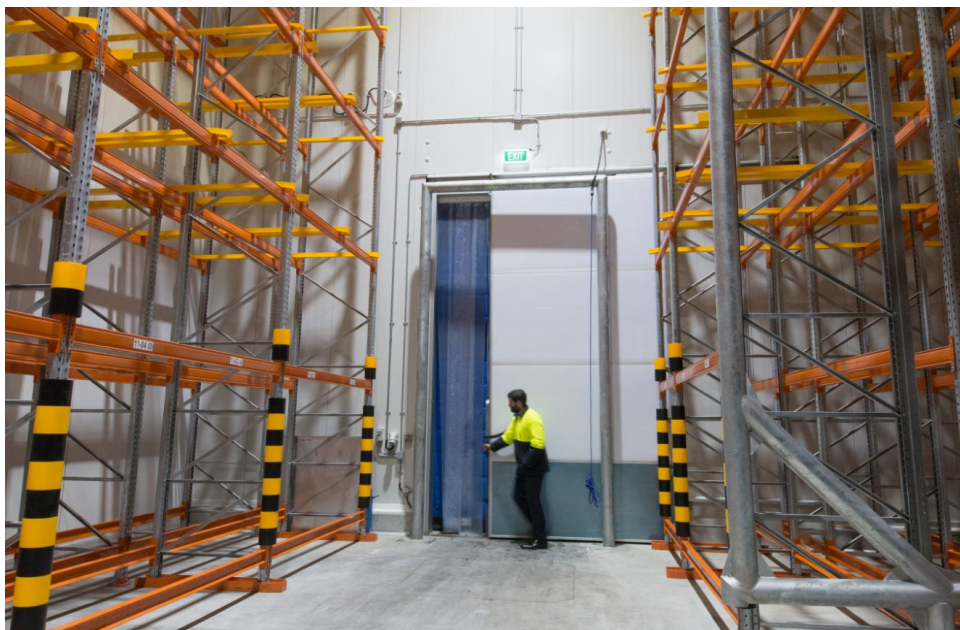


“Swire Cold Storage Vietnam is the premier provider of international standard, safe cold storage services in Vietnam.”

The changing economic landscape has created the demand for more perishable goods that require cold storage, mainly fresh fruits and vegetables, imported meats, ice cream, agricultural products and seafood for export. With this, comes the demand for cold storage facilities, trucks and warehouses to cater to emerging markets like Vietnam. Having operated the first cold storage facility in Binh Duong province since 1998, Swire Cold Storage Vietnam took the step to build a cold storage facility in northern Vietnam, strategically located in Bac Ninh province of Hanoi.

### **Business Challenge**

“Swire Cold Storage Vietnam or SCSV is the premier provider of international standard, safe cold storage services in Vietnam. It has operated from its Binh Duong site (near Ho Chi Minh City) for nearly 20 years,” says David Davies, Commercial Manager for Swire Cold Storage Vietnam.



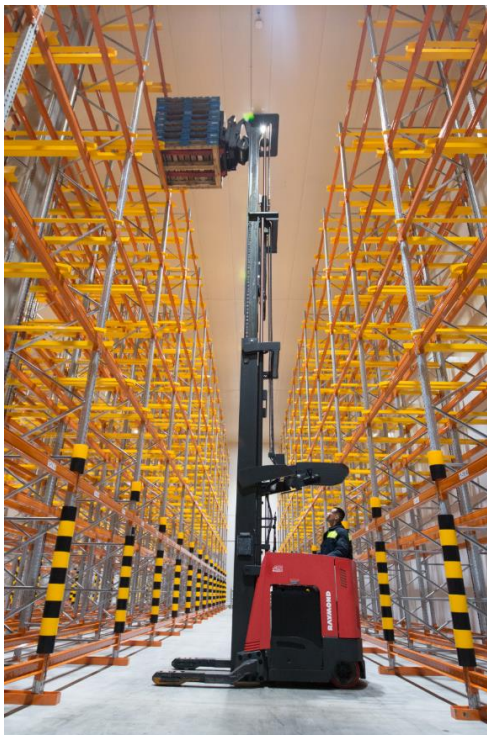
“The key to building a successful warehouse is simple; pick good contractors who have strong international quality and standards.”

“The warehouse in Ho Chi Minh city operates a 8 million cubic feet of space with 37,000 pallet positions to store a variety of commodities requiring temperature and humidity-controlled environments. Following rigorous market analysis, SCSV identified a gap in quality cold storage in Vietnam and seeks to fill this gap by establishing the Bac Ninh branch,” says Davies.

## Solution

As Swire's first modern warehouse of international standard, it has been designed to US Green Building Council LEED Gold environmental standard and includes state of the art energy, emissions and water efficiency measures. The warehouse features:

- 6 distinct rooms ranging in size from 1,000 to 3,500 pallets in the first stage
- Temperature and humidity of each room can be controlled individually
- Two freezer rooms (one operating at -25 °C; one at -18 °C)
- Two chiller rooms (one operating at +5 °C; one at +15 °C)
- An anti-shock room to protect the products before moving outside
- 15m wide annex (staging area) for product sorting and palletising running at +7 °C
- Raw material sorting area for fruit and vegetable operations
- Dedicated repack room for sorting, packing and labeling products
- Cross docking area for supermarkets



Dexion was awarded the project to design, manufacture, supply, deliver and install 10.2 meter high Double Deep racking system for the warehouse. The facility is located in VSIP Bac Ninh, one of the largest development of integrated industrial parks and mixed-use areas in Vietnam.

“Double Deep is a conventional racking system ideal for warehouses that distribute products in high volumes. The double entry aisle allows 50% immediate accessibility with good stock rotation, giving the customer high efficiency with their supply chain performance.”

“This system is best used when each SKU has several pallets, for example, dairy products like milk and ice cream. Our structures are safe, strong and reliable and our lifetime warranty guarantees it,” says Tee Chin Wee, Dexion's Design Manager.

The new facility operates 24/7, and functions as a distribution centre for northern Vietnam, reducing logistics costs required to transport goods from Ho Chi Minh City to the north, or from surrounding provinces for distribution in Hanoi.

“For the cold room structures, we used Dexion 808 uprights. The development and R&D invested in Dexion 808 earmarks it as our vision for the future. Not only can it go 60 metres high, the galvanised steel is proven to withstand extremely low temperatures. It also requires minimum maintenance and provides the lowest long term cost,” Tee explains.

“It was a positive collaboration... we were able to deliver the project smoothly and complete the whole project according to timelines given.”

The new Hanoi branch started operations in August 2017 and Phase 1 was built to accommodate 8,000 pallet positions while Phase 2 is targeted to be built in 2 years' time with a capacity of 12,000 pallet positions for a total combined capacity of 20,000 pallets.

“Swire was very clear on their requirements right from the start. It was a positive collaboration especially when the team is extremely knowledgeable, detailed and clear on what they were looking for. This way, we were able to deliver the project smoothly and complete the whole project according to timelines given,” says Keith Ellis, Regional Channel Manager, SEA.

With USD9 million invested into the construction and building the warehouse, Swire Vietnam did not compromise on quality. “We took great care with selecting our vendors. We built using only the best materials - Dexion racking, Sabroe Compressors, Kingspan insulation panels, overlaid with the largest solar array in north Vietnam (300kW),” Davies elaborated.

### **Benefits/Results**

The new facility will service Hanoi, located 12 kilometers away from the warehouse up to Haiphong, 100 kilometres away, via major transport links. This translates to Swire being able to deliver goods to their customers within a 24-hour or shorter turnaround time, drastically cutting down the risk of spoilage or damage to fresh goods.

“We have seen increased domestic consumption for fresh foods and imported foods in this region. We operate all year round for storage of frozen seafood, poultry and meats, dairy products, seeds and fruit coming in mainly from US, Korea, Australia, New Zealand and around South East Asia,” says Davies.

“The key to building a successful warehouse is simple; pick good contractors who have strong international quality and standards. Dexion had been our pallet racking contractor for the HCM warehouse and had delivered efficiently according to the standards we were looking for. The proven track record helped them to secure the job for Hanoi,” Davies explained.



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“It’s an amazing feeling to be able to elevate the supply chain industry in Vietnam to where they now have a world class facility like this – one which you’d normally see in developed countries. Our facility is an indication that the country is bracing for the future,” he adds.

Going beyond just being a cold storage facility, Swire Cold Storage Vietnam’s commitment includes providing sustainable development of the communities in which it operates in, including minimising its environmental impact.

“Dexion is proud to be part of a modern warehouse that conforms to international standards of quality and safety. Indeed, this new warehouse is a testament to the dynamic growth of Vietnam’s future as it moves towards a more progressive era of supply chain and logistics systems,” says Damian Cross, Regional General Manager, SEA.

Sources:

The Nation <http://www.nationmultimedia.com/business/Spending-on-household-appliances-in-Vietnam-rises--30205441.html>

World Bank <http://www.worldbank.org/en/country/vietnam/overview>