

Don't get left behind by shipping's digital wave

Shipping is embracing digitalisation. Some companies are fully engaged, others are less so. But some haven't even begun to react: for them the digital wave will be disruptive.

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The shipping industry is a late starter in the digital revolution, nevertheless the early-movers are fully engaged. Industry observers believe 'Digital' opens the door for companies to strengthen their direct relationships with end-customers, to reduce costs and pursue new revenue streams beyond traditional shipping services. However, so far few maritime leaders have adopted digital technologies towards enhancing their commercial and operational activities.

The rewards from this digital journey are significant but so too are the challenges. To succeed, a business should have a well-defined vision that integrates technologies and leverages capabilities, while steering away from traditional ways of working.

It is not too late to get started. There are several ways an organisation might apply digital technology not only to maintain their direct customer relationships with acceptable costs but also to make their operations more efficient and expand their business.

Despite recent advances, most shipping businesses are failing to take a strategic approach to digital adoption. While manual intervention is necessary in areas such as voyage stowage



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planning where human interaction is required, Figure 1 shows there are other areas where a digital strategy would be hugely beneficial.

What's holding these businesses back? Research and discussions with industry leaders have convinced them they need an Information Technology (IT) environment before launching a

digital initiative. On the basis of this misconception, business leaders have invested heavily in IT without carrying out a thorough evaluation of their existing infrastructure and lose time in capitalising on the disruptive trends.

We frequently come across the

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Source: BCG Analysis

Figure 1: Major Impact Areas in a Shipping Organisation

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term ‘unclean data,’ a challenge that often becomes the reason for delaying digital adoption. Instead, by leveraging advanced analytics solutions, organisations can clean their existing data and pursue their digital initiatives.

Shipping businesses should take a holistic approach to digitisation. A great place to start is by going back to the drawing board and asking three major questions for any initiative — why, what and how.

Commitment and vision are crucial for a digital imperative to succeed. The vision must have tangible outcomes, clear timelines, priorities, and accountabilities. Committing to a well-paced adoption rate will ensure there are no fragmented efforts towards the vision, thereby allowing businesses to show-case value creation to their internal and external stakeholders.

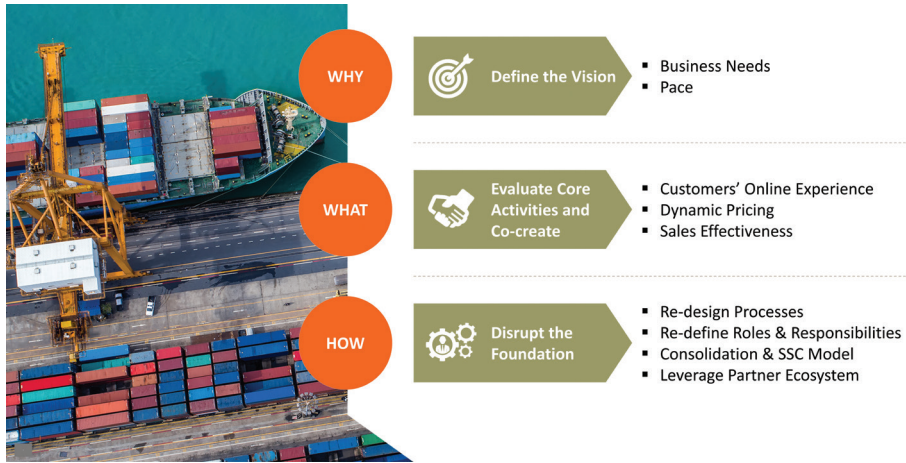
Businesses should reassess all processes that touch customer experiences to seek opportunities for consolidation and provide focused and enhanced ser-

vices. Market differentiation is likely to come through strong network design, tight management of physical assets, and minimising time in port.

Other functions, while important for daily operations, do not create differentiation for customers. These are areas where co-creation should take precedence. A relevant example would be the Order-to-Cash (O2C) cycle. Partnering with industry leaders for the O2C cycle leads to streamlined processes, increased automation and advanced technologies resulting in better financial performance at a reduced cost.

A shipping business might not have all the expertise and answers. Hence, we recommend collaborating and co-creating with a partner and leveraging their ecosystem, be it technology or expertise. The trend is towards collaborating and creating operating models that help to incubate their digital initiative before a wider rollout. To achieve success, the ‘Digital’ agenda must be comprehensive, ranging from strategic vision to fundamental enablers.

As McKinsey advises, if our customers’ lives are digital, why are our offerings still analogue?



Source: BCG Analysis

Figure 2: Holistic Transformation Approach