

Positive disruption

Digitisation and digitalisation are not interchangeable. Digitisation is the application of IT to change a paper-based process whereas digitalisation is applying IT to transform or disrupt a particular process or system. And we've seen plenty of both in shipping, writes Lars Fischer, managing director of Softship Data Processing, Singapore.

A great example is how we track vessel positions. Back in the 1700s, vessel movements were recorded informally at a number of meeting places including Edward Lloyd's coffeehouse in the City of London. Lloyd produced daily notes of vessel movements which soon became known as "Lloyd's List" and which eventually morphed into the daily shipping news outlet we know today.

Throughout the 1800/1900s, Lloyd's continued to collect vessel movement information but through a series of local agents located at all major ports. These "Lloyd's Agents" would send information to a central London office by mail, and then by telex, fax and latterly email. Information was collated and published through the daily "Lloyd's List" newspaper and later online. This is digitisation – using IT to streamline an otherwise

paper-based system.

But this is old news. IMO now requires all vessels to carry an AIS transponder and to publish their position in real-time. Vessel positions are no longer the "secret" they once were and we all have armchair access to almost every ship position across the globe – more so if we subscribe to satellite data. This is digitalisation – using IT to transform or completely disrupt a process.

Success and failure

Digitalisation doesn't always succeed, sometimes it is attempted too early or is simply not right for a given environment. At the turn of the millennium and at the height of the dot.com frenzy, entrepreneurs were investing large sums in online chartering platforms. Their aim was to disrupt the market and disintermediate the shipbroker. They thought the broker was little more than a post-box and the

swapping of vessel and cargo information could be achieved more efficiently and more cheaply online. They failed. They failed because they didn't understand the importance of the human interface between principal and broker and their role that went far beyond the simple passing of information. Twenty years on, a number of online chartering platforms are gathering momentum, but only in a contained and modest way.

In container shipping, digitisation has impacted many areas of operation. Carriers are using intelligent IT platforms and software systems to streamline a range of back-room processes. These include fleet operations, commercial management, equipment handling and financial control. By doing this, carriers become more efficient, faster and almost error free. At the same time, they free-up staff to work smarter, manage yields, enhance customer service and optimise the utilisation of their fleet.

Shipping companies must integrate

Even so, there are many carriers still labouring under a false impression that they are reaping maximum benefit from their efforts. That's because they are digitised but not integrated. Many shipping companies are still using separate systems, tools, processes and documents that are not aligned in a way that they automatically talk to each other. All companies will have an accounting package, and most will operate systems to handle the administration of various commercial and operational requirements. But it's less common for these systems to communicate with each other.

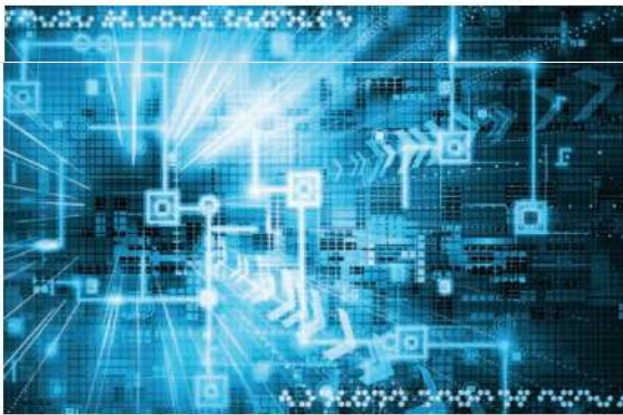
The best tools for achieving integration are purpose-built software systems, and the utilisation of cloud-technologies. It is only through integrating these packages that efficiencies can be made, and 'true'

digitisation achieved. Perhaps more importantly, upgrading technological capabilities, and ensuring they are properly integrated, will be increasingly important in being able to compete in future.

Twenty or so years ago incorporating integrated technology into business was only the prerogative of the very large shipping companies. Today however, relatively inexpensive solutions offer complete integration using a modular 'off the shelf' format of software packages that means digital integration should no longer be problematic or particularly costly for organisations of any size.

Global digitalisation is within reach

Armed with 'true' digitisation, will the containership sector take the leap to digitalisation? Here it is interesting to draw a parallel with the airlines. Shortly after the dawn of commercial air travel, the industry formed IATA (International Air Transport Association), ostensibly to allocate airspace and airport slots, enhance efficiency and passenger safety. In the process, IATA also created standards allowing a whole range of global activities to be implemented which today, greatly ease the burden on international travellers. Shipping – as a collective – hasn't really followed suit. Some container carriers cooperate in alliances, and there are various trade bodies that bring the players together, but the sector largely operates independently. Some might say that airlines carry people whilst ships carry containers and commodities. People are vocal, cargo is not. But that's missing the point. A containership industry operating to common standards and processes would significantly enhance maritime supply chains, introducing efficiencies and cutting costs. In an increasingly globalised world facing an infinite search for reduced emissions and lower prices, this can only be beneficial to all parties. But it's a stepped process. To achieve the evident benefits of digitalisation, container shipping must first fully digitise, then it must integrate. With that in the bag, global digitalisation is very definitely within its grasp. DS



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DG International's Horizon platform enhances supply chain transparency

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Specialist freight forwarder DG International has announced plans to launch a new cloud-based, single-platform solution bringing end-to-end digitisation, visibility and integration to supply chain management.

The new platform, Horizon, can be tailored to different business objectives. Rather than being an 'out-of-the-box' solution, the platform offers complete visibility over the supply chain enabling customers to request quotes, book shipments and manage freight movements online.

Through Control Tower, Horizon's satellite tracking system, customers can see exactly where their shipments are on each journey. In addition, the platform's cloud-

based advanced analytics and real-time reporting inform cost-saving decisions and drive business strategy.

"Horizon is transforming the way we work, bringing increased efficiency and cohesion to our business processes, whilst still providing the human touch through dedicated account managers and operational contacts. Moving everything onto one digital platform with access to real-time data and insights means our customers will be able to improve margins, streamline their efforts and scale their businesses faster than ever before," said James Appleby, managing director at DG International.

"Supply chain visibility is no longer a nice to have, but an essential capability to remain competitive. Our ambition has

always been to bring the entire supply chain and all its processes together, accessible and connected on one screen. That is what Horizon does."

Built through Salesforce by DG International's software development partner Neurored, Horizon is also replacing the company's internal software, consolidating sales and business processes, and freight management, including satellite tracking of the vessel through to final mile delivery.

Mr Appleby confirmed that this is only the beginning. "We will continue to invest in and enhance features for Horizon. For example, phase two of its development will see the use of artificial intelligence to predict changing weather conditions and alert DG International and our customers."



Author:

Lars Fischer, managing director of the Asia Pacific headquarters of Softship. Lars began working for Softship as a software engineer in 1994. He became a business consultant and project manager in 1996 and has headed-up Softship Data Processing, Singapore, since 1998. He is responsible for Singapore's commercial and technical staff of 25 and for the group's sales & marketing strategy worldwide.