

When hands are Forced

There is no doubt that the global shipping industry's digital adaptation has been gaining pace in recent years, but the spread of COVID-19 has laid bare the weakness of many shipping companies' digital infrastructure, writes *Lars Fischer, Managing Director, Softship Data Processing Singapore Ltd.*

Almost overnight, companies have been forced to rely on telecommuting, to reducing reliance on physical processes and in some cases, to completely overhaul their way of working. While this is a fast-moving crisis, with few certainties, it is clear that shipping companies must adapt – and embrace digital solutions as a business asset. Now is the time for companies to invest in flexible IT infrastructure that will fortify their business for a future not only influenced by digital technologies, but wholly reliant upon them.

The reality is that the adoption of digital technologies throughout the shipping industry over the past decade been performed in a piecemeal way. The approach to using new digital solutions has largely been determined by cost, and often guided by short-term decision making. This has led to a significant divide in the digital capabilities of shipping companies – particularly between small entities and larger organizations. It is clear that companies that were once able to get by using a disparate set of digital tools and applications now require something altogether more robust.

As a provider of software solutions for the shipping industry, in our view, ship agency businesses – particularly the smaller, regional players who have not previously been able to invest in bespoke systems – are exceptionally exposed in these turbulent times. Supply chains are being disrupted, inspections postponed or conducted remotely, crew transfers complicated, and paperwork ditched as social distancing measures are in place. The role of the ship agent is of even greater importance during these troubling times; but many are not armed with the tools to operate efficiently and safely.

For dry bulk shipping, disruption at or between port calls has put owners, operators and charterers alike under significant pressure. With many major ports prohibiting crew changes and imposing the 14-day compulsory quarantine requirement, allowing ships to enter port limits only 14 days after departure from the previous port, cargo shipments are being disrupted worldwide.

This is impacting spot rates, trading and operating patterns as all parties seek to minimize risk and avoid additional costs. We can expect this to continue, and we can also expect the requirements of agents in ports, and the support that they can provide their clients to change.

Given the continued impact of COVID-19, we can expect that the ability to operate remotely, efficiently and with full transparency is going to become even more important and a deciding factor for principals in appointing an agent. So too is the ability to provide clear, dependable and actionable data insight in real-time so that agents can advise their principals about how to anticipate and adjust to rapidly changing port requirements.

Larger agency businesses are doing this very well, given that they have a large geographical footprint and global networks, more personnel, and purpose-built IT infrastructure; but local and national agents – which tend to have specific cargo handling expertise - have an ear to the ground and strong relationships that can provide important insight to shipowners and operators. What they need is the digital tools to be able to effectively and efficiently share insight and utilize it to make meaningful suggestions to their clients.

For smaller and medium sized ship agents in particular, cloud solutions have the power to level the playing field and can provide them with the same IT capabilities as even the biggest ship agents. Using web-based platforms that encompass every administrative task means every team within the company has the capability to work remotely. Automatic syncing of information, automation of data flows and standardisation of processes remove a significant amount of human error and provide a greater level of foresight and control. Importantly, every department and every individual is intrinsically linked within a single system so that there is transparency and a data-trail that can be understood by any team member.

In the cloud, a company will only pay for what it uses, capacity – and therefore fees – can be adjusted to suit the highs and lows of the business, which is critical in a low-margin business. Cloud-based working also provides a platform for the use of mobile devices, which can enable them to work more intelligently. From submitting Statement of Facts to updating the port call progress, through cloud-based solutions agents can engage a wide range

of distant partners and third parties engaged in the process.

This granular data can be leveraged to understand the impact of every aspect of the supply chain; every influence and variable analysed to identify latent efficiencies, overcome problems and mitigate risk. They can archive a limitless amount of data and information which may be called upon in future, they can liaise effectively with port authorities and provide real-time updates to owners and operators, and they can work quickly should any health emergencies occur.

With the ability to work flexibly, agency businesses of any size are better placed to operate reflexively to change and can continue to play their vital role in keeping the engine of global trade turning. With access to the same digital solutions across the entire ship agency segment, the smaller agents which have kept the shipping industry moving for generations, and which are vital to bulk shipping supply chains, can not only survive this crisis, but will be better placed to compete in a more digitalized future.

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