

Accelerated innovation: transformation through turbulence

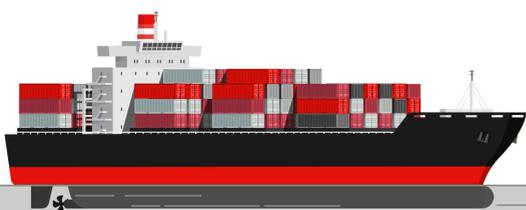
Produced by BrandConnect

There has long been an appetite within the international trade community to move away from paper documents and manual processes, yet until recently, progress has been mixed. Evidence is now emerging that since early 2020, the industry has been jolted into action, driven in part by the supply chain shock caused by the Covid-19 pandemic, and in part by a desire to cut waste and improve transparency.

Has the pandemic caused an acceleration in digitalisation, how advanced is the industry when it comes to digitising processes further, and where next?

Supply chain shock: the pandemic under the lens

The Covid-19 pandemic sent shockwaves throughout the global supply chain, precipitating a steep decline in global trade. Merchandise trade was hit, as countries closed their borders, and ships sat idle at sea.



A steep decline in global trade:¹

-5.6%

Decline in merchandise trade, 2020

Yet merchandise trade in particular has recovered significantly, despite a continued slowdown in global services trade. The outlook for 2021 looks set to improve even further.

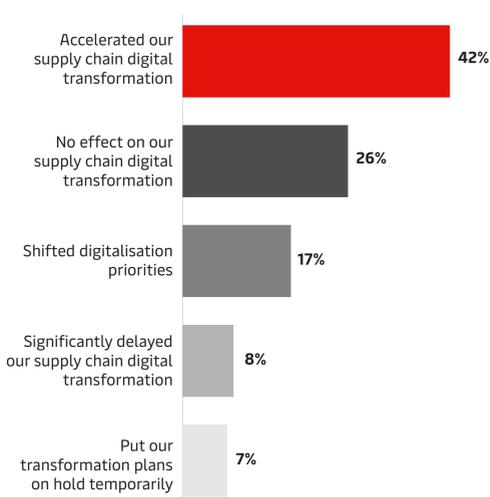
But a faster recovery than previous trade recessions:^{2,3}



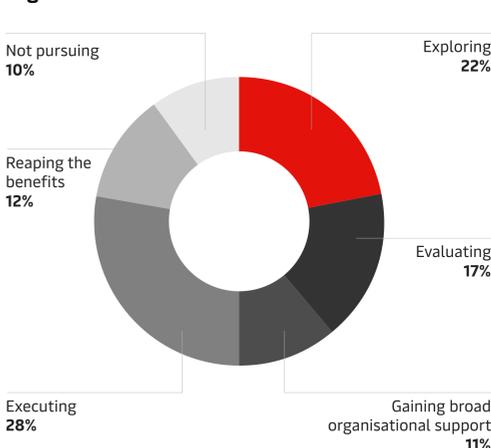
Increase in demand for digital processes⁴

The shock to the global supply chain caused many leaders to take a deeper look at digitalisation, which has long been touted as a critical step to improving global trade flows. While the state of play for supply chain digitalisation is mixed, supply chain professionals around the world and across sectors report that the pandemic has accelerated their digitalisation plans.

How has the Covid-19 pandemic influenced your supply chain digitalisation strategy?



What stage of supply chain planning digital transformation journey would you say your organisation is in?



Accelerated digitalisation: the Maersk view

This trend is mirrored by the patterns Maersk has seen in its clients' usage of digital capabilities and platforms during the pandemic. What is clear is that in addition to the well-known efficiency and transparency benefits, leaders in global trade are also recognising the value of digital channels for ease of use and access, as shown by the increased demand for conducting business online.

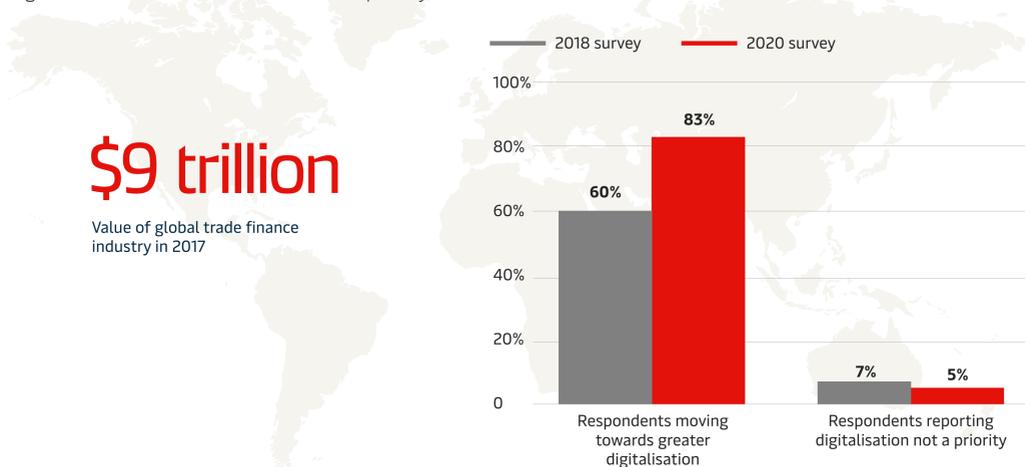


"The pandemic has driven significant uptake across all of our engagement solutions"

Carsten Frank Olsen,
Global head of digital customer channels and e-commerce, A.P. Moller – Maersk

Trade finance digitalisation: upping the pace⁵

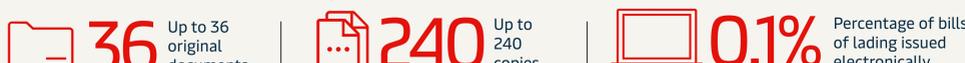
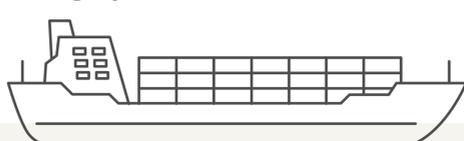
For trade finance in particular, a key sector within global trade, analogue and paper-based processes have been hard to change, yet change is afoot. Even before the pandemic, many in the trade finance sector were moving towards digitalisation – and this is even more of a priority now.



Electronic bills of lading: the way forward⁶

Trade finance is heavily reliant on paper-based processes at the moment, with hundreds of paper documents being used for a single transaction. A move towards electronic bills of lading is seeking to solve this.

Trade finance requirements for cargo by sea:



Conclusion

Looking ahead, digitalisation holds growth potential beyond replicating existing processes in a paperless environment. Once a foundation is in place, companies can put in place highly sophisticated plans for handling and storing goods – which ultimately supports transparency and predictability and helps to free up vital working capital.

Sources:

- <https://unctad.org/news/covid-19-drives-large-international-trade-declines-2020>
- <https://www.oecd.org/newsroom/international-trade-statistics-trends-in-first-quarter-2021.htm>
- <https://www.toolsgroup.com/resources/digital-transformation-supply-chain-planning/>
- <https://itfa.org/icc-2018-global-survey-report/>
- <https://www.gtreview.com/magazine/volume-19-issue-3/electronic-bill-lading-became-battleground-trade-digitisation/>