THE LOGISTICS POINT

EXCLUSIVE VIDEO CONTENT INSIDE

ISSUE 11 | DECEMBER 2021

HEALING THE SUPPLY CHAIN IN 2022

An exclusive video interview with Antony Francis, Supply Chain Consultant, Endava

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EDITOR'S NOTE

We all know it! 2021 was hard and so was 2020 and... When will the supply chain finally heal? It is a tough question and one that all the experts in this edition are doing their best to answer.

In two exclusive interviews you can hear what top professionals think about the future of the logistics and supply chain industry. They all agree that next year will be hard and shortages will continue but supply chains have done a great job during the last 18 months and are ready for the new challenges ahead.

In this edition we pay a special look at the maritime industry - it was not easy for them either. We examine what rates are doing for the sector and how data can help.

The EVs are also in here. The commercial EVs market is expected to continue its growth and with new inventions will become even more important.

As I said, the last two years were hard but what are your expectations for 2022? Make sure you share your thoughts in our 2022 industry survey!

Nick Bozhilov
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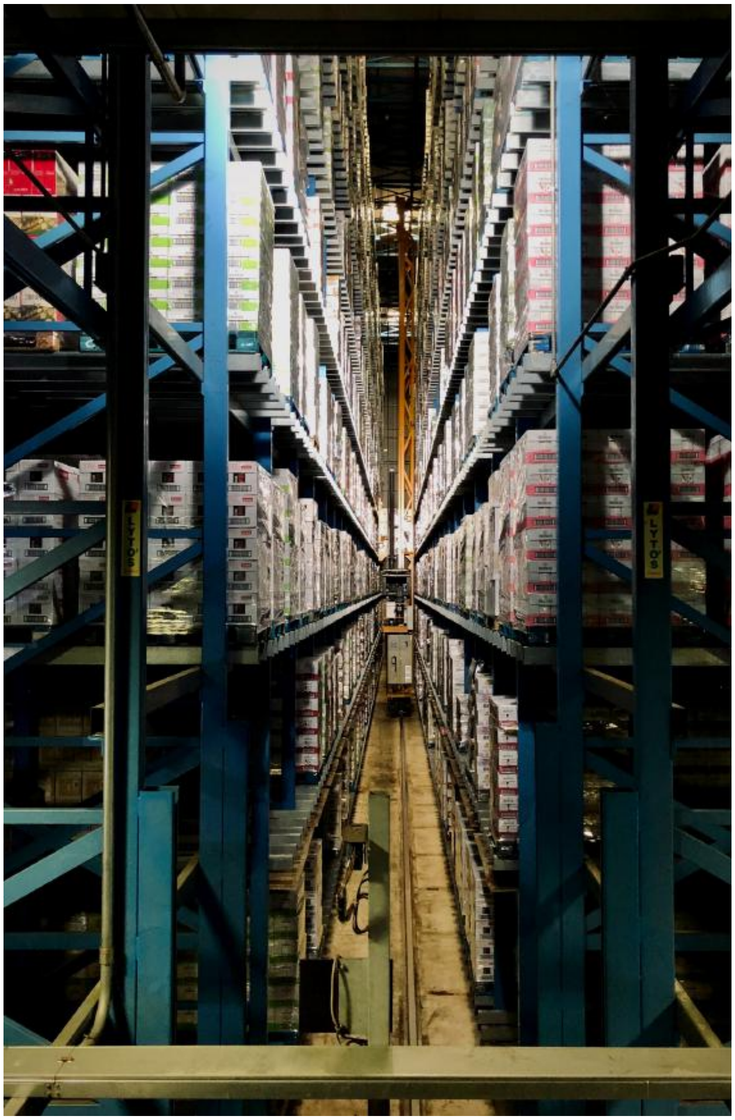
IN THIS EDITION



VIDEO
WHEN WILL THE SUPPLY CHAIN HEAL?

'There were supply chain issues before Covid-19 began,' says Antony Francis, Supply Chain Consultant at Endava, in an exclusive video interview for The Logistics Point. Francis speaks about what went wrong, how organisations overcame their problems and what is to follow for the industry in 2022.

As Covid hit demand grew very quickly as more people turned to online shipping. That was coupled with the already existent driver shortage in many countries around the world and ports' congestion. Despite the increased demand for specific goods, most notably around home DIY, the capacity remained unchanged and overtime led to what the industry is experiencing at the moment. How can we solve these problems?

Francis believes the problems in ports will continue throughout 2022 despite the best efforts of governments, carriers and ports. The US government decided to open ports for 24 hour operations but this will not solve the shortage of drivers which ultimately will see many of the containers still stuck. In addition, companies would be reluctant to invest and work on long-term projects during Peak Season and the preparation period before and after that. 'There is only a certain amount of time to do things,' Francis explains. 'You can do some short term fixes going into 2022 but the major fixes that will help the infrastructure are longer projects and will go into 2023.'

Understanding Shortages

Organisations are urged to plan in advance and Francis points at the possibility of having a lot of traditional Christmas stock in shops in February due to late arrivals. In a recent interview with The Logistics Point he also explored the need to plan Peak Season 2022 now. 'We know we have had a crisis for the last several months,' he comments when asked if governments should step in and help the industry. Although the problems are not new retailers are very likely to experience even more shortages. Shops around the world have fewer items on their shelves.

Large retailers have more power to weather the storm and their procurement departments have already started working on the next Peak Season. 'Smaller companies are a little bit stuck as they have to work through forwarders and shipping companies,' Francis says.

ANTONY FRANCIS,
CONSULTANT, ENDAVA

Predictions for 2022

Companies will need to fully analyze their ability to view their entire, global supply chain. They must have visibility of all their trading partners, including manufacturers, shippers, forwarders and others and have the connectivity to deliver real-time updates throughout the process.

In 2022 we will see a real need for supply chain technology companies to consider and provide the best platforms to achieve this. One-size-fits-all solutions might not always work across every module so we could see a trend for organizations looking to own specific spaces and provide the best solution for a particular subset of partners.

Large retailers have more power to weather the storm and their procurement departments have already started working on the next Peak Season. Smaller companies are a little bit stuck as they have to work through forwarders and shipping companies.

In 2022 it's going to be important that supply chain technology companies can really provide solutions that enhance connectivity and visibility. There is a lot of work going on to ensure that systems are up to scratch, and companies that are able to provide digital acceleration solutions to enhance end-to-end visibility of the supply chain will do well.

Digital acceleration

Many companies' technology was found wanting, even before the COVID-19 pandemic and other external factors placed further stress on supply chains. The level of connectivity and readiness was low, and companies had only really just started to look at issues such as visibility and real-time updates to shipping information. When the pandemic hit, companies were already lagging, which only increased the impact of issues arising from disruptions.

It will likely take well into the first quarter of 2023 to absorb the disruptions from 2021 and 2022. There needs to be a significant digital acceleration to make

Companies should insist that their shippers, forwarders, third-party logistics providers, etc. are connected in real time and able to move swiftly to react to any changes in supply.

sure systems are more connected and resilient.

This will both close existing gaps and serve to manage any future, unforeseen events. Companies should insist that their shippers, forwarders, third-party logistics providers, etc. are connected in real time and able to move swiftly to react to any changes in supply. Coupling this with AI and machine learning predictive analytics to anticipate issues will go a long way to keeping supply chains running smoothly.

Watch the full video now and learn more about what are the expectations for the supply chain in 2022. ✷

5 REASONS WHY ACQUIRING A NEW FACILITY CAN BOLSTER YOUR LONG-TERM LOGISTICS STRATEGY

Acquiring a new facility doesn't only do wonders for operations, it can help to provide a business-wide 'reset' too – offering the opportunity to realign processes, rebuild company culture, and reboot the organisational strategy.

A central hub can often be seen as the lifeblood of a logistics business – providing a place to send things to and from, as well as creating a recognised place of work and the right foundations to build a solid team.
Here, Mark Fletcher, group operations director at national business supplies and services provider OT Group, looks at five reasons why investment is key.

1. Meeting the business objectives

Before any organisation even considers a move to a new location – the first step is to completely understand what the business is trying to achieve from such a change.

Whatever the motivation, any logistics strategy worth its salt must be intrinsically linked to the wider business strategy – and take into consideration not only what the company needs now, but how the landscape is likely to evolve in terms of both supply chain and beyond.

That said, and as things gather pace, don't remain wedded to initial ideas and plans, as an agile approach – and being mindful of the changing business economy – is central to remaining relevant within the market.

2. **Making the most of your square footage**

Nowadays, it's almost impossible to create a functioning logistics system without a warehouse management system. Therefore, it's worth considering how many existing processes could potentially be automated – to truly maximise the footprint of your bricks and mortar.

Taking the time to start with a blank sheet of paper, and map out exactly what you need from your square footage, will enable you to compete at the right level – and improve customer service levels exponentially. Investment in the right areas should help quality and productivity to skyrocket.

Don't only focus on how many bells and whistles the warehousing space has either. Bright and airy office spaces, a great on-site restaurant, comfortable break out spaces, ample car parking, and even high-specification washroom facilities have the potential to make-or-break the morale of colleagues.

Before any organisation even considers a move to a new location – the first step is to completely understand what the business is trying to achieve from such a change.

3. Helping to foster employee engagement

Never underestimate how a robust people strategy can work in tandem with a supply chain strategy – as both feed into the wider business objectives. Particularly now, where it's an employee's market – and attracting and retaining talent has never been more pivotal.

The key is often finding colleagues with the correct attitude – particularly in terms of entry level roles. In the logistics sector, it's quite possible to train the skills needed for the job, but you can't 'learn' the qualities of energy and mindset needed to flourish within the sector.

4. Bolstering your sustainability credentials

As the UK strives to achieve its net zero target by 2050, sustainability mustn't be overlooked in any supply chain strategy – and there are two distinct routes on the path to achieving a greener future, and in truth a combination of both is key to progress.

One is to actively remove the gases that have already been created, and the other is to reduce the amount of greenhouse gases produced in the first place – a prevention rather than cure option.

In the supply chain industry, advancements therefore include a switch to a more ecologically friendly electric fleet, savvy delivery options for a geographically fragmented workforce, and the reduction of 'waste' at source.

At OT Group's new distribution centre in Ashton-under-Lyne, for example, our modern facility includes A-frame and pick by light systems that reap greater efficiencies, and clever box-cutting for smarter packing and waste reduction.

But the world of procurement is a vast and varied one, and with broader environmental thinking and wider stakeholder efforts, the road to net zero will feel less like a pipedream and more like a deliverable that can and will be accomplished.

5. Finding the right partners

Try as you might, it's impossible to be all things to all people. Don't shoulder the burden of everything yourselves, and work with a logistics partner whenever it's needed. Without the right support, organisations can't compete commercially, and it's absolutely critical to source help from the right place.

Look for those which offer financial stability, the right reach and capability, a genuine desire to improve performance, and the right level of interaction – controversial as it may be, the ideal price point should come bottom of the list.

By getting the basics right from the off, operations become more cost-effective. Plus, having a facility which allows you to be flexible provides ample opportunities for growth and consolidation, while reducing risk and creating a robust business model for the future. ✷

LEVELLING AN UNEVEN PLAYING FIELD FOR FEMALE LOGISTICS ENTREPRENEURS

There is plenty of money out there, with record levels of funding going into venture capital around the world. Global funding from venture capital firms broke through US$300 billion in 2020. There are also record numbers of businesses being established, with recent statistics showing 4.4 million new businesses in the USA and 726,000 in the UK in the past year. With millions of new businesses starting and hundreds of billions of dollars in the hands of investors, why is it so hard to match the two together?

Recently, I was talking with the senior partner of a mid-sized London VC firm, and he told me that in the past 12 months they received more than a thousand pitches for funding. They made 16 investments. That's a hit rate of 1.6%. Like I said, raising funding to grow a business is hard work.

The statistics are even worse if the entrepreneur seeking funding is female. In an in-depth study conducted by the British Business Bank on venture capital funding in the UK, less than 1% of VC funding went to all-female teams, and just 10% to mixed gender teams, with a whopping 89% going to all male teams. In the USA, just 2.3% of VC funding went to female entrepreneurs last year. There are similar statistics in many other countries around the world.

When I came across these statistics a couple of years ago, I knew I had to do something about it. I created an event called Funding Focus, which we held in the theatre at the London Stock Exchange in November 2019. The event was a great success, and Funding Focus became a business. The mission of Funding Focus is to level the uneven playing field that female and under-represented entrepreneurs of every gender face when raising capital.

What relevance does this information have to the logistics industry? Part of the challenge is recognising that logistics is a male-dominated business. From research I have conducted, 22% of employees in logistics are women, with 17% holding the role of Chief Supply Chain Officer. The statistics for venture capital are similar, with just 13% and 15% of partners at American and Canadian venture firms, respectively, being female. A staggering 65% of venture capital firms have no female partners.

Logistics is booming. Fuelled by the Covid-19 pandemic the world has seen huge growth in the demand for logistics. There has also been a real drive to more environmentally friendly logistics, as evidenced by the COP26 Conference in Glasgow. The combination of fast growth and change is ideal hunting ground for entrepreneurs, who seek to disrupt an industry by bringing new ideas, new technology and new teams of people to support them. All of that costs money.

DAVID B. HORNE, FOUNDER,
ADD THEN MULTIPLY

There is great opportunity at the intersection of logistics and fundraising. There is also a great deal of challenge. Harnessing the power and influence of female entrepreneurs and senior managers, we can drive change and create a level playing field. This will take time, energy and sacrifice, and it will be worth it. A study published by Boston Consulting Group found that female-led businesses generated 2.5 times more revenue per dollar invested than male-led businesses. The financial case is clear.

Please help us to level the playing field and create a fairer world for every entrepreneur. ✷

VIDEO
BRINGING COMPETITORS TOGETHER: THE ANSWER TO SUPPLY CHAIN CHALLENGES

‘One of the lessons learned in the pandemic is that supply chains are really at the heart of an organization,’ begins Monique Alblas, Global VP Consulting at GEP. Alblas spoke in an exclusive video interview with The Logistics Point about the future of sustainability along the supply chain, what steps need to be taken and how organisations can promote the work they have already done in the field.

Supply chain professionals should take ownership and show the rest of the organisation how they create value. The last 18 months have also opened the boardroom for the supply chain officer who is now listened to and actively participates in the decision process. According to Alblas there is still a long way to go as the industry is not particularly good at promoting the good work it does.

Growing pressure

News laws are going into effect and are forcing supply chain change and reckoning for many. To deal with the growing pressure Alblas thinks organisations would need to bring together professionals from different fields. She believes companies should not shy away from working with their competitors on a shared problem that could elevate the overall image of the industry. Creativity and thinking outside the box would drive the much needed change and would support a more robust way of working.

Cost control is a major topic for the industry but by just focusing on it organisations might miss the chance to create value. By focusing on ESG (Environmental, Social and Governance) companies can elevate their brand value. In addition, driving inefficiencies out of the company would become a key way for achieving sustainability.

Predicting 2022

'We see more and more governments setting up news regulations,' Alblas continues. Together with the increase in consumers' sustainability demands this would lead to more pressure.

The way to solve this is to hire people who can think creatively. Alblas believes the supply chain shortages from 2021 will continue into 2022.

On a more positive side, however, GEP's expert thinks organisations would embrace the sustainability challenge more and will incorporate clear financial targets and tie up costs with achieving their sustainability goals. 'A lot of people struggle with where to start,' admits Alblas when asked what steps should be taken first. She advises to start from the comfort zone and then set up bold targets. 'Where you do not feel comfortable, partner with someone who knows more,' she adds.

Watch the full interview now and learn how to improve your sustainability initiatives. ✷

NO STOPPING FOR COMMERCIAL EVS IN 2022

The electric vehicle market is expected to continue growing in 2022, surpassing diesel vehicles. Alongside this growth, the charging infrastructure must maintain its momentum and ensure it can keep up with demand. Alan McCleave, Regional Manager UK and Nordics at NewMotion, spoke to The Logistics Point about trends, expectations, opportunities and challenges that lie in front of the EV market.

“Looking forward to 2022, we can’t avoid the challenges presented by COVID-19 and the impact it had on the EV market”, begins McCleave. With repeated lockdowns, offices closed and declines in demand, the pandemic created uncertainties within the industry. In addition, the semiconductor shortages experienced at the beginning of the year and continuing throughout 2021, caused delays in deliveries of both vehicles and EV chargers as well as other electronics.

Despite these challenges, the logistics industry is certainly looking more into incorporating EVs into its operations. McCleave continues, “The good news is that demand has gone crazy, particularly in the logistics sector.” He explains that more companies are now actively working on projects and ordering EVs, with the ramp up of commercial electric vehicles having been very noticeable in 2021.

Increasing support

There is government support available for those logistics organisations that are looking to increase the adoption rate and speed up implementations. The OZEV grant for example, which is changing in 2022 to support those in rented properties and apartments, can help employers install EV charging stations in their employees' homes at a lower cost. Advancements in technology are allowing employees to automatically charge the cost of charging their EV back to their employer. Undoubtedly, this would be highly beneficial for last mile operations and encourage sustainability within the sector.

On the other hand, the importance of staff retention within the logistics sector will continue to increase, as employers invest in installing charge points into employees' homes. Additionally, other administrative problems can turn installing charging stations at homes into a challenging mission. According to OZEV, charging stations can be installed with a grant at rental properties and apartments only (owned homes with off street parking would no longer qualify from April 22). This is great news for those living in cities and highly populated areas where rental properties and apartments dominate.

The challenges that lie ahead for the logistics sector involve increasing this level of support from the government and businesses and providing EV chargers for all employees. Partnering with charge point providers can support businesses to install charge points and with the latest technologies, such as smart charging, further encourage employees to get on board with the schemes.

Overcoming challenges

Challenges are evident, but McCleave is optimistic about the charging network globally. Countries are investing in their

From NewMotion to Shell Recharge Solutions

NewMotion recently announced the change of its name to Shell Recharge Solutions. The transition will happen in early 2022 and the goal is to streamline communication with customers and present a global outlook. McCleave explains the company is actively looking at expanding its network worldwide and providing more opportunities both for commercial and private uses.

networks, and this will only improve. “It will take a while for EVs to catch up with petrol,” he explains. “Range is a factor for commercial EVs, but the biggest reason is price, although logistics providers will be able to reap the long-term benefits of owning an EV with lower running costs.”

“A lot of logistics companies know they need to invest more upfront for EVS but the total cost of ownership overtime is much lower.” McCleave also highlighted the changes in technology and the battery weight. New technologies are being researched that could be gamechangers and affect carrying capacity positively.

McCleave continues, “It’s unfortunate that the second-hand market has been affected due to the supply chain shortages of new vehicles.” Older models became more expensive, which has priced out a significant proportion of the population. But there is hope - the expectations are that the market will stabilise when chips are widely available again. For this to happen, more manufacturing facilities will be needed. Furthermore, EV companies will need to increase distribution capabilities and match this to traditional manufacturers in order to continue supplying EVs and drive down price. The demand is there – and it’s inevitable that supply will meet demand and continue the upward trend.

ALAN MCCLEAVE, REGIONAL MANAGER
UK AND NORDICS, NEW MOTION

Logistics forward

“The transition to EVs is happening much quicker in the business sector than among retail consumers,” McCleave says. That is being driven by tax incentives, as well as the overall belief the sector needs to move quickly. “B2B is accelerating the fastest we have ever seen it.” It might have taken over 10 years to have around 2% of cars as electric or hybrid but McCleave believes that we will reach 10% in the next 2 to 3 years. The acceleration after that will happen much faster, and charging networks are geared up to match demand.

✷

MARITIME IN 2022: PREDICTIONS & EXPECTATIONS

2021 was a year that saw many changes in the maritime market. High rates meant that many shippers experienced problems and the rise in ecommerce turned every day into a Peak Season. 'We are going to see a gradual normalisation of the market,' says Peter Sand, Analyst at Xeneta, commenting during a presentation about the state of world shipping in 2021 and 2022. It, however, will take some time.

Shippers express a feeling of being ripped off due to the high rates but according to Sand this is as a result of the high demand. Carriers on the other hand have profited well and their earnings can only be described as fantastic. Another reason why shippers are unhappy with the current situation is due to the fact that for nearly a decade they were offered very cheap transport and rates. The analysts say this might happen in the future as well but there are no indications of change for now. It is expected that liners will have even better 2022 with profits rising again.

Change of focus

Another prediction for 2022 is that long term contracts will dominate and shippers will try to go away from the spot market. This could be tricky as currently rates are very high and it might as well turn out to be better to wait. Sand and Xeneta experts caution that this strategy might mean shippers will not have enough capacity for the Peak Season in 2022. It would be better to negotiate a long term contract that includes some option for renegotiation in case rates drop significantly.

'Shippers should consider how much volume to put on long term contracts. Now it might be more expensive but you can't just put it to the spot market,' said Sand. Certainty is needed and although 2022 is expected to be more predictable capacity shortages might continue into the second half of the year.

COP26 & Shipping

According to the experts COP26 had little to no effect on the maritime industry but governments are now pushing the industry and IMO in particular to come up with their own solutions to limit carbon emissions. It is expected that IMO will put a lot of effort into the matter as companies are worried about very regional regulations that would differ from area to area.

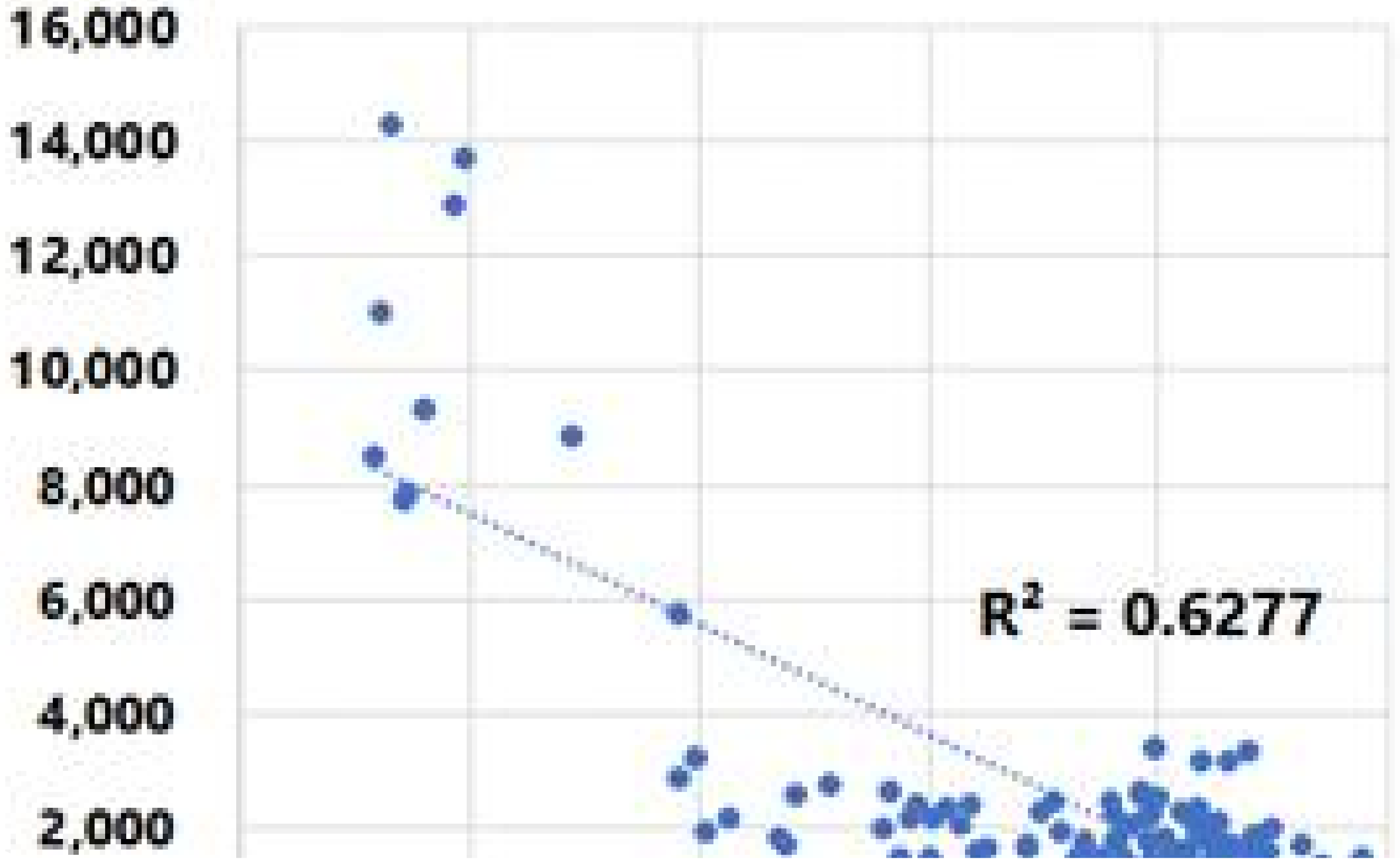
As for what trends will rule maritime in 2022, the experts look at a few areas: multi-modal hoods movement, just-in-case and nearshoring. All of these will depend on each individual company and their long term strategy as well as the overall market conditions.

Reliability and freight rates

'Whenever there is talk of schedule reliability, shippers have complained (and rightly so) about the general lack of service quality in the industry.

One debate that often then comes at the forefront, is whether shippers are at all willing to pay a premium for better schedule reliability,' says Niels Madsen, Vice President of Product and Operations, Sea-Intelligence ApS, in a recent press release.

'We did the analysis across seven port-pairs, using our own schedule reliability data and freight rate data obtained from World Container Index (WCI). For each of the port-pairs, we used a scatter plot showing the WCI on the y-axis and schedule reliability on the x-axis, also adding in a liner trend line and the coefficient of determination (R-squared) which shows the strength of the correlation,' Madsen continues.



'For nearly all of the port-pairs, we saw that the R-squared value was low, denoting weak to no correlation. The only exception to this was Shanghai-Rotterdam (as shown in figure 1), which had an R-squared value of 0.63. This means that roughly 63% of the variation in freight rates can be explained by changes in schedule reliability. However, the trend line is negative, which means that during periods with high schedule reliability, freight rates were low and vice versa.

Whilst certainly there can be exceptions for some specific niche carriers and individual shippers, the broad market trend is quite simple in this respect.

Reliability tends to improve when there is overcapacity, as this makes it easier to adhere to schedule. But this also means high reliability mainly occurs at points in time, where rates are going down and not going up. We saw the same happen during the pandemic, with schedule reliability going up during the early periods with low demand levels and high blank sailings, and schedule reliability dropping considerably as vessels started to sail fuller and berth congestion rose.' ✷

Shippers should consider how much volume to put on long term contracts. Now it might be more expensive but you can't just put it to the spot market.

KEY DATA TO MEET CHANGING MARINE LOGISTICS EXPECTATIONS

Data transfer can serve as a guiding star for marine logistics in a post COVID era – so says Martin Wallgren, Chief Information Officer for the GAC Group. The fight against the COVID-19 pandemic is far from over, as many countries now face a fresh wave of infections. However, the global vaccination programme has given some confidence to businesses, many of whom are now considering how to secure success in the post-pandemic era.

The end, or rather subsiding, of the pandemic will be the catalyst for a complete redefinition of global industries. In the maritime and transportation sectors, COVID-19 has already triggered consolidation. Mergers and acquisitions (M&A) activity are up, and some players have disappeared from the sector entirely. The 'great resignation' is taking hold worldwide and across all industries as employees re-evaluate their priorities and some leave their jobs in search of greater flexibility and a better work-life balance. Thus businesses face the challenge of attracting and retaining talent at a time when profits are still suffering the after-effects of COVID-19.

From reporting to business intelligence

To redefine and recapture success in the post-pandemic world, businesses must re-evaluate their data. Gone are the days of PDF reports. Now, live reporting on key performance indicators (KPIs) is a must to maintain continuity and the all-important competitive advantage.

The business of sourcing and delivering ships' spare parts is a case in point. In the past, marine logistics providers held the information on the status of components they selected, stored, and transported to vessels and rigs. But the business has taken a hit from the pandemic with unpredictable supply chains, shortages of labour and raw materials, production delays – and that's even before you consider the unexpected incidents like the closure of the Suez Canal. Vessel and offshore asset owners and operators now want this information at their fingertips, live, and trackable on their own systems. Such transparency is crucial to operational continuity and safety. In the short term, it affords asset owners and operators more time to anticipate and react to potential issues, and longer term it can help achieve greater productivity.

MARTIN WALLGREN,
CHIEF INFORMATION OFFICER, GAC GROUP

Insights into the performance of supply chains enables shipping and logistics operators to challenge poor performance by evaluating agreed KPIs to, for example, review and remove poorly performing suppliers. But with staff numbers down, maintaining these insights in-house is no longer feasible for many. That's where for businesses with the capability to provide the data needed to support key business decisions, like GAC, come in.

In the past, marine logistics providers held the information on the status of components they selected, stored, and transported to vessels and rigs.

Rise of data transfer

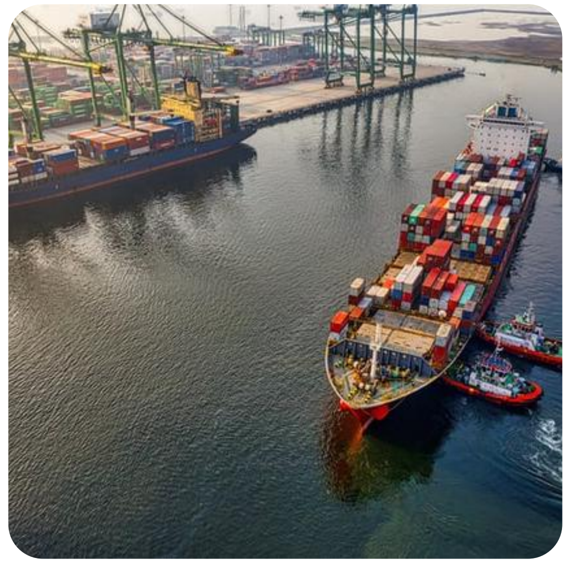
An accurate business data model provides a visual map of all enterprise information, including critical context on how data sources fit together and flow into one another. Such models are essential to pivoting products and services in response swiftly, smartly and sustainably to market challenges and opportunities.

Uber's pivot from taxis to food delivery is a classic case. It gave the business the flexibility and resilience to survive and thrive profitably when its traditional core business was hit by the pandemic.

Not only does a smart business model enhance operations for a business and its customers, it also serves as a powerful magnet to attract top executives looking to advance their careers in a digitally mature organisation.

Problem solving and personal connection

There is no 'One size fits all' solution. There are important differences between marine logistics and the Uber-style model. The maritime sector cares less about aesthetics and more about harnessing data to solve problems. Personal connections remain critical – being personally present 'on the ground' is vital to engendering trust and confidence in digital solutions. Without that human element, even the best technology is unlikely to get a footing in the market.



Data transfer businesses can provide a North Star for post-pandemic marine logistics services, offering a critical anchor point from which information and goods can flow safety and efficiently. ✷

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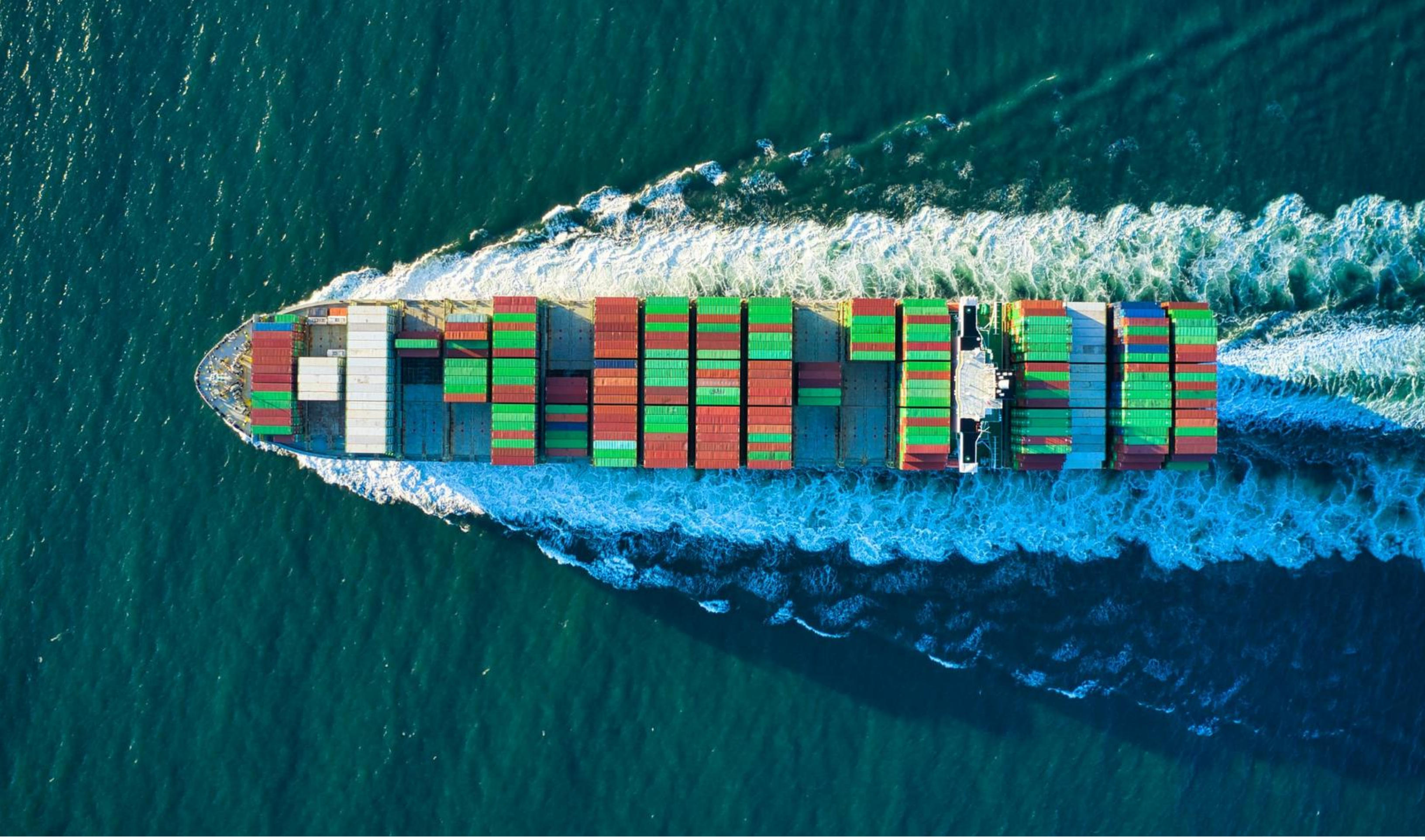

DATA CAN UNLOCK SAFETY, EFFICIENCY AND MORE IN SHIPPING

Technology can help the maritime industry to improve efficiency, reliability and safety. We spoke to Søren Christian Meyer, CEO, ZeroNorth, about intelligent weather routing, the costs of implementing data monitoring and investing in clean technologies, as well as what shipping companies are struggling the most when it comes to data.

How can weather monitoring improve sustainability and achieve green goals?

Intelligent weather routing - interpreting wind, current and waves - helps create safe and navigable routes for vessels. Ocean condition has a huge effect on vessel efficiency and fuel consumption. Having a good view of what's ahead on a vessel's path is therefore critical.

Crucially, technology has now matured to the point where operators can not only automatically avoid bad weather, but also continuously find the most optimal route, giving both owners and operators the confidence that every vessel is always sailing optimally while taking advantage of the weather on every route.

As the industry begins to use cleaner fuels, comprehensive voyage planning will be critical to help the industry to manage its transition to the imminent operating reality where zero carbon fuels are many times more expensive than the fossil default.

In effect, every ton of fuel saved by including weather routing on every voyage represents more money that the sector can inject into its clean fuel transition. This is in addition to the immediate positive emissions reductions that we can unlock today by working proactively around the weather across a voyage.

What are the cost differences between implementing data monitoring and investing in clean technologies?

Importantly, unlike other clean technology solutions, there is little-to-no capex barrier or vessel downtime for the implementation of digital solutions.

Without the need for hardware installation, and at a low ongoing cost point, advanced digital solutions like data monitoring can pay themselves back

SØREN CHRISTIAN MEYER,
CEO, ZERONORTH

quickly, unlocking fuel savings and boosting earnings at around the same magnitude as some clean technologies.

This could be anywhere between a 3-10% efficiency gain, and therefore emissions reduction. This cost difference is especially visible when clean technologies often cost hundreds of thousands or millions of dollars and weeks of vessel downtime for retrofits.

This cost saving can be used in several ways, such as investment in research & development, future fuels, and other

Every ton of fuel saved by including weather routing on every voyage represents more money that the sector can inject into its clean fuel transition.

efficiency solutions. Digital solutions therefore make it easier for the industry to decarbonise.

What are the areas that shipping companies are most struggling with when it comes to data collection?

The biggest challenge that shipping companies are struggling to address, in terms of data collection, has to do with the quality of data. At present, noon reports are often gathered manually, which can present issues for consistency, standardisation, and confidence in data.

So, to really drive change, the sector needs to be basing optimisation decisions on the reality that a vessel faces. This includes dynamic weather, accurate fuel models to predict consumption and any factor that has an impact on speed, route and when, where and what to bunker.

Collaboration and convening will also be important here. ZeroNorth has created an industry working group, called Immediate Decarbonisation Action. This group is made up of peers, partners, and competitors and it's mission to tackle the complex issues which are stopping the decarbonisation journey and vessels from being fully optimised. The first topic the group collaborated on was to create and industry benchmark from which to measure fuel consumption model accuracy to ensure that users are using an accurate baseline for vessel optimisation. In other words, by working together we're able to set the foundations for optimisation decisions and progress the industry's decarbonisation pathway. ✷

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MERRY CHRISTMAS!

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