DEVELOPING AN E-COMMERCE ROADMAP FOR THE SHIPPING INDUSTRY

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Rapid advancements in the adoption of digital touch-points, combined with significant reduction in technology and infrastructure costs, including that of last mile connectivity, have given rise to an ecosystem of connected commerce. Due to changes in customer behavior, companies selling products and services have been forced to adopt digital platforms, applications and processes. This, in turn, has allowed businesses to benefit from automation and collaborative models for shared access to timely and quality information.

This is true for the shipping sector as well, where the new wave of digitisation has caused far-reaching ripples. It is now imperative for every shipping company to evaluate its status-quo business model and chalk out a roadmap to digitise its operations and services to establish better customer connect and optimise costs. This is expected to have a profound impact on global shipment execution, trade management, shipment visibility, and trade compliance capabilities on a unified platform.

Embracing e-commerce’s intricacies & tackling challenges

A study of global CXOs of shipping liners, agents and global freight forwarders, technology providers and industry analysts has revealed that most stakeholders recognise the significance of what is beginning to be labelled as “connected shipping” and have already commenced their journey on the digital path. Three-fourths of the respondents agreed that e-commerce is ‘business-critical’ for their organisations over the next three to five years. More than half of the respondents have an e-commerce solution in some stage of development.

However, while most companies acknowledge the criticality of e-commerce over time, many are proceeding cautiously. This is because investment decisions are largely driven by ROI considerations — making it hard to justify e-commerce spend in what is already an asset- and capital-intensive industry. Most respondents cite adequate IT infrastructure and implementation skills as a significant challenge. The study has also revealed that the industry is being dogged by the lack of process automation and data quality issues within their value chains. For 44 per cent of the respondents, having a scalable IT infrastructure in place to meet future demands from a digital business model is a critical challenge.

How can shipping companies overcome these challenges and truly reorient to serve the new digital landscape of their customers? The first step in embarking on an e-commerce transformation roadmap is an assessment of the current state. Shipping company stakeholders must base their assessment on the following key functions along the value chain: capacity planning and forecasting; order management; shipment planning and scheduling; and supply chain visibility to freight invoicing management and analytics. Using the Connected Shipping Maturity Assessment Framework (image below), a shipping company can assess where its critical functional processes stand within four dimensions of maturity: Defined, Managed, Optimised and Transformed.
A current state assessment can help establish basic capabilities in process standardisation, data integrity and visibility before expanding further. It can also fully leverage technologies to automate all operations and critical business processes. This framework, developed based on the aforementioned research, can act as a guideline for charting a meaningful and contextual roadmap. Respondents’ experiences and feedback provide valuable insights on the level of importance shipping companies assign to staying connected and becoming digital in the coming years.

**Working towards a true partnership**

Any e-commerce roadmap being prepared for digital transformation will not be complete without aligning business processes and key stakeholders. This is one critical area where several transformation efforts fail, and which must be managed effectively. It is important to enable collaborative business processes to support the exchange of data, events and documents. To successfully pivot to a digitally-enabled enterprise, the company must facilitate true partnering through timely, accurate information-sharing and visibility.

An ROI-based approach to identifying and prioritising initiatives is essential to generate sufficient buy-in from leadership. In the process of defining a business case, companies can benchmark their business KPIs to focus on an action plan for moving towards a fully matured business process stage. This also enables a laser focus on key outcomes from the transformation process, and ensures such efforts do not deviate from the scope or budgeted outlays.

Shipping companies may not always have the necessary capabilities to effect all this change on their own while continuing to run their businesses as usual. They can seek the expertise of third-party/IT service providers to gauge the business potential and chalk out a roadmap for implementing digital solutions to meet or exceed industry expectations. Third-party/IT service providers come with a wide-range of services and experience across different geographies and diverse clientele — giving them a broad view and vast knowledge of domains for developing business processes and solutions that can ensure shipping companies remain future-ready.

Cheaper devices, ubiquitous connectivity, rapidly transforming customer expectations, and an increasing breakdown of traditional business barriers are disrupting practically every business around the world. Shipping — which is the backbone of global trade — is hardly immune from this tide of changes. A timely transformation to adopt digital processes, guided by the right roadmap towards these outcomes, will help shipping companies ride up to the crest and stay there.

**About the Author**

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