

COVID-19: A Catalyst for Faster Digital Adoption

Internal & Industry Transformation: A Practical Approach

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Torvald Klaveness

- At the core of Torvald Klaveness are the Values we live by and the Vision we pursue. Our vision is to Improve the Nature of Shipping.
- Our legacy is to challenge status quo, and much of our success has been, and is linked to finding new ways to improve technology and business models in shipping.
- We have looked at Digital transformation, both in terms of Internal Transformation & Industry Transformation.
- COVID-19 has underlined the urgency of this journey that we have already embarked on.

Digital transformation – a necessity!



- Digital Transformation is NOT only about moving away from manual processes but also about changing the way an organization works, using technology.
- Drawing from experience of other industries and given the trends emerging in the maritime industry, Technology & Transformation are the keys to survival.
- **COVID-19 has only reinforced this.**

Lessons from COVID-19: 3 pillars on which a transforming organisation is built

Sustainability

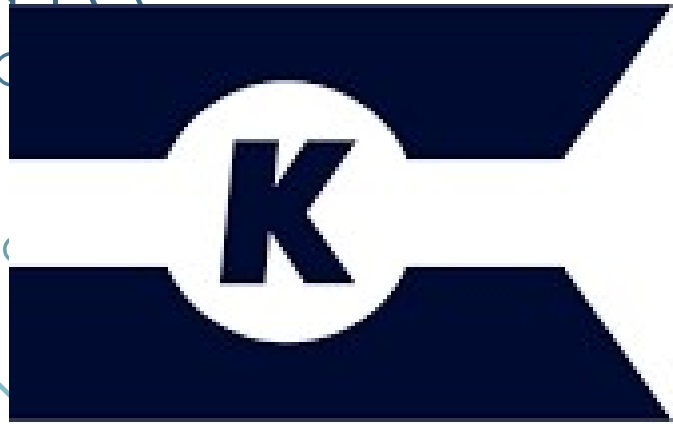
As an organisation transforms itself, it needs sustainable processes and systems which are dynamic and rise above the individual users. **The processes and systems will live on well beyond the users** and need to stand that test of longevity and adaptability.

Transparency

As they say, “what you see is what you get”. One of key pillars is to have a set of clear and transparent processes and systems, which will help the entire organisation **recognise the strengths, weaknesses and gaps within the organisation.**

Profitability

Eventually the organisation needs to remain profitable to survive and grow. There are many ways you can gauge the efficiency and results of a transformative process and system but eventually it will be profitability – **the ability to contribute to the bottom line** – as the final straw on the camel's back.



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INTERNAL TRANSFORMATION

Problem, Solution & Implementation (PSI) Approach

	Problem identification	Solution development	Implementation and follow-up
Description	<p>Identify specific problems & challenges faced by charterers and operators, such as inefficiencies (time wasted), quality issues, limited decision basis, high complexity</p> <p>Prioritize by impact of problem and feasibility of being able to solve it</p>	<p>Develop solution for problem in cooperation with end-users, IT and other relevant stakeholders</p> <p>Solutions can be standardization or change of process, implementing new or changing systems etc.</p> <p>Start by putting together a prototype or “minimum viable product/solution”, and adjust based on feedback from end-users</p>	<p>Ensure implementation of new solutions (e.g., in cooperation with IT)</p> <p>Follow-up on usage/adherence</p> <p>Measure impact of solution (has it solved the problem?)</p> <p>Further adjust solutions based on feedback from end-users</p>
Example	<p>Learnings from past voyages insufficiently used when calculating/booking new cargoes</p>	<p>Revamp Hand-over and hand-back process, including system to capture comments/learning during operations</p>	<p>Implement new process, and monitor adherence to this process and impact deviations from pre-calc</p>

Internal Transformation – The Journey

- ⌚ Mapping the current processes based on activity
- ⌚ Standardization of processes & data sources
- ⌚ Optimising the processes based on feedback and use
- ⌚ Audit the use and value of the current systems
- ⌚ Identify & implement new systems with clear aims of collaboration & automation
- ⌚ Increase awareness and knowledge-sharing within the organisation about the systems
- ⌚ Facilitate training on standardized basis (generic aspects) and customized basis (task related)
- ⌚ Identify resources to refresh and enhance knowledge base of the organization

C-suite collaboration – CEO, CDO & CHRO – setting out the vision and executing it



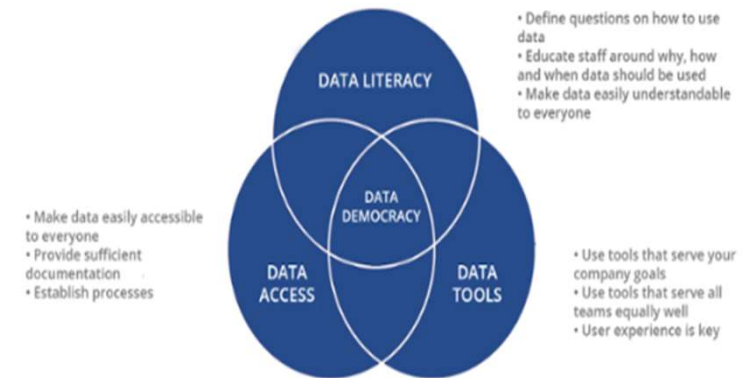
BOTH MERGE

- Transformation is akin to lanes merging on an expressway.
- Key point is that the rules apply uniformly to “all vehicles” and the “traffic will slow down for a while and then normalize”
- CEO (Chief Executive Officer) sets the “traffic rules”
- CDO (Chief Digital Officer) provides the “vehicles”
- CHRO (Chief Human Resource Officer) equips the “drivers”
- A collaboration crucial to “smooth flow of traffic”.

Equipping the Organization with Analytical Tools

- From gut feel to data-driven decisions.
- Data Democracy
- Analyze this data to get a competitive advantage.
- Analytics is the greatest support system ever!
- Huge buy-in from the younger talent

Data democratization

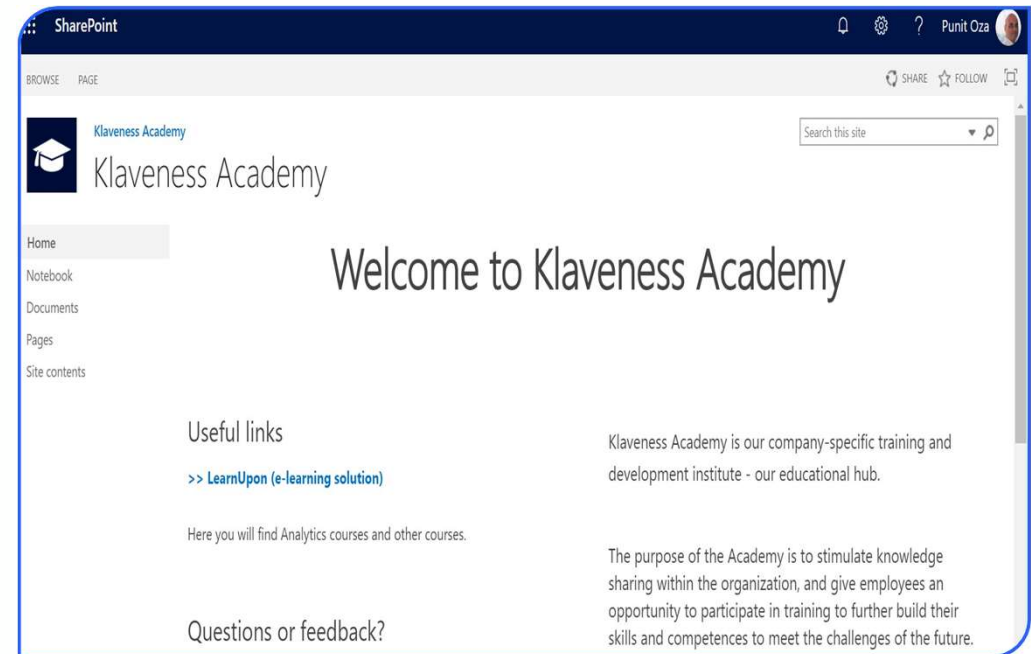


Analytics

Analytics is the scientific process of transforming data into insight for making better decisions.

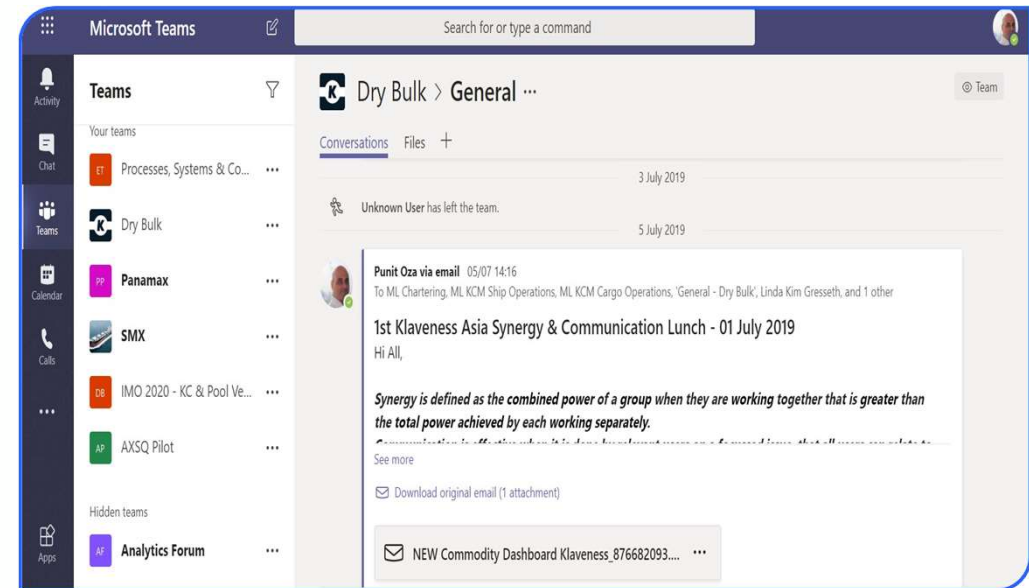
Enhancing Knowledge-Sharing

- Flexible & customized training modules
- Creating Ownership & monitoring use of training modules
- Vaulting the knowledge in one technological arena
- Dynamic and updated training material
- Motivation and incentives to complete these courses.



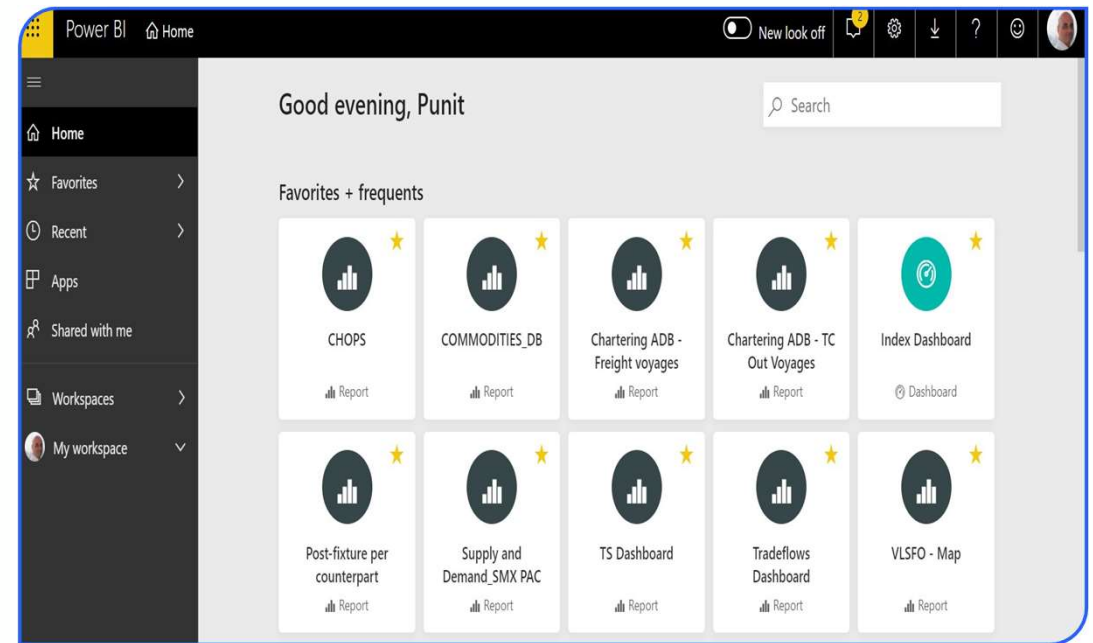
Contextual Collaboration

- Emails are long and usually contain multiple issues
- Multiple Recipients & human errors
- Impossible to extract the context
- Static platform – updates need to be resent by email
- Capturing knowledge, learnings, documents, standard formats in one place which is constantly updated.



Mastering Analytics

- One version of truth
- Multiple inputs can be viewed on one platform and sustainably captured and used.
- Laying the foundation for sustainable processes
- Key aspects of democratizing the data & motivating analytical reasoning.



Internal Transformation: Key Takeaways

1. Transformation is not an option but a necessity!
2. Data is NOT the key – Data Analytics is!
3. Eliminate insecurity among senior talent through re-skilling and motivate younger talent by providing them a voice & a purpose.
4. Technology is your friend – use it in difficult times to solve problems.
5. Transform from within and then move outside to focus on customers
6. Use the Problem/Solution/Implementation Approach
7. Seeing is believing – Aim for a few small wins to reaffirm belief.
8. Vision set out by CEO and executed by CDO & CHRO
9. Step by step approach is good enough but these steps have to move in the right direction.
10. **YOU DON'T NEED TO BREAK THE BANK TO TRANSFORM!**



Klaveness Digital

Industry Transformation

"Digital **doesn't** have to be disruptive"

Harvard Business Review "Digital doesn't have to be disruptive"
Furr, Shipilov (Professor, INSEAD)

"Full deployment of digital tools can **reduce operational costs by up to 45%** for procurement organizations, improving effectiveness and customer experience."

The Hackett Group "New Research on Digital Transformation"

What companies want



Avoid demurrage

Identify and address delays early, to avoid demurrage charges



Reduce supply risk

Minimize/ avoid running low on stock

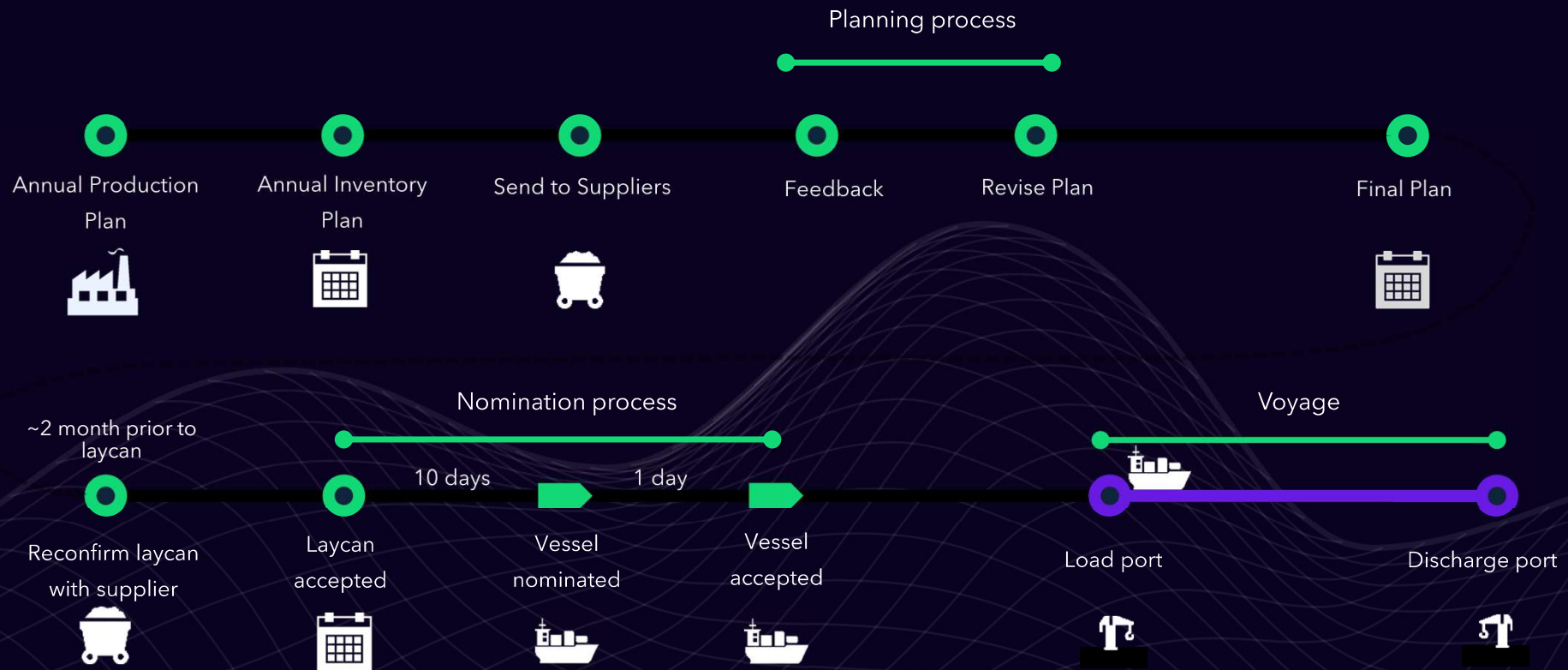


Lower safety stock

Maintain healthy working capital, minimize inventory holding costs

Re-aligning plans to meet demand

Real-time planning and scheduling





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