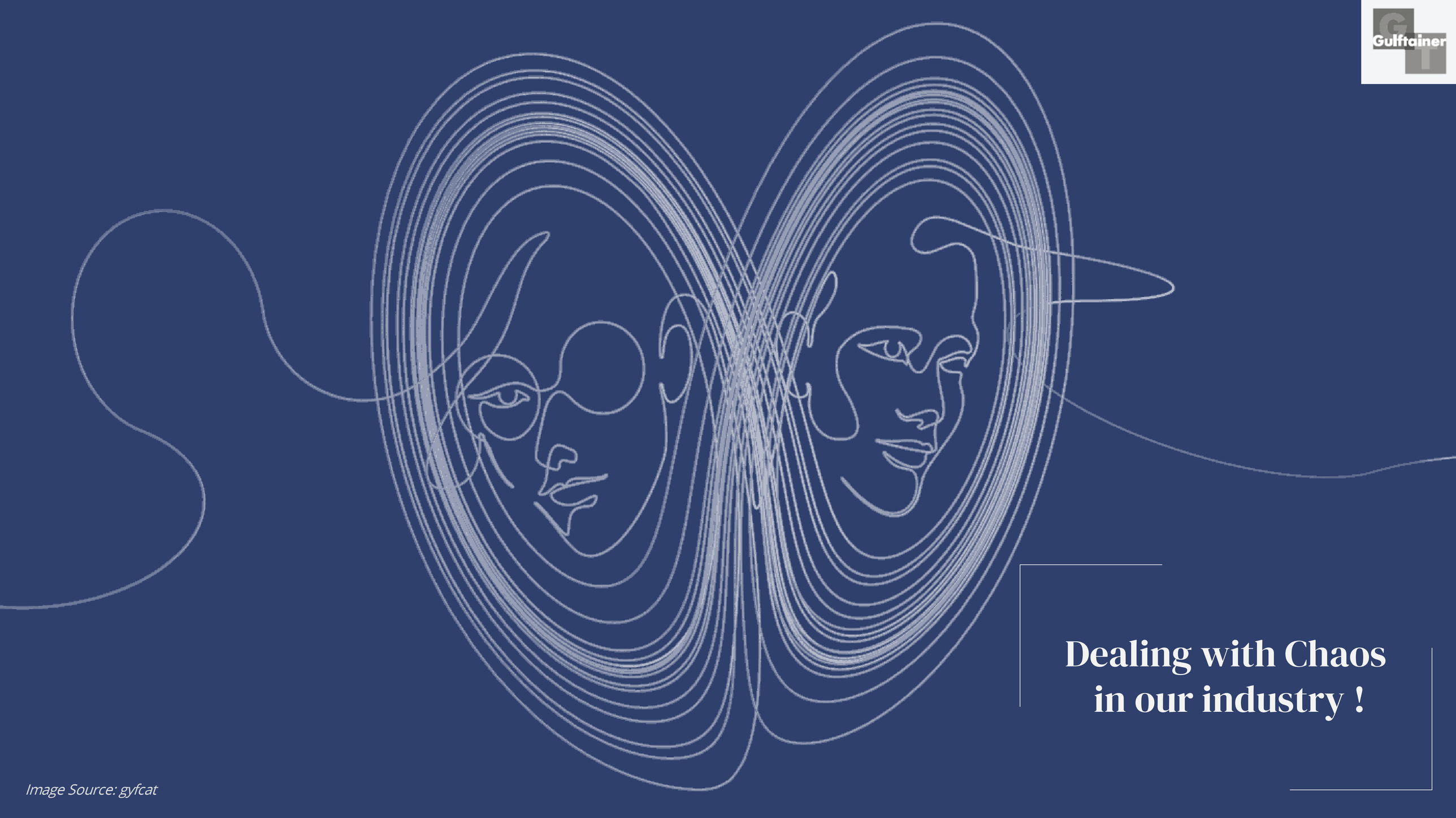


Dealing with Chaos in our industry !

Image Source: gyfcat

The Chaos Theory – Butterfly Effect

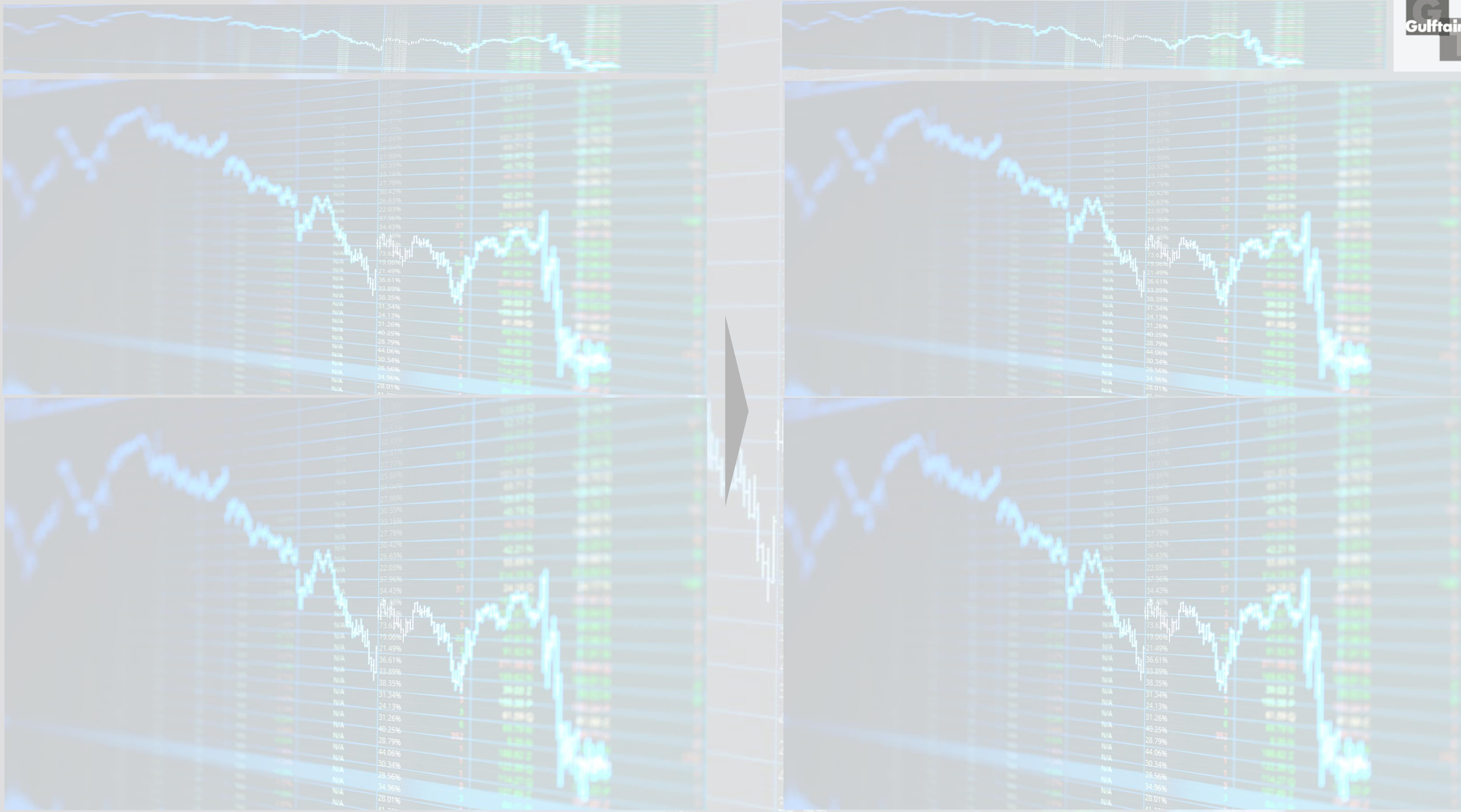
Flap of a butterfly in one part of the world could result in a tornado somewhere else!

Small difference of the input

After a period of time

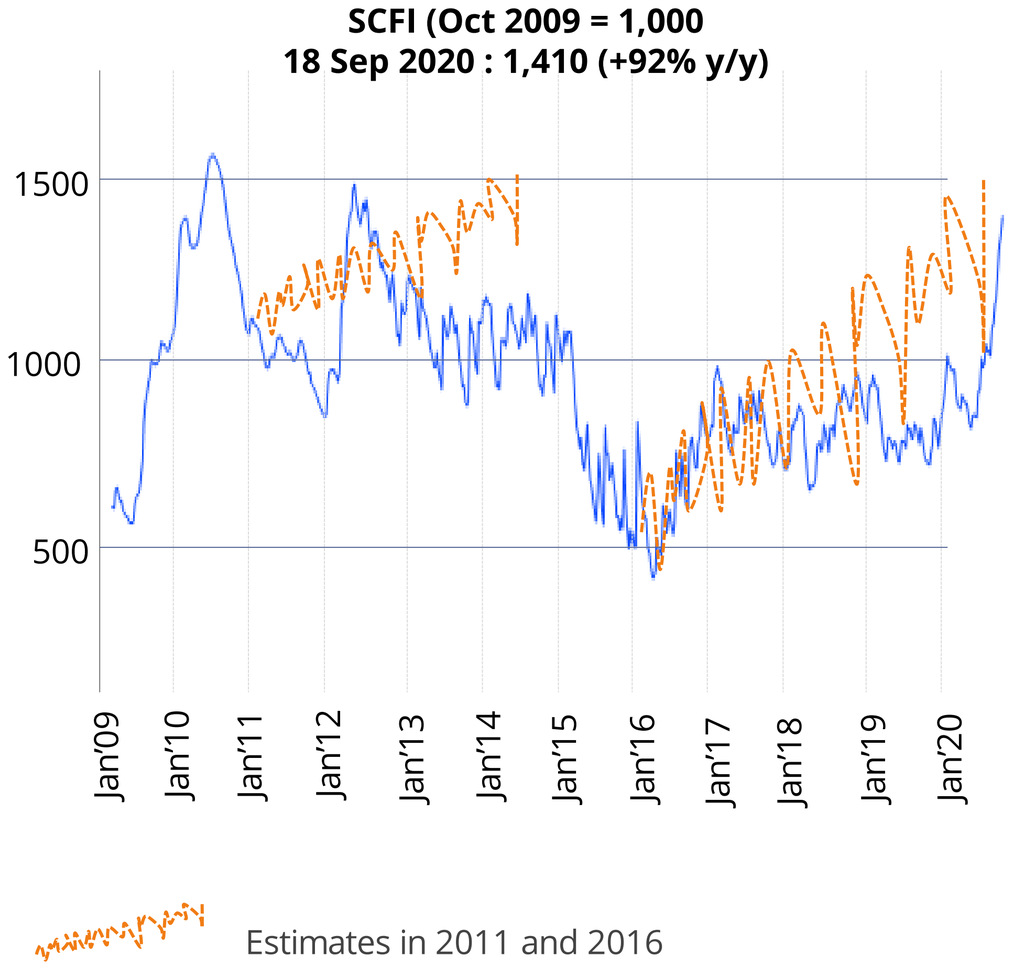
Extreme differences in output

Background Image Source: medium.com

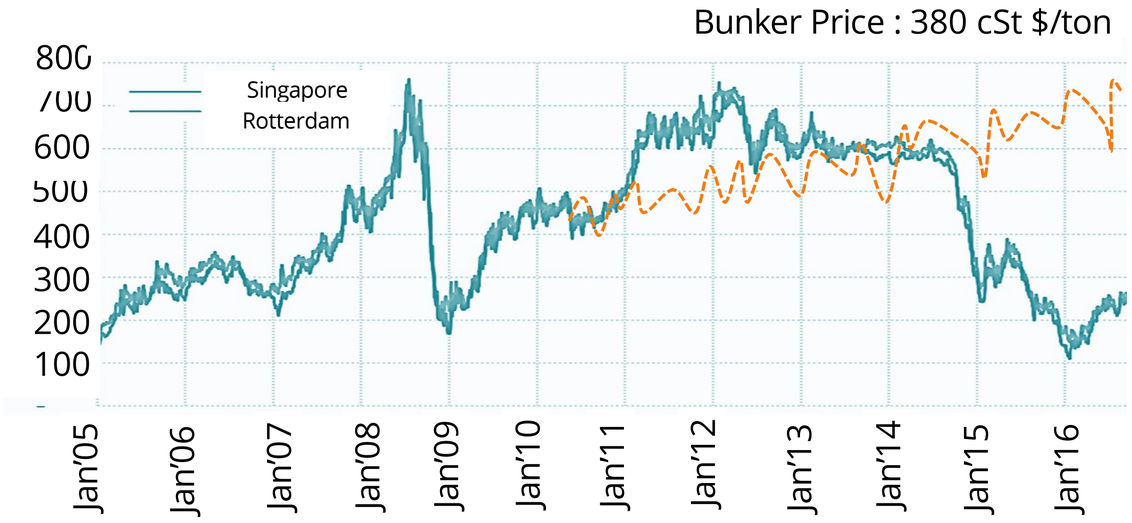


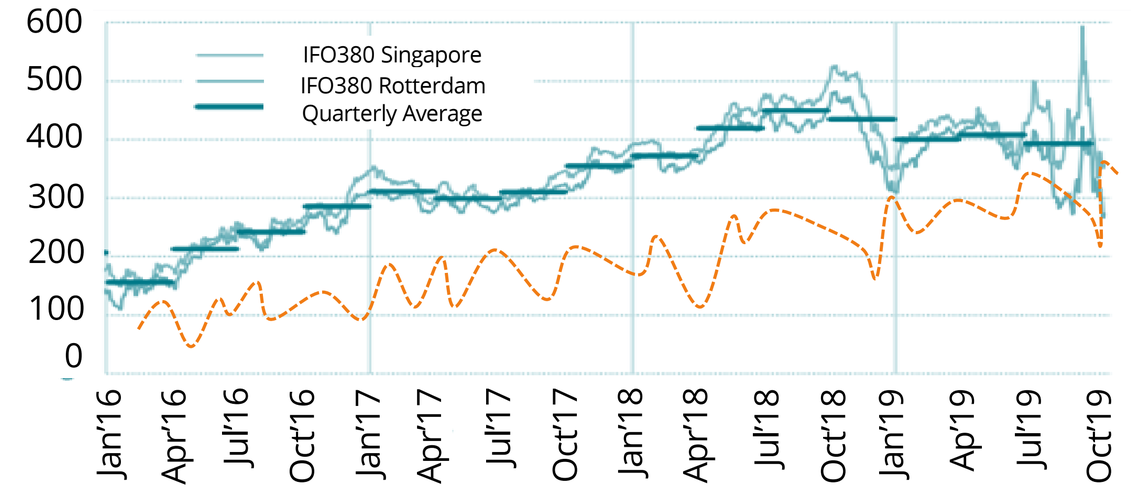
Sources: IMF, Alphaliner, Drewry, GT Internal Analysis

Nobody thought freight rates can fluctuate as much as they did



Bunker prices were picking up in 2011 - were estimated to reach the 2008 levels in near future



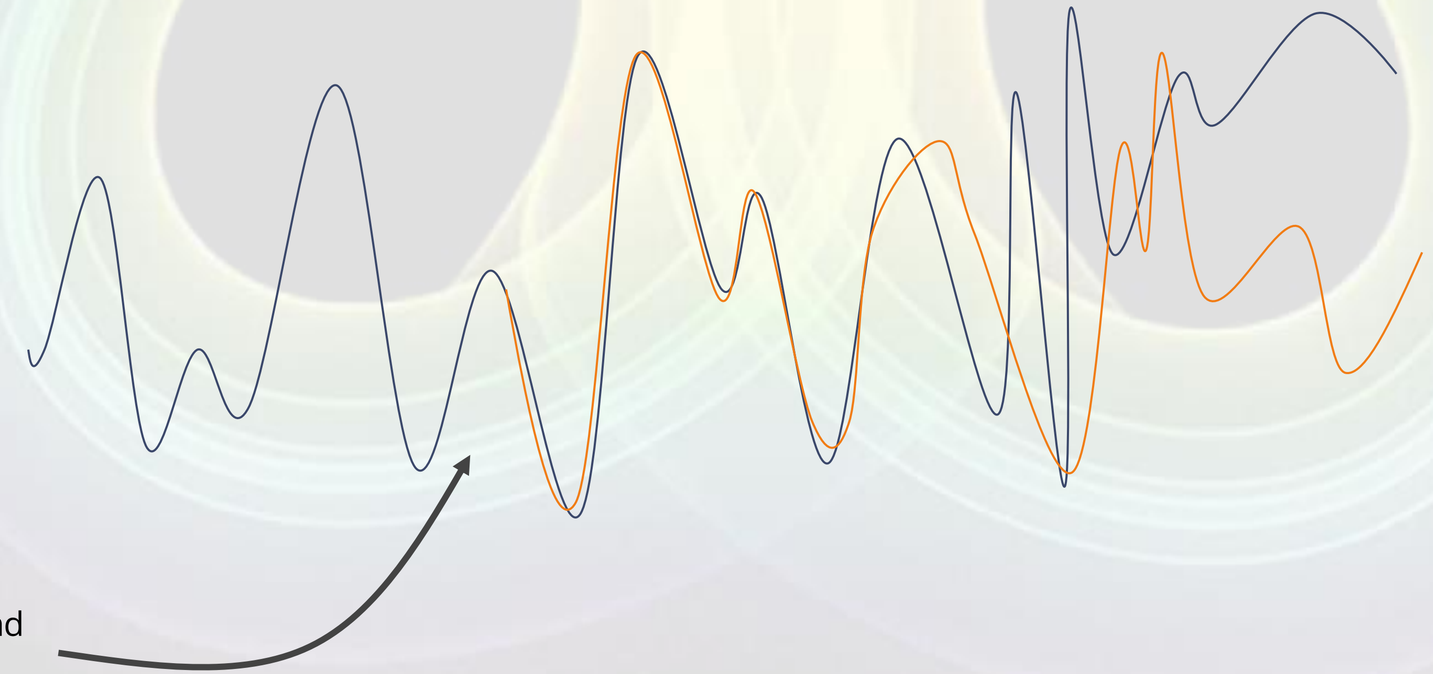


Sources: Alphaliner, GT Internal Analysis

Small fluctuations in the data leading to the decisions taken in the past, have led to the current situation in our industry

In the past, the decisions were made using data available at that time,

- GDP
- GDP Multiplier – Demand
- Bunker Prices
- Fluctuating freight levels



...but fluctuations in that data has led to the current outcome of

- Liner M&As
- Bankruptcy
- Overcapacity in terminals and liners
- Extremely low margins

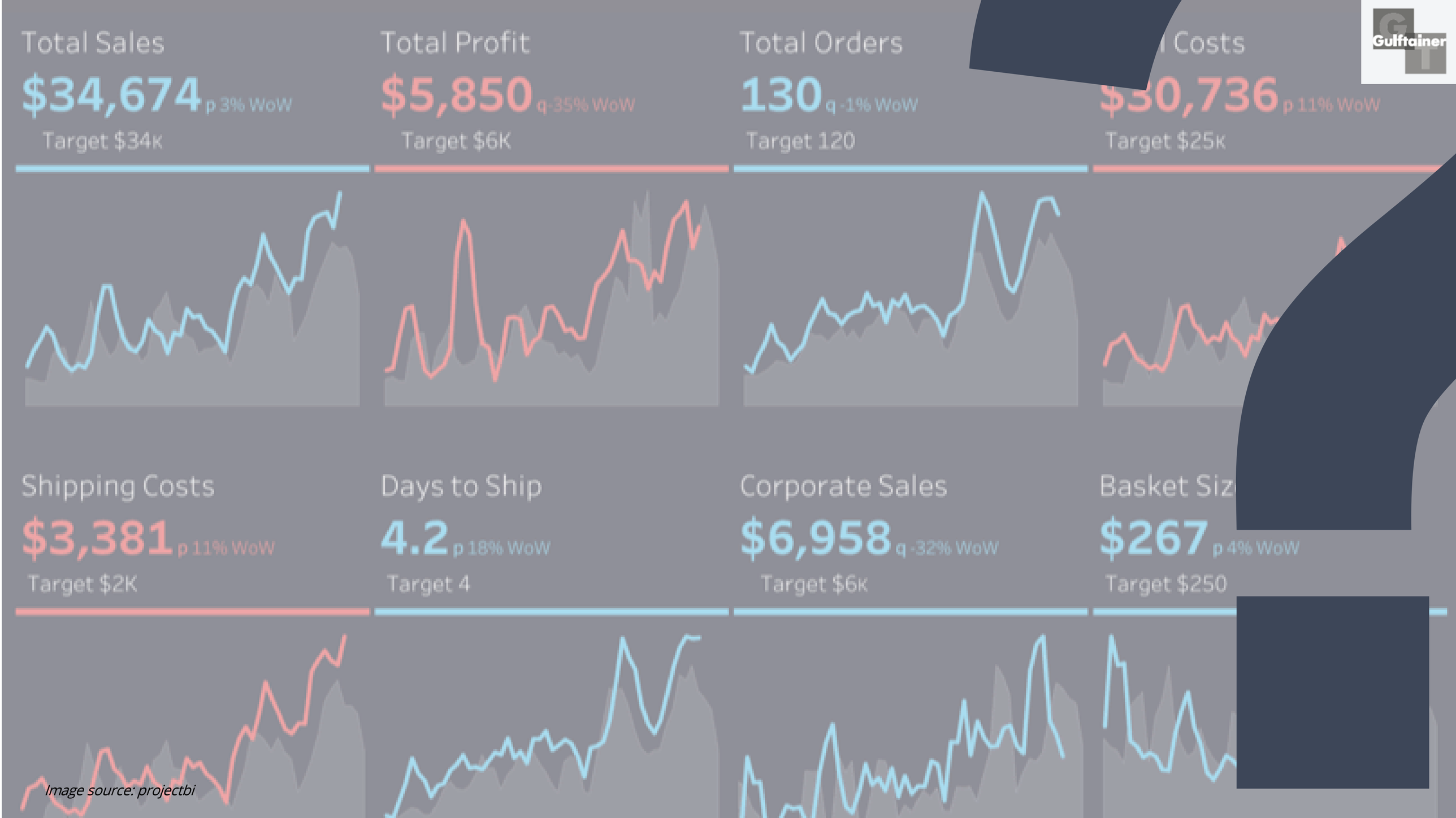


Image source: projectbi

There are big gaps in collaboration and data integration within stakeholders across the supply chain

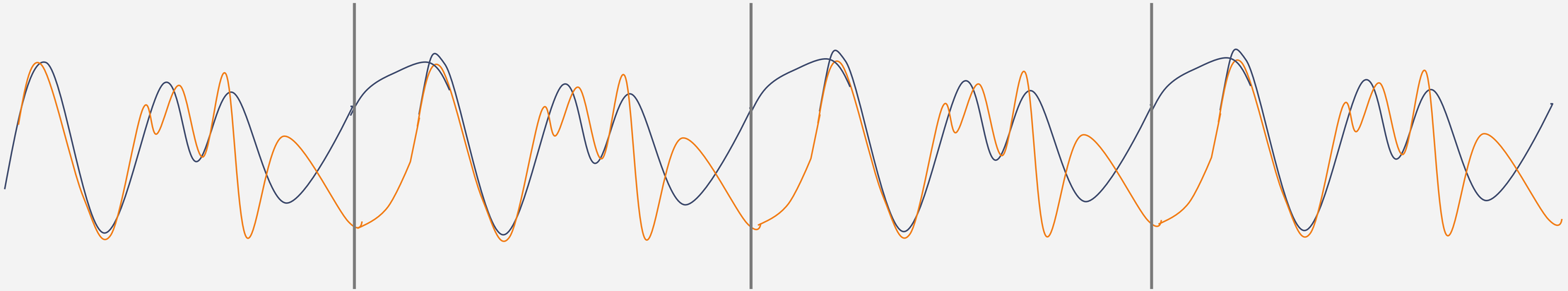
- Industry slow to change
- Lack of standards and industry-wide agreements
- Cost and complexity of legacy systems
- Data privacy and Security concerns

- Poor coordination between partners;
- Little real-time data access and sharing between stakeholders
- Poor cargo flow visibility and predictability
- No body governing global shipping data
  - Reliable data only available on some trade lanes, for some countries – CTS, JOC, IRA, CCD, Datamar, Seabury etc.
  - No link between these databases
  - GCC has none

- Impossible to learn from the past and the present and prepare for future.
- We can not realize the full potential of any technology unless we address the lack of collaboration

Image source: marketingland

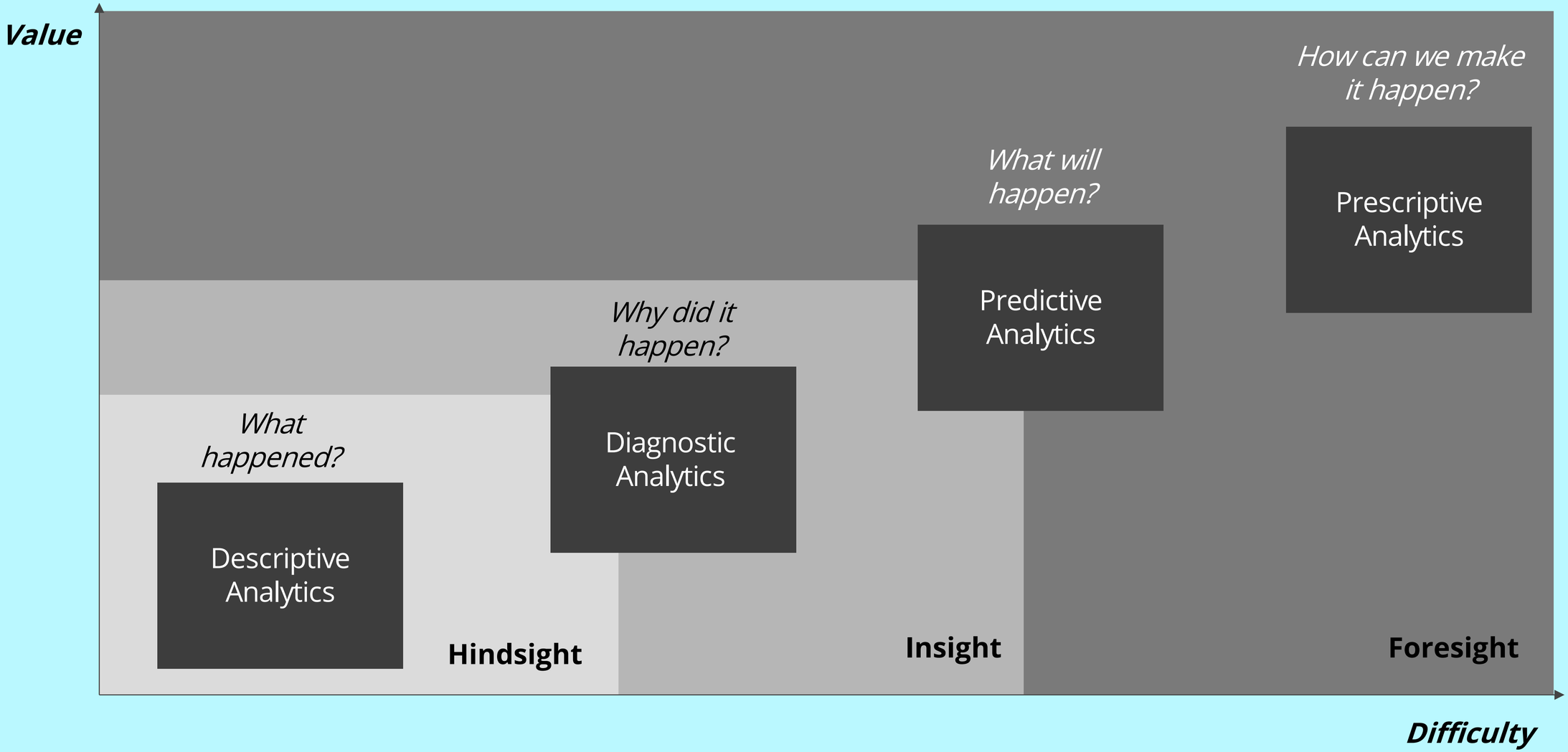
Chaos Theory proposes that this trend will repeat itself – Our industry should recognize this and prepare for it



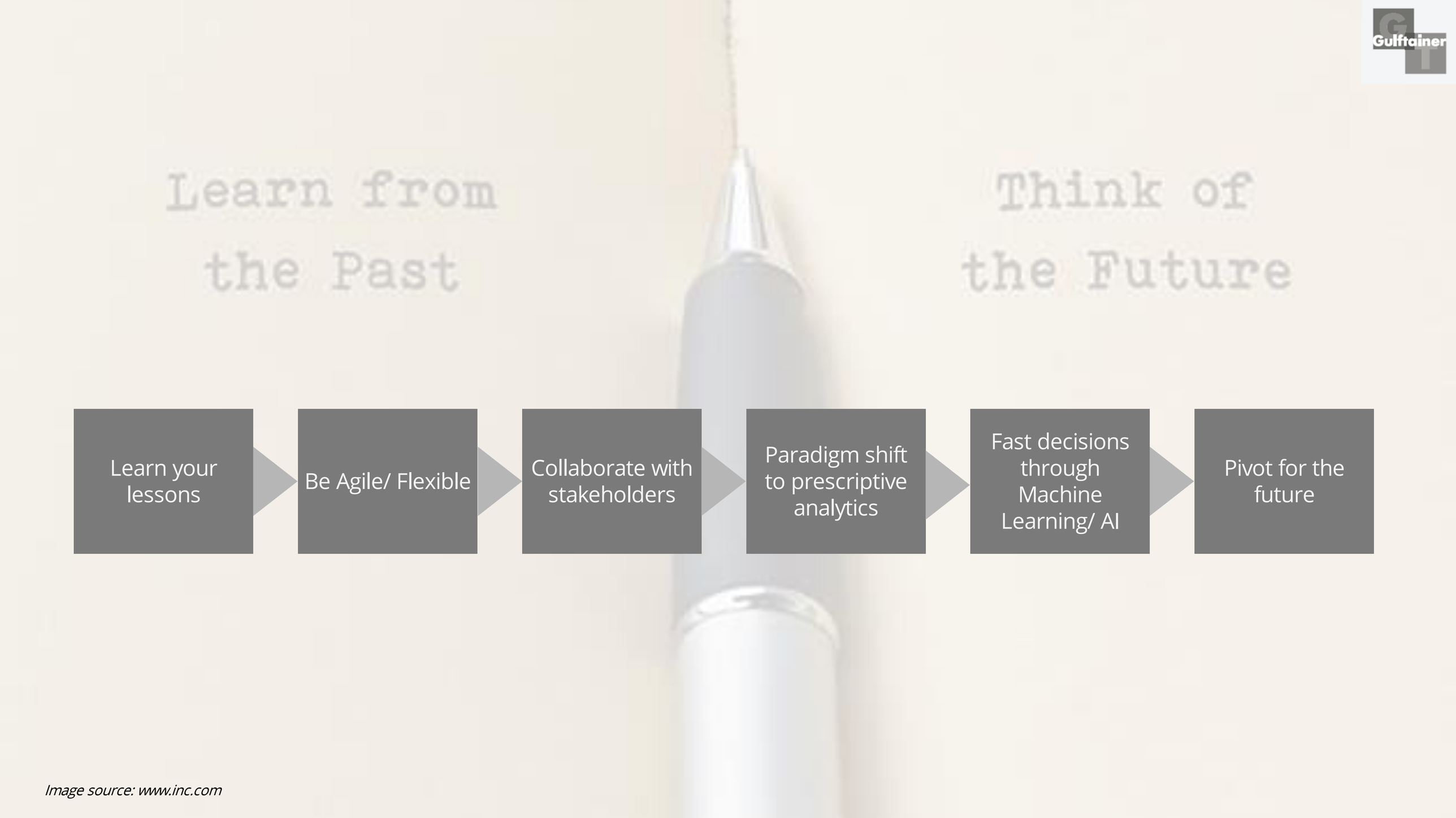
Collaboration is the key element that can help the stakeholders to be prepared for the future cycles

2011 **2016** **2020** **Future** **Future**

We need to leverage the Descriptive-To-Prescriptive Analytics Paradigm Shift



Source: Gartner



Learn your lessons → Be Agile/ Flexible → Collaborate with stakeholders → Paradigm shift to prescriptive analytics → Fast decisions through Machine Learning/ AI → Pivot for the future

Image source: www.inc.com