



Berenberg/HWWI Study: Shipping in an era of digital transformation

Structural shift in shipping – opportunities through digital networking

Hamburg. The digitalization process taking place in every area will also determine the future of shipping. The changes will affect the structures and business models of the industry as well as production. “Shipping will be marked by much greater integration of individual business models, becoming part of overall logistics platforms,” said Berenberg economist Dr Jörn Quitzau in the new “Shipping in an era of digital transformation” study put out by the Berenberg private bank and the Hamburg Institute of International Economics (HWWI).

The new technological means to process masses of data and link them intelligently with algorithms make possible an entirely new level of communication and networking. “The ability to centralize decentralized digital information on a **digital platform** creates great potential for organizing markets efficiently. Large platforms are inserting themselves between suppliers and purchasers, and coordinating their plans. We can expect that there will ultimately only be a few providers of logistics platforms worldwide, and that they will integrate shipping in 360° solutions much more than has been the case until now. Smaller providers, go-betweens and intermediary suppliers will come under increasing pressure,” said HWWI Director Professor Dr Henning Vöpel.

The **networking of vessels and ports** is an enormous opportunity for shipping. On both sides this will require retrofitting with high-performance digital infrastructure, glass-fibre data cables and the G5 mobile radio standard, as well as full-coverage use of sensor and satellite data. “Shipping is networking into a complex technological system through the exchange of data and digital platforms. This makes it possible to control and organize logistics chains in real time, reduce waiting times, and predict

ship arrivals more accurately,” said Quitzau. This increased connectivity opens up the possibility of unmanned shipping at some point in future. But the resulting economic benefits will probably be slight in comparison to those resulting from improved logistics chains, faster routes and more transparent information.

In manufacturing, great structural changes will result from **3D printing technology** and the evolution of the **smart factory**, process automation by algorithms and robots. This will bring with it a major decentralization of production. “Bulkier capacity will grow disproportionately. But the container will remain a central element of worldwide freight traffic,” said Vöpel.

“We expect world trade to remain on a stable growth course long-term, but the long-valid rule of thumb that ‘international trade grows twice as fast as the gross world product’ is a thing of the past,” said Philipp Wünschmann, Head of Shipping at Berenberg. “Shipping is in the midst of a consolidation process. Shipping companies are joining up to form large providers, strategic alliances are being formed.”

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