

Disruptive Corner

The future of the Nordic Maritime Industry

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In October 2016 the Finnish Ambassador was host to the Nordic matchmaking event for leading Finnish and Danish companies within the maritime industry. The event had participation from market leaders like the Finnish company Wartsila, Danish shipping behemoth A.P. Moeller Maersk or a high tech start-up like Iceeye offering high resolution imaging data from small satellites.

This year's event featured the novel theme of Disruptive Corner. The purpose of Disruptive Corner was to initiate a dialogue about current trends and views on the ongoing industry transformation sweeping major parts of the companies in the maritime value chain. 50 Finnish and Danish leading maritime companies were challenged in regard to the industry's history of innovation performance in comparison to other industries. The companies were also asked to name what they considered to be the three most innovative companies within their industry and whom to expect bring about the major renewal and changes in the next 3-5 years. Finally we discussed the current business models within the maritime industry and where the companies thought there would be the best chances to attack, change or disrupt current practices.

Long trend history of innovation revealed that the maritime industry has been a laggard in regard to e.g. the shipping industry. The American company Sealand invented the first ship container back in 1956. Since then the primary change has been to build container ships bigger and bigger epitomized by the Maersk's current Triple E container ships able to carry 18.000 containers. Compare this to e.g. the retail industry, which has seen its business model being disrupted at least four times within the last 100 years. The initial department stores (1900) were disrupted by the mail order catalogue (1930s), which again was disrupted by the big box hyper markets (Wal-Mart 1950's and 1960) to the latest transformation brought about by Amazon's global e-commerce platform.

The comparison between retail and shipping was generally agreed to illustrative and several companies thought the maritime industry was ripe for disruption. One area that was considered up for grabs was how current practices around insuring and financing ships. Especially insuring ships is a major cost item and anyone who can come up with

radical new ways of insuring ships could upset current practices and conquer market shares.

Other companies argued that consolidation and vertical integration throughout the value chain would be the response of the incumbent market leaders to the threats from disruption. A counterargument to this idea was that vertical integration wouldn't remedy the fundamental challenge that the profit zone was moving fast to the areas of the interface with the end-consumers and in this game global IT-platform companies like Amazon and Ali Baba had the upper hand, and even specialized and niche oriented app start-ups like Roadie, labelled the Uber of transport, could attack the revenues streams and business models of incumbent shipping companies. It was generally agreed that the decade long practice of letting forward freighters handling the customer interface was out-dated and represented a legacy problem for making full use of the benefits offered by IT solutions.

A final insight from the Disruptive Corner was in regard to the question: who do you think are the most innovative companies in the maritime industry. A large majority of the respondents mentioned large global companies like: ABB, Wartsila, Siemens and Maersk – in general no small start-ups or outside industry players like Amazon were considered. Large corporates may indeed be good at innovation. Nevertheless, it is rare that all new radical or disruptive innovations only will originate from within the industry, and it will be interesting to follow-up the maritime industry's transformation and discuss observed changes at next year's Finnish-Danish maritime business event, where it seems likely that the novel concept of Disruptive Corner will be repeated.