

# Case TradeLens

Information Management & Knowledge  
Management (IN2105) - Team 21

Munich, 20.11.2020



# Team Introduction

---



**Janine Marquardt**

*Information  
Systems*



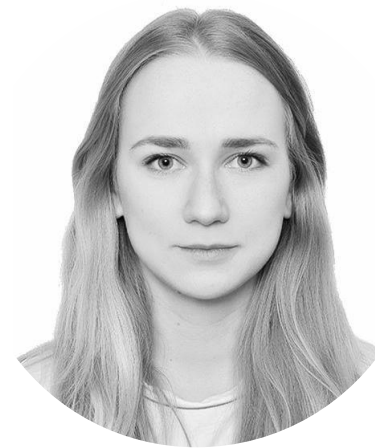
**Rainier Klopper**

*Information  
Systems*



**Mira Kochdumper**

*Information  
Systems*



**Anna Sirenko**

*Information  
Systems*

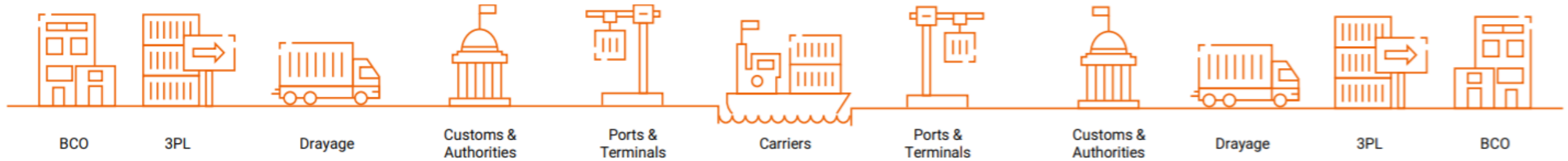


**Daria Parshina**

*Management &  
Technology*

- 1 | TradeLens Introduction
- 2 | Which potentials does TradeLens leverage?
- 3 | What factors influence the created value?
- 4 | What hinders the value creation?
- 5 | What is the value of IS in today's business environment?

- 1 | **TradeLens Introduction**
- 2 | Which potentials does TradeLens leverage?
- 3 | What factors influence the created value?
- 4 | What hinders the value creation?
- 5 | What is the value of IS in today's business environment?

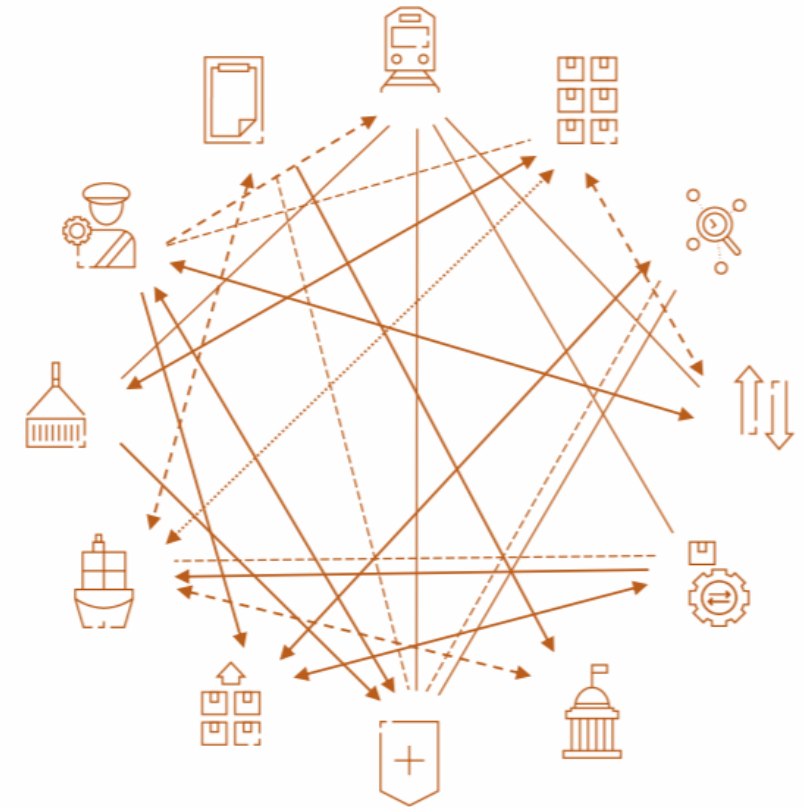


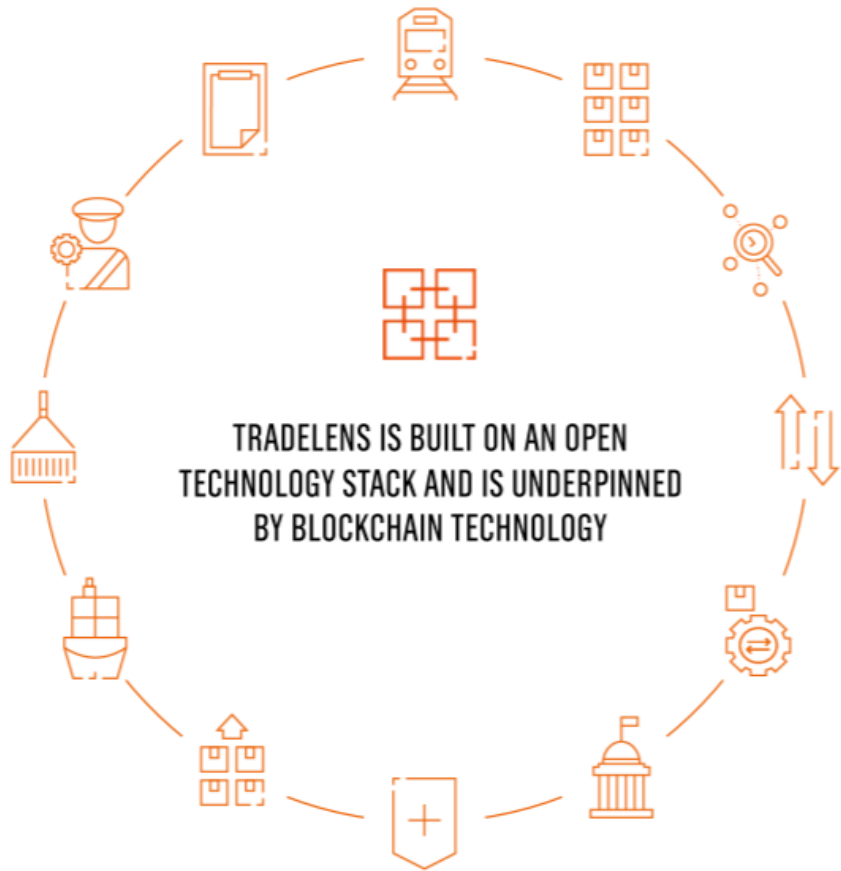
**“An open and neutral Blockchain-powered platform that is digitizing the global supply chain and transforming trade.”**

- + TradeLens is ushering in a new era in global supply chains—one where all parties can collaborate, share data, and realize the benefits of digitization.
- + Data is published directly from the source so the right people can securely manage their supply chain in near real-time.
- + TradeLens breaks down longstanding data and processing silos that exist among trading partners and simplifies the flow of documentation that accompanies every shipment.
- + The platform is being driven by a broad collaboration of industry players under the leadership of IBM and Maersk.

## **Global trade is highly inefficient and burdened by a paper-based process**

- Individual organizations, which are a part of the global supply chain, operate their own IT Supply Chain Systems
- No standardization of documents and information
- Multiple documents need to be updated by multiple parties of the supply chain
- Many regulations still require paper documents
- These challenges have significant impacts:
  - Inability to forecast and plan effectively
  - Address supply chain disruptions in near real-time
  - High administrative costs
  - Operational challenges





## Digitize the Global Supply Chain

- **Connect:**  
Bring together all parties in the supply chain - including shippers, freight forwarders, intermodal operators, ports and terminals, ocean carriers, customs and other government authorities - onto a blockchain-based platform
- **Information Sharing:**  
Provide for the seamless, sharing of real-time, actionable supply chain information across all parties



- 1 | TradeLens Introduction
- 2 | **Which potentials does TradeLens leverage?**
- 3 | What factors influence the created value?
- 4 | What hinders the value creation?
- 5 | What is the value of IS in today's business environment?



# Potential Business Value of Trade Lens

- 1**  **Digitization**
  - Digitizing trade information, documents and trade processes
  - Using smart contracts
- 2**  **More connected and digitized state of supply chains**
  - Shared ledger for shippers, carriers, custom officials and more using the same technology, processes and documentation
- 3**  **Reducing non tariff barriers to trade**
  - Making regulatory compliance as efficient as possible by using blockchain technology to ensure secure, encrypted, authenticated and verifiable transactions
- 4**  **Reduce costs and risks**
  - Reduce cost of global shipping, shorter waiting times, increasing on-time deliveries and reduce risk mitigation costs

- 1 | TradeLens Introduction
- 2 | Which potentials does TradeLens leverage?
- 3 | **What factors influence the created value?**
- 4 | What hinders the value creation?
- 5 | What is the value of IS in today's business environment?

# Factors Influencing the Created Value

## Macro Environment:

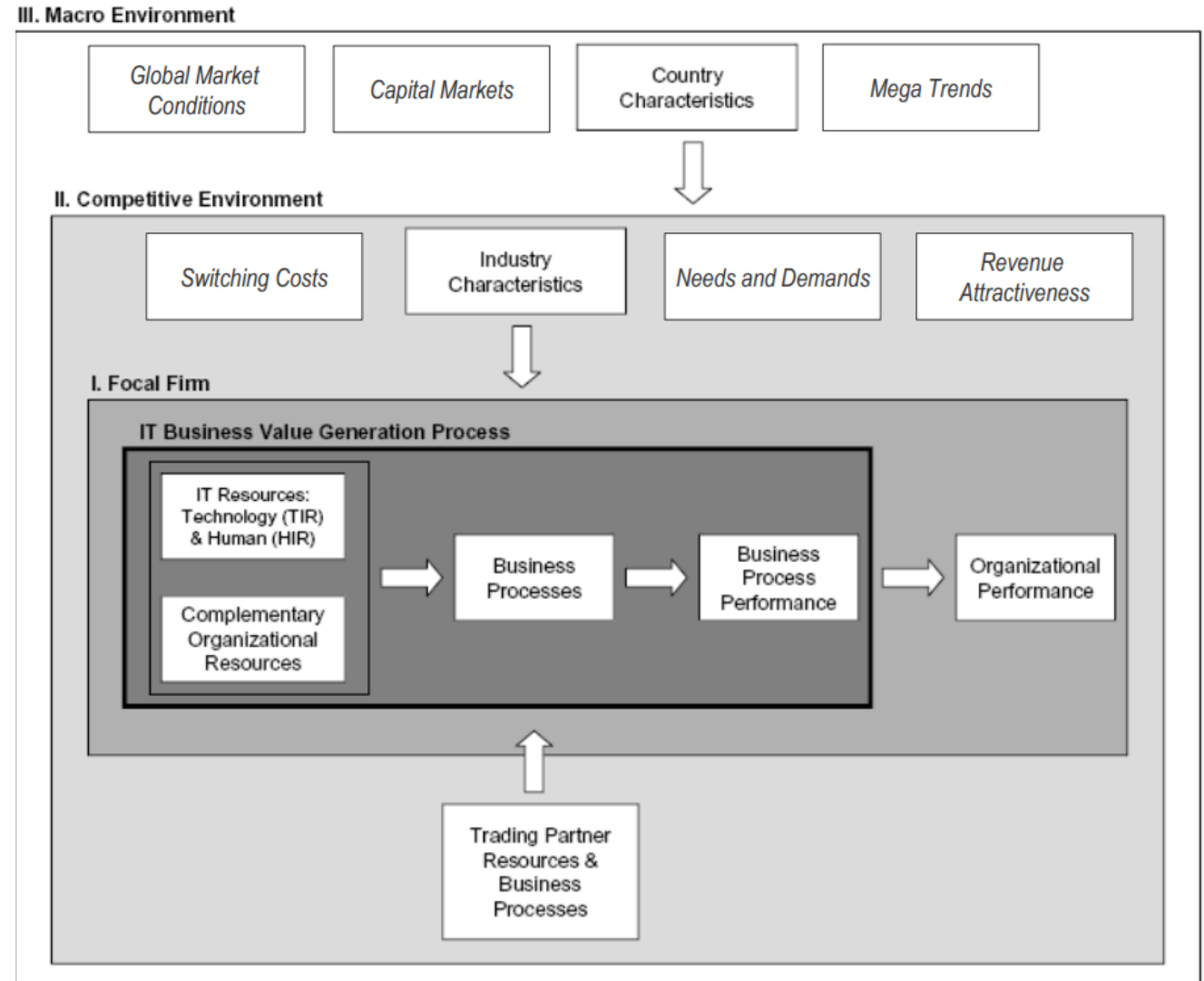
- Digital Platform (with API) (+)
- Block-Chain (IT-Security) (+)

## Competitive Environment

- Switching Cost can be high (-)
  - Needs and Demands:
    - IT-Security (+)
    - Standardized Documents (+)
    - Updateable Documents by Multiple Parties (+)
    - Necessity of Paper Documents (-)
  - Revenue Attractiveness:
    - reduce administrative costs (+)
    - reduce int. trade costs by 5-20% (+)
    - increase ww. trade volume by 10-15% (+)
    - increase global GDP by 3-5% (+)
1. 25\$ fee per container (shippers only) (+)

## Business Processes:

- Digitizing global supply chains into a connected and digitized state, digitized trade processes (+)



- 1 | TradeLens Introduction
- 2 | Which potentials does TradeLens leverage?
- 3 | What factors influence the created value?
- 4 | **What hinders the value creation?**
- 5 | What is the value of IS in today's business environment?

## Regulations



- Paper documents requirements
- Negotiating agreements
- Obtaining licenses

## Trust



- Stakeholders are competitors
- Scepticism about sharing any kind of information

## Lack of standards



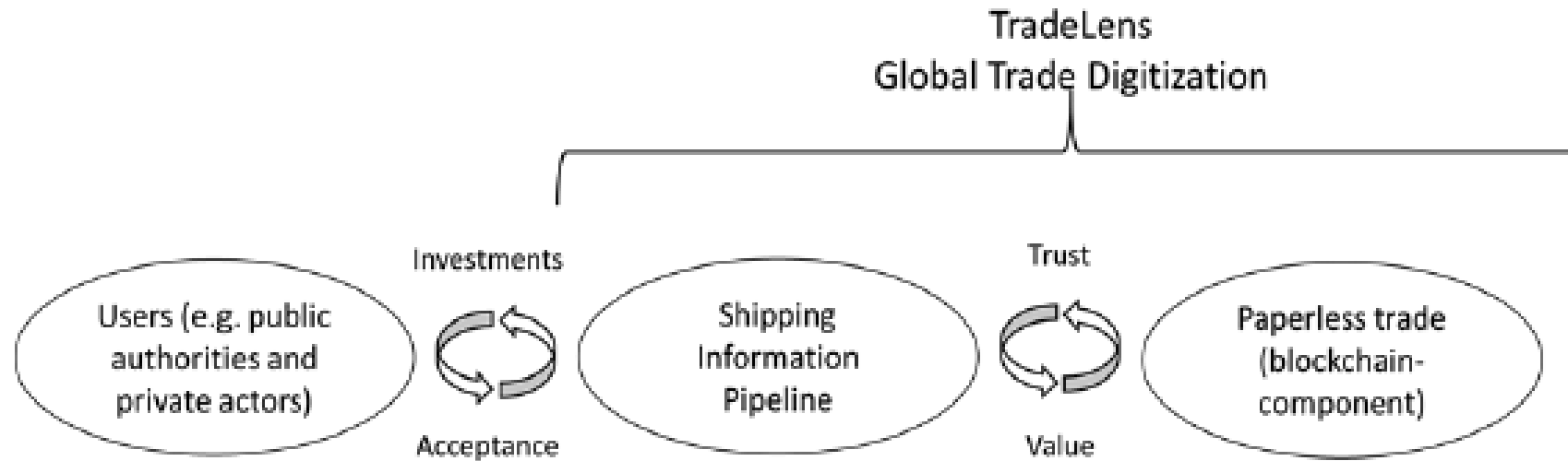
- No standards for trade data
- No ready-made interface
- Integration with traditional IT systems is needed

## Concerns about ability to take off



- Reluctance to be first in investing into a new technology

# Double-Network Effects



Without necessary infrastructure there is no value for a potential user

Without a network of participants no value in investing

Blockchain-based component has no value without the enabling digital infrastructure

- 1 | TradeLens Introduction
- 2 | Which potentials does TradeLens leverage?
- 3 | What factors influence the created value?
- 4 | What hinders the value creation?
- 5 | **What is the value of IS in today's business environment?**



# Value of IS in today's business environment

---



**Digital business strategy** as an overarching phenomenon over IT and business strategy



**Operational efficiency** - automation, improvement of business processes, cost savings



Increase in **organizational performance** - innovativeness, financial performance, firm growth, competitive advantage



Enables the creation of new **value proposition** that rely increasingly on the provision of services



Enables redefinition of **value network** (close collaboration or direct exchange among participants)



**Thank you for Your  
Attention!**

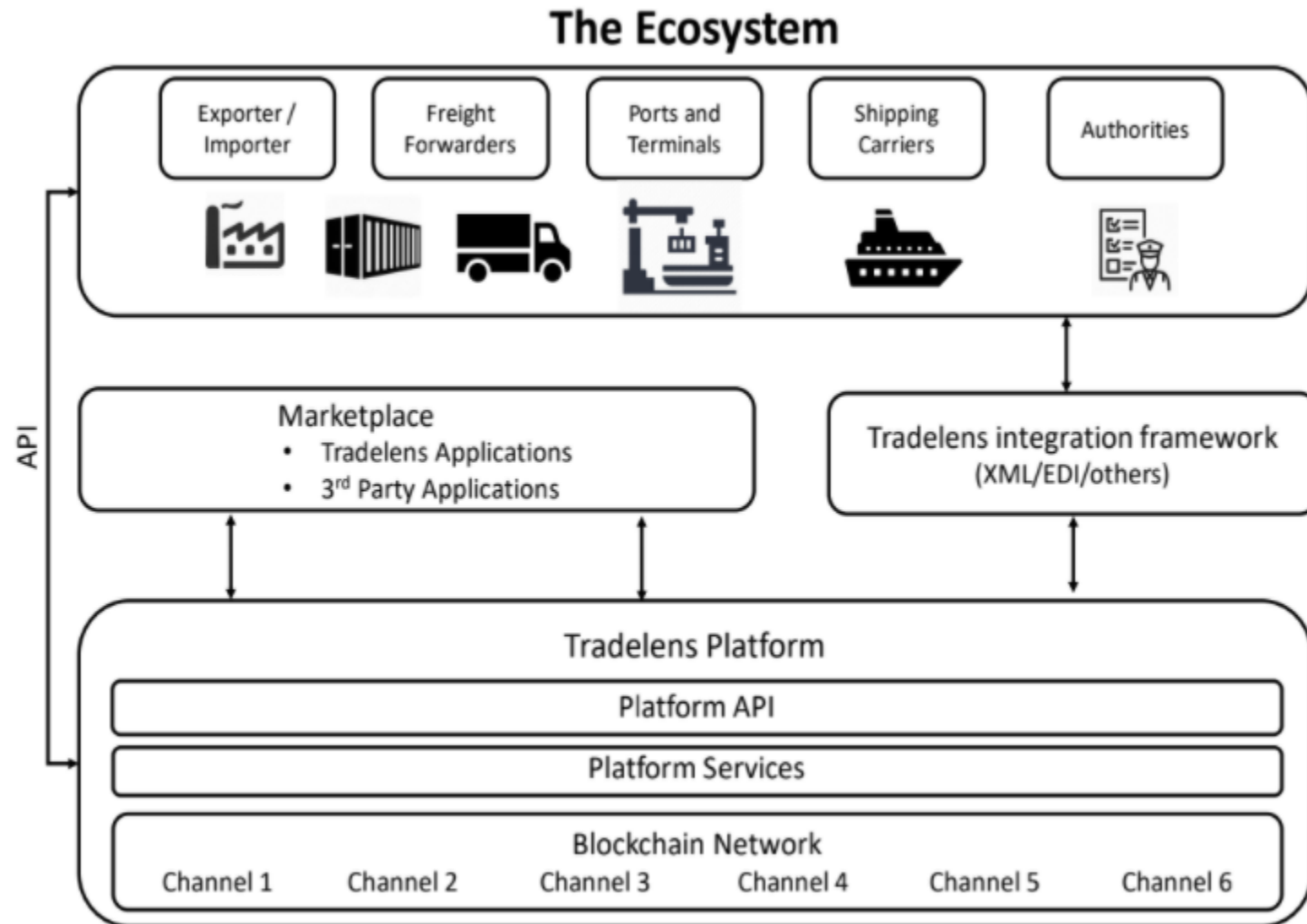
1. Why do you think getting authorities around the world to use TradeLens is difficult?
2. Participants in the container shipping industry have shown significant interest in the concept of TradeLens. Nevertheless, there is only a slow adoption of the solution. What could be possible reasons?
3. TradeLens needs to attract a substantial user bases for both its infrastructure and blockchain-based exchange mechanisms to become a commercially viable solution (double-network effect problem). Why?



# Back-up Slides



# TradeLens Ecosystem



**Figure 11. Decoupling the SIP and PT Components of TradeLens Would Remove Double-Network Effects and Allow Other Uses, Platforms, and Complementary Services**

