

# REDEFINING DIGITAL TRUST

## MODERNISING SUPPLY CHAIN STRATEGIES AND PARTNERSHIPS



A workshop report published by



*CIO Academy Asia, in close partnership with Ant Group and Veeam, hosted a breakfast Forum on “Redefining Digital Trust – Modernizing Supply Chain Strategies and Partnerships” on 8 Apr 2022 with some select CIOs and Directors from the CPG, Supply Chain and Government organization sectors. The audience were mostly CIOs from YCH, Procter & Gamble, Roche, Zuellig Pharma, GE Healthcare, Goodpack, Luxasia, Alliance 21, just to name a few.*

*Mr P. Ramakrishna (Rama), the CEO of CIO Academy Asia, started the forum by highlighting that traditional linear Supply Chain business model will need to transform in the new Digital Age. Rama highlighted that there needs to be a new change towards a 360-degree Airport Control Tower model for better visibility, given the growing digitalization space involving the network of partners, suppliers and distributors in the entire Supply Chain! He also shared that today’s digital shoppers can now choose to buy on multiple channels, anytime, anywhere and on any device.*

*Mr Jeffrey Tan, Head of Group Corporate Development and Group Technology of YCH, being the largest home-grown Supply Chain company in Singapore. Tan elaborated on YCH modernization strategies in practice. He outlined 3 key strategies namely the Physical Cargo flow, the Information and Data flow and the Financial flow. Throughout his presentation, Tan highlighted practical examples of game-changing technologies that YCH has adopted which resulted with huge increases in efficiency and cost savings.*

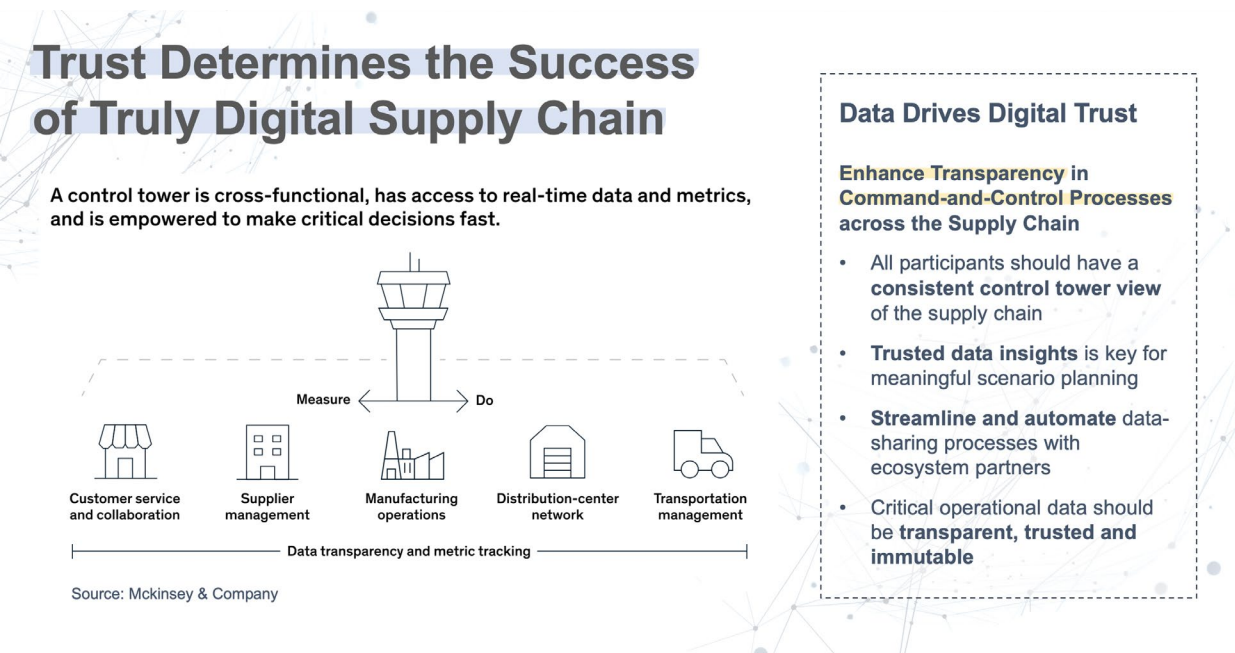
*Mr Derrick Loi, General Manager, International Business, Digital Technology Division, Ant stressed that Digital Trust more than data is the new currency in the new economy. Loi explained that with Digital Trust, comes data computation naturally. Loi explained to the audience that digital trust can transform traditional cross-border trading, trade finances and food safety.*

*CIO Academy Asia then organized a panel of discussion comprising of Ms Avis Eastal of Luxasia, Mr Jeffrey Tan of YCH, Mr Derrick Loi of Ant Group and Mr Casa Goh of Veeam, with the CIO participants. This report is based on insights shared during this breakfast workshop.*

## Trust Determines the Success of Supply Chain

Taking a quote earlier from Mr Robert De Souza, Executive Director and CEO, the logistics Institute – Asia Pacific, Control Tower technology is becoming more necessary for today’s Supply Chain business. In essence, as highlighted in the pictorial below, with the Control Tower, cross-functional parties involved in the supply chain are now empowered to make fast critical decisions, both proactively and reactively. Within this element of the Control Tower is an underpinning enabler called Trust, covering two key aspects; business and digital.

Provenance and traceability are now beginning to be part of growing expectations with the new generation of customers who are big believers of sustainability, safety and green consciousness. Data captured across the value chain has also now become mission critical as a competitive advantage, new mechanisms must be created and to ensure that such data can be validated by the network and is immutable and resistant to fraud and cyber attacks.



## **Actionable Intelligence, not just Products are Needed**

The CPG sector is an industry term for merchandise that customers use up and replace on a frequent basis such as food, beverages, cosmetics and cleaning products. Avis expressed that during the pandemic, cosmetics such as lipsticks had the largest drop in sales because everyone everywhere was wearing masks outdoors and indoors. Lipsticks no longer became a daily necessity. Product inventory beyond lipsticks, were actually sitting at the warehouse for long extended periods!

While traditional strategies such as huge discounts were being offered, it wasn't enough because such items were no longer the needed during the crisis. Innovative ideas were required especially during this period where prediction of sales based on historical data were not effective. Actionable data insights and innovation will change the game for CPG operations.

One of the major issues that this industry has been facing is the transformation of disconnected data into actionable intelligence. It is a fact that even though most companies are active in this space have increased investment in data-related technology, they still operate with disorganized and disconnected product data. This stifles the ability to be more agile. Avis highlighted that the historical data which LuxAsia had during the pandemic could at best give only a 40% sensing, the rest has to be complemented with intelligent analysis and smart insights. She also pointed out that data recoverability must be aligned to the various systems which organisations have in place e.g., ERP, CRM, SAAS systems etc.

She felt that the data-driven journey for most organisations is certainly not a simple one, it requires complete visibility and actional insights of the data available across all operational systems.

## Uneven Adoption of Digitalization

While it was acknowledged that almost every industry is going online very swiftly, the logistics sector has been badly impacted because not everyone is at the same level of digitalization. Casa from Veeam, added that the infrastructure layer needs to be secured, trusted and reliable. There is a big pool of companies today that are still reluctant to adopt public cloud services and additional data security services that come with the use of trusted public cloud service providers. It is therefore no surprise that there are frequent cases of cyber-attacks exploiting on-premise system vulnerabilities. Safeguards must be put in place to protect organization-wide data from being hacked.

A recent regional poll conducted by CIO Academy Asia about digital transformation trends having the biggest impact on their business in 2022 showed that 62% of the CIOs voted for Data Management which encompasses Analytics and Data Privacy, and another 53% voted for Artificial Intelligence/ Machine Learning.

In order to address the dichotomy of growing data exchange with ecosystem partners versus the need to tighten governance and security of critical data, robust data hygiene must be enforced vertically throughout the IT stack and horizontally across the organisation's business units. Fundamental best practices such as regular data backup and recoverability, data portability (across alternative infrastructure services and SaaS Apps) and data immutability for mission critical archives are even more important and should be modernised along with the adoption of new digital apps and cloud services.

Participants at the forum also discussed about the adoption of new Digital Trust technologies such as Blockchain and Multi-Party Computing to address Data Management issues, especially in areas such as Cross-Border Trade, Finances,

high value assets such as vaccines and medicines, as well as Food Safety. Loi added that it was important not to change existing systems, but rather to spend time to understand how it can be transformed with its current limitations. And instead of replacing it, one can use Multi-Party Computing APIs to exchange results of the computation that are relevant enough to different parties without compromising the privacy of data. The goal of Multi-Party Computing is to create methods for parties to jointly compute a function over their inputs while keeping those inputs private. Unlike traditional cryptographic tasks, where cryptography assures security and integrity of communication or storage and the adversary is outside the system of participants (an eavesdropper on the sender and receiver), the cryptography in this model protects participants' privacy from each other.

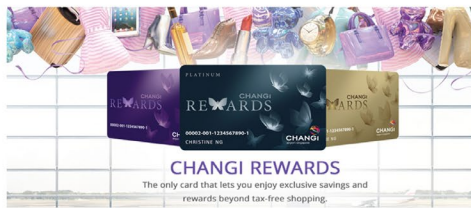
## **Covid Silver linings**

YCH realized that the pandemic will affect their revenues if nothing was done. So, they decided to create new waves of opportunities during the ongoing crisis instead. A new movement of high demand in Swab Test, Vaccines and digital Commerce came into light. While YCH themselves did not have an IT arm, they leveraged their two technology subsidiaries namely, Y3 and Ascentis, to lead their charge to create these new waves of opportunities.

They quickly adopted many new game-changing technologies such as drones for stock-taking, robots and Automated Guided Vehicles to quickly reduce manpower needs and re-deployed their staff to accelerate new growth areas such as Digital Commerce and Retail.

Retail became the new silver lining for YCH. Some of the new successful clients include Changi International Airport shopping called iShopChangi, Starbucks and even IKEA, a well-known global brand.

## OUR RETAIL STORY



A rewards program designed for the most recognized and awarded international airport in the world – Changi International Airport.

Interfacing with 1200 Point of Sales across 900 retail and F&B stores, airmiles points exchange and rewards at airport e-commerce.



### Airport e-Commerce

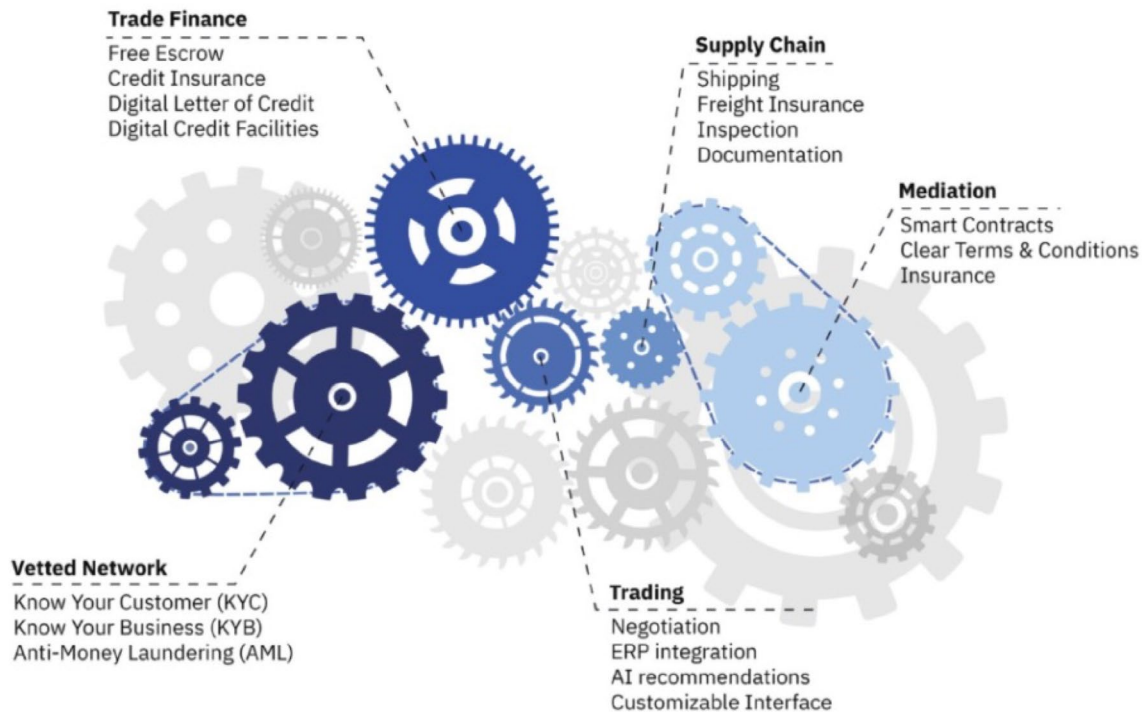
The first full service airport ecommerce platform in the world. Developed for Changi International Airport, it provides duty free shopping online, seamless pick, pack and collection process where travellers pick up the purchases on the day of departure conveniently at the departure terminal collection centre.

## New Waves of Digital Supply Chain

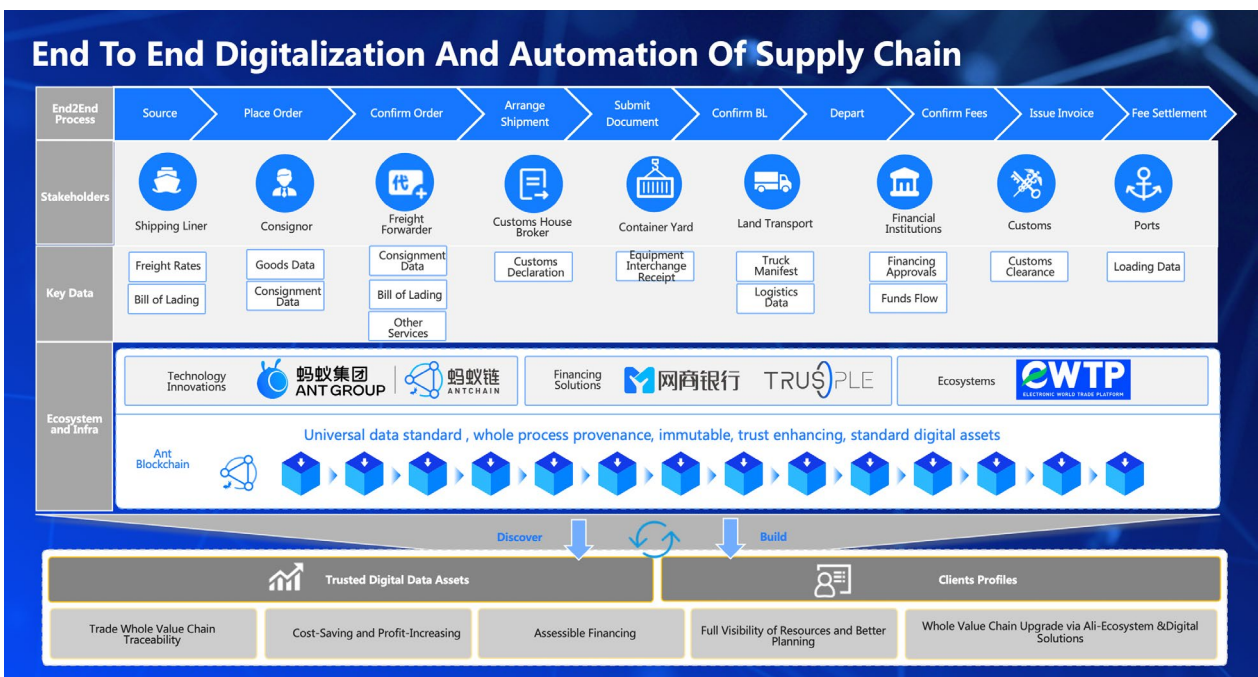
Loi from Ant Group shared about a new and promising area called Cross Border Trading where technologies such as Blockchain can be utilised. During the pandemic, companies are concerned about the cost of Cross Border payments and the extra overheads to be paid to the various financial parties. The pandemic has accelerated the adoption of cross border payments that can bypass traditional finance process overheads, and thereby giving companies the much needed savings, as well as potentially creating new partnerships for those wanting to adopt new capabilities in Cross Border Sales.

Loi mentioned that the Ant Group has developed Trusple for the Supply Chain community, a Cross-Border payment system which will help partners, suppliers, vendors, etc to save big on transaction costs, make secured transactions where scams and hackers are kept at bay, in addition to creating more convenience for taking orders.

## CROSS BORDER TRADE SOLUTIONS



Cross Border Trading technology is only the tip of the iceberg by Ant Group. A greater wave is coming for Digital Supply Chain. Loi explained the entire end-to-end supply chain of digitalization and automation with the diagram below:





## Key Takeaways

1. The tech world is primed for change! Enterprise-grade, non-invasive, pay-for-what-you-use and open, connected applications will drive this change.
2. Logistics/Supply Chain/CPG companies should find ways to transform beyond their traditional business models. One can expand or diversify into Digital Commerce or market with Digital 3D showcases instead of physical showcases to grow your demand.
3. If you aim to grow big as a Logistics/Supply Chain/CPG company, adopt game-changing technologies that can help create new business models and new ways to engage your customers. Actionable data insights will be the competitive advantage for today's businesses.
4. Winning the consumer across marketplaces, brick & click, social, B2B, D2C channels requires a complex mix of knowledge, processes, tools and technologies.
5. Digital Trust for Supply Chain partnerships will be the new currency. Embrace Digital Trust technologies like Blockchain, Multi-party Computing and more, where privacy of data is not compromised.
6. Digital trust also means trust in data. Data governance, resilience and transparency is key to support the trust economy.
7. Agility has become an important factor with modern day supply chain operations, but this can only be done when there is an overall 360-degree visibility and control similar to the airport Control Tower analogy.
8. Last mile delivery is a very important aspect of the entire supply chain, if not done properly it can disrupt the entire supply operations.
9. Stay vigilant, leverage opportunities, and plan the next steps for growth while making sure you remain resilient when the next crisis occurs. Either you innovate or die!



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