Future Thinking S3 E1: Smarter Seas: Shipping In A Digital Age

00:00:05.715 --> 00:00:12.095
<v SPEAKER_1>Hello, and welcome to Future Thinking, an Alongside mini-series from North Standard, one of the world's leading marine insurers.

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<v SPEAKER_1>I'm Mike Salthouse, and in this series, together with my colleague Helen Barden, and with the help of our guests, we will be looking at new technology and how this will impact the maritime industry.

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<v SPEAKER_1>In this first episode, I'm joined by the renowned futurist KD.

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<v SPEAKER_1>Adamson, who I learned recently is the parent of a serving seafarer.

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<v SPEAKER_1>So some real life insight into the application of technology on ships.

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<v SPEAKER_1>Kate, welcome to the podcast.

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<v SPEAKER_2>Thank you very much.

00:00:36.915 --> 00:00:38.295
<v SPEAKER_2>It's a great pleasure to be here.

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<v SPEAKER_1>Excellent.

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<v SPEAKER_1>So where to start?

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<v SPEAKER_1>Well, I suppose most of the shipping industry is convinced that new technology will significantly impact working practices and ship operations.

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<v SPEAKER_1>But we're all a little uncomfortable, uncertain perhaps, talking about what those impacts are going to look like.

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<v SPEAKER_1>And certainly few of us in the industry would really dare to suggest that they fully understand the impact or the potential of the technological changes that we're starting to see.

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<v SPEAKER_1>So I was curious to see that you describe yourself as a renegade futurist who deconstructs the techno-optimist narrative showing tomorrow isn't a tech problem, it's a value problem, and other futures are available.

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<v SPEAKER_1>So I wonder if we could start by saying in the context of the shipping industry, specifically, what do you mean by that and how your views might translate into the specifics of the shipping industry?

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<v SPEAKER_2>Okay, well, I think to take a step back, where to start is probably that the post-war era really has been defined by this idea that technology will determine the future.

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<v SPEAKER_2>And specifically, corporate science and technology.

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<v SPEAKER_2>These days, when you say you're a futurist, everyone just assumes that you talk about technology, because that's what the future is all about.

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<v SPEAKER_2>So people are often very surprised when I don't.

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<v SPEAKER_2>And in that respect, I guess I'm a bit of a renegade because I challenge that narrative that the future is basically determined by technology, because if you make the future all about technology, it disempowers you, you know, it reduces you as individuals, you know, to the sort of consumers of this technology defined future.

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<v SPEAKER_2>And we're at a really important turning point now.

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<v SPEAKER_2>I think it makes you feel like if you don't understand technology, you can't influence the future, right?

00:02:22.175 --> 00:02:25.135
<v SPEAKER_2>And it's interesting the way you open this conversation.

00:02:25.455 --> 00:02:33.415
<v SPEAKER_2>You know, there are a lot of people who really wouldn't feel comfortable, you know, making any pronouncements about, you know, where technology will go on or how well they understand it.

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<v SPEAKER_2>And I think that's a real problem.

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<v SPEAKER_2>The very fact that people feel like that is an issue because what that enables technology companies and technology evangelists to do is to start owning the future and the real estate of your head, right?

00:02:46.775 --> 00:02:48.315
<v SPEAKER_2>And that's not a good thing.

00:02:48.315 --> 00:02:51.635
<v SPEAKER_2>So technology is basically morally neutral until we use it.

00:02:51.975 --> 00:02:53.815
<v SPEAKER_2>Technology is a tool.

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<v SPEAKER_2>And that's why the future is going to be determined by what we value, not actually by the technology that we create.

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<v SPEAKER_1>So if I understand some of the material that you published correctly, it's global multinational operations such as the shipping industry, which actually have a particular vulnerability to advances in technology.

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<v SPEAKER_1>And I'm really wondering there for, given what you say, it's more about values than simply the technology.

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<v SPEAKER_1>How can the shipping industry approach the adoption of new technology, which is coming really whether it likes it or not, in a way that sort of builds resilience towards it and perhaps protects the things that are important to it?

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<v SPEAKER_2>I think I need to go back to this value thing, because up until now, the closest that we've really come globally to shared values are money and economics, right?

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<v SPEAKER_2>And that's breaking down.

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<v SPEAKER_2>That's the big issue that's behind all of this technology stuff, because today, probably as we're talking now, President Trump is being inaugurated.

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<v SPEAKER_2>And his return to the White House really does signal the end of this post-war sort of globalization consensus, this neoliberal market fundamentalism.

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<v SPEAKER_2>And what that's allowed business and particularly globalized multinational business to do is to be neutral.

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<v SPEAKER_2>It can be politically impartial in search of its profit.

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<v SPEAKER_2>But today, a deep sea shipping is a comparatively simple business, actually, with comparatively low cost and comparatively low barriers to entry.

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<v SPEAKER_2>And tomorrow, it's going to be completely the opposite.

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<v SPEAKER_2>Because in this new moral age, everything from sanctions busting to diversity, emissions, all these kind of things are becoming increasingly uncomfortable.

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<v SPEAKER_2>And these are not things that we've had to talk about in the past.

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<v SPEAKER_2>This has been very much hidden away, the spotlight is being shone on them.

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<v SPEAKER_2>And so we've got these problematic business models.

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<v SPEAKER_2>We've got the risk of stranded assets, governance issues, demand volume pressures, and all these misaligned incentives, and also these highly complex, evolving customer demands and expectations.

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<v SPEAKER_2>So navigating this new moral age is going to be a defining challenge for a whole generation of business leaders in shipping.

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<v SPEAKER_2>And the connectivity and the technology that has enabled globalization is now becoming a major emerging threat, right?

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<v SPEAKER_2>Because wherever you are in the world, whatever your business is, cyber attack is the greatest risk that you face currently.

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<v SPEAKER_1>Yeah.

00:05:09.335 --> 00:05:14.275
<v SPEAKER_2>And we've seen devastating state-sponsored cyber attacks on all sorts of infrastructure.

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<v SPEAKER_2>And last year, we had a new front that opened up in terms of the weaponization of the supply chain when the Israeli shell companies created these exploding pages and designated them in public spaces, right?

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<v SPEAKER_2>Now, I'm not going to even begin to discuss the rights and wrongs of that.

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<v SPEAKER_2>But the fact is, it happened.

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<v SPEAKER_2>And we've now, not since then, but even before then, we'd seen cargo planes targeted, we've seen warehouses targeted.

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<v SPEAKER_2>So the point is that the supply chains, which have been so global and are so global, have been really incredibly safe because we've all wanted global trade to be a force for good.

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<v SPEAKER_2>And the thing is now global trade is becoming weaponized.

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<v SPEAKER_2>So the global technology model, as I say, has been fundamentally undermined by this.

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<v SPEAKER_2>You could, in the old days, you could be technology agnostic.

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<v SPEAKER_2>As long as your tech was affordable, it was fit for purpose, it was efficient, then that was absolutely fine.

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<v SPEAKER_2>Now, you've got to think much more carefully.

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<v SPEAKER_2>It's got to be geostrategically and geopolitically aligned.

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<v SPEAKER_2>You know, where is your data?

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<v SPEAKER_2>You know, what platforms are you using?

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<v SPEAKER_2>And there's a whole range of much wider enterprise risks that you've got to take into account, which go way beyond how efficient it is.

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<v SPEAKER_2>So I think the bottom line here is that the age of optimization is kind of over, because optimization, by definition, means that you need a degree of certainty about the circumstances you're optimizing for.

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<v SPEAKER_2>Because by definition, what optimization does is it reduces resilience and it reduces adaptability.

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<v SPEAKER_2>But we're losing that certainty, which means that optimizing to the nth degree isn't practical anymore.

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<v SPEAKER_2>And what's being exposed is all sorts of concentration of dependence, which is really interesting.

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<v SPEAKER_2>Do you remember last year when the CrowdStrike outage happened?

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<v SPEAKER_1>Yes.

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<v SPEAKER_2>All sorts of stuff all over the world went down.

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<v SPEAKER_2>People had no idea that somewhere in the digital background, they were dependent upon CrowdStrike.

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<v SPEAKER_2>If you look at the cloud market, it's something like 70% of the cloud market globally is controlled by four players, 30% of that by Amazon Web Services.

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<v SPEAKER_2>If something happens to Amazon, knock on effects are huge.

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<v SPEAKER_2>Look at it in the shipping and maritime industry.

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<v SPEAKER_2>Virtually all the Solas registered fleet is reliant on the Inmarsat network for GMDSS coverage.

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<v SPEAKER_2>You take Inmarsat out, and as an insurer, you'll know full well they're not insured.

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<v SPEAKER_2>That's a compliance, that's a carriage requirement for a vessel.

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<v SPEAKER_2>And if that's not working, the ship's not insured.

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<v SPEAKER_2>So we have these enormous concentrations of dependence on this invisible infrastructure that lots of people aren't even aware of.

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<v SPEAKER_2>And again, that's fine when everybody plays nice.

00:07:51.815 --> 00:07:55.475
<v SPEAKER_2>But when people stop playing nice, this becomes an absolutely enormous problem.

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<v SPEAKER_2>So how do you address that?

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<v SPEAKER_2>Well, for shipping and maritime, it's important to remember when it comes to technology, that IMO has basically been the customer.

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<v SPEAKER_1>Yeah.

00:08:04.775 --> 00:08:05.115
<v SPEAKER_2>Right?

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<v SPEAKER_2>So what you've done, what suppliers have done is create technology, products and services to meet IMO mandates, rather than actually innovating, understanding their customer and working with them to create stuff that they wanted to buy.

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<v SPEAKER_2>They've just created stuff that they knew they had to buy.

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<v SPEAKER_2>So we talk about disruptive innovation.

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<v SPEAKER_2>What we really need, I always say, is integrative invention.

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<v SPEAKER_2>We're already seeing what's been described as friend shoring.

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<v SPEAKER_2>The idea that we trade primarily with countries that share our values.

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<v SPEAKER_2>I actually talk about values chains, we're moving from value chains to values chains.

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<v SPEAKER_2>And that means we've got to make choices about who we do business with.

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<v SPEAKER_1>Do you think actually shipping has a sort of latent resilience to that, simply because it's historically been quite a slow adopter of technology?

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<v SPEAKER_1>I mean, ships have been, you know, until quite recently, very simple things.

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<v SPEAKER_1>So do you actually think that actually, because it perhaps hasn't invested in some of the cutting edge technologies that might be available in the way perhaps the airline industry has, that actually there is inbuilt resilience in shipping, and it can still catch this values chain now before it becomes too late?

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<v SPEAKER_2>Well, I think that we talked a lot, you know, over the last 10 or 12 years about, you know, the air gap, the idea that the ship was remote, you know, from an awful lot of things.

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<v SPEAKER_2>And actually, that was an enormous benefit.

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<v SPEAKER_2>And the huge downside of, you know, all this about that the only way your ship is just going to be a remote office.

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<v SPEAKER_2>You know, well, that's great in certain respects, but, you know, what that has exposed shipping to is the kind of cyber attacks that it never, it was never a huge problem before.

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<v SPEAKER_2>I mean, I remember going back to 2013, there was a Transcom report, the US Transportation Committee, they record that something like 80% of the US fleet had advanced persistent threat malware sitting on their networks waiting to be activated.

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<v SPEAKER_2>So this has been an enormous downside of all this connectivity.

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<v SPEAKER_2>And at the same time, you've also found that an awful lot of this technology that's been adopted has just disappointed people.

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<v SPEAKER_2>And that's often because people have adopted technology to solve cultural problems.

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<v SPEAKER_2>And it doesn't solve cultural problems.

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<v SPEAKER_2>You know, I hear again and again, oh, well, we just need the technical people, you know, and the commercial people to talk to each other.

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<v SPEAKER_2>Well, the thing is, you can implement all sorts of chat software and this and the other.

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<v SPEAKER_2>If these people don't want to speak to each other, they're not going to.

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<v SPEAKER_2>So an awful lot of digital transformation has been about implementing technology to try and solve issues that were within the enterprise and were cultural.

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<v SPEAKER_2>And that's why an awful lot of it just hasn't worked.

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<v SPEAKER_1>Let's talk a little bit about AI, artificial intelligence and the risks it poses.

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<v SPEAKER_1>Obviously, it offers a lot.

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<v SPEAKER_1>It promises to unlock a new technological age.

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<v SPEAKER_1>What do you think of the risks and opportunities that are in the shipping industry that are posed by AI?

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<v SPEAKER_2>Well, I think to sort of talk about AI more broadly, it's a great example of the Thomas Theorem, which if you're not familiar with that, it goes like this.

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<v SPEAKER_2>If men define situations as real, then they are real in their consequences.

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<v SPEAKER_2>Because let's talk about this existential risk, technological singularity sent in AI stuff.

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<v SPEAKER_2>ChatGPT, impressive though it is, is actually just a pimped out autocorrect.

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<v SPEAKER_2>It guesses the next word.

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<v SPEAKER_2>It's been taught to lie convincingly, and it's backed by a multi-billion dollar PR campaign.

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<v SPEAKER_2>It's financially, legally, environmentally unsustainable.

00:11:36.395 --> 00:11:40.415
<v SPEAKER_2>It is about as likely to achieve sentience as my teapot, right?

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<v SPEAKER_2>And pretty much everyone in Silicon Valley knows that full well.

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<v SPEAKER_2>So when it comes to AI, you have to follow the money.

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<v SPEAKER_2>And it really, really, really is big money.

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<v SPEAKER_2>I think in Q4, something like 51 or 52% of all global VC funding was deployed in AI-focused companies.

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<v SPEAKER_2>Now, that is a staggering amount.

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<v SPEAKER_2>And that was, I think, it's double what it was in the same period in 2023.

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<v SPEAKER_2>So there's a couple of things we need to understand about AI and where it can create values, because AI basically uses the past to predict the future.

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<v SPEAKER_2>And that can be extremely helpful in narrow, well-defined use cases.

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<v SPEAKER_2>That can be exceptionally useful and helpful.

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<v SPEAKER_2>And there are plenty of those actually in shipping and across all sorts of industries.

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<v SPEAKER_2>But in uncertain conditions, the priority isn't to predict, the priority becomes to adapt, and AI is useless at that, which is why during the pandemic, so much of it, you know, from anywhere from hospitals to aviation to, well, also banking, it just had to be switched off, because its data could not prepare it for actually the decisions that it needed to take in this uncertain environment.

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<v SPEAKER_2>So as this age of optimization comes to an end and operations become more uncertain, then by definition, right, that's going to reduce the effectiveness of AI, because we're training on historical data, then if it's not the same in the future, it won't be so effective, which brings me to the second point, which is that we, our world, our companies are far more than available data, right?

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<v SPEAKER_2>That could spectacularly fails to capture what individuals do within companies, on-board ships, whatever, to keep the show on the road.

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<v SPEAKER_2>In most organizations, including shipping and maritime, the institutional knowledge isn't in data.

00:13:27.595 --> 00:13:28.875
<v SPEAKER_2>It isn't in data sets at all.

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<v SPEAKER_2>It's in people and their relationships and their experiences, and all of those bits and pieces.

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<v SPEAKER_2>So I think where AI can and should be used is in unleashing people to apply their inherent adaptability to enable them to respond dynamically to threats and opportunities.

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<v SPEAKER_2>But the problem is that what we've done up until now is that we've tended to use technology to reinforce systems and lock people down, rather than help them to change the system and enable them to actually go after what they need to.

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<v SPEAKER_1>Gosh, right.

00:14:00.875 --> 00:14:06.855
<v SPEAKER_1>Well, I'm not sure whether I'm reassured or even more alarmed with that particular response.

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<v SPEAKER_1>Of course, the big technical change currently underway in the shipping industry is the transition to low zero carbon fuels.

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<v SPEAKER_1>Perhaps we could turn to that now.

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<v SPEAKER_1>I'm just wondering there again, looking as the world is changing and the new technology is starting to come online, what the risks and opportunities for the maritime industry are really associated with that.

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<v SPEAKER_1>What are your thoughts on that?

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<v SPEAKER_2>Well, I like to talk about shipping having what I describe as a bunker mentality.

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<v SPEAKER_2>We're just focused on fuel all the time.

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<v SPEAKER_2>This myopic focus on emissions and what's going to drive decarbonisation.

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<v SPEAKER_2>But if you take a step back, which I think one has to, today, the world's biggest industries burn through about 7.5 trillion US dollars worth of free in inverted commas natural capital every year.

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<v SPEAKER_2>The World Bank is warning that by 2030, biodiversity loss could cost us like $3 trillion globally.

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<v SPEAKER_2>Large institutions of all sorts are soon going to have to quantify and price in what we call these externalities, which no organisation has ever had to do before.

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<v SPEAKER_2>And whereas every tonne of CO2 is exactly the same, every square foot of nature is completely different.

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<v SPEAKER_2>So these expectations are increasingly incompatible with our traditional business practices.

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<v SPEAKER_2>So important though decarbonisation is, it's really only just the beginning.

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<v SPEAKER_2>And if you look at decarbonisation in shipping, if you look at all of this in the round, the likelihood is that decarbonisation will probably be driven primarily by demand reduction and by circular economy strategies.

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<v SPEAKER_2>Because shipping's customers are having to respond to these challenges, and they're looking to create sustainable value.

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<v SPEAKER_2>But the reality is, whether you're talking about methanol or hydrogen, biofuels, e-fuels, the investments to make these things happen are going to be absolutely enormous.

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<v SPEAKER_2>To come anywhere near replacing the demand that we have for bunkers today.

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<v SPEAKER_2>And of course, shipping is in competition with all these different industries as well.

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<v SPEAKER_2>So ultimately, once again, it comes down to choices are going to have to be made.

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<v SPEAKER_1>Yes.

00:16:10.375 --> 00:16:18.535
<v SPEAKER_2>I think when we talk about societal acceptance, it's probably also just talking about nuclear too.

00:16:18.535 --> 00:16:24.235
<v SPEAKER_2>Nuclear is not a renewable fuel, which I'm always astonished that some people don't seem to realize.

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<v SPEAKER_2>Because everyone talks about it being clean, they think it's renewable.

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<v SPEAKER_2>No, it's not.

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<v SPEAKER_2>Nuclear waste is nuclear waste.

00:16:31.095 --> 00:16:40.215
<v SPEAKER_2>The very idea that nuclear fission, with all its inherent dangers is something that any society is going to be comfortable letting loose into the wild west of the deep ocean, I think is laughable.

00:16:40.215 --> 00:16:41.375
<v SPEAKER_2>I really do.

00:16:41.375 --> 00:16:41.655
<v SPEAKER_1>Yeah.

00:16:41.655 --> 00:16:42.155
<v SPEAKER_1>Fascinating.

00:16:42.155 --> 00:16:48.255
<v SPEAKER_1>I suppose it is the only real fuel that actually no pun intended provides a little bit more bang for your buck than what it's replacing.

00:16:48.255 --> 00:16:51.455
<v SPEAKER_1>And that's really why I guess there are so much interest in it.

00:16:51.915 --> 00:16:52.915
<v SPEAKER_1>Let's talk about the crew.

00:16:53.055 --> 00:16:58.255
<v SPEAKER_1>And I know your daughter's chosen a seafaring career, which I'm absolutely delighted to hear.

00:16:58.255 --> 00:17:00.435
<v SPEAKER_1>What advice would you give to today's seafarers?

00:17:00.495 --> 00:17:05.535
<v SPEAKER_1>I mean, I think we all agree that shipping is in a period of transition.

00:17:05.535 --> 00:17:10.935
<v SPEAKER_1>There's so much, whether it's geopolitics, it's technology, there's huge changes going on.

00:17:10.935 --> 00:17:12.995
<v SPEAKER_1>So how do you think their careers are going to change?

00:17:12.995 --> 00:17:15.215
<v SPEAKER_1>Your daughter's career is going to change over the time that she's at sea.

00:17:15.215 --> 00:17:17.655
<v SPEAKER_1>And what skills might she need to acquire?

00:17:17.815 --> 00:17:21.255
<v SPEAKER_1>And really, how do we go about training them for the future?

00:17:21.255 --> 00:17:28.995
<v SPEAKER_2>Again, taking a bit of a step back, there's been this narrative for a long time that we desperately need to attract new talent into shipping and maritime.

00:17:29.655 --> 00:17:33.635
<v SPEAKER_2>And we have this seafarer shortage that everyone's talking about.

00:17:33.635 --> 00:17:36.855
<v SPEAKER_2>And as a result, everybody has to talk the industry up.

00:17:36.855 --> 00:17:42.915
<v SPEAKER_2>And I don't disagree with that, because I think shipping and maritime actually is a wonderful place.

00:17:42.915 --> 00:17:47.255
<v SPEAKER_2>For the right kind of person, you've got to be a fairly tough cookie.

00:17:47.255 --> 00:17:53.215
<v SPEAKER_2>If you can give as good as you get, and you're fairly broad minded, culturally, it's very diverse.

00:17:53.215 --> 00:17:56.035
<v SPEAKER_2>I think there's huge opportunities for wonderful experiences.

00:17:56.635 --> 00:18:02.815
<v SPEAKER_2>And when Clemmie, my daughter, happened to go on a ship and say, my goodness me, I think I've found the thing I want to do for the rest of my life.

00:18:02.815 --> 00:18:05.235
<v SPEAKER_2>I mean, I couldn't have been happier for her.

00:18:05.235 --> 00:18:13.655
<v SPEAKER_2>However, I think one of the most depressing stats I've seen recently, and I read a lot of stats and a lot of them are depressing, so this is quite a claim.

00:18:13.655 --> 00:18:16.255
<v SPEAKER_2>But seriously, is the seafarer's happiness index, right?

00:18:16.275 --> 00:18:19.775
<v SPEAKER_2>It's seen its longest sustained decline since it was founded.

00:18:19.775 --> 00:18:28.635
<v SPEAKER_2>And when you look at what seafarers are talking about, they're citing overwhelming workloads, they're citing unmanageable responsibilities and systemic issues.

00:18:28.635 --> 00:18:30.915
<v SPEAKER_2>This should concern absolutely everyone.

00:18:30.915 --> 00:18:33.495
<v SPEAKER_2>What seafarers really want is decent contracts.

00:18:33.495 --> 00:18:34.535
<v SPEAKER_2>They want cadetships.

00:18:34.695 --> 00:18:38.155
<v SPEAKER_2>There are a number of seafarers waiting for cadetships.

00:18:38.155 --> 00:18:45.835
<v SPEAKER_2>We talk about the seafarer shortage, but actually there's lots and lots of seafarers that are trying to get the qualifications and they can't find them.

00:18:45.835 --> 00:18:50.675
<v SPEAKER_2>And they want sick pay, they want safer working conditions, they want security, they want respect.

00:18:51.655 --> 00:18:55.375
<v SPEAKER_2>But the industry just wants to talk about technology.

00:18:55.375 --> 00:18:57.595
<v SPEAKER_2>And this isn't lost on seafarers.

00:18:57.595 --> 00:19:04.915
<v SPEAKER_2>We need to understand that this is not necessarily shipping's fault, because investing in people is un-competitive, right?

00:19:04.915 --> 00:19:10.255
<v SPEAKER_2>It isn't as tax-efficient or as profitable as investing technology or ships or robots.

00:19:10.255 --> 00:19:13.795
<v SPEAKER_2>And the reason for that is because we subsidize capital and we tax labor, right?

00:19:13.795 --> 00:19:15.235
<v SPEAKER_2>And that's a policy choice.

00:19:15.235 --> 00:19:17.435
<v SPEAKER_2>That's nothing to do with shipping and maritime.

00:19:17.435 --> 00:19:24.135
<v SPEAKER_2>But what is happening is we're beginning to use this seafarer shortage to justify automation.

00:19:24.135 --> 00:19:26.715
<v SPEAKER_2>And once again, you have to follow the money here.

00:19:26.715 --> 00:19:35.195
<v SPEAKER_2>I mean, it was last year, Kongsberg got this approval in principle from DNV to move the chief engineer from these vessels to remote operation center.

00:19:35.195 --> 00:19:39.895
<v SPEAKER_2>And I believe, you know, they were saying that one chief could manage five or six ships.

00:19:39.895 --> 00:19:43.455
<v SPEAKER_2>These are high skilled jobs disappearing.

00:19:43.455 --> 00:19:45.375
<v SPEAKER_2>And seafarers recognize that.

00:19:45.375 --> 00:19:48.355
<v SPEAKER_2>Because one thing seafarers are not is stupid, right?

00:19:48.355 --> 00:19:49.615
<v SPEAKER_2>They can see what's going on.

00:19:50.195 --> 00:19:55.775
<v SPEAKER_2>To my mind, what we really need to do is to remake the shipping ecosystem to create shared outcomes.

00:19:55.775 --> 00:20:02.995
<v SPEAKER_2>And I think the way that we do that is we incentivize and we prioritize standardized operating interfaces.

00:20:02.995 --> 00:20:07.895
<v SPEAKER_2>You can work across multiple vessels and systems and fuel types and specializations.

00:20:07.895 --> 00:20:11.595
<v SPEAKER_2>So it improves safety, it simplifies regulations, and it should slash costs as well.

00:20:11.595 --> 00:20:16.615
<v SPEAKER_2>And finally, I just say, you know, seafarers are an absolutely massive resource.

00:20:16.615 --> 00:20:18.675
<v SPEAKER_2>I mean, they know so, so much.

00:20:19.215 --> 00:20:20.835
<v SPEAKER_2>They do this day to day.

00:20:20.835 --> 00:20:30.355
<v SPEAKER_2>And yet in all these discussions about the future of the industry, it's all happening, you know, in ship managers, ship operators, technology suppliers, regulators.

00:20:30.515 --> 00:20:33.395
<v SPEAKER_2>And where are the seafarers in this?

00:20:33.395 --> 00:20:42.455
<v SPEAKER_2>So I am with the Vernofon Brown, who once said, the best computer is a man, and it's the only one that can be mass produced by unskilled labor.

00:20:42.455 --> 00:20:42.875

<v SPEAKER_2>There you go.

00:20:42.875 --> 00:20:44.575
<v SPEAKER_2>I've put my marker in the ground.

00:20:44.575 --> 00:20:49.155
<v SPEAKER_1>Well, that's a great shout out for the seafarers and the fantastic skills they bring to the industry.

00:20:49.155 --> 00:20:51.075
<v SPEAKER_1>So thank you very much for that.

00:20:51.075 --> 00:20:53.575
<v SPEAKER_1>What about blind spots for our industry?

00:20:53.575 --> 00:20:54.555
<v SPEAKER_1>Is there something we're missing?

00:20:54.715 --> 00:21:02.795
<v SPEAKER_1>Do you see anything creeping up on the shipping industry that it hasn't seen as we go through these changes?

00:21:02.915 --> 00:21:06.675
<v SPEAKER_2>I mean, there are a whole range of risks out there.

00:21:06.675 --> 00:21:09.175
<v SPEAKER_2>And you're in the business of risk.

00:21:09.375 --> 00:21:16.155
<v SPEAKER_2>You know that there are all sorts of places that produce all these risk monitors that anybody can read.

00:21:16.255 --> 00:21:17.775
<v SPEAKER_2>It's just most people don't bother.

00:21:17.775 --> 00:21:32.275
<v SPEAKER_2>But I'd say sort of on a wider point, what's quite interesting about technological innovation and deployment is that amid all this AI hype, actually the rate and the quality of innovation and technology breakthroughs is slowing down.

00:21:32.275 --> 00:21:33.935
<v SPEAKER_2>And it's slowing down quite significantly.

00:21:33.935 --> 00:21:35.875
<v SPEAKER_2>And not a lot of people realize that.

00:21:35.875 --> 00:21:47.035
<v SPEAKER_2>So I would really urge all ship operators and maritime players to start pushing back on the hype about being left behind and start with focusing on one thing, which is value, right?

00:21:47.035 --> 00:21:53.035

<v SPEAKER_2>Because is this technology going to realize value for my organization and my stakeholders?

00:21:53.035 --> 00:21:59.655
<v SPEAKER_2>And if that technology doesn't have a clear use case and a clear, strong value proposition, then don't buy it.

00:21:59.655 --> 00:22:00.795
<v SPEAKER_2>Don't bother with it.

00:22:00.795 --> 00:22:02.095
<v SPEAKER_2>That doesn't make you a dinosaur.

00:22:02.095 --> 00:22:04.255
<v SPEAKER_2>That makes you sensible, okay?

00:22:04.255 --> 00:22:10.655
<v SPEAKER_2>I think there are also some blind spots around how unreliable our assumptions are about the world around us.

00:22:10.655 --> 00:22:12.795
<v SPEAKER_2>So here's something interesting.

00:22:13.055 --> 00:22:19.515
<v SPEAKER_2>I think this year about 181 zettabytes of data we're going to create, capture, copy and consume, right?

00:22:19.515 --> 00:22:23.515
<v SPEAKER_2>But actually only about 9 to 10% of that data is new.

00:22:23.515 --> 00:22:28.475
<v SPEAKER_2>So the recursion rate of data, the rate at which the same data is being processed again, that's rising exponentially.

00:22:28.475 --> 00:22:31.575
<v SPEAKER_2>But new data is a tiny percentage.

00:22:31.575 --> 00:22:34.835
<v SPEAKER_2>And if you reverse that, you could change the world.

00:22:34.835 --> 00:22:36.215
<v SPEAKER_2>You really could.

00:22:36.335 --> 00:22:38.455
<v SPEAKER_2>I think there's some blind spots around that.

00:22:38.555 --> 00:22:50.495
<v SPEAKER_2>And then finally, there are some really big opportunities for ship operators to use technology to integrate far more closely with their value chains.

00:22:50.495 --> 00:22:56.415

<v SPEAKER_2>In future, it's about becoming a core partner rather than a commodity provider.

00:22:56.415 --> 00:23:03.635
<v SPEAKER_2>And key to this is a real granular understanding, not just of your customer, but your customer's customer.

00:23:03.635 --> 00:23:04.835
<v SPEAKER_2>This is a huge opportunity.

00:23:05.395 --> 00:23:08.975
<v SPEAKER_2>Enterprise and value chain agility, as I described it.

00:23:08.975 --> 00:23:11.375
<v SPEAKER_2>And digital is a key enabler of that.

00:23:11.375 --> 00:23:12.235
<v SPEAKER_1>That's fascinating.

00:23:12.235 --> 00:23:17.675
<v SPEAKER_1>I think so many of us who value the sort of relationships in shipping will sort of take heart from those last comments of yours.

00:23:17.675 --> 00:23:18.915
<v SPEAKER_1>So we're getting towards the end now.

00:23:18.915 --> 00:23:31.315
<v SPEAKER_1>The last question I really wanted to ask you is the sort of $50 million question that faces every single ship owner, which is, well, I mean, they have the unenviable task of investing in an asset with a life of 25 years, which is a long time, I think, in today's world.

00:23:31.315 --> 00:23:34.375
<v SPEAKER_1>And they're unsure about the technologies that are going to come in over that time.

00:23:34.755 --> 00:23:36.995
<v SPEAKER_1>They're unsure about the skills the crew are going to need.

00:23:36.995 --> 00:23:40.495
<v SPEAKER_1>They're unsure even really what engine to put in the ship, which fuel they're going to burn.

00:23:40.495 --> 00:23:55.715
<v SPEAKER_1>What would be the sort of practical, down-to-earth advice you'd give to a ship owner as to how to approach this $50 million question as they're trying to work out what sort of ship to buy, what sort of ship to invest in, how to train people, how to make use of their asset, how to spend their money?

00:23:55.715 --> 00:23:58.275
<v SPEAKER_2>I think it's a bit of a paradigm shift.

00:23:58.275 --> 00:24:00.355
<v SPEAKER_2>It's about adopting an ecosystem mindset.

00:24:01.495 --> 00:24:05.655
<v SPEAKER_2>You have to re-imagine shipping as part of an ecosystem.

00:24:05.655 --> 00:24:07.275
<v SPEAKER_2>Now, we talk about the shipping industry.

00:24:07.275 --> 00:24:08.515
<v SPEAKER_2>There is no shipping industry.

00:24:08.515 --> 00:24:12.615
<v SPEAKER_2>There's a collection of sectors, and I think people working shipping get that, right?

00:24:12.615 --> 00:24:19.055
<v SPEAKER_2>But instead of just talking about different sectors, you've got to start looking at those sectors within the ecosystem that they play in.

00:24:19.055 --> 00:24:23.375
<v SPEAKER_2>So once you start looking at that, then the questions change.

00:24:23.375 --> 00:24:28.495
<v SPEAKER_2>Because ultimately, what we really want is systemic change that de-risks investments across the piece.

00:24:29.475 --> 00:24:36.175
<v SPEAKER_2>So, for example, instead of talking about de-carbonization of shipping, think about net zero supply chains or value chains.

00:24:36.175 --> 00:24:42.175
<v SPEAKER_2>So right now, about eight supply chains are responsible for more than 50% of global emissions.

00:24:42.175 --> 00:24:52.635
<v SPEAKER_2>And Boston Consulting Group did some work, and they reckoned that to make those net zero would raise the cost to consumers, end consumers, between 1% and 4%, which is not really an awful lot.

00:24:52.635 --> 00:25:00.355
<v SPEAKER_2>But the problem is the people who bear all the emissions, right, are the people making the least margin, the people with the least emissions are making the most margin.

00:25:00.355 --> 00:25:04.115
<v SPEAKER_2>So what you have to do is to come together as an ecosystem.

00:25:04.115 --> 00:25:11.295
<v SPEAKER_2>You need to back-subsidise, you need to de-risk that, you know, with long-term contracts, refraintment, fuel offtake agreements, you know, all these kind of things.

00:25:11.295 --> 00:25:16.055
<v SPEAKER_2>So that's the kind of change that you can drive when you start thinking in ecosystem terms.

00:25:16.195 --> 00:25:21.915
<v SPEAKER_2>And green corridors are a great example of the beginnings of this kind of thinking.

00:25:21.915 --> 00:25:28.695
<v SPEAKER_2>I would say finally that we need to understand the impact of sustainability beyond decarbonisation.

00:25:28.695 --> 00:25:45.315
<v SPEAKER_2>And this is something that I think is absolutely right here and now something that ship owners and operations should be looking at, because the reality is that building a new ship is far less sustainable than trading a dirty ship for much, much longer, right?

00:25:45.315 --> 00:25:46.775
<v SPEAKER_2>That's the truth of it.

00:25:46.775 --> 00:25:48.175
<v SPEAKER_2>We're going to end up here.

00:25:48.175 --> 00:25:51.275
<v SPEAKER_2>It's just going to take a few years before we start having the conversation.

00:25:51.275 --> 00:26:02.015
<v SPEAKER_2>And if we get ahead of it now, and instead of just talking about emissions, we talk about the impact, the whole environmental impact of the ship itself, then that could be something absolutely fascinating.

00:26:02.035 --> 00:26:07.535
<v SPEAKER_2>I've already had several conversations with ship owners and operators around this.

00:26:07.535 --> 00:26:13.295
<v SPEAKER_2>And as I say, I think that that could be a massive opportunity that we should be capturing and thinking about right now.

00:26:13.295 --> 00:26:26.555
<v SPEAKER_2>Not just an opportunity for shipping to make money or to benefit, but actually environmentally for us not to get hung up on emissions, but to actually understand the wider impacts of the industry on the environment.

00:26:26.555 --> 00:26:27.115
<v SPEAKER_1>Fascinating.

00:26:27.115 --> 00:26:28.295
<v SPEAKER_1>Food for thought.

00:26:28.295 --> 00:26:31.555
<v SPEAKER_1>Kate, I'm absolutely delighted you could join me today.

00:26:31.555 --> 00:26:37.675
<v SPEAKER_1>And I think there's lots in there, which I know we'll all be pondering over for the foreseeable future.

00:26:37.675 --> 00:26:40.375
<v SPEAKER_1>So thank you very, very much, Kate, for joining me today.

00:26:40.375 --> 00:26:41.595
<v SPEAKER_2>It's been an absolute pleasure, Mike.

00:26:41.595 --> 00:26:43.055
<v SPEAKER_2>Thank you for the invitation.

00:26:43.055 --> 00:26:44.495
<v SPEAKER_1>So that's it for now.

00:26:44.495 --> 00:26:53.155
<v SPEAKER_1>Do check out our other episodes in this series where we examine the inevitability of new technology and more digital industry and the challenges and opportunities this is going to bring.

00:26:53.155 --> 00:26:55.555
<v SPEAKER_1>All in the context, obviously, of what you've just heard.

00:26:55.555 --> 00:27:03.915
<v SPEAKER_1>You'll find the Alongside podcast and this mini-series on North Standard's website at northstandard.com and indeed wherever you get your podcasts.

00:27:03.915 --> 00:27:07.155
<v SPEAKER_1>You can also click follow to ensure you don't miss an episode.

00:27:07.155 --> 00:27:09.935
<v SPEAKER_1>So from me, Mike Salthouse, thanks for listening.

00:27:09.935 --> 00:27:10.395
<v SPEAKER_1>Bye for now.