

GATHERING THOUGHTS

MEMBERS OF EPCA'S SUPPLY CHAIN PROGRAM COMMITTEE SPEAK TO HCB ABOUT GLOBAL TOPICS, LAST YEAR'S CONVERSATIONS AND THEIR PREDICTIONS FOR THIS YEAR'S EPCA ANNUAL MEETING

The European Petrochemical Association (EPCA) meeting provides chemical and petrochemical manufacturers, future customers and logistics service providers the opportunity to meet and discuss developments on key topics. The global chemical business community can network, collaborate and receive expert insights from a line-up of world-class speakers on topics that affect the industry daily.

There have been some incredible developments in technology and operations since the last EPCA meeting, but there has also been the spectre of issues old and new. Industry is always evolving and EPCA's Annual Meeting is the perfect opportunity for industry leaders to stay abreast and reflect upon international market developments as well as technological and societal trends.

THE ROLE OF SQAS

The Safety and Quality Assessment for Sustainability (SQAS) is a cornerstone within the petrochemical industry, established by the European Chemical Industry Council (Cefic) with the aim of providing the best insight into the current strengths of and ways in which future service providers might improve. Chemical »



companies can use the SQAS assessment reports during selection processes of new service providers and for evaluating existing service providers. SQAS reports are used to support the dialogue between chemical companies and logistics service providers as part of a continuous improvement process.

Peter Devos, managing director of the European Chemical Transport Association (ECTA), explains: "Alongside Cefic, ECTA has created the SQAS Task Force. This has led us to put recommendations in place, some of which have already been proposed to the SQAS assembly. We are very pleased to have the collaboration and SQAS remains a key pillar in the responsible care programme. With the new Cefic management team and the SQAS Task Force we will be able to move forward.

"With the Task Force, we agreed we had to do something because, when looking at new organisations, from a procurement point of view, they can ask 'what is your score? Do you have a certificate?' We want to make sure it's fully understood and properly positioned in every company and we can move forward with a common understanding and respect for the effort being put in to responsible care."

"SQAS is very important for our industry," says Jan Arnet, Group CEO at Bertschi. "Most recently, companies had to increase quality, particularly when market volumes were enormously high. Supply chain departments and procurement departments had to increase quality, which led to them wanting to do their own audits of key suppliers. This slightly damaged the use of SQAS in the industry but, throughout the year, many businesses realised that SQAS was the best standard and the most effective tool to assess companies."

Devos explains that there will be more publicity from SQAS: "I think the problem with SQAS is that it has been around for 25 years and people take it for granted. Organisations and people are changing, and we need to put SQAS back on top. Priority topics such as safety, security, compliance and responsible care are pivotal. However, during busy times these topics tend to slip down the list. We need to do this together, which is another reason why the Task Force is so important, to make sure that this remains a priority while investigating new opportunities."

"We still believe in SQAS," Devos stresses.

GET THE PEOPLE IN

Encouraging talent to the chemical industry is nothing new and the problem has been challenging. Members of EPCA mentioned their concerns about the recruitment and retention of talent at last year's Annual Meeting and members are still discussing it today.

"I believe the chemical industry is still very attractive for people to join, but the right initiatives need to be undertaken to improve upon it," comments Leo Brand, global ICT director at Vopak.

"I think EPCA is doing well when looking at encouraging new talent to join the industry," says Jean-Marc Viallatte, vice-president supply chain at Arkema. "Overall, the issue of recruiting and retaining talent is getting far more visibility, leading to developments in finding the best way to attract new employees."

"We need to present our industry in a more positive light to society," says Arnet. "The chemical industry is still seen as old-fashioned and harmful to the environment, but this isn't the case – we need to do more to reflect this. This will be the first step to attract talent as people want a greater sense of meaning in their professional lives and see something good for the future generations.

"Industry needs to communicate in a more efficient way about its contribution to solving complex global challenges, especially on social media," Arnet adds. "This will require collaborations and even financial investment from businesses to target future talent. We need to remember that this is not just about office workers, marketing teams or customer services, it's also about the drivers, terminal workers, production teams and more. Everyone needs to be encouraged."

"If you look back over the last year, everybody was searching for talent in every discipline," adds Devos. "Resources to recruit have been scarce the past 12 months and I don't think it has improved as they should have. People are still trying to fill vacancies and employment rates are low. Seeking talent and retaining people remain priorities, but will they still be priorities in six months?"

Brand explains: "I think digitisation plays an important part in making the industry more attractive. The moment we are able to fully digitise our operations, we take people out of hazardous environments as assets can be managed remotely. The workforce will become different as it

Above: Peter Devos

will require far greater digital skills, but also remote working can attract a different group of people to the industry which was not possible before.

"In the future there could be a robot in every tank performing inspections without having to stop operations. It's a huge development. We are a strong believer in this kind of technological development that stops people being at risk," Brand says.

"The best advocate we can have is showing that we are bringing in results. We are promoting supply chains by showing that we can make a change," concludes Viallatte.



GOING DIGITAL

The implementation of digital solutions and connectivity in the industry has revealed opportunities. Last year, EPCA members that were discussing how to prepare different sectors of their businesses for digitisation are now speaking in terms of utilising the new processes.

Brand says, “[2018] was a wake-up call. We told members that they really need to start developing and translating these new technologies to their business. Companies are definitely becoming more knowledgeable and embracing the initiatives on what they should actually do when it comes to digitisation. There has been a

significantly higher interest in the topic itself in recent months.”

“There are plenty of digitisation projects going on,” enthuses Viallatte. “Most of these are in the design stage but we have projects covering everything from track and trace to increased integration and more. New means of collaboration for teams internally have been developed in the past 12 months. For us, this is a top priority. It’s been incredibly busy.”

Arguably, the main hurdle to jump when wanting to use digitisation as an industry-wide process is crafting a standard for the sharing of information. “To some extent, companies have been more open to sharing data recently. For example, there

is currently a project underway where each business is transparently sharing their production plans. Not all details can be shared as companies often prefer to keep things to themselves in the development phase,” says Viallatte.

When discussing the willingness for businesses to share information and how much visibility should be provided, Arnet explains that “in European land transport, the sharing of data can cover the loading location, unloading location, volumes, products and more. This is where companies get hesitant to share their information. I predict that sharing of data will become very common within just a few years. There is simply no alternative for it when going for supply chain transparency.” »

Arnet believes that the conversations at this year's EPCA Annual Meeting will shift to how digitisation can be standardised. "Initially, digitisation can involve a lot of manual effort and processes until things can be succinctly shared. We are busy trying to standardise data coming from our suppliers of all sectors to be put into a format that can be used to inform customers.

"It also depends on what people are talking about with specifics to digitisation. One needs to appreciate that if you are speaking to customers, they are interested in visibility, trend predictions and alerts – it's very end-goal focused. But if you speak to the supply chain businesses this is where the conversation changes to what type of data needs to be shared and in what way this can be done."

Arnet continues: "The sharing of information is a second step. I believe the first step is to discuss what kind of data should be exchanged and in what format. Over the last 12 months businesses have realised it isn't as easy as it sounds to share information, as all of us – shippers, logistics providers, trailer operators – are working with different data. Even if the willingness to share information exists, there is a way to go in finding the best way to share information."

SHARE THE EXPERIENCE

"I think the interest in discussing digitisation will be higher at this year's meeting and people will be discussing their own experiences, struggles and challenges with digitisation," adds Brand. "It will

become a more mature discussion than previous years. I see different members recognising the need for collaboration and sharing data, so they are starting initiatives in this area. This is a very good sign, but how quick and successful it will be remains to be seen.

"As a comparison, eight oil and gas companies and four banks successfully launched their community initiative in November to standardise data exchange. This has created huge savings already as it would previously take three months to close a deal, but it can now be done in 10 minutes. Although initiatives in the chemical industry will be a little different, I feel this is a nice example of what is possible." »

[Below: Leo Brand](#)





Above: Jean-Marc Vialatte

"Digitisation within companies is a journey," Devos states. "It's not something that you ever fully achieve because, as new technologies emerge, you need to search for new opportunities. It's not only about data and visibility, but it's also about integrating new sensors and technology into existing systems to keep progressing. This of course takes time and is not something that will happen overnight. Digitisation is a topic that, I think, will be around for at least another four years as it is an enabler to achieve a better service,

higher compliance, higher sustainability levels and more," says Devos.

LOOKING FORWARD TO TOMORROW

The members of EPCA believe there is every reason to be positive about the next 12 months, even with the unknown implications of issues such as Brexit and continuing global trade wars. Looking forward, Arnet hopes for "more agile supply chains" to provide support for the uncertainty that has been growing in the industry but is swift to point out the healthy consumption in

the industry is predicted to continue. "As long as companies can deliver through their supply chains, they will succeed," Arnet says.

"People will need to wait and see how the recent global trade wars pan out – but this is a bit like predicting Brexit; impossible," adds Devos.

Arnet continues: "I think one of the big talking points at this year's EPCA will be around climate change. I'm pretty sure this will affect our industry a lot, particularly when developing circular economies, as we are using oil as a main product. The more opportunities there are to do things such as reusing oil, the longer our industry will survive. This also ties in with retaining talent – if we can prove to society that we are circular, it will become far more attractive."

ECTA thinks that looking to the East is where the next chapter of the industry lies. "There are definitely new markets in Asia," says Devos. "We are seeing a shift in manufacturing volumes towards Asia. From a chemical logistics point of view, third-party logistics service providers will follow this evolution. What we have to do as logistics service providers is to keep this market agility in mind as things can change rapidly. Markets are developing in Asia which can lead to new possibilities and a prime opportunity to see how the industry can adapt its trade links and learn new ways of conducting logistics and intermodal transport."

However, Vialatte says: "There is some opportunity with new routes opening towards the east, but it doesn't seem to be a game changer and is more of a minor adaptation that businesses are accommodating. Looking at European operations, it seems to be very western Europe-centric."

"Focusing on chemical markets, I think there is an opportunity for people to optimise the way in which business is conducted and logistical changes," adds Brand. "Another topic of conversation this year will likely be on the shortage of drivers across the industry."

The concluding words from Brand are one of ambition and collaboration for those attending the Annual Meeting in Berlin: "My message to EPCA members would be to think in platforms and to take the initiative. In the end, all will benefit. Let's get rid of all the paperwork, the double processes, the double data entries and more. If all parties can get their acts together, this will be very beneficial for all." HCB