

Trend Radar Interview

with Fabio Scala, Founder of FurtherAfrica

About the Trend Radar:

As part of their overall mission, DIGILOGIC aims at developing a trend radar of the latest digital logistics technology trends with a focus on Africa. The trend radar is foreseen to be a dynamic, living tool that captures the development of business and especially technology. It will be continuously extended and enriched with examples from industry and research, which is why DIGILOGIC interviews experts for their perspective on the digital logistics sector in Africa.

About Fabio Scala:

Fabio Scala is the founder of FurtherAfrica, a business intelligence platform for senior professionals looking for information on finance, development, the economy and investment opportunities in Africa.

As part of the DIGILOGIC project's High-Level Advisory Board of experts, Fabio helps us with his fellow industry experts supporting the project by assessing our results, raising awareness of the project, and taking part in our activities. It is within his capacity that he joined Toyin Dania for this interview on Friday April 1st 2022.

DIGILOGIC: *With a focus on the past can you describe some best practices in the field of digital logistics?*

Fabio Scala 1: Due to our consulting nature, we are exposed to a number of interesting cases I can mention, although we are not in logistics ourselves. I do think that this is an exciting time for logistics in Africa. The **COVID** pandemic has been brutal on the world economy, however, it exposes some critical gaps in a number of sectors, among them logistics. Not many people realised that on a tough sector such as airlines; where profits are hard to come by on a regular market - Ethiopian Airlines was able to turn a profit during the pandemic due to their logistic savviness. Former CEO Tewolde Gebre Mariam, (who actually just left the company a couple of weeks ago) had a vision to anticipate the market in the beginning of the pandemic.

He ordered his company to adapt a number of passenger planes into a cargo configuration and coordinated with the government not to close their cargo access to China becoming arguably the only entry door into Africa. From medical equipment, masks and through vaccines, Addis became the de facto cargo hub of Africa in a relatively short period. In fact, last month the airline ordered 5 planes 777 Cargo from Boeing.

Fabio Scala 2: Another interesting fact to mention is the silent wave of integration taking place in Africa. I mean just yesterday MSC bought Bolloré Africa Logistics for US\$6.3B. A move that will bring the largest container line in the world deep into the African hinterland.

Coming back to technology, I had the opportunity to meet with some senior officers at DPWorld in Dubai to learn about how they are creating door to door solutions through an application they developed themselves. The idea of their platform creatively baptised with the name "CARGOES" is to fulfil the finance gap that is often an export deterrent to SMEs and Agri producers in Africa.

The platform lets small African producers list their trade finance requirements while a list of local banks associated to DPWorld platform bid to finance them. Now add that to the fact that DPWorld recently acquired Imperial Logistics in South Africa (today one of the largest trucking companies in Southern Africa) and the rumours, that DPWorld is working on the integration of Imperial into their platform and you will have a company servicing Africa from A to Z.

They manage ports, they own vessels, they will secure finance for their clients, and they will deliver inland - all this through a digital solution. We are living a revolution in African logistics.

DIGILOGIC: *Which challenges have you/ your company overcome and how?*

Fabio Scala: A couple of years prior to COVID I was involved in a US\$20M equity investment in a transport company in southern Africa. When we started to implement our strategy as shareholders, we did implement technology as means to track and monitor productivity of our distribution. While we started outposts in Mozambican ports, some simple technology such as GPS tracking, and fuel consumption monitoring made an immediate impact on productivity.

Through the introduction of vessel monitoring service and the adoption of a cargo exchange platform, we expanded the business regionally through outposts in Malawi and Zimbabwe, reaching South Africa, Zambia and Tanzania. In retrospect, what we missed was integration. All of these solutions worked very well, but as they were not integrated, the team on the ground would usually miss critical information from one platform or another, making it difficult to maximize productivity.

DIGILOGIC: *What would you/ your company have done differently looking back with the knowledge you have now?*

Fabio Scala: Integration, Integration, Integration. When you look at the MSC - Bolloré acquisition, the amazing digitalisation being driven by DPWorld and even the example I gave on my last answer, integration is the way forward. In fact, I would name integration as both the number one challenge and opportunity for logistics in Africa. I mean there are serious challenges for logistics in Africa, while you have talks of drones in South Africa, the reality of countries like Malawi starts with having proper roads and even access to some districts, nevertheless; I believe creating digital solutions that integrate information flow into an ecosystem. Perhaps joining larger players such as the likes of Grindrod, DPWorld, MSC, Bolloré and others is the key bring logistics in Africa into a new era.

DIGILOGIC: *Focus on the future (trends/ outlook): How do you/ your company plan to overcome the challenges and take advantage of these opportunities?*

Fabio Scala: Well, as I mentioned earlier, our role is that of actual advisors; so, when we come across logistic clients, we tend to look at the current state of their operation and suggest tailor-made digital solutions that can be relatively easy to develop and implement those that will have a great impact on their productivity and bottom line.

I'm sure you know how unaware of tech solutions most logistic companies in Africa are given the "real world" analogically challenges they face. If I had to point our added value, it would be to have sort of an "outsider" approach to the IR strategy that we present recommending technology solutions - an outside-the-box perspective if you will.

DIGILOGIC: *If you re-imagine Africa in the next 5 years what would it look like? (Focus on logistics)*

Fabio Scala: The Continent Intra-trading. For me that is inevitable! Despite the challenges and difficulties of getting countries to sign and rectify their membership, the African Continental Free Trade Area (AfCFTA's), in my view will have a tremendous impact in the logistics status quo of the continent. When I look at the acquisitions I mentioned, the railways being developed by the Chinese to integrate Africa into their Silk Road initiative and even Amazon's mega distribution centre planned in South Africa, I conclude that Africa will finally do business with Africa. I know it is a bit of cliché that the narrative of Africa that despite having some of the top growing economies in the world and that today in a post COVID world it is a statement hard to maintain to for any country. Still Africa is made of developing economies and with a young population eager to grow. A growing middle class keeps on developing on the continent and I believe that one of the greatest trade opportunities in this century is upon us and as with any trade, anywhere, logistics is at the centre of it.

I also think that the current western reality caused by events like BREXIT and the conflict in Ukraine represents a new beginning on African Natural resources, particularly energy. When you see the US's strong support for Gas projects on the continent, the EU agenda for African renewables and let's say the IMF newfound sympathy for countries like Tanzania and Mozambique. One can't help but to realize the opportunity to shift this market to Africa's advantage - of course that's a task that is up to African governments but nevertheless, once again logistics will play a pivotal role.

DIGILOGIC: *Thank you very much Fabio and we look forward to sharing your insights with our community. We appreciate your contributions and have these links for our community to follow up on the companies you mentioned.*

Links:

<https://furtherafrica.com/2022/04/01/bollorereaches-e5-7b-deal-with-msc-on-african-assets/>

<https://www.msc.com/>

<https://www.dpworld.com/>