

East Africa Post & Logistics Forum (EPLF)

November 2022

EACCO



East African
Communications
Organisation

Communications for all in East Africa



Global trends across the
postal sector

Creating a springboard for
growing domestic and cross-
border eCommerce Business

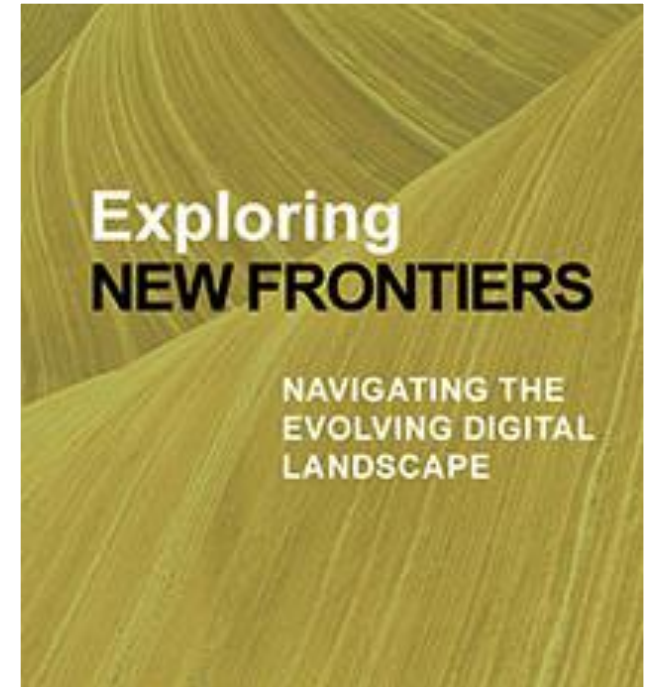
Derek Osborn

Whatnext4u

- Born and grew up in Africa
- 43 years in the postal sector
- 23 years with Royal Mail – operations, strategy, HR, projects, internal and external consultancy
- 20 years working as independent business coach and international postal expert
- Edited 8 books of thought leadership
- Recently part of the AUC/UPU digitalization project visits in Zimbabwe and South Africa

INTRODUCTION

WHERE I AM COMING FROM



agenda

The evolution of postal thinking to today's challenging context

Market conditions are right for growth – appetite and potential

Your ecommerce ecosystem and platforms – key enablers

Partnerships to accelerate reach, range, revenue and speed

The future, leadership and culture change

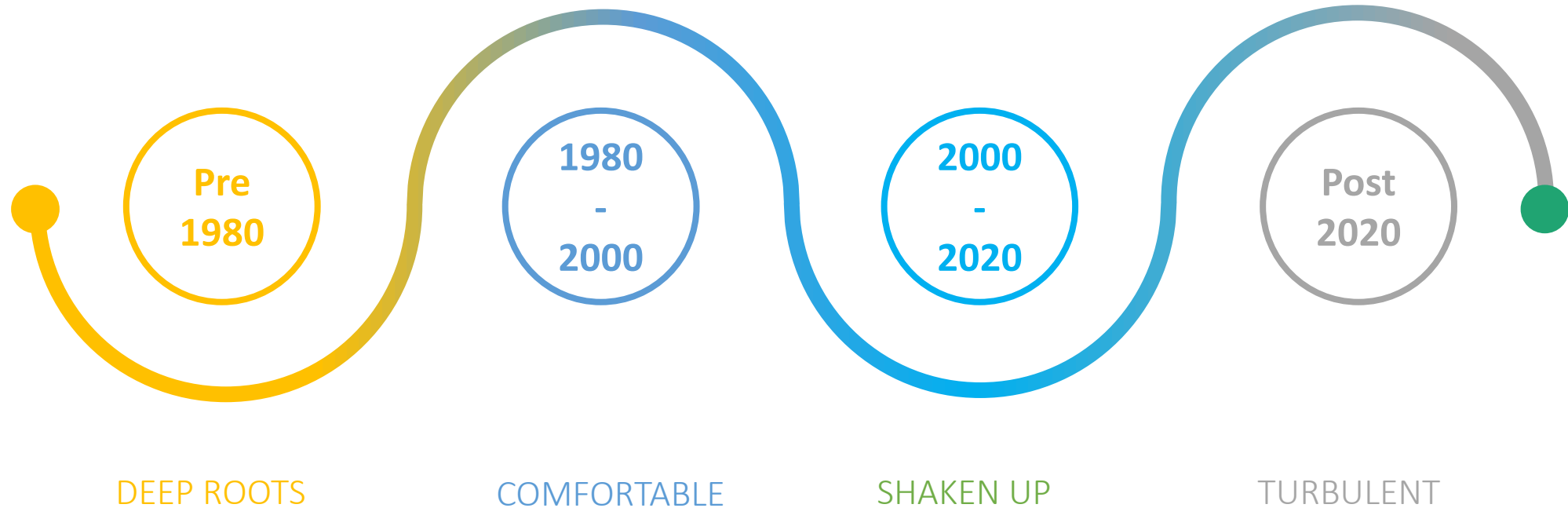
Key conclusions and take aways

A view of Earth from space, showing the Americas and the Atlantic Ocean. The Earth is illuminated from the right, creating a bright blue glow around its edge. The background is a dark, starry space.

Evolution of postal thinking

A very brief history

Eras in the evolution of the postal thinking



PRE 1980 DEEP
ROOTS

Strong legacy –
reliable, trusted,
secure

Ingrained in inter-
generational
collective memory

1980 – 2000
COMFORTABLE

Defined by provision of
universal public services

Monopoly, modernisation,
focus on letters and
posting customers

2000 – 2020
SHAKEN UP

Market opening,
commercial drivers,
quality and customers

Internet, then digital
disruption, substitution,
e-commerce and parcels

POST 2020
TURBULENT

Covid, Climate, Rising
Costs, Customs, Conflict,
Collision of Calamities!

Volatile environment, huge
uncertainty, unpredictable,
supply chain disruption

Market conditions are right for growth – appetite and potential in and out of E Africa

Inbound e-commerce growth

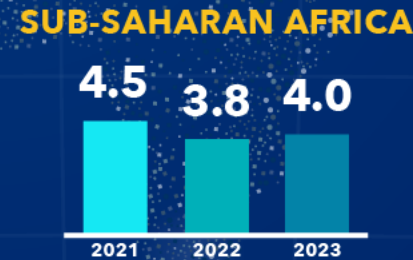
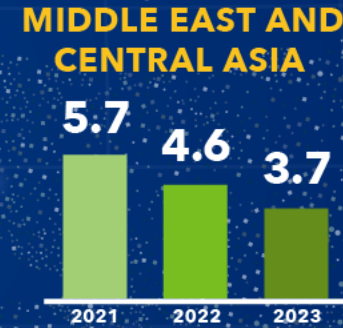
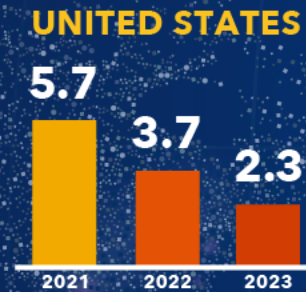
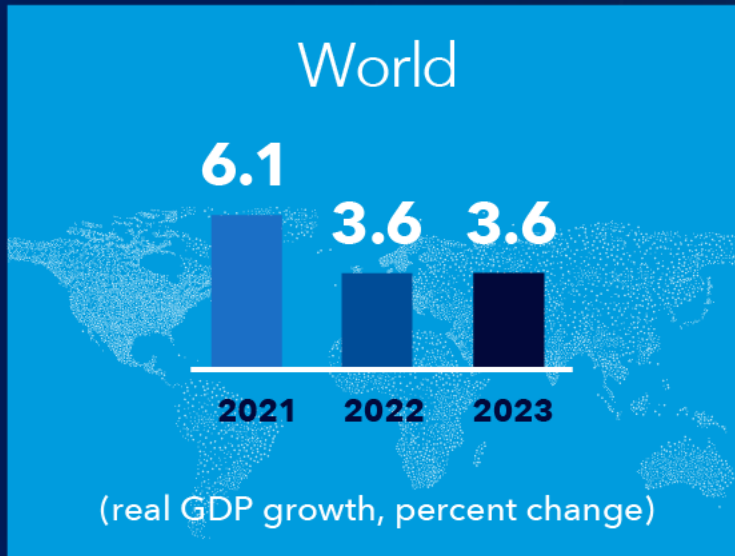
- Access to smart phones, internet and mobile money
- Inbound driven by demand for goods not available domestically
- Huge potential – young population, upwardly mobile, aspirational
- **Constraints** – local economy, weak currencies, low disposable income

Outbound e-commerce growth

- Opportunities for SMEs to expand their market globally
- Access via posts to shipping, payments and e-platforms
- Huge value for building economy, employment and tax revenues
- **Constraints** – cross-border is complicated, returns management

GROWTH PROJECTIONS BY REGION

(PERCENT CHANGE)



Source: IMF, *World Economic Outlook*, April 2022.

Note: Order of bars for each group indicates (left to right): 2021, 2022 projections, and 2023 projections.

Your ecommerce ecosystem - key enablers

- Digital transformation – organisation wide
- Digital 'platforms' – online and physical
- Sound logistics infrastructure – complete end to end operational value chain/pipeline
- Data tracking, monitoring and co-ordination – software back office (linked to front office)
- User friendly seamless customer facing interfaces/accessible touchpoints
- Data analytics, process control and optimisation, quality improvement

Partnerships to
accelerate reach,
range and speed and
being pro-active for
growth opportunities



The future, leadership and culture change



**'GUARD RAIL'
LEADERSHIP
PRINCIPLES**

Agile, flexible and resilient

Leadership is trust not control

'Guard rails' providing some direction

Everything must be sustainable

Care for people

Financial soundness

Mastering the brilliant basics



Key conclusions and take aways



Key take aways

Take control of your future and be proactive to make it happen

Leadership, culture and mindset change are pre-conditions

Speed to market is essential as many others see opportunities

Speed of decision-making and then also action and execution

Platforms, physical and virtual are strategic opportunities

Partnerships can accelerate your impact & give you strong synergies

Innovate and stay relevant to the ever changing market

Think **SUSTAINABILITY** in everything you do



QUESTIONS AND DISCUSSION



Thank you for your attention
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PANDEMIC EFFECTS



Reputation, respect, essential service, everything to the door



Parcel volumes up (and medicines, cash, groceries)



Letter volumes down (especially international from reduced capacity)



Quality suffered in many cases



Contactless delivery



Costs up, absences up, income down

Postal Business Trends in Europe

Accelerated digital transformation

Expanded digital platforms and channels (apps, devices) and boundary less opportunities

Focus on customer touchpoints (rather than fixed network)

Revenue recovered based on e-commerce parcel volumes

Still cutting cost base and streamlining owned assets

Extra focus on **partnerships** to expand capacity, IT solutions, new revenue streams, enter new markets, go up the value stream

Diversifying into warehousing, more logistics, full service/one stop shop

Integration for seamless customer experience and integration for back office and IT architecture, SAAS (software as a service)

Other important trends

All aspects of sustainability

Business model, organisation design, net zero operations, reduced emissions, energy consumption, circular economy ...

Data management and applications

Supply chain challenges and costs

Skill shortages (drivers ...)

Fierce competition and company consolidations

The “Amazon” effect

WHAT WE HAVE LEARNT

Critical to business survival is resilience, adaptability, flexibility, agility

Conventional strategic and business planning is ok in times of stability

Used to be long-term, linear and single direction – e.g. clear mission & vision

Now needs to be capable of being adjustable at very short notice

Needs to be multi-faceted, potentially facing many different ways simultaneously



TWO
THINGS ARE
HAPPENING
IN
PARALLEL

- Postal world is continuing to evolve through facing numerous disruptive influences from a more predictable public service ethos into the fiercely competitive and complex digital world
- World is becoming more chaotic and much less certain in all sectors and economise at every level which making ordinary business planning and decision making very challenging

CURRENT STRATEGIC IMPERATIVES

In today's turbulence





WEATHER THE STORM

- Global trade and supply chain disruption
- Relentless growth of e-commerce in global markets?
- Digitalisation marches on disrupting all players in all markets
- Basic economic certainties are less certain
- Business and environmental sustainability challenges everyone
- Complexity on top of uncertainty making it more perilous
- So primary skills needed are resilience and adaptability

KNOW YOUR STRENGTHS CORE ASSETS

Brand

Trust

Reach

Footprint

Customer
base

Infrastructure

People

Skills

Knowledge

KNOW YOUR STRENGTHS CORE COMPETENCIES

Delivery
Expertise

Sorting
capability

National
logistics

Financial
services

Digital
presence

Data
analytics

Business
relationships

Central
connections

UNDERSTAND YOUR MARKETS

First mile

Last mile

Logistics

Warehousing and fulfilment

Financial Services

Messaging and Communications

E-commerce

DIGITAL IMPERATIVES IN SAPOA REGION

CHALLENGES FOR AFRICAN POSTS

To have robust plans but also be able to change very quickly

To be able to operate simultaneously in different ways in different markets

To take your employees with you on this “roller coaster” (retention)

To take your customers with you (loyalty and re-enlisting traditional)

To retain control over your costs, stay profitable and manage risks

To be resilient, agile, flexible and sustainable in everything

To remain open to new ideas, markets, customers, innovations

OPPORTUNITIES FOR AFRICAN POSTS

Leverage on core strengths and assets

To enter new markets and offer new services

To expand to cover new geographical areas

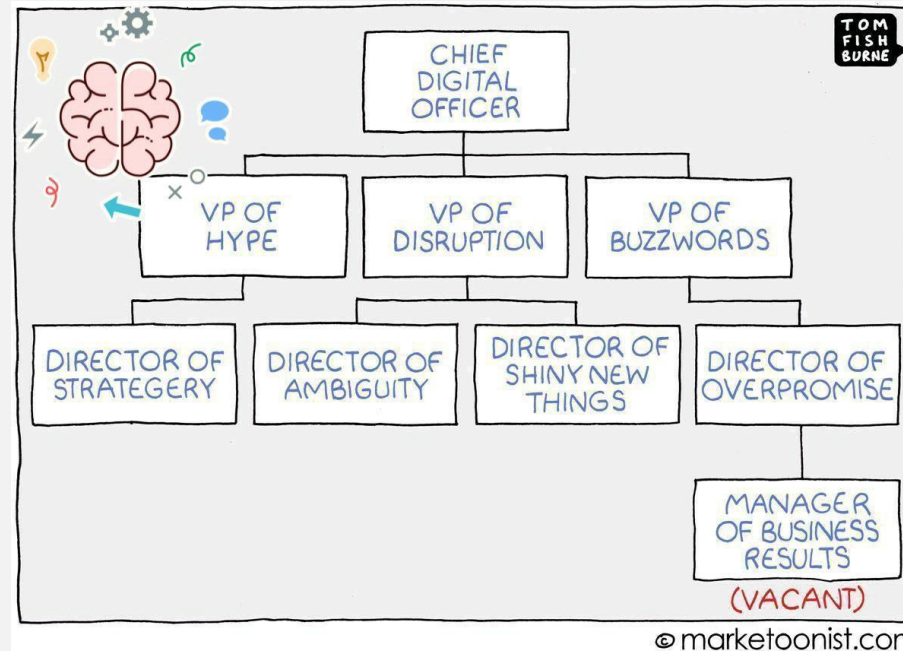
To achieve much of this with new partnerships

To change from a fixed mindset to a more fluid one

To build on human capital and competencies

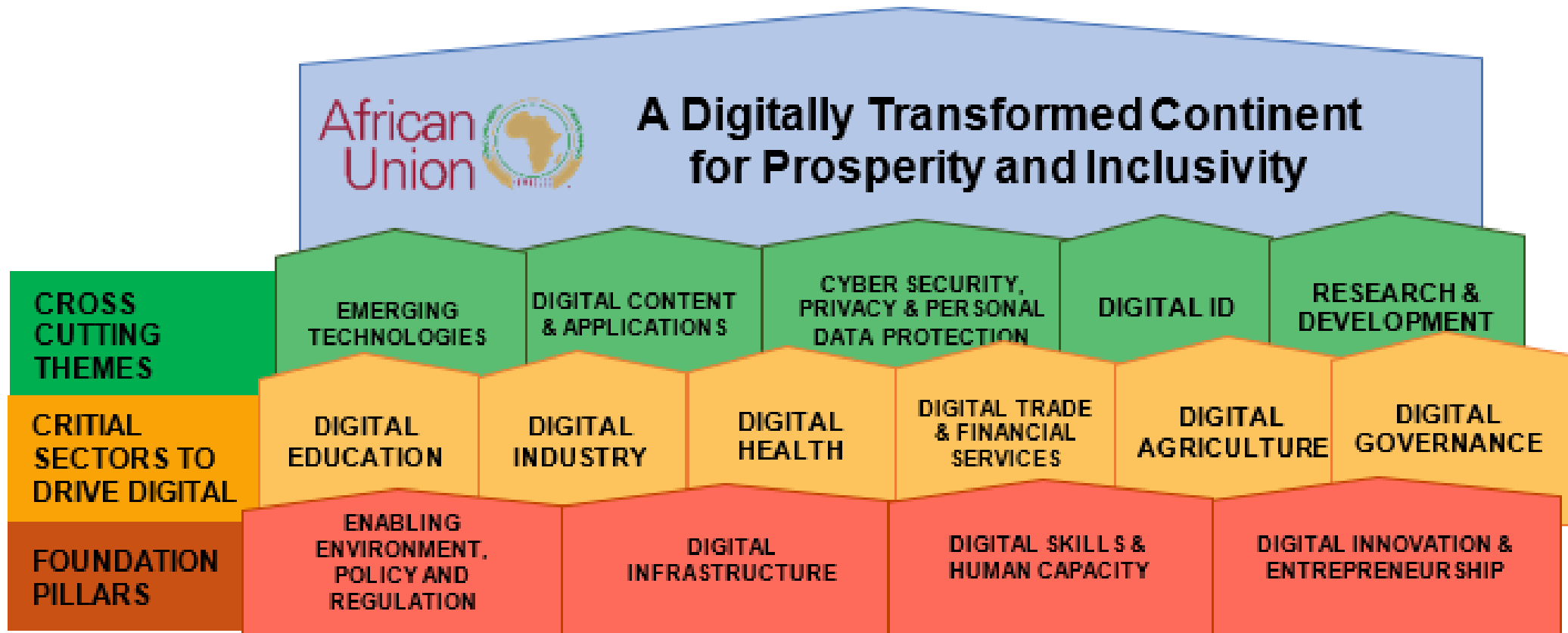
To understand the power and potential of using data dynamically

DIGITAL TRANSFORMATION IS NOT WORDS AND TITLES





A Digitally Transformed Continent for Prosperity and Inclusivity



DIGITAL TRANSFORMATION

A better way of doing internal processes

A better way for customers to access your services

An essential element of visibility and transparency

A better way for you to showcase and aggregate your services

Using all media platforms to maximise presence in the market

Needs to be fully integrated internally and externally (seamless)

Vital to capture, analyse and know how to use all data generated

Not forgetting cyber security