

Middle East and Africa (MEA)

Solving your Logistics Industry future risks today



The logistics industry is undergoing a huge transformation. As a result of the pandemic, integration of the logistics and transportation industry has accelerated. Digitization and customer expectations are driving existing industry stakeholders and new entrants to seek greater speed and control of end-to-end product delivery.

The Middle East strategic location and skilled manpower offer immense growth opportunities to industry players. Whereas, in Africa, the growing demand for consumer goods and natural resources globally is expected to drive industry growth. Despite the positive sentiment in the industry, it faces the challenges of unstable commodity and oil prices, rising operational costs, risk of interstate conflict and trade route disruptions.

Being one of the most competitive and rapidly evolving industries, it is crucial for businesses in the logistics sector to take advantage of the opportunities presented by the new normal. It is, thus, imperative to adapt, protect, and optimise.

The complexities impacting your business and operations requires understanding that goes beyond traditional ways of managing risk. In the face of heightened volatility, your organizational resilience capacity will become increasingly important.

USD 89.8 Bn
 MEA's logistics market projected to reach by 2028 at a CAGR of 7.9% from 2021 to 2028
Source: PR Newswire

USD ~ 133 Bn
 Saudi Arabia plans to invest in its transport sector to make the kingdom a global logistics centre
Source: Logistics Insider

USD ~ 200 Mn
 Funding secured by Transport and logistics companies in Africa during 2021
Source: The Baobab Network

USD 250 Bn
 Cost of Pan-Arabian rail project which will connect key ports and manufacturing hubs in GCC by 2024
Source: ME Construction News

Logistics Industry Opportunities, Disruptors and Marsh Solutions

Opportunities

Evolving client expectations and demand.

Rapid technological advancements reshaping the industry.

Sustainability adoption across multiple business areas.

Disruptors

New solution demands have emerged in recent years as the pandemic has expedited the growth of e-commerce across many different industries. This has led to a shift in logistics focus to last-mile delivery, 4PL (4th party) services, and reverse logistics. This has led to key players heavily investing in tracking and route optimization tools to improve their operational efficiency to remain competitive.

New technology is playing a crucial role in industry transformation; organizations are investing heavily in autonomous vehicles, warehouse automation, big data analytics, artificial intelligence, etc. These are opening opportunities for scalability, boosting productivity, efficiency and reducing costs.

With Environmental, Social, and Governance (ESG) gaining traction, companies in the sector are aligning their operations accordingly with initial emphasis on how to reduce their carbon foot print. This has shifted the need to use cleaner fuels and alternative methods that reduce emissions. Business priorities are also aligning with sustainability requirements in response to governmental regulations and changing consumer sentiments.

Marsh solutions

To limit the loss of earnings due to interruptions to your operations, we can help you to see around corners by:

- **Understanding** your operations and providing you with data-backed insights into potential causes of business disruption
- **Stress testing** your organization's business continuity plans and operational resilience
- **Developing** effective risk transfer and management strategies
- **Identifying** your business interruption losses and costs, and advocating for appropriate recovery from insurers.

Our team of cyber specialists can help you protect your business against cyber risks by:

- **Understanding** your cyber risk and business context
- **Measuring** the financial impact of potential cyber incidents
- **Managing** your risk with actionable steps to secure, insure, and recover
- **Achieving** higher cyber security maturity.

We can provide review your operations through an ESG lens to help understand how it influences you approach to managing risk

- **Analyzing** the evolving risk environment
- **Preparing** you to address future risks resilient
- **Assisting** you communicate to insurers an external perspective on policies and performance.

The logistics industry is a key growth sector in the Middle East and Africa which has seen a notable increase in investment and trade agreements. Organizations need to proactively futureproof their operations to remain on a sustainable growth trajectory.

Jason Freeman, Logistics Industry Leader, MEA

Building resilience for sustainable growth

Faced with more frequent and unpredictable risks; anticipating and minimizing their impact on your bottom line and operations is becoming increasing challenging. Marsh can provide you with insights into:

Review

Analyzing, modelling, and assessing your strategies, procedures, and safeguards in place from a project, operational, and corporate risk perspective.

Restructure

Designing new and innovative strategies for identifying and mitigating risk, including risk transfer program design including coverage, limits, and retention levels.

Resilience

Identifying and designing strategies to build resilience in your operations, considering new technologies, cyber, climate change and business interruption.

Loss and Recover:

Guiding and supporting you when your operations are impacted by a major loss, and assisting you in the ongoing recovery to resume business as soon as possible.

How we are helping clients protect goods in their supply chain



Case studies

Background

A major manufacturer in South Africa faced a significant loss of assets due to a flooding which caused a complete shutdown of operations.

How We Supported

Following the loss, their existing insurer cancelled their static storage coverage. Our local Marsh marine team engaged with global insurance markets to secure capacity to fill the client's insurance gap.

Value Delivered

The Marsh team's outstanding and collaborative efforts demonstrated insurance crisis management. The local team was able to leverage the Marsh global network coupled with the deep local and industry market knowledge, to secure coverage of over USD 59M for the client.

Background

A global port & terminal operator providing smart logistics solutions, marine services and technological advancement in the sector across the globe required support in conducting specialized information security and technology reviews.

How We Supported

Working with their management and local teams, we conducted the required information security and technology reviews for a total of eight of its international ports and terminals business units to achieve the below:

- Evaluate the adequacy of existing IT procedures, identify opportunities for process/governance improvements
- Provide recommendations to enhance design and operating effectiveness of information security and information technology controls.

Value Delivered

The Marsh team provided outstanding and collaborative efforts to achieve the objectives of the project, providing detailed Information Security and IT reports outlining the insights identified during the review, including description, risk ratings and recommendations.

To embed the workshop learnings and insights, the Marsh team conducted workshops with management to provide support in prioritizing remediation efforts; including short, medium and long term initiatives to be considered, working with the operator as an extension of their own teams to deliver the project.

Meet our experts



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Marsh: your trusted risk advisor

100+

Specialized Risk and Industry experts on-ground in South Africa

200+

Claims, Data Analytics and Specialty Risk Advisors in South Africa

200+

Specialized Risk and Industry Experts on-ground in MENA

300+

Dedicated client Managers on-ground in MENA

350+

Insurance specialists and dedicated client managers on-ground in South Africa

20+

On-ground claims advisors in MENA