

VALLIS GROUP LIMITED**WEEKLY BULLETINS IMPACT OF COVID-19 ON THE SUPPLY CHAIN****BULLETIN 4 –SHORT TERM SOLUTIONS TO COVID-19****1. SUMMARY OF SHORT – TERM SOLUTIONS**

1.1 This bulletin will cover the short term solutions in the following areas;

- 1.1.1 Employees;
- 1.1.2 Digitalisation;
- 1.1.3 E-Commerce;
- 1.1.4 Efficiency;
- 1.1.5 Tailored products and services;
- 1.1.6 Helping the community.

1.2 Business as (almost) usual whilst keeping employees safe

- 1.2.1 Companies working in countries affected by COVID-19 face a challenge – keeping business going whilst ensuring the health of employees.
- 1.2.2 Guidelines have been published in most countries regarding the health and safety of employees.
- 1.2.3 This includes measures such as allowing employees to work from home where possible, and where not, providing adequate PPE and implementing social distancing. See [here](#) for up-to-date recommendations from the WHO.
- 1.2.4 Vallis has been in continuous communication to update staff in the UK and in-country about new government measures, safety regulations and to make sure all staff are adequately equipped to carry out their work whilst keeping safe.

1.3 Advantages of increased digitalisation and reduced human contact

- 1.3.1 Some supply chains rely heavily on human contact and/or interaction. For example, a paper document which must be signed at each stage of the chain requires staff to be present and interacting at the time of signing. When this is not possible, it can lead to serious disruptions and a reduction in visibility throughout the supply chain.
- 1.3.2 Supply chains with digitalised features to monitor and track their goods are less affected by the need to reduce human contact and are more able to respond to changes in circumstance quickly.
- 1.3.3 Whilst, up until now, some companies did not view digitalisation as cost effective, this is changing rapidly and digitalisation is now becoming a priority in ensuring clarity and visibility.

“Organisations that operate with transparency and open communication have inherent advantages when events require quick actions to react and reshape” – Christopher Mack, [EY](#)

- 1.3.4 With the introduction of the Vallis Live app to provide real-time operational oversight at all times for our customers, which is currently being updated into a more comprehensive app. As a result of the app, the level of transparency and rapid communication response within Marine and Cargo has significantly improved.

1.4 The rise and rise of e-commerce

- 1.4.1 Online shopping has increased massively across the globe, both in retail and groceries, with some sectors seeing increases in demand of over 100%. On average, transaction volumes for online retail are 76% higher than this time last year.

Year on year growth in weekly orders in home and leisure retail since COVID-19

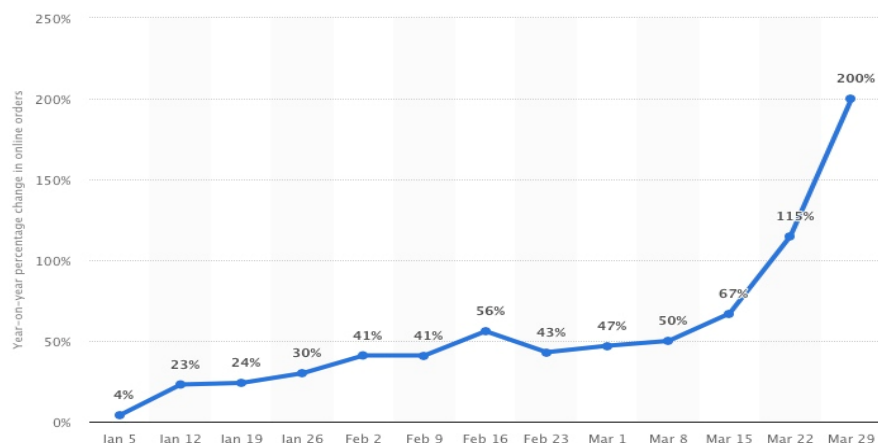


Figure 1: Year on year growth in weekly orders in home and leisure retail during the Coronavirus pandemic, *Statista, March 2020*

- 1.4.2 Features such as no contact delivery have enabled online shopping to be a safe way for businesses to operate.
- 1.4.3 The increase in online shopping will no doubt have a long term impact on the how supply chains are managed with both opportunities and challenges presenting themselves to companies working in the sector.

1.5 Ways to maximise efficiency during COVID-19

- 1.5.1 Route optimization allows the maximum number of goods to be transported in the shortest time using a minimum number of vehicles. Currently, this may mean avoiding countries with stricter lockdowns.
- 1.5.2 It is more advantageous for factories to operate at reduced levels, than to shut and open again at a later date. To do this, businesses are recommended to keep industrial buildings open with minimum staff and costs, ensuring social distancing is followed where possible.
- 1.5.3 Companies looking to source goods from areas severely affected by COVID-19 will need to find alternative suppliers or relocate manufacturing capability.
- 1.5.3.1 For example, a Japanese industrial manufacturer moved production from Wuhan to Malaysia during the peak of the outbreak in Wuhan.
- 1.5.4 Companies producing primary goods and parts can ration them, to keep as many companies as possible in business. This also prevents a complete lack of products at any one time.
- 1.5.5 At Vallis, we are fortunate to have a large enough footprint which enables us to continue working despite the travel restrictions and according to government measures. We are well equipped to carry out operations with as little disruption as possible and have successfully adapted to working remotely within our UK head office.

1.6 Tailoring products and services to new requirements

- 1.6.1 COVID-19 has brought with it huge changes in demand. Whilst new vehicles sales have decreased by 95% (see Figure 2), demand for ventilators has increased by 500-1000% in countries affected. Ventilator manufacturers are able to increase production by 30-50%, but not enough to meet the growing demand (see figure 3).



Figure 2: April new car registrations, 2004-2020, *SMMT, April 2020*

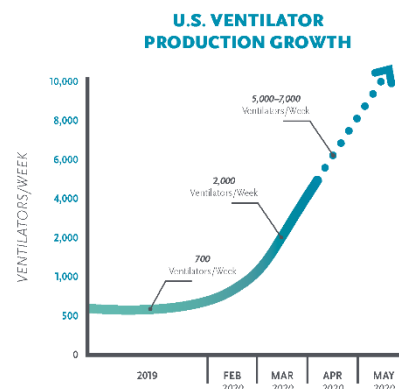


Figure 3: U.S. ventilator production growth, *World Economic Forum, April 2020*

- 1.6.2 This is also the case regarding many other medical items at the moment, such as face masks and hand sanitizer. For this reason, factories are being used to make alternative products, which are more in demand than their usual product. Below are some examples of this;

1.6.2.1 As part of Ventilator Challenge UK, AE Aerospace produced 6,000 ventilator parts in two weeks.

1.6.2.2 Kitui County Textile Center in Kenya has changed from producing gardening clothes to face masks. It aims to make 30,000 a day.

- 1.6.3 Supply chain companies have begun to customise their services to the current crisis.

1.6.3.1 New standards of hygiene are required in order to prevent the spread of COVID-19. Intertek offers services relating to PPE and disinfectant.

1.7 New apps developed to assist businesses in decision-making

- 1.7.1 Camelot (IT Lab) have produced *COVID-19 Impact Analyzer*, an app which assists in decision making by evaluating uploaded data regarding sales or shipments.

1.7.1.1 The analysis includes: percentage uplift and decline per product-country combination; impact analysis on various factors such as COVID-19 deaths, COVID-19 cases and social distancing; probabilistic forecasting for best case and worst-case scenarios.

1.7.1.2 Camelot have released this app free of charge to everyone, during the current crisis. See [here](#) for their website.

1.8 How businesses are helping their local communities

- 1.8.1 Company survival relies, to an extent, upon a strong community. Businesses should try to support their local communities, ensuring the health of employees and customers and minimal economic damage.

- 1.8.2 Appropriate support could vary hugely, from the production of medical equipment and in-demand items, to fundraising or raising awareness.

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