E-Commerce Platforms in the Chemical Industry

Experts Share Their Opinions on how to Deal with a Possible Disruption Caused by Digital Innovation

Digitalization is a very important topic not only in the chemical industry as a whole, but also in chemical distribution. As Wolfgang Falter states in his article: Customers increasingly search online and initiate digital contacts via websites, social networks, search engines and commercial platforms. Those distributors that they do not find online are no longer present in the relevant markets.

This development has led to many discussions within the chemical distribution industry on how best to address the issue of digitalization.

CHEManager asked executives and industry experts familiar with the development of e-commerce in chemical distribution to share their opinion on what needs to be done in order to survive in an increasingly competitive environment and how to deal with a possible disruption caused by new digital developments. We wanted to know:

1) Will e-commerce platforms in chemical distribution be more successful today than CheMatch, ChemSystems, ChemConnect et. al. were 20 years ago?

2) Who in the chemical supply chain from principal to distributor, logistics provider, online retailer, start-up to customer will be winners/losers in online distribution?

3) What do you (either alone or with partners) plan regarding online distribution?

Read the insightful answers of the experts here:

"Online Business Is an Opportunity, not a Threat"

Thorsten Lampe
Managing director, Asellion

1) Online is shaking up the way we live and work and businesses simply must
embrace that. It shouldn’t be about winners or losers, as online business is an opportunity, not a threat. An opportunity to improve, reinvent and add value. Going online in distribution will foster more openness and clarity. If the opportunity is utilized in the right way, it can lead to long term success. End customers in the long run will gain much better products that will help them solve small and big problems because chemistry will find a better way where it helps most. Development, production, distribution and logistics are capabilities that will persist and gain through better integration.

2) Asellion is an enterprise B2B e-commerce platform that allows suppliers of chemical products to set up their own online store with custom-built digital trading channels and sell their products to customers directly, privately and in a more efficient way. Covestro Direct Store is the first supplier and store to open on the Asellion platform. In the near term we will focus on enhancing the online communication and deal-making to improve the experience for small and large businesses. When that is done, we move forward focusing on the next big thing: we believe for instance that themed stores for specific industries, enhanced analytics and payment terms are topics of high demand.

"Digital Unicorns May Be the Winners"

Hans-Jörg Bertschi
Executive chairman (Board of Directors), Bertschi

1) I am convinced that digitized B2B trading platforms — functionally integrated into the ERP’s of the parties — will play a significant role in a not too distant future. They will facilitate and rationalize the trading and distribution of many chemical products and also tie in with supply chain and logistics platforms.

2) This is a rather difficult question. First of all, the size of a party does not count too much. It is rather the level of digitized capabilities and the speed of the party which matters. Disrupting parties have very significant opportunities to win, but they run as well quite some risks. For example, in logistics, digital unicorns or established but digitized asset-based logistics service providers may be the winners.

3) Bertschi is heavily investing in digitizing its global asset-based chemicals logistics service offering, as well as its non-asset based chemical freight management business, the latter running under the tradename Elite. We prepare
ourselves to tie in with successful B2B digitized chemical distribution and trading platforms, enabling them to offer full supply and transport chain visibility.

"Increasingly Important to Adapt to Changes"

Peter Wilkes
Managing director, Biesterfeld Spezialchemie

As technology has evolved rapidly over the last two decades, it is reasonable to believe that all of this will accelerate the use of trading platforms in the chemical industry. Reality confirms that our industry is more complex than others, leading to a different and broader role for chemical distributors: It goes beyond the purely physical distribution of products. While I see opportunities for platforms primarily in the management of back-office processes, I still doubt that platforms will play a leading role in the coming years. Of course, there will be several changes in our markets, and it is becoming increasingly important to adapt to changes, to be able to innovate and to offer services clearly, transparently and effectively. Those who adjust will have a chance to play, others won’t. Having online services available is one element — but only one out of many.

We as Biesterfeld are very engaged in exploring several opportunities regarding online distribution. Much is about learning and validating how digital processes can help to better serve industry. There won’t be the one and only magic solution for everyone, so we have to engage in several ways and see which offerings fit into certain segments of our business.

"Business Models Need to Be Questioned"

Jürgen Rietschle
Managing director, Bodo Möller Chemie

1) The difference to the platforms from 20 years ago is that the chemical industry itself had established these internet portals without sufficiently questioning the success and specific competences of the chemical distribution business model. An oversupply and the lack of a recognizable added value led to a merger and consolidation phase. Meanwhile, there are other market participants such as Alibaba or Amazon that have expanded the business model of internet platforms coming from the B2C area by new options and a correspondingly clearer
positioning to their core competence. The number of digital industrial platforms has started to grow dramatically once again; we can naturally assume that the digital market of classical chemical distribution will extract its market share, but it is important that the mostly small- and medium-sized industrial customer can recognize the added value of a platform in all of this.

2) An obvious issue is to what extent a platform can contribute to the optimization of the cost structure, and a corresponding answer is found rather in the area of commodities (key or basic chemicals), as it is often difficult here to find a differentiation characteristic. Chemical distribution is certainly also called upon to question its business models and create differences by becoming agile. We have therefore adjusted our activities to market conditions, specializing on segments. Our clear positioning and the development of the most varied additional services such as our “Adhesive Competence Center”, for example, allows us to make knowledge-intensive areas like bonding even more extensively accessible to our customers by means of digitalization than our industrial competence.

3) For us, digital options and networking with our customers remain in the foreground. A completely new online presence that already contains many elements will keep expanding our digital presence as solution provider while emphasizing this orientation. It will become apparent which individual businesses we will also market online even stronger in the future. Of course, the business models of chemical distribution will continue to change digitally, but we should not forget that many complex legal requirements or the illegal procurement of chemicals are often more difficult to control digitally.

"Creating the Most Convincing Customer Experience"

Steve Holland
CEO, Brenntag

2) Digitalization provides a significant opportunity to increase transactional efficiency and many integrated functions which enhance customer experience and create instantly accessible information in real time along with multiple application and points of reference from safety data through to formulation and practical help.

Today there are manufacturers who are developing digital solutions for their own products and services. The complexity to do this effectively in their current supply chain capability versus the use of existing distributor models is unlikely to drive a significant return as smaller consumers can present an even larger demand on logistic resources.

There are some smaller providers who are promoting digital marketplaces. Many of
these are offering a consolidation platform on an “arm’s length” basis without any obvious control or any investment in the supply chain. Control and investment in the supply chain underpins many of the essential aspects such as safety, traceability and security required to distribute chemicals and ingredients, many of which may be categorized as hazardous and have high regulatory controls. Digitalization provides only one of several channels for customers to interact with suppliers and distributors in combination with other services such as technical support, formulations, mixing and blending which create further value added and require a personal customer contact. The winner in the race to digitalization will be the channel who creates the most convincing customer experience, and we at Brenntag have all the means to succeed.

"Combining Tailored Products and Services with User-friendly Design"

Marko Grozdanovic
Managing director, BTC Europe

Digital products and services have become an integral part of our everyday lives. The changes we see compared to only a few years back, for example, are huge. Today, we are ordering groceries online, have our concert tickets on our smart watch and pay using our smartphones. In the industry, this digital transformation initially did not progress as quickly as in the private sector. Meanwhile, however, in the B2B sector, the digital transformation has taken up full speed. Customers today increasingly expect the simplicity, flexibility and availability of online tools and services — which they know from private use — in the professional sector as well. Therefore, online platforms and services are no longer a phenomenon from the consumer world but are becoming an essential part of the B2B sector as well. And this time they come to stay.

This is why we at BTC Europe have started early on to work on digital solutions to foster new business opportunities and provide our customers the service and support they are looking for. One of these solutions is the BTC Webshop, a digital sales platform for our customers, which we are currently rolling out. It combines tailored products and services with a user-friendly design. Due to the complete system integration customers can benefit from real-time information and a seamless user experience. The rollout with more than 300 customers has already begun and the insights and feedback we are gaining is very positive and promising. We are deeply committed to follow this digital pathway as it provides new opportunities to support our customers’ growth and clearly puts the customer at
the center of our activities.

"Improved Efficiency and Speed of Operations"

Timo von Bargen
Venture lead, Chemberry

1) Not only are we seeing apps that improve chemical ingredient transparency for end-consumers, but we’re also seeing new digital platforms that seek to better serve customers within the chemical industry. These customers hold the same expectations for B2B products and services as they do for the platforms they use in their private lives, be it Amazon or Alibaba.

What’s crucial for the success of e-commerce and other digital business models in the chemical industry is for these companies to provide more than just a shiny new platform: they must also ensure that the operations under the hood — from supply chain to production to logistics — are also improved in terms of efficiency and speed. This is the only way that e-commerce and other digital businesses can truly take off in this complex industry.

2) That’s why we at Chemberry, borne out of chemical company Clariant, are working hard to understand the true needs of chemical suppliers and buyers. As a start we identified the early phases of the customer journey as critical and therefore built a search and recommendation engine that intelligently guides customers to the right chemicals. But to achieve an end-to-end offering we need to find collaborators that can help us address later stages in the value chain. For this reason, we are actively seeking strategic partners who are willing to shape a new and improved digital customer journey in the chemical industry with us.

"Necessity to Pursue Multi-channel Strategies"

Christian Bürger
Managing director, Chembid

1) The world that created the dot-com bubble 20 years ago has transformed into a world in which an online presence is required to succeed, also as a chemical company today. The number of internet users has grown enormously since then, dial-up internet made room for broadband technology, and mobile devices that are more capable than entire computers from 20 years ago appeared. Today’s e-
commerce technologies are more efficient and cheaper to implement than ever before. Instead of worrying about the failures from 20 years ago, industry professionals should turn their attention to the success stories of today. In China for example, the use of chemical business platforms is already widespread. Chemical B2B marketplaces have reached more than CNY 200 billion (about $30 billion) revenue in 2017, and we are also seeing strong growth in the number of successful platforms in other regions of the world. E-commerce platforms in chemical distribution are already more successful today than they were 20 years ago and will be more successful in the future.

2) I believe that in the future it will be less about where in the chemical supply chain a company is, but rather how much it is able to build a strong brand and brand experience via different digital environments. In today’s and much more in the future web business, it is necessary to pursue multi-channel strategies in order to remain visible and thus relevant. We are now entering an age in which “distributed content” — information promoted in different environments through various channels — is more important than ever. Only in this way can the customers, who are predominantly digital natives, be reached at various relevant touchpoints and strong brands can be built up.

3) We are operating a global metasearch engine for chemicals and plastics, making more than 2 million offers from a wide selection of marketplaces and webshops comparable for buyers. Suppliers can outsource online business activities with chembid and save both financial and personnel resources for e-commerce and digital marketing.

"Shift the Focus towards Real Value-adding Activities"

Sebastian Brenner
Managing director, Chemondis

Looking at B2C, digitalization has led to major changes for both vendors and customers. Customers profit from higher information transparency about prices and potential vendors, as well as reduced efforts to purchase online. Vendors have dramatically increased their market reach and at the same time reduced their operational costs. They are now able to service customers all around the globe with even zero physical stores. We expect that this will also be the case for B2B in general and for the chemical industry in particular. In view of the current situation, the industry is very offline-focused and lacks transparency. It requires big time investments on the buyer side and high selling costs with a lot of market knowledge
Digital marketplaces like Chemondis make more information easily available for both sides. For chemical suppliers this means, just like in B2C, they can service global customers at lower costs. Less traveling, reduced sales and marketing efforts. With a highly increased reach through global marketplace networks, new buyers can be found online with virtually no cost. Both production and margins can be planned more effectively in the long run, with negotiations taking place online as well, documentation becomes faster and easier. The focus can shift towards real value-adding activities.

For chemical buyers there are two major advantages of digitalization: the first is increased transparency. With information about potential (or alternative) suppliers, availabilities and customary prices, buyers can take better-informed decisions and enter negotiations more consciously. Also, with all relevant suppliers being listed at one marketplace, the costs for research, phone calls and inquiries are reduced significantly.

At Chemondis we are sure that the time has come for digital marketplaces for the chemical industry. We are excited to be part of it.

"Customers Need to Be Served in Multiple Ways"

Hermann Bach
Head of Innovation Management, Covestro

1) Digitalization is becoming part of our daily lives — both professionally and privately. Different to 20 years ago when digital platforms were only rare lighthouse projects in an overall analogue landscape, we face today a much more digital-savvy environment. This change is being further accelerated by the fast-paced nature of technological developments and the omnipresence of digital technologies, in particular data, computing power and connectivity are readily available today. This progress holds enormous potential for digital B2B business in the chemical industry.

Many customers expect more flexible ways to interact and to do business, similar to the many digital opportunities in B2C business. In order to reach the customers at the right time in their decision-making process, successful B2C businesses serve them via their used and preferred channels. And while this practice has rather
become standard procedure than competitive advantage in B2C, many B2B companies still need to learn how to establish a seamless experience across the multiple channels used by their customers. However, if you don’t manage to serve your customers on the channels that they prefer to use, someone else will probably do. This is why we choose to serve our customers in multiple ways: on new digital platforms like the Covestro Direct Store and the flagship store on Alibaba 1688 as well as on our proven, traditional channels.

"Online Platforms will Ease the Process but not Replace Chemical Distribution"

Robert Späth
Managing director, CSC Jäklechemie

Digitalization is a hot topic in chemical distribution recently. Start-ups appear, and projects are launched on how to digitalize the business. I welcome every new idea to make the supply chain more efficient or to facilitate communication.

Our business needs experience of how to handle even critical products compliant and with responsible care. Distributors are already the keepers of an immense database. They manage to serve entirely different industry sectors with many special requirements. The secret of success is to meet the expectations of each of our customers. To digitalize processes and parts of the chain makes sense. This may even include collaboration with platforms. Online distribution will ease the process for parts of the distributor’s as well as the producer’s business. It will not replace chemical distribution. The distributor is the customer’s counterpart that knows how to pull the strings. This will need digital performance as well as product applications engineering and logistics. Such a high-level service opens access to markets. Producers recognize skilled distributors as valuable partners. Distributors must not ignore the challenge of digitalization. Otherwise, they may lose their customer base and move back to simple service providers.

"Customers are Looking for an “Amazon” Experience"
David Cahn  
*Director Global Marketing, Elemica*

1) Yes. The e-commerce platforms for the chemical industry have evolved from platforms to “marketplaces.” These new marketplaces such as Chemondis, Kemgo, Pinpools, and others, will be more successful than in the past for a few reasons. First, earlier platforms did not support the complex requirements of the back-end fulfillment needs between the platforms and the specific digital supply networks, such as Elemica. Digital supply networks that integrate the suppliers, buyers, and logistics service providers enable the tracking and tracing from the order placement through the shipment from the manufacturer to the customer. These new marketplaces also support the sophisticated contract specific pricing needs from each of the manufacturers and material specification needs of each buyer. This was much harder in the past. Finally, the buyer, who is more digitally aware, has also matured in their buying characteristics. Today, the typical chemical buyer is ordering products in amounts of 50K euros or dollars for an average shipment which was an uncomfortable amount to procure in the earlier days of e-commerce. As a result, buyers in the past preferred to order more closely with the customer service representative. Today, they are looking for a more “amazon” experience where they can order any product online and can track it from order through delivery and payment. These millennial type buyers want the same experience with their direct materials purchases that they can receive from the consumer purchases.

"Chemical e-Commerce Needs to Mature and Evolve"

Christopher Erbslöh  
*Managing director, C.H. Erbslöh*

1) If success is defined by the share of transactions involving chemicals and the turnover generated, the new generation of e-commerce platforms and individual e-commerce solutions will surely be more successful in the years to come, than they have been in the past. However, for a real transformation of our industry to happen there is still a lack of differentiation and segment-specific solutions. E-commerce for our industry needs to mature and evolve from being a price comparison tool where spot business takes place, to become a solution provider for innovation, supply chain issues and costly manual work, today performed by the workforce of manufacturers, customers and distributors. C.H. Erbslöh and the LEL Alliance are addressing these issues and will be offering more digital services over the coming
years. Nevertheless, we believe that in order to make real achievements our industry as a whole will have to come together to define technical standards and give regulatory guidance to the governing bodies. As long as manufacturers, distributors, platforms, associations and government agencies continue to look for their own individual solutions, the road ahead is going to be a long and bumpy one, as the lack of standards make it difficult to provide differentiation and segment-specific solutions that are easy to use and offer seamless integration into existing processes, systems and tools.

"Most Platforms Still Function as “Match Makers”"

Thomas A. Dassler
Managing director, Häffner

At Häffner, the use of e-commerce platforms is now part of our daily business in our purchasing and sales departments. Especially with regard to the global procurement of chemical raw materials, Häffner purchasers benefit from a faster and more comprehensive market overview thanks to the filter and search functions of the leading e-commerce platforms. E-commerce platforms can also be used to quickly and efficiently win new customers when opening up new sales territories in which the company does not yet have its own sales force or trading partners.

First and foremost, most platforms today still tend to function as „match makers“, i.e. the actual sales or purchasing process continues to take place outside the platforms, once the contact between purchaser and supplier has been established on the online platform via the stored company profile with contact data and product range. The actual sales channel (via agents, traders or distributors) may not have changed significantly in the last 20 years, but the basic way in which a potential customer and supplier find each other has.

Today, millennials primarily use digital marketplaces to find new suppliers. Companies that are not found with their product range on e-commerce platforms will have major competitive disadvantages in the future and must also expect to lose business shares. Likewise, many of the e-commerce platforms that already exist today will disappear from the market because their business model either will not deliver sufficient contribution margins, or the necessary size will not be achieved quickly enough. Against the background of an optimal and successful „digital presence“, Häffner does not only work with the leading e-commerce platforms, but also takes care to optimize our web offer for the search engines on a daily basis so that potential customers can find it more easily.
"Extensive Services Need to Be Offered along with Products"

Thorsten Harke  
**CEO, Harke Group**

Pure online trading platforms, without the personal service and support that trading companies offer today, will probably achieve a certain market share in certain areas of the B2B sector. Today’s trading companies, however, are per se already trading platforms “of the real world” that combine a broad product range for customers to save transaction costs for them. On the other hand, consulting and many other services of trading companies for customers at the same time save considerable transaction costs for manufacturers. If products are offered purely online – without consulting and service – these transaction cost savings are considerably lower for customers and suppliers.

It will therefore usually not be sufficient simply to post products online. Many products do not sell by themselves, but there are extensive services to offer around the products. Examples range from logistics, which, especially in the chemicals sector in form of dangerous goods logistics, often needs extensive specialist and market knowledge, up to application consulting for specialty products. As a result, chemical trading companies with decades of specialist and market knowledge are much better positioned to offer customers the corresponding services as a package than pure online platforms that cannot offer any further services tailored to the products. What retail companies partially have lacked so far was an internet presence to offer their services online. However, this can be retrofitted using online shop systems, which are meanwhile readily available on the market. This is also our strategy. Besides our online catalogue, which is available since many years already, we plan to go online with our e-commerce shop, comprising our full supply program, before the end of this year. If it runs smoothly, we may open this shop also to others and expand our platform with it.

"Focus on Strengths and Think Outside the Box"
Frank Schneider  
*Director Coatings & Construction and managing director Germany, IMCD*

1) Digital or e-commerce platforms in chemical distribution are already more successful than their predecessors of 20 years ago and will continue to do so, on a significantly higher level than they do today.

2) All stakeholders in the chemical supply chain can and will be winners in online distribution – if only they focus on their core strengths, are creative and prepared to think outside of conventional boxes.

3) IMCD is assessing all online distribution options actually. Our assessment could lead to an offering of an own platform in combination with the participation at external platforms.

"Compliance even via Online Sales"

Markus Kanis  
*Executive vice president Industrial & Chemical, Imperial Logistic*

1) Today, almost every product and service are marketed online, including chemicals. However, the chemical industry presents greater challenges as not every chemical product can be sold to every buyer. For example, the placing on the market and use of pesticides is governed by EU and national regulations; in Germany these include plant protection laws. Compliance must be ensured even via online sales. This impacts the potential scope and success of online marketing.

2) Anyone could be a winner here, subject to satisfying compliance requirements. Sales and processes are simplified and accelerated, transparency and market overview for all involved grows. But IT is a key enabler in this area, and those who do not have the necessary competence will lose out to those who do have it.

3) As logisticians for the chemical industry, Imperial Logistics will support its customers in their efforts to implement e-commerce projects, by creating the necessary conditions, structures and communication channels. At the same time, we are actively looking at ways to market our own services across various sectors via e-commerce platforms. For example, Imperial Logistics recently launched the innovative Sharehouse online platform, which matches available warehouse capacity with companies needing space.
"The Chemical World is Becoming Increasingly Ready for the Digital Change"

Bharat Bhardwaj
CEO, Noahs Ark Chemicals

It is unquestionable that there is a movement towards online purchasing in the B2B world. The benefits of B2C online consumerism have left their mark on buyers and many now expect some of the benefits, such as real time price comparison, delivery tracking and order monitoring, to be available from their normal B2B suppliers.

At Noahs Ark Chemicals, we aim to stay ahead of the competition and offer our customers the level of service which they have come to expect from large companies such as Amazon when they place any order online, but in the business environment. To permit this, we are planning to offer a bespoke online portal to our customers, allowing them to interact with us online as a complement to our existing way of operating.

We have been distributing chemicals for over 18 years and realize that in order to win business, it is becoming increasingly important to offer a service to your customers above and beyond what they may be able to get elsewhere. On our online platform, customers will be able to request real-time pricing information and stock availability, as well as being able to track orders. This is all in addition to the usual service provided by business managers.

We firmly believe that with more and more millennials becoming decision makers in large companies, the first successful movers in this digital space will have a huge competitive edge. Customers will already have been trained and be familiar with online services, and even expectant of services which are still not typically provided in the B2B chemical world. We hope to set ourselves apart by embracing this digital change, which the chemical world is becoming increasingly ready for.

"Offering the Best Customer Satisfaction Will Be Key"

Jouke Eijssen
Director Digital, Nouryon
1) Yes, we firmly believe e-commerce platforms will be more successful today than 20 years ago. At that time, platforms were a technology push. Nowadays online is so integrated in daily life and customers are experiencing the convenience of all kinds of e-commerce platforms (e.g. online shopping, hotel bookings) in their private lives that now we experience a behavior pull — and act accordingly.

2) That is too early to say. We see a number of interesting initiatives, but we believe that offering the best customer satisfaction will be key. It is quite possible that different platforms will co-exist — for example, focused on a specific geography or customer group.

3) It depends from where customers are in their buyer journey, but we see a clear trend of customers moving towards online. We aim to make it as easy as possible for our customers to do business with us, so we follow a multi-channel approach — for getting info, ordering, etc. We don’t have plans for our own platform, but we have several online outlets. They allow us to keep track of changing customer behavior, and with that allowing us to tailor — and sometimes re-invent — internal processes to create more value for our customers, on- and off-line.

"Providers with the Best Timing Will Win"

Peter Overlack
Co-CEO, Oqema

1) Most probably. Digitalization is starting to change every single business process, hence platforms acting as “connectors” are urgently required. The experiences from the 2003 e-business cannot be compared to today’s overall situation. And finally, even if it sounds a little funny, the ubiquitous mobile phones have greatly reduced resistance towards new digital solutions among our staff, our clients.

2) Winners will be the ones who are ready to use the digital opportunities the moment we reach the inflection point for our industry. Since no one knows exactly when this will be, all of us cautiously balance between spending too much and too little on digitalization. The ones who embrace the issue wholeheartedly, but too early, risk being set back by a substantial amount of money. The ones who do nothing, will enjoy some more laid-back months or years, but finally might risk being out of business one day. Thus, the ones with the best timing will win.
3) We try to get our timing as good as possible — preparing our organization internally, but also screening and testing external developments. And it includes not yet giving up completely on our Kemix vision. Two years down the road, there remain strong arguments in its favor.

"The Chemical Industry Will Surely Undergo Digital Transformation"

Alexander Lakemeyer  
CEO, Pinpools

Since the year 2000, technical infrastructure and requirements for building up a successful digital start-up has totally changed. There is no reason to believe that the chemical industry should be the only global industry that will not undergo digital transformation; the entry barriers are just different. The question is how quickly digitization will progress and at what level the established players will be able to adapt to this change. This will determine how easy it will be for external players to enter the chemical market.

"Only Open Innovation Can Lead to a Better Ecosystem"

Matthias Mirbach  
Member of management board, Stockmeier Holding

1) The chemical distribution will evolve massively in the years ahead. At Stockmeier, we recognize a broader understanding of online selling and purchasing within customers as well as suppliers. In addition to that, a huge increase in interconnectivity provides far more chances than the contrastable under-complex world of the 2000s.
2) As we currently see increased digital activity especially on the supply side and self-proclaimed disruptors, our purchasing and business innovation teams are in close contact with major players and promising rising stars. We strongly believe that only an open innovation approach can lead to a better ecosystem in chemical distribution. It will not be about talking but testing new ideas and building proof of concepts. Already in late 2017 we invested in new competence supporting this approach and will continue to adapt to new ways of thinking. In this way, we constantly expand our knowledge, which we then use for the benefit of our customers.

3) The so-called e-commerce-platforms of the old days will certainly not just be duplicated and shaped for today's needs. As all market participants do have a better understanding of the direction of change, we probably will see both the old and new online business models evolve. Market places, smart auctioning platforms, information providers and proprietary point of sales each offer their own value proposition. As the fastest growing distributor in Europe, we want to keep up with all the developments, but we see information as a key angle to all market participants. In this direction, we want to help shape the ecosystem by supporting Chembid developing the best meta-search engine for chemicals. As a spillover effect, our investment in Chembid four months ago gave the integration of our digital sales strategy a strong boost.

"Agility and Velocity Are Key to Succeed"

Andreas Früh
CEO, TER Chemicals

Looking at the development of e-commerce platforms over the past two years alone, it is apparent that they will be, and already are increasingly successful. The digital world is developing at an exhilarating speed and so are digital solutions for the chemical industry. Mindsets and expectations are changing quickly, influenced by an increasing number of digital natives entering the market. This opens opportunities for outside players to infiltrate the chemical market and implement successful business models from other segments. However, there are several aspects that prevent a comprehensive success for scattered e-commerce platforms — at least for now.
There is the complexity of compliance and regulations. The vast product range with very specific needs. E.g. technical and formulation expertise for specialty chemicals on the one hand and competitive pricing for volatile commodity products on the other. To offer both in equal quality is challenging, especially as producers need products from both ranges but are reluctant to purchase through various platforms. There are noticeable attempts within the industry to solve the above-mentioned issues from within, segregating outside infiltrators. Ideas range from forming an online distribution alliance, to promoting the incorporation of ERP add-ons that offer direct links between parties and a market platform in one.

So overall digitalization already provides many solutions to enable online chemical distribution and significantly affect our supply chain. This will change business models within the industry but also offer opportunities to increase efficiency and exploit new distribution channels. If played well, producers can be the big winners of this development as they have the power to steer the developments to their advantage. Distributors and logistics provider that know how to ride this wave and offer unique solutions, could however benefit just as much. In any case, agility and velocity are key to succeed.

"Added Value for Customers and Producers Alike"

Axel Schmidt
Chief digital officer Customers, Wacker Chemie

Digitalization is everywhere. We as consumers shop online, we are entertained online, and we communicate online. I am 100 percent convinced that the way the chemical industry works is radically changing in all fields: collaboration, communication and as well commerce. Wacker has been an innovator in this field. We introduced our e-biz solutions in the early 2000s and updated them constantly. Today we sell over half of our chemicals through e-biz transactions.

We now offer “Dial-in-the-Expert” video calls with our technical experts. We have implemented a new customer relationship management system and we are building 360 degree-views of our customers. We also support our sales managers with sales enablement tools such as product selection and cross-selling apps, tablet devices and lead generators.

At the moment, internet based digital platforms still play a minor role. We still sell the majority of our goods with the involvement of highly specialized sales managers and engaged local customer service representatives. And we still have a great network of regional and local distributors.

But times are changing, and we are preparing for the second wave of chemical
platforms. They will be more than just search engines. They need to provide added value for customers and producers alike. At the end, the customer will decide which services he needs and what he wants to pay for. But one thing is clear: The new generation of buyers will not accept processes which are not state of the art. They look for anything which makes them faster and more efficient, and that is a good thing. In the future, chemical distribution will be different, but perhaps even stronger.