Maersk and IBM to Form Joint Venture Applying Blockchain to Improve Global Trade and Digitize Supply Chains

COPENHAGEN, DENMARK and ARMONK, NY – 16 January 2018: A.P. Moller – Maersk (MAERSKb.CO) and IBM (NYSE: IBM) today announced their intent to establish a joint venture to provide more efficient and secure methods for conducting global trade using blockchain technology.

The aim of the new company will be to offer a jointly developed global trade digitization platform built on open standards and designed for use by the entire global shipping ecosystem. It will address the need to provide more transparency and simplicity in the movement of goods across borders and trading zones.

The cost and size of the world's trading ecosystems continues to grow in complexity. More than $4 trillion in goods are shipped each year, and more than 80 percent of the goods consumers use daily are carried by the ocean shipping industry. The maximum cost of the required trade documentation to process and administer many of these goods is estimated to reach one-fifth of the actual physical transportation costs. According to The World Economic Forum, by reducing barriers within the international supply chain, global trade could increase by nearly 15 percent, boosting economies and creating jobs.

The attributes of blockchain technology are ideally suited to large networks of disparate partners. A distributed ledger technology, blockchain establishes a shared, immutable record of all the transactions that take place within a network and then enables permissioned parties access to trusted data in real time. By applying the technology to digitize global trade processes, a new form of command and consent can be introduced into the flow of information, empowering multiple trading partners to collaborate and establishing a single shared view of a transaction without compromising details, privacy or confidentiality.

Maersk, a global leader in container logistics, and IBM, a leading provider of blockchain, supply chain visibility and interoperability solutions for the enterprise, will use blockchain technology to power the new platform, as well as employ other cloud-based open source technologies including artificial intelligence (AI), IoT and analytics, delivered via IBM Services, in order to help companies move and track goods digitally across international borders. Manufacturers, shipping lines, freight forwarders, port and terminal operators and customs authorities can all benefit from these new technologies –and ultimately consumers.

"This new company marks a milestone in our strategic efforts to drive the digitization of global trade. The potential from offering a neutral, open digital platform for safe and easy ways of exchanging information is huge, and all players across the supply chain stand to benefit," said Vincent Clerc, chief commercial officer at Maersk and future chairman of the board of the new joint venture. "By joining our knowledge of trade with IBM's capabilities in blockchain and enterprise technology, we are confident this new company can make a real difference in shaping the future of global trade."

IBM's blockchain platform is enabling hundreds of clients and thousands of developers to build and scale active networks across complex use cases, including cross border payments, supply chains, and digital identification.

"The major advances IBM has made in blockchain have shown that the technology can foster new business models and play an important role in how the world works by building smarter

businesses," said Bridget van Kralingen, senior vice president, IBM Global Industries, Solutions and Blockchain. "Our joint venture with Maersk means we can now speed adoption of this exciting technology with the millions of organizations who play vital roles in one of the most complex and important networks in the world, the global supply chain. We believe blockchain will now emerge in this market as the leading way companies seize new untapped economic opportunities."

IBM and Maersk began a collaboration in June 2016 to build new blockchain- and cloud-based technologies. Since then, multiple parties have piloted the platform including DuPont, Dow Chemical, Tetra Pak, Port Houston, Rotterdam Port Community System Portbase, the Customs Administration of the Netherlands, U.S. Customs and Border Protection.

The joint venture will now enable IBM and Maersk to commercialize and scale their solutions to a broader group of global corporations, many of whom have already expressed interest in the capabilities and are exploring ways to use the new platform, including: General Motors and Procter and Gamble to streamline the complex supply chains they operate; and freight forwarder and logistic company, Agility Logistics, to provide improved customer services including customs clearance brokerage.

Additional customs and government authorities, including Singapore Customs and Peruvian Customs, will explore collaborating with the platform to facilitate trade flows and enhance supply chain security. The global terminal operators APM Terminals and PSA International will use the platform to enrich port collaboration and improve terminal planning. With support from Guangdong Inspection and Quarantine Bureau by connecting to its Global Quality Traceability System for import and export goods, the platform can also link users to important trade corridors in and out of China.

To address the specific needs of the industry, Maersk and IBM are establishing an advisory board of industry experts to help further shape the platform and services, provide guidance and feedback on important industry factors, and drive open standards.

Maersk and IBM have named Michael J. White, former president of Maersk Line in North America, as CEO of the new company. He commented, “Today, a vast amount of resources are wasted due to inefficient and error-prone manual processes. The pilots confirmed our expectations that, across the industry, there is considerable demand for efficiency gains and opportunities coming from streamlining and standardizing information flows using digital solutions. Our ambition is to apply these learnings to establish a fully open platform whereby all players in the global supply chain can participate and extract significant value. We look forward to further expanding our ecosystem of partners as we progress toward a global solution.”

The new company initially plans to commercialize two core capabilities aimed at digitizing the global supply chain from end-to-end:

- A shipping information pipeline will provide end-to-end supply chain visibility to enable all actors involved in managing a supply chain to securely and seamlessly exchange information about shipment events in real time.

- Paperless Trade will digitize and automate paperwork filings by enabling end-users to securely submit, validate and approve documents across organizational boundaries, ultimately helping to reduce the time and cost for clearance and cargo movement. Blockchain-based smart contracts ensure all required approvals are in place, helping speed up approvals and reducing mistakes.

Upon regulatory clearance, solutions from the joint venture are expected to become available within six months.

The new company will be headquartered in the New York metropolitan area.

The platform is built on IBM Blockchain technology, which is provided through the IBM Cloud and powered by Hyperledger Fabric 1.0, a blockchain framework and one of the Hyperledger projects hosted by the Linux Foundation. For more information about the joint venture visit: www.ibm.com/blogs/blockchain/2018/01/digitizing-global-trade-maersk-ibm.

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The establishment of the joint venture remains subject to receipt of regulatory approvals. None of the information provided in this announcement should be construed in any way as a commitment and this information is subject to change and represents goals and objectives only.

About IBM Blockchain
IBM is recognized as the leading enterprise blockchain provider. The company's research, technical and business experts have broken barriers in transaction processing speeds, developed the most advanced cryptography to secure transactions, and are contributing millions of lines of open source code to advance blockchain for businesses. IBM is the leader in open-source blockchain solutions built for the enterprise. Since 2016, IBM has worked with hundreds of clients across financial services, supply chain, government, retail, digital rights management and healthcare to implement blockchain applications, and operates a number of networks running live and in production. The cloud-based IBM Blockchain Platform delivers the end-to-end capabilities that clients need to quickly activate and successfully develop, operate, govern and secure their own business networks. IBM is an early member of Hyperledger, an open source collaborative effort created to advance cross-industry blockchain technologies. For more information about IBM Blockchain, visit https://www.ibm.com/blockchain/ or follow us on Twitter at @ibmblockchain.

About Maersk
A.P. Moller - Maersk is an integrated transport and logistics company with multiple brands and is a global leader in container shipping and ports. Including a stand-alone Energy division, the company employs roughly 88,000 employees across operations in 130 countries. For more information about Maersk, visit https://maersk.com/ or follow us on Twitter at @maersk.

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