

## **Fear of attacks strikes global transport & logistics industry**

LONDON, UK: Cyber, 'hacker', pirate and terrorist attacks are expected to rise across the global supply chain over the next 20 years and firms should plan now to protect their assets, says a new PwC report.



- Attacks on supply chains likely to rise
- Businesses urged to invest in security now to protect supply chains
- Survey highlights a 56% probability of attacks on supply chains.

PwC's Volume 4 of the Transport & Logistics' 2030 series: Securing the Supply Chain, warns that cyber attacks are now so sophisticated that any business, or even country, could be at risk. The report, undertaken jointly with the Supply Chain Management Institute (SMI) at EBS Business School in Germany, surveyed 8 executives across business, science and government.

Participants were asked to assess the probability of a variety of hypotheses on a scale of 0-100%.

### **Hacker attacks of more concern than physical attacks**

On average those surveyed said there was a 56% probability of a rise in attacks in some form. It is not just cyber attacks that firms need to prepare for, the report says, they also need to be prepared to handle natural or man-made disasters. Overall, those surveyed said they were even more concerned with hacker attacks affecting their supply chains than they were actual physical attacks. Recent research also shows that the German internet, for example, is attacked every two seconds.

Klaus-Dieter Ruske, partner and Global Transportation and Logistics Industry leader at PwC, said: "The supply relationships between producers, suppliers and consumers have become more complex and more accident-sensitive in the last few years. Today 90% of the worldwide trading volume is concentrating on about 39 gateway regions. If only a single one of these hubs fails, the economic consequences could be enormous after just a short period of time, and affect most economies around the globe.

"As a consequence of the increasing threat, the transportation and logistics companies' expenditures on security will broadly rise. Thus, capital investment on security, also on security of IT systems, will be one of the most important cost drivers of the logistics industry."

Businesses are urged to devise and execute contingency plans now as the economic impact of such attacks could be devastating, the report says.

### **'Chokepoints' identified as potential targets**

Assaults on certain, highly-frequented 'chokepoints', a geographic bottleneck with only one narrow transpc link across a valley or bridge, are predicted to be potential targets. Some examples of chokepoints in glob shipping include the Strait of Homuz, the Suez Canal and the Panama Canal.

Egypt, for example, already loses more than US\$640 million\* each year because shipping companies are avoiding the passage through the piracy-threatened Gulf of Aden and the Suez Canal. In spite of the rising risk there will not be any renunciation of highly diversified international division of work, according to the report.

Survey respondents said there was a 70% probability of logistics companies having to perform obligatory security checks on their whole supply chain, and they said there was a 60% probability that modern technology would offer businesses better protection.

Freight screening as well as 'risk' profiling of employees, and using trusted shipping operators, will also he businesses stay ahead of the hackers, the report adds.

Ruske added: "Enterprises will have to analyse and counteract every possible scenario of danger to prote their supply chains. It is not just about prevention, but also about developing alternatives for the case of emergency. Thus every enterprise should be prepared to quickly compensate any drop out of a supplier."

Attacks can be due to a natural disaster. Iceland's volcanic eruption in 2010 caused a ripple effect across the world. The airline industry lost around US\$1.7 billion in revenues when over 100 000 flights were cancelled in six days.

For a copy of the study 'Transportation & Logistics 2030 - Volume 4 - Securing the supply chain' go to [www.pwc.com/tl2030](http://www.pwc.com/tl2030).

*\*Exchange rate at time of posting: US\$1=R6.78*

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