**Igor Zaaks Interviewing Andrew Raymond of Bolero**

**Igor:**

This webcast is part of the series ahead of Consortia event that will be in London 19th and 20th of October. And... I will be interviewing today Andrew Raymond, who is CEO of Bolero International. My name is Igor Zaks. I am president of Tenzor Ltd working capital advisory company based out of Toronto. So, Raymond, let's start with a little bit about Bolero. Can you just give us in a few sentences what is Valera doing?

**Raymond:**

Great, thanks. Thanks, Igor. I'm really pleased to present on the webcast and also to be going to the actual event on the 19th and 20th of October. So, Bolero, we've been one of the long-standing players in trade digitisation. We were founded over 20 years ago, and actually it came out of initiative between the P&I Clubs, Swift and Maersk IT. And we were born out of that world. And basically, the vision is to provide the corporates a way to connect through to the banks. And, yeah, so we're one of the long-standing players with a long history of providing solutions for digitalisation.

**Igor:**

Okay, thank you. So, talking about Bolero history, I do remember actually talking about Bolero 20 years ago when you were just starting, when I was in the corporate world, and one of the bankers was telling us in big detail about this initiative. And my question at the time was, and probably is still a question, is if everybody is on a system like this, that's great. But my question was, if my freight forwarder was not on time, if the inspection agent is there, if customers are there and I want to say, what is the advantage for me as a corporate to join the system? So, we are talking about the network here. So, the system that is greater than everybody is here. But how do you incentivise the first participant? How do you manage the process to get to this great stage?

**Raymond:**

Sure. This is a huge topic in the industry right now. And it goes way beyond just Bolero. And this is what many industry participants including Bolero think necessary is to work together to create a more seamless experience. And you're right, if only some of your participants as a corporate are on the Bolero platform, the value they get is more limited. However, what we have done and actually, you know, most of the players in the market do, is run programmes to get corporates to build up an ecosystem of participants. So that the system allows them to connect to their carriers, also to the other potential customers, participants, and very importantly for Bolero and what we're doing into the banks. So we've been quite successful in terms of creating a network of participants. We believe that we're the largest network that's currently in place right now. And uniquely, we're actually connecting up the banks and the carriers as well as connectivity for a very, very long time with Swift. So that allows us to actually support the bank-to-bank communications, which is an often missed component from the market as well. But it's very, very important. In terms of the early adopters, what we see is that now the early adopters of our own systems. Next, it's the close followers. So those are the guys now looking to participate in go digital. And this again, is one of the drivers for us to partner up with adjacent space providers, but also sometimes direct competitors, to increase the availability and interoperability of solutions, to make it easier for the corporates so that they can transact, they can join Bolero and transact against a much wider network. This is hopefully the world we'll see in a couple years.

**Igor:**

And talking about what actual is offered and what documents are on the system, so obviously, electronic Bills of Lading is something you've been working for a very long time, and you get a reasonable traction in this part but if you look at a normal sort of Letter of Credit to other transactions, to a very large number of documents that go on back and forward to facilitate these transactions. So have you done some progress in terms of creating a new type of documents, certain standards and getting all the documents that are needed in trade finance through your system?

**Raymond:**

A great question. Yeah, absolutely, this is really important. So, Bolero was known for the Bill of Lading. And we're digitising the Bill of Lading itself. And we have a title registry to track the Bill of Lading. However, Bolero was actually also a pioneer in the multi bank trade finance space. We were the first to market with a multi-bank offering. Now with Galileo, our new platform, what we've done is combine the two. So actually, you can actually, as a corporate, you can apply for your Letter of Credit, manage any kind of discrepancies, and then you can tie that into the Bill of Lading. So that when it comes time to actually surrender the goods and pay for the goods, under LC, you can actually use the same system. And in that context, we actually support all of the major documents that are required under EUCP. And anything else that the counterparties would like to transmit in a secure way, so these things, be invoices, packing lists, e Python certs. So we've been a pioneer in the e Python world as well. As well as you know, any of the specialty documents depending on the kind of goods that are in transit.

**Igor:**

Legislation, Ticket of Origin that need to be with the Chamber of Commerce or inspection certificate, this type of document you already have examples of them being run on a system?

**Raymond:**

Exactly. And then we also allow authorised parties say like customs, if they want a copy of the Bill of Lading or copy of the other documents that are already on Bolero, we facilitate that access under a very secure way as well. So there's a very large range of documents that are currently being transacted on Bolero and one of the things that we're not very well known for is actually our multi bank capability. The really interesting bit is we've combined it with the Bill of Lading. So again, it creates a more of a seamless experience for the corporate treasury folks in particular.

**Igor:**

Now, I know you're working with a number of consortiums within the blockchain space. But my question will be more about your own platform because you're obviously not using a blockchain. And most of the blockchain folks will say that this is the best user case for a blockchain when you don't need to have a centralised registry and standard distributed ledger, you have, you know, this sort of available for all and it's more secure and value and things like it. So is it a matter of choice? Or is the matter of history that you are using a centralised registry and is something that, in your view, have an advantage and should be done this way? Or is it something that is basically the previous technology you introduced, and eventually, you're looking to move into some other type of technology, such as distributed ledger?

**Raymond:**

Also, excellent question. So we, you know, at Bolero, we're very well acquainted with blockchain technologies. We have many partners who built up blockchain platforms. And we provide the Bill of Lading as a service through to those platforms as a service provider, and they use those in their smart contracts. Bolero itself is a long-standing platform. We were built many years ago. However, when it was built, it had very similar concepts to the modern blockchains. So we're able to interoperate with the blockchains in a very native way. We do have on the drawing board a plan to evolve some of our elements to blockchain. However, you know, the time is not right for us to do that at the present time. We would see some of the functions, especially around the title registry, being well suited to move into a blockchain user case. At current time we find that the current Bolero platform meets all of the client's needs and provides a secure and safe environment in a very cost-effective way.

**Igor:**

Okay, and you mentioned a number of times your partnership strategy and obviously that's something that looks very key for you and again, historically my understanding that was not the approach for you and for most of the other people in the space. What is actually driving your partnership strategy and what do you think are the advantages of this more collaborative environment you're trying to promote?

**Raymond:**

Yeah, collaboration and trade are really very important. You know, Bolero, under my leadership, we've changed very, very significantly the way that we are operating. And we are working with many, many partners in the market. The main driver behind this is to provide more functionality to the users we serve in a more convenient way. It really frustrates corporates and sometimes banks when they see that they might have to join multiple platforms to serve different parts of their ecosystem. So pulling together different parts of the ecosystem together by creating interoperability makes good business sense. So we can provide more services and an easier way to the corporates that we serve. So we're doing it not in an altruistic way, but with the business driver for it to be a kind of more desirable platform for the corporates and also the banks and the carriers that we serve.

**Igor:**

Can you give a little bit of your view about the standards and regulatory environment and what development are important in this space? From your business standpoint which things do you think are going to make a difference for market overall and for your business model?

**Raymond:**

Yeah, this is hugely important. Standards drive adoption. So it makes it easier for Bolero as a service provider but also for participants to work with standards. Trade is extremely fragmented. And there's different areas of the market that in the last 18 months or two years have really adopted quite a bit of standards. We've been heavily involved with ICC and the BSI world, as well as other standards being pushed, say by FIATA, the DCSA, GSPN, and other initiatives that are more around the shipping documents creating standards around those. We've also been involved with the model of discussions, through info, but also directly through our own efforts with the governmental agencies to push model law and the benefits that bring to all the participants in the network.

**Igor:**

And specifically, say for the last year, because obviously with COVID, a lot of people are saying that this was the biggest driver for digitalisation and for innovation in many different industries. Do you see an impact of this period? What or do you have some sort of changes and achievement that happened in this period that you can attribute to the change in environment, due to the pandemic?

**Raymond:**

Yeah, this has been a, I guess, a blessing in disguise. I mean, in a way, the COVID has been a terrible situation right throughout the world. But it has driven home the point that going digital has many benefits. And what we've seen is those individuals who have been forced to work from home, and to go more towards a digital approach, are less likely to go back to paper methods. And you know, one of the things is kept adoption of digital at a very low level for a long time is the fact that people are used to going with the paper-based methods and the manual methods, using couriers to transport the documents. It is inefficient, but it works. And that is what people were comfortable with. Now that they actually are not able to go into the office and actually to get hold of the physical documents. Everything needs to go into a more digital way. I'd say this, combined with the rise of younger people in the industry who were brought up on tablets and smartphones, they have an allergy to paper naturally. And I think the two things actually combine nicely for Bolero and for other participants in the market, and we have seen a huge upswing in interest but also participation on Bolero and also, you know, our competitors have also seen a nice tailwind as well through this.

**Igor:**

And looking forward, what do you hear the future of the industry? Do you think paper will disappear completely, you know, within some time, you know, 10 years, 20 years, five years, whatever? How do we see development?

**Raymond:**

We believe, and have for a long time, that paper will exist and we need to coexist with paper-based methods. Also, we need to coexist with existing infrastructure elements, specifically Swift, which again is an often neglected component in the blockchain players world. Paper is still going to be around for a very long time in various different forms. The way Bolero is architected, and the way we work is we can use copies of paper documents as well as digital representations of documents. Over time, what we'll see is the ratio will mix, or the mix will be 10% digital, 90% paper, which is pretty much where it is today, to the other way around, where there'll be a few documents were kind of left in a paper form for various reasons. However, you know, this idea that everything will go digital and that it will be completely paper free, is not very realistic. And that's why the systems that we've developed and that we provide, allow participants to use the best of digital and to use copies of paper documents where possible.

**Igor:**

And another question obviously with digitalization of Bill of Lading and other documents, it seems that you are also deeply embedded in a physical supply chain and the things that are even not required in financing can be used. We see a lot of upticks of using of this type of documents, for non-financial purposes, for people to make it easier to ship their goods, to custom clear them, to get very established information and not financial driven.

**Raymond:**

Absolutely. So what we see is, and again, Blair has been involved in the carrier world for a very long time. We see that the digitisation of the transport documents, the Bill of Lading in particular, has seen a huge upswing. Plenty of the uses of the Bill of Lading don't include Letters of Credit. It's just a straight payment under a Bill of Lading. And what people want is actually more certainty around the release of goods, and also just the operational benefits of not having to wait for a courier or not having to worry about having the documents presented to the customs etc in a physical form. This creates massive benefits right throughout the network. And actually, a large percentage of participants using our presentation flows where they settle the transactions, are actually using open accounts with a Bill of Lading and then the counterparties each pay each other directly without banks involved. So this is something that we will see will take off and will become very much mainstream, probably ahead of the LC flows in fact.

**Igor:**

Okay, and thank you very much! It was an interesting discussion. And I hope we'll see the changes happening in this industry and moving more from 19th century to the 21st century. And hopefully it will have a very positive impact on financing as well.

**Raymond:**

It definitely will. And thanks. Thanks for your time and your interest in Bolero.

**Igor:**

Thank you.