

Chapter 3

Sri Lanka Export Development Board: Navigating Challenges through Digital Transformation

W. Y. Kumuduni¹, K.P.B. Karunarathna², N. B. Sugathadasa³, G. O. Abeysooriya⁴, S. P. D. Sewwandi⁵, L. K. R.D. Kulawardena⁶, S. M. D. Janith Dayaratne⁷, T. G. U. P. Perera⁸, S. R. P. Indrakeerthi⁹, Akila De Zoysa¹⁰

^{1,3,4,8}Department of Estate Management and Valuation, *Faculty of Management Studies and Commerce, University of Sri Jayewardenepura, Nugegoda, Sri Lanka*

²Department of Business Administration, *Faculty of Management Studies and Commerce, University of Sri Jayewardenepura, Nugegoda, Sri Lanka*

⁵Department of Business Economics, *Faculty of Management Studies and Commerce, University of Sri Jayewardenepura, Nugegoda, Sri Lanka*

⁶Department of Commerce, *Faculty of Management Studies and Commerce, University of Sri Jayewardenepura, Nugegoda, Sri Lanka*

⁷Department of Accounting, *Faculty of Management Studies and Commerce, University of Sri Jayewardenepura, Nugegoda, Sri Lanka*

^{9,10}*Sri Lanka Export Development Board*

Abstract

Digital transformation is crucial for organizations to effectively navigate environmental challenges by enhancing agility and adaptability. It allows streamlined processes, improve access to data (real time or otherwise), and innovative solutions, enabling quick responses to dynamic conditions, ensuring sustained relevance and resilience in a rapidly changing business landscape. This chapter presents the case of the Export Development Board (EDB) of Sri Lanka, illustrating how digital transformations have helped them navigate the challenges posed by various issues during 2019 and beyond. Examining the period from 2019 to 2023, it elucidates how digital platforms enabled the EDB to navigate significant challenges in the export sector, especially during its upheavals of 2020. The study delves into the efficacy of these measures, the challenges encountered during implementation, and the EDB's forward-looking digital strategies. Readers can glean insights into the practical applications of digital transformation in crisis management, the resilience it affords to organizations, and the strategic planning needed for future challenges in the global business landscape. The case study also highlights how uncertainty served as an opportunity for the EDB to establish both its role and function, as well as to undergo digital transformation in its work processes.

Key Words: *Export Development Board, Digital Transformation, Covid-19 Challenges, Sri Lanka, Exports*

Sri Lanka Export Development Board (EDB)

The EDB established in 1979 under the Sri Lanka Export Development Act No. 40 in 1979, is the apex body dedicated to developing and promoting exports in Sri Lanka. With the liberal economic policies introduced in Sri Lanka in 1977, the export sector expanded beyond agricultural products to include numerous other exports. The necessity of establishing an empowered state institutional framework became evident. Therefore, with the assistance of the International Trade Centre (ITC), established in 1964, and the United Nations Conference on Development of Trade and Tariffs (UNCTAD), initiated in 1964, the Sri Lanka Export Development Board (EDB) was established to fulfil this purpose.

Roles and Functions

With the overarching aim of establishing Sri Lanka as a prominent export hub for exclusive products and services, the EDB undertakes five key roles (EDB, 2023):

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1. Policy Adviser - Advising the Government on national export development policies to create a conducive environment for exports
 2. Monitor - Monitoring the performance and function of the export sector
 3. Promoter - Implementing product, design, market, and other development programmes to promote Sri Lanka's products and services
 4. Facilitator - Serving as the focal point of export development, facilitating and co-coordinating export development activities with all stakeholders.
 5. Knowledge Provider - Providing advisory services and information concerning all aspects of the export business and advisory assistance to the exporters.
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Additionally, the EDB is also responsible for formulating the National Export Development Plan for Sri Lanka, facilitating services such as the supply of goods and services, supporting product and service diversification for exporters, engaging in research and market development for the promotion and development of exports, resolving concerns of exporters regarding their interaction with the government, developing the skills of exporters, and enhancing relationships between local and global agencies related to the promotion and development of exports.

The Sri Lanka Export Development Board (EDB) strategically collaborates with an extensive network of public, private, diplomatic, and international partners to bolster Sri Lankan trade through both traditional and digital channels. The EDB primarily serves two key stakeholders: local exporters and global buyers/investors. As reported by the EDB, there are more than 4000 registered exporters in Sri Lanka. In fulfilling its pivotal role, the EDB actively engages in cooperative efforts with various government institutions. These include, among others, Sri Lanka Customs, the Sri Lanka Standards Institution (SLSI), the Industrial Technology Institute (ITI), the Department of Agriculture Sri Lanka, the National Plant Quarantine

Service, the Department of National Botanic Gardens, and the Forest Department Sri Lanka. This collaborative approach ensures a comprehensive and synergistic effort to facilitate and promote Sri Lankan exports, contributing to the overall growth and success of the country's trade ecosystem.

The Export Sector in Sri Lanka

Export categories in Sri Lanka can be broadly classified into traditional items and novel products, each offering distinct opportunities for economic growth. Traditional exports encompass commodities like tea, coconut and coconut-based products, gems and jewellery, rubber and rubber-based products, apparel and textiles etc, which have long been the backbone of Sri Lanka's export economy. However, novel products, including technology, software services, and value-added agricultural goods, represent emerging sectors with significant potential for expansion such as; Business Process Management (BPM), electrical and electronics, Information and Communication Technology (ICT), logistics, and wellness tourism etc.

The Turbulence following 2019

The period following 2019 posed significant challenges for the Export Development Board (EDB), marked by a global pandemic, economic volatility, and unpredictability. The foremost shock came with the onset of the COVID-19 pandemic, causing a chain reaction of disruptions. Movement restrictions paralysed logistics and supply chains, posing a considerable challenge to export operations.

In 2020, the aftermath of COVID-19 witnessed a substantial drop in exports, posing a major hurdle for the EDB in restoring the export sector. The sector, which maintained a level of performance at 11.9 billion US dollars in both 2018 and 2019, experienced a decrease to US dollars 10,047 million in 2020, reflecting a 15.9% decrease from the previous year. Foreign exchange fluctuations did devastation on earnings, with export income sinking by 1,893 US million dollars in 2020, according to the Central Bank.

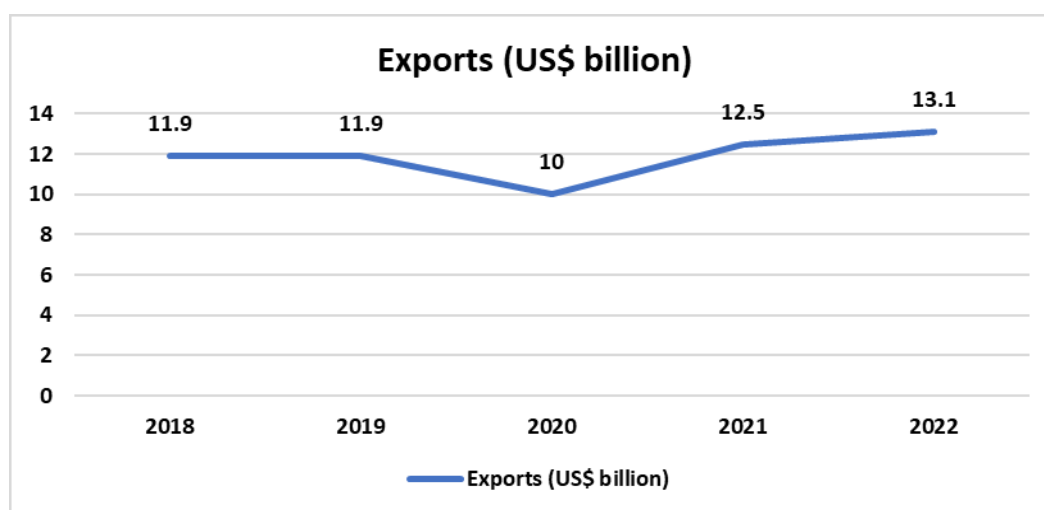


Figure 1: Exports Values in Sri Lanka 2019 – 2022

Source: Annual Reports Central Bank of Sri Lanka (2019, 2020, 2021, 2022)

To compound matters, the economic downturn led to import restrictions, hindering access to crucial materials and resources, causing significant upheaval in the export sector. The impact of these challenges was further exacerbated by power and supply interruptions, hindering the manufacturing process.

The COVID-19 pandemic's impact extended beyond logistical challenges. Exporters faced with skyrocketing freight costs, container shortages, and disrupted distribution channels. Sri Lanka's implementation of lockdowns and public health measures further hampered exportable commodities production in 2020. Negative pricing fluctuations disrupted supply and shipping chains, difficulties obtaining essential supplies due to foreign lockdowns, and muted external demand all contributed to the challenging export environment.

Import restrictions directly affected exporters' ability to access essential raw materials and equipment, jeopardizing production and stalling shipments. For example, a Central Bank report highlighted a 35% decline in essential imports for the garment industry, a significant player in Sri Lankan exports, in 2022 compared to 2021.

The 2023 fuel crisis dealt a severe blow to the entire Sri Lankan economy, with the export sector bearing the brunt. Limited fuel availability halted transportation networks, froze production lines, and brought essential logistics operations to a standstill. The consequent rise in fuel prices inflated production costs, eroding profit margins and diminishing the competitiveness of Sri Lankan exports in the global market.

These challenges altogether have necessitated EDB to heighten the focus on strategies that could overcome mobility restrictions, mobility costs, production cost and enhance collaboration and support networks between the EDB and exporters. Reportedly, exporters tend to lean more on EDB in resolving these unexpected situations than ever before.

Navigating through Digital Transformation as a Strategic Solution

The Export Development Board (EDB) proactively embraced digital transformation well before the COVID-19-induced trend, a period during which many government institutions in Sri Lanka were transitioning to digital initiatives. The transformation began by transitioning from traditional email communication methods to Zoom meetings among exporters and stakeholders. Additionally, during the pandemic, the EDB developed online portals to assist exporters in ensuring the smooth functioning of their business activities despite the COVID outbreak. Through these web portals, the EDB was able to collect data from exporters regarding their raw material imports, addressing supply chain disruptions and import restrictions imposed by trading countries. Furthermore, details regarding COVID vaccination requirements were obtained through the portal to facilitate vaccination for employees.

During the economic crisis, one of the major challenges faced by exporters was obtaining fuel for electricity generation and managing logistical operations to export their products to the market while ensuring continuous manufacturing processes. To address this bottleneck, the EDB disseminated online query forms to exporters to gather required details about their manufacturing processes and energy and fuel requirements for operations. These prompt

initiatives have significantly assisted exporters in sustaining their business operations during challenging times.

Subsequently, EDB expanded this digital evolution to establish systems such as OATO (Online Alert for Trade Obstacles), Online Help Desk, and various other e-services. These efforts highlight EDB's commitment to leveraging technology for efficiency and readiness to face challenges in the export trade landscape.

Online Alerts for Trade Obstacles (OATO)

During the pandemic and economic crisis period, exporters faced significant challenges due to supply chain interruptions. The global situation led to a halt and limitations in trade activities between nations, with strict regulations in place. Consequently, there was a heightened urgency for exporters to seek assistance from the Export Development Board (EDB) in processing goods, obtaining approvals and customs clearance for exports, and confirming payments.

To address the situation, the EDB established what is known as Online Alerts for Trade Obstacles (OATO) in 2018. OATO is a dedicated online platform that provides exporters with a direct channel to communicate specific issues with the EDB. This mechanism ensures real-time feedback and communication, actively engaging exporters to resolve their issues and facilitating an adaptive response to emerging challenges in the export sector.

Through the OATO, the EDB improved its ability to identify exporters, who register through the exporters' directory. Exporters direct their queries through a standardized e-portal, making it easier to identify questions and direct them to the relevant authorities. For instance, when an exporter is dealing with the export of cosmetic Ayurvedic products, they may need various clearances from government institutions such as Sri Lanka Customs, Cosmetics Devices and Drugs Regulatory Authority, Industrial Technology Institute (ITI), Pharmaceutical & Cosmetic Product Section of the Health Department, Inland Revenue Department, etc. Through the OATO mechanism, the EDB was able to connect all these stakeholders with exporters in real time. As a result, this direct connection between exporters and the relevant parties has proven successful, as evidenced by EDB records, showcasing an impressive 95% resolution rate or actions taken in response to inquiries. A summary of the OATO process is illustrated in Figure 2.

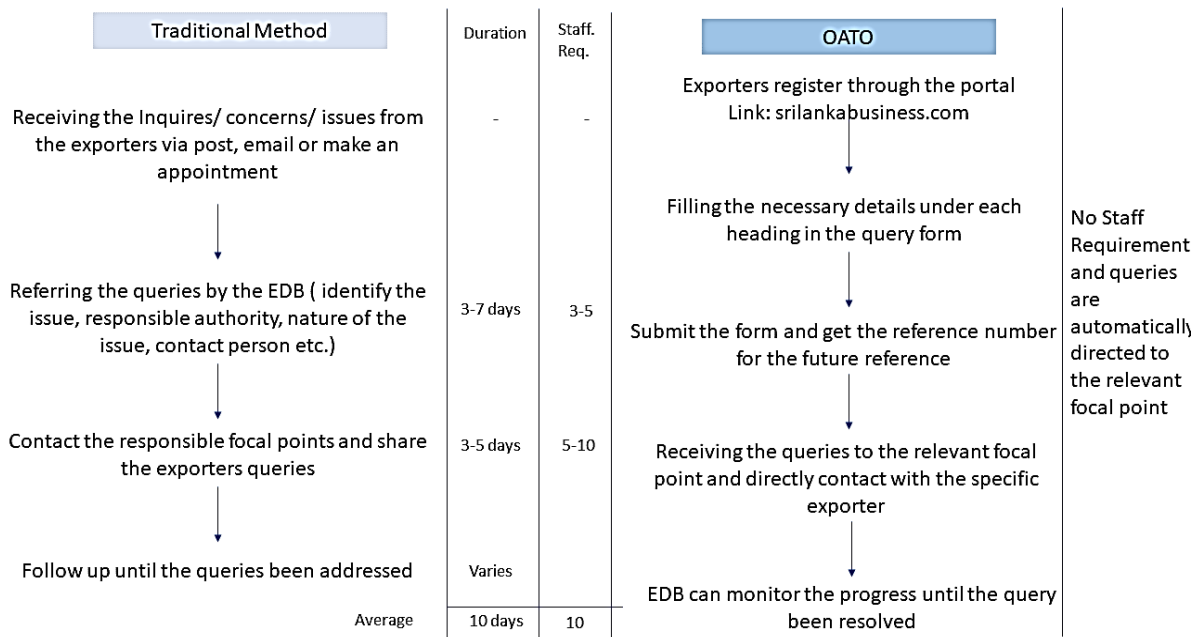


Figure 2: Traditional vs OATO Platform

Source: Authors (2024)

In contrast, to traditional manual procedures, the OATO platform is efficient in terms of response time, issue identification, clarity, and accountability. As per Figure 02, when handling exporters' queries through the traditional procedure, it consumes more time and resources to identify the exporter's issue and communicate the relevant queries to the responsible authority, eventually getting their feedback. However, through the OATO platform, exporters can communicate their issues clearly in a standardized way, making it easier to identify their concerns and direct them to the responsible authority in real time.

The confidentiality of data provided through the portals is safeguarded by the EDB, directing exporters only to the responsible focal point. This ensures that exporters provide only the required data to the party, and the EDB ensures its confidentiality. However, security measures related to the portal should be further strengthened, especially in the face of the dynamic and unpredictable nature of the business environment, as suggested.

Issues directed from OATO and the Online Help Desk that require special attention are addressed through the Exporters' Forum, a major event organized by the EDB to resolve various concerns raised by exporters, which may need special approvals. The Exporters' Forum, organized by the EDB every three months, became a focal point for addressing both operational and policy-related complexities. By bringing together diverse stakeholders from the private sector, chambers, associations, and government bodies, the EDB fostered a comprehensive dialogue. Over the years, the Exporters' Forum has played a pivotal role in addressing concerns and fostering dialogue among stakeholders. Handling a consistent number of inquiries (80), this platform exemplifies the providing crucial counsel to the government on national export development policies.

The forum's ability to adapt to an online format during the pandemic, as highlighted earlier, has contributed to maintaining essential connections and support for the exporter community.

This inclusive approach allowed for a productive exchange of ideas, enabling the exporter community to collectively find solutions to the complex and interconnected challenges posed by the evolving global economic landscape.

Online Help Desk

The Export Development Board's (EDB) Online Help Desk, established in 2018, has emerged as a crucial element in the organization's commitment to supporting exporters. Unlike conventional assistance channels, the Online Help Desk serves as a proactive gateway for exporters to engage directly with the EDB. Whether through hotline, email, or posted queries, sector-wise officers are promptly assigned to address inquiries.

One of the primary challenges faced by the EDB has been effectively reaching exporters in the market and addressing their diverse concerns, especially during the pandemic times when connectivity with people has been limited due to travel restrictions and the absence of methods to communicate issues to the EDB in real-time. Thus, the introduction of the Online Helpdesk has significantly mitigated this challenge, enabling exporters to directly connect with the EDB and present their inquiries conveniently. This approach not only streamlines the process of guiding exporters to relevant authorities but also provides immediate assistance in resolving a wide range of export-related issues. Particularly during the pandemic, this proactive measure has proven to be a valuable tool for exporters, ensuring the smooth functioning of international trade.

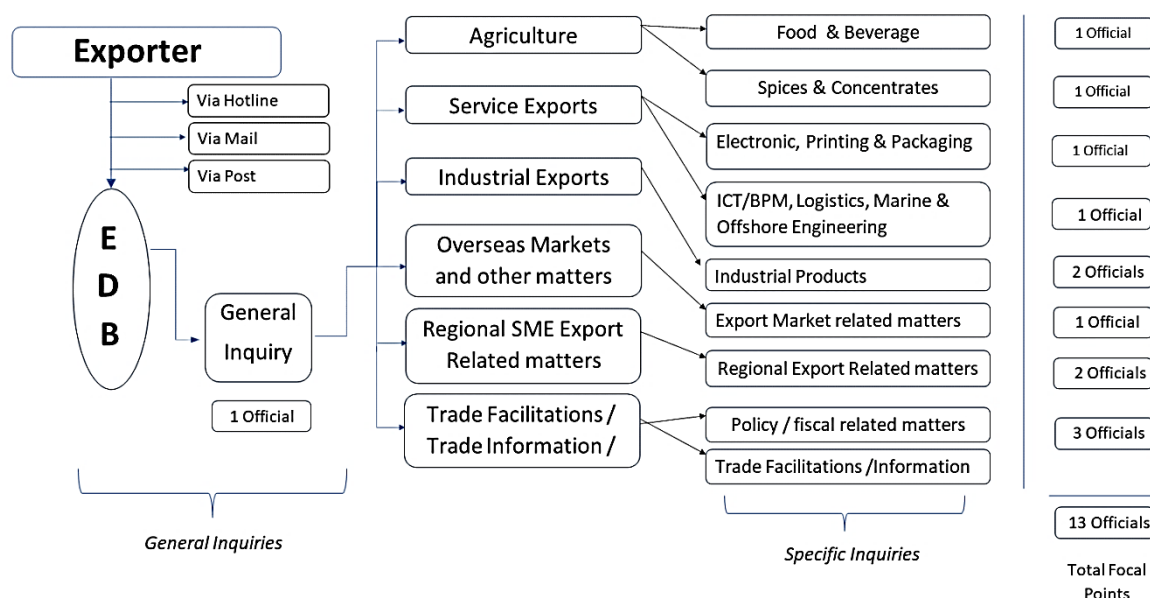


Figure 3: Process of EDB Online Help Desk

Source: Authors (2024)

The strategic enhancement of the Online Help Desk, as evidenced by records, includes the deployment of 13 focal points specializing in various subject disciplines related to exports. This enhancement ensures that exporters have access to a diverse range of expertise, allowing them to receive targeted assistance based on the specific nature of their concerns. The Online Help Desk's comprehensive infrastructure, supported by records, showcases the EDB's dedication to facilitating the export sector, underscoring its adaptability and responsiveness to

the evolving needs of exporters. This initiative also solidifies its role as a reliable support mechanism for the exporter community, emphasizing the importance of the Online Help Desk in fostering seamless communication, providing valuable assistance, and contributing to the overall success of the export sector.

The EDB's enhancement of its traditional helpdesk to a more sophisticated online platform has proven successful in improving responsiveness compared to traditional contact methods such as postal mail and emails. EDB records demonstrate that traditional modes consumed considerable time to reach exporters with effective solutions. Furthermore, this transition has reduced waiting times for exporters, as issues can now be resolved more efficiently by directly contacting specialist agents from the EDB who specialize in specific areas related to exporters' problems.

Other E-Services:

In addition to OATO and Online Help Desk, EDB also provides different other E-services. The provision of market insights and trade statistics reports offer exporters valuable information, enabling them to stay abreast of market trends, identify emerging opportunities, and make informed decisions. This not only enhances their strategic planning but also contributes to the overall resilience of the export sector.

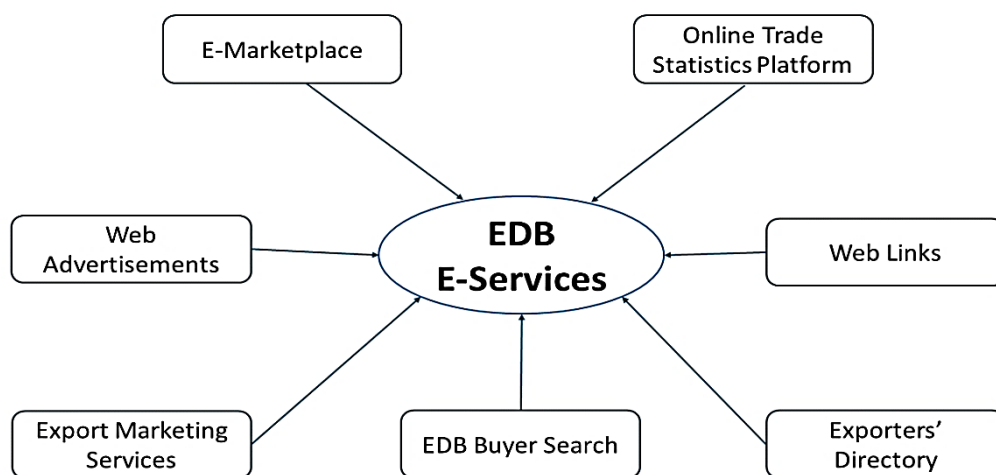


Figure 4: EDB E-Services
Source: Authors (2024)

As Sri Lanka is recovering from an economic downturn, there is a heightened need to increase the visibility of exporters in the international market. Therefore, the EDB has designed another e-service called E-Marketplace that provides exporters with a digital platform to showcase their products to a global audience of potential buyers. This initiative is not only aimed at fostering business connections but also at expanding market reach, opening up new possibilities for growth. Further features such as timely delivery and payments contribute to a consistent cash flow, while customer reviews offer insightful information for product improvement and attracting new clients. Establishing a comprehensive profile enhances trust and credibility. Additionally, the platform provides prompt support for any trade-related

questions, and the rating system allows satisfied customers to rate businesses, indicating approval of their products. The ability to create a customized product collection increases visibility, ensuring a seamless client experience.

The Exporters' Directory maintained by online by EDB serves as a gateway to Sri Lankan trade, providing an updated database across various sectors. Despite the challenges of the disastrous economic downturn faced in 2022, the EDB decided to enhance the visibility of the export sector in international trade. Through this platform, the EDB has offered exporters the opportunity to expand their international reach, making their products accessible to a pool of foreign buyers, ultimately promoting higher sales.

The Export Marketing Services offered by the EDB address the challenge faced by exporters in making informed decisions regarding the export sector, particularly in light of unpredictable economic conditions in the country over the past five years (2018-2023). This service is especially pertinent for new exporters exploring new markets to deliver their products. Through market research, advisory services, intelligence, and strategic trade promotion campaigns, the EDB provides critical insights. Consequently, new exporters can identify emerging market areas to offer their products and sustain their businesses successfully.

The EDB's Web Advertisements on www.srilankabusiness.com; “the premier web portal in the nation”, is a platform that serves as a dynamic Business to Business (B2B) marketing and networking hub, attracting representatives from both local and international businesses. Advertising on this platform allows businesses to secure substantial online exposure, positioning themselves for success in the global market. Additionally, the EDB facilitates increased visibility and improved search engine ranking for businesses through Weblinks, enabling them to connect with a broader global audience.

The transition to digital platforms further extends to developing a Customer Relationship Management (CRM) system to manage exporter details and expand their network. Training programs have been delivered through the development of a Learning Management System (LMS), providing exporters with continuous learning opportunities to adapt to dynamic market conditions. Furthermore, the EDB designed its intranet to facilitate seamless communication among staff, ensuring a cohesive and well-coordinated team effort. Additionally, it facilitates electronic payments, streamlining financial transactions for exporters and enhancing the efficiency of the export process.

One of the biggest issues facing exporters is finding overseas buyers for their products, especially in light of import restrictions put in place by other countries. From the exporters' perspective, this is mostly because of their lack of exposure on the global market as a result of insufficient online information and poor e-commerce advertising activities and tactics. Thus, to solve these issues EDB incorporated the "Buyer Search" platform to help enterprises prepare for export by providing tailored buyer information upon request. However, the EDB facilitates the initial connection, establishing business linkages is the responsibility of the company.

Inevitable Challenges to the Digital Transformation

Digital transformation as a strategy itself was with challenges. A notable limitation to identify first is the low number of users utilizing these facilities. Therefore, a prominent challenge was to encourage exporters to fully embrace and utilize the available digital platforms for their submissions and interactions. Recognizing the significance of overcoming this hurdle, the EDB has implemented a continuous educational initiative to address the resistance or hesitation often associated with transitioning from traditional methods to digital platforms. This initiative includes informative campaigns, workshops, and training sessions designed to familiarize exporters with the functionalities and benefits of the digital tools and services provided by the EDB.

Besides there were internal challenges within the organisation: resistance among staff to embrace these initiatives due to their familiarity and specialization in traditional approaches, as well as a lack of training and knowledge on the application of modern tools. Technological infrastructure limitations, including outdated systems and incompatible hardware, have hindered the adoption of these initiatives, leading to technical risks and transition problems.

Additionally, the process of digital transformation involves revamping legacy programs and integrating multiple technologies, procedures, and tactics, all of which had been difficult to manage and required a lot of work while ensuring compliance with data privacy and security regulations imposed by government structures.

Another major challenge was the absence of a feedback system to properly evaluating results. Determining the return on investment (ROI) of digital transformation projects can be challenging as the benefits may not be immediately apparent or quantifiable. Furthermore, the lack of IT readiness among other inter-agencies in certain occasions also became a limiting factor when improving these platforms to better assist exporters. Limited financial resources pose another challenge, especially for organizations such as EDB when dependent on government funding, particularly when allocating funds for staff training likewise.

Charting the Future of EDB's Digital Transformation

The EDB envisions a future marked by intensified digital transformation efforts. A pivotal aspect of this vision is the establishment of a Digital Library, aimed at constructing a comprehensive repository of technical literature relevant to export trade. This initiative seeks to offer exporters seamless access to a wealth of resources in various formats, including soft copies of books, audio, and video, fostering knowledge exchange and continuous learning within the industry. The creation of this comprehensive digital repository enables any interested individual from any part of the island can access resources without physically coming to the EDB's head office. Furthermore, it will facilitate universal access and will establish connections with international trade organizations, transcending geographical limitations.

Another focal point is the implementation of an Electronic Single Window, contributing to the establishment of a centralized entry point for all trade-related procedures. This approach is designed to streamline processes, enhance efficiency, and ensure transparency in export-

related activities. Additionally, the EDB is dedicated to developing an advanced Exporter Registration Scheme, employing a digital registration system to maintain an accurate and direct database of exporters.

Recognizing the evolving digital landscape, the EDB aims to place an importance on fortifying security measures for its digital platforms, especially given the dynamic and unpredictable nature of the present technological environment. This forward-looking strategy highlights the EDB's commitment to leveraging technology for the benefit of the exporter community, ensuring resilience and adaptability in the ever-changing global trade landscape.

Final Remarks

EDB of Sri Lanka plays a pivotal role in driving the country's export growth by serving as a strategic adviser, facilitator, and promoter. Working with a range of partners, the EDB makes a substantial contribution to making Sri Lanka a well-known worldwide export hub, promoting economic growth, and guaranteeing commercial success. This case study demonstrates how digital transformation helped EDB in overcoming significant obstacles in export promotion in the wake of the 2019 Easter attack, the COVID-19 epidemic, and the economic downturn in Sri Lanka.

The EDB started implementing digital solutions in advance of the disruptions since it anticipated difficulties. This made it possible for them to quickly adjust and react more effectively to the different issues that arose in 2019 and beyond. The EDB changed everything from Online Alerts for Trade Obstacles (OATO) to the Online Help Desk's evolution and the introduction of other E-services. By embracing technology such as Zoom meetings, E-Marketplace, and Weblinks, the EDB was able to continue the ongoing procedures between the EDB and Exporters and ensure that EDB provided an uninterrupted service to the exporters. Additionally, it gave exporters and EDB previously untapped chances to engage with and compete in international marketplaces.

A few significant obstacles that EDB encountered during this digital transformation process fall into four broad categories: obstacles related to user adoption, internal resistance, technological limits, and financial restraints. Notwithstanding these obstacles, EDB wants to improve their digital measures even more. Within the context of the EDB's digital transformation landscape, the immediate future enhancements that may be anticipated are the construction of a Digital Library, the installation of an Electronic Single Window, and the commitment to establish security measures.

All in all, the uncertainties that emerged in the external environment in the aftermath of 2019 gave the EDB an opportunity to demonstrate its commitment to export promotion in Sri Lanka. It also embarked on significant digital transformations, a task that would have been challenging in terms of compliance for both users and staff members.

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