



# **DIGITAL SHIP**

***Challenges in creating, selling  
and supporting an effective IT  
system for shipping***

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## Story so far ...

- Cunard's Radio & Electronic Services Dept
- 1989 I started SpecTec UK. (likewise other SpecTec companies were formed)
- Managing Director until Xantic takeover. Then VP Maritime Division, Director Innovation and Development
- 2 Years in Greece
- Spec2
- SpecTec



# For your information: what happened with **Xantic?**

- In 2000, during the Internet boom, KPN made, through the subsidiary Station12, an offer to Visma to buy Visma Marine Division, i.e. SpecTec. SpecTec represented roughly 50% of Visma value
- The offer basically represented the full value of Visma, so it was accepted
- SpecTec was then merged with Station12, TSS, KPN BB, to form Xantic. Immediately after the merger, Xantic was put out for sale

## Xantic - 2

- It was the wrong decision, at the wrong time, for the wrong reasons. The price requested was roughly 3 times the costs incurred
- The sale did not happen. Xantic was declared non-core business
- I left Xantic and from the outside saw the demise of business that they did not understand



## Xantic - 3

- Finally, 3 years after I left the company we succeeded in a buy out of AMOS. The deal was finalized on the 4<sup>th</sup> May
- The agreement included all Amos business worldwide, except the offices in Greece, Dubai, HK, The Netherlands



# The aftermath

- Renewed energy, strength, commitment to customers
- We re-hired over 25 people amongst those who had been fired. Hiring of 25 to 40 more people in execution by 1Q 2006
- We re-opened the offices in Greece, HK and Dubai, and we will open in Germany
- We have rebuilt the whole company structure
- Business up 20% in revenue in just 4 months



# Today

- 175 employees, 20 offices worldwide (all fully owned)
- Towards 20/21 mU\$ turnover this year; revenue has increased 20% since buy-out
- Nearly 7.000 Amos installations active worldwide
- Over 25.000 maritime staff trained worldwide
- Amos Suite a de facto standard for ERP Maritime installations
- Amos2 in the pipe line, a quantum leap which will set the trend for future Maritime IT Solutions (first module A2Q sold 130 installations within first 2 weeks out)



# IT for the Maritime Industry

How difficult  
is it?



# What is the purpose of IT in the Maritime Industry

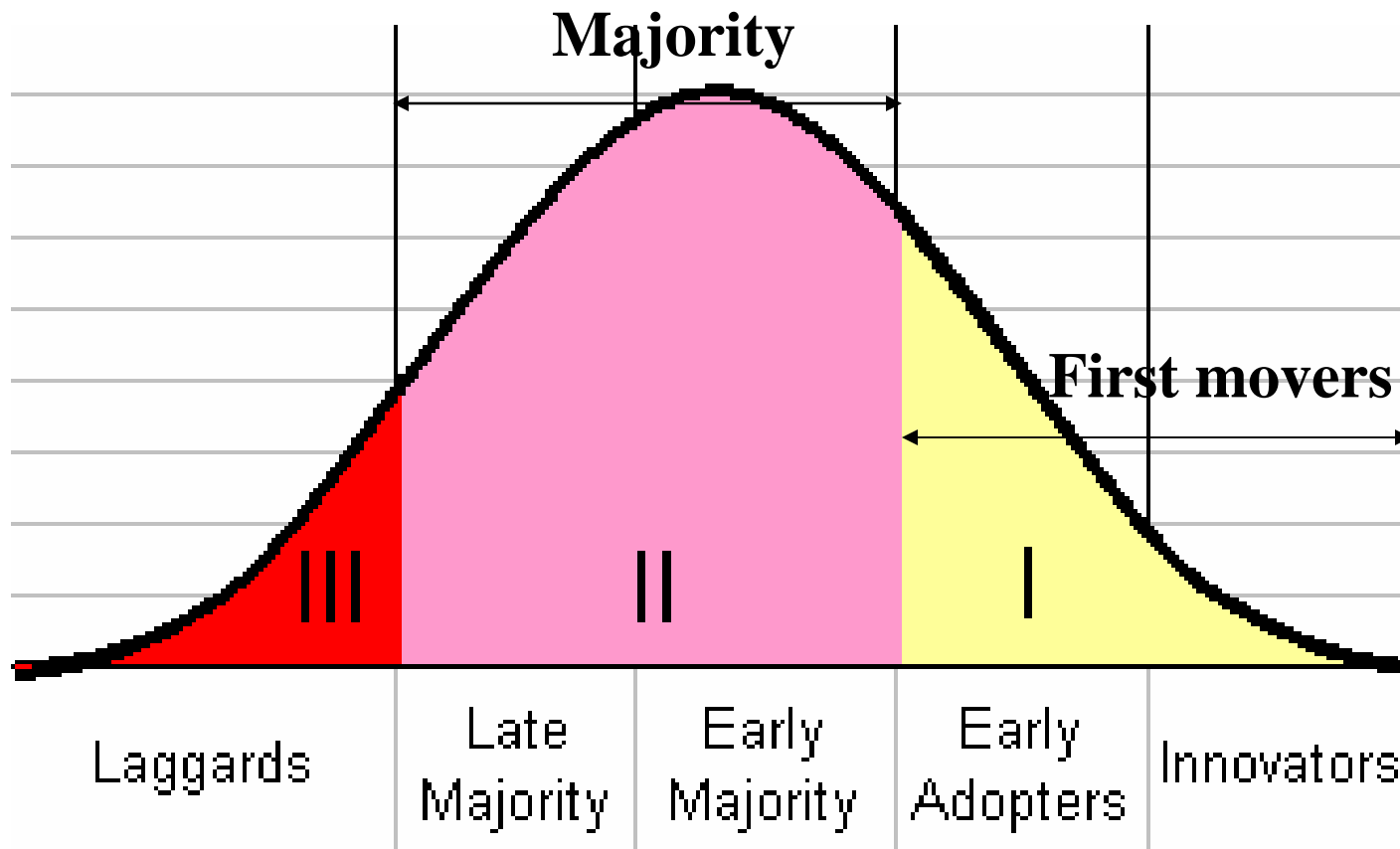
- It should help crews in performing the regulatory tasks
- It should ease the ship-office relationship
- It should benefit the shipowners in efficiency, safety and economic terms



# What are the problems for an IT supplier in the Maritime world

- 1<sup>st</sup>: Size of the market
- 2<sup>nd</sup>: Location of the market
- 3<sup>rd</sup>: Knowledge of the users (or not)
- 4<sup>th</sup>: Mobility of the customers
- 5<sup>th</sup>: Lack of awareness of management

# The potential market



# The market

- **First movers: total of 9.050 vessels**
  - 1.200 above 60.000 tons
  - 3.600 between 10.000 and 60.000 tons
  - 4.250 below 10.000 tons
- **Majority: total of 22.300 vessels**
  - 830 above 60.000 tons
  - 9.100 between 10.000 and 60.000 tons
  - 12.300 below 10.000 tons

# First movers

First Mover	
	Bulk / Oil Carrier
	Chemical / Oil Products Tanker
	Chemical Tanker
	Coal / Oil Mixture Tanker
	Crude Oil Tanker
	Edible Oil Tanker
	LNG Tanker
	LPG Tanker
	Nuclear Fuel Carrier
	Oil Products Tanker
	Oil Tanker
	Ore / Oil Carrier
	Passenger
	Passenger (Cruise) Ship
	Passenger / Container Ship
	Passenger / General Cargo Shi
	Passenger / Ro-Ro Cargo Ship
	Passenger Ship
	Vegetable Oil Tanker
	Fish Factory Ship
	Naval / Naval Auxiliary



# Majority

Majority	
	Aggregates Carrier
	Alumina Carrier
	Barge Carrier
	Bitumen Tanker
	Bulk Carrier
	Cable-Layer
	Cement Carrier
	Container Ro-Ro Cargo Ship
	Container Ship
	Crane Ship
	Deck Cargo Ship
	Dredger
	Drilling Ship
	Fruit Juice Tanker
	General Cargo
	General Cargo Ship
	Heavy Load Carrier
	Hopper Dredger
	Hospital Vessel
	Landing Craft
	Limestone Carrier
	Livestock Carrier
	Molasses Tanker
	Offshore Processing Ship
	Offshore Supply Ship
	Offshore Support Vessel
	Offshore Tug / Supply Ship
	Ore Carrier
	Palletised Cargo Ship

# The market

- In theory, 31.500 vessels
- But, we should eliminate the following vessels:
  - From 3<sup>rd</sup> world countries
  - Above 20 yrs of age
  - Below 2000 tons

# The market

- Only advanced countries considered:
  - 3.500 first movers
  - 9.200 majority
- Below 20 yrs of age
  - 3.800 first movers
  - 8.200 majority
- So, we can estimate that the **best** market we can have is made of 12.000 ships

# The market

- 12.000 ships worldwide, versus, potential market in industrial applications?
- Shipping is indeed a very small market
- A market where any amount of cost is too expensive

# The challenges for an IT maritime company

- To create the software that meets the markets expectations
- To sell the software in a small market but is global
  - Multi language, several RDBMS
  - around the clock support
- To get as much share of the market as possible
- To keep the market share versus possible small local competition
- ... and of course Customers



# What does the customer wants

- A software easy to install and maintain
- A software that does everything
- A software which links various modules
- A software which lasts with time
- A software that doesn't cost much
- A company that has worldwide network, with local prices
- A company that works like shipping companies do...24/365
- A company with very experienced people



# Customers want worldwide support



# The mismatch

- It is very difficult to combine a small market, with a worldwide network, with top products and services, with low prices
- In fact there are already too many IT companies in the Maritime world. Most of them small or very small (<10 people) and will probably stay that way as expansion is expensive especially globally

# Remember ?

- MMS
- MASP
- Marinor
- RAST
- NTC
- Bullet
- Mariteam
- VesselNet
- Dataship

Software companies which have disappeared, or have not made the expected results.

In some cases they were consolidated into a larger company, others not

# The bandwagon

## ➤ Classes:

- DNV, BV, ABS

## ➤ Shipmanager & Shipowners

- own systems

Everyone believes to  
have the right ideas  
Nobody wins,  
everybody loses

# To succeed

- The worldwide network is a must:
  - spreads market risks and generates average income.
- Large development budget
  - In house requires large investment (development outsourcing has not proved to be a good solution, again due to the small market)
- Service
  - A company will fail without the staff to perform service oriented tasks
- Consultancy
  - Maritime experience, parallel customer experience
- Product is important, but not as much as the ability to implement and support

# The Challenge

- Small and dispersed market
- Technical challenges
- Need for highly skilled, trained and thus expensive people
- Not generous customers
- Sometimes, customers do not prepare themselves to IT

# Customers main mistakes

- I can't waste my time on this project
  - Ok, so you'll waste money
- A local company will do: we need a very simple software
  - Look at the track record of small companies - 3 years
- We do not need on board software
  - Really ?
- People on board will never use it
  - Often the opposite: they are the first ones to start, and offices drag behind
- We want an idiot proof software
  - Don't employ idiots
- It has to be so easy it should not need training
  - everything needs training
- We will build our own database
  - and most probably fail, then blame the software

# IT supplier Law #1

- The quality of the delivery is directly proportional to the quality of the customer
  - well prepared
  - defines what he wants
  - clear vision of the final results
  - Defined KPI's
- then the project has the best results

# IT supplier Law #2

- Upgrading is a fact of life
  - Everything is upgraded: cars, furniture, TVs, Hi-Fi... so why not SW
  - It is logical that a Software is kept updated with the changes in technology, in rules and regulations.....but then so must the ships be updated too



# IT supplier Law #3

- Treat HW as consumable: plan its change every 4 years. Budget for it.



# When you buy a software

- make sure what you want to achieve from it, and by when
- coordinate all departments in YOUR company
- assign a UNIQUE Point of Contact with authority (no powers= frustrated person, most probable project failure)
- Determine who, in your company, will drive the project into success. Identify the locomotive and assign the relevant responsibilities
- Understand the importance of the Data and Data Entry!
- Treat the supplier as a partner: you are in the same boat, not one against the other!



# Visit other users

- When you buy a software, visit other offices which have been using the software successfully: learn from their mistakes, take advantage of their experience
- If you have problems with your software, do the same
- Don't always think: the software doesn't work. Sometimes it is true, most of the times it is not (our Customer Internet Reporting systems shows that nearly 85% of reported "bugs" are due to errors/changes in set-up, enhancement requests (perception on how it should work), lack of training)

# A look at the future

## ➤ Broadband or not?

- Software design must take this into account however. The longer term future could see land based applications in use but Maritime designed systems will always be required.

## ➤ Market consolidation?

- Market economics will dictate that there is room for maximum 3/5 worldwide companies, and a small number of local ones.
- Consolidation is difficult but possible



**Thank you**