

Internet - Procurement - Efficiencies



Digital Ship – Cyprus 2007

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Quick Exercise

Two quick questions:

- One major impact e-business has already had in a shipping company you have worked with (or heard about)
- One major impact you feel certain e-business will have in next 5 years in the shipping industry

(Did it just happen? Was it a company decision? Individual? Imposed by a partner / vendor?)

What impact has it had and or will it have?



The reality is that all these areas have become more efficient thanks to the Internet & Business (e-Business!)

- CRM
- Procurement
- Cargo tracking
- Total logistics solutions
- B-2-C transactions
- B-2-B transactions
- Administration
- Information sharing
- Ocean transportation
- Sales
- Supplies
- Transparency in transport chain
- Communications (personal)
- e-Learning
- Cargo booking
- Order giving
- Chartering
- Communication (ship/shore)
- Maintenance
- Documentation
- Payments
- Pricing



What is e-business?

Using the [Internet](#) in doing business
Using the Internet in doing business

Today everybody uses the I

Global, low-cost, high-bandwidth
communications network

We don't talk about

- p-Business (phone-business)
- m-Business (mail-business)

E-Business = Business

The Internet is a utility

The Internet is spreading like wildfire

Telephone took **38 years** to reach 50 million users

Television took **13 years** to reach 50 million users

Internet took **4 years** to reach 50 million users



Two ways the Internet is impacting business

1. Improving the way business is done

- Email
- Voice over IP
- On-demand software
- Trading partner connectivity
 - chartering position lists
 - derivatives
 - e-procurement

Transaction efficiencies

2. Transforming the way business is done

- Instant Messenger
- Ebay
- Amazon
- Google

Transformed markets

Depends on where you are looking from

v.com



eSSM TradeNet

Key business benefits

Shipping companies

Become more profitable and competitive



Key business benefits

Shipping companies

Become more profitable and competitive

Automate/eliminate manual steps

Retyping information

Manual quote handling/comparison

Chasing confirmations

Faxes and e-mails



Key business benefits

Shipping companies

Become more profitable and competitive

Automate/eliminate manual steps

Reduce costs

Lower cycle times

Lower inventory/disposal costs

Lower percentage of urgent deliveries

Improve contract compliance

Lower communication costs

Buy “smarter”



Key business benefits

Shipping companies

Become more profitable and competitive

Automate/eliminate manual steps

Reduce costs

Improve data quality

Avoid delays in shipments

Reduce mismatches between order/deliveries

Less “back and forth” with supplier

Better information for contract negotiations

Achieve supply chain collaboration



Key business benefits

Shipping companies

Become more profitable and competitive

Automate/eliminate manual steps

Reduce costs

Improve data quality

Increase visibility of key information

Establish/track key performance indicators

Improve reporting

Satisfy corporate governance requirements

Increase transparency



Key business benefits

Shipping companies

Become more profitable and competitive

Automate/eliminate manual steps

Reduce costs

Improve data quality

Increase visibility of key information

Serve the client better

Ship

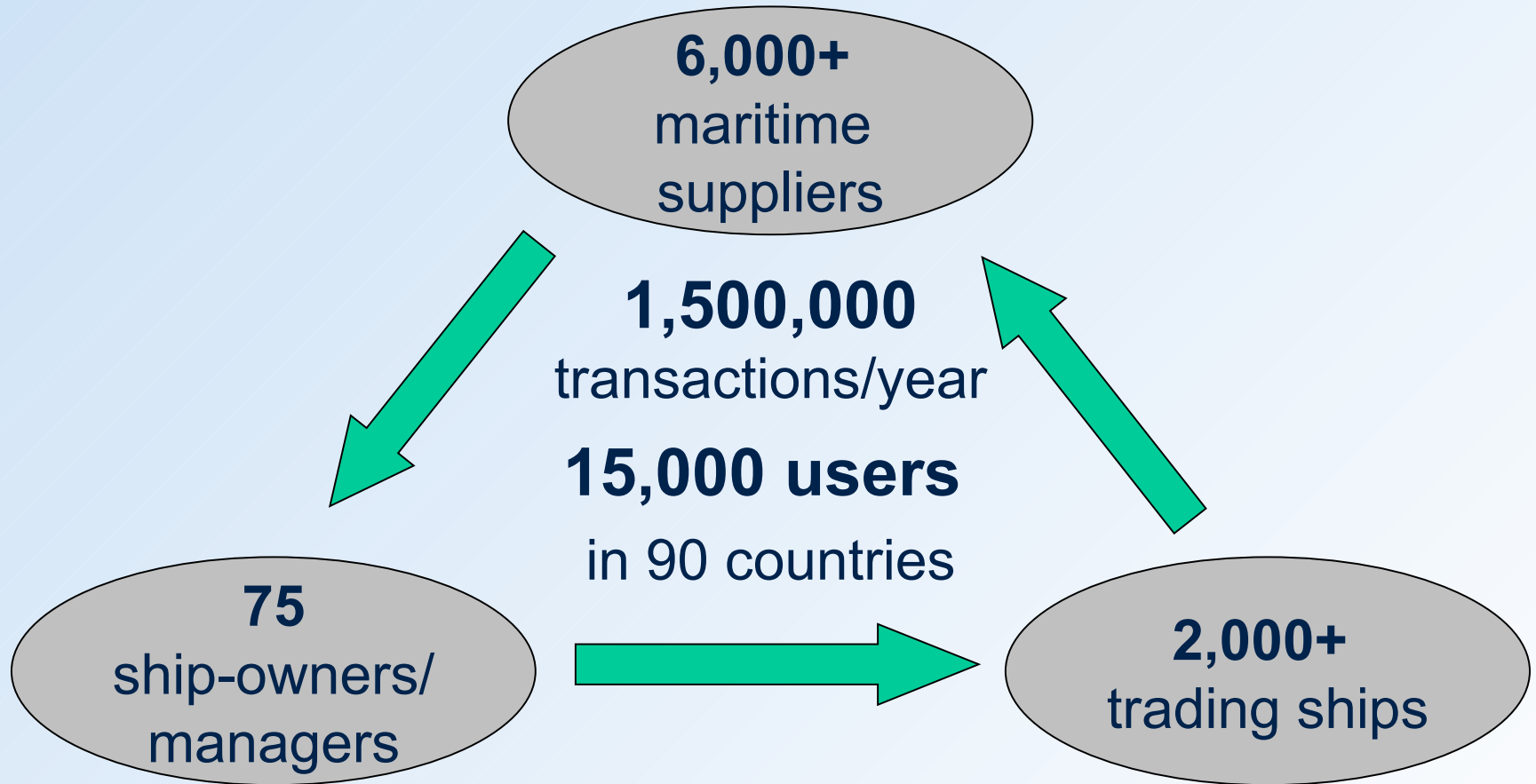
Ship owner / manager

ShipServ TradeNet is a global community and online trading platform that facilitates the trading of products and services required during the life of a ship.

ShipServ provides software tools and services to make the trading process easier and more efficient.



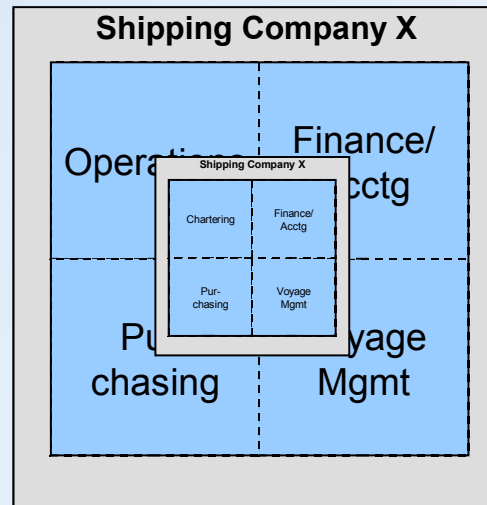
Strength in numbers



At least 1.8 million transactions expected in 2006

The evolution of technology - Early Years

From Intra- to Inter-departmental information flows



The evolution of technology - Future Integrating trading partner information flows

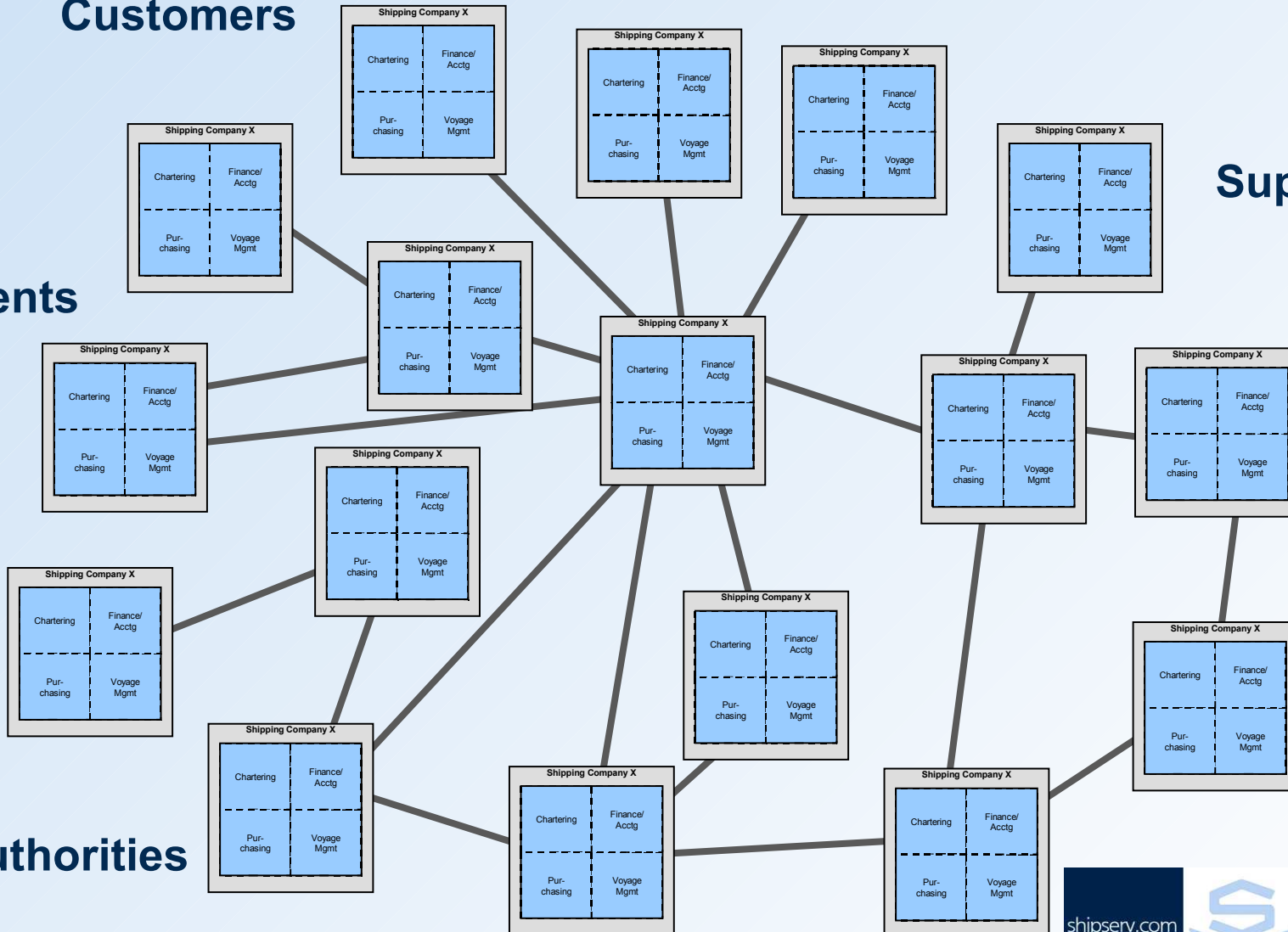
Customers

Suppliers

Agents

Partners

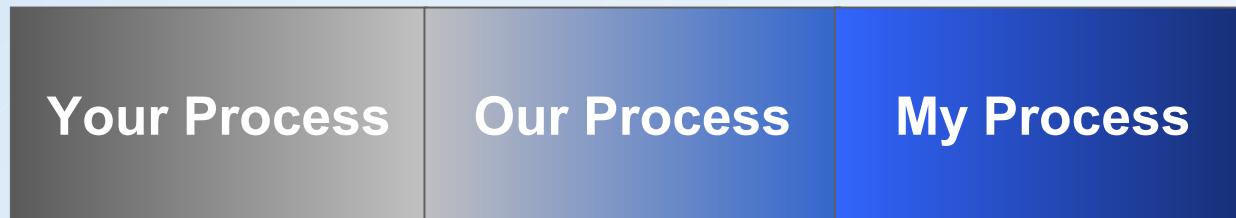
Authorities



A change management challenge

Challenges are in process alignment, not technology

“Phew! Finally, after 10 years’ of effort, we have integrated our 17 different ERP systems, re-engineered and streamlined our internal business processes, standardised our product database and numbering, automated our internal order processing”

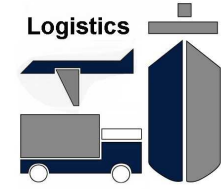
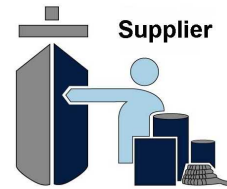
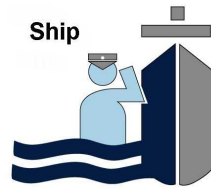
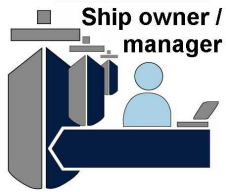


“Phew! Finally, after 10 years’ of effort, we implemented a planned maintenance system on all our vessels, standardised our internal product database, implemented a new centralised procurement process, and trained our crew and shore-based personnel”

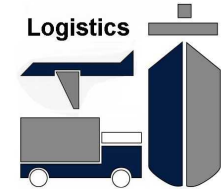
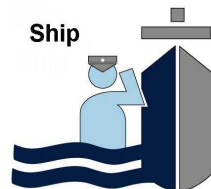
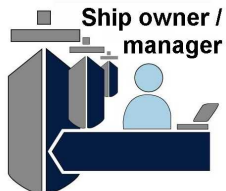


The ship supply chain is an example

Optimized

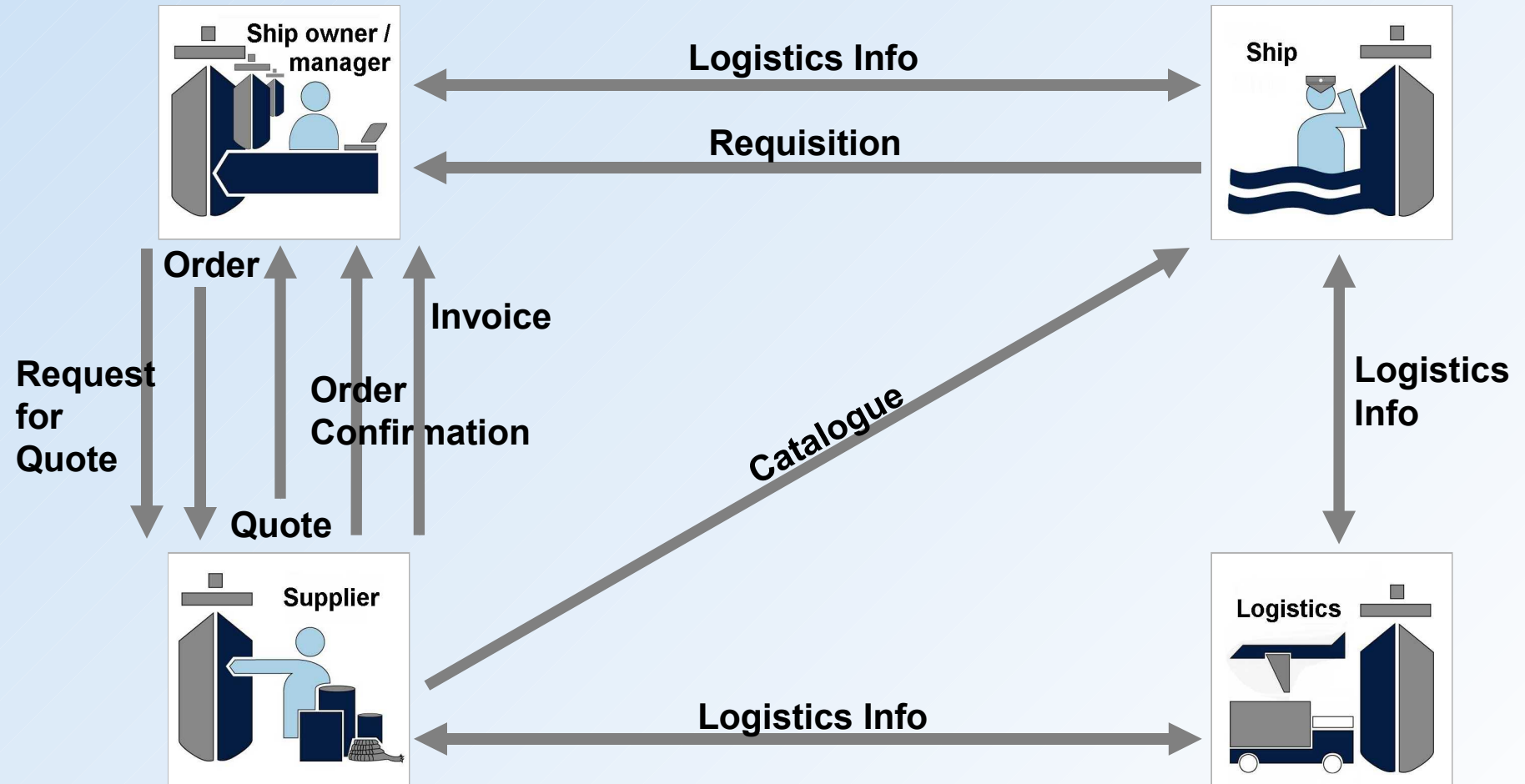


Not optimized

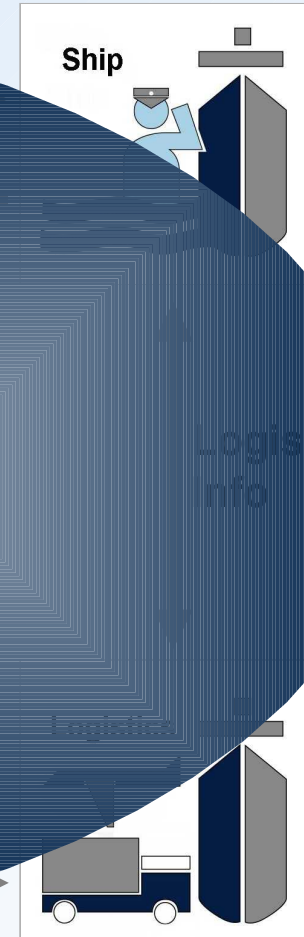


Optimized

Traditional procurement process ...



... results in high costs throughout the supply chain



Poor Data Quality

Error-prone Processes

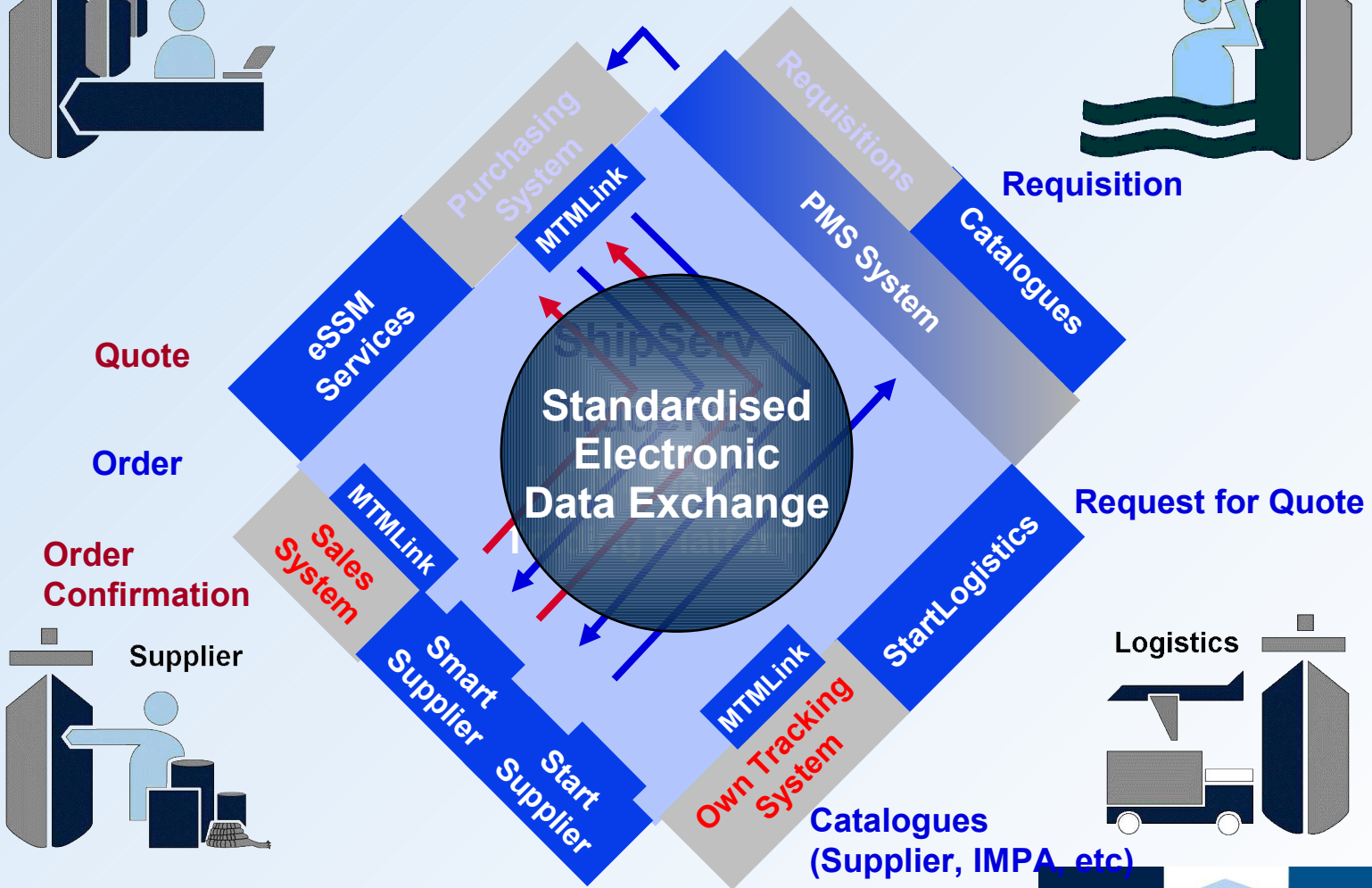
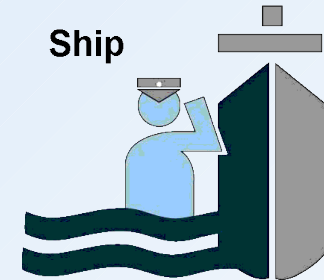
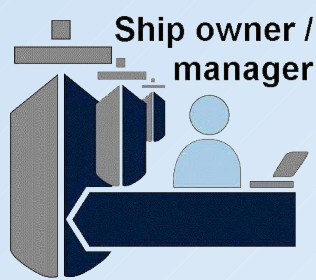
Costly Communication

Poor Reporting

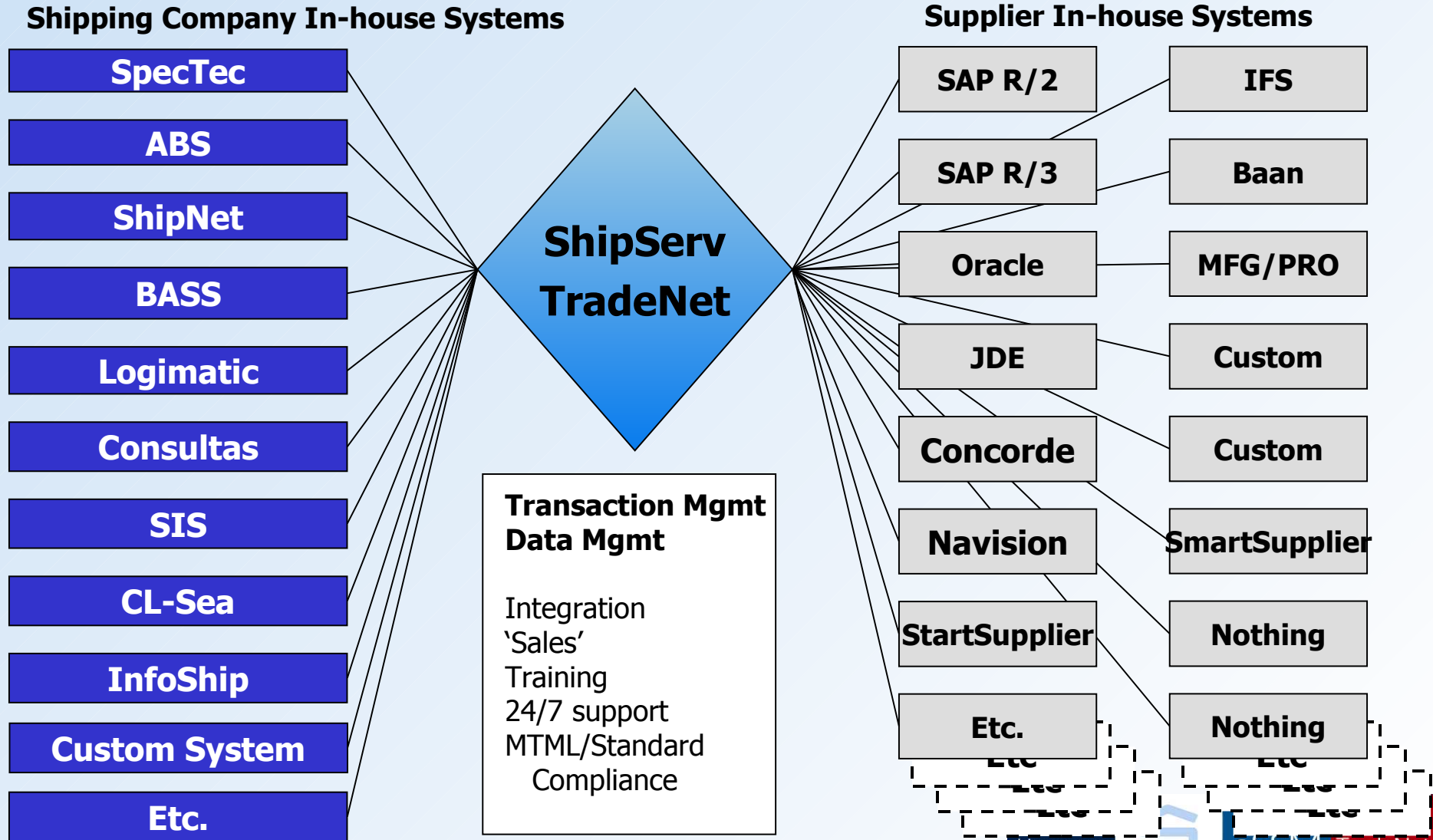
Limited automation

Lack of control

ShipServ's e-Ship Supply Management Solution (eSSM)



Attractive to both owners and suppliers



What is the supplier's motivation?

Improve customer service

Promote to a global customer base

Improve quote-to-order ratio

Streamline business processes

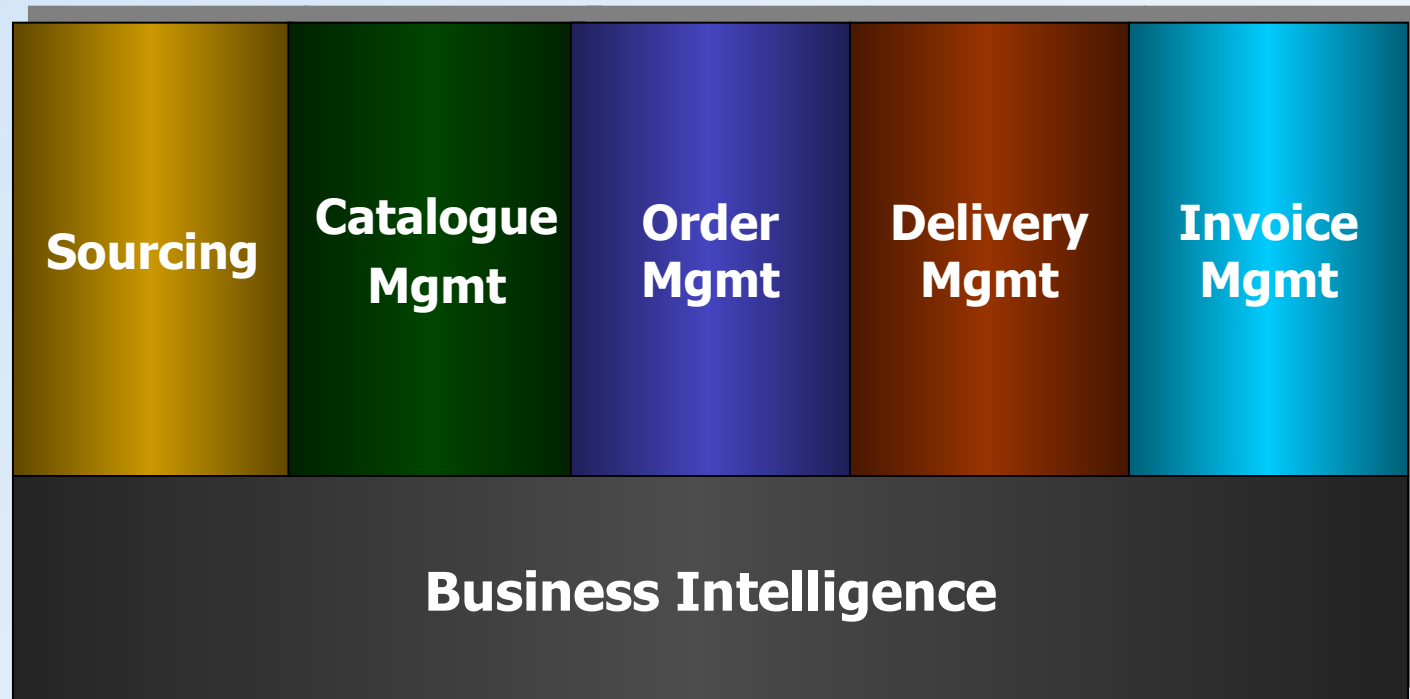
Save time and money by automated order handling procedure (\$50 – 150 per order)



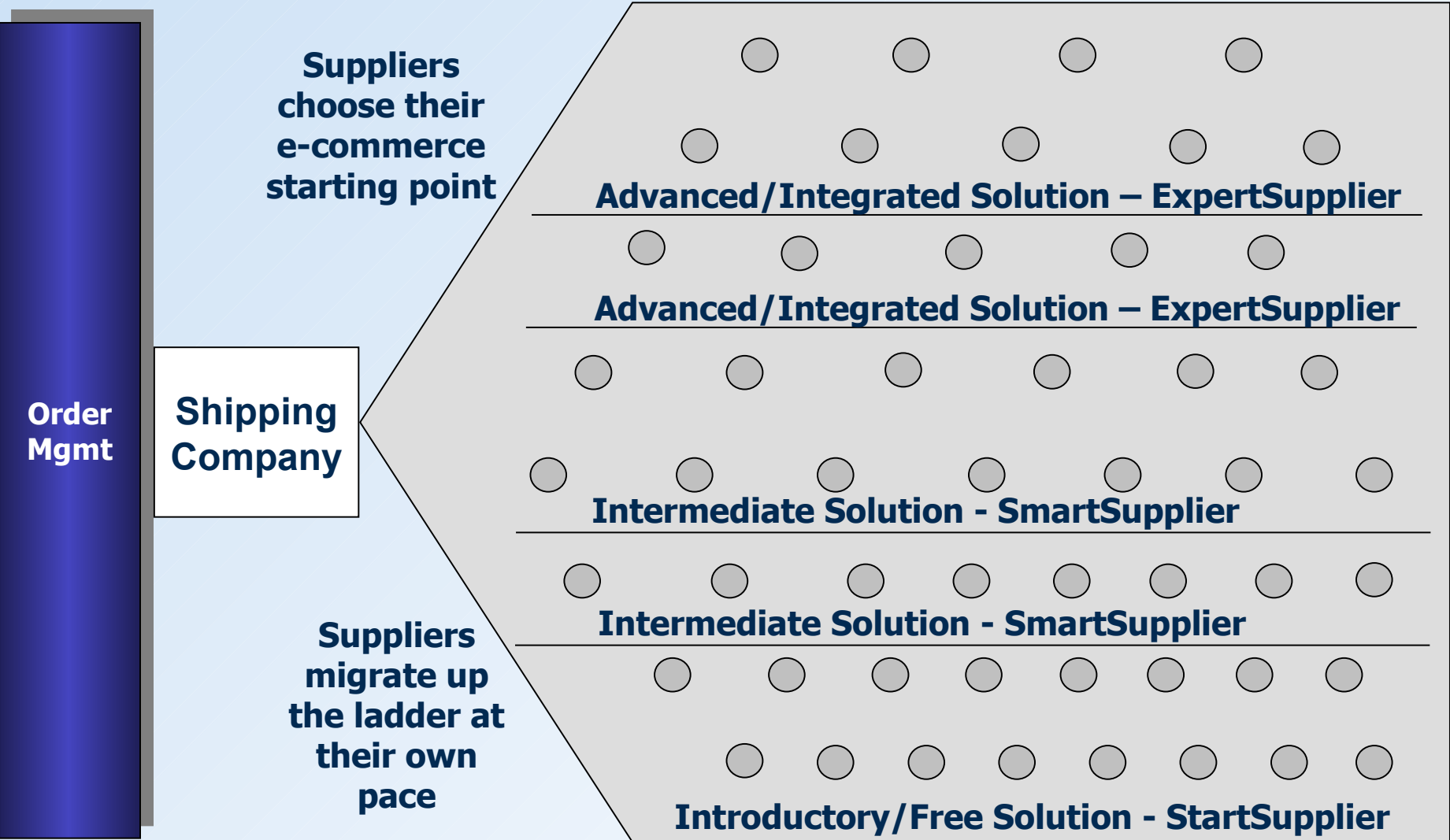
The ship-owner solution

electronic Ship Supply Management (eSSM) Suite

ShipServ e-Ship Supply Management Solution



Seamless and rapid supplier enablement



Real-time reports on all aspects of Ship Supply Management

- Easy access to and analysis of data
- Evaluate supplier performance, improve contract negotiations and sourcing

Standard Report Package

- Purchase Order by Supplier and by Ship
- Transactions by Supplier and by Ship
- Supplier Analysis
- All RFQ's and All Purchase Orders
- Monthly e-enablement report by ship

Benchmarking against TradeNet members

- Tracking of Key Performance Indicators (KPIs)
- Comparable data – standardised data
- All TradeNet members can participate

Standard Reports | Custom Reports

Report: **Transactions by Vessel** Date range: Specified dates

Currency: USD see Disclaimer From date: 01 Apr 2004

Supplier: All Suppliers To date: 30 Apr 2004

Run Report

Export to Excel

Report data as at 15 May 2003 10:04 BST

Vessel	(click headings to sort)	REQs	RFQs	QOTs	POs	PORESs	POCs	PO Value (USD)
Eastern Honour		0	33	15	6	0	0	17533.66
Eastern Merchant		0	12	16	5	0	0	4677.23
Eastern Pride		0	24	16	0	0	0	0.00
Eastern Trader		0	14	8	4	0	0	3450.26
Eastern Venture		0	27	16	5	0	0	16135.06
Eastern Victory		0	3	4	2	0	0	3167.02
Northern Honour		0	8	7	0	0	0	0.00
Northern Merchant		0	34	35	30	0	0	21672.04
Northern Pride		0	14	8	2	0	0	4740.06
Northern Trader		0	15	15	11	0	0	6312.20
Northern Venture		0	13	10	6	0	0	3824.25
Northern Victory		0	17	10	3	0	0	1767.81
Ocean Honour		0	16	12	10	0	0	30202.89
Ocean Merchant		0	11	6	6	0	0	9775.34
Ocean Pride		0	16	12	9	0	0	3074.23
Ocean Trader		0	11	6	3	0	0	6847.59
Ocean Venture		0	7	2	1	0	0	3276.84
Ocean Victory		0	7	6	3	0	0	4020.01
Southern Honour		0	10	10	5	0	0	2549.96
Southern Honourtrader		0	10	9	3	0	0	2067.78
Southern Honourtradermerchant		0	16	14	3	0	0	2230.13
Southern Honourtradermerchantventure		0	8	7	1	0	0	1496.70

Test Data

Standard Reports | Custom Reports

Report: Date range:
 From date:
 To date:
 Report data as at 15 May 2003 10:04 BST

Supplier	TradeNet ID	RFQs	QOTs	RFQ Response %	Quoted 1 day	Quoted 1 and 4 days	Quoted >4 days	POs	POs Awarded %
A.C. Lemvig-Muller	54740	36	35	97.2%	25.7%	74.3%	0%	30	85.7%
Active Service AS (Bergen)	58319	21	19	90.5%	52.6%	42.1%	5.3%	15	78.9%
Aktieselskabet Carl Christensen	54903	58	58	100%	100%	0%	0%	58	100%
Al Badoor Shipchandlers	51616	253	232	91.7%	11.2%	43.1%	45.7%	64	27.6%
Alf Jarl Thuroe	54743	33	6	18.2%	0%	16.7%	83.3%	0	0%
Alfa Laval A/S (Denmark)	51788	17	15	88.2%	13.3%	60%	26.7%	9	60%
Alfa Laval AS (Norway)	52095	3	2	66.7%	0%	100%	0%	0	0%
Allweiler A/S (Norway)	52495	4	0	0%	0%	0%	0%	0	0%
ArSiMa	54746	33	21	63.6%	9.5%	19%	71.4%	13	61.9%
BAC Corrosion Control ApS	51248	10	2	20%	100%	0%	0%	2	100%
Barakat/Wrist Mid East LLC	58121	6	0	0%	0%	0%	0%	0	0%
Bergens Roerhandel A/S (Bergen)	58015	40	33	82.5%	3%	51.5%	45.5%	16	48.5%
Britannia Marine Services Limited	58150	4	2	50%	0%	0%	100%	0	0%
Cape Industries Ltd.	54784	5	0	0%	0%	0%	0%	0	0%
Certex Kwint BV (Rotterdam)	56497	7	7	100%	0%	100%	0%	5	71.4%
ChevronTexaco Denmark(Fuel and Marine Marketing)	51367	2	0	0%	0%	0%	0%	0	0%

Test Data

Customer Success Story

Long term effects of ShipServ implementation

Hoegh Fleet Services

Oslo, Norway



38 Ships

AMOS M&P

Study Period = 1 Year

HFS Objectives

More vessels per full time employee

Better prices/unit costs

Save on delivery costs

Save on administrative costs

Standardize processes

Better control of budgeting

Create product specialists

Find new/better suppliers

Track KPI's year over year



One focus area - spot purchases

Key impacts from ShipServ implementation

Less typing of quote and confirmation prices into AMOS

More RFQ's for spot purchases because it is easier

More RFQ's = Fewer zero value PO's

TradeNet automates quote response. Suppliers prioritize TradeNet RFQ's.

Quality
X

X

X

Time
X

X

X

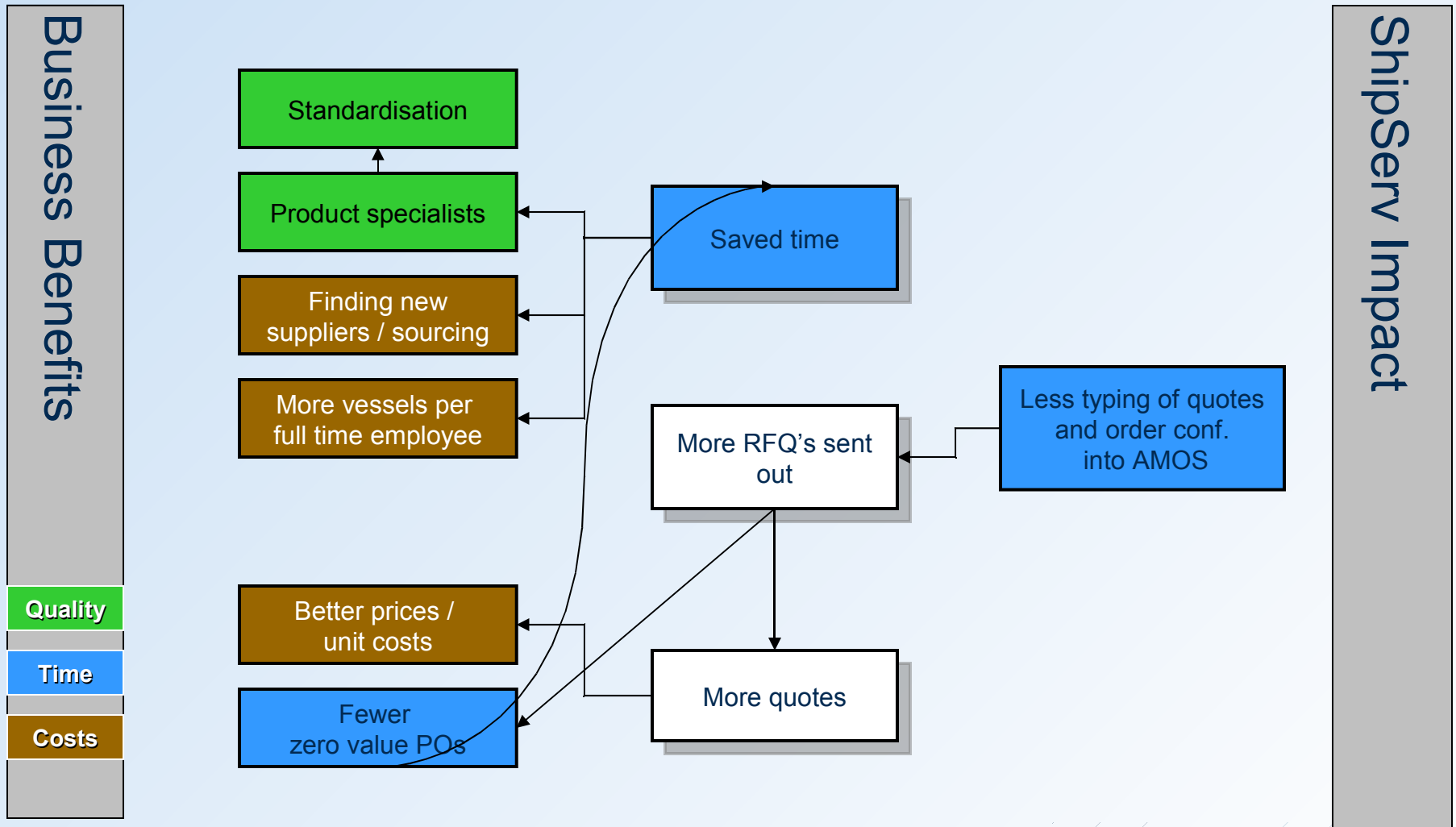
Costs
X

X

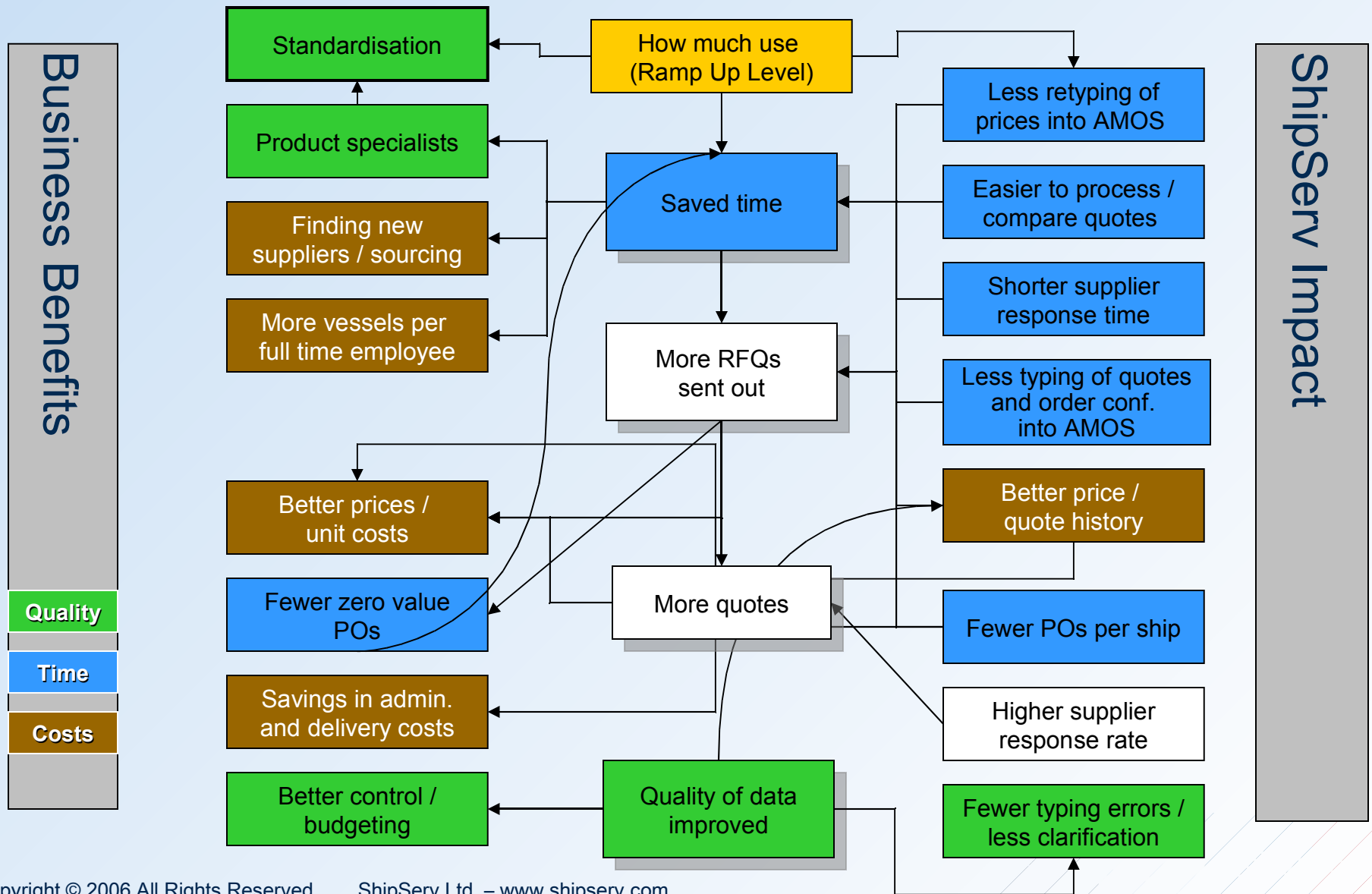
X

Business benefit map – ROI study

Example of correlation flow



Business benefit map – ROI study



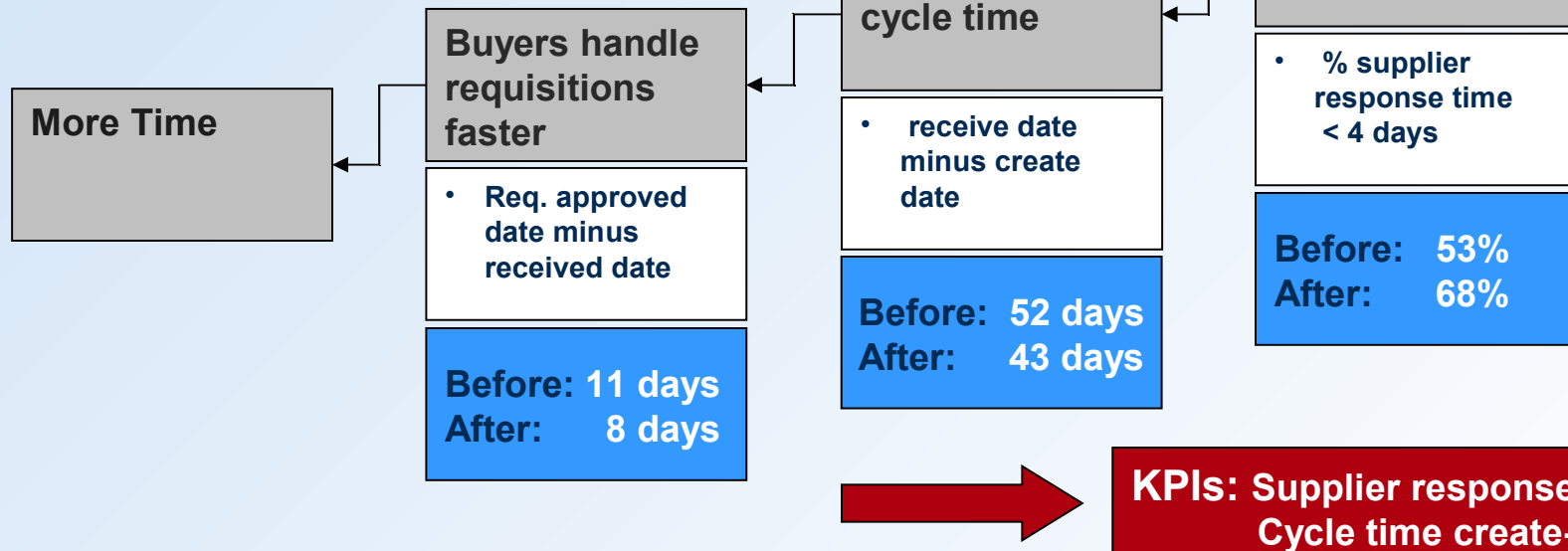
A closer look at the numbers...

ShipServ lets buyers:

- Spend less time on quote process
- Spend more time on strategic sourcing (finding better quality items at better prices)

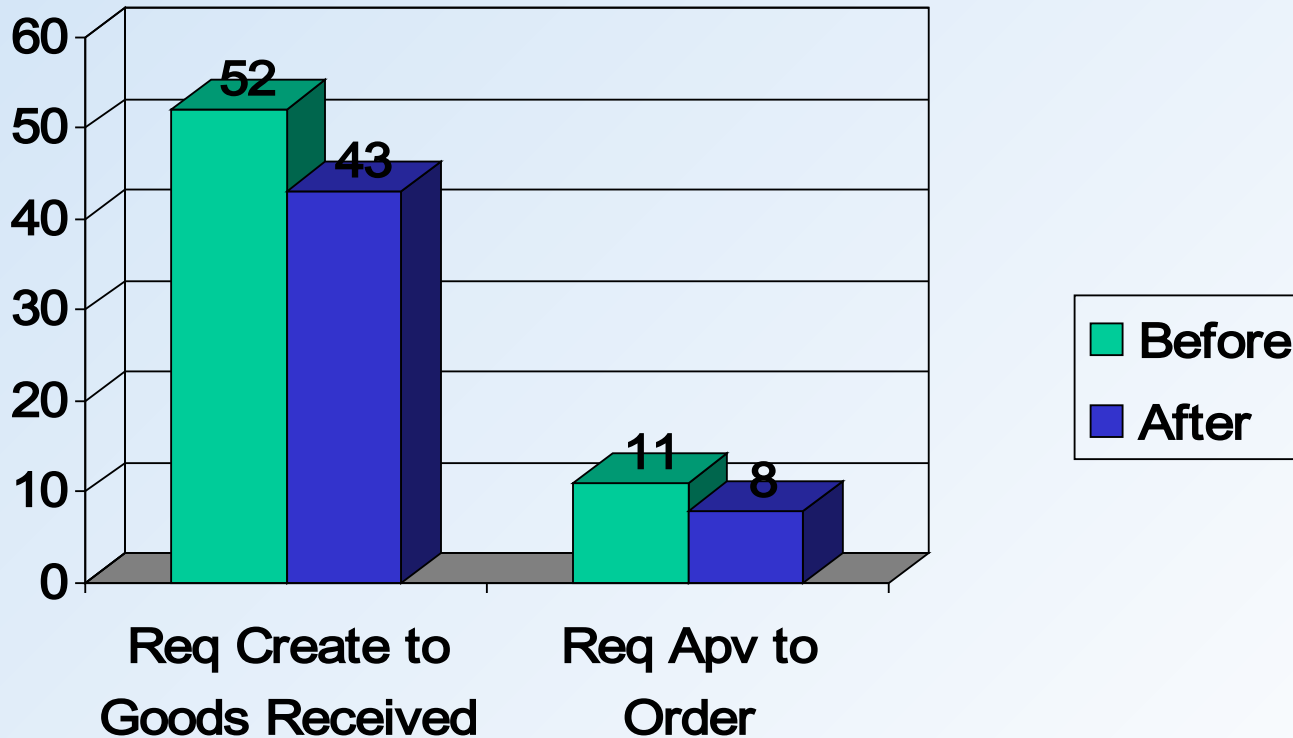
ShipServ impact:

- TradeNet automates quote response
- Suppliers prioritize TradeNet RFQ's



Cycle time reduction

- Nine day reduction in overall cycle time
- 30% reduction in time to create order



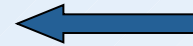
Why would anyone ...

Before e-commerce



A day in the life of a purchaser:

- Arrive in office
- Get coffee
- Go to fax machine
- Carry back pile of faxes
- **Compare quotes and select best**



- Type
- Fax
- Go to lunch
- Get coffee
- Type
- Fax
- Go to fax machine
- Carry back pile of faxes
- **Compare quotes and select best**

Why would anyone ... NOT prefer this?



BASS Purchasing (Oracle Demo database)

File Edit Registers Inquiry PO Invoice Query Keys What'sNew Window

Inquiries for object BAS1 BAS1

Year	Inq. No	Ver	Memo	Status	Shipref	Latest del.	Inq. date	Rcvd	Sent	Genr
2004	36	0		Inquiry - Printed			01/09/2004	0	1	
2004	32	0		Inquiry - Printed			24/08/2004	0	1	
2004	30	0		Inquiry - Complete			13/08/2004	2	2	
2004	28	0		Inquiry - Quoted			03/03/2004	1	1	Lub Oil
2004	27	0		Inquiry - Printed			12/08/2004	0	1	
2004	25	0		Inquiry - Printed	JIN010E4	12/08/2004	12/08/2004	0	1	MAIN ENG
2004	23	0		Inquiry - Printed			12/08/2004	0	1	
2004	16	0		Inquiry - Quoted	MW12345		09/08/2004	1	1	
2004	11	0		Inquiry - Quoted			08/08/2004	1	1	
2004	10	0		Inquiry - Printed			07/08/2004	0	1	
2004	9	0								

Compare offers for 0030 2004 BAS1 110700

Seq	Item No	Item Spec	Inq Qty	Inq Unit	SIN01 (GBP)	Days	Qty	Unit	WEIS (GBP)	Days
1		Tomatos	100	PCE	2,800.82	5	100	PCE	266.26	0
2		Apples	50	PCE	2,450.72	5	50	PCE	150.36	0
3		Potatos	10	PCE	168.05	5	10	PCE	46.99	0
93000		Freight cost	0		148.98	0	1	SET	0.00	0
		Total			5,568.57				463.61	

EXAMPLE - TEST DATA

A day in the NEW life of a purchaser:

- Arrive in office
- Get coffee
- **Compare quotes and select best**
- Hit 'Send' button
- Get coffee
- Go to lunch
- **Compare quotes and select best**
- Hit 'Send' button
- Get coffee
- **Perform strategic sourcing tasks**
- **Manage delivery of urgent spares**
- Get coffee
- Compare quotes and select best
- Hit 'Send' button
- Get coffee

Selected TradeNet Members : 75 shipping clients , 2,000 vessels

100+ ships

Anglo Eastern Ship Management Ltd
Teekay Shipping Ltd.
TESMA

50-100 ships

Clipper Group
MSC Ship Management (HK)
Norbulk Shipping UK Ltd.
NYK Shipmanagement Pte Ltd.
OSG Ltd.
Solar Japan Co. Ltd.
trans Mar-Supply GmbH
Van Oord ACZ BV

10-20 ships

Aboitiz Jebsen Bulk Transport Corp.
AJ Ship Management GmbH
Anders Utkilens Rederi AS
B+H Equimar Singapore Pte Ltd.
Chellaram Shipping Co. Ltd.
Graig Ship Management Ltd.
Green Management AS
Masterbulk Pte Ltd.
Norgas Carriers
NYK LNG / UK, Japan
Reederei Alnwick Harmstorf & Co. GmbH
Seabulk Tankers
Solvang ASA
Wallenius Marine
Westfal-Larsen Management AS
Woolim Shipping Co. Ltd.

20-50 ships

Aker Seafoods
Bergesen DY ASA
Chevron Shipping Co.
Fairmont Shipping Ltd.
Grimaldi Compagnia di Navigazione
Höegh Fleet Services AS
J. Lauritzen A/S
Intership Navigation Co. Ltd.
Keystone Shipping Company
LMS Shipmanagement
Meiji Shipping Co. Ltd.
Meridian Marine Management Ltd.
MK Shipmanagement Co. Ltd.
Sandigan Shipping Services Inc.
Star Reefers UK Ltd.
Teekay Marine Services AS
Thome Ship Management Pte Ltd.
Vroon B.V. / NL, Australia, Offshore

<10 ships

Carsten Rehder BV
Dannebrog Rederi A/S
EstreMar SA
Helix Energy Solutions Group, Inc.
Liberty Maritime Corporation
Magsaysay Maritime Corp.
Neom Maritime (Singapore) Pte. Ltd.
Pan Continental Shipping Co. Ltd.
Royal Maritime Corporation c/o Koyo Line
Tyco Telecommunications
YSG Shipmanagement GmbH



SHIPSERV

Leading suppliers within key segments

Navigation / charts:

	Baker Lyman and Co.
	Iver C. Weilbach
	Kelvin Hughes
	Nautical Chart Supply
	Nautisk Forlag
	Todd Chart Agency
	Thomas Gunn Navigation Services

Medical

	Antwerp Shipping Pharmacy
	Lagaay International Apotheek
	Universal Marine Medical Supply Co.
	L. E. West
	Princeton Pharmacy
	Bellegrove

Boilers:

	Aalborg Industries
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Coating manufacturers:

	Chugoku Marine Paints
	Hempel
	International Paint
	Jotun
	Sigma Coatings

Pumps:

	Desmi
	Hamworthy

Leading suppliers within key segments

Engines, Engineering, Deck

	Wartsila
	Hitachi Zosen
	Cummins Diesel
	IHI Marine Co.
	Kawasaki Heavy Industries
	Callenberg Engineering
	Caterpillar

	Man B&W
	Pon Power
	Rolls Royce
	Stork Services
	Acta
	MacGregor
	Skandiaverken Far East

Chemicals:





	Ashland Drew
	Marichem Marigases
	Nalfleet
	Unitor

Leading suppliers within key segments


Trading houses:

	EastWind
	EMTS
	Fuji
	ISS Machinery Services
	ITS (UK) Ltd.
	Mitsui O.S.K. Technotrade
	Nippon Diesel Service
	NYK Trading
	Stromme NME

Lubeoil:

	BP Nordic
	ExxonMobil
	FAMM
	Total Lubricants SA

Purifiers:

	Alfa Laval
	Chiefmar

Coating manufacturers:

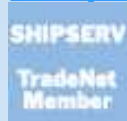
	Chugoku Marine Paints
	Hempel
	International Paint
	Jotun
	Sigma Coatings

Communications:

	Radio Holland
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Key ship chandlers on TradeNet

Ship chandlers:



Chandling International



First Choice Marine Supply



Fuji Trading



Gulf Shipchandlers



Hans Heidorn



Karlo Corporation



Klevenberg



Man Sang



Mares



Mercantile Ship Stores



Mishal



National Ship Chandlers



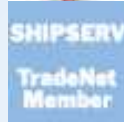
Ove Wrist



Provimar



Schierbeck



Seaway



Seven Seas



Ship Supply Group/ Harbor Ship Supply



Sinwa



So.Se.Ma.



Stromme



West Coast Ship Supply



Williams & Wells



World Ship Supply