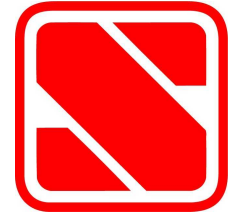


DIGITAL SHIP DUBAI 2007

Afternoon Session – 17th April 2007

“Electronic Purchasing in Shipping” session

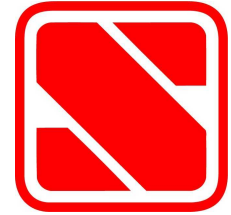
Keynote Speech – Captain Peter Machado



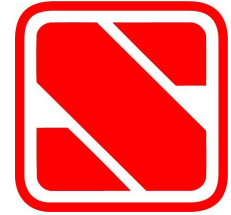
Shipping and Trade!

Q. Are we in the right business?

A. **YES**, Absolutely



Trade in merchandise and unfinished goods increases faster than the world's GDP and so does the demand for maritime transport services.

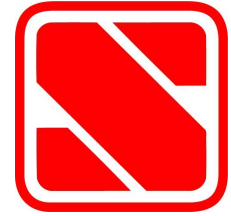


TRANSPORT is one of the four cornerstones of globalisation.

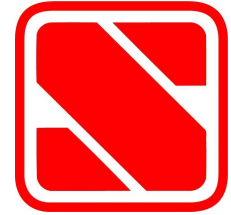
Together with

- Telecommunications
- Trade Liberalisation and
- International standardisation

contd...

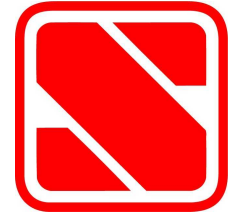


the increased efficiency of port and shipping services has made it even easier to buy and sell merchandise goods, raw materials and components almost anywhere in the world.



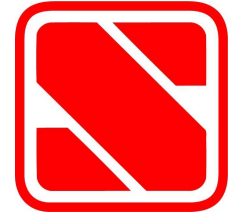
“Your selection reflects the reality that more than ever, people are not merely observers but participants in a world that we are creating.”

David Alex, Chicago



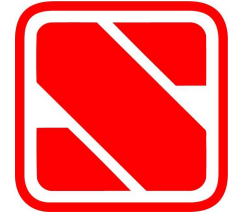
“.....the internet is a product of the work of collaborating communities, which means there is no central control and no restriction on the creativity and genius that bring new applications online each day. Open standards and collaboration, rather than top-down or centralized governance, have ensured that the internet’s development remains in the hands of those who know most what they need.”

Lynn St. Amour, President & CEO, Internet Society, Geneva

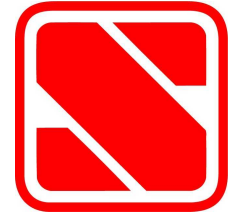


“The world we have created is a product of our thinking. It cannot be changed without changing our thinking.”

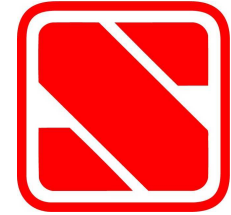
Albert Einstein



- How shipowners are moving towards electronic purchasing?
- How shipping companies can tie electronic purchasing with their maintenance systems?
- How Seven Seas trades with the marine industry?



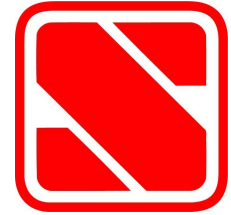
- Logistics
- Electronic Purchasing Services
- Experiences with Electronic Purchasing
- Software
- Using IT to manage delivery of supplies



Shipowners and Electronic Purchasing

Prime Movers

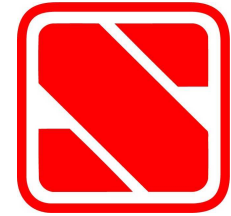
4. Manufacturers and Suppliers
5. E-platform/portal companies
6. In-house catalyst and driving force
7. External driving forces
 - investors requiring more transparency from 3rd party managers
 - publically listed companies
 - need to stay on par with international standards



“You are Unique” –

Just like everyone else is!

TRUE OR FALSE?

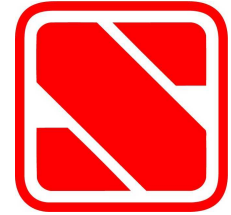


One shoe does not fit all feet

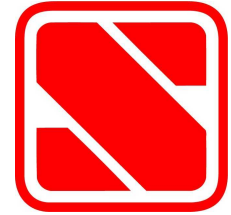
Solution must be in keeping with company

- resources
- size
- objectives
- level of automation required
- capacity of the vendor or service provider

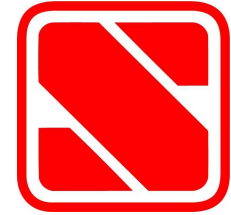
Customised solutions focused on a win-win situation for both buyer and vendor



- Engage your Vendors and Service Providers
- Concentrate and adopt “Best Practices”. Avoid the trap of developing “New Theory”
- Total Cost Calculation
- Best Value Analysis

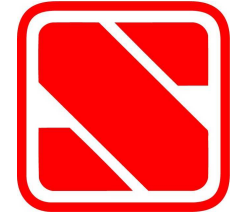


Moving on to IT solutions and applications in logistics and Supply Chain Management (SCM) and other usage in maritime business.

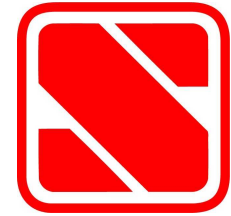


Existing solutions include:

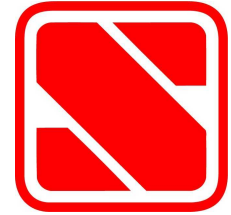
3. intra-company systems, applications and uses of IT
4. Inter-company systems between business operators
5. Company-public authority exchange of data



1. Intra-company systems, applications and uses of IT include operational systems in capacity allocation, tracking and tracing, ERP-based on management level.



2. Inter-company systems between business operators include exchange of operational data on cargo, shipments, payments, etc. On a system-to-system basis using EDI, XML, MTML, etc. and replying either on shared software or dedicated (proprietary) systems



3. Company – public authority exchange of data (such as to/from trade and transport authorities – port agencies, customs, border/coast guard, etc.

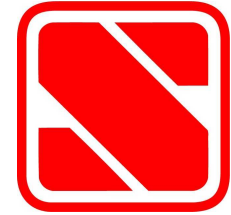
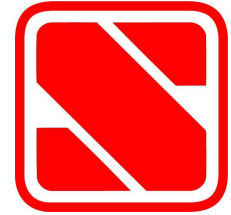


Table: Base functions of ERP Programmes

Intra-company information flows

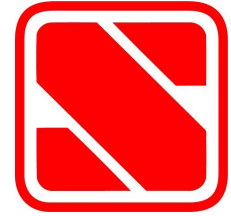
Manufacturing and logistics	Finance and accounting	Human resources and payroll
Operations (production) planning	General Ledger	Human resources administration
Engineering	Accounts receivable	Payroll
Shop Floor Control	Accounts payable	Benefits
Procurement Management	Fixed assets	Sel-service HR
Order entry and processing	Cash management	
Sales, marketing, and after sales	Budgeting	
Warehouse (inventory) management	Treasury management	
Distribution (transportation) management	Cost control	
Project management	Financial consolidation	
Plant maintenance		
Customer service management		
Extended supply chain management		

Source: The Handbook of Maritime Economics and Business –LLP Publication

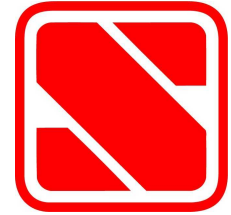


Enterprise Resource Planning (ERP) programmes are the foundation for many companies' IT capabilities.

Companies such as SAP, J.D. Edwards, PeopleSoft, Baan and Oracle are the major companies in this multi-billion dollar industry.

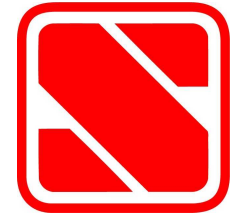


These are revolutionary times; tradition is giving way to convenience, and technology is providing the catalyst.



Convenience should not be mistaken for Casualness.

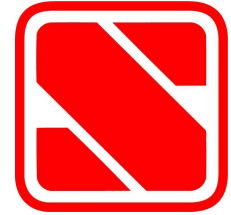
Security will always be a big issue where IT software and hardware are concerned.



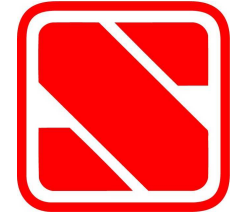
You Get What You Pay For

Computer security firm Authentium in Palm Beach Gardens, Fla. warns about an emerging Wi-Fi fraud aimed at air passengers. What road warriors sitting in a departure lounge think is a free authorised Internet connection turns out to be an “ad hoc” network broadcasting from the laptop computer of a scamster sitting nearby. Besides collecting passwords and credit card numbers, the crook might even install software that will later forward other private data. One tip-off: The wireless connection window the unwary traveler often sees labels that tainted free site a “computer-to-computer” network.

Forbes Special Issue – March 26, 2007

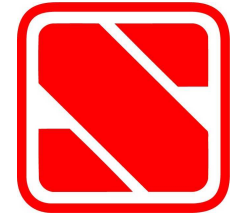


How does Seven Seas trade
with the Marine Industry?



Differentiate ourselves from our rivals

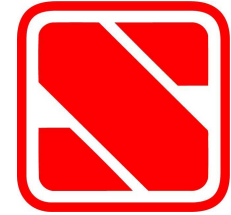
- Challenge existing paradigms
 - shift from “Efficiency to Effectiveness”
 - optimum use of technology and human input
- Add value to purchasing
- Demonstrate how tangible savings can be made
- Foster and inculcate loyalty, openness and transparency
 - intra-company
 - with vendors and service providers
 - with buyers (customers, real partners)
- Long term partnerships with win-win solutions
- Customised and focused solutions



Aerial view of Seven Seas

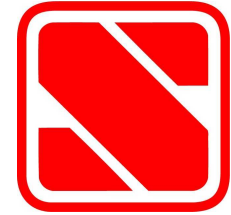


Digital Ship



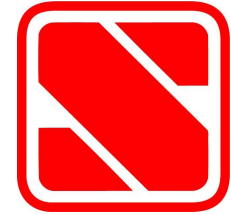
Number of Pallet slots at Seven Seas

- Land Area : 1,000,000 sq ft
- Built-up Area : 340,000 sq ft
- Pallet slots
 - Dry =14,628
 - Chilled =820
 - Frozen =4,700
 - Technical =4,025



Seven Seas Shipchandlers

- **On average Seven Seas supply:**
- **50 Ships every day of the year**
- **2,891 line items every day of the year**
- **We supply approximately 1.5 million line items per annum**
- **Seven Seas error rate is .11%**
- **Seven Seas have a documented delivery success rate of 99.89% for on time, correct delivery with a pre-ordering frequency period of just 2 or 3 days**
- **Regularly we supply 12 miles off-shore to a vessel that does not even stop.**

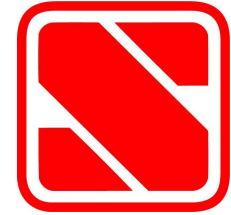


View of loading platform, office & cold store area



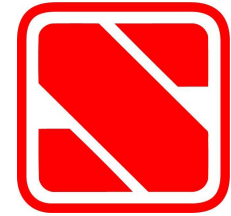
Digital Ship

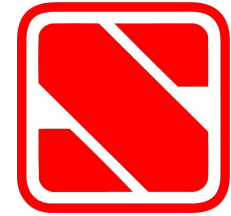
Dubai Dry stores – View of bulk storage area



Digital Ship

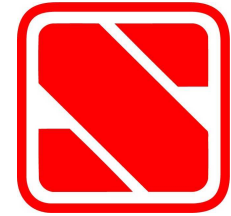
Dubai - Partial view of one of our chilled/frozen storage area





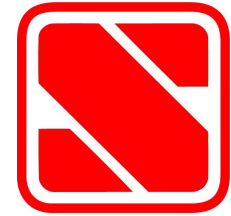
Partial view of one of our chilled/frozen storage area



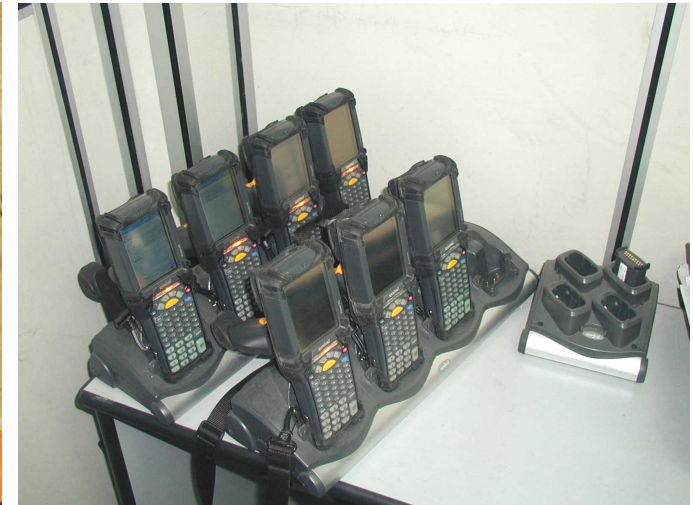


Dubai - Hand tools storage area



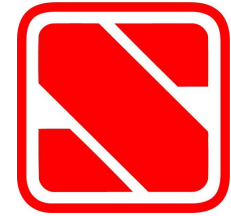


Portable Data Terminals (PDT)



All PDTs have the voice over IP feature with blue tooth which enables pickers to communicate from any place without hindrance to their picking operation





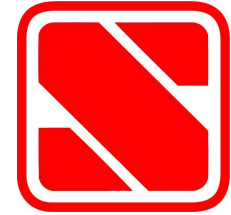
View of ropes storage area





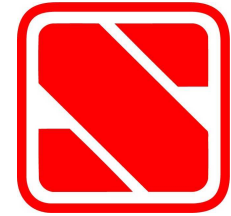
Dubai - View of our central refrigeration plant





Seven Seas complies with industry standards for EDI industry

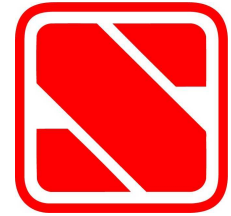
- ANXI X.12
- XML
- EDIFACT
- MTML (the marine version of XML)



Seven Seas supports and is integrated with most if not all e-trading platforms including

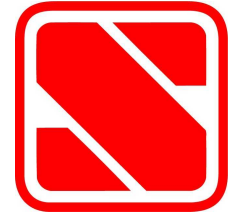
- Danaos
- MTS
- Real Marine
- SeaSupplier
- ShipServ
- SIS Commerce

Some shipping companies have their own EDI platforms



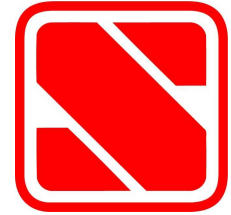
Focus and customisation to meet customer's objectives include

- dedicated electronic catalogue with relevant content
- catalogue is dynamic
- consistency in quality, pricing, brand name and country of origin
- delivery to hub-ports world-wide

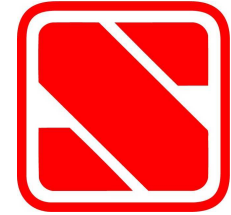


We do the work of integrating systems to the buyer and the e-platform portal provider. All we ask for is

- a consistent electronic format
- enhanced by a contract with buyer

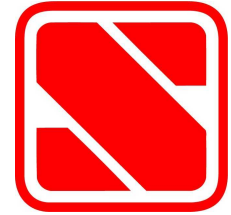


It is all about developing a process to respond to the different requirements of each customer.



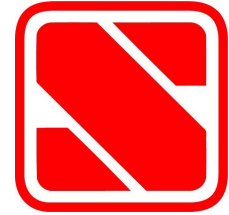
Process is all **electronic** and includes a great deal of automation with

- order receipt
- order acknowledgement
- quotation including NIS items and suggestions of substitutes
- adjustments prior or during supply
- receipt
- invoicing
- EFT – Electronic Funds Transfer Payment



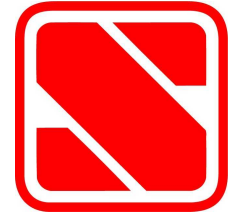
Other enhancements include

- use of RF tags
- real time on-line visibility, tracking and tracing
- processes can be fine-tuned
- dedicated email address
- dedicated team



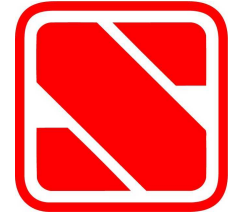
“Washing” (data) Process

- IMPA 6-digit catalogue (Marine Stores Guide)
- other marine catalogues or company codes
- unit of measure
- packing and size
- special instructions/specifications

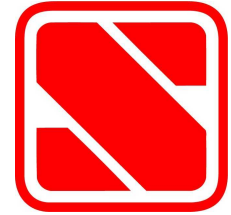


Most Repeated Problems

- Use of different catalogues in same RFQ
- Mismatch between nomenclature and code used
- Multiple entries in a single line
- Difference in UOM
- Difference in packing and size
- Indiscriminate use by sender of RFQs



Where once there was only the dream of many and the reality of a few, the scope of the digital world, integrated systems and networks, and logistics, has broadened horizons immeasurably.



Make sure your capabilities today support the tomorrow that you have only begun to imagine. The time is right for a careful look and the view is spectacular.