



DIGITAL SHIP HONG KONG

*Living
on the
selling side of business*

Giampiero Soncini
CEO SpecTec Group



Who am I

- Giampiero Soncini – married – no kids – 2 cats
- 1971-1985 Italian Navy Officer
- 1986-1998 NATO – Ship Management Office – Management of two RVs
- 1988 I started SpecTec Italy
- I joined SpecTec full time in 1998
- In the last period with Xantic, I was VP Amos Sales Worldwide, VP South Europe, VP APAC and MD Italy and BM of Xantic Greece, Spain, Cyprus until 30th June 2004



SpecTec 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

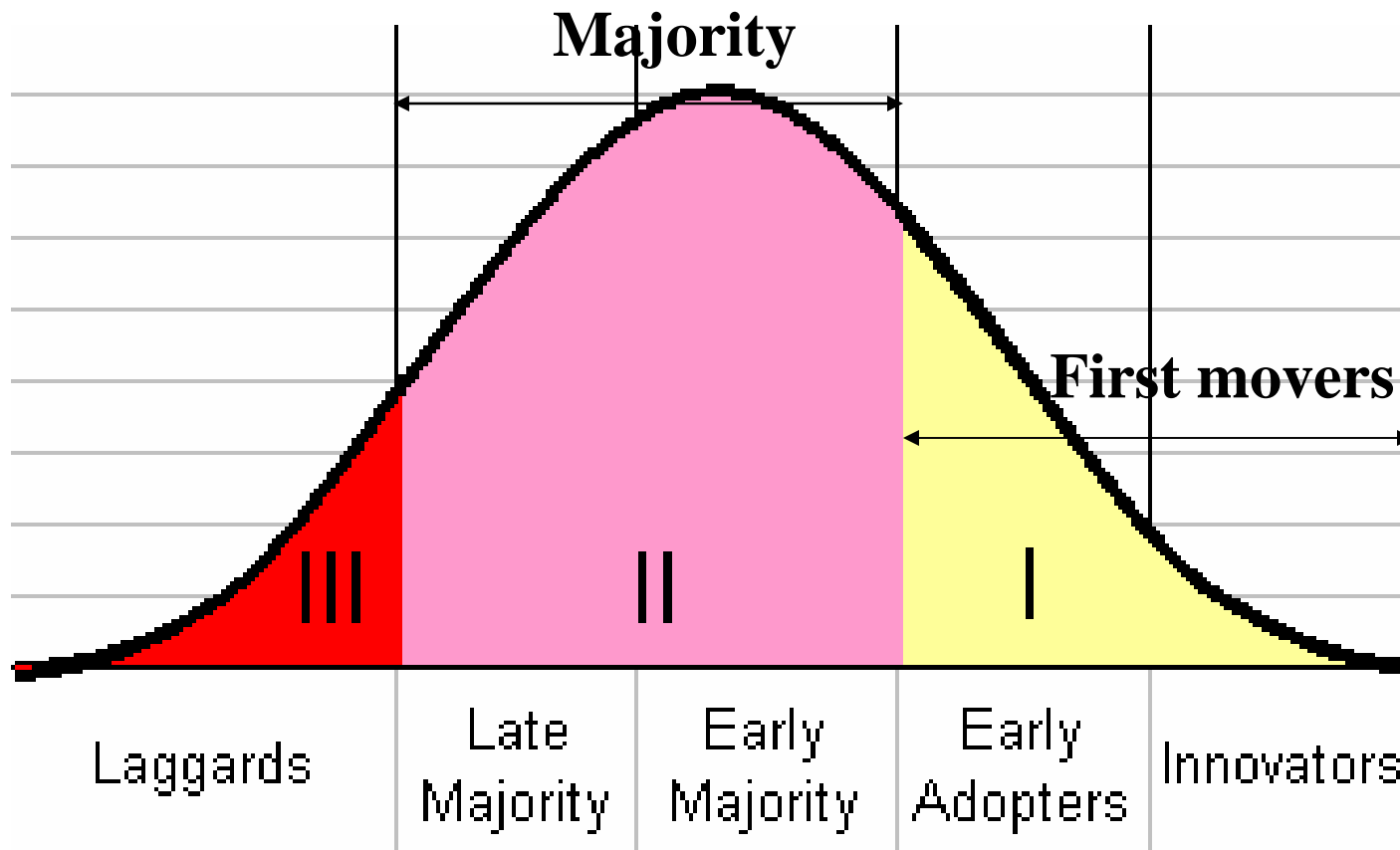
- It should help crews in performing the regulatory tasks
- It should ease the ship-office relationship
- It should benefit the shipowners in efficiency, safety and economic terms



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

- 1st: size of the market
- 2nd: location of the market
- 3rd: ignorance of the users
- 4th: mobility of the customers
- 5th: 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



Leading the way

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 3rd 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, for instance, and industry potential of 20.000 factories in Italy alone!!!
- What this means, is that shipping is a very, very, very small market: it is actually a niche market, and IT maritime products are niche products in a niche market

The challenges

- Therefore, the challenges for an IT maritime company are:
 - To create a very good software that doesn't cost much
 - To sell the software in a small market, which is though a worldwide market
 - ✓ Multi language, several RDBMS, around the clock support
 - To get as much share of the market as possible
 - To keep the market share in front of possible minor, local competition
- Definitively, quite difficult



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

The mismatch

- It is very difficult to combine a small market, with a worldwide network, with top products and services, with low prices
- There are too many IT companies in the Maritime world, most of them small or very small (<10 people): consolidation is a must, or also the customers will lose
- Customers are NOT selective enough



Everybody in the bandwagon

- Classes:
- Ship-managers &
Shipowners
- Big industry SW
houses

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



To succeed

- A sales and support network is a must: it spreads risks and generates average income. This will help in footing the development costs, which are extremely high (development outsourcing has not proved to be a good solution, again due to the small market)
- Service is a must: without the staff to perform service oriented tasks, a company will fail
- Product is important, but not as much as the first two items above



Maritime IT is difficult

- 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

Leading the way

- 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
 - it'll last max 3 years
- We do not need on board software
 - rubbish
- People on board will never use it
 - twice rubbish: they are the first ones to start, and offices drag behind
- We want an idiot proof software
 - you should not 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 nr.1

- The quality of the supplier delivery is directly proportional to the quality of the customer
- This means that if the customer is well prepared, knows what he wants, and has a clear vision of the final results, the IT delivery will be the best possible one

IT supplier Law nr.2

- Upgrading is a fact of life
 - Everything is upgraded: cars, furniture, TVs, Hi-Fi... so why not SW
 - How can anyone pretend that a SW is kept updated with the changes in technology, in rules and regulations.....but it doesn't call for any change on board ships...??



IT supplier Law nr.3

- Treat HW as consumable: plan its change every 4 years. Budget for it.
 - You do this for everything else on a ship, why not for HW (and SW?)



In other words

- 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 POC, with powers (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!



Data is ALL!!!!

- You can buy as many software as you want: but if the data is NOT properly inserted, even the best software fails
- Instil discipline in your crew: don't expect that a software can gobble any mistake done by your "idiots", and have the supplier to fix them (there is no such thing as an idiot proof software)
- If you want a lot from a software, you must plan a lot, and dedicate a lot of time



Leading the way

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)



Leading the way

A look at the future

- Will BB allow the arrival of “industry” IT suppliers (MS, SAP, JD Edwards, Maximo, Datastream)?
 - My personal opinion: not easy. The market is small, and companies of that size may be interested only in the first 30-50 companies. And before BB takes over, it’ll be many years
 - In any case, you’ll always need a DB on board
- Will the market consolidate?
 - There is room for maximum 3/5 worldwide companies, and a small bunch of local ones. All the others will fail, like in the past
 - Consolidation is difficult but possible



**Thank you for your
attention**