



**Using technology as a "toolbox" –
working with Change in the Shipping
Industry**

March 16th 2005

Agenda:

- ∴ Western Bulk basic
- ∴ Where we stand today
- ∴ Lessons learned

Speakers background:

- ∴ 15 years in the “grey zone” between ICT and various LOB’s – insurance, finance, banking, asset management, new media, technology..
- ∴ Main focus has been strategy, business / process development and organisational Change
- ∴ Now CTO in a fast moving Shipping Company



“Our ambition is that Western Bulk shall play a leading role in the ongoing process to modernise the shipping industry – becoming more integrated with its stakeholders – from customers and suppliers to financial institutions and shareholders.”

Åge Korsvold
Chairman Western Bulk Carriers



Company Background

- Established in 1982 as a Pool Concept – later **ship owner** and today **operator**
- One of the world's leading operators of Handymax bulk carriers – now expanding into Panamax
- One of the big players in the FFA market
- 70 - 90 vessels controlled in a world-wide trading pattern
- Publicly traded on the Oslo Stock Exchange 1993-2001 - taken private in 2001
- Key commodities transported includes lumber/logs, cement, bauxite, steel products, grain, coal, alumina, iron ore, etc.



Organisation



Western Bulk has developed an untraditional shipping organisation with a mixed competence and skill base:

Shipping

- Chartering and industrial sales
- Operations and proactive execution

Strategy

- Structural and industrial understanding
- Business model development
- Organisational and process design

Finance

- Portfolio & Risk Management
- Financial trading and structured finance
- Creative financing structures



In 2003 - WBC initiated a wide reaching change program

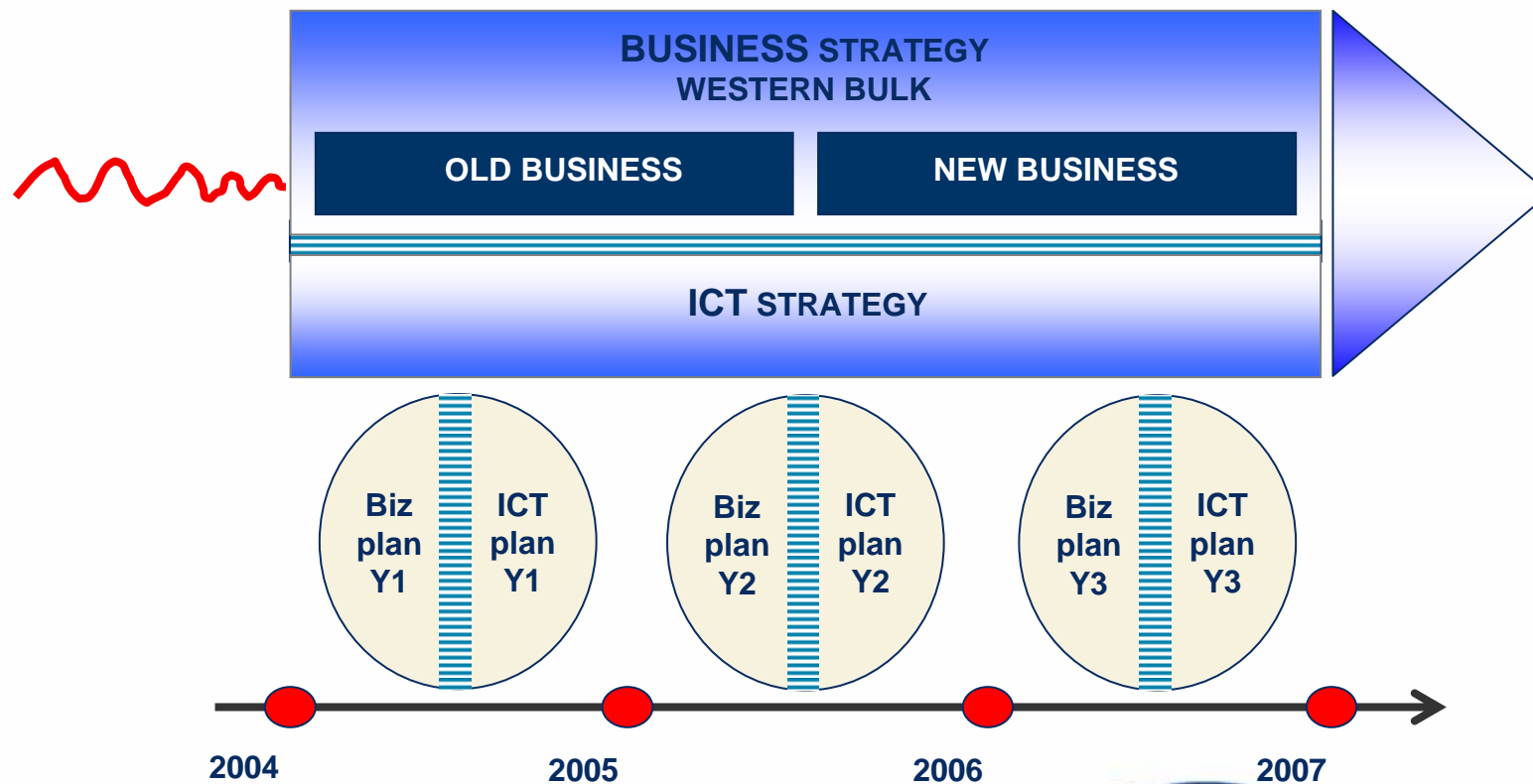


- Company structure and organisational model change
 - Traditional Skill Base within Chartering & Operations revitalized
 - New BA's "Industrial Shipping" and "Financial Trading" established to capitalise further on existing skill base
 - Matrix organisation chosen to focus more on team and projects
 - State of the art Risk Management established to secure stable operating environment
- Change of governance
 - Change of chairmanship
 - New board structure
 - New CEO
- Current status
 - Group wide market view implemented
 - Long tonnage portfolio in accordance with market view engaged -
 - 70 - 90 ships in operation
 - Revenues exceeding USD 550 million (2004)



The ICT goal:

Demonstrate in real life (not "maybe ware") that ICT will support the business lines when it comes to money making, cost reduction, data quality improvements, scalability, supporting new business areas etc.



Main Tech Solutions



- New Infrastructure
 - Centralised servers – absolutely all HW are brand new
 - Centralised distribution of new HW/SW to all users
 - Standardized personal equipment – all (90%) based on laptop's with dual screens at the office
 - IP-based WAN – using VPN and Secure Client to maximize security
 - MS Active Directory to control all activity within the network
 - MS Terminal Server to access "LOB solutions" locally



Main Tech Solutions



- New System Portfolio
 - *Dataloy VES + Agresso* as main tool for C & O
 - Our own portfolio of SW related to Financial Trading and handling Risk Management
 - *Microsoft Exchange/Outlook* **and** *Strategic Message Manager 3* for communication
 - Our own Market db where external partners/SW help collect and store data (ship, port, market etc.)
 - Our own Data Warehouse/BI solution with a flexible toolbox
 - MS based Portal/Content Management System to serve as “corporate global glue” and distributor of company owned intellectual assets
 - Heavy use of IM (MSN Messenger) – VoIP is starting to grow (Skype)



Main Tech Solutions

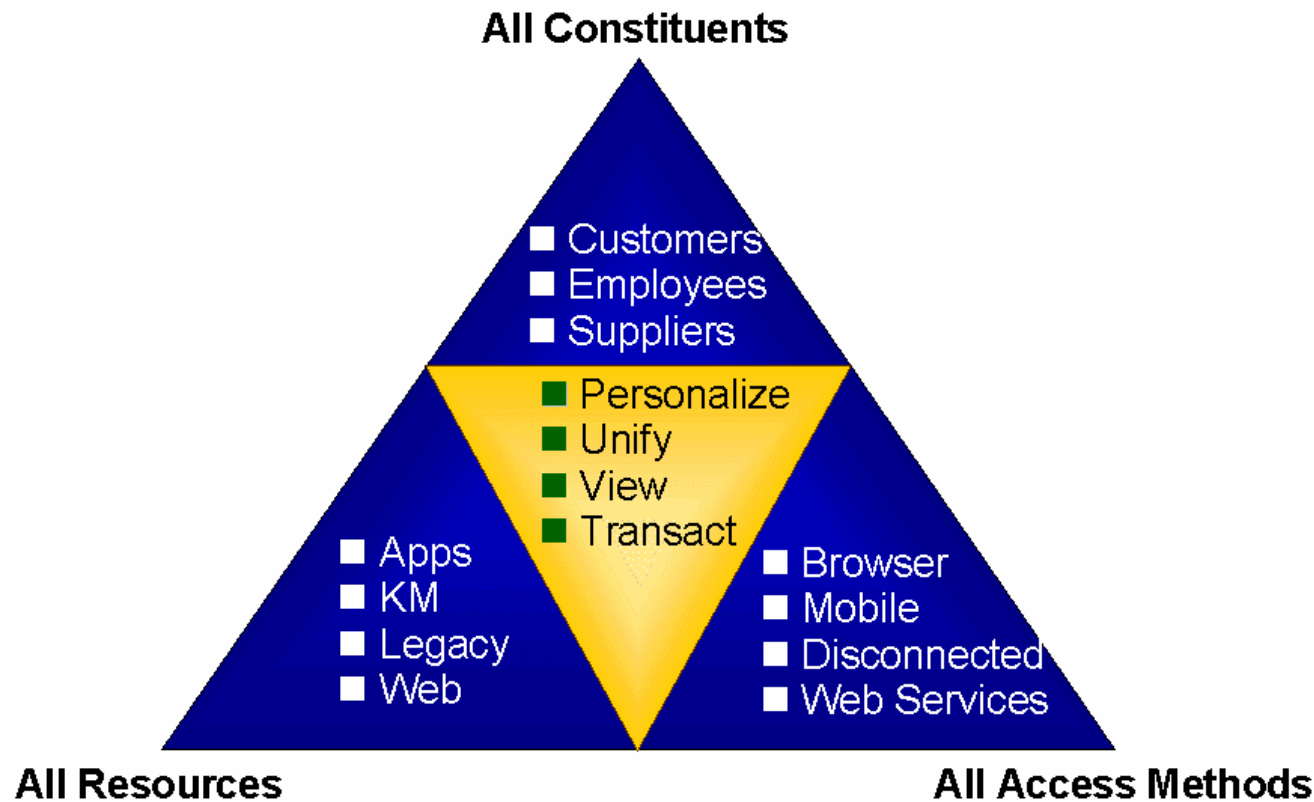


- External Service Providers
 - External Spam and Virus handling - sourcing all e-mail through a 24/365 global service from Unisys/Message labs.
 - Number of incoming e-mails: 110.000 pr month
 - Number of viruses stopped: 4.500 (4%) pr month
 - Number of Spam stopped: 8.300 (8%) pr month
 - Some applications and services today hosted externally and delivered through the public internet – area will probably grow? Ex.
 - Switchboard *Outsourced*
 - Trad. Accounting *Evaluation*
 - D/A *Evaluation*
 - Market/Fleet info *Partly outsourced*
 - HR + Salary/Payroll *Outsourced*



One example of how new technology already has made a difference...

▶ The portal/CMS system...



Lessons learned working with "knowledge sharing" and intranet's...

- Need 100% management support to succeed – remember to identify and manage the hidden agenda's
- Implement solution "bit-by-bit" – not "Big Bang"
- Old employees are actually old, but also young people can have a very conservative attitude...
- Takes time to convert users from "push" to "pull"
- Since much "personal power" is built upon "knowledge within one brain", solutions who promote knowledge sharing is seen upon as very dangerous...
- Need a strong "missionary" to build up a self going knowledge sharing culture



Tech Areas we will focus on the next 3 – 5 years

- **Business Intelligence** tools & concepts. Must be based on a CSR approach (capture, store and retrieve) to manage an increasing amount of internal and external data.
- **Personalized Intellectual Hub's** – sharing relevant data/content with partners and preferred customers (promotes the “collaborative approach”).
- Phasing out old legacy systems and converting to a collection of (mostly) standard **functional components** combined with a small but important number that are tailor-made to fit the company's vision.
- **Integration** between systems – across technical platforms – using a WEB-based GUI as the facilitator for working smarter and more effective, regardless of *where* and *when*.
- Available and affordable **communication infrastructure** - connecting ships, ports and offices using Internet/broadband/wireless as the main infrastructure (“the shipping community”).

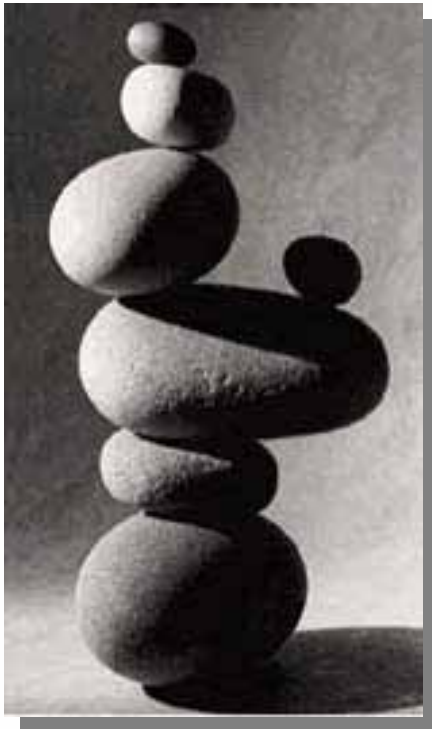


Some obstacles for Change – relevant to our industry...

- Traditions and old way of thinking (strong company culture)
- Limited budgets – lack of willingness to invest in new ICT solutions
- Organizational bureaucracy and too many “local kingdoms”
- Managements limited understanding of how Change – not only in technical terms - will impact the whole business
- Managements limited understanding of how ICT really can contribute in making more/new business
- ICT Managers lack of competence and experience in selling opportunities, using the business peoples own language



Our future...



...is bright and prosperous!!!

E-mail: lars.sverre.gjolme@westernbulk.com

IM (MSN): lars.sverre@gjolme.com

Skype: gjolme

Cellphone: +47 9829 0025

