

DRY CARGO: IS RECOVERY SUSTAINABLE?



P&I ■ Ports ■ Lubes ■ Logistics ■ Marine insurance

AM COVER STORY

- 9** After years of freight rates that denied owners/operators even the chance to break even, 2017 has finally seen the dry cargo sector achieving something close to a recovery. Demand is stronger for both minor and major bulk cargos but in the second half of 2017 a return to the shipyards would seem to determine an uptick in supply.



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Welcome my friends to the show that never ends!



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THE BENEFIT OF WISDOM

Using software to streamline ship operations, reduce cost and reduce errors

In shipping in particular, given the global nature of the industry, every business is to a greater or lesser degree inherently connected; for no business operates as a standalone, single, function. Today, every shipping company needs to be able to operate using at least some digital or online systems, and inevitably competes with or relies upon networks, services and people far beyond its office walls.

However, not every shipping business has successfully integrated each of its parts, and therefore, is not functioning as the “sum of its parts”. Wisdom would, therefore, dictate that these businesses are ‘lesser’ than they could be, as a direct consequence of the failure to integrate and streamline their systems, processes and personnel.

Theory in practice

For shipping, then, each company’s ability to synergise and operate as a ‘whole’ entity will determine its success in a highly competitive environment.

This means carefully mapping every element of its operations and integrating all of the back-office processes that connect them, creating a common thread and ensuring the seamless and accurate flow of information and data. Looking specifically at commercial ocean carriers, for example, each will have an accounting package to manage invoices, payments and day-to-day book-keeping; many will have systems to handle rates, bookings, schedules and other vital functions. But the problem in most container lines is that these “can’t-do-without” systems work in isolation – they do not communicate well with each other.

If the carrier is digitised but the systems are not integrated then a significant proportion of the functionality, intelligence and associated benefits are simply lost. Achieving synergy across all operations and all functions of a shipping business is best done with the use of fully-integrated IT software solutions, networks and systems. These systems should be purposefully fused and automated, so that systems speak to each other, in real-time, enabling every department to automatically, efficiently and in a streamlined manner, collaborate towards achieving the same ends – serving the needs of the customer.

Streamlined working

A fully integrated container line, or a liner agency business supported by IT solutions such as Softship’s LIMA (for carriers) or ALFA (for liner agents) software systems, which have been specifically designed to provide a platform for managing every back-office function the company needs, will benefit from a natural advantage. These packages connect disparate systems and services



onto a single platform. The company’s rating system will capture all the complex agreements relating to individual customers, ports, terminals, cargoes and suppliers – a hugely complicated matrix of prices, restrictions, incentives and discounts.

For this truly streamlined organisation, when a customer requests a rate, its integrated software system and way of working allows the quotation system to automatically look-up the relevant rates and create an accurate and individualised document as well as calculating the target margin. When the quotation turns into a booking, it is the integrated functionality of back-office software that will create the required booking confirmation, bill of lading, packing information, manifest and everything else required. And once the vessel has sailed, it is the integrated process that will generate the invoice and send that information to be seamlessly received by the accounts package.

The evolution of thought

For these businesses, every part of their organisation has been able to fulfil its requirements autonomously, whilst feeding all information back into an overarching system. Like the nucleus of a cell, the IT software used by a shipping company should hold all of its parts together, exactly where they should be. Ultimately, in an increasingly connected and inter-connected world, IT software can provide the ecosystem in which all parts survive and thrive, and will enable an organisation to compete on the combined strength of each of its parts.

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