



MARITIME LOGISTICS PROFESSIONAL

January/February | Volume 8, Issue 1

www.MaritimeLogisticsProfessional.com

Captain John
Murray

Leading Port Canaveral
into the Future

CRUISE SHIPPING
THE BUSINESS MODEL EVOLVES

**CARNIVAL
CORPORATION**
TWO KINDS OF 'GREEN'

PORT SECURITY
INTEGRATED & TECH SAVVY

Debunking Digital

Digitization without integration in the world of global shipping is a sure recipe for failure.

By Lars Fischer

While most shipping companies would say that they have embraced the digital world, there are differing degrees of digitization. Some companies operate fully comprehensive systems that extend into every corner of their business. Others might use programs such as Microsoft Word to create documents or Excel for their finances. Both companies are digitized but clearly not to the same extent. A good analogy would be to compare an outdated mobile phone that can only make calls and send SMS messages with the latest all-capable smartphone.

But more than this, a smartphone has the capability to take a photo and share it as a message or by social media; and to capture and store contact details from an incoming email. The outdated handset is digital but the smartphone is digitally-integrated – and that’s important.

As people, we have become digital beings; expected to navigate our daily lives in a digitized, and digitally-integrated, world. Yet not all shipping companies have kept pace with the times. Many might be comprehensively digitized, but in 2018, digitization without integration is like investing in the latest smart TV but with no Wi-Fi at home.

In Real Practice

All companies will have an accounting package and most will operate systems to handle the administration of various commercial and operational requirements. But it’s less common for these systems to communicate with each other.

In a fully integrated shipping company, the tariff system will capture all the complex information relating to individual customers, ports, terminals and cargoes, which can be a hugely

complicated matrix of individual prices, restrictions, discounts and incentives. So when a customer requests a quotation, the quotation system automatically looks up the relevant tariff to create a bespoke and accurate quotation and show the yield. If the quotation turns into a sale, the system will, again, automatically create the required documentation, bills of lading, manifests and more. And once the vessel has sailed, an invoice will be automatically generated and that information will be posted to the accounts.

During this process, if changes need to be made,

The screenshot shows a software interface for a shipping company. At the top, there's a header with the company logo and user information: 'Version: 5.24 (Build 151111) | Username: admin | logged in since: 1/13/2017 3:34 PM | DB Server: | DB Name: | Logout'. Below this is a navigation bar with 'SOF Open' and 'SOF Finalized'. The main content area is divided into several sections:

- Bunker Data:** A table with columns for 'Arrival Data', 'Received Data', and 'Departure Data'. Each column lists various items (HFO, MDO, LSF, FW, BW, CON) and their quantities in MTons.
- Statement of Facts (Final):** A detailed document showing 'Vessel/Voyage: MIDNIGHT-FEWSA', 'Current Port: USGAM', and 'Next Port: CHOPT'. It includes sections for 'Arrival', 'Received', and 'Departure' data, each with a table of items and quantities.
- GENERAL ACTION SEQUENCE:** A table with columns for 'No.', 'From', 'To', 'Action', 'Remarks', 'Commodity', 'Berth', and 'No.'. It lists a series of actions like 'EOSP', 'RIVER', 'BERTH', 'START CARGO OP', 'LOAD', 'END CARGO OPS', 'UNBERTH', and 'EOSP'.
- INCIDENT DESCRIPTION:** A table with columns for 'No.', 'From', 'To', 'Code', 'Incident Description', 'Commodity', 'Berth', and 'Man/Auto'. It shows an incident with 'Code: LASH', 'Incident Description: TEST', and 'Commodity: GENERAL'.

a fully integrated system will automatically create manifest correctors, revised invoices and other updates. In other words, information will flow seamlessly from one activity to another without the need to re-enter data. Retyping leads to errors, errors lead to delays and delays disrupt cash flow and cost money.

Just like apps on a smartphone, the fully integrated system does all of the hard work without the need for human intervention. The result is greater transparency, oversight and – importantly – a reduction in duplication and error across administrative processes.

In context, even a small ocean carrier will be achieving revenues in excess of \$100 million a year. So if 10% of all outgoing ocean freight invoices are wrong due to a lack of integration and the need to retype data, \$10 million will be in dispute. Disputed invoices are often shelved by accounting departments and this causes a large and hard-to-manage hole in the cash flow.

Challenging Changes

How does this happen? Often it is through a process of natural evolution. Many shipping companies want to be independent, they start building their own software applications to deal with a specific process, such as quotations or tariff management. As the company grows, they find it challenging to maintain and

update their systems and so decide to buy-in other applications to deal with other processes. A mix of bespoke and off-the-shelf applications mostly results in zero or little integration between them. And this means a huge amount of data is re-keyed.

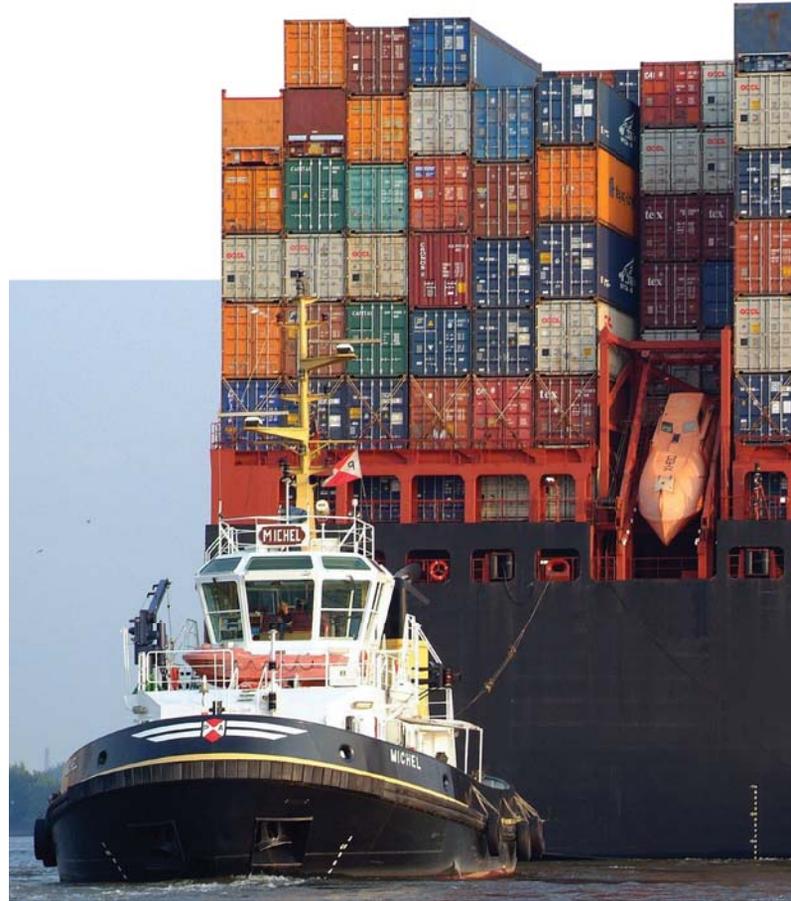
When challenged, IT divisions will often defend themselves with the usual cry of being under-resourced and struggling to maintain the systems already on-line – in other words, like it or lump it. Another, perhaps more reasonable explanation is that our IT colleagues are increasingly being confronted with a raft of external reporting regulations that must be complied with if a carrier is to remain in business. As a result, achieving internal integration, unsurprisingly, often takes second place.

Obligations on carriers to report to external counter-parties are becoming increasingly burdensome. Operators must report to ports, terminals, customs, depots, clients and other outstations.

If that were not challenging enough, the standards in place to exchange this information can be cumbersome. Almost all ports require electronic data interchange (EDI) messages containing roughly the same information, but often communication partners have different interpretations of structuring the messages – even sometimes within the same port. This means a carrier's internal systems will need to incorporate dozens, or even hundreds, of different message formats in order to com-

“

By simply adopting a software solution specifically for the shipping industry, internally integrated businesses will be able to ensure external integration with every partner and outstation. In 2018, achieving comprehensive digitization and effective integration is now within the reach of the many, not the few.



Credit: Softship

ply with regional and local requirements.

The drivers for external integration are clearly much stronger than those to achieve internal integration. Some companies figure they can live without internal integration; but the question is, for how long? If a company's internal integration is limited, it will eventually be sending out incorrect data externally, and that's not a good place to be.

Modern information technology systems and software applications, when used intelligently, can help deliver huge benefits. But care must be taken to select applications tailored to the specific needs of the company. Modern shipping software is modular, meaning operators can select only the applications they need to automate certain processes within their businesses. Each module seamlessly integrates with others to facilitate a flow of information across the company. Data need only be input once, thus reducing duplication, errors and confusion. Data is then shared across the company and with relevant business partners. This significantly reduces the administrative burden and introduces efficiencies across the business.

The primary reason not all shipping companies take advantage of these solutions is because of the ungrounded assumption that moving to a new system will be time consuming, interrupt business or pose a risk.



Managing Modern IT

Twenty or more years ago, digitization was the prerogative of the very large shipping company with deep pockets. Today, it is a fairly simple process to buy specialist packaged or off-the-shelf solutions that suit the individualities of each company. These packages are the means to make digitized companies into digitally-integrated companies.

The beauty of these applications is that they are built to facilitate total integration between each of the core processes – connecting systems through a single over-arching, fully connected and seamlessly networked entity. So, data flows seamlessly from tariffs to quotes, to sales to bookings to invoices to accounting and finally to management review.

Other than the obvious advantages of less data input, reduced errors and the ability to deliver heightened customer service, these packaged solutions are available at a fraction of the price of building a bespoke system. In essence, they have leveled the IT playing field across the entire spectrum of shipping companies.

Many shipping companies do not yet have these solutions in place and, to their detriment, are losing out to those that do. But by simply adopting a software solution specifically for the shipping industry, internally integrated businesses will be able to ensure external integration with every partner and outstation. In 2018, achieving comprehensive digitization and effective integration is now within the reach of the many, not the few.

Softship, a provider of software solutions to the international liner shipping industry and port agency sector, offers its 'LIMA' software suite and associated applications to serve the needs of liner shipping carriers; 'ALFA', its software suite for liner agents; and 'SAPAS', a cloud-based software package for port agents.

Softship products serve more than 120 companies globally and are designed to streamline tasks in order to deliver greater efficiencies to the full list of processes that comprise shipping. Softship additionally provides a range of business management tools that allow shipping executives to fully analyze their commercial and operational activities. Offered in a modular format which provides clients with flexibility to purchase or lease the solutions they need, the software can be modified to meet specific market or company requirements and is delivered as a locally installed application or through a hosted or cloud-based solution. www.softship.com

The Author Lars Fischer



Fischer is the Managing Director of the Asia Pacific headquarters of Softship. Lars began working for Softship as a software engineer in 1994. He became a business consultant and project manager in 1996 and has headed-up Softship Data Processing, Singapore, since 1998. He is responsible for Singapore's commercial and technical staff of 25 and for the group's sales & marketing strategy world-wide.