

Ship Managers' Survey 2019

Compliance with the looming IMO global sulphur cap, benefits of digitisation, and the likely evolution of operating expenses (OPEX) were among this year's Seatrade Ship Managers' Survey questions compiled by **Dr Malcolm Willingale**.

Q: With the deadline for the imposition of the IMO global sulphur cap (GSC) looming, how is your company assisting clients with compliance?

'Some clients are opting for exhaust gas scrubbers but most will burn compliant fuel come 1 January 2020,' replies Bjorn Hojgaard, ceo at Anglo-Eastern Univan Group. 'In both cases we assist with planning and preparation to ensure every ship in the fleet is ready for the new rules.'

Fleet Management 'has developed a comprehensive policy document on IMO GSC offering 'single window solutions on the usage of compliant fuel and identification of various risks along with their effective mitigations,' relates its founding md Kishore Rajvanshy. For clients adopting exhaust gas cleaning systems, 'we assist in choosing the appropriate technology, installation on board and integration with the existing shipboard system.'

Wilhelmsen Ship Management president

and ceo Carl Schou says his company is heavily involved in retrofitting for clients choosing scrubbers, and developing a unique 'practical fuel management plan' for those opting for compliant fuel. route. Both routes will produce 'material impact' on ship operation, he adds, making it important to have 'excellent change management skills.'

Thome Ship Management has advised clients of estimated OPEX and CAPEX implications of the various solutions, says Group president & ceo Claes Eek Thorstensen, and on the preparation of ships' tanks and fuel handling systems to ensure no cross-contamination of



Bjorn Hojgaard



Kishore Rajvanshy



Carl Schou

fuels. For 'around six' vessels choosing scrubbers, planned maintenance systems and operational procedures will be modified and tracked via a 'comprehensive change management document.'

V.Group is likewise already working with clients, advising on OPEX and CAPEX costs of different choices, while 'providing scrubber analysis and installation planning through to testing, specific training and knowledge sharing,' says Group ceo Martin Gaard Christiansen. In general, IMO 2020 'presents an opportunity to deliver timely solutions for those [shipmanagement] players who have the knowledge and resources to deliver

turnkey projects,' he adds.

Singapore-based Synergy Group began studying the IMO GSC in theory two years ago, before then setting up a dedicated

management team to deal it, informs founder & ceo Capt. Rajesh Unni, with solutions tailored to individual vessels. R&D into such matters will continue, he adds, since emissions



Claes Eek Thornstensen

regulation is 'not a one-off event' but 'will get more stringent globally in the future,' making it important to be prepared.

Schulte Group ceo Ian Beveridge says that management arm BSM (Bernhard Schulte Shipmanagement) provides owners/operators with 'individual, impartial advice' on IMO GSC, one of the 'biggest issues' in recent times. Beyond 2020, BSM is 'heavily committed to moving the industry towards cleaner fuels,' supervising building of the world's largest LNG bunker supply vessel Kairos (for Babcock Schulte Energy) and various winds power Service Operations Vessels.

Executive Ship Management (ESM) began studying IMO GSC issues several years ago, informs director Sikha Singh, setting up a technical division to assist owners in their choice of solution. For scrubbers it supervises the sourcing, retrofitting and full entry into operation, while for fuels it manages both the bunker procurement and handling aspects, 'working closely with engine makers and fuel suppliers to ensure a seamless transition to the new fuel management system.'

Intership Navigation ceo Dieter Rohdenburg points out that his company's third-party management fleet is made up of MPVs, bulkers and tankers up to 50,000dwt, whose fuel consumption 'does not warrant scrubber installation.' Intership is therefore regularly updating clients on fuel compliance options, and advising on technical and operational challenges, in some cases involving 'structural changes to increase the number of tanks available on board.'

InterManager secretary general Capt. Kuba Szymanski rounds matters up by observing that member companies of the international trade association for ship managers 'assess all the solutions available. Knowing the ships we manage we are probably in the best position to suggest the best system which



Capt. Rajesh Unni



Ian Beveridge

would suit each client. It might be that even sister ships may require different solutions because of the trading pattern, cargoes carried, ports visited and so forth.'

Q: To what extent has your company embraced digitisation with regard to enhancing service delivery?

BSM has always been a leader in this field, says Beveridge, having several years ago created a wholly-owned technology arm, MariApps Marine Solutions, which 'offers integrated, innovative web-based and mobile solutions for ship managers and owners, providing access to all data and reports in one place to enable companies achieve better performance and profitability.' Today headquartered in Singapore, MariApps employs more than 350 people across offices in India, Germany, Greece, Dubai and Cyprus.

Wilhelmsen is currently undergoing a digital transformation to 'fundamentally change the way we deliver value to our customers,' relates Schou. It has employed digital specialists who are 'working on a number of initiatives – in order to achieve higher efficiencies, and also to enhance the Customer experience,' and expects to roll out some of these for clients during 2019.

For V.Group, 2018 was a 'huge' year in terms of digitisation, reports Gaard Christiansen. It introduced its pioneering Fleet Cell of the Future, which factors in 'ergonomics, how people work, technology, data and analytics to improve responsiveness, boost creativity and innovation, and give our customers better insight into fleet performance'; Project Embark, which harnesses digital technology to enhance the crewing experience, both for customers and seafarers themselves; and ShipSure 2.0, the latest, open-cloud version of its fully-integrated information management platform. All have proved their worth in terms of improved KPIs, he adds.



Dieter Rohdenburg



Capt. Kuba Szymanski

'Connectivity of ships' is probably the industry's most improving area in terms of digitalisation, believes InterManager's Szymanski. 'Better quality internet is getting on board quicker than many expected.'

Fleet has narrowed down two areas where significant improvement is possible through digitization, says Rajvanshy. 'These are vessel's fuel consumption and increase in the reliability of the equipment on board by effective online monitoring. Both will give significant benefits of cost saving with enhancement in operation to our clients.'

Intership 'promote full transparency for our clients, who have access to our planned maintenance system, commercial management software as well as accounting software,' replies Rohdenburg. 'We are in the process of implementing a web-based client platform which will optimize access to the different sources of information.'

As a young company Synergy Group has grown up treating the whole ship as a 'Digital Enterprise,' relates Unni. It seeks to 'digitally connect the entire ecosystem within the ship, plug it into a digital cloud that connects to many other ships, and create the system, tools, business process that are needed to activate remote monitoring and control' of the ensemble, with collected data allowing cost savings through fuel efficiency, predictive maintenance, better asset utilization etc. In fact, Synergy manages the first 'smart' ship to have been awarded LR AL-SAFE notation, as well as being AL-2 and AL-3 certified, he adds: the Singapore-flagged LPG carrier Trammo Dietlin.

ESM invested an initial \$5m on in-house Phoenix software, relates Singh, and now has an ever-growing AI team and capabilities. Besides supporting automated processes, predictive maintenance, and 'operational and commercial decisions for improving efficiency,' the same tools are

used to find 'management solutions to issues brought about by new technology and industrial changes around us,' she added.

Digitisation is integral to Thome's provision of services, says Claes Eek Thorstensen, 'integrated at different tiers of the business with appropriate technologies to facilitate the operations and support of each type of activity or function.' The company's IT department 'is continually seeking new and improved technologies with proven stability and agile qualities to augment the various business components wherever possible,' he adds.

Anglo-Eastern in 2018 formally established a dedicated digital ship management function 'to spearhead projects in this pioneering space,' informs Hojgaard. 'By deploying advanced computer analytics, our goal is to combine reliable, timely shipboard data with our knowledge of machinery performance and experience in ship design into a decision-making support tool that our officers can leverage to optimise ship operations.'

Q: How and why do you see the main OPEX cost components evolving in 2019?

Intership's Rohdenburg expects '2019 OPEX will roughly be the same as 2018, We will see some increases in wages (union), and higher insurance premiums as the hull and machinery and loss of hire insurance markets are hardening. On the other hand, most P&I Clubs will not charge any general increase, and low oil prices will hopefully also lead to a reduction in luboil prices.'

Thome's Thorstensen agrees, saying 'OPEX will remain at similar levels as those in 2018. There is little escalation proposed for the 2019. There will be further focus on optimizing operational costs and to help maintain 2018 OPEX levels, the process flow and logistics need further streamlining with more centralized work processes.'

'We expect the trend line of year on year overall TCO (total cost of ownership) to continue to improve but this has to be achieved through close collaboration with owners and driven by a higher degree of planned/predictive maintenance,' says

V.Group's Gaard Christiansen. 'Key areas of focus will continue to be on safety and crew quality/competency to drive service excellence. The 2020 Fuel Switch will begin to impact OPEX in 2019 as preparations for what will hit the industry are planned and execution started.'



Martin Gaard Christiansen

Fleet's Rajvanshy strikes a dissenting note. 'The new regulations will be driving a lot of escalation in OPEX in 2019,' he believes. 'We expect to see many vessels installing BWTS and making significant changes in their fuel handling system to prepare for 2020. The uncertainty of the performance of BWTS and unknown quality of bunker oil may drive an increase in the OPEX cost.'

Meanwhile, 'Crew costs continue to rise in many parts of the world,' points out BSM's Beveridge, adding: 'the insurance market is firming, which could lead to insurance premium increases.'

Synergy's Unni agrees that 'the major OPEX component has always been crewing costs,' which is why the maritime industry has constantly been 'ready to consider alternate crewing source options... to move the needle downwards.' At the same time owners are now increasingly prepared to spend more on maintenance to ensure zero vessel downtime, he observes, and on technology to improve fuel savings and vessel performance.

'Service reliability, sustainability and operational efficiency can now be better measured with more reliable data,' Unni adds. 'This opens the window to enhance the product offering using better technology.'

'As with previous years, we see Crewing as the most significant OPEX component and rightly so, says ESM's Singh She points out that her company's over-a-decade-long investment programme in cadets, officers and overall crew training leaves it 'well

positioned to provide a highly attractive budget as never before,' but notes that all training may need to be enhanced going forward because of the greater sophistication of vessel technology.

Singh also advises her companies tanker clients to expect additional expenses in order to pass the 'increasingly stringent regulatory regime and in particular oil major requirements for tankers.'

'We foresee that crew cost will, as normal, inch up some %,' says Wilhelmsen's Schou. 'In addition, we expect that OPEX on a more general level will increase due to preparations for the upcoming IMO 2020 rules.'

'Costs are largely flat with a slight upwards trend,' declares Anglo-Eastern's Hojgaard, while also noting that "Big Bulk" companies are increasingly following oil majors' lead on vetting, pushing costs up. He adds the maxim 'Quality does not come cheap,' but points out that if a ship does not meet the growing requirements it won't get a lower charter rate, 'it will get no charter at all!'

'No we don't see drastic changes at all,' concludes InterManager's Szymanski on the sector's behalf. Using lagging indicators we can see that our industry has achieved a status quo. Not that we – shipmanagers – are very happy with that situation, this is just a 'reality check'.

'If the question was what would we like to see, than my answer would be an increase of management fees as they have been stable for past 15-20 years. We would also like to see more money being spent on maintenance and crew. Both these categories have been suppressed for the past 10 years and we really need to move forward.' ●

Additional questions covered ship management companies' planned organizational changes, observance of KPIs, and suggested taglines for the benefits of third-party shipmanagement. Answers will be covered in Part Two of the Survey write-up to appear in the June issue.

We would like to thank all companies who kindly submitted replies to the 2019 Survey.