

# Crowley Petroleum Services, Inc.

Speeding up ordering, reducing administration and saving money with ShipServ TradeNet



**SHIPSERV**  
Find. Connect. Trade.

## Case Study: Crowley Petroleum Services, Inc.

### TradeNet Benefits

- On track to achieve a 2% reduction in spend
- Time spent per vessel reduced by 23%, from 9.2 hours to 7.09 hours per week
- More vessels managed with the same number of people
- Better on-time delivery of orders reduces the risk of delays in port and off-hire days
- Enhanced vendor performance data leads to additional contract discounts

### The Company

Crowley Maritime Corporation began life in the 1890s on the west coast of the USA as a ship vessel support company. Today the company has six major lines of business with operations that span the United States, Central America, and the Caribbean Islands, with support operations in key locations in Canada, Europe, Asia and Africa. The company is privately owned by the Crowley family and the company's employees.

The focus of this case study is Crowley Petroleum Services, Inc., which operates 100 petroleum barges and tankers. Crowley Petroleum's Vice President of Procurement is based in Jacksonville, Florida, with purchasing teams in the same location on the east coast, and another on the west coast in Long Beach, California. Richard O'Malley is Purchasing Supervisor for the east coast division, supported by nine buyers and a warehouse management team. Together the team manages purchasing for 55 vessels. A ShipServ customer since August 2008, the company is using ShipServ TradeNet in this location first, and is planning to extend its use out to the west coast operation at a later date.

### The Challenge

Crowley is well-known in the shipping industry as a progressive organization. A prime example of this is a top management directive for the company to be a "paperless organization" by 2010. So it was no surprise that Crowley began looking for ways to further streamline its purchasing organization and create increased visibility. Crowley had two major objectives: firstly, to be able to increase the number of vessels without the need to add more people in purchasing; and secondly, to reduce spend by 2%.

Having first seen ShipServ at a trade show, Crowley's VP of Procurement went on to see the system in use at two other shipping companies. Following a successful trial, Crowley signed up for ShipServ TradeNet in August 2008.

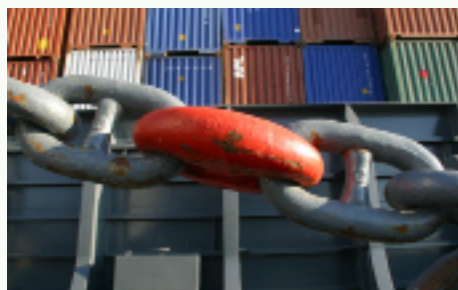
Starting with the commercial side of the business, the company then went on to extend its use of ShipServ to the vessels it was managing under military contracts. "It took us a little longer to get things up and running on the military side due to the more complex nature of military contracts, but overall the implementation went relatively seamlessly," said O'Malley.

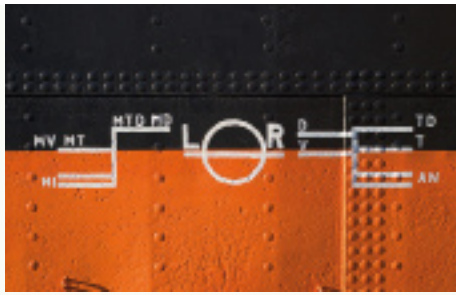
### Crowley Petroleum Services - a snapshot

- **Locations:** Jacksonville, Florida and Long Beach, California
- **Fleet type/size:** 100 petroleum barges and tankers
- **No. Of Employees:** 2500-3000 including vessel crews
- **Departmental responsibilities:** The Jacksonville, Florida operation supports all east coast USA petroleum services, US government contract vessels, Crowley Logistics and Crowley's salvage and marine organization.
- **ShipServ customer since:** August 2008

"Our buyers can now point to a vendor's performance with regard to response times and prices – this definitely helps them negotiate discounts in contracts. It's been a big boon."

Richard O'Malley, Purchasing Supervisor,  
Crowley Petroleum Services, Inc.





## Case Study: Crowley Petroleum Services, Inc.

### The ShipServ difference Fast, measurable returns

#### The Solution

ShipServ TradeNet is integrated with Crowley's NS 5 purchasing system (from ABS Nautical Systems LLC). Requisitions are sent by the ship managers for approval by the port engineers. Approved requisitions are sent on to the buyers who are then tasked to go out to market to find the best deals. By January 2009 – six months into the implementation – Crowley had already achieved significant success trading electronically via TradeNet with 46.5% of its 3900 vendors. In the last quarter this accounted for 1340 (46%) of the 1571 Request For Quotes (RFQs) sent out.

#### The Benefits

The benefits of doing business through TradeNet have been twofold. Firstly, it has meant the team is more productive. With much visibility into the process, the buyers spend less time chasing up responses from vendors. "Time is the biggest saving," said O'Malley. "We have detailed data that tells us that the amount of time we spend per vessel each week has dropped from 9.2 hours to 7.09 hours." Crowley is able to track this to an even higher level of detail: the time it now takes to convert a requisition to a purchase order has reduced from 33 minutes to 24.1 minutes – creating valuable minutes that add up over time.

Being more productive has not only meant that the team is able to take on more vessels (currently being added at a rate of three per year), but it means that the team

is now more effective. "Not having to waste time doing things like standing by the fax machine allows us to do other parts of our jobs that were done a bit more haphazardly before," said O'Malley.

With 15% of orders not reaching vessels on time, expediting deliveries is a major part of a buyer's job. Thanks to ShipServ releasing time spent previously on manual purchasing activities, the buyers are now able to be more proactive in following up delayed orders and resolving invoice and purchase order mis-matches. This has had an obvious impact on the vessels: in a recent internal survey the ship crews reported an increase in the timely arrival of materials. Although Crowley has not yet quantified the decrease in time the vessels are held up in port waiting for materials, O'Malley is certain that by being more effective in expediting orders that purchasing has been able to make a

significant contribution to avoiding costly off-hire days.

Buyers are also able to spend more time working on contracts and negotiating more favourable terms. Using ShipServ, Crowley now has more accurate vendor performance data. "We use this data when we conduct vendor evaluations," said O'Malley. "Our buyers can now point to a vendor's performance with regard to response times and prices – this definitely helps them negotiate discounts in contracts. It's been a big boon."

It's important to Crowley that more vessels and vendors are progressively added to the

TradeNet system in order to reap the maximum benefits. A willingness to use TradeNet is now part of Crowley's vendor evaluation criteria. As a result, the company is well on the way to achieving its goal of trading with 80% of its vendors through ShipServ by August 2009, making it easier for the purchasing team to manage an increasing

number of vessels with the same number of people. As Crowley is still within its first year using ShipServ only

time will tell if the company's second objective will be achieved, but O'Malley believes that they are already "on track" to achieving the desired 2% savings – an impressive achievement in a relatively short space of time.

#### About ShipServ

ShipServ is the leading maritime e-marketplace, helping the buyers and sellers of ship supplies to reduce the costs associated with doing business together. In 2008 ShipServ helped its members save an estimated \$100m and transformed the way they do business.

Whether a Buyer needs to streamline its purchasing operations or a Supplier wants to reduce the cost of attracting or retaining customers, ShipServ is unique in helping businesses of all sizes to find each other easily, connect cost effectively and trade efficiently.

As of May 2009, the ShipServ community numbers over 130 buying organisations, 4,500 vessels and 27,000 suppliers. For more information visit [www.shipserv.com](http://www.shipserv.com)

Increase in the timely arrival of materials to ships

Time spent per vessel reduced by 23%

#### ShipServ sales offices:

**Europe, Middle East, Africa**  
Copenhagen, Denmark.  
[eurosales@shipserv.com](mailto:eurosales@shipserv.com)  
Phone: +45 3332 3120

**Asia & Pacific**  
Hong Kong  
[asiasales@shipserv.com](mailto:asiasales@shipserv.com)  
Phone: +852 2501 9222

**Americas**  
New Jersey, USA.  
[usasales@shipserv.com](mailto:usasales@shipserv.com)  
Phone: +1 732 738 6500

**Japan**  
Tokyo  
[info@marine-net.com](mailto:info@marine-net.com)  
Phone: +81 3 5414 8474

[www.shipserv.com](http://www.shipserv.com)



**SHIPSERV**  
Find. Connect. Trade.