

Holland America Line

Reducing lead times, saving costs and improving pricing with ShipServ TradeNet.



SHIPSERV
Find. Connect. Trade.

Case Study: Holland America Line

ShipServ Benefits

- 2-3 hours per employee per day reclaimed by reducing manual processing activities
- 13% increase in on-time delivery of parts to vessels
- Better pricing due to data-driven supplier negotiations and wider RFQ distribution
- Ability to manage more vessels without adding headcount
- Easier to source difficult-to-find parts and new suppliers in exotic locations

The Company

Holland America Line specializes in cruises, offering vacations to destinations around the world with more than 320 ports of call. Founded in 1873 and starting out with a passenger service between Rotterdam and the Americas, the company has grown to comprise a fleet of 14 mid-size ships, with a fifteenth scheduled for delivery in 2010. The company is headquartered in Seattle, WA, USA.

Nick Ranade is the Manager of Technical Purchasing at Holland America Line. Ranade's team comprises five people in Seattle, USA, and a further four in Rotterdam, in the Netherlands. The team is responsible for purchasing all technical spare parts for the engine and deck, a critical role that ensures all ships run to schedule without delay or disruption.

A customer of ShipServ since 2006, today Holland America Line uses ShipServ TradeNet, the maritime e-commerce trading platform, to trade with 95% of its suppliers – and is working towards 100%. The company is also a regular user of ShipServ Pages, the online supplier directory for the shipping industry.

The Challenge

In addition to planning for capital projects, renovations and dry-dockings, Ranade's team has to work around an annual fixed cruise schedule. Each year the ships visit different locations, so the company's sourcing strategy changes year-on-year and the team often has to find new local suppliers. There are typically very small windows of opportunity to ensure

that parts get to the ships in the quickest time possible. "Time and quality are really important to us," said Ranade. "With customers on board, we have to make sure that we always have the correct safety items and that passenger convenience is permanently catered for. Making sure that the air-conditioning is working all the time, for example, is critical. We need to run a flawless operation – delaying a ship is not an option for us."

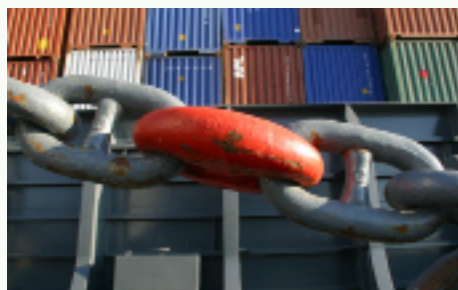
These constraints put the purchasing team under a lot of pressure, a situation not helped by the time-consuming manual processes that were involved: the ships would send in their requisitions and requests for quotations (RFQs) were then sent out by fax. Invariably these were hand-written and not always legible. "The information wasn't always clear and there was a lot of back and forth to check things. It was a highly inefficient way of doing things," said Ranade. The purchasing team then had to enter data manually into their AMOS purchasing system. With up to 15,000 different spare parts potentially in play, the level of effort required was huge. "The team were more like input agents rather than buyers," said Ranade. "We couldn't afford to have people inputting all day long. We needed to find a better way of doing things."

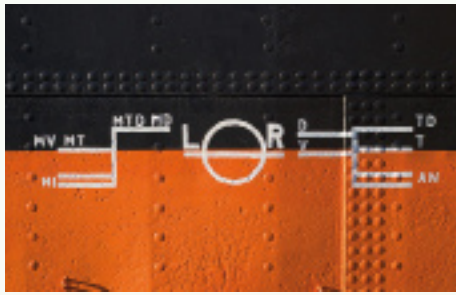
Holland America Line - a snapshot

- Locations: Seattle, USA; Rotterdam, The Netherlands
- Fleet type/size: 14 ships/cruise liners
- No. Of Employees: 9 in Technical Purchasing
- Departmental responsibilities: Purchase of all technical spare parts
- ShipServ customer since: 2006

"ShipServ makes it so easy: you just have to click a button!"

Nick Ranade, Technical Purchasing Manager,
Holland America Line





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The ShipServ difference Fast, measurable returns

The Solution

Getting the company to make an investment in a new system was initially met with a little resistance. But to Ranade, the equation was simple: "As a business we saw that the current process was inefficient; yet we had a clear goal to meet the needs of our customers and the needs of our ships: we needed more visibility and we needed to be more efficient. So in the end the pitch was pretty easy."

The decision to work with ShipServ was based on a number of factors: the number of suppliers already trading on TradeNet, ShipServ's responsiveness and "excellent" customer service, and their assistance in helping to set up and 'on board' additional suppliers. According to Ranade, integrating ShipServ with their AMOS purchasing system was a painless process. In all it took less than a month to get up and running, allowing HAL to immediately trade electronically with over 800 suppliers.

Ranade is passionate about using ShipServ to its full extent and is keen to use the TradeNet system with 100% of its supply base. "We continue to keep adding suppliers to the system. It's a matter of taking a stance," said Ranade. "The system is there to help you do wonderful things, but it's down to you to enforce it. If you're only using the system 40% of the time you're not going to achieve the full benefits."

The Benefits

The introduction of ShipServ has had a major impact on the daily lives of the purchasing team, with each member gaining between 2-3 hours a day in time thanks to the massive reduction in the amount of manual processing. Today there is less time wasted checking the accuracy of paperwork, faxing documents back and forth, manually entering data into the pur-

chasing system, and no need to wade through paper trails to gain visibility into the status of purchasing processes. Instead, by sending and receiving of RFQs electronically, it's easier and faster to compare quotes as the pricing is populated instantly into their purchasing system. "ShipServ makes it so easy: you just have to click a button!" said Ranade.

The team also has instant visibility into which suppliers have received and responded to RFQs. Having this type of information at their fingertips not only helps expedite orders – the company has experienced a 13% increase in products reaching the vessels on time – but it has also proved invaluable when evaluating suppliers and renegotiating contracts. Ranade points to this as an important feature: "Suppliers know that they have to respond within a certain timeframe. With the data from our ShipServ system we can now hold suppliers accountable to the details of an order and to providing on-time delivery."

Having this data is also proving beneficial to suppliers who perform well, with Holland America Line rewarding suppliers who respond in a timely fashion. "We give reliable suppliers bigger orders. We expect bigger rebates in return of course, but overall it's a win-win for both of us," said Ranade.

The efficiencies delivered by ShipServ has meant that Holland America Line has made a significant saving in labour costs. The company has been able to add two vessels to its fleet without having to add more people to the purchasing team. Having more time means that HAL is able to enjoy better prices as the team is now able to request quotes from more suppliers: prior to ShipServ, RFQs were sent out to an average of 1.5 suppliers; today that

average is three.

The team also uses ShipServ Pages, the online supplier directory, to find local suppliers or source difficult-to-find parts. "ShipServ Pages helps us find suppliers on our more exotic itineraries where we don't know the local market so well," said Ranade. "It's also helped us find 'oddball' spare parts, which on several occasions has meant we didn't need to replace an entire system - we just replaced a specific spare part." By finding alternative sources of supply, Holland America Line has also been able to reduce the lead time for procuring parts, in some cases from months to weeks. Instead of chartering a plane to move parts, the team ships parts to the vessels instead, resulting in massive cost savings.

"ShipServ creates a win-win for us and our suppliers."

"We've been able to take on two more ships without adding headcount."

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 €250m 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 September 2009, the ShipServ community numbers nearly 140 buying organisations, 4,700 vessels and 30,000 suppliers. For more information visit www.shipserv.com.

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