

# Totem Ocean Trailer Express, Inc.

Using ShipServ TradeNet and ShipServ Pages to free up time to spend on sourcing new suppliers and improving existing supplier relationships



## Case Study: Totem Ocean Trailer Express, Inc.

### TradeNet Benefits

- 20% more time allocated to challenging sourcing projects
- 10% more time allocated to value-added sourcing and negotiation activities
- Reduced sourcing time from weeks to days for hard-to-find parts
- Contribution to cost control via operational efficiencies
- Improved process visibility & vendor performance data

### The Company

Totem Ocean Trailer Express, Inc. (TOTE) is a privately-owned freight and cargo shipping company. The company has four vessels: two are charter vessels, while the other two are used to operate a twice-weekly service between the Port of Tacoma, Washington and the Port of Anchorage, Alaska.

TOTE's purchasing department is headed by Phil Morrell, Vice President Marine Operations and is run by Lisa Gee, Purchasing Administrator, who is responsible for the procurement of everything needed to run the vessels, from fuel to nuts, bolts and spare parts, paint, food, bedding, cleaning materials and everything else in between.

Today TOTE uses ShipServ TradeNet, the maritime e-commerce trading platform, to request and receive quotes and send out orders. The company is also a regular user of ShipServ Pages, the online supplier directory for the shipping industry.

### The Challenge

Like many other shipping companies, TOTE runs a simple ship-to-shore purchasing process. The individual ship managers are responsible for their ships and budgets, using a purchasing catalogue to make their orders. On shore, it is Lisa Gee's responsibility to fulfil orders and execute the purchasing plan to ensure that spend is kept within budget. "Our goal is always to come in under budget so that we can cover things in an emergency," says Gee.

Requisitions are sent from each vessel to the Port Engineer for approval via their SpecTec AMOS purchasing system. From here, requisitions are sent on to Gee. It is at this point that the process gets more complicated and work-intensive. In line with TOTE's purchasing policies, Gee is required to get two or more quotes for each order – that's a lot of communication and a lot of paperwork. Similarly time consuming is finding alternative suppliers in order to satisfy the two-quote policy, particularly for 'hard to find' parts for older machinery, or local suppliers in remote locations when the charter vessels are abroad.

Communicating with suppliers was typically done by fax and email. Re-keying quotes manually into AMOS took up a lot of time and was fraught with potential errors. "The biggest challenge we had was clarity of writing – does the faxed quote say 3 or 8, 5 or 2? I usually had to call up to clarify – a real waste of my time," says Gee.

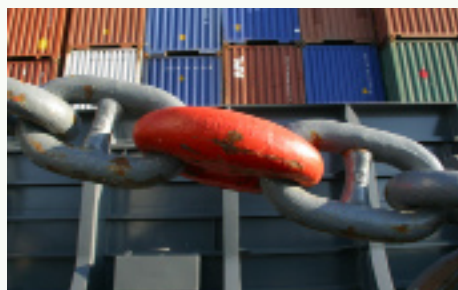
For TOTE, saving time is a critical part of cost control. Indeed speed is increasingly of the essence in the shipping industry today. "Prices are fluctuating a lot more these days," explains Gee. "Quotes used to be valid for 60 days or more; today they're good for 14-30 days so it's critical that we find suppliers and get quotes back quickly so we can take advantage of good prices."

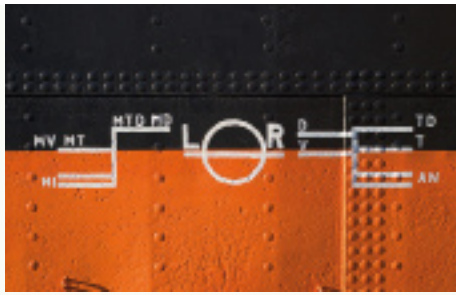
### Totem Ocean Trailer Express - a snapshot

- **Locations:** Tacoma, WA and Port of Anchorage, AK, USA
- **Fleet type/size:** Four roll-on/roll-off cargo ships
- **No. Of Employees:** 150
- **Departmental responsibilities:** Purchase of all ship supplies
- **ShipServ customer since:** 2007

"Before Pages it used to take several weeks just to find the right supplier. Now we can be placing orders in a matter of days."

Lisa Gee, Purchasing Administrator,  
Totem Ocean Trailer Express, Inc.





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### The ShipServ difference Fast, measurable returns

#### The Solution

The company needed a solution that would help it tackle this volume of work and free up resources to improve cost control and supplier performance. TOTE was first introduced to ShipServ by Morrell, who had previous experience of ShipServ at another shipping company. In February 2007 TOTE began using TradeNet and hasn't looked back since.

#### The Benefits

Today TOTE uses ShipServ TradeNet to send out Request For Quotes (RFQs) and orders. And with the requirement to get two or more quotes for every order that soon turns into a lot of administration to manage. TradeNet is integrated with TOTE's AMOS purchasing system so everything is handled electronically with no need to send faxes or emails and manually re-key data into AMOS. "Sometimes the orders are over 20 pages long," says Gee. "Not having to manually key the orders into our purchasing system is a real time saver."

20% more time allocated to challenging sourcing projects

As a result of using TradeNet Gee is able to allocate 20% more of her time looking for single 'hard-to-find' items such as parts for older machinery. For this Gee uses ShipServ Pages to find suppliers at least once a week. "Before we had access to Pages it used to take numerous phone calls around my network of suppliers. What used to take several weeks now takes less than a week with Pages. If I need to find an item really quickly I use Pages to identify the suppliers and then call them direct."

An additional 10% of Gee's time is also spent increasing her supplier network and purchasing knowledge by speaking with suppliers by telephone or taking the time to meet with them. The data automatically collected by TradeNet creates an additional layer of valuable business intelligence that Gee uses to help improve supplier management processes.

For example, TOTE uses the Key Performance Indicator (KPI)

data in TradeNet when carrying out supplier evaluations. For Gee the KPIs provide valuable evidence of how well suppliers have been performing. "Occasionally a long-standing supplier will come to me and ask why we aren't doing so much business with them anymore. Now I have solid data that tells me that either they weren't responding quickly enough to RFQs or that their pricing's too high."

"As a result of taking the time to do this we've been able to leverage our spend by negotiating better prices. Now some of our suppliers realize that they've got competition we've been able to renegotiate more favourable contracts and framework agreements."

Looking forward, although TOTE doesn't insist that its suppliers use ShipServ, the company is encouraging suppliers to look to TradeNet for orders. For Gee, the benefits are clear: "With TradeNet, all it takes is just one extra click of the mouse and it saves me looking through reams of paper. Using TradeNet for even a third of our orders saves us a lot of time. It's less boring too!"

Beyond this TOTE is also considering extending the use of TradeNet for managing its shore-based facilities purchasing needs as well as purchasing for other vessels owned by TOTE's parent company.

Supplier relationships improved through better quality data

#### 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)

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