



SHIPSERV

One Step Ahead

Tomorrow's ship supply management solutions delivered today by the most knowledgeable and experienced team

E-commerce in the maritime supply chain

Digital Ship Oslo
17 March, 2005

ShipServ TradeNet is the largest and fastest growing multiple buyer and supplier trading network

Agenda

- **Who is ShipServ?**
- **Why e-commerce in the maritime supply chain?**
- **The explosion of maritime e-commerce volumes**
- **The MTML standard as a growth factor**
- **How e-commerce adds value to the purchasing and supply process**
- **How companies are now signing up to pay for e-commerce services as they experience the value**

Who is ShipServ?

**ShipServ is the leading provider of e-commerce solutions
the global maritime community**

ShipServ TradeNet

- Connects the ship owner / manager, supplier and logistics providers electronically
- Improves the ship supply management process
- Automates the buying/selling and logistics process
- Makes the ship supply process more efficient and cost effective

Who is ShipServ?

Founded in 1999

- Headquartered in London
- Offices in Copenhagen, Hong Kong, New Jersey
- 32 employees globally
- Strong experienced management team brings extensive maritime and IT skills representing over 150 years of direct IT and shipping experience

What does ShipServ do?

electronic Ship Supply Management (eSSM) solutions for owners / managers and suppliers

- Achieving supply chain efficiencies through easy integration (MTML) and web services
- Global trading platform allows integration from any in-house software system

ShipServ - the largest e-commerce network

32 ship owners doing 400,000 transactions in 2004

- Close to 1100 ships contracted in just 4 years
- 3,000+ suppliers and growing fast
- Dominant e-commerce network:
Expected transactions in 2005: 750.000 – 1 million
- Recently launched Korean Maritime E-Commerce Network (KMEC) in deal with Korean Government

ShipServ – neutral and independent

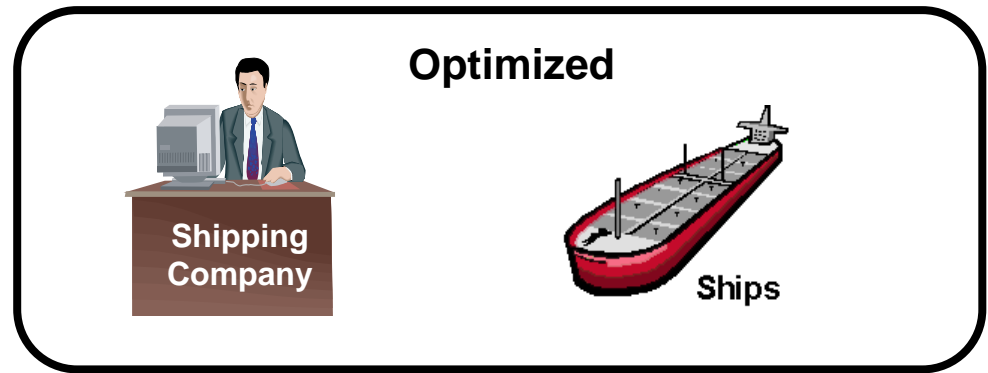
Neutral and Independent

- Not owned or controlled by any ship owner / manager or supplier
- Focus on providing balanced benefits to all market participants
- Largest shareholder Thomas Miller, largest 3rd party P&I Club manager (50% of world fleet)

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The ship supply chain is an example of separate silos...

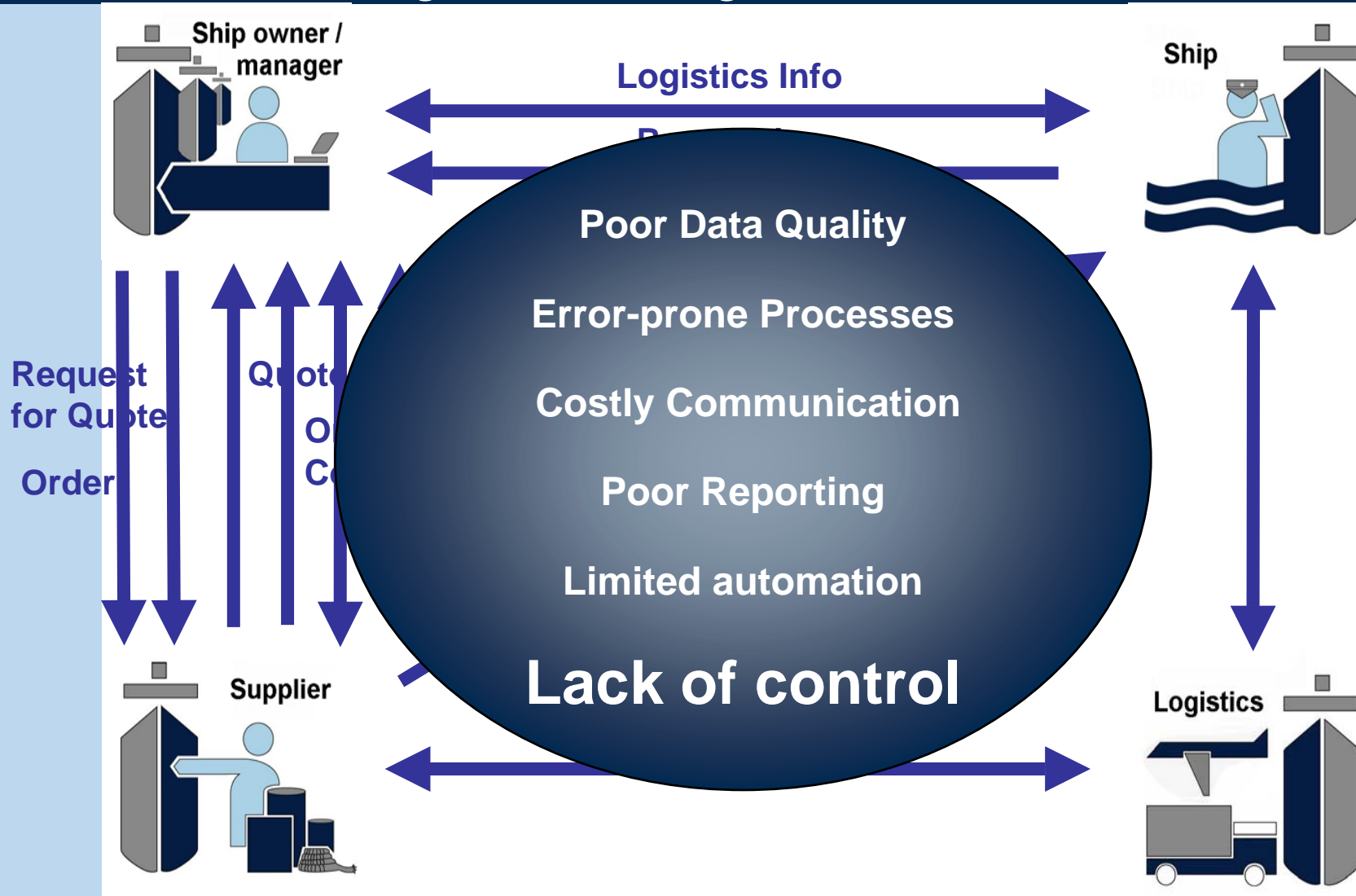


Not optimized



Optimized

...results in high costs through-out the chain



So what do the Ship Owners and Managers want?

Automate the procurement process to make it more efficient by

- Eliminating manual steps in the process
 - Retyping
 - Manual quote comparison
 - Manual fax and document handling
 - Clarification communication
- Reducing costs through
 - Faster order cycle time = higher productivity
 - Lower administration costs
 - Reduce communication costs
- Improving data quality
 - Avoid wrong deliveries and delays
 - Better data for contract negotiations

Thereby making them more competitive and profitable

...and what do the Suppliers want?

Efficiency in their supply chain in order to

- Secure or maintain competitive advantage
- Serve their customers optimally
- Retain their clients

In order to achieve efficiency they need

- Optimise their sales/order handling process
 - By receiving quality data for fast and efficient processing
 - In a uniform format
 - From a limited number of channels
- E-commerce solutions to suit their business needs
- Avoid major investments in implementing or using own or client owned e-commerce solutions

Thereby making them more competitive and profitable...

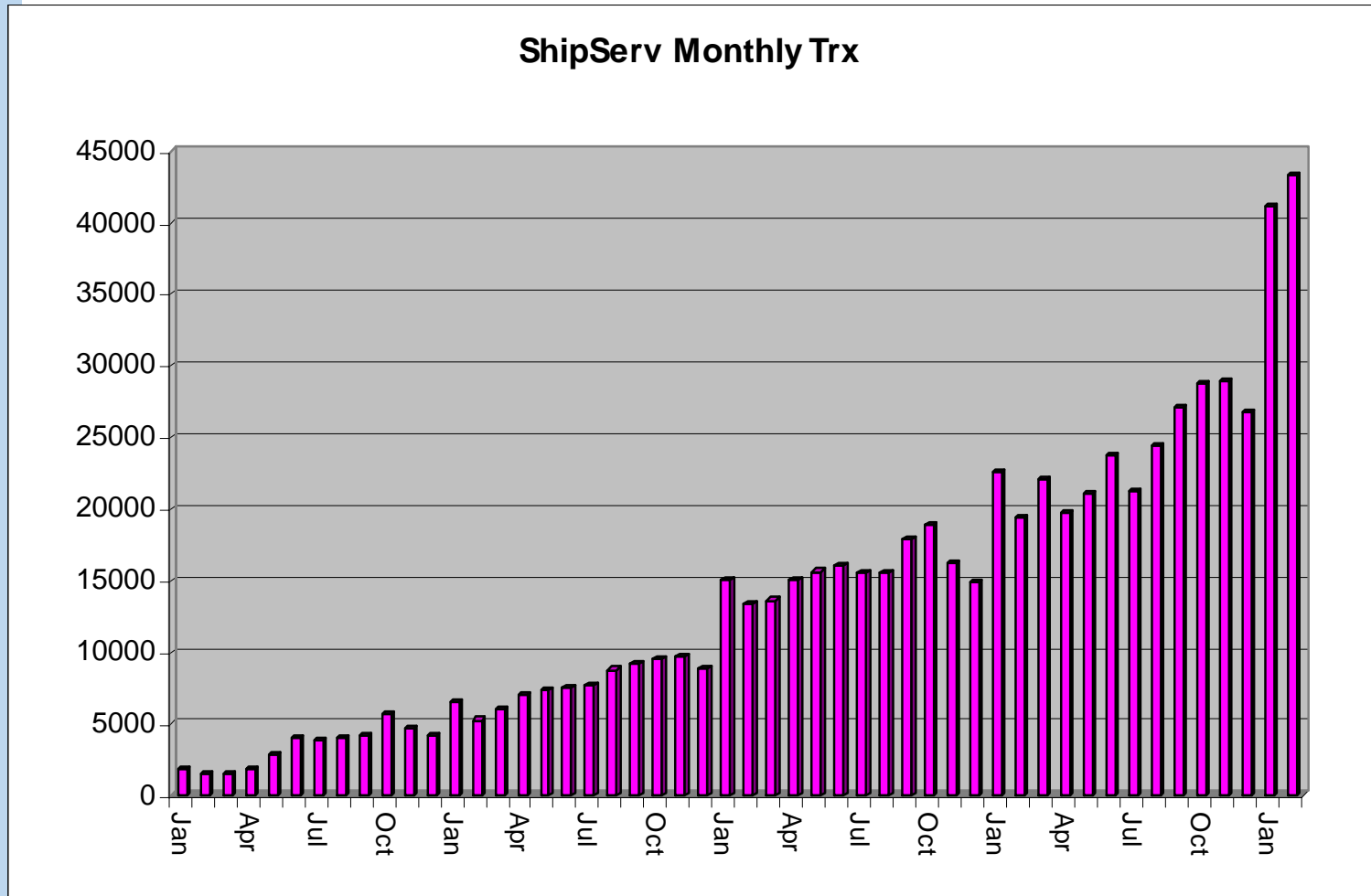
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Maritime e-commerce volumes are increasing rapidly

- **Growth in interest from both buyers and suppliers**
- **Major shipping companies signing up for e-commerce**
- **Government sponsored e-commerce initiatives in Asia**
- **Transaction volumes growing exponentially**

More than 700,000 transactions since start - 77% growth 2004



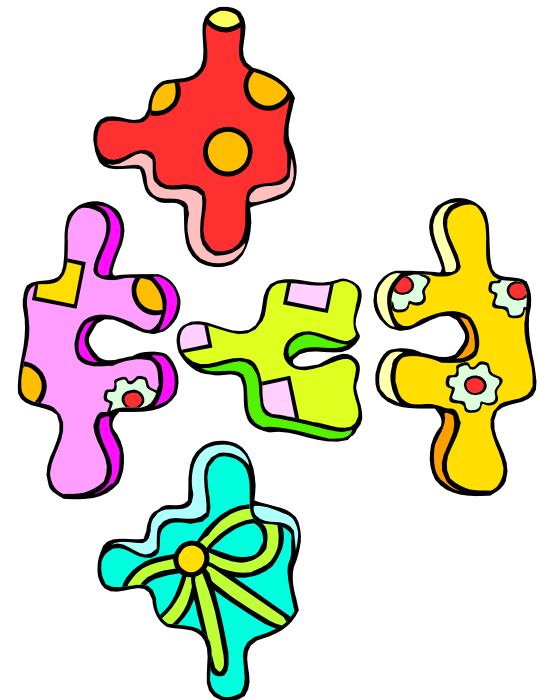
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Standards drive market efficiency

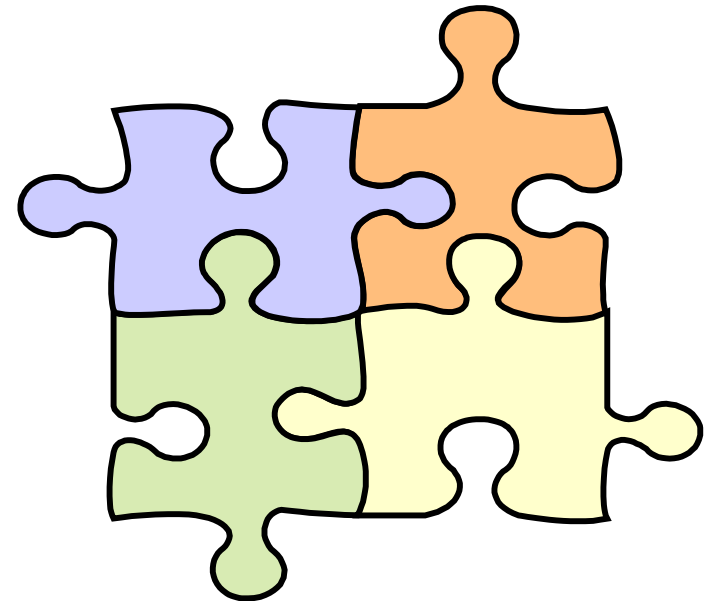
Standards are a pre-requisite for

- Cost efficient application of technology
- Extent of adoption
- Speed of take up by users:
 - VHS
 - DVD
 - GSM



MTML as a growth factor in maritime e-commerce

MTML 1.0 and 1.5 have facilitated the development and move towards e-commerce in the maritime industry by making integrations easy



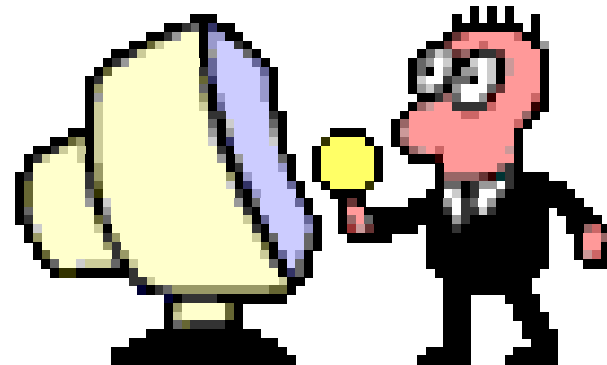
Thanks to the adoption by all key actors

- Marine software providers
- E-commerce platforms

MTML 2.0 launching soon...

MTML 2.0 will add new features to further accelerate the growth of maritime e-commerce

Release end March 2005



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Why would anyone ...

Before e-commerce



A day in the life of a purchaser:

- Arrive in office
- Get coffee
- Go to fax machine
- Carry back pile of faxes
- **Compare quotes and select best**



- Type
- Fax
- Go to lunch
- Get coffee
- Type
- Fax
- Go to fax machine
- Carry back pile of faxes
- **Compare quotes and select best**
- Type
- Fax
- Go to lunch
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- Carry back pile of faxes
- **Compare quotes and select best**

Why would anyone ... NOT prefer this?



BASS Purchasing (Oracle Demo database)

File Edit Registers Inquiry PO Invoice Query Keys What'sNew Window

S D It Prt Pr PO C Qa AT Trx

Inquiries for object BAS1 BAS1

Year	Inq No	Ver	Memo	Status	Shipref	Latest del.	Inq. date	Rcvd	Sent	Genr
2004	36	0		Inquiry - Printed			01/09/2004	0	1	
2004	32	0		Inquiry - Printed			24/08/2004	0	1	
2004	30	0		Inquiry - Complete			13/08/2004	2	2	
2004	28	0		Inquiry - Quoted			03/03/2004	1	1	Lub Oil
2004	27	0		Inquiry - Printed			12/08/2004	0	1	
2004	25	0		Inquiry - Printed	JIN010E4	12/08/2004	12/08/2004	0	1	MAIN ENG
2004	23	0		Inquiry - Printed			12/08/2004	0	1	
2004	16	0		Inquiry - Quoted	MW12345		09/08/2004	1	1	
2004	11	0		Inquiry - Quoted			08/08/2004	1	1	
2004	10	0		Inquiry - Printed			07/08/2004	0	1	
2004	9	0								

Compare offers for 0030 2004 BAS1 110700

Seq	Item No	Item Spec	Inq Qty	Inq Unit	SIN01 (GBP)	Days	Qty	Unit	WEIS (GBP)	Days
1		Tomatos	100	PCE	2,800.82	5	100	PCE	266.26	0
2		Apples	50	PCE	2,450.72	5	50	PCE	150.36	0
3		Potatos	10	PCE	168.05	5	10	PCE	46.99	0
93000		Freight cost	0		148.98	0	1	SET	0.00	0
Total:					5,568.57				463.61	

EXAMPLE - TEST DATA

A day in the NEW life of a purchaser:

- Arrive in office
- Get coffee
- **Compare quotes and select best**
- Hit 'Send' button
- Get coffee
- Go to lunch
- **Compare quotes and select best**
- Hit 'Send' button
- Get coffee
- **Perform strategic sourcing tasks**
- **Manage delivery of urgent spares**
- Get coffee
- Compare quotes and select best
- Hit 'Send' button
- Go home at 4pm

Ship Owner documented benefits – ROI study

- **Reduced process & administration costs**
- **Reduced order cycle time by 30%**
- **Increased number of suppliers responding to request for quotes within one day by 500%**
- **Reduced costs of products and services**
- **Increased number of quotes per RFQ by 50%**

Suppliers – improved customer service and efficiencies

- **Improve customer service**
- **Promote yourself to a global customer base**
- **Improve your quote-to-order ratio**
- **Streamline your business processes**
- **Save time and money by automated order handling procedure (\$50 - \$150/order)**

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A photograph of a two-story house with light-colored horizontal siding. A white rectangular sign is mounted on the front of the house, between two windows. The sign has the text "Open for e-business" written in a bold, black, sans-serif font. The house appears to be in a residential area with a clear blue sky in the background.

**Open for
e-business**

Who wouldn't want to put out this sign?

Shipping companies and suppliers are paying for e-commerce

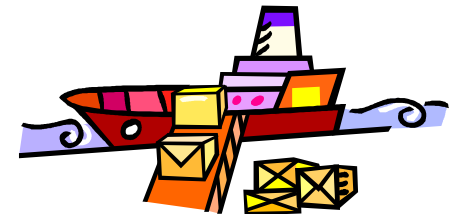
Growth in number of paying e-commerce participants, because of

- Positive cost/benefit – the price for e-commerce is experienced as justified
- Real value through clear business benefits
- Value grows as more participants join the e-commerce trading platforms
- More, relevant services are added to benefit the trading community
- It works!

Who use e-commerce for ship supply management?

Participants in TradeNet from across all segment among buyers and suppliers

- All vessel segments:
 - Tankers, Bulk, Gas, Chemical, Product, LNG carriers
 - Container, Reefer, Cruise, Offshore supply
 - Ro/Ro, Car Carriers and much more
- Professional ship management companies and integrated owners
- Large international engine manufacturers
- Oil majors and paint manufacturers
- International spare part and stores suppliers
- Local ship chandlers
- Specialised equipment manufacturers
- Logistics service providers
- ...and many more...



What they look for in an e-commerce platform

Some key demands...

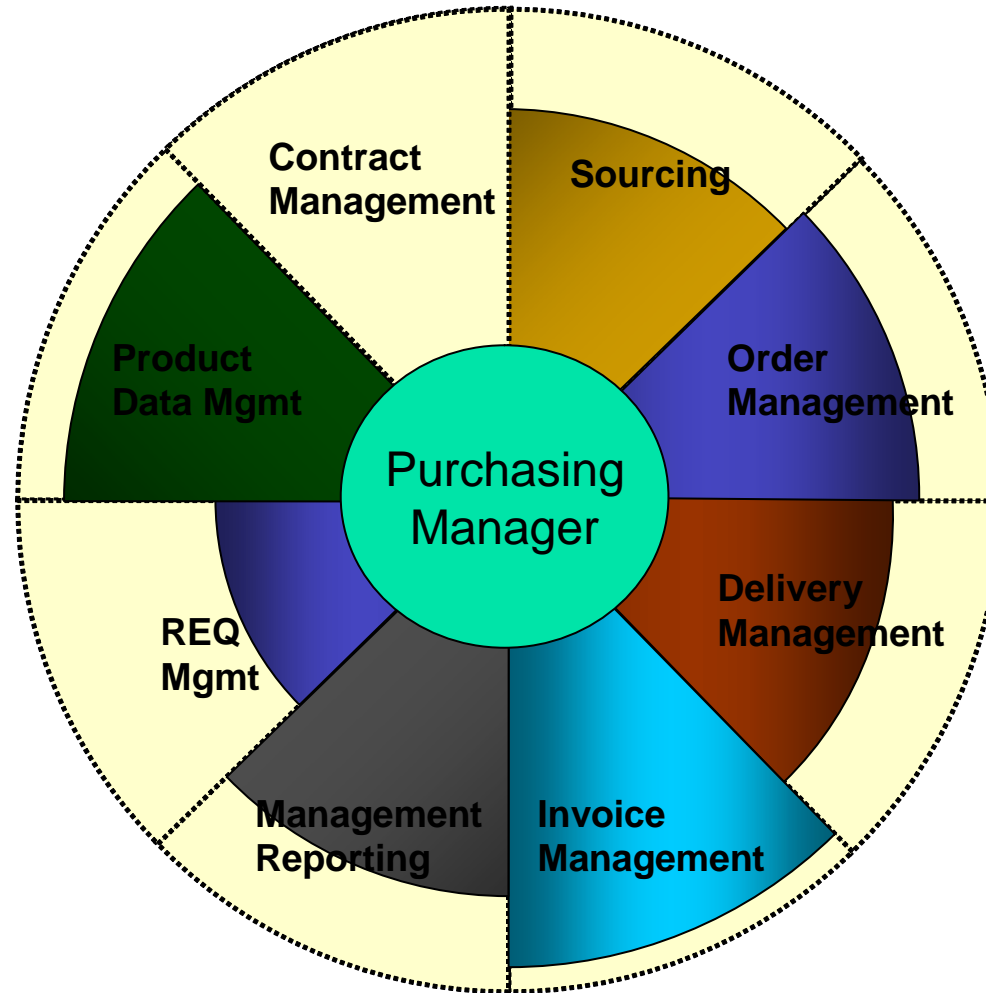
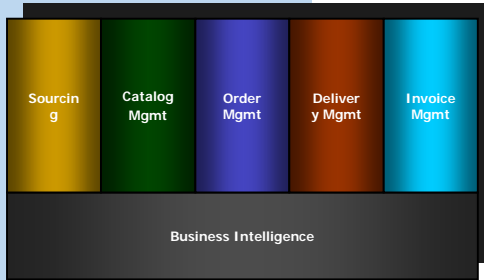
- Track record
 - Real trading activity and experience between multiple owners and multiple suppliers – not just a few
- Customer Service
 - Full time support across all time zones – buyers and suppliers trade world wide and want world wide support by real e-commerce employees
- Shipping software integration experience
 - Proven ability and experience in integrating standard as well as bespoke marine software
- Supplier and buyer base
 - A broad base of suppliers and buyers already trading
- Neutrality
 - Independency from controlling buyer or supplier interests

A complete solution for the maritime industry...

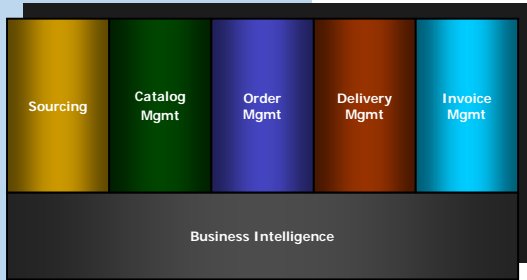
ShipServ electronic Ship Supply Management Solution (eSSM)



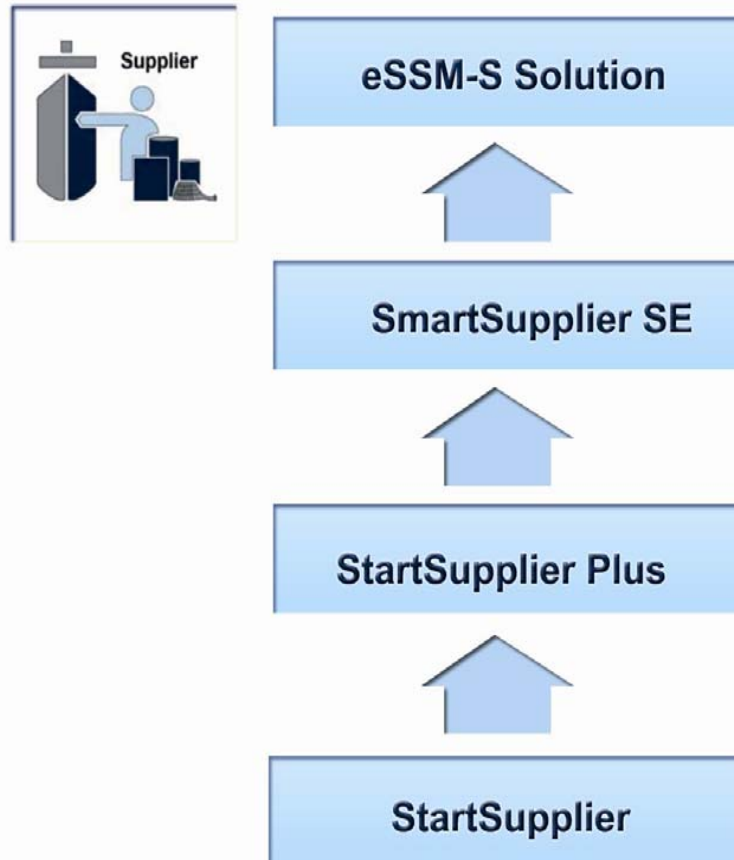
eSSM addresses more and more of purchasing managers problems...



... and will continue to expand



The e-commerce ladder for suppliers



Thank you very much for your attention!