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# Brokers need to adopt new technology to stay profitable

'Our word is our bond' was once the catchphrase of the shipbroking industry, but today excessive information in the sector demands a different type of bond to decipher it to best advantage, according to Strategic Dataworks

The challenges facing the global shipbroking industry are a far cry from those of three decades ago, when competition was limited and the first telex to be received dictated who won the business. Market globalisation has intensified competition, while the explosive expansion of the Internet has led to unprecedented information availability – and transparency.

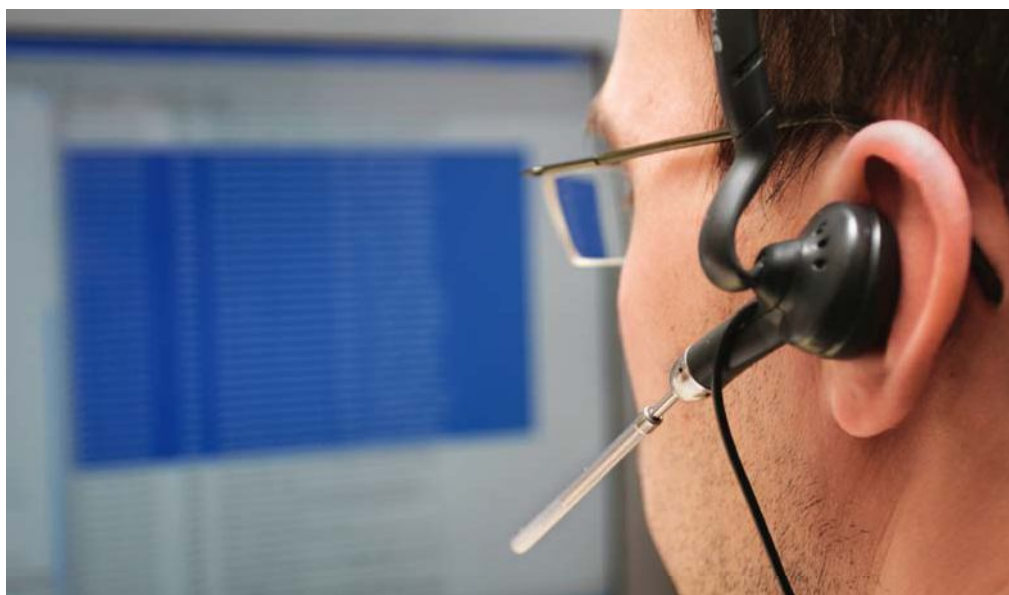
Making a healthy profit as a broker in such a context is no mean feat. Differentiation, not least by speed of response, is vital to maintain and grow business. Moreover, loyalty cannot be assumed so brokers who want to survive and prosper must be able to prove their mettle.

While the industry has enjoyed success despite the impact of the current economic slowdown – on the basis that, as the financial credit market takes a dive, commodities and physical goods markets usually fair better – the shipbroking community cannot afford to become complacent.

Recent research from Fairplay CIBC World Markets warns that escalating transport costs could sharply reverse the positive trend in shipping caused by the globalisation of manufacturing. The study calculated that, when oil prices hovered around US\$20/barrel in 2000, transport costs equated to a 3 per cent US tariff. When oil reached US\$150/barrel last year, costs equated to 11 per cent.

Unprecedented fuel costs and a growing trading presence from China and India have conspired to create an industry under great pressure. Whenever there is a shake-up in any market, it is the complacent and unaware that lose out first.

Time and efficiency are, as always, vital to success, and yet often the most obvious way to streamline activity effectively – positive processes empowered by technology – is being missed. For the opportunistic broker, appropriate use of technology to filter information means that deals can be acted upon more efficiently, driving up revenue and profit, while deepening



*Too much data is hampering brokers' ability to respond quickly to new opportunities*

relationships with clients.

Yet the improved personal and business-wide productivity that builds such competitive advantage is hard to come by without the right tools. Such agility demands improved processes and enhanced visibility of timely, accurate decision-supporting information. The more promptly this can be interpreted and acted upon, the more deals can be completed in a given timeframe. This ability to achieve more in less time allows a broker to undercut its competitors, perpetuating the firm's growth in market share.

Nevertheless, arriving at this point is no means simple. Market globalisation and the sheer quantity of unfiltered – often duplicated or

distracting – information sent or accessed via the Internet, is hampering rather than honing brokers' ability to respond quickly to new opportunities.

Today, the shipbroking community receives a phenomenal volume of market information each day. Sifting through this to arrive at the content which is most valuable is a time-consuming process, prone to errors of omission and accuracy.

Brokers' only hope of working through this mountain of unqualified data, productively and quickly, is with the help of efficient technology-based data management tools. These can automatically, methodically and very quickly filter out the real nuggets of information according to pre-defined rules set by the brokers themselves.

The shipbroking community traditionally remains reticent about exploiting new technology. Fearing loss of opportunities whilst adapting to new software, brokers exhibit a tendency to stick to their old routes to success, even if these are laborious. Exploiting new technologies to complement and build upon their pre-existing systems and processes should lead to greater successes through improved productivity and profitability.

Remarkably, this potential for growth has not yet proved enough of a driver of change – until now perhaps. Long-term prosperity in an overpopulated, demanding market, where brokers have to work increasingly hard to demonstrate their value (since market information is now so much more readily available), depends today on clever use of



*Gary Kaiser: The shipbroking community traditionally remains reticent about exploiting new technology*

technology to sharpen a competitive edge.

If the broking community seizes the additional efficiencies that are possible with the latest technology tools, they should soon find themselves better able to increase profitability, enhance their relationships (and the respect they desire from their principals) and increase market share. Those who act soonest will find they have the most to gain. Speedy, informed decision-making is likely to be the dominant factor setting the better brokerages apart.

However, it is not just a matter of sorting and filtering incoming information. To stay ahead of

the game requires being able to bring together information from different sources quickly and in a meaningful way. Only by having rapid access to all of this content, and being able to join it together can brokers translate the data into a tangible competitive advantage.

This is now possible thanks to the availability of specialist IT solutions that can assimilate all this information in a way that is customised to the particular needs of a company and its client base.

The ability to generate client reports is crucial, too, helping brokers to justify the decisions they

have made and present their business cases to their principals.

One thing is for certain, though. Those brokers that refuse to adopt new working methods allied with technology are likely to find that they miss out on growing numbers of opportunities, as their rivals refine their own practices and exploit strategic information management to their commercial advantage. **MEC**

*This article was co-written by Strategic DataWorks' director Anthony Odegaro and head of managed solutions Gary Kaiser*

## Combined solution gives brokers greater market agility

The starting point for Strategic DataWorks' shipbroking software, known as Matrix, was to converge and transfer functionality from its existing volume messaging and broking software into a next generation platform. However, the company is keen to stress that the product goes beyond just repackaging existing functionality. The reasoning follows the adage: the whole is greater than sum of its parts. Combining the tools paves the way for new functionality, data access and delivery mediums, including PDAs such as Blackberries and other advance mobile devices.

Matrix principally differs from original Strategic DataWorks software in three areas. Firstly, it offers a singular workspace, which means users can access all the tools and applications they need from a unified desktop environment. Deeper integration allows users to switch seamlessly between vessel and commodity information, address book, messaging, charter parties and the web with simple mouse or keyboard operation.

Secondly, it is built around a so-called 'extendable platform' approach, which, says the company, will make it easier to add and

integrate new modules in the future. The ability to deploy multiple applications (for multiple workflows) across the entire business derives from creating the system around a common data model. The motivation here is to enhance 'information-agility', as well as reduce the cost of ongoing maintenance and implementation of future software extensions.

Thirdly, the developers have addressed reliability. Matrix can be configured as a basic single server system or an advanced critical system with full clustering, failover and load balancing, ensuring that data is always available. Data storage is isolated from the user desktop on a remote SQL database server, resulting in a zero workstation footprint and increased reliability and robustness.

This architecture also provides security benefits in that all data can be encrypted, and a consistent security policy can be deployed to ensure users can only access or modify the data which they are allowed to access or alter. Furthermore, it allows for greater scalability.

Indeed, the company says it can be set up for two users working in the same office or over

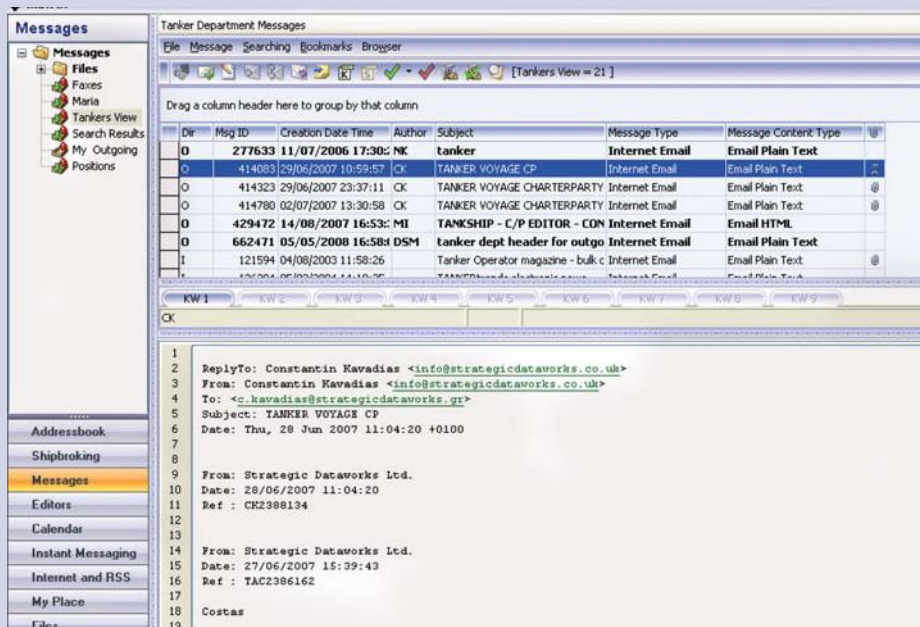
500 working from offices spread over multiple geographic locations. Finally, it allows greater flexibility in how the data is accessed. In addition to a standard desktop PC installation, users can call up information from a web browser or from a mobile PDA.

Since announcing the new platform, Strategic DataWorks has presented the software to a number of shipbrokers. The feedback is reported to have been overwhelmingly positive, with a number of former clients expressing interest in deploying the enhanced software. Strategic DataWorks attributes this response to the fact that brokers can now have the data they require to act on behalf of their principals 'in a single click'.

Two core modules of the Matrix suite are Matrix Communicate and Matrix Shipbroker. Matrix Communicate is a collaborative messaging module enabling users to send, receive and manage high volumes of messages. It features intelligent message filtering so that individual brokers are not overwhelmed, while also providing powerful search functionality, which, when a broker calls up a message, will automatically retrieve and display details on a relevant vessel and its owner. In addition, it will proactively search, flag up and retrieve relevant e-mails and faxes to a specific fixture as they arrive.

Notably, any correspondence sent or received from Blackberry or Windows Mobile phones, as well as from instant messaging clients, can be captured, numbered and stored within Matrix's central database as auditable messages for record-keeping purposes.

Matrix Shipbroker meanwhile enables a user to retrieve and display accurate, detailed vessel information and commercial data at the touch of a button. The key differentiating point is that the user decides on the data fields required and how the data should be served up. Thus, unlike previous incarnations, Matrix Shipbroker is not prescriptive; the user can customise every aspect of the software to suit a bespoke commercial need.



All messages are given a unique identity code to aid auditing