

Connections

Newsletter from Marine Transaction Services



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Global shift demands full use of strategic agreements

In Marine Trader's issue no. 3, 2007, MTS' Marketing Manager Siri Jacobsen commented on the latest trends in marine purchasing and supply. Read the full article below:

The marine market is in constant development. The general trends follow developments in the industrial market, but things move slower. Shipping, being a

traditional/conservative industry, is not a frontrunner but a follower.

Today there is more focus on having a clear strategic approach rather than concentrating only on operations issues. This can, for instance, be related to moving focus from local purchasing to global sourcing, which is an important point in modern marine purchasing and supply practice.

Purchasing and supply is not only about purchasing the product there and then when you need it. It also involves issues such as negotiating proper agreements, finding the right supplier with the right approach, securing delivery at the right place at the right time and understanding needs to find the best solution.

The fact that the international maritime industry is changing creates a demand for various solutions that never used to be available. E-business is one of them.

MTS is there to fill this need and to make sure that the solutions offered benefit the trading parties and not the middleman. MTS philosophy is to truly remove cost from the supply chain, as opposed to shuffling cost around. In the market, we differentiate by offering dedicated solutions for trade on contracts, logistics and data management.

In current marine purchasing strategies there are generally three approaches - auctions, spot trade and contract trade. MTS focuses on the contract and spot options, which we believe are the most efficient processes, and operates as a trading exchange. The implications of which strategy you choose are outlined above.

A number of our contacts explain that their focus is moving on to make further use of already negotiated contracts and frame agreements by improving the related process. The reason for this is clear. Marine purchasing is not really about day-to-day transactions - it's about negotiating proper frame agreements/contracts with your selected suppliers and then optimising your use of them.

Both buyers and suppliers - especially the bigger suppliers - state the need to work closer together to agree and improve their business relationship. Utilising tools such as e-business solutions is one of the ways that can help in this respect.

Suppliers are also focusing on 'added value' and not just product and price. This is a new way of doing business as previously only professional buyers demanded it. Now this is something suppliers offer as they see the benefit in focusing on quality and different ways of doing business with their customers. It is not only the product that is important but the whole solution package.

In today's market it is mainly the suppliers who have the product knowledge and the ability to focus on value on top of this. The buyer organisations do not hold such product competence to the same degree and focus on other areas such as efficient purchasing and business methods. This puts new demands on the suppliers. For those that offer added value and a professional business approach, frame agreements/contracts are the main way of doing business in contrast to some smaller suppliers who, if they do not offer any extra value, tend to be more interested in auction-based trade.

Another trend in both the industrial and marine markets is that companies are consolidating, which trigger new demands and opportunities.

Consolidation creates fewer, bigger, global companies that take a thorough look into how they can implement synergies and how they can gain control across a number of brands and companies. This is directly linked to increased efficiency and reduced costs. Various functions can be centralised and unnecessary costs become more obvious.

From the MTS point of view, beyond providing tools to ensure electronic data transfer between buyers and suppliers, it is also vital to cater for the control issue - with tools that, for instance, enable the efficient and streamlined receipt of management information. Data management with centralised databases is also becoming an issue that needs to be addressed.

Marine Trader is the official journal of IMPA (the International Marine Purchasing Association).

[Click here to learn more about IMPA](#)

MTS at IMPA

This years IMPA exhibition was another well organised event by the IMPA organisation and a successful show for MTS. The focus was on **Contracts & Catalogues - supported by e-business** and a separate presentation was given on the subject by John Inge Røtting, VP Sales & Marketing of MTS.

We would like to take the opportunity to say thank you to everybody we met during IMPA for the interesting discussions and valuable feedback.



MTS at the ABS NS user conference

The annual ABS NS user conference was arranged during week 39 in Charleston, USA. George Muthalaly represented MTS at the conference and reported that it was a great conference with many interesting subjects.

MTS have created an integration to the ABS purchasing system, NS 5 Purchasing and Inventory module. The integration is based on mxml and will enable joint customers of ABS and MTS to benefit from the advanced e-business solutions that MTS offers.



MTS participation at the SIS user conference in Rome

MTS and Star Information Systems (SIS) cooperate to ensure that suppliers using MTS can transact electronically with customers using the SIS purchasing system and SISCommerce and vice versa. This means that it is full market openness between SIS customers and MTS customers - to the benefit of both buyers and suppliers.

At the upcoming SIS user conference 22 - 25 October in Rome, Italy, MTS will participate to further develop the cooperation with SIS. During the conference MTS will give a presentation to elaborate on the cooperation with SIS, explain how to provide value to both buyers and suppliers and look more into the subject Contracts & Catalogues - supported by e-business.

[Click here to learn more about the SIS user conference](#)

about MTS in general, please contact us (info@mtshub.com).

Best regards

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