VOYAGE MANAGEMENT SYSTEMS

WHAT THEY DO, WHY THEY MATTER AND HOW TO CHOOSE THE RIGHT ONE

Q88VMS.com
Heralded as the second technology revolution, the advent of cloud computing presents an enticing future for the shipping industry. Enabling instant access to software through any device anywhere around the world, cloud computing makes operations, communications and collaboration much easier, much faster and much more productive.

There must be something about the nature of the maritime world that makes us traditionally slow to embrace new technology. It seems somewhat contradictory that – given how disparate, round-the-clock and global our industry is – we haven’t already embedded cloud computing across our operations. But there’s no doubting that we will. The clear and significant benefits that flow from today’s combination of data availability and cloud access – ensuring critical information is instantly available to all authorised parties via a single, common platform – will supersede many current marine and shipping software systems.

The tide of technology continues to rise. Look to the cloud for your way forward.

What this guide covers:
Whether your current Voyage Management System (VMS) is based around paper, Excel or other software, you risk losing out to competitors if you overlook new developments in VMS solutions available through cloud computing. In this guide, we examine:
- Why we need Voyage Management Systems
- What they actually do
- How they benefit your business
- What to look out for when purchasing

There’s no escaping technology these days. Over the last ten years or so, developments in Information and Communications Technology (ICT) have had a huge impact on the shipping world.

Across the industry, the decision-making process at every level is being driven more and more by technology’s ability to generate, capture, analyse and integrate increasing amounts of data.

Our industry is now more connected, more sustainable and much safer than ever before.

For owners, operators, charterers and commercial managers, the increased use of automated systems has both enabled more efficient operational performance and reduced costs through streamlining existing processes.

The tide of efficiency-driving and cost-reducing technology is all around us. The benefits it brings can be particularly impressive in Voyage Management Systems.
WHY WE NEED VOYAGE MANAGEMENT SYSTEMS

MANAGING COMPLEXITY WITHOUT THE RIGHT TOOLS IS ALWAYS CHALLENGING

Tools you can’t trust
Ten years ago, most commercial managers would have used – at best – an Excel spreadsheet to run their operations. More often than not, you would have relied on paper and sheer memory power!

It’s no revelation that managing such a complex system with such simple tools resulted in a number of challenges:
- Poor information flows between departments slow down the whole chartering process
- Re-entering data across different departments wastes time and resources while bumping up costs
- Lack of visibility makes it difficult for charterers to manage overall performance and obscures financial status and profitability

Pre-VMS barriers to information flow

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<th>Individual cargo lists by hand</th>
<th>Open positions email by hand</th>
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<td>Spreadsheet estimates by hand</td>
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From inefficiencies to imperatives
When 2008’s global economic recession led to the downturn in the shipping market, a number of factors drove commercial managers to review their operations. Top of the list were:
- The need to streamline business processes to increase efficiencies that could impact the bottom line
- Increasing bunkering costs that required better management of vessels between destinations
- The imperative to sharpen their competitive edge in order to safeguard existing business and win new business in a tougher market
- The growing value of consolidating processes across a common platform to enable effective information sharing

The outcome was that many commercial managers turned to Voyage Management Systems to improve efficiencies and facilitate better information flow.

Information flow with VMS

- Shared cargoes quoted
- Estimates
- Automated open positions
- Voyage emails & electronic files
- Voyage with economics
- Reporting
WHAT VOYAGE MANAGEMENT SYSTEMS ACTUALLY DO

Managing the process from the very start of a fixture through to the close of a voyage involves input from different departments. A good VMS integrates the flow of mission-critical, real-time information across chartering, operations and management.

Chartering
Commercially operating a vessel involves fixing cargoes for the ship and then operating those fixtures. You need to identify opportunities – such as charterers with cargoes to move – estimate the expected financial results and agree the terms to fix the ship. The laden leg (required to fulfill the commitment of the fixture) combines with the corresponding ballast leg, ensuring that the vessel is always in a voyage.

Operations
Once the vessel is fixed and the voyage is planned, operations needs to actualise it. You need to send voyage orders, communicate with brokers, agents, the Master and other parties, determine bunker requirements, issue invoices and negotiate claims – while all the time keeping a weather eye focused on the financial results of the voyage. The primary financial indicator of a voyage is the Time Charter Equivalent (TCE): the contribution this voyage makes to the daily cost of operating or owning the vessel.

Management
Having an accurate and comprehensive picture of the current status of your fleet – both overall and voyage by voyage; reporting on financial and other KPIs; analysing the business historically and in real time; getting a snapshot of the market and identifying trends. These are the powerful enablers that a VMS puts at the fingertips of everyone involved in managing a tanker operations company and its fleet of vessels.

ENSURING CHARTERING, OPERATIONS & MANAGEMENT ARE TOTALLY IN TUNE
The value of VMS to chartering, operations and management

With VMS, your management of the features, functions, vessels, charterers, brokers and cargoes involved in the voyage fixing and operating process is made exponentially easier. You can store instantly-accessible alerts and information about any of the inputs to a voyage. VMS enables you to update the open positions and calculate estimates from the cargoes quoted.

At the same time, your day-to-day activities – such as receiving, responding to and filing emails associated with the voyage – are simplified and speeded up.

Then there’s the reporting that can be generated from the wealth of data that is naturally acquired from the start of each fixture through to the close of the voyage. This can be mined, sliced and diced for in-depth analysis, and then integrated into other business areas, such as standard accounting systems.

Traditionally, Voyage Management Systems have focused on gathering data to be fed into accounting systems for periodic management reporting. Today’s new generation of VMS, however, can do considerably more. The feed to accounting becomes almost a by-product of day-to-day activities, with the system ensuring that the financials of the voyage are always visible to operators – enabling them to respond in real time to any events impacting the operation.

### Key Features of Voyage Management Systems

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A GOOD VMS MAKES EVERYTHING EXPONENTIALLY EASIER
HOW THE RIGHT VMS BENEFITS YOUR BUSINESS

By streamlining the processes and workflow throughout an owner’s business, an effective Voyage Management System gives you significant business benefits:

- Better margins
- Improved responsiveness
- Operational efficiencies
- Greater visibility and control
- More efficient fleet utilisation

FROM OPERATIONAL TO BUSINESS BENEFITS

Better margins

Bunkers are typically the biggest expense in a voyage and freight the biggest revenue. But improving margins isn’t just about headline amounts. Crucially, it’s also about being able to track and manage every part of the voyage that has a commercial implication. A VMS enables you to quickly examine what-if scenarios, so you can determine whether an alternative course of action could deliver better returns. What if we avoid an ECA zone? What if the charterer asks for a different discharge option? What if we substitute the vessel for this voyage?

A VMS will estimate bunker costs, show the regulations being followed and assess what fuels might be consumed. Whenever an operator makes a change, your VMS should instantly reveal the commercial implications in TCE and P&L. This is where more margin can be made. A good VMS will also report on revenue that has not been invoiced and invoices not paid, as well as separating out the small claims from the headline freight costs.

Improved responsiveness

A VMS calculates rates instantly, highlighting anything that affects your open position and impacts your voyage economics – such as heating requirements and delays before loading that eat into waiting laycan and overage. Improving both individual and team responsiveness, your VMS delivers opportunities as open positions, quoted cargoes and estimates are integrated.
EVERYONE WORKS OFF THE SAME DATA, EVERYONE KNOWS EXACTLY WHAT’S WHAT

HOW THE RIGHT VMS BENEFITS YOUR BUSINESS

Operational efficiencies
Maximising your operational efficiency requires the optimum combination of collaboration and ease-of-use. A web-based VMS enables all your departments to work off the same central data. Double-keying is virtually eliminated. Everyone uses the same reliable distances, port information, bunker grades and vessel particulars. Everyone accesses their activities from the same place – they can, for example, combine voyage economics with voyage emails and trigger the same task list.

You can integrate a browser-based VMS with other browser-based shipping systems, so everything can be done from within the browser. And an industry-focused VMS also allows your people to work in the way that’s most natural to their role, instead of having to perform technological gymnastics to fall in line with another department.

Greater visibility and control
Drawing together disparate information from numerous sources, a good VMS gives you powerful visibility and control. You can, for example, combine data from voyage and invoice modules to highlight all revenues that haven’t been invoiced – helping you keep track of smaller claims that can easily get lost in the noise of freight and hire amounts. The report can then take you directly back into the voyage, where the invoice can be generated. No need to switch between systems, no need to make a note of it for later.

Exception management, profitability reporting and management information can all be generated, and results can be easily returned by fleet, by charterer, by cargo, by area or by broker.

More efficient fleet utilisation
Maximising utilisation is key to profitability. It’s all about knowing where your ships are – not just geographically, but commercially – and where your cargoes are. Then collaborating as a team. Picture the scene – voyage orders change, so operations update the system, which automatically updates the open position.

Meanwhile, one of your chartering team adds an open cargo that just fits your new open position. You’re out to lunch with a broker, but the joy of a good VMS is that all the information is now available on your smartphone. You run an estimate, agree terms and fix a cargo right there – while your broker’s choosing dessert. The rest of the team is updated, operations prepare for tank cleaning, bunker stem is arranged, idle time minimised, fleet utilisation maximised. With a collaborative, easy-to-use, fully accessible VMS, it’s job done before there’s even a whiff of the cheese board.

STAY IN CONTROL EVEN WHEN YOU’RE OUT TO LUNCH
A VMS has the potential not just to streamline your operations, but to transform them with profit-focused efficiency.

On the other hand, the wrong VMS has the potential to significantly restrict the profitable running of your business. To maximise the benefits to your operation, you need to consider the following critical elements:

- Built around your business
- Built around your users
- Flexibility
- Accessibility from any device
- Deployed in the cloud
- Interoperability

**WHAT TO LOOK OUT FOR WHEN PURCHASING**

NOT ALL VOYAGE MANAGEMENT SYSTEMS ARE CREATED EQUAL – CHOOSE YOURS WISELY
WHAT TO LOOK OUT FOR
WHEN PURCHASING

GO FOR OFF-THE-SHELF, BUT PURPOSE-BUILT

Built around your business
You want an off-the-shelf system, but you need to be sure the shelf has your name on it. Too many commercial managers are wrestling with unforgiving systems that force them into data entry gymnastics just so that it can report in a particular way. Get a system that’s purpose-built for chartering and operations.

It’s also worth finding a VMS that’s specific to the tanker industry. It will give you the features you need without giving you endless, pointless choices. When you run a tanker fleet, you don’t want a system that makes you begin every time by having to choose between cruise ship, container, offshore, bulker or tanker. Even if you run both tankers and cruise ships, you may be better off with a separate system for each department. As long as they’re both interoperable with your accounting system, you’ve got it made!

Built around your users
Ensure your system allows each user to work with it in the way that’s most natural to their role. And watch out for descriptors like “seamless integration with accounting” – seamless here can easily mean that chartering has to waste a lot of time entering data in a special accounting format, instead of using their time productively fixing ships! Chartering should be able to enter a cargo and fix a ship against it. Cargoes, positions, estimates, voyage actuals, invoicing, reporting – they should all be part of the same system for managing voyages… this means both emails and voyage economics.

Flexibility
To ensure your VMS reduces workload, streamlines processes and helps you manage the entire end-to-end process, make sure it flows from one function to the next as seamlessly as possible. But don’t lock everything down so that you can’t move until the previous step is complete. For example, when chartering fixes a voyage, operations should be able to start work on it immediately – without having to wait for chartering to enter all the metadata.

Accessibility from any device
These days, your VMS should enable you to get to the system, view your position list, update a voyage and fix a ship wherever you are. Whether you’re using an iPhone, an Android device, a tablet or a PC, whether you’re out to lunch, in a meeting, at home or off on your holidays; whatever, wherever – make sure your VMS is always accessible. And check that “Cloud-based” doesn’t just mean remoting into a PC – that’s not the anywhere-accessibility you need. Also beware of systems with iPhone or Android apps for on-the-go usage – these are never the full system, just a pared-down version.

WATCH OUT FOR MISLEADING WORDING

- Flexibility
- Accessibility from any device
- Built around your business
- Built around your users
Deployed in the cloud

Having a VMS that you can deploy through the cloud eliminates the need to install servers or software in the office, ensures maintenance is minimal, gives you automatic updates, lets you easily upgrade the number of your users, takes away the worry of missing backups and guarantees consistency of data and versions across all users. So that’s a bit of a no-brainer.

Interoperability

Always choose best-of-breed over jack-of-all-trades. Your VMS should work with your existing other systems – such as your accounting and CRM – rather than replacing them. For this to happen, you need a system that is interoperable and interfaces with your current systems.

Is your VMS:

- Built around your business?
  - Has your system been built with users such as chartering and operations in mind?
  - Has your system been built for the tanker industry?

- Built around your users?
  - Is it tailored to the requirements of each individual – for example, differentiating between chartering and operations?
  - Does it include features specific to each role, such as built-in email?

- Flexible?
  - Does your system have the ability to move to the next stage without the need to complete the previous one?

- Accessible from any device?
  - Can it be accessed from any device, such as smartphones, tablets and laptops?

- Deployed in the cloud?
  - Is it available as a cloud service?

- Interoperable?
  - Does your system interface with your other software?

The right VMS will help increase your margins, cut your operating costs and boost your operational efficiencies. If your current system isn’t ticking all the boxes, it may be time to upgrade.
ABOUT THE AUTHOR

Richard Abrahams

Our VP of Research, Richard, joined Q88 in 2012 and is responsible for the development and management of the company’s newest platform, Q88VMS. Richard and the development team have spent the past two years building this system with an architecture that’s very different to competitor offerings. Q88VMS is genuinely tailor-made for operations and chartering.

Prior to Q88, Richard held a number of positions within the maritime and oil industries. He spent 16 years in oil trading, operations, demurrage and chartering with BP and PDVSA. Most recently, he spent 12 years with Heidmar Inc. as IT Director, working side by side with Fritz Heidenreich developing their internal voyage and pool management system.

Richard has a bachelor’s degree in Mechanical Engineering and Management from the University of Birmingham, UK, and is a member of the Institute of Chartered Shipbrokers.

AN ARCHITECTURE GENUINELY TAILOR-MADE FOR OPERATIONS & CHARTERING”
Welcome to the industry’s first fully web-based commercial Voyage Management System for tankers.

Q88VMS helps commercial managers improve tanker chartering decisions and voyage results by creating visibility of all evolving financial and operational voyage elements to internal stakeholders. All chartering and operations processes are maintained within one hosted application – available on subscription basis – eliminating the need to switch between multiple applications to view or execute voyage transactions.

Instant computation of ‘what-if’ scenarios and voyage alternatives – with their impact on voyage TCE and P&L – allow chartering to evaluate and pursue commercial opportunities that best suit the company’s interest. Any adjustment to the voyage costs made during the voyage operations are immediately visible to operations, management and other key stakeholders with access permission.

Users benefit from instant overviews of the latest financial trends, while the report generator allows users to create reports on any performance data stored in the database. Automatic tracking of uninvoiced freight and other revenue, plus unpaid invoices, reduces the risk of errors and omissions and helps improve cash flows.

Headquartered in Stamford, Connecticut, Q88 LLC is the leading SaaS technology provider to the maritime industry.

Through our Q88.com, Q88Dry.com, Milbros.com and Q88VMS.com platforms – built for the tanker and dry bulk industries – we have been at the forefront of information technology for the industry since our inception in 2001.

Since day one, our mission has been to connect the global shipping industry and to facilitate the sharing of information in an efficient and productive way. Our partnership with the world’s leading owners, charterers, ship managers, agents and brokers has provided us with unrivalled insight into how to build solutions for some of the industry’s most pressing issues.

Our customers view our 24/7 global support and staff of maritime experts as key drivers in ensuring the flexibility and reliability they need to remain competitive in our ever-changing market.
FOR MORE INFORMATION ON VOYAGE MANAGEMENT SYSTEMS AND HOW TO IMPROVE YOUR MARGINS AND OPERATIONS, JUST GET IN TOUCH:

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