



PHOTO: DHUTTERSTOCK

The logistics industry is struggling since the 2008 global economic recession. But once in a while you encounter a company that is thriving in a difficult environment.

Thriving in Economic Recession

ANRIKE VISSER

Marinetrans, a ship spare parts forwarder with its headquarters in Singapore, seems to be one of them.

According to CEO, Mr Jørgen Fausko, and Global Sales Director, Mr Steven Forsberg, Marinetrans has seen an average of 15% growth during the last ten years. The company was founded in 1991 by Mr Fausko. Now it has 150 employees all over the globe in its offices in amongst others Norway, Japan, USA, the Netherlands, South Korea and Germany.

Later this year, Marinetrans will open another office in Mumbai, India. Locations in Shanghai and Taipei are further down the road. According to Mr Forsberg, being close to clients is one reason for their success over the

last decade. Meeting clients face-to-face has proven time and time again to be essential for landing new clients and China is an expected growth area.

Having people on the ground close to clients is important, but in the ports as well. "Free and independent group of affiliates with expertise within the marine industry. Our partners have been hand-picked and trained according to Marinetrans quality routines and procedures. Presently we have 22 specific warehouses located in strategic locations. In addition to our 22 stations, Marinetrans also has working partners in over 2,000 ports world-wide for arranging

custom clearance and delivery to vessel."

Another explanation for the success of Marinetrans is their IT-system, Mr Fausko continues. While we consider tracking to be the norm when we order private goods online, it is innovative in the global freight sector. The system, which is similar to that of DHL, consists of a barcode which can be scanned in the different hubs. The client is integrated in the IT-system of Marinetrans and sees right away where the package is.

This is further explained on the website of Marinetrans: "All spares arriving at any of our terminals are marked with vessel name, bar coded, re-packed if required and of course, reported to owner as on hand by means of a stock list. Clients obtain a web site password for viewing stock at will 24/7. Marking and packing services are free of charge unless actual outlay to purchase material."

Another element of the tracking system is the network of distribution hubs. In central located hubs, for example Amsterdam for Europe, the parts are collected before they are sent to the client. Twice a week, parts from all over Europe are sent to Amsterdam awaiting a buyer. The collective transport is cheaper than individual transport of one part and

it saves time, since the parts are already in a central location, Mr Fausko explains. "The main reason for our success last years is due to the leverage we have on high parcel volume and the cost benefit all clients have when we consolidate all the shipment from all different clients to custom-clear and deliver on-board."

Staying on top of their game is important for Marinetrans, so the company follows technological developments closely. This means that Marinetrans is constantly monitoring the markets for new technologies to implement in their service. It also looks for technologies that might disrupt the industry at its core.

An example coming to mind is 3D printing. In the future every vessel could have a 3D printer on board to make a part whenever needed. But it will take a long time before that's possible or cost effective. A vessel has more than 3,000 different parts. To be able to print all of them in the different materials required is costly, let alone the weight and space it takes to transport all the materials.

A much more feasible option is 3D printing in main distribution hubs; a service Marinetrans is certainly considering for the future. This will eliminate transportation costs for the client completely. Another possible service based on a technological innovation, is the delivery of packages on board a ship by drones. Mr Forsberg

explains: "We are in essence an IT company. We forward parts in the most efficient and cost effective way possible using IT. We don't own the vessels used for the transport."

This mindset might be the reason underlying all other reasons for the year over year growth of Marinetrans when other companies in the marine industry are struggling to remain afloat. Moody's recent report 'Outlook Update: Shipping - Global, Stable Outlook Reflects Easing of Dry Bulk, Containership Excess Capacity; Flat EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation)' mentions the low prices in the market at the moment.

"Moody's Japan K.K. says that the outlook for the global shipping industry is stable, given that -- after excluding M&As and spinoffs -- the aggregate EBITDA of rated shipping companies will remain at similar levels in 2017 as last year. Unlike 2016, when the industry saw double-digit EBITDA declines, the operating environment has bottomed and earnings will remain stable, although at a low level during 2017."

The last years saw a flood of bankruptcies, consolidations and acquisitions in the maritime sector. One of the latest bankruptcies in Singapore was Ezra just a couple of months ago in March, 2017. CIMB analyst Lim Siew Khee expressed to Reuters the expectation that one to two more firms



Caption: Above Left, Singapore bustling container harbour.
Above: Marinetrans' CEO, Mr Jørgen Fausko in his office in Singapore overlooking the busy harbour

PHOTO: ANRIKE VISSER

will default on debt in the next two years in Singapore.

Last year, South Korean Hanjin already filed for bankruptcy. This event was compared by Ms Shereen Zarkani, Head of Reefer Management at Maersk, to the fall of the Lehman Brothers in 2008 in an interview with Fresh Plaza. "It was a wake-up call for the industry. The danger is always there, but we did not see something like that happen in the past. In the last few years, we saw that capacity was greater than the demand," according to Ms Zarkani to Fresh Plaza.

Now Maersk Line is in the process of acquiring Hamburg Süd for which it will pay EUR 3.7 billion (USD 4 billion) according to Reuters. "We want to increase the scale in order to reduce costs and provide better services to our customers," explains Ms Zarkani.

Although Marinetrans' clients are the shipping companies, ship parts are essential and Marinetrans has not experienced the difficulty felt by the rest of the sector. After more than 26 years of successful operations, it is time to give back to the people that made their success happen, states Mr Fausko.

"Many of our employees are from the Philippines, so we want to give back to them. We are building a 2-story feeding centre and auditorium for Dagatan Elementary School in Lipa City, Philippines. 30% of the children at that school are malnourished, and we will now be able to feed them breakfast/lunch and dinner for the children and their families."

"This is the first big social project that we do directly. We have no plans for new projects, as we need to finish this one first as see how it goes. After the feeding centre is finished we will still continue to support the school with food to the children and their families, so it will be an ongoing project for years to come." The feeding centre is expected to be operational at the end of this year. ■

Facts

- Marinetrans was founded in 1991;
- Now Marinetrans has 150 employees in 8 offices around the globe;
- The company works with partners in over 2,000 ports worldwide;
- The average yearly growth rate of Marinetrans is 15%;
- Marinetrans will feed the children of Dagatan Elementary School in Lipa City, Philippines twice a day;
- Contact Marinetrans via the website www.marinetrans.com;
- The report by Moody's can be downloaded at https://www.moody's.com/research/Moody's-Outlook-for-global-shipping-industry-is-stable-EBITDA-to-PR_365925