



Priorit-e

for the European Marine Industry- A Vision

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Austrian Marine Equipment Manufacturers
Marketing Forum der österreichischen Marineausstatter

Introduction

The European shipbuilding community comprises several extremely active national associations and clusters in various countries supported in many ways by their governments and non-government organisations.

These admirable activities are masterpieces of marketing and export promotion, one only needs to consider the Dutch Maritime Cluster, the Norwegian Export Initiatives, the British Maritime Cluster, or the Danish Export Offensive, to name only a few in the Northern hemisphere.

In Southern Europe the community is also active in all respects. France, Spain and Italy have been supporting their shipbuilding industries wherever possible.

Germany is clearly spearheading the struggle for subsidies conversely, there is no other country in Europe less protectionist.

This is only a reflexion of the kaleidoscopic market situation, which over hundreds of years have been so typical and so fascinating about Europe.

Seen from a EU point of view, a much higher level of integration and solidarity has to be achieved - e-business could contribute a lot to reach this goal!

The European shipbuilding community never was afraid of adopting e-business, but there were some specialists around who were fully aware of three facts that have been overlooked by some bold protagonists of e-business.











First

Shipbuilding and shipping an industry that by it's very nature never had to go global can not be benchmarked, nor even compared with the automotive or aerospace and airline industry. However, the temptation is very strong and some "experts" still continue to do so.

There is only one industry similar to shipbuilding and shipping and this is the Hydrocarbon Processing Industry, - in other words refineries and petrochemical plants.

Since conception, companies like SHELL or EXXON/ESSO have been facing similar problems or challenges to the builders and operators of ships.

Common issues such as:

-  complexity of the plants and equipment
-  life time of a plant up to 30 years and more
-  inspection, repair, maintenance
-  predictive and preventive maintenance
-  time between overhauls
-  refurbishing and retrofitting
-  re-engineering
-  spare parts handling
-  supply chain management, and
-  life cycle costing,

have been dealt with by the Hydrocarbon Processing Industry far ahead of our own, leaving our industry to adapt, rather than invent, new solutions.



Second

Products and services in shipbuilding can in no way be easily standardised because of the huge diversity of ships being built in Europe. No ship has an absolutely identical equivalent sistership, not even main propulsion engines are standardised. A leading engine manufacturer in Europe might have several hundred variations within one generic line of models according to the wishes and specifications of the owners. This clearly illustrates the difficulties faced in creating any form of cohesion between enterprises.

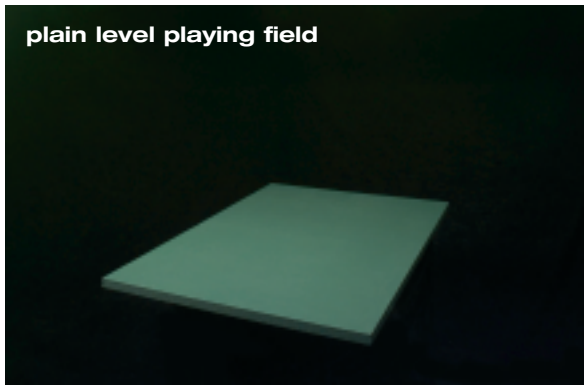
Third

There never was a dramatically urgent need for a change in the procurement philosophy of the high class, - high tech shipbuilding community in Europe. Europeans have clearly demonstrated - versus the USA and Japan, - that they are capable of handling the most complex logistical tasks, when they build cruise liners across the spread of Europe's geographic and ethnic regions.

Bearing that in mind the MIF-Ad Hoc Working Group on e-business developed a vision for the entire industry, entitled:

"Priorit-e for the European marine industry".

In order to preserve and secure **Priorit-e** for the European marine industry shipowners, shipbuilders, marine equipment suppliers and allied associations will jointly provide a "plain level playing field" for the entire European shipbuilding community.



This initiative will contribute to a double figure share in worldwide shipbuilding - a prerequisite for successfully defending Europe's leadership in technology, expertise and skills. It will maintain the close relationship between shipyards and marine equipment suppliers, and it will guarantee the scope for improvement through feedback on equipment performance.

The SMM Exhibition in Hamburg clearly demonstrates that Europe leads the worldwide shipbuilding league in terms of innovation and quality.

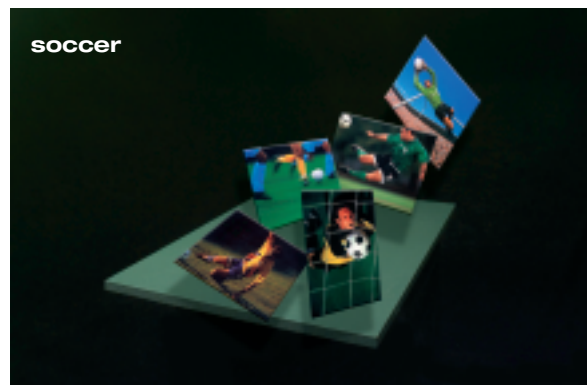
But if Europe continues to give economic aid to the rest of the world for free - with no appropriate protection of the intellectual property, the industry will no longer be able to finance R & D and remain attractive for rising generations.

This Working Group has a vision, European entrepreneurs and managers have the knowledge, expertise and skill to lead the shipbuilding industry into a challenging future.

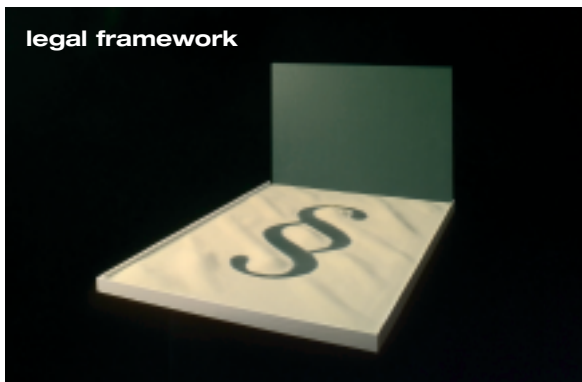
All that this industry needs is a secure environment for fair business.

The members of the MIF, the European Parliament and the Commission are invited to support this vision!

The network can be compared to that of a sporting event being played on a „level playing field“ where players, or participating companies, are regulated by the rules of the league. Infringement of the rules can result in the offending player being cautioned, or in extreme cases, sent off for a predetermined period.



This industry needs a plain level playing field, a uniform set of rules, or legal framework, and a referee.



The rules that will govern the initiating, conducting, providing and monitoring of a defined European e-business park will be based on a regulatory framework under private law between the European shipbuilding community and a specified number of accredited operators of electronic “building sites”.



The plain level playing field will be given a legal framework and thus will be transformed into an e-business park where operators and providers of electronic market places/vertical portals, data bases and other electronic information systems and services will be given a permission for the erection of their construction sites. They will have

to apply for a building license and an ID in order to secure user confidence, observation of the rules, protection of intellectual property and the exclusiveness of European products and services. The vision of the Ad Hoc Working Group on maritime e-business is of the creation within five years of a commercial network that will allow European companies to exclusively conduct commercial transactions and information exchanges in such a way to preserve the integrity of their products, protect their financial interests, and increase the European competitive edge over the outside world.

The picture below illustrates the diversity of vertical portals (arches) and data-bases (bookshelves) deployed in the e-business-park.



Participants in the game will see a cost advantage over their external competitors through shortened time to market. They will also benefit from a self-regulating quality regime.



Of course, the vision of a game is only a simile, but the image is enduring. The European football league’s players have to abide by the rules of the European cup competition, but they are not banned from individually competing in other arenas. The outside world will act as spectators, and even make bids for the services of players, but not compete in the event itself. This is the way the playing field should act.

It is envisioned that a steering group to the governing body will draft an authorised membership list. Nominations in the first instance will come from CESA, EMEC and AWES. Companies that are not members of such associations or are from future partners in the EC would be invited to join on a case-by-case basis once the governing body is established.


Accreditation of constructors, issuing of IDs and monitoring of events in the “playing field” will be transferred to a “referee” -committee composed of representatives from the European marine industry, their legal advisors and observers from the European classification societies.



The resources required will be as follows:

-  a project manager to oversee the design and construction of the maritime e-business network.
-  a temporary steering group to give strategic inputs, monitor the construction of the

network and, to recommend the membership of the network.

-  A governing body, seconded from the marine industry to make rulings on the conduct of participants in the “game”.

The maritime network would be based in the E.C. The Ad Hoc Working Group proposes a business network that is open to European companies within the marine supply chain wishing to conduct business in Europe.

It is proposed that a product catalogue based on the marine e-business standards of EMSA will form the basis of all product descriptions, technical data exchanges and transactions of information.

Following the principles of a free market economy, portals and data bases will be established, operated for a while, refurbished and renovated and if necessary demolished thus providing space for new ideas, new solutions.



It is not the function of this Ad-hoc Working Group to specify the method, only the vision. The transaction method will be subject to agreed common law, and will probably be based around existing standards and will not require substantial reworking of existing solutions.

Access to the e-business park should be given to all EU accredited organisations and their members plus

Norway and its maritime organisations,
Switzerland and its maritime organisations, if any,
EU candidates and Croatia,
European Classification Societies and ABS.

Taking ABS American Bureau of Shipping on board will consequently result in allowing the U.S. Coast Guard and the U.S. Navy to enter the playing field in the spirit of an Atlantic Alliance.

The U.S. COAST GUARD Deepwater System Program has not only the potential to extend over up to 30 years, with an approximate value of 17 billion USD, it has also a potential for marine equipment supplies from Europe, as U.S. shipyards draw heavily on these supplies and marine concepts and services. The CANADIAN COAST GUARD will face a very similar situation.

The current deepwater assets are aging and technologically obsolete, the new fleet of Coast Guard vessels will feature state of the art common systems and technologies.

European technologies – not only military but also commercial expertise – will be desperately needed also from a time frame point of view.

The U.S. Navy is in a process of inventing itself. It faces a similar problem that confronted the naval powers at the turn of the last century – Dreadnoughts at that time, aircraft carriers today. The rebuild program of the U.S. Navy will focus among others on a new ship design concept that will revolutionise the Navy builds and fights ships in littoral waters.

This again will involve technologies where European marine equipment suppliers can provide tailor made solutions.

Access to the e-business park

All EU accredited maritime organisations and their members, maritime organisations of Norway and Switzerland and the EU-candidates

- **shipowners:**

ECSA



- **classification societies:**

IACS / EURACS



ABS



- **shipbuilders:**

CESA



AWES



U.S. COAST GUARD



CANADIAN COAST GUARD



U.S. NAVY



- **equipment suppliers:**

EMEC

