



## *How port operators can confront a surge in industry consolidation.*

After decades of rivalry, regional shipping ports are joining forces in an effort to make themselves more attractive to the world's top ocean carriers. The trend has been sparked by consolidation in the shipping industry which threatens to cut some ports out of lucrative global trade routes.

In 2018, the world's largest shipping companies formed three alliances which, together, will control around 90 per cent of global shipping traffic. The alliances plan to save costs and improve efficiencies by packing more cargo onto larger vessels. As a result many are likely to make fewer stops, thereby bypassing some ports altogether.

In response, port operators are scrambling to retain their traffic and find ways to increase operations in this changing market. As well as examining every facet of their operations, many are considering forming commercial relationships with other ports in their region.

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Ports need to forge new alliances in order to face the challenge of shipping industry consolidation.

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### Creating new port agreements

The new agreements between port operators are being facilitated by the sharing of information about current operations and future plans. This is allowing aligned ports to understand where others are making investments and guide their own future spending.

Rather than simply competing with every other port in their region, some operators are seeing value in specializing in the types of cargo they handle while leaving other types to another port. For example, Port A may opt to investing in its container handling capabilities under an agreement with Port B that will vie for mixed cargo shipments.

Such specialization is attractive for port operators as it allows them to create a point of difference when negotiating with shipping companies. The operators can also make capital investments safe in the knowledge that they will not be competing with other nearby ports for the same types of shipments.

The forging of mutually beneficial agreements with other ports will rely on the sharing of accurate data about operations. Rather than keeping their cards close to their chest as has been traditional, operators must be prepared to reveal details of everything from throughput rates and productivity to vessel turnaround times and equipment utilization.

Some agreements between operators could lead to official alliances under which multiple ports are combined under a single agreement. This would result in further improvements in productivity and the sharing of back-end processes.

In this scenario, the terminal operating system (TOS) used within each port becomes critical. It must be able to handle the now specialized cargo moving through the facility as well as provide accurate data for shipping companies.



Ideally, the same TOS will be used in each port location, allowing seamless sharing of data and the streamlining of administrative workflows. It will also allow for accurate future demand forecasting so facilities can be confident they will be able to handle any increases in demand.

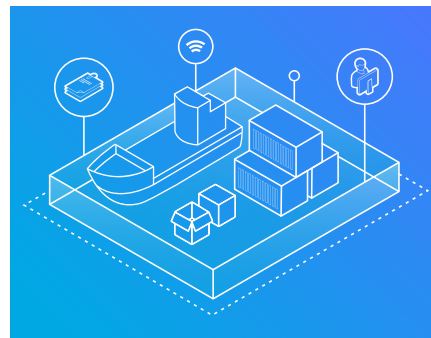
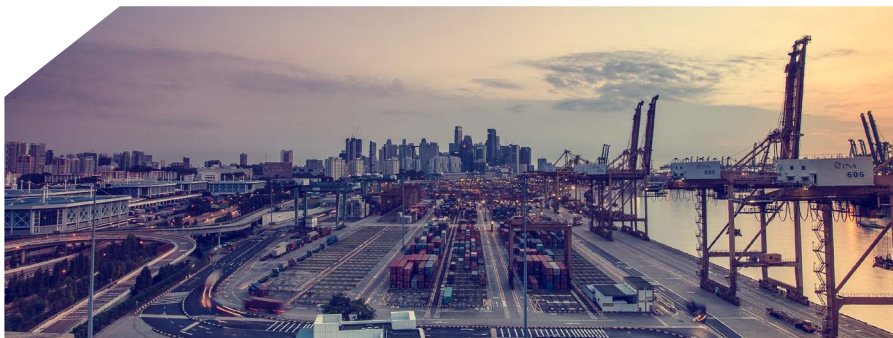
### Boosting appeal for shipping companies

As well as creating new working relationships with other ports, operators must also ensure they are making themselves as appealing as possible to the shipping companies. The companies must be confident their vessels can be loaded and unloaded swiftly and administrative processes handled with the minimum of fuss.

Here, the TOS again plays a critical role. Firstly, the TOS is used to accurately plan shipping movements to ensure vessels are not forced to wait for long periods for a berth to become available. Shipping companies can plan their journey times to ensure minimum turnaround times are achieved as often as possible.

Secondly, the TOS will aid the management of any warehousing facilities made available to shipping companies for storage of goods prior to or post journey.

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*Implementation is the key to success, and our implementation record is second to none in the industry. Our proven and robust methodology, partnership approach, thorough training and unrivaled implementation timeframes deliver tangible results fast.*

*Jade Logistics has been designing, building, and supporting innovative logistics software since 1993. Our experienced people understand the global logistics industry and are the foundation on which we build long-term relationships with our customers.*

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Some port operators are also looking at making investments in their facilities to better accommodate the larger vessels now being used. Improvements can include dredging channels and installing larger cranes. Such investments can be co-ordinated with other port partners to ensure duplication is avoided and a financial return is achieved.

By taking such steps and creating working agreements with former rivals, port operators will be in a much better position to retain and grow their shipping traffic.

Those that opt not to follow such a path risk losing their business as shipping companies opt to use specialized facilities with efficient processes in place.

The global shipping industry will continue to evolve and it is vital that port operators constantly examine and evolve their facilities to ensure they match market demands.