

Chinsay AB

Corporate Governance & Cost Control – Driving ship-chartering agreements online

Over the past two years 50 companies active in the dry bulk industry have started standardising and organising their ship-chartering agreements online using the Chinsay Recap Manager. Considering the industry and the magnitude of these companies, the move to digital agreements and online approvals has come about with lightning speed. What were the drivers of this sudden shift into the digital age?

1. Lower costs

With the persisting economic climate and volatile markets it is prudent to keep costs down; to control what can be controlled. However, a consequence of reduced spending is often increased operational risk and this leaves companies to weigh lower costs against the risk of reduced quality of goods or service.

By using a web-based contract management tool, such as the Chinsay Recap Manager, companies can lower their costs and reduce their operational risk simultaneously. The standardisation of recaps, clauses and CP forms speeds up charterparty creation and information retrieval for every part of the organisation. As a positive side-effect companies find themselves with significantly reduced risk of human error and the possibility of 20% reduction of time spent in administration.

In the words of Niels Wage, Vice President Freight at BHP Billiton: “the Chinsay system is a good tool that will help the whole industry getting more disciplined and organised; this is essential in today’s environment. In addition, it will allow us to increase productivity and reap significant cost-savings throughout our operations.”

2. Supports Corporate Governance

The accountability and integrity of a business’s core processes and documentation is essential to its survival. Companies such as Cargill have realised that there has to be systems and processes in place to support corporate governance in order for all to be truly compliant. By using the Chinsay Recap Manager, Cargill can ensure compliance with internal and external ship-chartering regulations. They can rest assured that all charterparties are based on original charterparty forms. They can easily see if text has been amended and can control

the contents in the rider clauses used by their traders.

Tom Beney, Business Development Manager at Cargill comments: “The Chinsay Recap Manager has allowed us to improve efficiency in the handling, storing and distributing of documents involved in our shipping contracts. The product gives the users a simple, efficient way to create, organise and store their documents.

The search function gives fast access to all data within the contract. Having completed the rollout to certain areas of our business, we are already experiencing even greater benefits than we expected.”

3. Stores full audit history

Few people would like to think that any agreement made would ever result in a legal dispute. But on those rare occasions when it does, one wants to be prepared. With complete audit trails back to the creation of the recap, through subjects lifted and approvals of documents, a good tool should cover all aspects of the process.

The support of an online contract management tool helps companies not only to avoid mistakes that could lead to arbitration, but also to state the facts should it be necessary.

4. Provides performance information

One great advantage of creating and approving ship-chartering documents online is that the standardised information allows management to analyse the performance of desks, individual users and even counterparts. Dashboards and reports with Key Performance Indicators (KPI) allow users to increase efficiency and quality in their ship-chartering processes. The Chinsay Recap Manager would, for instance, provide you with data such as average duration from the creation of a recap to the fully approved charterparty and the status and next step required for any document.

5. Infrastructure in place

The final driver behind the shipping industry’s move online is that the technology is ready. Bandwidth provides sufficient speed and computer literacy is high.

For an industry as intrinsically global as the



shipping industry, the accessibility that the Internet provides, constitutes the corner stone of the new way of managing documents.

With the balance between accessibility and security well managed, companies realise that they have found a way to securely share information between departments, offices and across continents without the risk of sending illegible faxes or circulating paper copies across the globe.

Experience confirms benefits

Charterers, operators and ship-broking houses around the globe are moving their ship-chartering agreements and approvals online. The drivers can be summarised as the universal wish for running an operation that is both low cost and high quality. Chinsay clients’ experience from both tank and dry cargo divisions proves that it can be achieved by using the Chinsay Recap Manager.

About Chinsay

Stockholm-based Chinsay is an independent company founded in 2000 by chief executive Dag Sundén-Cullberg with more than 30 years of experience from the shipping industry.

Chinsay’s core product, The Chinsay Recap Manager®, facilitates the creation and tracking of fixture agreements online in a single system and in a standard format.

The Recap Manager was released following a six-year development and testing phase, and comes in tank and dry cargo versions. Clients include Koch Shipping, BHPBilliton, Cargill, ArcelorMittal and all major broking houses.

For further information, see website: www.chinsay.com