



Sunk without trace — or how the internet learned to cope without ShippingBabes

Remember the great millennial maritime dot.com bubble? **Paul Berrill** recalls the sites we'll never see again, and asks whether shipping will ever embrace online completely

○ About 100 shipping internet sites exploded onto the scene during the dot.com boom from 2000. Only a few still survive.

High-profile players such as LevelSeas, Setfair and MaritimeDirect burned large piles of investment capital without making any commercial impact.

And yet online transactions are now everyday to us — and many of the processes envisaged by the dot.com pioneers have become as normal to the shipping industry as to everyone else.

Some who were there suggest we have come full circle and it is time to reconsider many of the ideas, although they admit the original business models should be forgotten.

The maritime dot.com boom certainly had its moments. Who can forget ShippingBabes, which at least made a lot of people laugh, but how many remember a bizarre venture to buy a fleet of ships with an early crowd-sourcing attempt? CyberShipping hoped to assemble a multitude of \$10-a-head investors.

However, the brightest star, and the one that crashed hardest, was LevelSeas. The online chartering platform went through \$43.5m invested by 29 big-name backers before a last-ditch attempt was made to sell it to an also-

struggling oil industry dot.com. That plan may have convinced other shipping publications, but on 1 August 2002, *TradeWinds* broke the news of LevelSeas' demise.

LevelSeas was set up in early 2000 by BP, Cargill, Clarkson and Shell. Other major shipping investors soon joined, including AP Moller, BHP Billiton, Bocimar, Glencore, Chevron and Rio Tinto Shipping.

The chartering platform aimed to change the way ships were fixed, but the plan to cut brokers out of the business was fatally flawed. LevelSeas never worked well enough for anyone to want to use it, even the charterers who would theoretically benefit by dealing direct with shipowners.

Critics claimed the LevelSeas system was much more clunky than the phone and email broking it was supposed to replace, and brokers, owners and charterers were angered by an arrogant attempt to tell them how to run their business without understanding its intricacies.

Fast-forward to 2015 and much has changed... but a lot has not.

Jeremy Penn, chief executive of the Baltic Exchange, whose own attempts at a ship chartering platform and freight derivatives trading system have failed over the years, was amazed at how

little drive there was for technological innovation when he joined the industry 10 years ago.

"I was reliably informed that many people in shipping were barely capable of switching on a computer, and that email was as challenging a technology as they were interested in using. That was large borne out by what I saw," says Penn. "Things have changed considerably in the last 10 years and yet I still ask why there is so little demand for integration and pulling things together in a way that is really functional."

Survivors of the dot.com boom were, in the main, providers of online tools that did a single job — such as Q88's vessel questionnaire documents or Chinsay's chartering contract recap systems. Many people want to see standardisation that would allow these tools to interact. In effect, they want a one-stop shop, like LevelSeas, but without the bullshit.

"The idea that you would have charter parties in all their various forms and with all their different clauses set up on a centralised, or your own, system so that you could automatically generate them and tie confirmations to them would seem to me to be a basic idea in other industries," Penn says.

Electronic bills of lading and straight-through trading for FFAs are also still vehemently opposed despite the strong common-sense reasons for using them.

The internet is much more powerful and reliable today, and the data and systems that elaborate early online sites lacked are now available. Cloud computing is largely accepted too.

But one shipping software expert who has seen it all from the early developments in the 1980s says: "We are back at square one. The market is fragmented and big brokers are developing their own networks or buying in services."

Online business is ubiquitous, but it also threatens to overload us with too much data. With brokers estimated to receive 6,000 emails a day, systems exist to weed out unwanted information and present important ships and cargoes upfront in a structured way.

But most players still believe that they are playing a game of poker — and keeping their cards (ship or cargo information) close to their chests is the best bet. "I want to keep my off-market cargo off the market. The last thing I want is every broker ringing me up," says a chartering manager of one big commodity trading group.

But the great game-changer is arguably automatic identification



system (AIS) vessel tracking, which gives everyone the ability to know where ships and cargoes are. Used intelligently, it could tip the scales in finding a competitive edge.

"We are approaching real-time journey planning. It could affect the way charter agreements are made," says Argyris Stasinakis, partner at AIS services provider MarineTraffic.

Again, though, Penn is questioning: "Everybody uses AIS in one shape or form, but I wonder to what degree it is really integrated into their businesses."

Peter Andersen, another of the dot.com pioneers at ShipDesk, which was backed by Tufton Oceanic, says: "A lot of good ideas came out of the creative madness."

Andersen is now at Q88, a company pushing the idea that cloud computing allows the industry to bring several online voyage-management systems together on one screen for a spot of do-it-yourself process harmonisation.

And the times they are still a-changin'. Andersen notes a similarity between four of the biggest new online businesses in the wider world: Uber has no taxis, Facebook no content, Alibaba no inventory and Airbnb no property. Is anyone really ready for virtual shipping? ☼

✦ **Dot.com survivors** include vessel-supplies procurement site ShipServ and broking information platform AXS Marine, plus container line booking portals INTTRA, GT Nexus and CargoSmart. Among the online tool providers that still exist are Chinsay's recap manager, Dataloy's distance table, Pole Star's ship-tracking service and the Q88 vessel detail information-sharing site.

01 Baltic Exchange chief executive Jeremy Penn was 'reliably informed that many people in shipping were barely capable of switching on a computer' (Photograph: Chris Prevoulos)
02 Dot.com veteran Peter Andersen, now at Q88, maintains that 'a lot of good ideas came out of the creative madness' (Photograph: Cynthia McIntyre)