

IBM

Agenda

- Discuss the origins of the business at hand...
- Discuss technology as it applies to it
- Discuss how to make it work for you and your port or terminal
- Leave you with pithy sayings that also are true and useful





History Tour in 60 seconds...

- First constructed boats date back some 45,000 years
- Fishing and transportation main uses
- Concept of Navigation dates back to about 5000 years
- First "carriers" date to about 4500 years ago in India
- China develops a maritime culture
- Phoenicians develop seafaring skills in ancient times
- Greek maritime culture
- Hanseatic league Middle ages
- Spanish mid 16th century The age of Sail 1571 – 1862
- Clipper ship age
- British Navy mid 16th to WW 1
- Development of the container 1780's to 1830's to Malcolm McLean in April of '56.
- The Rest is history....







Key Themes you need to know about injecting technology into your port, your terminal, your work...

- Technology is a tool foremost to achieve your desired results...
- Like finance, you can't time this market so don't try...
- Since technology is a tool, it needs attention to maintenance
- Factor in costs at every point of your port or terminal operations
- Know or model your ROI <u>repeatedly</u> and act accordingly
- Assume technology needs to be embedded as early as possible in every project – build capacity ahead of use.
- All data isn't information and all information isn't knowledge and all knowledge is certainly not wisdom...
- Communcate internally throughout any technology project
- Consider using existing models, advisors, professional orgs. etc.
- Have a plan that allows flexibility and growth and seeks leverage



Technology isn't the problem – Process is...

Information Technology Maxims ?:

A poorly planned project will take three times as long as projected to complete....

A well planned project will only take two times as long.

Inside every application is a good idea struggling to get out

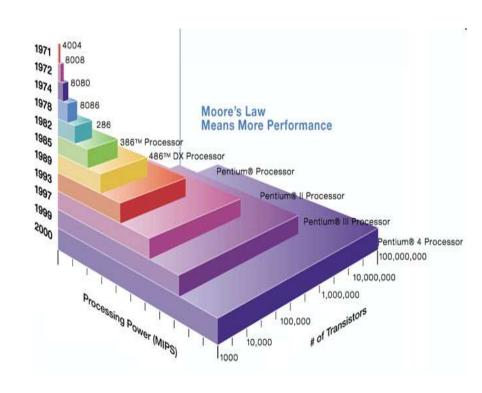
Interoperability won't

Any program when operating is obsolete



Systems are the province of human minds...

- Moore's Law (Gordon Moore Co-Founder of Intel) Compute power doubles every 18 months to 2 years. (as defined by transistors per square inch) Remarkably accurate for over 4 decades
- Interesting parallels cost of production plants doubles per every chip generation
- Grove's law (Andy Grove Co-Founder of Intel) =
 - "Technology will always win. You can delay technology by legal interference, but technology will flow around legal barriers".
- Bloat Successive generations of software will grow to consume the advances of Moore's law.





The Terminal Operations industry faces a number of challenges:

Industry Trends

- Industry returning to growth from downturn
- Increase in Capacity required- Growth is returning...
- Consolidation activity is high among terminal operators, carriers, and forwarders.
- Enterprise Standard Processes
- Scaling of Vessels keeps increasing
- Business Resiliency and Scalability are needed to Accommodate Growth

Increased Operational Complexity

- Higher throughput
- -- Land constraints, virtual containers yards
- -- Extended gate hours
- -- Introduction of Automated Container Handling Equipment (CHE)
- Providing Tracking and Visibility to Clients

Technology

- Align IT Strategy with Corporate Business Goals
- Design Corporate IT Architecture and Implementation Roadmap
- Increased Integration between TOS, ERP, Security and Equipment Automation Systems.
- Identifying and Implementing New Emerging Technologies

Customer Demands

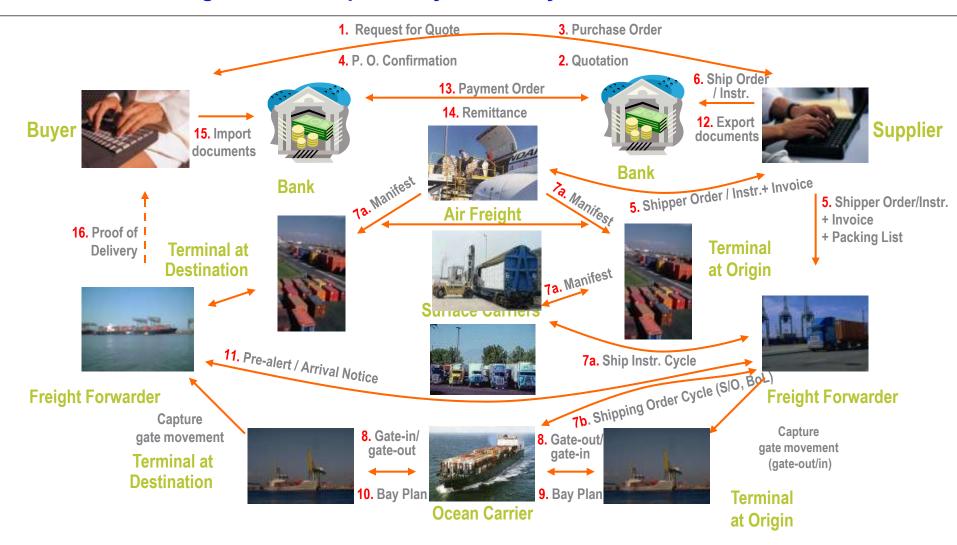
- Increased Global Relationships
- Collaborative Access to Information
- Adherence to Business Scorecard indexes (KPIs, SLAs)
- All parties in the supply chain looking to drive efficiencies and reduce costs.

Security & Regulation

- Increased political focus on anti-terrorist security and environmental issues
- Increased documentation requirements for trade compliance.
- Continued introduction of Physical Access Systems
- Balancing Security and Efficiency Goals



Understanding the supply chain and your place in it defines your operational and strategic objectives relative to all the other actors in the chain... Technology is a key tool and strategic force multiplier for you in today's markets....





Ports, Terminals, and Customs Strategic View

Attributes

Critical
Important
Commodity

	Global Policy & Programs	Emergency Preparedness & Response	Port Management	Cargo Management (Air, Sea, Land)	Traveler Clearance& Visitor Tracking	Citizenship & Immigration Services	Intelligence & Enforcement	Revenue & Account Servicing	Enterprise Services
	Global Trade Facilitation Strategy	Port Facility Emergency Preparedness Strategy	Marketing Strategy	Strategic Trade Planning	Transportation Security Strategy	Immigration (Visitor) Policy and Program Planning	Enforcement & Risk Management Strategy Intelligence &	Account Servicing Strategy	Enterprise Strategic Plan
Strategy & Planning	Global Border Protection Strategy	Emergency Response Planning	Security Strategy		International Relations and Collaborations		Information Sharing Strategy	Account Management Strategy	Budget & Capital Planning
	Industry Partner Strategy		Operation Planning	Cargo Operations Strategy	Baggage Strategy	Citizenship Requirements, Process and Quotas	Special Programs Planning		Personnel Policy & Workforce Planning
	International Agreements	Port Facility Preparedness Monitoring	Brand Management Statutory &	Performance Monitoring	Travel Security Performance Monitoring	Visit Management & Visa Compliance	Intelligence Effectiveness Monitoring	Servicing Oversight	Regulations & Rulings Grants Mgmnt& Control
Manage-		Tactical Operations Monitoring	Regulatory Compliance	Clearance Process Liquidation					Workforce Mgmnt & Resource Balancing
ment	Industry Partnership Performance Monitoring	Situational Awareness	Monitoring Process Security	Trade Compliance Monitoring	Travel Security Testing & Auditing	Citizenship Monitoring and Auditing	Enforcement Operations Performance Tracking	Importer Process Quality Control	Legislative & Public Affairs Privacy Policy & Advocacy
Oper- ations	External Market Analysis	Emergency Response Command, Control, Collaboration & Integration	Logical Security	Trade Prog Admin	International Traveler manifest review and pre-clearance	Passport (Travel Document) Application and Renewals	Intelligence Collection, Analytics, & Products	Account Maintenance Services	Human Resource Management &
			Port Logistics & Operations	Pre-Clearance Management					Professional Development
	Service Innovation & Channel Management	Situational Awareness	Classification & Revenue Assessment (Port Charges, Duties, Taxes)			Visa Application Processing	Targeting & Selection	Integrated Contact Management	Departmental Accounting & Procurement
	Joint Ventures		Container Security Monitoring	Tracking, Screening & Inspection – Vessel & Cargo	International Traveler Clearance (Arrival/Departure)	Asylum and Refugee Management	Investigations	Billing & Payment Processing	Facilities & Asset Management
		Emergency Response Resource Management	Supply Chain Monitoring	Cargo (import) Screening & Inspection	Land, Air, Sea, Rail				Revenue Accounting & Forecasting Grants Application
	Global Information Integration & Collaboration			Agriculture Inspection	Domestic Travel Security Screening	Visitor Tracking: Arrival/Departure	Enforcement Activities	Account (Receivables)	Processing Advanced Research
		0 % 11 6	Physical Port Security	Laboratory Operations & Scientific Services			Enforcement Case Management	Management & Collections	Programs Technical Reference &
	Domestic Information Sharing & Collaboration	Critical Infrastructure Response	Port Employee Identification, Access Control & Monitoring	Warehouse Management Cargo Release	Baggage Screening	Citizenship Case Management	Seizures & Controlled Deliveries	License Permit & Registration Processing	Knowledge Worker Support Privacy Impact Analysis

You are unique in your ability to provide the integrated vision that will make the your terminal or port a model for the future, not just an idea...

- What does the model need from you to succeed:
 - You are operating with a detailed plan and understanding of the industry and the part in which it plays in the global supply chain and trading communities...
 - You are investing heavily in the region's growth economically and in job creation and competitiveness...
 - You are prepared to advance pilots and demonstration projects leveraging our technologies in conjunction with your development partners...
 - You can enable an integrated vision of technology for the Terminal or Port while enhancing the physical build out and the total project viability and attractiveness to industry and customers
 - Your investment in integration of systems and processes produces higher profits, more customers and increased competitiveness

Key technology Implementation points to stress:

"Experience is the best teacher but the tuition is high:"

- Begin with the end in mind
- Take a step off first but remember that the steps are quick
- Process is soft but the value is hard stick to it.
- Capacity building is an enabling pre-requisite
 - There is a difference between investment and inventory
- Communicate, Communicate, Communicate (This can't be overemphasized)
- Information technology is an immature science and needs to be differentiated from engineering. This is a particular concern in established industries and in <u>engineering cultures</u>...
- Expect Wobble and address it when you see or sense it.
- Use all the help you can get and RTFM.
- Technology is too important to be left to the technologists
- Don't stand on the sidelines and expect glory.

Q&A





Leveraging Technology – Smarter Ports and Terminals in a Changing World...

D.H.Collins

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