EMBRACING CHANGE: UASC uses CargoSphere on the Asia-Europe and Asia-Mediterranean trades. Inset, CargoSphere president and founder Neil Barni. **Photos:** BLOOMBERG AND CARGOSPHERE

Lines warm to online rate management systems as times get tougher

Top carriers to pilot platform project offering a neutral market for freight rates

Ian Lewis **London**

Liner operators have been slow to adapt to digital technology because they did not have to — but a new generation at the helm is helping change things, argues a US-based technology pioneer.

Tough times are pushing carriers and shippers to adopt rate-setting technology, which, despite being around for a while, is only now being adopted by a handful of leading liner operators.

"It's happening now," said Harry Sangree, executive vice-president of US-based CargoSphere, which promises to smooth digitally the rate-setting process between carriers and forwarders.

Sangree, a veteran of the digital container industry, says things have changed with the bankruptcy of Hanjin Shipping and the wave of ongoing mergers.

Ocean carriers were often centrally run, family owned businesses that did not need to make changes.

"It's only now that the economic pressures are so great," Sangree said. "There's a changing of the guard also in the industry, where younger people are coming in who are more used to technology."

Sangree argues that the liner industry did not trust the Internet or believed the solutions it offered could work.

Innovation took place in other mainstream areas of the business, as reflected by the introduction of slow steaming.

However, carriers and forwarders are turning slowly towards cloud-based technology solutions.

Last year, United Arab Shipping Co (UASC) started using CargoSphere on the Asia-Europe and Asia-Mediterranean trades, a move that spurred interest from other carriers.

This year, two top-10 carriers have agreed to pilot CargoSphere and he says another two are expected to follow suit before the end of the year.

Leading forwarder Kuehne + Nagel adopted the technology last September.

That provided a breakthrough for CargoSphere, which formed in 1999. It has evolved over time to provide confidential freight rates to forwarders, without the time-consuming process of manually inputting data. It argues that this reduces the procedure of agreeing the freight rate from two to four days to a period of hours.

"When UASC proved this could work, then we had a lot of interest from other carriers," Sangree said.

That appealed because "the carriers have huge pressure on their bottom line. And the forwarders have to find ways to do things more cost efficiently. Technology is an obvious place to look."

Carriers have made no secret of their interest in digitalisation.

But Sangree believes the market needs a "neutral central, platform" and does not expect a system launched by a single carrier to appeal to the market.

In the meantime, CargoSphere looks set to compete with a plethora of start-ups that have entered the same space. Sangree says not all are likely to survive but there are enough niche areas in the freight-rate segment "where companies could work and not kill each other in the next few years".

"Perhaps in the next 20 years, someone will roll them all together into one big company — but it's a long way off," he said.

Ahrenkiel Steamship vessels hit the buffers

Ian Lewis **London**

The Ahrenkiel Steamship Group is losing more boxships as a recovery in the container market remains as elusive as ever.

Insolvency proceedings have begun on five of its 2,800-teu boxships after attempts to raise extra capital — amid hopes of a market recovery — were abandoned.

Bankruptcy proceedings have begun on the KG (limited partnership) companies owning the 2,824-teu *Cimbria* (built 2002), and *Carinthia*, *Cordeli*, *Cardonia* and *Carpathia* (all built 2003).

The move paves the way for the sale of the containerships from the stable of Ahrenkiel's parent company, MPC Capital, which recently sold three panamax boxships to Chinese buyers.

Last year, stakeholders were presented with a rescue plan that would have meant injecting further capital into the companies.

IN THE FIRING LINE: Bankruptcy proceedings have begun on five vessels, including the *Cimbria* (pictured). **Photo:** AHRENKIEL

But the charter market for vessels is still weak, with the ships restricted to short fixtures at low rates of around $6,000 per day.

The sub-panamax boxships have been handed over to the administrator a month after the sale of three other former Ahrenkiel-managed vessels.

The DSME-built, 4,380-teu sisterships *Stadt Marburg*, *Stadt Coburg* (both built 2009) and *Stadt Freiburg* (built 2010), which entered into insolvency last October, are understood to have been sold to Chinese domestic carrier Quanzhou An Sheng.

Alphaliner reports that the ships will join the Chinese carrier's fleet, which comprises a handful of other classic panamaxes bought from German owners.

These include the 4,298-teu *Ren Jian 8* (ex-*Conti Galaxy*, built 2006), 4,713-teu *Ren Jian 9* (ex-*HHL Atlantic*, built 2002) and 4,298-teu *Ren Jian 10* (ex-*Conti Tianjin*, built 2006), which were purchased from German owners in 2013 and 2014.

MPC Capital says it will focus on the feeder containership sector, although it has also expanded in the bulker sector, forming a joint-venture with H Vogemann last November.

Last year, it sold eight 8,400-teu boxships for $398m.

In its annual report, MPC Capital says it plans to expand its fleet of around 100 containerships and bulkers in the long term but does not expect a substantial recovery in the shipping markets this year.

Wehr sells last panamax

Ian Lewis **London**

Reederei Oskar Wehr has sold its last panamax boxship.

The 5,089-teu *Wehr Hong Kong* (built 2006) has been sold to Chinese interests for around $7.2m.

It follows last month's sale of the 5,089-teu *Wehr Singapore* (built 2005) to China's Shenzhen Hui Hong for a slightly higher price of about $6.9m.

The deal marks the latest in a string of containerships sold by Hamburg-based Wehr as it winds down what was an 11-strong boxship fleet in order to focus on dry bulk.

It has sold six of eight 2,500-teu containerships in recent weeks, while retaining the 1,730-teu *Wehr Schulau* (built 1999).