Softmar Chartering and VesselOps

CHARTERING/VESEL OPERATIONS/FREIGHT RISK MANAGEMENT
The Business Requirement for Managing Freight

With roughly 90 percent of the world’s traded goods transported by sea, the ability for ship owners, operators, and charterers to control the cost and risk of transporting freight—including freight rate volatility—is key to managing overall supply chain cost and enterprise risk. Yet industry surveys show that many companies are still attempting to manage chartering and vessel operations with spreadsheets. This creates information silos and presents greater risk of human error.

Companies wishing to operate with a complete picture of enterprise position and exposure must deploy an advanced software solution for chartering, vessel operations, and risk management. An advanced solution enables organizations to make better freight decisions with accurate and real-time information exchange. In today’s volatile marketplace, complete transparency and fast access to actionable information is the difference between sinking and swimming.

Softmar Chartering & Vessel Operations

Voyage Estimator
- Estimate business P/L before fixing
- Analyze cargoes, vessels, load and discharge
- Optimize dry cargo, gas, tanker and parcel operations

Cargo Tonnage Management
- Maintain cargo commitments and open tonnage
- Monitor cargo types
- Match cargo to potential vessels

Voyage Management
- Manage all post fixture activities
- Track daily operations
- Compare actual vs. estimated P/L

Vessel Management
- Maintain technical and commercial vessel description
- Catalog physical details; speed, bunker consumption, etc.
- Track commercial details; dates of purchase, sale, etc.

Risk Management
- Net true freight position; outward vs. inward
- Manage FFAs and Options to hedge
- Analyze exposure normalized to Baltic prices

Softmar Chartering and VesselOps Overview

Manage freight volatility with a direct data feed from The Baltic Exchange, Ltd.

Softmar Chartering and VesselOps™, provides the leading software for owners, operators, and charterers to manage commercial chartering and vessel operations. Chartering and VesselOps efficiently handles all chartering, post-fixture activities, and financial aspects of commercial vessel operations. The next generation shipping solution provides a global view of vessel movements, availability of market cargoes, and existing cargo commitments. Chartering and VesselOps enables the commercial maritime community to make more informed and proactive decisions, streamline day-to-day operations, and protect profits.

Developed with over 50 years shipping and vessel operations experience, Chartering and VesselOps is being used by over eighty clients and 2500+ daily users around the world to control fleets ranging from 5-10 vessels to over 500 vessels in the Tanker, Gas, and Dry markets. The solution increases profitability.
with better planning and chartering decisions; increased operator productivity and higher fleet utilization; and automated invoicing and streamlined processes between chartering, operations, and accounting.

Softmar Chartering and VesselOps manages all key areas of commercial vessel operations:
- **Chartering Solutions**
- **Vessel Operations**
- **Freight Risk Management**

**CHARTERING**

Chartering and VesselOps provides the most comprehensive system to manage the pre-fixture activities of a commercial operation including voyage estimating, cargo management and vessel management.

**Voyage Estimating**

Chartering and VesselOps analyzes any combination of cargoes, vessels, load, and discharge operations on a voyage and/or Time Charter (TC) relet basis. The solution is optimized for dry cargo, gas, tanker and parcel operations and handles consecutive voyages and voyage/TC combinations. The solution allows unlimited numbers of ports and cargoes per voyage and displays all key information on a single screen. Unlike time-intensive and error-prone spreadsheets, Chartering and VesselOps automatically analyses the potential profit or loss of market or controlled business before making an agreement to transport cargo.

**Key Functionality**

- Compute maximum cargo lift subject to cubic/draft constraints
- Optimize bunker lifting, taking into account cargo shut-out
- Analyze break-even freight rates and rates based on Time Charter Equivalent (TCE)
- Compare voyages and vessels
- Determine reposition credits
- Review key data on a single screen for proactive decision-making

**Cargo Tonnage Management**

Chartering and VesselOps provides a full view of all upcoming cargo commitments or open tonnage positions. The solution accommodates both a Cargo-centric and Tonnage-centric work environment. Once a cargo and vessel are matched, a single click will nominate the vessel.

- Cargo Overview provides a view of all Cargo Bookings or Contract with Liftings and laycans. The analysis tool provides real-time and detailed information on available cargoes and available vessels which could potentially lift the cargo. Customers can search on Market Vessels, Owned Vessels, or vessels on Time Charter.
- Vessel Overview provides a view of all vessels and when they are coming open within a given date range or specific zone. Available cargoes can be checked for potential business.
VESSLE OPERATIONS

Chartering and VesselOps effectively manages all the post-fixture activities of a commercial operation.

Voyage Management

Chartering and VesselOps enables operators to keep track of day-to-day operation, arrival, departure, loading, discharging, bunkering and disbursement accounting. Voyage results are updated in real time as new information is entered.

Key Functionality

- Track post-fixture daily operations including ETA and noon report
- Integrate with third party accounting system including Disbursement Account Services
- Calculate freight, demurrage, dispatch, and commission
- Automatic summary of estimated vs. actual Voyage P/L
- Display detailed breakdown of charges with one click
- Report directly from vessel or agent

Vessel Management

Chartering and VesselOps maintains a technical and commercial description of vessels for improved control and efficiency of vessel chartering.

- Technical description contains the physical details of the vessels: Length Overall (LOA), beam, Dead Weight All Told (DWAT), year built, flag, capacities, speed and bunker consumptions.
- Commercial description for owned vessels includes: dates of purchase and sale, bunkers, and daily operational cost. For vessels on Time Charter or Bare Boat, the commercial description includes all main terms from charter party, allowing calculation of hire charges, bunkers and commissions.

Laytime

Chartering and VesselOps provides an easy-to-use calculation system for laytime and demurrage/dispatch. The analysis tool measures the amount of time a vessel has actually stayed in a port (governed by contractual terms) compared to the time given as how long the vessel should have been in port (theoretical). The difference between the two determines if any compensation is due to either the controlling party of the vessel or the cargo.

The globe system replaces a conventional atlas and provides a real-time view of vessel operations in easy-to-read graphics for optimal route planning and proactive decision-making. The globe graphically displays routes steamed and distances between ports and cargo commitments around the world. Visually pinpoint the current position of the vessel, as well as when and where the vessel will be open for new business after its current employment. Look up ports and countries with the click of a button and plot noon day reports.

Extensive Ports/Distance database measuring distance pilot point to pilot point!
FREIGHT RISK MANAGEMENT

Triple Point’s add-on solution, Softmar Freight Risk Management™, analyzes position including Vessels, Freight Forward Agreements (FFAs), Contract of Affreightments (COAs), cargo bookings, cargo relets, and options. The advanced solution graphically displays a consolidated view of total physical and paper freight risk exposure, mark-to-market analysis and long/short position. Additionally, the solution provides a monthly breakdown of total days and value exposure, coupled with yearly and grand totals for the entire exposure period selected. The system also manages bunker exposure by combining the exposure from physical contracts and bunker swaps.

Key Functionality

- View voyage profitability and bottom line risk
- Manage Freight Forward Agreements
- Analyze exposure normalized to Baltic prices
- Calculate option premiums specifically aimed at Shipping Industry
- Perform mark to market based on next open port

Derivatives

Freight derivatives, including FFAs, bunker swaps, and options, are primarily used by ship owners and operators, oil and trading companies, and grain houses as tools for managing freight rate volatility. With commodities now standing at the forefront of international economics, large financial trading houses, including banks and hedge funds, have entered the dry freight derivatives market.

The Freight Risk Management solution enables traders to monitor portfolios in real time as daily prices and forward curves are updated. Immediately recalculate the forward book value and provide an expected P/L based on forward expectations. Customers are able to record FFA trades and efficiently manage settlement.

Recording Trades

When a trade has been made, it can easily be inserted into a dedicated derivatives workbench that also posts to Chartering and VesselOps, which saves relevant data in a central database. The system supports a number of different contracts including OTC, margined or cleared trades, fully or partially traded months, trades in actual days or Metric Tonnes, and settlements based on the month’s full spot rates or a subset (for example, the final 7 days of the month). The system also supports half days. It is also possible to record trades made with a Joint Venture partner. Put and Call Options can be entered — together with premiums and how these will be paid — up front or after settlement.

With the trade recorded, the system prepares a valuation of the trade based on the forward rates imported into the system (e.g. from the Baltic Exchange). For the profit and loss, the system will work with one specified set of forward rates but can, for analysis purposes, use alternative valuation curves.
**Forward and Spot Data**

The system is geared to handle any number of forward valuation curves, currently from the Baltic Exchange. As forward curves are updated, the system immediately recalculates the value of your forward book, providing an expected P&L based on the latest available forward expectations. Spot data is entered to price the trades and prepare documentation for settlement.

**Option Pricing**

The Freight Risk Management solution also provides an advanced analysis system to calculate option premiums specifically aimed at the Shipping Industry.

The system calculates according to different models including:

- Black Scholes
- Black
- Turnbull and Wakeman
- Modified Levy
- Curran

Unlike other solutions that only look at forward values, Triple Point’s option pricing system takes into account the current spot values when calculating the Cubic Spline curve of the forward prices, including settlement prices for the calculation period. Alternatively, forward prices may be input manually. Zero curve or Cubic Spline curve forward curve calculations are available. The system also calculates option pricing according to different models and methodologies.

The system calculates Call and Put prices based on historic volatility or finds the volatility used for Call or Put prices by using the implied volatility published by The Baltic. The calculation also takes a defined risk-free interest rate into the Net Present Value effect on the pricing, given the Valuation Date (or intended Trade Date) of the trade.

**Option Valuation**

For fixed options, the system calculates the value of the option as either in or out of the money depending on the forward prices compared to the strike price. Alternatively, the system can calculate the intrinsic value of the option using any of the available models. The user can then apply a calculated volatility on historical prices of the trailing 30, 90, 180, or 360 days for the daily revaluation of the option, or use the implied volatility published by the Baltic which comes from Triple Point’s Baltic Price feed. The user can also decide if the Premium is payable up front or after settlement. Additionally, the system calculates Greeks (Delta, Gamma, Theta, and Vega) for more detailed risk analysis.

Settlement of options is handled through the system’s consolidated FFA Settlements, which combines all trades for a particular counterparty for each settlement period.
COMMODITY XL CHARTERING AND VESSELOPS — AN INTEGRATED SOLUTION

Triple Point provides the only commodity trading and risk management platform that pre-integrates commercial operations and commodity trading. The integrated Commodity XL™ platform enables customers to gain increased transparency across the enterprise to more effectively manage freight and commodities risk.

Softmar Chartering and VesselOps™ may also be purchased pre-integrated with Commodity XL™, Triple Point’s flagship platform for commodity trading and risk management. The integrated enterprise solution is called Commodity XL for Chartering and VesselOps™.

Completing the Risk Picture with an Integrated Platform

Integrating commercial vessel operations into Commodity XL’s commodity management platform provides an all-encompassing view of the enterprise. Having the ability to turn layers of commodity trading and freight data into actionable information offers huge competitive advantage. Freight rate volatility affects all key areas of enterprise risk — market, operational, counterparty credit, and regulatory. By implementing Triple Point’s integrated platform for commercial operations and commodity trading, companies are able to manage enterprise risk holistically; a key requirement for smooth sailing in rough times.

Key Integration Benefits

- **Manage risk holistically.** Commodity XL integrates commercial operations and commodity trading to provide an enterprise-wide view of risk.

- **Make better decisions.** With Commodity XL, companies can make more informed commodity and freight decisions. Traders gain visibility into broker data on cargos. Charterers can view potential cargos for better planning. Run alternative pre-deal scenarios for optimal decision-making.

- **Understand enterprise exposure.** View P / L, Risk, and Counterparty Exposure across commodity and freight.

- **Ensure higher revenues.** Commodity XL enables companies to determine the Venture P&L across all components of the supply chain. Continually improve business with accurate deal measurements.

- **Run advanced analytics.** Provide Corporate VaR, Stress Tests, Position, and P / L.

- **Improve efficiency.** Avoid re-keying data into separate systems and improve data accuracy. Mitigate the chance of human error.

- **Maximize growth.** Identify and respond to opportunities more readily. Grow your business without expanding your personnel.
ABOUT TRIPLE POINT TECHNOLOGY, INC.

Triple Point Technology® is the leading global provider of cloud and on-premise Commodity Management software that delivers advanced analytics to optimize end-to-end commodity and energy value chains. The company provides real-time, innovative solutions to competitively address the complex and volatile commodities supply chain: buying, selling, trading, and procurement; enterprise risk management; scheduling and logistics; storage; processing; and settlement and accounting.

Triple Point’s Commodity Management platform enables over 400 customers in 35+ countries to profitably manage exposure to energy and raw materials across industries, including energy, metals, minerals, agriculture, transportation, shipping, consumer products (CP), industrial manufacturers, and big box retailers. Triple Point was named a “Leader” in Gartner’s ETRM Magic Quadrant for its completeness of vision and ability to execute in 2009, 2010, and 2011. Founded in 1993, the company employs over 700 staff in 14 offices and support centers around the globe. www.tpt.com

How to Get Started
To learn how Triple Point’s Commodity XL software solutions can benefit your supply, marketing, procurement, hedging or trading activities, please contact us at info@tpt.com.

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