



## The Opinion

Portek's **Tok Soon Chong** explains how port equipment leasing can translate to significant financial and non-financial gains for a port operator

# The best of all worlds



**ON LOAN:** some of the quay cranes that Portek has on lease in Indonesia

**WHEN PORT OPERATORS** speak of equipment leasing, discussions tend to be centered around the financial pros and cons of such an arrangement relative to owning and operating the equipment themselves. But in my view such a discussion fails to do justice to the broader benefits of equipment leasing.

Sceptics of equipment leasing point to the scarcity of large scale equipment leasing in modern container terminals today as evidence that there is no real benefit to equipment leasing, and then to the prevalence of equipment ownership by operators themselves as vindication of that assertion.

My view is that equipment leasing has not, so far, 'taken off' in any meaningful way because it has almost always exclusively been offered as a pure financial solution, offering the equipment lessee the means to have the equipment without large initial capital outlay. This may be helpful to an operator who

may not have the necessary funds, but to another who has the means of raising such funds in the capital markets, equipment leasing does not make sense.

However, in my view, holistically combining equipment leasing with a number of value-add solutions offers a whole new perspective to the

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### Make optimisation a shared goal

Software specialist **Navis** wants to bring the user back into the automated container terminal optimisation process in a move away from the previous 'black box' approach.

Director of product management, automation, Oscar Pernia believes that users should play an active role in planning, monitoring, analysing and controlling today's highly advanced container terminal operation processes.

"Optimisation is all about making better decisions, so the system has to be able to adapt. Container terminals decisions have critical time constraints and dynamic characteristics, so feedback and a holistic approach are fundamental. We had to remove this idea that optimisation is a black box to the user," he said. "We need to provide visibility and full operational control to them, in terms of usability and in terms of configuration."

### Automation highlights safety issues

Significant safety concerns about the trucker/automated stacking crane interface at automated

container yards were highlighted at TOC Europe in Rotterdam.

Despite a considerable reduction in accidents at automated yards, **TT Club** global risk assessment director Laurence Jones told delegates "we are still killing far too many external truck drivers".

The debate centred on whether the driver is safest in his/her cab while the loading or unloading operation takes place, or whether he/she should exit the cab to wait in a designated safe area.

Drawing on experiences at his terminals, **Ports America** chief engineer Tom Ward raised the point that regardless of procedures and practices, truck drivers are not employed by the port and often have differing views of safe working practices.

### Gaussin wins record AGV deal

A record deal was signed at this year's TOC Europe for 40 container handling Automotive Terminal Trailer units, with an option for 60 more.

French port transport vehicle manufacturer, **Gaussin Manugistique**, will supply its ATT units for Turkish port and logistics operator, AKAN-SEL.

### Continental expands portfolio

**Continental Commercial Speciality Tires** has launched a new portfolio of tyres specially developed for vehicles in port operation.

This comes as estimates reveal that over the next 12 years, global harbour business will double capacity with a steady growth of 7% per year.

Dr Michael Andreas Maertens, managing director, Continental CST, told *Port Strategy*: "The new range was developed to meet customer needs. There is more pressure to ship more containers so container volume is growing and vessels are getting bigger and bigger, so there is more productivity."

### SOLVO nets Odessa project

Russian automation specialist **SOLVO** has scored a major automation project at the Brooklyn-Kiev port container terminal in Odessa.

The fully integrated operating system SOLVO.TOS.CONTAINER will enable the terminal to take advantage of cost, efficiency and time savings and provide safety benefits.

operator. Such solutions include equipment specification during the terminal conception and design stage. I have seen a number of operators who have made many painful mistakes in equipment specification because this was not done in conjunction with terminal layout design, quay design and other consideration during the terminal conception stage.

This can lead to less than optimal equipment specification resulting in unnecessary equipment modification costs and adaptations to the equipment that had not been envisaged in the first place.

Other value-add solutions include equipment tendering and procurement – this is again a task which is often not done with sufficient levels of scrutiny given that operators may not have the suitable technical expertise for a task; quality control during manufacturing of equipment – a job which is normally reserved for

consultants; and equipment testing before delivery and handover, with a full commissioning check list and endurance test to minimise any downtime during operation.

Yet another advantage of holistic equipment leasing is that equipment maintenance with guaranteed equipment availability can be provided with the lease. This challenge can be overcome by outsourcing maintenance to the equipment lessor who has an interest in proper maintenance of the equipment because the lessor still ultimately owns the equipment. The equipment lessor in this case would also have access to greater economies of scale in equipment and spares procurement with savings that may be passed on to the operator.

If equipment leasing can be combined with these value-add activities then the lessee has not only a pure financial solution but

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also a universal solution that not only enables him to avoid large capital outlay for equipment purchasing, but also affords him the peace of mind that all the equipment has been suitably specified, procured, delivered, commissioned and maintained. The operator’s equipment costs are fixed by the leasing/maintenance agreement which enables it to more accurately determine its return on investment.

In my view, this will free up valuable management bandwidth to focus on the all-important business of attracting customers to the terminal and serving them well.

Through a holistic leasing solution, the operator can effectively fully ‘outsource’ his equipment needs and also reduce his operational and financial risk.

■ **Tok Soon Chong is the chief executive of Portek Systems & Equipment and is also the chief technical officer of the Portek Group. Portek, a subsidiary of Mitsui & Co, Ltd, is both an operator of ports as well as an end-to-end provider of port equipment engineering solutions. Portek currently leases cranes on operating leases to operators in Indonesia and Philippines.**

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### Kalmar ‘total cost’ focus

A focus on total cost of ownership of port machinery has kept Cargotec unit Kalmar at the vanguard of equipment development.

In an exclusive interview, **Kalmar** president Olli Isotalo told *Port Strategy* how he has watched discussions on the environment and sustainability move from the ‘PowerPoint level’ to become real requirements for port equipment purchasers.

“Today, more customers are calculating in real terms the total cost of ownership, meaning not just the purchase price, but also the cost of owning the machine including services, fuel consumption, and productivity,” he said. “The change has not taken place overnight, but the words now have meaning when you stop and think about the decision-making criteria today and how are our customers thinking today compared to ten years ago.”

In related news, Kalmar has received an order from New Zealand’s Port Otago to supply two diesel electric Kalmar straddle carriers. The 50 tonne ESC 450W straddle carriers, which are the first diesel electric straddles for Port Otago, are designed to provide high performance and productivity with low maintenance and operating costs in medium size terminals handling

between 100,000 and 4m teu. Kalmar has also won an order to retrofit and upgrade two Hong Kong-based NDC ship-to-shore crane units for SITA Waste Services in a project valued at over €2m.

### New crane OCR launched

Spain’s **Órbita Ingeniería** has launched a new quay crane optical character recognition (OCR) system to automate freight container identification and damage inspection during loading and unloading.

The automation technology and engineering company’s new system, Órbita CraneOCR, provides real time ISO code recognition for 20ft, 40ft, 45ft and twin 20ft containers as they are moved to and from multiple lanes under and behind ship-to-shore gantry cranes.

### Liebherr celebrates Peru first

**Liebherr Container Cranes** has secured its first order for STS and RTG cranes in Peru – the equipment has been ordered by Port of Paita operator, Terminales Portuarios Euroandinos.

The order consists of one super post-panamax ship-to-shore crane and two rubber tyred gantry cranes, which are due for delivery at the end of this year.

The new cranes will join a pair of Liebherr mobile harbour cranes (LHM 550) that have already been delivered to the port.

Liebherr is also increasing its market share in New Zealand with an order for one super post-panamax ship-to-shore crane and four straddle carriers for Port of Lyttelton. The cranes will join a fleet of 20 Liebherr mobile harbour cranes in operation across New Zealand and Australia, giving Liebherr an extensive presence right across the region.

Meanwhile, in Ireland, the Port of Cork is investing €3m in a new LHM 550 harbour mobile crane for Ringaskiddy Deep-water Berth.

### Brittany’s ‘single window’

Software specialist **MGI** has won a tender to install a single electronic cargo management window for Brittany ports Brest, Lorient and Saint-Malo.

The Cargo Community System AP+ will be shared across the three regional ports, connecting private and public sectors involved in managing the movement of cargo through ports.

The so-called ‘Brittany’s Digital Ports’ project promises improved traceability and security for the ports.