

# Highlights.



Susanne Abrahamsson  
President

## High integrity

SSPA is growing, both in size and in adding new knowledge. Our main focus areas are:

- acting as a bridge between research and implementation in the maritime industry
- optimizing for energy efficiency while keeping environmental, financial, human and technological factors in mind and
- ensuring sustainable development through proper risk management.

Our vision remains unchanged as we strive to be recognised as your most rewarding partner for innovative and sustainable maritime development. To achieve this vision we have four core values that as a company we believe in and live by. One of them is high integrity, which is why our clients can confidently achieve their visions with us.

In this issue of Highlights you will find a selection of articles describing some of our ongoing projects that we can and want to share. Many of the projects that we are involved in cannot and won't be shared, since we value high integrity and our clients' and partners' trust.

The trend of reduced sailing speed presents shippers with new, complex challenges. The Slow Steaming Logistics project aims to study how the industry has met and managed these new challenges, to help create the knowledge base necessary for designing supply chains optimized for slow steaming.

Another project (Short Sea Shipping in the Sound, Kattegat and Skagerrak) is looking at the issue of transferring transportation from land to sea in the region. SSPA is the lead partner in this project.

Interest in methanol as a fuel is growing, and SSPA was a co-coordinator of an important pilot project to demonstrate the use of methanol fuel onboard a ship and in adapted marine engines.

Do not hesitate to contact us, with feedback, comments or questions. We hope you enjoy issue 59 of SSPA Highlights.

## Slow Steaming Logistics - the shippers' challenges following slower sailing speeds

About 90% of all goods travel on the sea for at least a part of their transport chain. The trend of reduced sailing speed, or slow steaming, presents shippers with new, complex challenges. The Slow Steaming Logistics project aims to study how the industry has met and managed these new challenges, in order to create the knowledge base necessary for designing supply chains optimized for slow steaming. With the financial support of the Swedish Maritime Administration, the two prominent forwarders, DHL and Schenker, have teamed up with SSPA to address this topical and – for Swedish industry, commerce and the economy – critical issue.

### Slow steaming in context

Of all the transport modes, shipping is the only one where the throttle is clearly used a mechanism for capacity control. This, combined with linear deep sea container shipping operators unilaterally optimizing fleet speeds, schedules and routes with regards to profits, have set the stage for slow steaming to regularly reoccur as a phenomenon in times of high bunker prices, low demand, abundant capacity and low freight rates.

The return of slower speeds in 2008/2009, after decades of increasing sailing speeds, was therefore hardly a surprise for anyone in this sector. At the same time, the speed/fuel consumption characteristics of the vessels make a reduction in speed a potent measure for reducing emissions from shipping and greater energy efficiency of the fleet; crucially an important attribute from a societal point of view, which also comes at a negative abatement cost.

The technical and maritime economic aspects of slow steaming are well researched, but the major issue that is historically under-



attended is how reducing speed impacts the customers of the service, i.e., the shippers, and how these effects can be managed effectively.

### Welcomed initiative

The idea for the Slow Steaming Logistics project originated at SSPA and together with partners from academia, Chalmers and Gothenburg University, and partners from the industry e.g. DHL freight and Schenker Air and Ocean, the project was formed and received funding from the Swedish Maritime Administration.

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After the start of the project, other key industry players from e.g. furniture manufacturing and distribution, steel production, industrial machinery, fashion etc., expressed an interest in allowing researchers from the project team to study their supply chains, how slow steaming has impacted them and how they managed these new circumstances.

The interest shown from the shippers emphasizes the notion that the questions this project seeks to answer are very topical and of critical importance for major players in trade and industry.

The two-year project is planned to be finalised by 2015 and the business partners and associates are eager to get the results as soon as possible.

### **Expected results**

The analysis of the empirical data collected from the companies in the study, is expected to yield an evaluation of how different shippers value the trade-off between lead-time and through-put time on the one hand and reliability and frequency on the other. Additionally, descriptive and explanatory models of how different systems have managed the impact of slow steaming in their supply chains and how this has impacted their supply chain performance, are also being sought.

Finally, a model for designing a new or modifying an existing supply chain that is optimized for marginally longer lead-times and through-put times is to come out of this study. Given these elements, the questions surround-

ing how shippers can manage the impact of slow steaming effectively enough to cope with slower sailing speeds, without losing competitiveness, would be answered to a satisfactory degree.

### **Opportunities for expansion**

Even though this specific project has not yet reached the finishing line, a number of intriguing opportunities for expansion have already been identified.

Firstly, to expand the scope of the project to include other segments of shipping e.g. short sea shipping or ro-ro operations, are of greater

interest especially with regards to sulphur emission regulations starting in 2015.

Secondly, a global consequence analysis of prolonged and widespread application of slow steaming is of interest for both the shipping industry and its customers; in particular, issues regarding capacity requirements for the shipping sector and the design of supply and distribution structures for the shippers.

Finally, concepts and solutions aimed at reducing the impact of slower sailing speeds on the lead-times for door-to-door transportation are where the greatest potential for expansion of this area of inquiry lies.



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