

**In this issue of Premium Procurement Bulletin...**

- [Case Study] A.P Moller-Maersk's Rapid Expansion Plans
- [Case Study] How Postmates Became the Leader in Food Delivery
- A Look at Investments on the Thames
- The Impact of More Freight Trucks on the Road

## **[Case Study] A.P Moller-Maersk's Rapid Expansion Plans**

The container ship industry has experienced significant change recently. An influx of new ships that boast more container capacity and cheaper fuel costs have caused shipping prices to drop and ocean liners to collect lower profits. However, many container ship and port terminal companies see this as an opportunity to expand business. A.P. Moller-Maersk is one company that has grown rapidly in spite of the slowing industry.

### **A.P. Moller-Maersk Is a Leader in the Container Ship Industry**



Image via [Flickr](#) by cuxclipper

[A.P. Moller-Maersk Terminals](#) (APM Terminals) is a Danish shipping conglomerate. It's also one of the biggest port operators in the world, handling 72 million containers per year. The only company that handles a greater volume than APM Terminals is Hong Kong's Hutchinson Port Holdings, which handles 80 million containers.

In September 2015, APM Terminals bought a 61 percent majority share in Grup Maritim, Spain's biggest container terminal operator. Recently, APM Terminals bought out the remaining 39 percent shares. The actual value of the deal was not disclosed by APM Terminals, but analysts predict it exceeded \$1 billion.

Grup Maritim managed container terminals in Brazil, Colombia, Guatemala, Mexico, Spain, and Turkey. The [Wall Street Journal](#) reports that the purchase adds 11 terminals to the 63 already

operated by APM Terminals around the world, along with approximately 4 million container capacity.

Earlier this year, APM Terminals also made a deal with Colombia's Compania de Puertos Asociados SA to jointly own and operate the Cartagena port and invest more than \$200 million. APM Terminals appears to be taking control of the South American ports.

### **Approach: Invest While Market Conditions Are Poor**



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The container ship industry must recover from high supply and low demand conditions. APM Terminals decided to make a move at this time because ocean cargo companies are carefully monitoring profits until the market recovers. APM Terminals made its investment after divesting a stake in Danske Bank, as well as an offshore safety unit and a supermarket chain.

According to [Drewry Shipping Consultants Ltd.](#), the deal happened partially because of the introduction of massive container ships to the market over the past two years. Operating costs have been up and Grup Maritim saw an advantage to selling at the time. Drewry estimates that container port demand will grow by 4.5 percent globally for the next five years.

APM Terminals CEO [Kim Fejfer](#) said, "The complementary expertise and market geography of the Grup Maritim TCB portfolio will enable us to bring more value to our clients, achieve our growth ambitions, and further diversify our global portfolio." The deal helps APM Terminals create a stronghold in Spain as conditions stabilize and position themselves to take advantage of rapid growth in Latin America.

### **Impact and Advantage**

Ever since the APM Terminals deal with Grup Maritim took place, other port and container operators have been looking to make moves. For instance, Brookfield Infrastructure Partners LP is now in negotiations with Asciano, an Australian port and rail operator and Dubai-based DP World is in negotiations with Fairview Container Terminal in Canada.

The container ship industry as a whole is slow, making investment opportunities high. Many other companies are expected to make acquisition deals in the industry, just like APM Terminals.

## [Case Study] How Postmates Became the Leader in Food Delivery

Food delivery is a fast-growing industry that capitalizes on the convenience of ordering a meal on a phone or laptop and having it transported in under an hour. One of the top companies in this industry is Postmates, a third-party delivery service that partners with food chains to get customers their food quickly. Postmates has been growing at a phenomenal rate and is now a leader in the food delivery industry.

### A Closer Look at Postmates



Image via [Flickr](#) by el rolío

Postmates has a network of couriers that serve as independent contractors. These couriers fulfill customer orders and retain 80 percent of the order cost. Postmates then takes a 20 percent cut for facilitating the service. Additionally, Postmates takes a 9 percent fee from the food company based on the order cost. There is no public record showing Postmates' annual revenue, but it's easy to see that the company is succeeding.

Postmates started making deliveries in May 2012, and the company completed 500,000 deliveries in its first 116 weeks. [TechCrunch](#) shows that the company took only 20 weeks after that to accomplish an additional 500,000 deliveries and then 10 more weeks to achieve 1.5 million deliveries. That's almost unbelievable growth.

Postmates has secured exclusive relationships with many top brand food companies in the U.S. For instance, when a customer buys something from Starbucks, the delivery is completed by Postmates without use of a separate app.

## Approach: Postmates Is a Third-Party Delivery Service



Image via [Flickr](#) by kennejima

One reason that Postmates has been able to grow so quickly is because the company approached the delivery market as a third-party service. Fast food companies have toyed with the idea of delivery for a couple of years. Big names like Burger King have already incorporated the model into their business. However, delivery is a costly service that doesn't necessarily give businesses a return on their investment. Postmates is a third-party delivery service that works with several food companies at the same time. This saves businesses money, but it still appeases customers' demands for delivery.

Many startups attempt to [compete with Postmates](#). Two other leaders in the delivery industry are Instacart and UberEats. However, both of these companies have different business models than Postmates. For instance, UberEats functions as an intermediary between customers and merchants because customers are required to order food through the UberEats app. Postmates is a third-party delivery service provider because customers can order food through a store's app, and then Postmates completes the delivery orders.

### Impact and Advantage

There's still plenty of room in the market for other companies to come in and take a share of the food delivery industry. However, Postmates has gotten a strong head start. If the company continues to grow at the same rate it's been going for the past two years, then Postmates will soon be a household name. Postmates already offers delivery services in more than 30 U.S. cities, more than any other food delivery service.

Businesses can learn a lot from the rapid growth of Postmates. The company saw a need and created a cost-effective solution for merchants that also satisfied customers and incentivized contractors.

## A Look at Investments on the Thames

The Port of London Authority has made strides to improve conditions on the Thames River as a result of record levels of freight and passengers. Some of the Port Authority's investments include pier extensions at Plantation Wharf, two new MBNA Thames Clippers, and a London Titan maintenance vessel. The Thames River is a major shipping channel, and these investments will help ease congestion and improve efficiency. Learn about recent investments on the Thames and how they might impact your business.

### New Passenger Pier at Plantation Wharf



Image via [Flickr](#) by Swissdave

One of the most noticeable changes is a new passenger pier at Plantation Wharf. It opened in April 2015, and it extends along the south bank of the Thames between the Wandsworth and Battersea bridges. Several other pier extensions like the Battersea Power Station Pier are in the planning stages, but the Plantation Wharf extension was the first and cost £2.8 million.

[Chris Atherton](#), developer at Plantation Wharf Pier, stated, "Adding a passenger pier to this great riverside location is fantastic. It gives residents and workers here alike another option for getting into town. And what better way to go than by boat?"

## Two New MBNA Thames Clippers

In addition to a passenger pier extension at Plantation Wharf, the [Port of London Authority](#) has also invested in two new high-speed passenger boats, known as MBNA Thames Clippers. These 150-passenger vessels can pass under low bridges and navigate shallow waters, which is ideal for the high and low tide conditions on this stretch of the Thames. The two new MBNA Thames clippers will be stationed at Plantation Wharf.

Passengers pay for trips on the new MBNA Thames Clippers though Oyster readers setup across Plantation Wharf pier. They can choose between the Galaxy Clipper and Neptune Clipper routes. Passenger volume has already risen considerably since the high-speed boats launched.

[Sean Collins](#), CEO of MBNA Thames Clippers, said, "We started as a one-boat operation in 1999 carrying 21,000 passengers in our first year. Today we've got 14 vessels and this year we expect to have carried a total of 3.6 million passengers. The new boats will keep the service growing as more piers open up in west London."

## New London Titan Maintenance Vessel

The London Titan is a maintenance vessel that will serve the Thames River between Richmond and the Thames estuary. It will help keep the river clear of obstructions through mooring maintenance, hauling wreckage, recovering navigation buoys, and assisting civil engineering operations. The London Titan cost the Port of London Authority approximately £7 million.

[Robin Mortimer](#), Port of London Authority Chief Executive, said, "We've got to keep the Thames fit and ready for all these vessels, and with over 40,000 jobs depending on the Thames, London Titan is a vital upgrade to our fleet."

The Thames River gets more than 10 million passengers each year, in addition to 5 million tons of freight. The London Titan, MBNA Thames Clippers, and new passenger pier at Plantation Wharf will help relieve congestion on the Thames and help the UK's maritime sector thrive.

## The Impact of More Freight Trucks on the Road

Freight truck volume in the U.S. is projected to double over the next decade. This causes significant concern for the environment, road maintenance costs, and highway traffic congestion. Many believe, however, that more trucks are a necessity for economic growth. Take a look at this two-sided dilemma and some possible solutions to the problem.

### Freight Trucks Are Bad for the Environment



Image via [Flickr](#) by The Victorian Greens

As more and more trucks enter highway systems around the world, the quantity of carbon dioxide emissions and other harmful exhaust fumes will increase and contribute to global warming and unhealthy air. Poor air quality is already a major problem in many large cities, and more trucks will only complicate the problem further.

Most state governments already regulate the weight of trucks, and the federal government regulates the amount of carbon emissions allowed from freight trucks. A bigger push for fuel-efficient and alternative fuel trucks is needed to combat the carbon emissions problem, though. The federal government should look to incentive programs and tax rebates for switching to these types of environmentally friendly freight trucks.

## Freight Trucks Damage the Roads



Image via [Flickr](#) by samsaunderleeds

Switching to environmentally friendly vehicles will not solve the freight truck problem entirely, however, since road maintenance issues will still exist. According to [True Cost Blog](#), freight trucks cause 99 percent of the wear and tear on U.S. roads. However, the truck industry only pays for 35 percent of the maintenance. Taxpayers have to foot the bill for this \$60 billion subsidy. This problem raises the question of whether the state or federal government should tax truckers for time on the road.

According to the [Coalition Against Bigger Trucks](#), "We already face a national infrastructure crisis. More than half the bridges on the National Highway System are more than 40 years old, and nearly 25 percent are already either structurally deficient or functionally obsolete." On top of that, it would cost \$121 billion to make repairs to the structurally deficient bridges. Adding heavier trucks to the road could add \$53 billion more in costs, which might not be sustainable.

## Freight Trucks Cause Highway Congestion



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In the past, road networks expanded to combat traffic congestion. Today, this is not a viable option in many densely populated cities where road systems are already highly developed. That's why many government agencies are looking into other solutions. For instance, [Austria has banned certain types of cargo transportation](#), such as lumber, steel products, and new automobiles.

An increase in truck volume is inevitable around the world because populations are growing. Companies are encouraged to closely look at their supply chains and truck fleets to improve efficiency and minimize the time trucks spend on the road. In many areas, truck drivers are already encouraged to drive at night when they will have a smaller impact on congestion.

Freight trucks are necessary for economic development, but they cause several problems. With innovations in regulations and incentives, government agencies can stay on top of these growing issues.

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