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Bracing for the New Millenium: Maritime Industry Assesses Y2K Compliance

Businesses the world over are counting the months until January 2000, waiting to see what impact short-sighted computer programming of the past will have on the future. The question on the minds of many is whether today's mainframes, the supercomputers that power everything from electrical grids to air traffic controls to global telecommunications networks, will misinterpret the year 2000 as the year 1900.

While no one knows what will happen, the private and public sectors are spending billions of dollars to make their computer systems Year 2000 (Y2K) compliant.

The United States Senate, which has formed a Y2K committee, recently surveyed dozens of major transportation companies in the airline, trucking, railroad and shipping industries. The survey found that 16 of these companies have estimated it will cost a total of \$650 million to modify their systems.

The maritime industry is concerned because of its heavy reliance on electronic data to schedule and record cargo. Customs duties, bank letters of credit, negotiable bills of lading and ship manifests are typically handled electronically.



Longshore workers offload pallets of bananas at Port Hueneme.

A recent *Journal of Commerce* story quoted one industry analyst with a dire prediction. "About one in every four shipping companies around the world should have disruptions beginning in fairly large volumes in 1999 and then picking up in the year 2000 right through 2002," predicted Lou Marcoccio, research director of the Gartner Group, a Stamford, Conn.-based electronics company monitoring the issue. "Roughly 10 percent of those problems should last for at least three days and could create costly slowdowns along the entire transportation chain."

According to Marcoccio, one maritime mainframe computer that typically "anchors a plant's entire inventory, distribution and payment processes could shut down for several days."

West Coast ports are already bracing for Y2K. Hank Granse, director of information systems at the Port of Tacoma said, "We've been working on the problem for quite a while."

The port contracted the Crowley Group to assess →

SPOTLIGHT: PORT OF HUENEME

"Growth" is the word around the Port of Hueneme these days. With a 32 percent increase in cargo volumes last year, the Port passed the one-million-ton milestone for general cargo for the first time ever.

Located approximately 60 miles northwest of Los Angeles in Ventura County, the Port of Hueneme began 60 years ago with a mission to provide California's Central Coast agricultural community with an ocean link to the global market. Frustrated by frequent difficulties shipping crops beyond Central California, local citrus farmers established this commercial seaport in order to sell their products worldwide. As a result, the Port of Hueneme is now known as the "Port the Farmers Built."

"Through last year's opening of the International Agricultural Gateway, the Port's commitment to agriculture has grown even stronger," said Kam Quarles, director of marketing for the Port. "We move toward 2000 as a far more powerful link in the transport chain."

While its agricultural interests still flourish, the Port of Hueneme has evolved into one of the top 10 U. S. ports for automobile trade volume. With its customized roll-on/roll-off (ro/ro) facility and three major vehicle distribution facilities within 1.5 miles of the waterfront, the Port has attracted well-known manufacturers such as BMW, Jaguar, and Mercedes-Benz.

The Port of Hueneme is the only deep-water harbor between Los Angeles and the San Francisco Bay Area and is the U.S. port of entry for California's Central Coast region. For more information, visit the Port's web site at www.portofhueneme.org.



THE PORTS

Did you know ...

... that all cargo sectors on the West Coast experienced increases in imports during the first nine months of 1998? Compared to the same period last year, import containers were up 16.2 percent while general cargo increased 31 percent.

Source: The Pacific Maritime Association

port activities to minimize Y2K risks and also hired a contract programmer to modify internal systems. Packaged or off-the-shelf applications not Y2K compliant are already being replaced. These changes will be

operations on the waterfront. The PMA's Project 2000 team is completing a top-to-bottom revamp of ILWU payroll and personnel systems. As a result, the Project 2000 team fully replaced systems



The Port of Hueneme.

implemented by mid-1999.

To the South, Jeff Leong, a spokesperson for the Port of Los Angeles, said that this month the Port will begin testing its hardware and software to make sure its system is Y2K compliant. The Port began its Y2K compliance efforts in 1996 and is assessing, modifying and replacing system components on an as-needed basis.

In order to ensure smooth operations on the docks in 2000, the PMA has placed top priority on replacing software and hardware affecting day-to-day

managing payroll, training and benefits in 1998. All of PMA's software will be replaced in the next few months to ensure complete Y2K compliance.

"Our strategy is to build a foundation to address today's problems, but also ensure the flexibility necessary to address tomorrow's needs," said Paul Holmes, vice president of technology for PMA.

Because this issue is so complex and critical to maritime operations, the PMA will continue monitoring the issue throughout the New Year. ●

Member Profile-Eagle Marine Services



Eagle Marine Services operates the APL terminal at Global Gateway South.

cranes designed to reach across wide-bodied Post-Panamax containerships. Global Gateway South also boasts a state-of-the-art on-dock rail yard accommodating up to 64 five-platform

doublestack railcars. Eagle Marine Services moved an estimated 1,040,000 TEUs last year and is expected to move 1,440,000 TEUs in 1999.

A greatly expanded Global Gateway North was dedicated last September. Vice President Al Gore and Transportation Secretary Rodney Slater headed up the festivities. At this location, Eagle Marine operates three berths and five Post-Panamax gantry cranes, which gives it the ability to handle more than 576,000 TEUs annually. Global Gateway North also features an on-dock rail facility that accommodates up to 56 five-platform doublestack railcars.

APL provides worldwide container transportation and logistics services through an integrated network combining high-quality intermodal operations with state-of-the-art information technology. APL is the container and logistics arm of Neptune Orient Lines Ltd., a global transportation company engaged in shipping and related businesses. ●

A wholly owned subsidiary of APL Limited, Eagle Marine Services operates intermodal facilities at some of the largest and busiest ports on the West Coast. This stevedoring company is among the largest run by shipping companies.

Eagle Marine was established in 1979 and provides stevedoring services for APL, its service partners, and third-party carriers. Eagle Marine operates the Global Gateway South terminal in Los Angeles, the Global Gateway North terminal in Seattle and the Middle Harbor terminal in Oakland, among others.

At 232 acres, Global Gateway South is the largest container complex in North America. It is also one of the most technologically advanced. Completed in May 1997, the \$270 million facility combines high volume cargo-handling operations, integrated management systems and environmental features.

Eagle Marine operates four berths totaling 4,000 feet in length and 12 gantry

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