

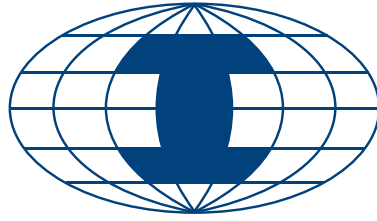


INTERTANKO

TWENTY **19**



**INTERTANKO
Payment
Performance
System**



INTERTANKO

Payment Performance System (PPS)

Together we can make a difference



- ✓ A proprietary and highly secure database that has been designed and developed to date by INTERTANKO's software development partner Tradenet, in full compliance with data protection and anti-trust legislation, under INTERTANKO's Council governance.
- ✓ Accessible only via your unique security credentials (strict data security).

Introduction

INTERTANKO is committed to improving the way business is done in the tanker industry through initiatives that provide Members with real, tangible and practical benefits such as:

- Drafting a Code of Conduct (CoC) for tanker chartering,
- Making vetting and assurance practices more transparent and cost-effective,
- Providing charter party commentaries,
- Monitoring new or existing chartering terms and clauses,
- Advising on freight and demurrage collection (FDIP Service),
- Creating a benchmarking tool for delays in freight and demurrage payments, the Payment Performance System (PPS).

What is PPS in practice?

INTERTANKO's Payment Performance System (PPS) is a strictly confidential database created by our Secretariat for Members only. It contains freight and demurrage payment records covering most major tanker charterers worldwide.

Value for Members

By recording and monitoring freight and demurrage payment records the database can extract reliable and real-time KPI data on payment trends providing every Member with the ability to:

- ✓ Benchmark their company's overall payment performance against that of all other Members and how this figure varies within the different size segments,
- ✓ Compare their experience with one charterer against the experiences of all other Members with the same charterer,
- ✓ Compare the payment performance of one charterer against its competitors (in compliance with anti-trust advice),
- ✓ See a list of the best performing charterers for prompt payment of freight and demurrage,
- ✓ See the average delays in payments and the USD (\$) cost that comes with that to their company and to the industry as a whole,
- ✓ Keep a track of the average delays in submitting, negotiating and getting demurrage claims paid.

How can INTERTANKO use the data?

"Armed" with reliable and market representative data that offers proof of good or poor payment performance INTERTANKO can enter into dialogue with charterers addressing and discussing their payment performance.

The ultimate aim is to bring behavioural changes among the chartering community in the form of demonstrable reductions in the time taken to settle freight and demurrage invoices.

PPS in practice

Delays to freight & demurrage payments cost our Members money.

By initiating dialogues directly with the worst payers, INTERTANKO is putting on pressure to reduce the length and cost of delays:



We are working together to reduce that figure.

The need for critical mass

INTERTANKO encourages its Members to use PPS as an integral part of its efforts to promote good chartering practice. The success of PPS is dependent on active use by Members. More data means more representative results and more leverage when we discuss payment performance with some of the worst performers.

Together we can make a difference

PPS is evolving

Comments received from regular users are being used to modify and improve the system since its inception.

Modifications include:

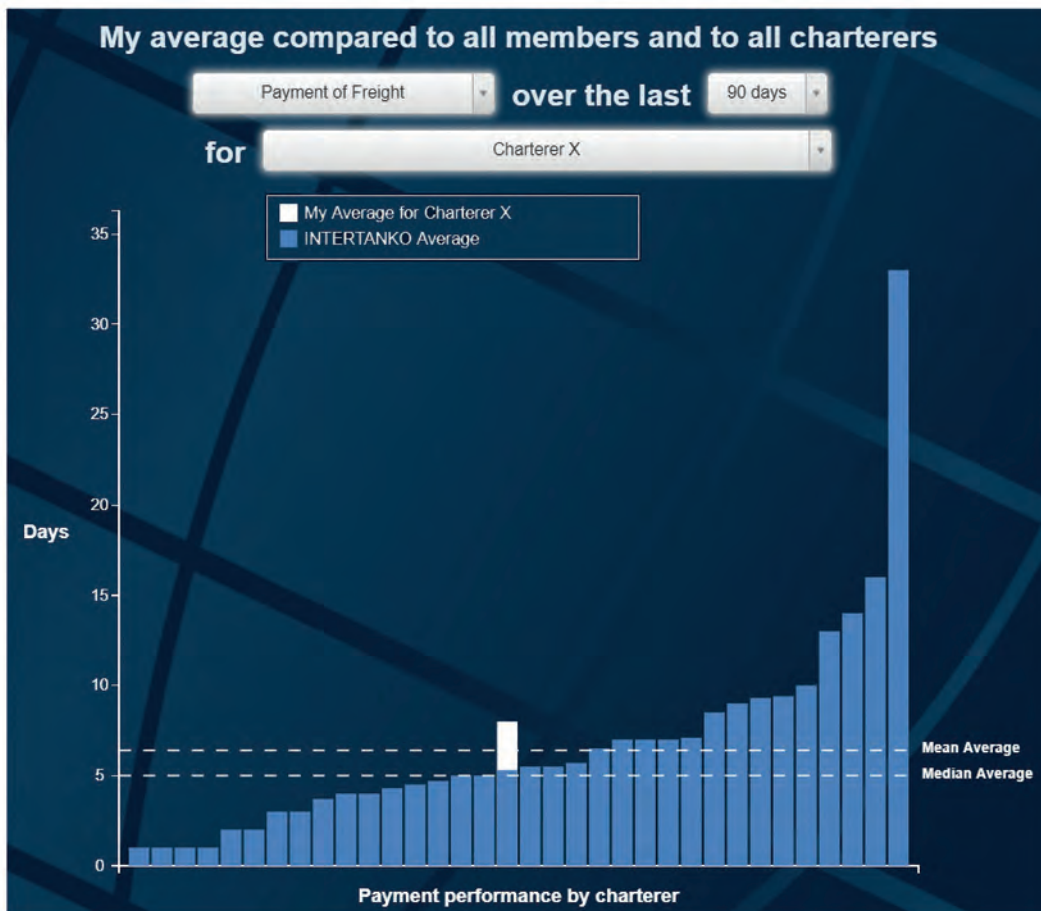
- Allowing users to see the payment performance of any charterer in the system,
- The addition of data streams for chemical and gas fixtures, separate from the crude/products data, in order not to skew the figures due to sector specific differences,
- Filtering the best payers to show only those with more fixtures.

PPS INTERFACE

Comparison Charts – Comparison of payment performance

This chart shows where one nominated charterer is positioned compared to all charterers entered by all INTERTANKO Members (blue).

It also shows (white on blue) the logged-in INTERTANKO Member's freight payment experience for this nominated charterer (white) in comparison to the experience of all participating INTERTANKO Members with the same charterer (blue).



Delay Charts – Comparison of owner’s own data with all Members’ data

This chart shows on the left the overall freight payment experience of the logged-in INTERTANKO Member (My Average Overall) compared to the overall performance reported by all participating Members for the given period (INTERTANKO Member Average Overall).

On the right, the fixtures reported by the logged-in Member with one selected charterer (My Average for Charterer X) are compared with the INTERTANKO Member average for the same charterer (INTERTANKO Member Average for Charterer X).

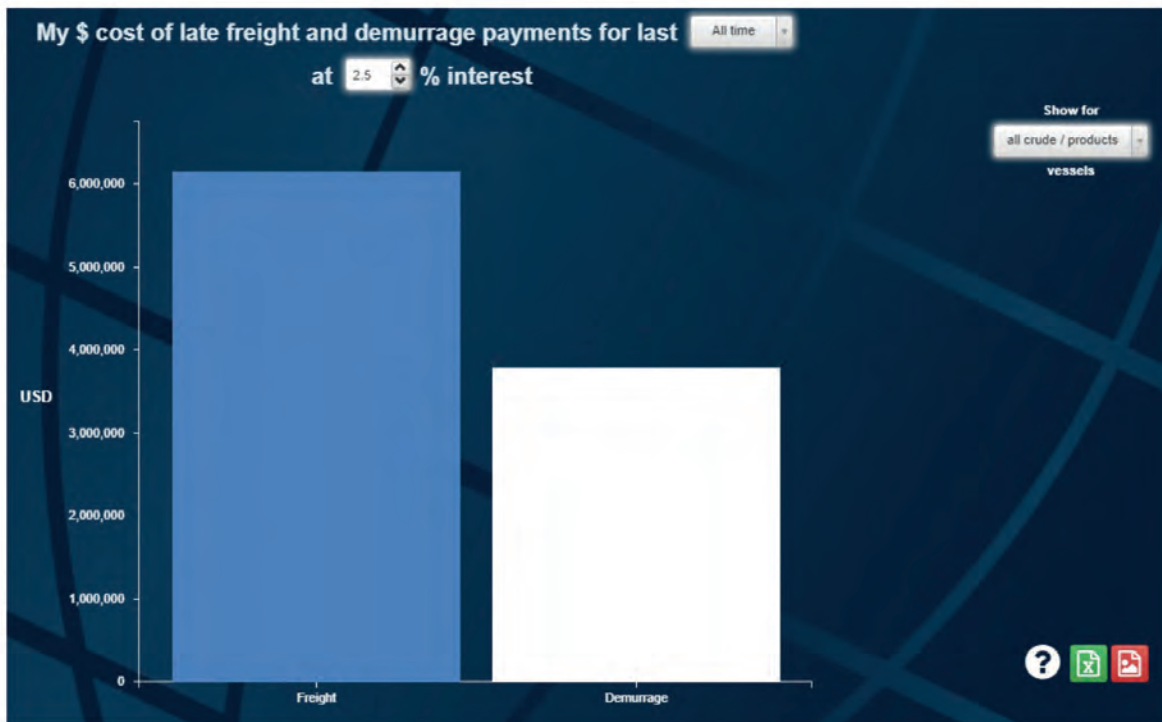


Financial Impact – US\$ cost to owner of late payments

Delays to payments of freight and demurrage are showing a cost to Members using PPS of over US\$10m on data (crude/products, chemicals and gas) received so far.

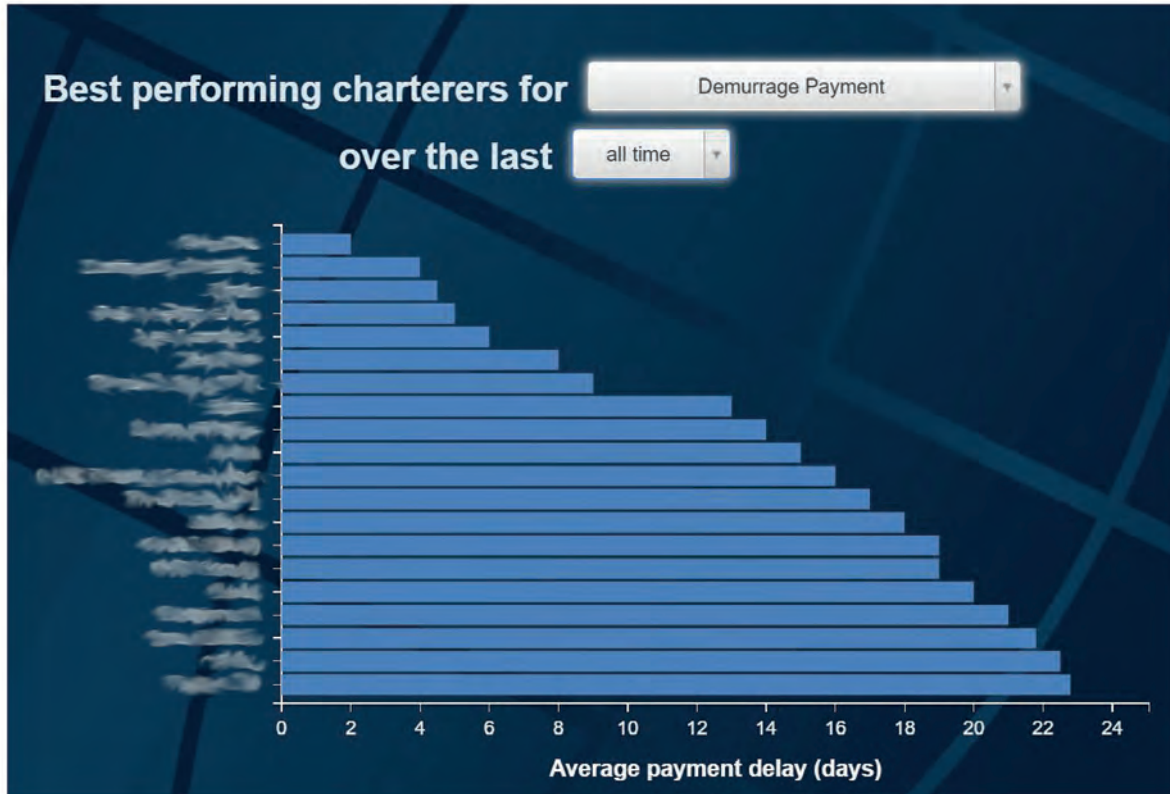
We calculate an average cost of US\$1,250 per crude/products fixture. Based on one owner with a ten ship fleet fixing each ship once a month, that represents US\$150,000 a year lost to F&D payment delays.

Or on the basis of 3,800 tankers of all types (crude/product, chemical, gas) owned by INTERTANKO Members worldwide, assuming US\$1,000 payment delay cost per fixture, with each tanker fixing ten times a year, that cost to Members would total US\$38m a year.



Best performers

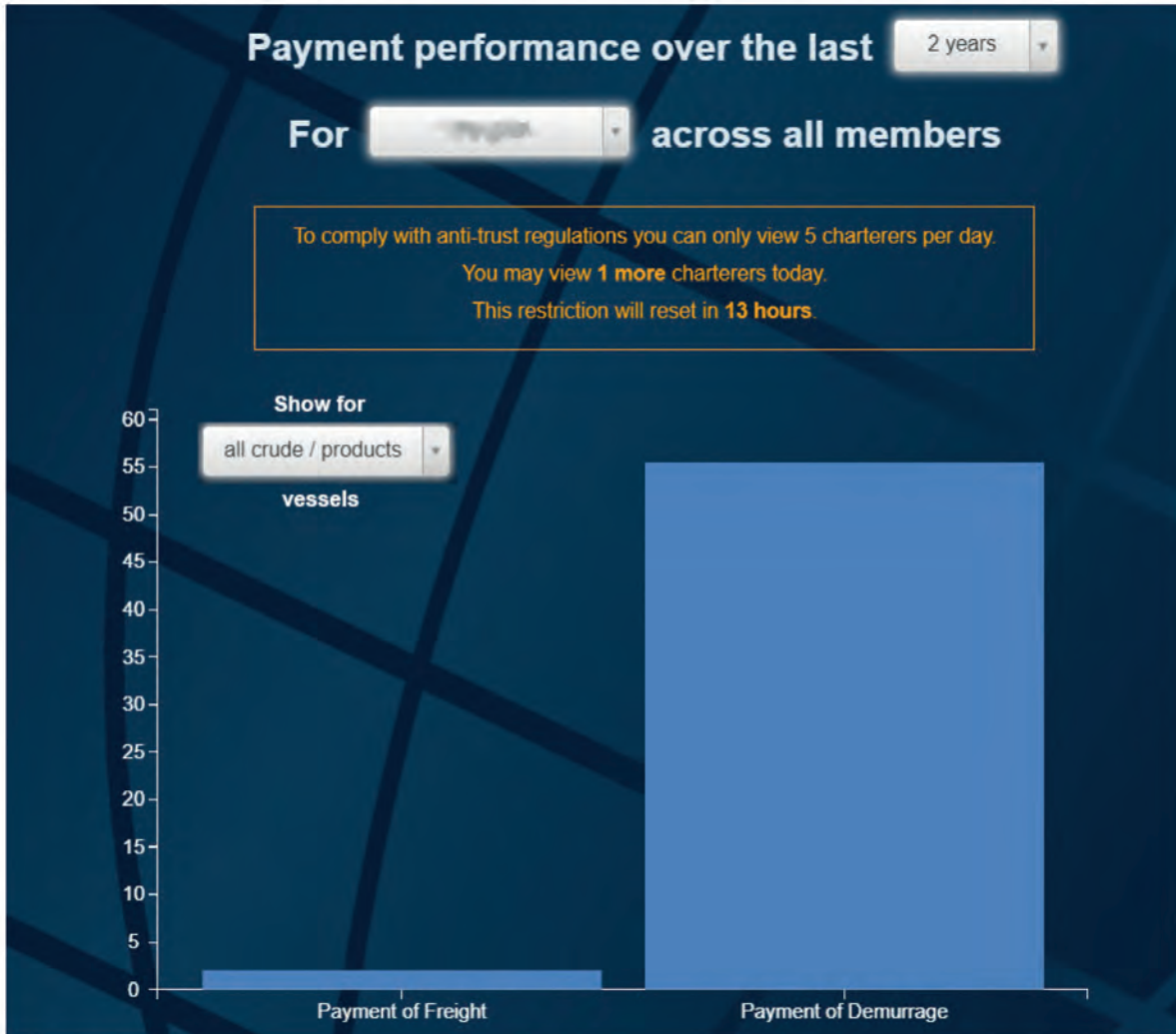
This is the type of graph we have all been waiting for. It shows the charterers which have performed best over a specific period of time for payment of freight or demurrage.



N.B. Charterer data in the illustration above is fictitious and in the live database it will update immediately as soon as new fixtures are added.

Checking charterer performance

This graph provides PPS users with a tool to check the payment performance of a charterer before negotiating and fixing them. In order to ensure data cannot be reverse engineered, the system will allow checks on the performance of up to five charterers a day. Should this be insufficient for your needs, please contact the Secretariat.



PPS: Data Needs

Thirteen data points are required to support the system deliverables outlined in Value for Members. In addition chemical or gas voyages should be indicated in the 14th column.

Charter data (common)					Freight Data		Demurrage Data						
A	B	C	D	E	F	G	H	I	J	K	L	M	N
Vessel Name	Vessel Size	Charterer Name	Charter Start Date	Charter End Date	Freight Invoice Amount	Freight Invoice Payment Date	Demurrage Invoice Amount	Demurrage Invoice Sent Date	Demurrage Dispute Notified Date	Demurrage Dispute Settled Date	Demurrage Invoice Payment Date	Demurrage Invoice Payment Amount	Vessel Type 1= Chemicals Tanker 2= Gas Tanker

Data transfer has been made as easy as possible with a data input template using a simple Excel spreadsheet. Data can also be accepted in the format routinely used by the participating Member; we will apply a specific protocol to convert and map the information into the format required by PPS.

PPS: Data Upload and Data Edit

Member users can easily upload and edit their own data.

Once your data is on your desktop, the upload takes just a few mouse clicks, and the data shows immediately on the system.

Vessel Name	Vessel Deadweight	Charterer Name	Charter Start Date	Charter End Date	Freight Invoice Amount	Freight Invoice Payment Date	Demurrage Invoice Amount	Demurrage Invoice Sent Date	Demurrage Dispute Notified Date	Demurrage Dispute Settled Date
Dummy 1	155000	Dummy Charterer	01-10-2015	15-10-2015	1000000	23-10-2015	50000	25-10-2015		

PPS will inform you immediately if any data is not in the required format.

Members participating in PPS may wish to include at the bottom of their freight invoices wording to the effect that they participate in INTERTANKO's Payment Performance System.

**For further information
or to set up your username and password for the PPS platform,
please contact the PPS Project Manager:**

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Appendix 1: Terms & Conditions of Use

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