



GLOBAL SUPPLY CHAIN GROUP

Winning Global Supply Chain Advantage

Shipping Industry – New Money, New Tunes

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One who pays the piper calls the tune!

And after hundreds of years the paymasters are changing.

So how is the tune changing?

Well, to start with the new money plays with new rules. Here are the three rules of the new money:

Rule 1 - A fool and his money part quickly

Some of the inexplicable deals we are seeing these days explicitly designed to separate the money from shipping groups from their recent gains on the markets. Appealing to their egos, the dealmakers have achieved asymmetric distribution of risk and reward skewing the playing field heavily in their favour. All that remains now is for the market to take its next turn and dealmakers will achieve their purpose.

Rule 2 - No matter how expensive the assets are, there is always a greater fool to buy it off you

Rule 2, was more in evidence over the last couple of years. Most IPOs and PIPE deals apparently were based on the theory that it does not matter how much you pay for an asset so long as you can find someone else to pay even higher. So far this game of musical chairs has continued. Well, the music is still playing.

Rule 3 - One who thinks everyone else is a fool, ends up the greatest fool of all

So if it is, unwise to go with the crowd, then it must be wise to go against it. Apparently, this contrarian approach is the only thing, more unwise than the original approach. A numbers of players have discovered that, only too late.

What exactly is the best approach in this brave new world of the shining new money? One is reminded of the Panasonic ad from a few years ago - just slightly ahead of time.