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Media Release

NETLOGIX AND OJI FIBRE SOLUTIONS LAUNCH LARGE SCALE SHIPPING SOLUTION

A new joint venture aims to provide Kiwi SME exporters a greater presence and an improved representation at the negotiation table with the world's largest international shipping companies in the wake of global changes.

Bearing360 is a shipping solutions company, set to launch early next year. It is a joint venture between logistics service provider Netlogix and pulp, paper & packaging manufacturer Oji Fibre Solutions. It will, from inception manage more than 70,000 twenty-foot equivalent (TEU) of containerised export cargo volumes from New Zealand.

Murray Horne, General Manager Lodestar (OJI's logistics arm) says the joint venture is of strategic importance to Oji Fibre Solutions as they move to strengthen reliability across their export supply chain.

"Due to the global over supply of shipping capacity, there has been significant downward pressure on ocean freight rates to a point where some rates are at historic lows. This is not a sustainable position for the industry, and it is already impacting on shipping services across New Zealand."

Horne says that whereas three years ago there were around 12 or more separately owned & operated shipping lines servicing the New Zealand market, there are now only seven due to recent merger and acquisition activity.

"Through this joint venture we want to ensure that a range of shipping services continue to support the New Zealand market, and we will use our scale and market presence to help drive that outcome".

The newly appointed general manager of Bearing360 Dritan Ramohitaj says the intention is to help keep the market sustainable for shipping lines by levelling out cargo flows to improve predictability.

"The shipping lines fix their schedules and vessel sizes in advance, largely in anticipation of expected cargo volumes. We will be relatively consistent with our cargo by levelling out the large ups and downs to provide a more reliable base of container volumes. Ultimately, shipping lines can then get better utilisation of their vessels, which should reflect more sustainable pricing for our customers."

Ramohitaj says the new service is also about reversing the trend towards the 'commoditisation' of container shipping.

"We have the expertise to provide a comprehensive service offering. We take responsibility for the cargo, manage our own warehouses, pack our own containers, coordinate the transport, and operate our own fleet of break bulk vessels, providing visibility throughout the whole process. That is somewhat unique in the NZ market. We are the freight company with dirt under our fingernails," says Ramohitaj.

“We work closely with the shipping lines on cargo care, special container presentation, specialised equipment, on time delivery, timely resolution of issues, and no noise for our end customers. But, you have to be a large scale player in order to deliver the service levels that our joint venture will offer.”

The innovative model has been enabled through technology provided by Netlogix who have successfully built a freight service business in the domestic market. The technology is based on a platform that links otherwise disparate truck companies allowing customers to send cargo across the country via the most efficient manner.

Netlogix CEO Chin Abeywickrama says that the company worked with Oji Fibre Solutions to build an online portal for the venture that will allow exporters and importers to easily access a comprehensive network of global shipping lines, which may help the lines more accurately predict cargo volumes.

“It will integrate the global shipping market with local shippers. Benefits will include increased visibility of cargo and the ability to make one seamless booking across the whole global network,” says Abeywickrama.

“What is unique about us as a start-up is that we will immediately have significant scale with cargo already moving to more than 160 ports, touching all major international markets with almost every shipping line, and facilities for almost any kind of cargo.”

Abeywickrama has a firm message for the industry that this new venture is about maintaining choice as much as it is about providing certainty for shipping lines and shippers.

“The last thing the shipping lines or shippers want is for us to double in size and then turn around and make a deal to give all our business to just one shipping line. We are making a commitment with the venture to maintain choice of shipping lines,” he says.

“We recognise that we cannot influence the global market. Therefore we are trying to use our combined scale to do what we can on the local level to maintain relevance and ensure the continued level of choice and frequency of services to New Zealand.”

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ABOUT BEARING360

Bearing360 is a new shipping management solution for NZ exporters and importers. It is a joint venture between OJI Fibre Solutions and Netlogix, combining the scale and expertise of their long successful domestic and export operations. It is dedicated to maintaining relevance of NZ shipping routes and ensuring that Kiwi shippers have access to a variety of solutions.

ABOUT OJI FIBRE SOLUTIONS

Oji Fibre Solutions is a pulp, paper and packaging company owned by Oji Holdings and Innovation Network Corporation of Japan. The majority of Oji Fibre Solutions operations are based in New Zealand. It employs over 1700 people. Market Kraft pulp and container board products are produced in the Central North Island of New Zealand and at a recycling mill in Auckland. Eight packaging operations in New Zealand and Australia produce a range of corrugated board packaging products and paper bags principally for the horticulture, dairy, meat and beverage industries. The business also includes the Fullcircle waste paper collection service and the Lodestar logistics operations. Market pulps and container board are exported to over 15 countries, while the majority of the packaging products are sold to domestic customers in Australia and New Zealand.

ABOUT NETLOGIX

Netlogix provides domestic freight logistic solutions for companies, working with a network of carriers across New Zealand. Netlogix was founded in 2012 by co-owners Paul Harper, Mark Rogers, and Chinthaka ‘Chin’ Abeywickrama, who heads the company as CEO. In October 2017 Pencarrow Private Equity acquired a stake in the business with intention of supporting international expansion. In 2018 Chin Abeywickrama won the Services Category of the EY Entrepreneur awards for his work with Netlogix.