

Challenging times

Shipmanagers are being challenged by crew repatriation, shifting cost structures and a resumption of cruising as our 2020 survey shows.

Q: How do you see the outlook for the global cruise market in 2021, in general and with regards to third-party ship management?

A: According to Per Bjornsen, ceo, V.Ships Leisure, a return to service will 'operationally continue to be more complex', as crewing remains 'central to being able to operate successfully, requiring a robust, global network to be able to cope with local lockdowns, national restrictions and safe mobilisation and demobilisation practices'.

For now, V.Ships is 'seeing a preference for cruise line deployments remaining closer to home' in terms of itineraries; when it comes, the 'largest start-up the industry has ever seen' will be 'gradual', says Bjornsen.

Olaf Groeger, md, Columbia Cruise Services (CCS) explains that the pandemic has caused 'an immediate shift in cost structure' that in previous years leaned towards cruise operators increasing capacities and market-share. He says that 'reduced passenger numbers to comply with social distancing measures have a huge impact on income... while operational expenses are increasing due to increased labor-intensive sanitation measures, necessary investments into new required equipment and upgrades to old equipment, as per newly introduced COVID-19 prevention protocols'.

CMI Leisure Management president and ceo, Dietmar Wertanzl, is optimistic that 'after the implementation of a global vaccine effort, we will see our industry going back to where we left off in early 2020' with 'pent up demand' resulting in 'most of the ships come back into service during the year'.

Like Wertanzl, BSM Cruise Services' managing director, Martin Springer, is looking at smaller operators increasing the size of their existing fleet or new start-ups emerging, encouraged by the 'number of very good cruise ships' that have changed hands at 'relatively modest' prices.

Springer adds that 'the key is going to be how and when ports throughout the globe open and start to accept cruise ship calls'.

Says Springer, 'It will be a fine balance between wishing to receive the revenue generated by such calls and the health and well-being of the local population, as well as the crew and passengers onboard the vessel.'

Q: Describe how your company has been working with clients since cruising stopped.

A: As vessels began suspending operations, BSM Cruise Services worked to reduce operational costs 'to a minimum, without affecting the ships' safety and security', Springer explains, devising different lay-up plans for its customers and sourcing 'for good locations'. Springer continued, 'the on-board procedures have been adjusted to the current regulations in close collaboration with the hotel manager, the owner and in addition, we have expanded our hygiene regulations for the restart of cruise operations.'

'The first priority was to safely take the vessels out of service and repatriate the crew', says Bjornsen. 'From that we have

focussed on optimising costs...and cash flow for our clients, and sharing best practice to prepare for re-entry into service.' V.Ships, he adds, has been 'working with industry bodies, authorities and our industry network to ensure our operations are aligned with the latest scientific evidence and advice'.

Like CMI – which is keeping in close contact with its clients as the situation evolves – CCS is currently working in conjunction with regulatory and non-government agencies to find solutions. The looming threat of COVID-19 has even led CCS to establish a project team for health and hygiene that comprises experts in public health, hotel services and technical operations. It has also developed a tailor-made, full management Health and Hygiene Program, which offers assessments and planning for resuming services, business continuity planning and outbreak management planning. 'If there is any good in this current situation, it [has] brought our clients and us even closer together!' says Groeger.



Per Bjornsen, ceo, V.Ships Leisure, which supports over 100 ships by providing technical and crew management, as well as manning, amongst other services. The company claims to have achieved a year-on-year increase across the board – from ship and hotel management to bespoke partnerships. During COVID-19, it has supported colleagues throughout the industry, which it says has resulted in further growth in its managed fleet.



Dietmar Wertanzl, president & ceo, CMI Leisure Management provides full hotel management services and plans to operate 12 ships in 2021, mostly in the expedition segment.



Martin Springer, md, BSM Cruise Services which manages four ocean going cruise ships on full technical management. Being part of the Schulte Group, it has access to 26 crew recruitment centres globally – likewise with ship management. Its highly trained technical teams meet the needs of fleets, young and old.



Olaf Groeger, md, Columbia Cruise Services, which manages 14 cruise ships for six different clients. Starting out in traditional ship management (deck, engine and crewing services), in recent years the company's portfolio has expanded to include hotel operations. It provides Full Management Services to three of its clients; Dry-Dockings and Refit, Health & Hygiene Consulting and Food & Beverage Concepts are included in its field of expertise.

Q: How big an issue will crew recruitment and retention be post-COVID-19 cruising?

A: 'While most crew were able to be repatriated efficiently, the experience of some crew in the industry has been very unfortunate during the crisis,' says Bjornsen.

'Those which had positive experiences despite the situation – where the cruise lines and ship managers demonstrated their commitment to their crew – will likely be rewarded with improved retention and demand for their vacancies.

'It has demonstrated the critical need for cruise lines to either have – or engage with partners who do – a global crewing network, which can react to quickly changing circumstances alongside travel experts who have the capability and scale to make the far more complex mobilisation and demobilisation arrangements.'

For Groeger, CCS' current issues are primarily focused on today's crew exchanges and says 'the circumstances and burdens put on the back of our seafarers, due to ever changing and per region varying regulations for crew changes, are unbearable'.

According to Wertanzl, there will be a 'new routine' for crew recruitment, where compliance with 'regulatory issues will be at the forefront' and 'new orientation and training programs will be necessary.'

With constantly changing travel restrictions issued by governments, struggling with crew recruitment and retention will become the new "normal". BSM Cruise Services' Springer concurs that, 'repatriation of the crew has been – and still is – one of the biggest issues for all cruise companies.

Like V.Ships – which has its own in-house travel team (GMT) that helped to establish safe travel corridors for crew on board its managed fleet when the pandemic struck – BSM Cruise Services takes care of its own crew recruitment processes and claims to have a 'far-reaching international network and solid, local presence' that has so far helped it to achieve its number of crew changes.

'It is important that while serving on board a vessel, the crew member knows that his family can approach BSM Cruise Services' local recruitment office should



Repatriation of the crew has and will continue to be one of the biggest issues for cruise lines

there be an issue or if something needs to be communicated to the crew member whilst onboard,' Springer says.

'We demand that seafarers are given key worker status by all governments worldwide, allowing them a safe passage home'.

Q: What solutions are you working on with cruise line clients to face the challenges of a resumption of cruising in the next 12 months?

A: 'There are different recommendations, from air conditioning to cleaning procedures, products, and software support,' says Wertanzl.

Like CMI, V.Ships is also developing a COVID-19 framework and working with its clients to understand the technical changes required on board to minimise risk – from upgrading air handling systems to increasing the numbers of wash basins on board.

For Springer, solutions at BSM Cruise Services include: 'Disinfection of guests/crew and luggage before boarding; monitoring of guest and crew temperature; air disinfection via mobile devices of HVAC systems; installation of advanced air filters/constant monitoring and adjustment of air quality; automated door openings and light installations/touchless elevator call buttons to avoid push buttons; and elevator cabin air purification via fixed UV light cleaning.'

A four phase plan that CCS has come up with to support its clients resume services is expressed by Groeger: 'Phase 1, the emergency response phase, includes the immediate off-hire guidelines for the duration of the lay-up period of the vessels, with crew only on board.

'In phase 2 and phase 3, the analysis and consolidation phase, our panel of CCS experts has gathered (and is constantly updating) the generic operational framework for on-hire operations under COVID-19 precautions.

'The fourth phase ensures the customisation of each product in close cooperation with our clients.'

Groeger adds, 'Non-comprehensive or delayed guidelines might cause individual local regulations which could potentially create huge additional administrative workloads for each cruise operator.'

Q: What advice can you give ship owning clients for facing COVID-19 challenges and the resumption of cruise operations?

A: 'We define the world as pre-vaccine and post-vaccine cruising,' says Wertanzl. 'It is continuously evolving and we are awaiting guidance from different regulators to move forward.'

Bjornsen expresses that 'the overriding priority throughout has to be safety, it's in the best interests of everyone – re-entry too soon, or without the correct procedures properly followed, will only cause more pain for both the cruise line in question and the whole industry.'

Being 'up to date with the latest regulations and guidelines from authorities and official institutions,' and 'implementing the proposed measures as soon as possible' are ways of rising to the unprecedented challenge the industry now faces, according to Springer.

Compiled by Holly Payne who thanks all our 2020 survey respondents.