

SubOptic
2007

Enabling Global Communications

HOW TO OPTIMISE

Presenter Ove Smidt

Company Name ALCATEL-LUCENT

Presenter Profile

Marine and technical background starting with the education as a master mariner followed by Practical experience before becoming a tutor at the Nautical College in Copenhagen.

Started in the Submarine Cable industry in TDM 16 years ago (1991). Initially working with the day-to-day operation and manning of the TDM Vessels. Moved later to project management of installation project as well as marine maintenance. When TDM expanded in the mid 90's became responsible for all the sales and marketing activities.

In 2000 TDM was acquired by Alcatel and the initial work was to head up the maintenance services before becoming responsible for the sales activities for maintenance services and recently also for system sales in the Baltic and Nordic Region.



Ove Smidt

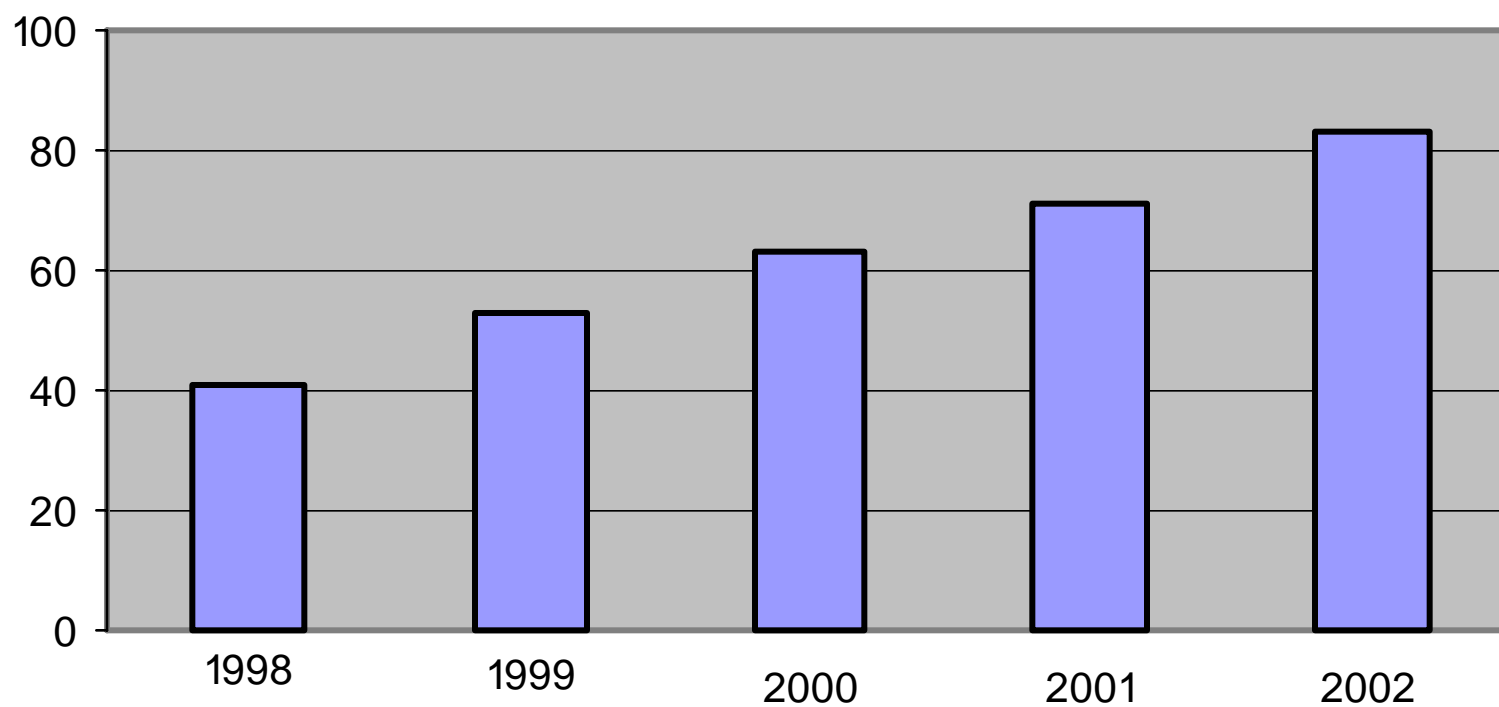
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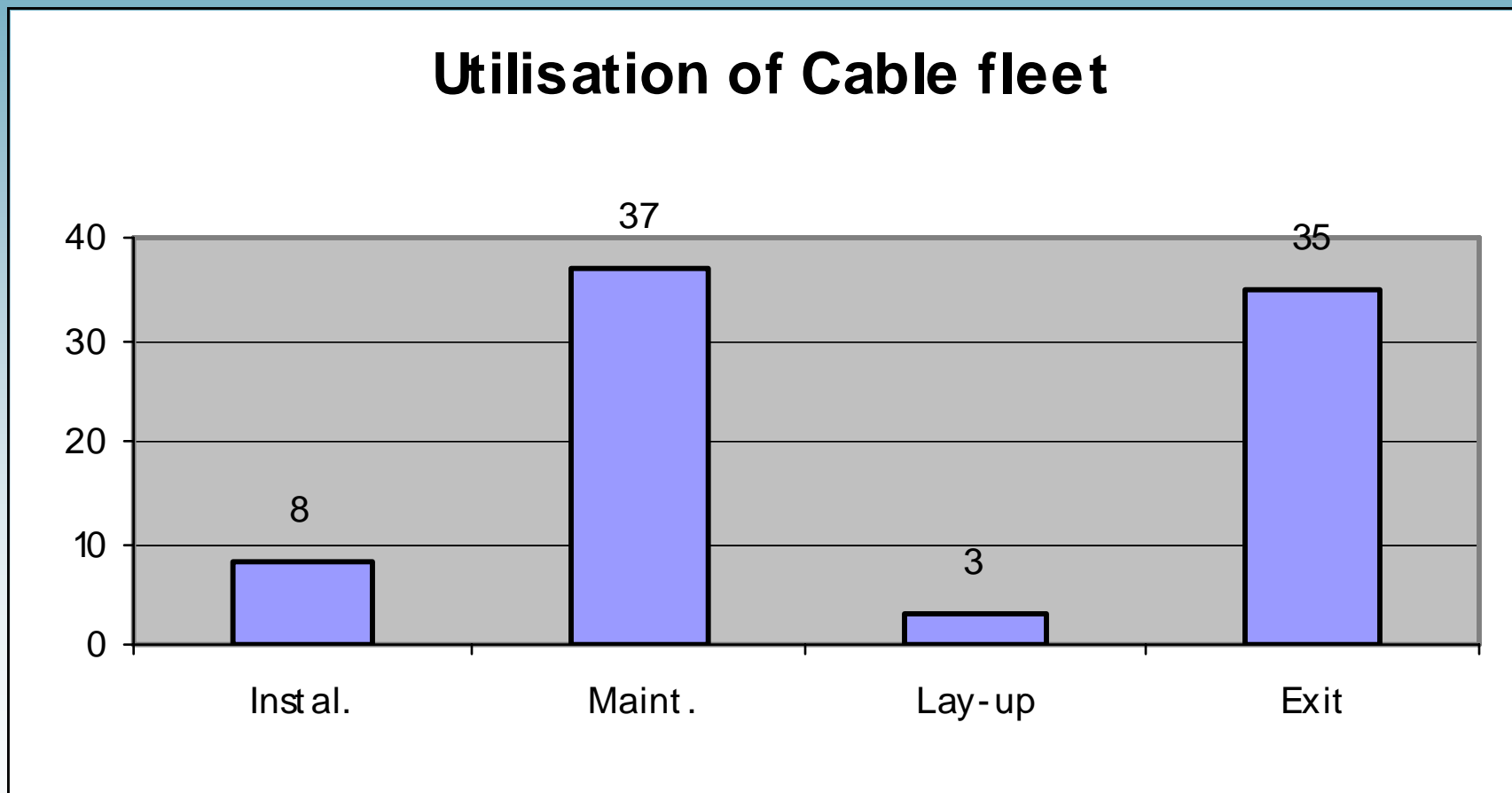
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Development in the world fleet

World fleet Cable ships 1998 - 2002

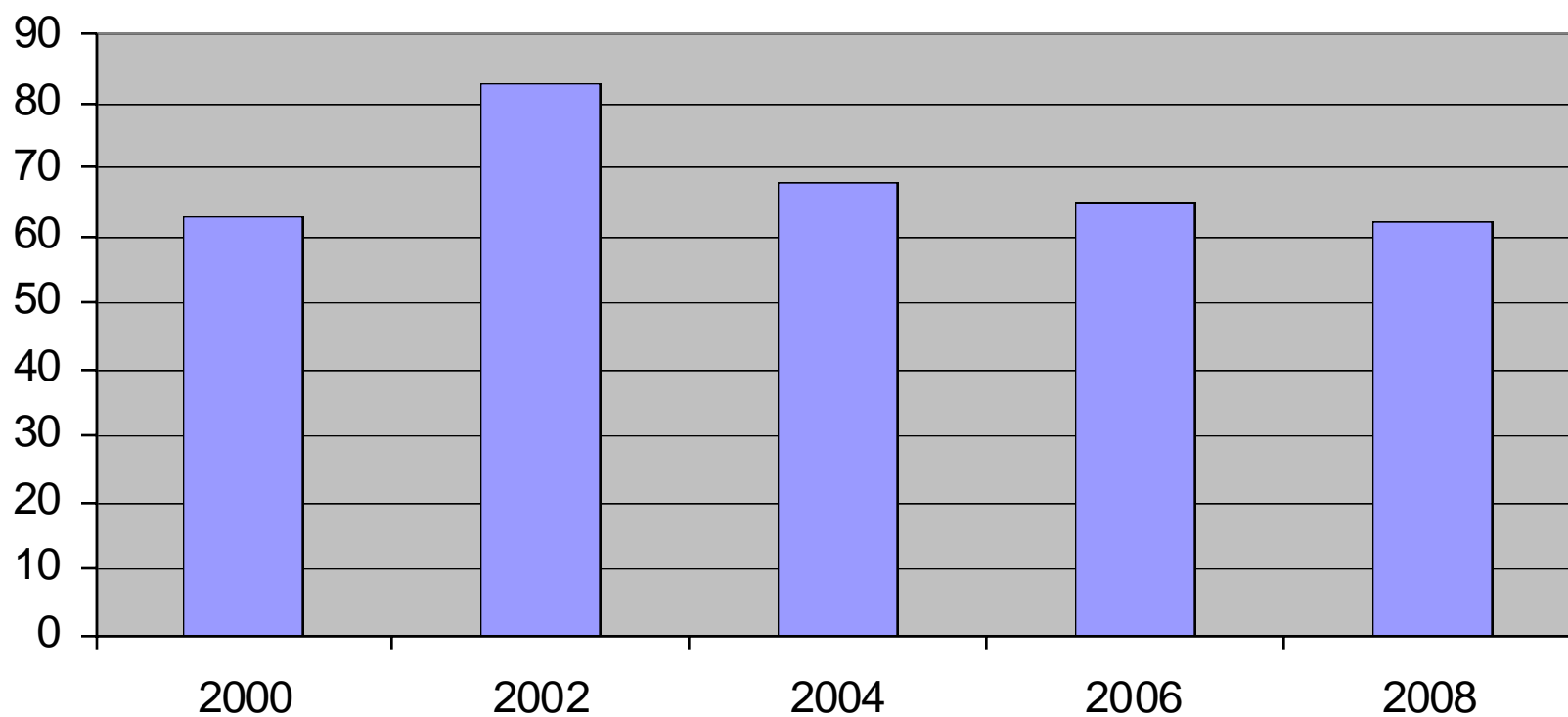


Contractors ways to ride the storm

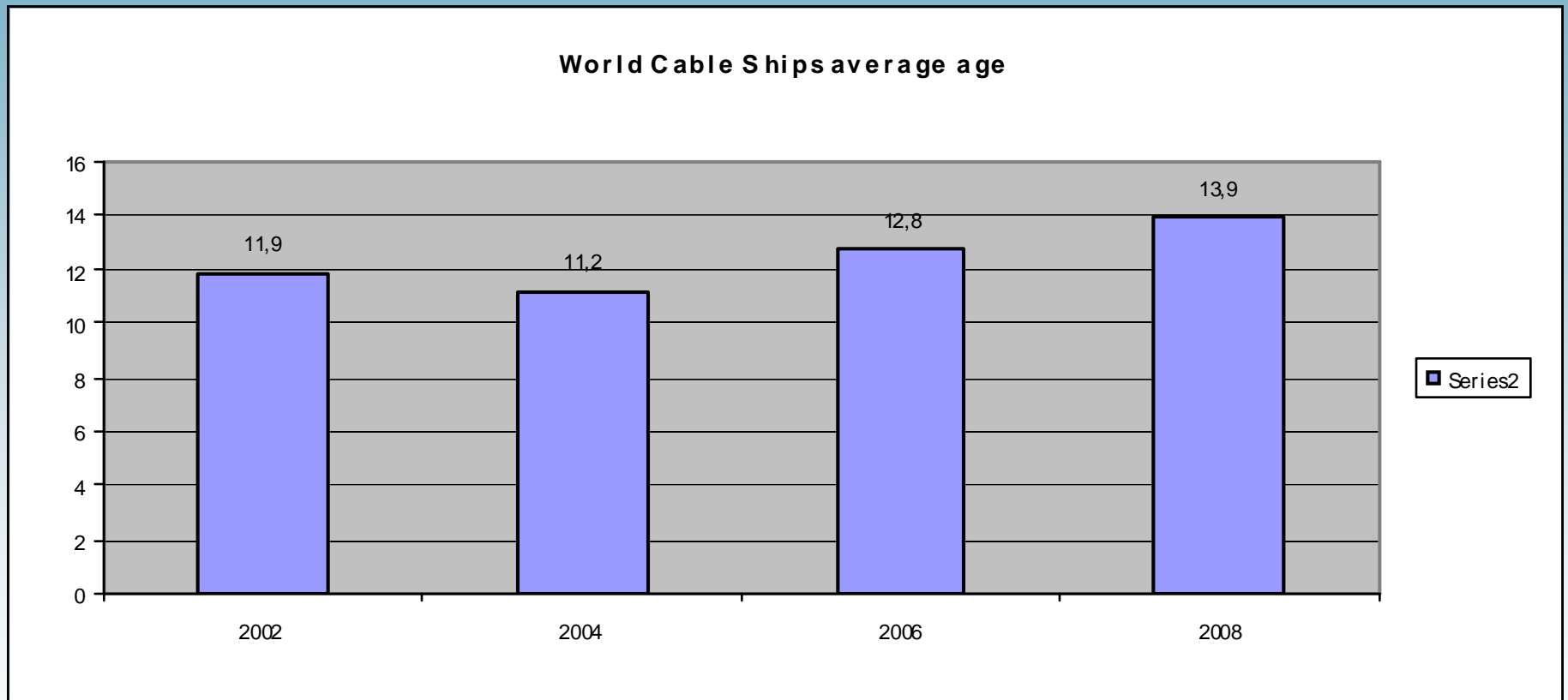


Development in the world fleet

World fleet Cable ships 2000 - 2008

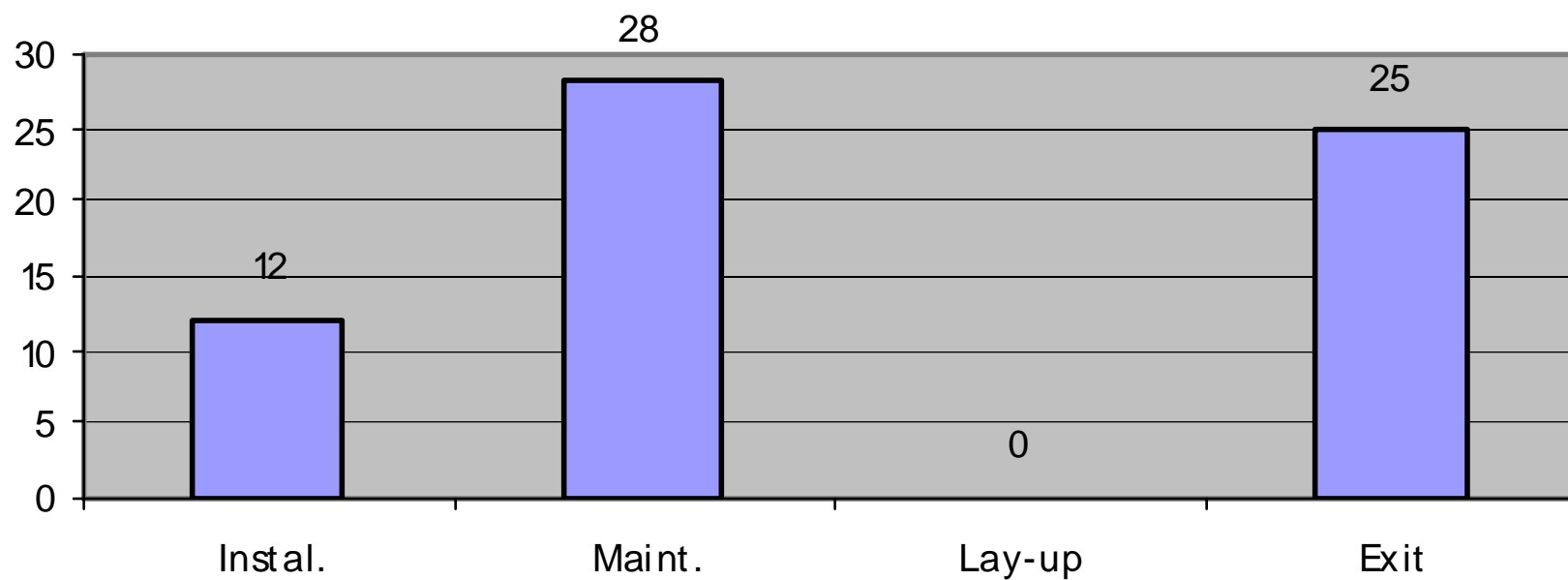


World fleet Cable Ships



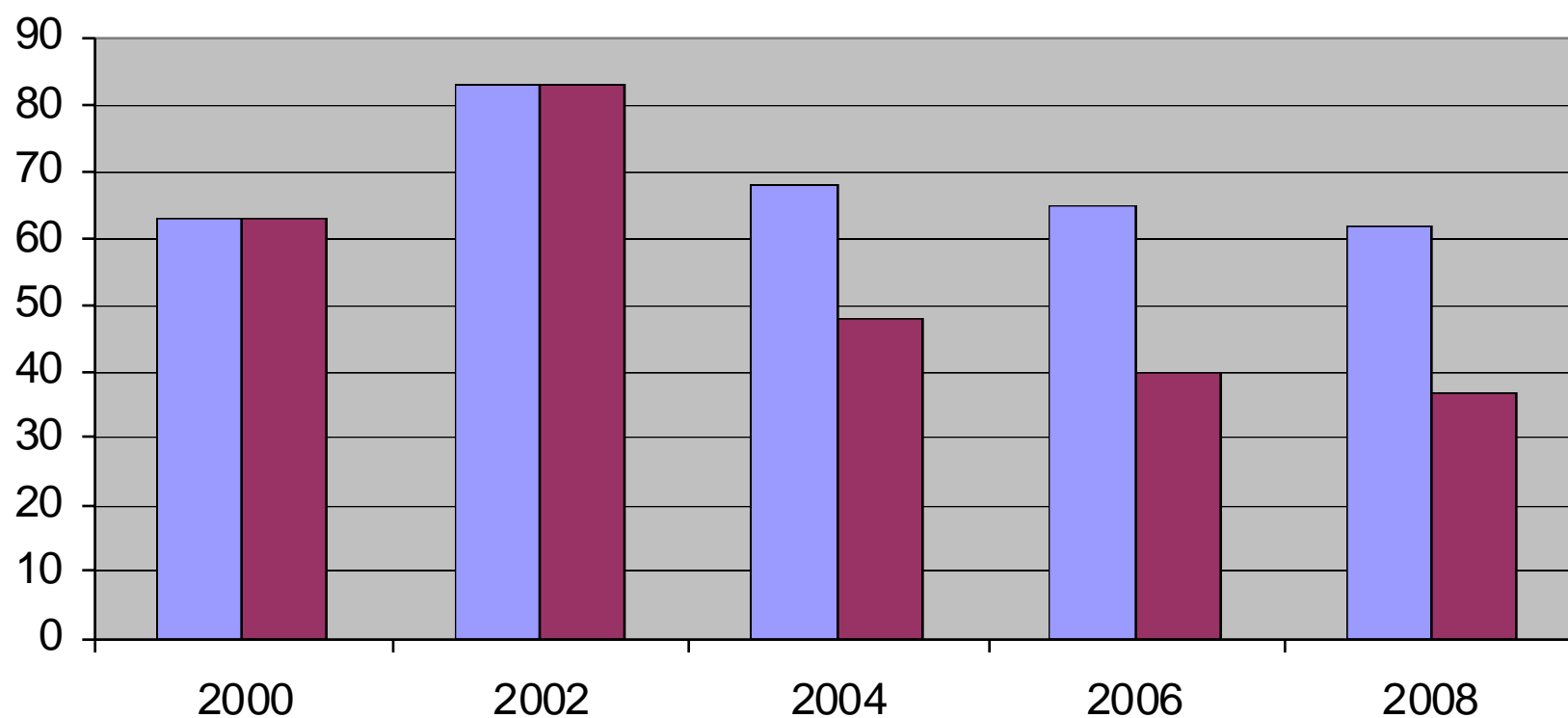
Contractors current utilisation

Utilisation of Cable fleet



Development in the world fleet

World fleet Cable ships 2000 - 2008



So where does this leave us

This could result in

- Increasing prices for installation work resulting in overall system prices going up
- Bottle necks resulting in delayed projects
- A trend that installation will be preferred to maintenance (vessels, tools and staff)

BUT

So where does this leave us

- No additional tonnage (new build or return from other types of work) should be expected as long as a stable and sufficient revenue can't be achieved
- Therefore the industry short to medium term will have to find a way to cope with the challenge using the resources currently available.

The market dilemmas

- A need to maintain a capable service in the maintenance market
- A need to maintain reasonable and stable price
- A need to avoid bottlenecks

ALSO

- A need to secure reasonable revenues which will allow for long-term investment and improvements

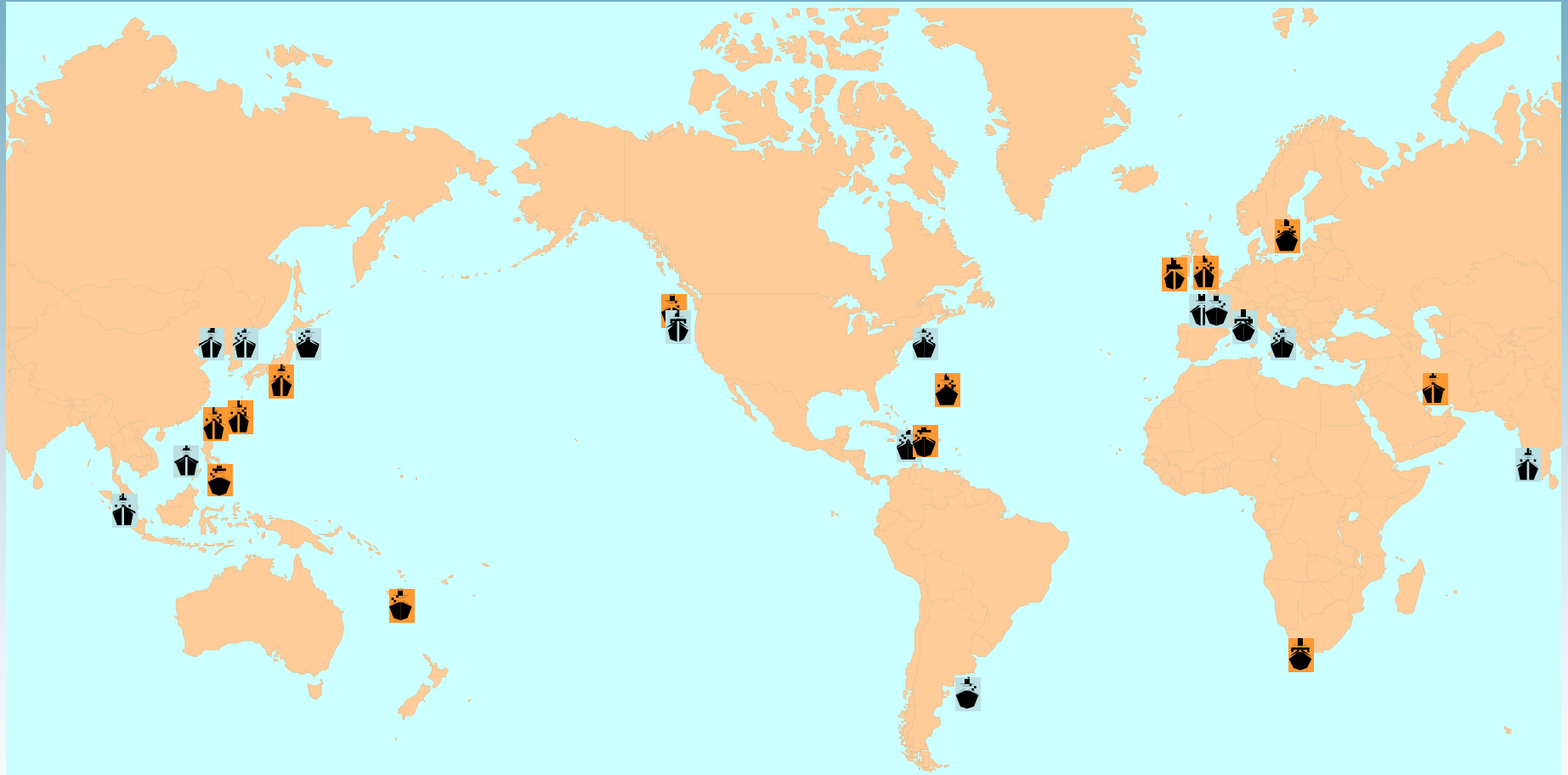
Potential solution

- Any solution should recreate a positive and healthy business environment to secure:
 - Price Stability
 - Resources available
- Failure to do so could seriously impact in particular on the maintenance services

Potential solution

- One solution could be to break down the barrier between installation and maintenance.
- This would release capacity and avoid overheating of the installation market:
 - Achieve price stability
 - Resources available
 - Secure additional revenue for the maintenance vessels making this market more sustainable and attractive long term
- Good and reasonable service shall still be available to the maintenance customers

World maintenance footprint



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Mutual assistance scheme

- Provides back-up when outside work is carried out
- Provides more Achieve price stability
- Provides potentially better availability
 - Dry-dock/refit
 - Multiple fault situations
- Maintain an open market situation

Conclusion

- Unless the key players in the Marine Services Market move to solve the structural problems of:
 - Aging Fleet
 - No new investments
 - Imbalance of revenue streams

- This will create
 - Lack of vessel availability
 - Higher prices
 - Degrading of maintenance services