

THE YACHT

The leading magazine for the design, construction,
management, ownership & operation of luxury yachts

report

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Powerful Programmes & Dynamic Debate

The Global Superyacht Forum Report

The 15th Global Superyacht Forum (GSF) 2009, organised by our Superyachtevents division, brought together over 350 business leaders in the large-yacht market for three days of serious discussions and technical knowledge to share in what is now recognised as the most important conference in the calendar. The opportunity to shape and drive the industry is always high on the agenda and last year's event didn't disappoint. In most cases all papers, debates and sessions explored the way in which we can improve the way we do business, the methods of building and creating better projects. Perhaps more importantly, by listening the various yacht owners who took to the stage, we all have a chance of growing and serving the market's primary client base. The overall event was hailed a huge success and our on site reporters bring you a snapshot of the proceedings.

Day one of GSF (The Owner's Day) opened with the keynote paper titled, "The Owner's Perspective", which was led by Mr Murat Vargi of MV Holding, owner of the M/Y *Jasmin* and a 42m new build of the same name. Mr Vargi gave a compelling talk on his view of the superyacht industry and where it's going in the future. He also addressed the superyacht industry in relation to other luxury products or acquisitions. He felt we should be very aware of the health of other luxury markets such as fine contemporary art. Through them we can better understand the trends and patterns of our own industry and its health at any one time.

Mr Vargi (pictured top of page 97) commented that we might be wise to develop and be aware of new markets and locations like China and Turkey, stating that **"Istanbul is emerging as a fourth financial market"**, New York, London and Singapore being the other three. He also urged those not doing business in China already to do so boldly claiming that: **"There will be no business without involvement of China in the next five years."** This session provided fascinating insight both into the mind of an owner and his opinion on and relationship with the industry. He offered much food for thought on innovative ways to develop,

and where to capitalise to secure and sustain the industry's future, and profit. "The Impact of Rules & Regulations" was led by a panel made up of Chris van Hooren – Superyacht Builders Association (SYBAss); David Ralph – Maritime and Coastguard Agency (MCA); Angus McLean – Cayman Registry; Peter Southgate – Cayman Registry; Paolo Moretti – RINA S.p.A. and Frans Verbaas – Lloyd's Register. Particular hot topics were the MLC 2006 and the proposed 3,000GT 13-36 passenger code. Progress on the code was going better than could be actually made public. Regulators hoped to have more positive information this spring. Although the MLC issues are under discussion it is clear the industry still isn't fully aware of the impact that these will or may have; or it may be a case of heads being buried in the sand. In any case it is a topic that needs much further action within the industry and at a later date TYRG hopes to be a catalyst for that.

Following these sessions came "State of the Industry – How's Business?" which addressed this question with a team of six industry bodies – namely, Legal represented by John Leonida – Clyde & Co; Brokerage, represented by Laurent Perignon – Camper & Nicholsons International; New Build, represented by Michael Breman – Lürssen Werft

GmbH & Co; Refit, represented by Bob Wagemakers – Marina Barcelona 92; Security, represented by Phillip Cable – Maritime Asset Security and Training (MAST); and Manning and Training, represented by Jon Ely – UKSA. This proved a good way to examine the jigsaw pieces of the industry and how they are faring. Varied stances were presented. John Leonida spoke frankly saying that although this had been Clyde & Co's best year to date financially, it had been his most disappointing year in terms of witnessing the levels to which many industry members would sink as a result of the effects of the economic depression. 'Cautious optimism' was the brokerage stance, whilst Michael Breman expressed frustration that there is still a perception that prices at new build shipyards are able to come down (more of which is in issue 110's Stern Words on page 251 and the Editor's introduction in this issue on page 17).

Security also had a busy year, with increased piracy threats. From the training perspective 2009 had not seen past levels of jobs availability, although new entrant interest still remains high. For refit companies business is good. Bob Wagemakers took the opportunity to present an update on the recently formed ICOMIA Refit Group.

On the panel for the final session of the day “Business, Brokerage & Financial Matters” were Bertrand Vogèle – Yachting Partners International (YPI); Laurent Perignon – Camper & Nicholsons International; Luc Khaldoun – Fraser Yachts; Barry Gilmour – Royale Oceanic Limited; Martin Baum – Pantaenius Yacht Insurance and Remco Immink – Ciris Capital.

The issue of transparency – or lack of – within the industry was discussed extensively, as well as industry ethics and the process of pricing and valuations. Barry Gilmour set the tone of the session by reminding the audience that as an industry we are largely unregulated with low entry barriers, a theme that ran throughout the conference. It seems that there is currently no formula for valuation and perhaps this is something that should be considered in order to lend uniformity to the process. This would allow owners to have a much clearer and informed idea of what costs should actually be.

The brokerage response was that transparency is not needed in order for owners to have a clear understanding of the industry and for them to find the right boat; but the right broker is crucial. Overall, prices have been driven down, secondhand yachts are so affordable compared with new builds and there is an abundance of available inventory. This is causing havoc for the new build yards and affecting their ability to secure orders. It appears that brokers and shipyards are, however, working together more than they might have in the past; a positive sign. Bertrand Vogèle commented that the relationship between brokers and shipyards has improved and that **“cooperation is much better than before”**.

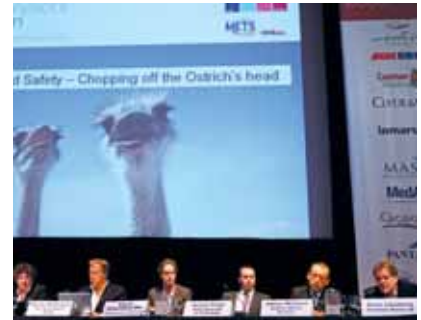
Another pertinent comment came from the audience stating that perhaps we should stop trying to rationalise the industry and looking back at what once was and rather concentrating on adapting to the new situation and what owners want – after all, it is they who drive the industry.

Day two – The Business and Technology Day – began with “Improving Standards and Quality of the Bidding Process – for New Builds and Refit Contracts”. The main point under discussion was the change in the way contracts are now being approached and written. In the past there was perhaps more reliance on trust; now there is much more diligence with emphasis on ensuring that contracts are watertight.

The second session, with a panel of Assistant Professor Robert Hekkenberg – Delft University of Technology and Jeroen Pruyn – Delft University of Technology, was “Applications of Compensated Gross Tonnage”, which examined the work done by the university using data supplied by SYBAss to see whether Compensated gt was an accurate reflection of the economic and social effect of a superyacht. Results of the investigation demonstrated that a yacht has approximately 500 times more value than a bulk carrier of the same gross tonnage. This is due to the correspondingly greater man hours and fit out costs leading to greater cash put back into the economy.

The third session of the day was entitled “Fire Protection and Safety – Chopping off the Ostrich’s Head”, with a panel of Adrian McCourt - Watkins Marine Services and Sven Länsberg - Consilium Marine AB. This seminar set out to reconcile the needs for good safety procedures and the disparate and fragmented nature of superyachting. A sector with many varying types and quality of owners, yachts and management companies; all operating independent of an overriding governing body.

“Applications of Efficient Engineering”, was led by a panel including Maarten Sickler – Vuyk Engineering; Per Egil Vedlog – Rolls-Royce Marine; and Dr.-Ing. Jens Bodo Koch – Blohm + Voss Shipyards. The essential aim of all three was to set out how both the individual companies themselves approach the problem of increasing efficiency in engineering and what technologies might be applied to the issue.



GLOBAL SUPERYACHT FORUM 2009



The final session of day two – and one of the most hotly anticipated – “Building a Better Superyacht Business” saw three significant owners on the panel; Lord Laidlaw of Rothiemay – M/Y *Lady Christine*, Mr Roger Smee – M/Y *Leonora*/Real Office Group; and Mr Murat Vargi – M/Y *Jasmin* and M/Y *Jasmin 2*. They took the stage to present their views and experiences on how the industry operates and what they would like to see from it in the future.

One of the issues up for discussion was the formation of an owners association – and its use as a means of providing universal standards for the industry. This was proposed by Roger Smee. Initially this was not well received, with some delegates doubting that such an association would work. After discussion from the floor, and reflecting on the panel’s experiences, it became apparent that hearing what the owners were thinking and wanting could only help the industry with Roger Smee claiming that: ***“If I were a broker and I was running a serious business I’d welcome the suggestion that we prove to the world that actually we’re running a proper business.”***

It was clear that some (though not all) of the owner panel were frustrated by corrupt aspects of the superyachting industry such as backhanders. They perceived that there are a lack of industry standards and means of policing this. One problem, pointed out from the audience, was that no matter what standards you set the good guys of the industry will follow guidelines and the bad guys won’t, so the problem will not really be solved. Here Roger Smee then suggested the idea of publicly blacklisting companies that are known to be behaving badly, saying they pull the reputation of the rest of the industry down.

In addition to this hot discussion topic the point was made that the industry is lamentable at marketing to clients new to yachting; clearly something we should examine. We were thrilled to have three owners giving up their valuable time to share their thoughts with us on the industry; sharing their experiences (both good and bad) and

examining with delegates the ways in which the industry can improve.

Day three of the event was focused on the issues and developments within superyacht design, with the first presentation of the day by Ronno Schouten of Feadship, De Voogt Naval Architects on the new 75m design concept – the Aeon Project. The second session of the day was on “Design Technology – The Future is Efficient”. This looked at design solutions such as modular powerplants that allow greater design flexibility, more environmentally friendly propulsion and the space saving that can result; the need for a standard to judge the energy use and efficiency in yachts was also a topic.

The rest of the day saw a presentation on “Shedding Light on LEDs” and “Design – A Virtual World”, which explained how to quantify and measure this technology through a practical demonstration and described how this technology may be applied in the large luxury yacht. The final session of the day was conducted with a panel of interior design experts.

With the final session over, the Chairman, Martin Redmayne, brought the event to a close by thanking the speakers, sponsors, the Superyacht Events team and most importantly the delegates themselves, rounding off another successful and thought-provoking Global Superyacht Forum 2009.

By Ellie Brade & Adam Turner

Images by Caroline Hillier & Sally Williams

All delegates who attended will have access to all transcripts and papers. Go to www.superyachtevents.com/transcripts.asp and add your name and e-mail address.

If you did not attend and would like to view the transcripts please contact Georgina Lucey on georgina@theyachtreport.com or call +44 207 801 1015.

Date for your Diary:

**Global Superyacht Forum:
15-17 November 2010.**

For more information and to register your interest please visit www.superyachtevents.com/gsf