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ADM Thad Allen Honors the Past but Concentrates on Positioning the Coast Guard for the Future

By Joseph Keefe

U.S. Coast Guard Commandant ADM Thad Allen has pledged to modernize a Coast Guard that, in his own words, “has not kept pace” with the demands placed upon it in the post-9/11 regulatory world. Selling that message to Congress will be the linchpin of how successful his effort will be. The full amount of the President’s FY ’09 Coast Guard budget request hangs in the balance.

Allen has done a lot of selling in the past six months. More accessible to industry and on the move more often than any of his predecessors, he also spends a large amount of his time on Capitol Hill. Because he constantly meets with industry stakeholders, getting him to slow down long enough to take his temperature on the full range of his responsibilities is usually next to impossible.

In mid-February, Managing Editor Joseph Keefe was privileged to get two hours of Allen’s undivided attention as he flew to Houston for an industry function. The details of this exclusive interview, providing direct and unvarnished dialogue that Allen willingly delivers, cannot be read or seen anywhere else. Follow along as ADM Thad Allen explains what he means by “Honoring the past, not operating in it.”

JUSTIFYING THE COAST GUARD AND “DOING MORE WITH LESS”

There is little that irritates Thad Allen more than casual discussion over whether or not a Coast Guard is needed. The inferred motto of “Doing more with less” is clearly one of those things. Nevertheless, the concept of restructuring certain parts of the Coast Guard is a discussion he can embrace, and he starts by expand-

ing upon that idea for MarEx readers:

ALLEN: The Coast Guard has evolved over the past 200 years into an organization that operates in an all-threats, all-conditions environment. So I don’t think the question ought to be, “What do we do with all these missions?” It should be “How do we optimize the Coast Guard to do the missions they have?” There’s a reason we have all these missions. Everywhere I go in the world, I visit other coast guards and there is no other coast guard like ours. Nobody in the world does what we do in one organization. I go back to what Secretary Ridge said after he had been Secretary for about a year. He said, “If you didn’t have a coast guard, you’d have to invent one.”

I gather that you are done doing more with less?

ALLEN: That’s correct. Not on my watch, anymore. And until somebody tells me to stop saying that, I’ll keep doing it. Beyond this, every time we need to go and get a new class of cutter, it becomes a referendum on whether or not we need the Coast Guard. That’s a tough environment to live in. We have multi-missioned cutters and multi-missioned people – you put these in place and we can do five or six different things. We can’t do five or six different things at once. We are an organization that is very adaptable. So what I’ve

tried to do is create the right organizational structure so we are effective in doing all these things. The question shouldn’t be, “What can we take away from the Coast Guard?” And by the way, I’ve heard no one say that except in the context of marine safety. The question ought to be, “How do we optimally organize it?” Back in 1998 – before Katrina and 9/11 – we decided that we should merge all of our commands in one port and have one face to deal with the public. That actually spawned four or five activities around the country that we set up as prototypes. Fortunately, New York was one of those places. I cannot imagine how we would’ve managed the events of 9/11 had we not had a single command there to manage all facets of marine, port functions and law enforcement.

Mission Execution - Thad Allen’s way:

ALLEN: Now we focus on “mission execution.” Quite frankly, we’ve tended to be organized around programs – aids to navigation, search and rescue, and so on. We haven’t looked at the fact that these are product lines that we deliver to the same entity. The notion is to merge the product lines so when you are dealing on the port level, you’ve achieved one-stop shopping. And the customers should be able to expect service levels that are adequate for them to do their jobs. What that means is that we have to run and deliver that product line correctly.

Allen on full transparency, responsibility:

ALLEN: I’ve got no problem with the issues that have been raised. I doubt there are very many entities in government who would’ve sent Jim Card out to collect that information and make it public. As I’ve said to Chairman Oberstar on more than one occasion, if you tell me what your issues are, I will be respon-

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sive to them – because that’s my job as the Commandant. If I am not responsive, then you can hold me accountable.

SOUNDINGS

Admiral Allen’s four-year term expires in May 2010. With twenty-one months of service already behind him, we asked ADM Allen to outline just a couple of initiatives that would best exemplify the Coast Guard’s transforming itself to meet the heightened expectations of industry and the general public. Here’s what he had to say:

ALLEN: Last July, we stood up to our new acquisition organization and started to assume the role of lead system integrator for Deepwater. We’ve stabilized the National Security Cutter technical baseline, and we’re poised to take on the responsibilities that we need to and redefine our relationship with Integrated Coast Guard Systems (ICGS). Secondly, last year we commissioned our “deployable operations group” that takes our echelon of deployable special forces under one command in order to adapt a force package equal to whatever incident you are talking about – hurricanes, heightened security situations, etc. We’re talking about port security units, environmental HAZMAT strike teams, maritime safety and security teams – all of them. Under one command, we can now pick and choose the force package to match the threat. Two huge successes.

What could you have done better?

ALLEN: Fixing and upgrading the Unified General Ledger – I probably should have put more people on that sooner. As recently as 1986, if we wanted to produce a combined financial statement, we had each of the districts mail in a disk and we’d combine them all at headquarters. So, in response to that, we centralized finance in two MLCs and, within a year, we knew we’d made a mistake. That resulted in the creation of a single Coast Guard finance center in 1988 or 1989. But even then we didn’t get it right, because certain Coast Guard centers remained as stand-alone finance centers that dealt directly with the Treasury. So we had a uniform financial system but no unified general ledger. We still don’t today, and that’s why we can’t pass an audit. We won’t be there until 2010.

The Coast Guard has taken considerable heat for not keeping pace with the demands put upon it by present and past administrations and current events in general. We asked Allen if

he felt these “failures” were more of an internal issue or simply the long-term consequence of inadequate funding and resources. Here’s what he had to say:

ALLEN: All of the above. There are internal issues and there have been external funding issues. There have been external policy and legislative decisions. We’re always going to have surge operations. If you are a multi-missioned organization, with five defined missions per vessel, it also means that you can’t do five missions at once. Any surge we did with Katrina was a temporary surge – not a fundamental realignment of our resources. 9/11, on the other hand, changed the way we think about port security and maritime security. There may have been some migration at the sector level to accommodate the local commands. But we had holes in the marine safety department before 9/11. So 9/11, while it didn’t exacerbate those holes, it did for a while make them absolutely invisible. So I think we just kind of let it (marine safety) sit for five years. The real holes in marine safety were made in the mid-1990s when we also put a hole in the Coast Guard. As the streamlining of government took place, we took a huge hit, losing 4,000 people. Just a little while ago, we finally got back up to the strength we had in the mid-1990s. We actually spent about two years of doing not much else except figuring out how you operate while you are taking \$400 million and 4,000 people out of the Coast Guard.

DEEPWATER/ACQUISITIONS/ICGS

Allen talks freely about Deepwater issues and the way forward in reorganizing the Coast Guard so that it can stand up and manage a competent acquisition program:

ALLEN: I talk to (Navy) Secretary Winter a lot – and he helps me a great deal. It is important to note that there’s no Secretary of the Coast Guard that does acquisition for us. The Coast Guard also does not have a systems command like NAVSEA or NAVAIR. In the mid-1990s, we were constrained in our capacity and we were told that we could expect no more than \$500 million per year for the life of the project. We had a fleet of vessels that were approaching block obsolescence. Well, the decision that we made at the time – rightly or wrongly – was to hire a systems integrator and tell them, “Here’s what we have to replace, with \$500 million per year. Give me a portfolio of how we can acquire new assets and extend the life of the old assets.” At the time, there was no other way that we could

recapitalize the Coast Guard. We had to outsource to the lead integrator a lot of the functionality defined in NAVSEA.

I told my people: If you are going to sign a contract to deal with Integrated Coast Guard Systems, you’ve got have an integrated Coast Guard. We did not. We did not take our engineering staff – which is a great engineering staff – and integrate them with the program office. So we tried to execute this procurement with ICGS with some disenfranchised technical authority. They said, “We’ve designed cutters for you in the past. We’re the people that used to do this for you. We haven’t been involved in the procurement and, when we have an issue with it, we can’t get it raised out of the integrated product teams.” You have two issues: the growing fear within the Coast Guard that we’re leaving key decisions to the contractor, and the wedge being driven between our technical people and the program shop and contractor.

Allen speaks to refute some of the press coverage that occurred when the Deepwater “story” broke:

ALLEN: When the news broke in the press in January of 2007, somehow it was like people were hearing it for the first time. We weren’t rebutting the fact that issues were being reworked – I knew that myself and had been working on it for five or six months. There was no recognition of that whatsoever. We were basically shouted down. There were significant organizational, cultural, funding and policy issues that resulted in how we got to where we were. But as I told everybody when I got down to Katrina, “That was then, this is now.” Today, ICGS is in a position where it has to demonstrate that it adds value or we do something else. The best example of that is that we ultimately took back and completed the fast-response cutter. We’re doing that ourselves. There were vessels out there in the price range that could perform the way we wanted them to, and there was no premium to having ICGS as the middle man.

AT HOME IN HOMELAND SECURITY

With a history of being housed under more than one department over the years, Thad Allen is clear about the Coast Guard’s proper place – and internal structure – within the federal government:

ALLEN: We’ve found the right home. If you were to draw a diagram encompassing all of our missions and responsibilities and those of DHS, that diagram has never been more approaching concentric than now. It’s not

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perfect, but it's never going to be with us. The early construct of the revenue cutter service was the first Department of Homeland Security. Alexander Hamilton once wrote something to the effect that "Vessels stationed at the entrances of our bays and rivers would at very small expense be useful symbols of the laws." That is our organizational DNA. So we have always been homeland security – they haven't called it that at times, but we're maritime border security. In the late 1790s, we were the only maritime force the country had, with the dual character of providing law enforcement but also being an armed force.

I've said we were never structured right



to begin with – there are two parts to that. Before 1986, every Coast Guard district had an engineering staff, a finance staff, and everything was done regionally. This evolved from the early days of the Coast Guard and the revenue cutter service and the U.S. light-saving service. Back in those days, because of the way communications were, these geographically-based districts were self-sufficient. One of my predecessors, ADM Paul Yost, for reasons of economy, felt that we needed to centralize support functions. And so he established a working group in 1986, on which I served, to move the support and engineering functions out of the districts so they could focus on operations – much in the same way a corporation would. But at the time, and because of flag politics, quite frankly, we sub-optimized that by creating two regional maintenance and logistics commands on each coast under the area commanders. Every time one of these things comes around, we seem to know the right thing to do but we don't quite get it 100-percent executed. Over the years, then, we have sub-optimized responses to external drivers.

What about NMC (National Maritime Center) – did you centralize this for the same reasons?

ALLEN: No. That decision was taken separately from the finance discussions. That's a service or a product line. The idea to centralize there was actually spawned inside the

marine safety community itself. The rest of the Coast Guard should've taken a cue from NMC to centralize our delivery of national service through service centers. So not only should we be looking at our business models to unify our backroom functions; we ought to be looking at how to unify the service we give to the public. We do have some lack of integration out there.

SELLING THE MESSAGE

Allen's management style is to have his people manage "up" as well as they manage "down." Allen himself knows that he must "manage up" better (to Congress/DHS Secretary/the

...every time we need to go and get a new class of cutter, it becomes a referendum on whether or not we need the Coast Guard. That's a tough environment to live in.

Administration) when trying to sell budget requests, legislative programs and the general organizational agenda:

ALLEN: First of all, I've pushed the decision process down in the Coast Guard, to free me up to work more outside the building. In the past, we've never had a close relationship with CNO or any of the other secretaries. Today, however, I get a lot of great mentoring by interacting with Air Force Secretary Wynne. He's a great person to bounce things off, and he has a great acquisition background. Today, when the Joint Chiefs are meeting with the President, I'm in the room. I'm invited to go to any session I want.

That wasn't always the case, was it?

ALLEN: It kind of comes and goes, depending on the Secretary of Defense. Secretary Gates has been an extraordinary leader. I can call the SecDef any time I want if I have a problem. And Secretary Chertoff, if I need to get to him at any time, I can get to him. I've also started a series of meetings with people that we are strategically aligned with, where our areas of concern overlap from time to time: NOAA, the head of the EPA, the Secretary of Transportation, etc. I call them up and I go see them.

What about Congress?

ALLEN: I spend a lot of time up there. My legislative affairs staff will tell you I've probably been up there as many times as any Commandant in history. The other thing that we do is invite, on a regular basis, a member

of Congress to come over at 0745 hours. We start in my office with a light breakfast and have a "one-on-one" executive session about what's going on, and we roll down to the eight o'clock ops briefing and sit through that. Then we have the overnight Intel briefing. Most of the time, recently, that brief has been about drug interdiction and some of the challenges we've been having. We can also customize a briefing as to what that particular member's concerns are. They're out of there before the Congressional day starts. We are averaging about one of those a week. They like it – they are effective – and we're going to keep doing it.

DHS has held a number of national and regional summits to address the issue of "the small boat threat." A myriad of special interests want "exemptions" from any AIS (Automatic Identification System) solution. Allen has couched the solution first in terms of safety. As port security goes, he says that one size does not fit all, but there's much more to the solution than that:

ALLEN: Well, as Jim Loy would say, "If you've seen one port, you've seen one port." (Laughter) But seriously, I can understand if people in America don't want this "invasion of privacy," but what I don't understand is not wanting to have the discussion. Because in five years, after I'm gone and a fastboat comes out of the Bahamas and cuts through the hull of a cruise ship coming out of Miami, I don't want that to have occurred because ADM Allen had a lack of imagination. I feel that it is incumbent upon me to bring the debate.

Before the Motorboat Safety Act of 1971, we were up around 1,700 deaths per year. We've plateaued in the last five years at 600 to 700 per year, but we've always thought there was an issue with boating safety, even before 9/11. There is no uniform competency standard, and that's why you see 14-year-olds dying in jet ski accidents. That's why we've always pushed for a national standard, to reduce the number of boating deaths. Now the real reason for tying in safety with security is that they are interlocking. Any improvements you make in safety ultimately benefit security and vice-versa. The biggest issue we have with marine security right now is that we do not have an existing national infrastructure upon which we can build a maritime security regime. The aviation system that grew up in the twentieth century has an air traffic system because the prospect for an air disaster is so large. We have dramatically reduced aviation accidents in this country by having ubiquitous

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coverage, persistent radar surveillance. That also produces a security premium. We're not trying to take away anyone's civil liberties. Someone came up to me recently and said, "Driving is a privilege; boating is a right." So I pretty much know who I'm dealing with here. And there is a case for competency standards for recreational boats.

There's only so much benefit you can derive from the electronic solution. But the technology is there. Still, it would be hard for us to make a case to drive down AIS requirements significantly further unless we have the capacity and the capability to understand and process that information. Right now, our



understand that the Straits of Hormuz, Straits of Malacca, Gibraltar and the English Channel present unique challenges to shipping. If we're talking potential passages in the Bering Straits, then we ought to be talking to Russia right now about traffic separation schemes and navigation systems. The current policy statement for the Arctic is imbedded in a document formulated in 1994. It doesn't take into account the more open waters up there, the modern technologies for oil and gas exploration, and the fact that we operate the world's largest zinc mine north of the Arctic Circle. That also has to come out of there by boat. It is time for that document to be refreshed.

We don't have the luxury to train everybody to be an expert at everything, but we can bring someone into our "centers of excellence," train and then send them on...

mandate through the Maritime Security Act is to drive AIS requirements down to all vessels 65 feet and above. That's law. It's backlogged, so you may not see it on my watch.

Reacting to outside circumstances has become business as usual for the Coast Guard. Allen points to one example of where today's Coast Guard has looked internally and made the necessary changes before a "crisis" precipitated it:

ALLEN: Operations in the Arctic. I've had no direction from the top on this one. I am seeking it now. We have to start looking at environmental response, search and rescue, and patrolling in an area that didn't have water. We're going to be sending some units up there to test their capabilities at high latitudes next summer because there's water there and we have responsibilities. If you understand at all what is going on in the world, then you

MARINE SAFETY: EARNING BACK THE TRUST

Allen finishes up by talking about the plan to enhance the Marine Safety Program by splitting it into three general areas: (a) improving capacity and performance, (b) enhancing delivery of service to mariners and industry, and (c) expanding outreach and advisory mechanisms for industry and communities:

ALLEN: We need to bring people on board, put them in place and train them. It is going to take a while to ramp that up. "Outreach" is where we've moved right away because I've got to have credibility with the marine community. I've told Chairman Oberstar that I'm responsible and that involves senior leaders talking to senior leaders. I've recently started a senior leadership forum where we've had ten major executives in from every phase of the maritime industry – including labor. Nobody's been more engaged with industry than me. I can't tell you how many times I've been to Houston.

We have some ports where we have a fairly homogenous fleet and the work is not very complicated. In a fishing port you can get pretty good,

pretty quick. Then you have ports that have high concentrations of crude, LNG and/or container ships. And we're working closer with the offshore industry than we ever have before. So we're going to create "centers of excellence" around those product lines in those ports. We don't have the luxury to train everybody to be an expert at everything, but we can bring someone into our "centers of excellence," train him or her and then send them on to the port where they can best use those skills. When I was in Miami, we started a one-week course on cruise ships – sort of a precursor to today's centers of excellence. But that's how these centers will eventually evolve. *The President's FY '09 budget includes an additional 276 new Marine Inspector positions and other program enhancements intended to improve service and restore balance in the Marine Safety Program. Allen expands on where they will come from and how many will be needed:*

ALLEN: We'll be recruiting and looking across the broad spectrum of everything maritime. We'll be looking at the federal and state maritime academy graduates – we have a particularly good relationship with California Maritime right now. We need to look at places like Webb Institute and MIT and take people with degrees and put them through OCS. We have to look at how we're training these people.

What headcount is good enough?

ALLEN: We have to look at the gaps in each product line, what is the total gap and what's the highest priority gap to fill first – based on risk. But we're talking thousands, not hundreds here. Look at the Arctic: We have emerging threats there. We'd like to attack them before they hit us (for once). National AIS is coming too. And let's face it, in comparison to the other armed services – and we are nowhere as big as they are – it doesn't take much of an increase in force to give us a huge surge in capacity. We've got some training issues, but most of the problems we've had since 9/11 have been related to capacity.

The challenge with marine inspection is that it involves almost totally human resources. So many of our other missions are platform-based; we can track those missions by the hour and calculate costs. Marine inspection is quite different. Ultimately, we need to understand the cost of an inspector's time and what he is doing with his time. We also want to send the right people to the right ports where their expertise is best placed.

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