**IBM**

**ROYAL ARCTIC**

## Business challenge

Royal Arctic Line wanted to help Greenland's businesses thrive by adding direct routes to mass markets, but siloed systems meant integrating with a new regional shipping partner was near impossible.

## Transformation

Royal Arctic Line is working with IBM® Global Business Services® to shape standardized, scalable business processes, helping it connect its operations seamlessly with international shipping lines.

**Dragan Kesic**
**Chief Information Officer**
**Royal Arctic Line**

## Business benefits:

### Helps
businesses in Greenland reach millions of new customers

### 3x
cargo capacity increase supports sustainable economic growth

### 30%
reduction in operational costs to increase investment in new services

# Royal Arctic Line
## Steers Greenland into the global marketplace to advance a self-sustaining economy

Owned by the autonomous Government of Greenland, Royal Arctic Line A/S (RAL) is responsible for all shipping between Greenland and the rest of the world, and between the towns and settlements of Greenland. Founded in 1993, RAL receives a concession from the Government of Greenland allowing a monopoly over all seafreight to, from and within Greenland. With 619 full-time employees, the company has an annual revenue of around DKK770 million (USD109 million).

*"Our work with IBM and our Microsoft business systems are helping us connect Greenland with markets around the world."*

Dragan Kesic
Chief Information Officer
Royal Arctic Line

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## Forging a new partnership to energize the economy

"There are no roads between towns in Greenland," says Dragan Kesic, Chief Information Officer at Royal Arctic Line. "Greenlanders rely on ships to import everything from cars and building materials to clothes. Royal Arctic Line has a mandate from the government to provide these vital services to every settlement. In harsh winter conditions, this sometimes means transporting packages on the back of snowmobiles."

Because Greenland is thousands of miles away from the nearest shipping hubs, the variety of products offered to consumers has historically been limited. Greenland's economy and quality of living have grown explosively in the last 50 years, but the country now faces significant challenges, including high unemployment and an aging population.

Recognizing that a flourishing private sector would help reduce pressure on public spending and foster sustainable economic growth, Royal Arctic Line set its sights on a major transformation.

"We knew that building closer connections with mass markets in Europe and the US would be a catalyst for growth in the private sector, and help the country set a course to a self-sustaining economy," Kesic continues.



"To make that vision a reality, we needed to increase our shipping capacity and offer a wider range of direct shipping destinations."

The company realized that the sheer number of additional ships required would be prohibitively costly to lease and operate. Instead, Royal Arctic Line decided to partner with Eimskip, Iceland's leading shipping company, to gain access to the new routes—but working efficiently with other businesses posed a tough challenge.

"In the past, we relied on a custom-developed application to manage our business processes," says Kesic. "The application was essentially a black box, and as the years went by, it had become prohibitively complex and costly to develop and manage. To connect with global shipping lines, we looked for a scalable, flexible platform that would help us integrate seamlessly with partners around the world."

## Plotting a course to success

Royal Arctic Line had already selected Microsoft Dynamics AX and Microsoft SQL Server as the enterprise platform to support its digital transformation.

As part of the process, the company connected its Microsoft Dynamics AX applications for finance, controlling and human resources with new systems for terminal and shipping management using IBM Integration Bus Advanced software.

"Many large enterprises around the world rely on Microsoft Dynamics AX software to manage their operations, which gave our decision-makers the confidence that the solution was the ideal fit for Royal Arctic Line," recalls Kesic. "In addition to robust, best-practice approaches to disciplines such as human resources and financial controlling, the solution gives us the freedom to add analytics capabilities in the future, which allows us to mine our business data to uncover new efficiencies."

After using customized Microsoft Dynamics AX applications to drive its business for a number of years, Royal Arctic Line wanted to enable easier integration with its new business partner by reducing the amount of customized code. To reduce cost and limit exposure to business risk, the company looked for an expert partner to steer the project.

"It was an easy decision to choose IBM Global Business Services," says Kesic. "For many years, we have used IBM Power Systems™ servers as the high-performance platform for IBM Integration Bus Advanced, and the support from IBM has never been anything less than excellent. We recently upgraded our server platform to IBM POWER8® processor-based systems, and the IBM team's responsiveness and dedication throughout that project convinced us that they could deliver."

Today, IBM Global Business Services is working with Royal Arctic Line to map out and document its core business processes, beginning with the company's finance department.

"IBM is helping us find more efficient ways of working, and reducing our need for customization in our business systems," adds Kesic. "The team is always helping us to challenge ourselves with important questions like, 'Do we really need this customization?' and: 'Is there a standard process we could use here instead?'"

When its work with IBM is complete, Royal Arctic Line will obtain the benefit of tauter, more efficient business processes. This end-to-end integration will help the company boost operational efficiency and collaborate seamlessly with Eimskip. In addition, the company will gain the ability to perform system upgrades more effectively.

Kesic continues: "Working with IBM continues to be a very positive experience. The team is proactive, and really took the time to understand our business goals at the beginning of the project. IBM's global reach and industry perspective are both very valuable benefits, and the IBM team is bringing new ideas that are helping us to drive our transformation effectively."



## Connecting Greenland with valuable mass markets

Through digital transformation, Royal Arctic Line is surging ahead with its partnership with Eimskip, which will ultimately help connect Greenland with worldwide opportunities.

"Our new joint venture with Eimskip will deliver three massive, fuel-efficient container ships to serve the Greenland market, and increase our capacity by a factor of three," explains Kesic.

"These ships will carry cargo to and from Greenland via Iceland to ports in Europe and North America, which will connect us with mass markets like never before. Without efficient, streamlined processes at the heart of our business, a joint venture of this scale would be practically impossible."

He continues: "One of the keys to Greenland's continued economic growth is good access to large markets around the world, and thanks to our work with IBM Global Business Services, we're doing just that. By increasing our shipping capacity and keeping our rates competitive, businesses in Greenland can thrive—boosting employment, increasing consumer choice and contributing to a happier, wealthier society. For businesses, this means a healthier bottom line, which is great news for the Greenland economy."

Royal Arctic Line plans to build value-added services around logistics, enabling Greenland to harness its natural resources to promote self-sustaining economic growth.

"Sustainable growth is not just our aspiration for Greenland's economy—it's also an important aspiration for our business," Kesic comments. "As our digital transformation gathers pace, we will become leaner, more productive and more competitive. We want to become so efficient that we can give back our concession to the government and launch an initial public offering. The aim is to continue to improve our services while boosting profitability."

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Dragan Kesic, Chief Information Officer, Royal Arctic Line

He adds: "Some of our efficiencies will come from operational cost-savings. IBM has already helped us to reduce our application management expenditure by 30 percent, and we are very interested in migrating our business systems to the IBM Cloud to unlock additional savings."

With expert support from IBM Global Business Services, Royal Arctic Line is moving Greenland's economy into the 21st century.

"Our work with IBM and our Microsoft business systems are helping us connect Greenland with markets around the world," concludes Kesic. "By continuing our close collaboration, we are creating valuable new business opportunities that will support Greenland's economy for decades to come—and we are excited for what the future holds."



## Solution components

- IBM® Global Business Services®
- IBM AIX®
- IBM Power Systems™
- IBM Integration Bus Advanced
- Microsoft Dynamics AX
- Microsoft SQL Server 2012

## Take the next step

To learn more about the IBM and Microsoft solutions, please contact your IBM representative or IBM Business Partner, or visit: ibm.com/services/us/en/microsoft

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