

From little things ...

A Melbourne firm's finely tuned port navigation software is making a huge difference to miners' bottom lines, writes John Dagge

PROGRESS at OMC International, a Melbourne technology business providing hi-tech navigation software to the maritime industry, is delivered centimetres at a time.

It may not sound like much but when an extra 10mm can be worth millions in extra revenue and lower costs, the Abbotsford-based private company is proof positive that, in business, small gains can add up to big payoffs.

As local miners embrace a new age of austerity, OMC is also playing a key role in helping them milk every last drop of value from their operations.

"That's our cup of tea," chief executive Peter O'Brien says. "The focus at the moment, particularly among miners, is on how to sweat their assets and we really fit into that mindset."

OMC provides software navigation technology that monitors the clearance of ships as they enter and exit ports around Australia and, increasingly, the world.

The technology allows port operators to analyse data on tides, currents, waves, water density and an individual ship's hull to allow the shortest safe gap between the vessel and the seabed.

Using this "active" system of keel clearance means a ship can ride lower in the



OMC chief Peter O'Brien (right) with his father Terry, who founded the business. Picture: TONY GOUGH

water than when using a more conservative "static" system, which sets a distance that must be adhered to regardless of conditions.

The end result is each ship can safely add an extra 5000 to 10,000 tonnes of cargo.

Real-time monitoring of underwater clearance also makes ports safer and means ships can be moved in and out more quickly. "It all adds up," Mr O'Brien says.

OMC's technology was designed by his father, Terry, a former University of

Melbourne lecturer who left academia to found the company in 1987.

He came up with the concept after being contacted by the Nauru government in the early 1960s to develop a ship motion model to allow large ships moored at the country's particularly deep water port to safely load phosphate for export.

"It was a quantum leap — they were pioneering ideas," the younger O'Brien says of his father's work. The business was set up as a one-man show

operating from a converted stable at the rear of the O'Brien's family home.

Today the company employs 40 staff and generates \$10 million in annual revenue.

Australian port operators have been early adaptors of OMC's technology.

The system has been in use at Western Australia's Port Hedland — the nation's busiest port with key clients including BHP Billiton and Fortescue Metals — since 1995 and was updated to the latest version last year. The Dampier

and Cape Lambert ports, used by rival Rio Tinto, also use the system.

OMC estimates the massive carriers taking Pilbara's red earth to China can sit about 60cm deeper in the water using its latest system, allowing each ship to carry an extra 9000 tonnes.

Over a year that adds up to about \$1 billion in mineral revenue.

It's an advantage global miners have taken notice of. Brazilian giant Vale, the world's largest iron ore miner,



has visited Port Hedland to view the system.

Discussions have been ongoing for close to a decade — complicated by the fact that Brazil's Navy regulates the South American nation's ports — but Mr O'Brien is confident his system will eventually be put to use by Vale.

"We continue to chip away," he says.

In the meantime the company is rolling out its technology in ports in Canada and the US, and adding to systems already in place in New Zealand, Portugal and Germany.

"There is a lot of interest from North America at the moment," Mr O'Brien says.

Winning over international clients has not been easy. Most port operators are surprised to have an Australian company knocking on their door.

"We're probably perceived as being a long way away," Mr O'Brien says.

"When we go internationally people look at you as an Australian company and in the maritime industry it doesn't carry the same kudos as, say, a Dutch company."

Introducing technology into an inherently conservative industry is also a slow process.

"The maritime industry has always been a very conservative industry but technology is starting to flow through it and change it," Mr O'Brien says.

"That will provide greater opportunities for us." john.dagge@news.com.au

The secret to stress avoidance? Stick to your stops

IT CERTAINLY paid off in controlling the stress level last week by not buying more stock and selling stocks that closed below their stops.

The All Ords and ASX 200 both found support last Friday at the uptrend line drawn from the middle of last year. A break of this line may well see a more serious move down as the next support level would be around 5420

I mentioned stress levels and I find having stops that are set at a precise price — and selling after a close below the stop, not overtrading — to be the two most important factors in controlling stress levels in a trading environment.

However, there will be times when frustration surfaces, particularly when a



DAY TRADER
with DARRYL MORLEY

stock is sold after breaking its stop and the price reverses and continues the move up without providing another low-risk entry.

Liquid Petroleum Gas (LNG), which I was stopped out of last month, is a case in point. In this case only time will tell if the present move up is sustained. If it retests \$4 after the current move it may provide another buying opportunity. However, the pullback in August was the first pullback in its move up from below \$1 that overlapped the previous spike high. I have found this usually occurs

close to the end of a move, after which the price may fall away or take a considerable time consolidating in a broad sideways pattern.

Last week the fall in the market had four of the six stocks in our portfolio stopped out and it will be interesting to see if any of them do a similar thing to LNG — reverse the move down and move to new highs.

Monday of last week saw **Sundance Energy Australia (SEA)** and **Sino Gas and Energy (SEH)** both close below their respective stops. SEA was sold the next day

PORTFOLIO POSITION

Stock	Shares	Price	Stop	Close
IFM	7000	75c	\$1.02	\$1.08
CAJ	10,000	62c	61.5c	67c

Cash \$300,464
Shares \$14,430
TOTAL \$314,894

All figures are at close of trade on Friday
Starting capital of \$50,000 in July 2006
Email: daytrader@heraldsun.com.au

Potential investors should seek professional advice before buying shares to determine whether such action is appropriate for their investment objectives and financial situation.

at \$1.335 for a total of \$6655 after brokerage. It continued down for most of the week and gained a couple of cents on Friday but no sign of a new buy signal.

SEH was sold at 22.5c for a total of \$2230. It did the opposite to SEA and moved up for most of the week and, on Friday, fell back to my

selling price. **Gold Road Resources (GOR)** closed below its stop on September 9 and was sold next day at 35c for a total of \$3480. It also continued down and bounced 1c on Friday. **Adslot Ltd (ADJ)** was the last to go and was sold on Thursday at 13.5c for a total of \$2680.

Infomedia (IFM) was the

only stock to move up for the week and looks set to test its next resistance level at \$1.20. I will look seriously at taking profit at that level if it forms a reversal around \$1.20.

I had a reader ask me last week what I meant when I said that, if the stock price falls, the quoted dividend rises accordingly.

Let me give a hypothetical example. Stock XYZ pays a dividend of 10c in March and had paid a dividend of 10c in the previous September. At this time the stock price was \$2, so the dividend yield was 10 per cent. If the share price falls to \$1 then the dividend yield would be 20 per cent.

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