

Maritime Security Risk Management, Convergence, & Supply Chain Security

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Who We Are

HudsonAnalytix is a US-based international business risk solutions company providing expertise and support to the world's leading commercial shipping, ports and terminals, insurance, and government sectors. Our clients include:

- Port Authorities and Terminal Operators
- National and Regional Port Systems
- Integrated Oil and Gas Companies
- National Oil Companies
- Global Maritime Transportation Companies
- Insurance Companies
- Governments



Key Facts:

- Established in 1986
- Worldwide Presence:
 - Philadelphia (Global HQ)
 - Washington, DC
 - San Diego, CA
 - Naples, Italy
 - Piraeus, Greece
 - London, UK

Operating Subsidiaries

Hudson Marine – Risk and Crisis Management

HudsonCyber – Cyber and Information Security

HudsonTrident – Physical and Operational Security

HudsonTactix - Consequence Management

HudsonDynamix – Integrated Training Solutions

HudsonSystems – Management Systems Development and Improvement

- Supply Chain Security is an essential components of port viability and competitiveness and is therefore of significant importance to both the public and private sectors.
- There is a compelling business case for supply chain security.
- **Supply Chain Security can serve as a business enabler while building resiliency into the system.**
 - Cargo Theft US\$50-100 Billion stolen worldwide annually.
 - CIA reported as much as 50% due to organized crime.
 - Majority of thefts (80% +) due to collusion with employees.

What is Supply Chain Security?

- Combining supply chain management processes and approaches with security measures designed to ensure the protection of cargo and goods in transit from point of manufacture to point of final delivery;
- Includes but is not limited to the maritime domain;
- Focused on verifiable trust and system resilience;
- Complementary to ISPS and vice versa;
- Requires a converged approach – physical and cyber security; and
- Should be treated as part of enterprise security risk.

What is Supply Chain Security?



Supply Chain Security management is the application of policies, procedures, and technology to protect supply chain assets:

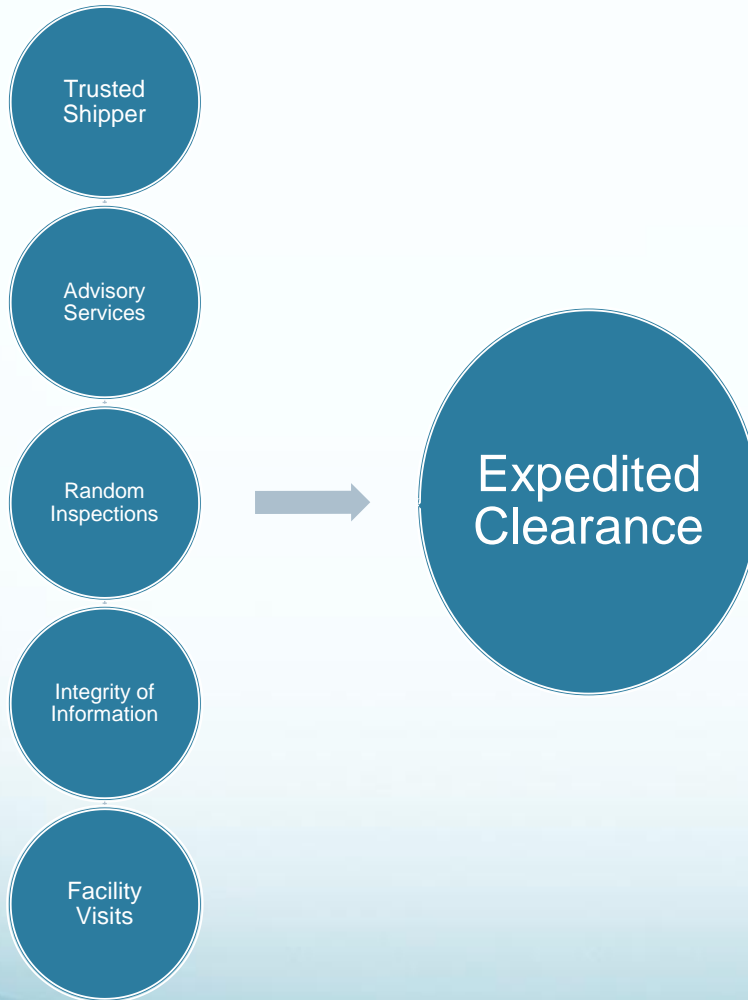
- Products
- Facilities
- Equipment
- Information
- Personnel

Reduces risk from:

- Theft, damage, terrorism,
- Prevents the introduction of unauthorized contraband
- People
- WMD
- Human Smuggling/trafficking
- Narco-trafficking
- Destruction of the integrity supply chain/trusted shipper

Convergence – is information security function driven from top management and incorporated into enterprise risk and security policy?

Supply Chain Security Fundamentals



Supply Chain Security and Port Security – Compare and Contrast

ISPS Code	Supply Chain Security
Mandated	Incentivized
Focused on System as Targets	Focused on System as Conduits
Single Code with National Implementing Legislation	Multiple Codes and Standards with Equivalency Agreements
Private Sector Implementation	Private Sector Implementation
Public Sector Oversight	Public Sector Oversight
No Competitive Advantage	Competitive Advantage

Supply Chain Security Informs the Business Case for Security

- The business case for security is focused on:
 - Competitiveness;
 - Reliability (Reputation); and
 - Insurance.



Supply Chain Security Supports Risk Management

- A risk management approach allows companies to:
 - Identify and manage risk;
 - Enhance and streamline operations;
 - Reduce or eliminate losses and inefficiencies; and
 - Realize optimum savings while improving their market position.



The Business Case at a Glance

Business Case	Advantage
Competitiveness	<ul style="list-style-type: none">• Supply chain security allows for expedited access to markets; and• Properly executed security programs can facilitate streamlined activity, thereby reducing delays across the enterprise.
Reliability	<ul style="list-style-type: none">• Focused on System as Conduits
Insurance	<ul style="list-style-type: none">• Reduction in claims; and• Potentially lower premiums.
Convergence	<ul style="list-style-type: none">• Efficiencies in security planning; and• Reduction of vulnerabilities.

Challenges and Opportunities

- **Challenges**
 - Private sector concerns over costs and burdens of implementation. Supply chain security is a potentially easier argument;
 - Lack of a singular, globally accepted or required code;
 - Funding for security improvements, especially in less wealthy countries;
 - Consistency of new requirements with existing national or international regulations; and
 - Bureaucratic infighting and workload challenges.

- Opportunities
 - The Plan-Do-Check-Act process found in the ISO approach can be included in existing Safety Management Systems that are consistent with ISO 9001;
 - Increases the level of conformance across nations;
 - Increased transparency through out the system;
 - **Potential for a solid business case as evidenced by entities that already include supply chain security in their processes;** and
 - More comprehensive security and resilience in the maritime domain.

The Future of Port Security is Supply Chain Security