

The Superyacht

TRUTH • OPINION KNOWLEDGE • IDEAS AND EXPERT INDUSTRY ANALYSIS



REPORT

BEST OF BRITISH

Insight into what some of the UK's superyachting leading lights think puts the 'great' in Great Britain.

Page 27

STAR FISH

Approved by class for rebuild after a fire, this 50m explorer yacht, now for sale, makes an interesting business prospect.

Page 42

PENDENNIS

Currently rebuilding *M5*, the largest sloop in the world, the yard is also launching a massive new development.

Page 50

MANAGEMENT SURVEY

Comments on whether the growing yacht management industry is assisting or hindering operations at sea.

Page 74

Keep It Simple

The mantra for captains and managers when it comes to superyacht accounting is little and often, but even then, difficulties arise. **Don Hoyt Gorman** investigates some of the latest superyacht-specific software solutions available on the market today.

Walking the docks at Fort Lauderdale in 2012, Dasha Grupman might very easily have been intimidated by the prevalence of industry fat-cats and surly sailors amidst the tens of thousands of show visitors who picked their way through the hurricane-soaked event. But Grupman was determined. She's spent the better part of four years developing a tool that could help the industry, and she quickly booked meetings with some of the show's key figures.

Grupman's software – previously known as Expense Steward and now known as Latitude365 – aims to solve the significant accounting headaches that captains face essentially every day: tracking receipts and invoices, and submitting expenses for approval, providing historical reports to show how the costs of various departments (engine room, galley, housekeeping) have fluctuated over the season or over years.

Grupman has an MBA from Fordham and, prior to stepping into the superyacht sector, had been managing a handful of residential estates for JP Bailey. "I was doing the accounting for these homes, and was getting reports from the people managing those homes, who had no accounting education and who barely knew Excel," Grupman explained. "So every month, it was a big headache." She looked for software to make it easier, but they were all too complicated and time-consuming for these managers to learn.

To make her own life easier, she partnered with software developer Uli Graser, who had

previously developed property management and accounting solutions, medical billing software (EMR), invoicing systems, maintenance management software, customer relationship management (CRM), and several other database management systems. Together, over two years, they built a deceptively simple program, based on the robust architecture of the commercially available FileMakerPro software. Starting in the summer of 2009, they developed their first trial version by 2010 and quickly began proposing its use for other home office accountants through their network of contacts. By 2011, they'd met a client who also had a yacht and wanted to use the software to account for the vessel's expenses. Grupman said that she has shown Latitude to most of the major management companies and has free trials out with about 10 captains.

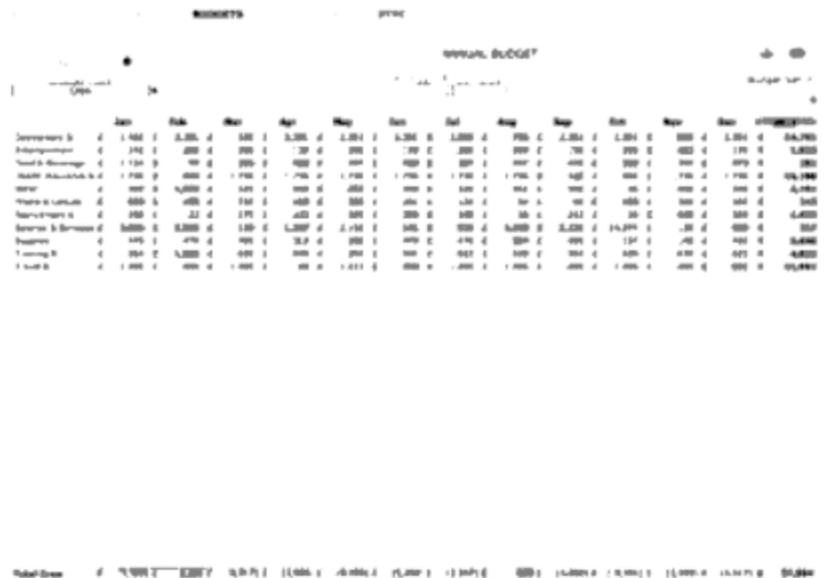
With the ability to export all its data to Excel, the system works relatively well in conjunction with a home office or management company's existing systems. "We're focusing on private vessels for the time being, though we've had meetings with a number of managements companies," Grupman said. "On commercial vessels, management tends to dictate the accounting software, and so we're hoping we can persuade one of the companies to give us a try."

I'd seen Grupman's pitch and started to wonder about the problem of accounting for superyachts. Her product clearly seemed to be filling a perceived need. After all, I presumed

Clive Dixon, senior partner with the chartered accountants and business advisors Moore Stephens in the Isle of Man, sees the issue of accounting as a universal challenge that isn't any different for yachts from other business. "The fundamentals of accounting are the same, no matter which field or industry is involved," Dixon said. "Multi-currency is important given the mobility of yachts from one country or jurisdiction to another and the tendency to use suppliers from a variety of jurisdictions. A robust chart of accounts is also a must-have to ensure expenditure is captured under appropriate headings with an appropriate level of detail. Flexibility is key and this very much depends on what information the owner or other stakeholder wants to see and it should seek to complement information provided by other sources."

The challenge for captains is finding the time required to get all the accounts in order and then keeping easy track of spending.

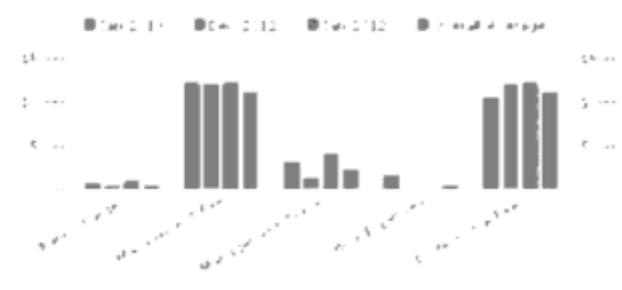
Moore Stephens tailors its accounting software exactly to its client's needs. "One of our aims is to help captains with their expense reporting so they can provide improved reporting timescales and accuracy," Dixon said. "We often see our role as a friendly auditor, helping when it comes to verifying information provided by yacht managers and captains by



Comparison Report
January 2013 / Last Month / Last Year / Overall Average
(Cash Basis)

Administration

Category	Jan 2013	Dec 2012	Jan 2012	Average
Bank Charges	£ 532	£ 431	£ 802	£ 400
Management Fee	£ 12,000	£ 12,000	£ 12,800	£ 11,877
Management Travel	£ 2,932	£ 3,200	£ 3,890	£ 2,298
Office Expenses	£ 1,404	£ -	£ -	£ 378
Professional Fees	£ 10,438	£ 12,000	£ 12,800	£ 11,877
TOTAL	£ 27,376	£ 25,631	£ 28,692	£ 25,217



ACCOUNTS

ACCOUNT	Jan 2013	Dec 2012	Jan 2012	Average
Bank Charges	£ 532	£ 431	£ 802	£ 400
Management Fee	£ 12,000	£ 12,000	£ 12,800	£ 11,877
Management Travel	£ 2,932	£ 3,200	£ 3,890	£ 2,298
Office Expenses	£ 1,404	£ -	£ -	£ 378
Professional Fees	£ 10,438	£ 12,000	£ 12,800	£ 11,877
TOTAL	£ 27,376	£ 25,631	£ 28,692	£ 25,217

other things. On first sight, though, for superyacht-specific accounting and reporting, this looks like a neat solution.”

With Latitude365, Grupman and her partner have taken a superyacht-specific approach (although the software is equally well suited to managing private residences, as was its genesis). Clients don't need to lay out enormous sums for custom software development, and they don't need to hire a developer to customise existing software. It's been developed and tested based on the needs and feedback of those on the front lines of the industry. According to Grupman, the package cost starts at €50 per month up to €350, depending on the size of the yacht and requirements.

“Excel reports calculate item by item down incredibly long spreadsheets... No matter how careful I was, it was almost impossible not to make a mistake once in a while.”

However, the most important feature of Latitude365 is its, shall we say, crew-proof simplicity. It's so easy to figure out and start using that I would expect every spreadsheet-averse crewmember in the fleet could file monthly reports to the owner or manager after less than an hour's introduction.

Latitude365 uses a dashboard-like interface that foregoes flashy colours or slick typefaces. At a glance, users see the state of the yacht's accounts (the main holding account, cash, captain's account, chief steward's, etc.). As one of the key purposes of the accounting program is to track outstanding bills and invoices and requests for expense approvals, these functions are front and centre. Every user has access set at the appropriate level (as determined during the initial consultancy and build) and can track their own requests and requirements.

Key to its functionality for superyachts is the sync feature, which keeps the data synchronised between a land-

based data server and the ship's on-board server, and all the workstations they serve. Will Kaye, former manager and captain of M/Y *Big Aron*, tested the software and thinks the sync feature is a game-changer for captains. “At the moment, heads of department send me their Quicken files and I import them on to the main server. Latitude's process makes this a lot easier. They'd import the receipts themselves, and it would be there for me, the owner or other managers to view. It saves us all this extra process.”

Latitude365's clients can use the company's US-based servers (all SSL-encrypted) or, as one residential client requested, have the software installed on their private server wherever in the world they prefer. In any case, the on-board software syncs and keeps the data current across all platforms. A 'reports' tab brings the user to a page of options, like a tool bag of simple yet sophisticated accounting toys that lets users produce understandable reports. Users can produce monthly summaries or generate a detailed view of all the incomings and outgoings. There's an option to see a report of expenses by supplier, so captains can quickly assess where funds are headed (food, telecommunications, fuel, transport, etc.) There is also a historical summary function, a clever means for captains and managers to show their owners how funds have been disbursed over a season, a year or the lifetime of the yacht.

“Most commercial software avoids historical summaries, but owners seem to really like them,” Grupman said, when I questioned the need for this function. “It's interesting to owners because it provides an easy way to compare and analyse costs and spending across categories. It really helps them make decisions about what areas of the budget can be trimmed or otherwise adjusted.”

There's also a custom report capability, which gives the captain or manager the ability to hand over clear snapshots on any aspect of the yacht's spending. “To do something like this in Excel takes a long time,” Grupman pointed out. “Excel reports calculate item by item down incredibly long spreadsheets.

You have to find the categories and calculate the results... I used to do it manually for my previous boss and it took hours. No matter how careful I was, it was almost impossible not to make a mistake once in a while.”

“What struck me when going through it was the fact that every little bit of functionality of the system was something I need and use and like,” Captain Kaye said, “and there was nothing else. It was just all there. It seems to be very well thought out in terms of what we in this industry need to use.”

It's a tough market. Each owner, manager and captain wants to do their accounts their own way.

Y.CO were early adopters when it came to engaging with Latitude. “The last piece of the puzzle for us in our ongoing development of Y.CO Live is the accounting package,” Charlie Birkett of Y.CO told me. “We met with Dasha and brought Latitude in for an initial test. It certainly ticks a lot of the boxes. We're watching it very closely. We'll definitely be trialling it for one or two of our yachts.” Depending on how well the trial goes, the software could be integrated into the house's Y.CO LIVE management suite.

It's a tough market. Each owner, manager and captain wants to do their accounts their own way, so Grupman has a major campaign on her hands to persuade the industry that Latitude is easy, effective and better than what's currently available. Trials are currently underway and she has received good feedback so far. If this is what innovation looks like for our industry, bring it on. ■

Opening image: istock.com

To comment on this article, email issue142@superyachtreport.com with subject: Keep It Simple