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MIDDLE EAST ENERGY MARKET IS BOOMING SAYS MCDERMOTT

Linh Austin, McDermott, Senior Vice President, Middle East and North Africa, on progressive breakthroughs in bidding and the digital transition



The energy sector in the Middle East is in a healthy state with exciting new projects across the region and there's a new and progressive mindset that enables project turn around times to decrease dramatically.

That is the view of Linh Austin, Senior Vice President, Middle East and North Africa, for McDermott.

"In terms of the MENA market, we see a robust upstream, downstream and midstream. There are several ethylene projects across the region in the downstream as well as Aramco's and Abu Dhabi's developments in the upstream.

"If you look at the markets themselves, I think Oman is going to emerge with some exciting new projects. A year on from their large discovery, Bahrain with better visibility of their prospects may emerge with some interesting projects. Egypt continues to be a complex but interesting market. As you look across the entire region, the GCC market for projects is booming."

According to Austin, a change in the way projects are conceived simplifies and streamlines the front end engineering design (FEED) process, helping to pave the way for faster, more efficient completion of developments. "One of the things we are excited about is the concept of a FEED

competition, which is fairly new to the Middle East. ADNOC has been quite forward-thinking in taking on FEED competitions as a way to streamline their supply chain.

"This makes the projects move along more quickly, and secondly permits contractors to bring more creativity into the market." Austin compared the traditional bidding process with the new way of operating:

"The way tenders in the Middle East are generally issued is they have one company perform a FEED. Upon completion of the FEED, the client would then issue an ITT to multiple companies which could take anywhere between 6-8 months to bid. With a FEED-competition, the client looks to the two to four most competent contractors to develop the FEED and provide a lump sum price for the EPC.

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"Traditionally, everyone would bid against a common FEED. In the case of a FEED-competition, the selected contractors are asked to generate a FEED as well as the fixed lump sum price at the end of the FEED period. The FEED-competition process eliminates the entire cycle of bidding after the FEED (saves 6-8 months), reduces the potential for change orders and allows companies to bring more innovation and efficiency to the design."

Austin added, "Many times, we see FEEDs and say 'well, we wouldn't do it that way'. We have our own engineers and given our EPC experience, we see a different approach to make it more efficient for the client but that isn't generally possible in the traditional bidding process."

The new model of FEED competition is already underway in Abu Dhabi.

Austin said: "ADNOC has been quite progressive in looking at different contracting models and I believe there's either four or five FEED competitions going on in Abu Dhabi at the moment. This is a fundamental shift which is exciting and you must give kudos to ADNOC's new progressive thinking."

When asked about including digitalisation and IR4.0 at ADIPEC this year, Austin responded by saying, "the timing is right. It's clear that digitalisation will bolster the oil

and gas industry."

He explained: "when it comes to the Industrial Revolution 4.0 there is still more smoke than reality. As such, we are taking a very pragmatic approach to how we engage in IR4.0. We are prioritising what is real and what isn't. From there, we have started to prioritise and outlined how we can best participate in 4.0."

"To be clear, we are keen. We have started to employ technology such as artificial intelligence and big data into our work process. Now that we have more clarity on how we can participate, we will launch into some exciting projects. So in short, we are big supporters of the initiative to have 4.0 on the ADIPEC agenda as the timing is right."

When asked what can we expect to see of McDermott's at this year's ADIPEC, Austin responded by saying, "Last year McDermott received the ADIPEC Award for the Breakthrough Technology Project of the Year with NetPower. We'll see how we fare this year on the technology award. However, we really enjoy being at ADIPEC. We believe it to be a premier conference and something that we make a conscious choice to participate in. This year, a year post the merger (with CB&I), we have a better understanding of what we can offer to the market. Some of this will be better reflected in our stand this year."