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GDA TRANSFORM Virtual Conference: Addressing the challenges facing the downstream industry

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Emad A Al-Muhaisen, chairman, GDA TRANSFORM Virtual Conference. Image source: GDA

Emad A Al-Muhaisen, chairman, GDA TRANSFORM Virtual Conference, discusses how to navigate some of the challenges facing the downstream industry and deliver complex projects efficiently, in the run-up to the event on 22-23 February

What are the main challenges currently faced by the downstream industry, and how important is good leadership in navigating these challenges?

The downstream industry, and in particular the refining sector, is experiencing several **unprecedented challenges and uncertainties** in today's business environment. Swinging oil prices, marginal refining profits, emergence of new disruptive technologies, regulatory/environmental constraints, emphasis

on energy efficiency and uncertainty on demand decline for fossil fuels all are contributing to what could arguably be called the most dynamic and challenging environment in refining history. Besides, renewable energy resources like solar and wind are no longer emerging technologies but an integral part of the energy generation fleet aiming to decarbonise the industry. This is in addition to hydrogen, nuclear and biofuels which are quickly becoming mainstream and will compete with all of the energy sources.

On another front, electric and autonomous vehicles are also competing in the field where refining has dominated while maintaining predictable growth. These environment factors and regulatory bodies are creating more uncertainty for refiners and automakers to predict fuel demand future. Meanwhile, there is a never-ending call to optimise costs and improve CO2 intensity performance, requiring investments into an industry faced with limited capital and greater uncertainty. Above all, the downstream industry is facing unprecedented demands on its human capital due to the high percentage of ageing workforce coupled with low intake of fresh workforce that yet should learn new skills to embrace future work environments where humans will have to co-exist with robots, artificial intelligence and machine learning.

Visionary and strong leadership is KEY to overcome these unprecedented challenges. It can leverage existing strengths and resources to maximise value while adapting and showing resilience to take on and convert new challenges into opportunities. The current pandemic has triggered a need for accelerated business transformation.

What strategies and best practices can be employed to deliver complex projects efficiently in the current cost-constrained and disruptive environment?

Amidst the current business environment, clients and service providers should be **agile and resilient** to adopt to necessary changes and any similar outbreak such as the COVID-19 pandemic, which is not an isolated event. It is the largest outbreak to date that changed how we work, and it has triggered the need for efficient and inevitable solutions. Due to the precautions and restrictions that have mandated social distancing, productivity and efficiency are at the edge. Managing projects is facing a new reality that includes deploying and adapting technologies to enhance working remotely, and taking advantage of the available virtual communication and teleconferencing tools, as well as virtual construction: VR-enabled project delivery.

We need to align investment decisions to strategies, cultivate a road map demonstrating how to be more cost effective, and establish means and tools to measure and ensure sustainable benefit realisation.

Modularisation, Advanced Work Packaging (AWP) and digitalisation are valuable solutions and best practices that project teams should consider and leverage. Modularisation helps to achieve more efficiency through concurrent engineering, module fabrication, and onsite construction activities. On the other hand, AWP aligns the supply chain with engineering, equipment fabrication and field assembly to enable higher productivity with less rework.

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Digital transformation is inevitable for the downstream industry to survive and thrive. It helps to enhance plant efficiencies, increase productivity and optimise operating costs by leveraging a plethora of IR4.0 technologies.

A key point here – organisations must establish **Oversight and Governance bodies** to look over the development and implementation of complex projects with decision-making gates during project front-end planning, as well as mandating “check gates” during execution. This will safe-guard against late project changes and minimise risks of scope creep, higher cost and schedule delays. It helps in timely decision making on Go/No-Go throughout the project life cycle.

Last but not least, and to create value, **target setting and value assurance enablers** must be instilled through all stages of projects' development.

What types of investment should the industry be pursuing in the face of sustainability and environment pressures?

We need to maximise return on investments by pursuing **competitive residue upgrades** and **integrating refineries with chemicals and adjacent facilities**. However, due to capital constraints, full utilisation of existing assets, heat integration, power and heat recovery, operational efficiency and catalyst improvements represent quick wins to create value. With the stringent environmental regulations, refiners are under pressure to meet transportation clean fuel specifications, control CO2 emissions, manage waste, recover flare and blowdown gases and meet International Maritime Organization (IMO) and discharge to marine regulations. In addition, there is a call to maintain and upgrade existing assets due to ageing or lack of competitiveness. Having said all of this, the refiners of the future must **address de-carbonisation** of not only their or suppliers' facilities' emissions, but consider options to reduce their overall carbon footprint while carefully deploying their limited financial and human capital resources.

What do you hope the GDA virtual event will achieve?

We hope that participants and audience will use this virtual platform to share knowledge, exchange experiences and address current business challenges. GDA strives to establish collaboration bridges between the GDA and the industry community, and we aspire to hear that the audience has received quality material for today and future use and benefits.

The GDA TRANSFORM Virtual Conference, “The Evolving Future of Leadership and Project Management”, takes place on 22-23 February from 13:00-16:50 (Bahrain time zone). For a full conference agenda, please visit: <https://www.gdaconference.org/transform-gda-virtual-programme-bahrain-time-zone>

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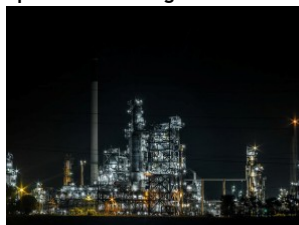
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