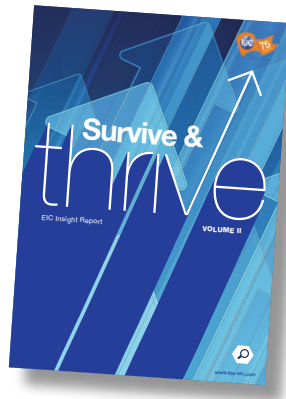


Executive summary

The first-ever EIC Survive and Thrive Insight Report was released in 2017. It was received to great acclaim from an industry keen to learn about the proven business development strategies the report contained, while the UK government used the recommendations from the participating companies to feed into its ongoing industrial strategy work.



A year on and Survive and Thrive Volume II once again reports on the strategies being put in place by 26 companies of all sizes – from small family run SMEs right through to Tier 1 contractors – and covering all energy sectors: oil and gas, power, nuclear and renewables.

We revisit the six strategies for growth during a downturn identified in volume 1 to see if these are still relevant and whether their use is increasing or decreasing as well as focusing on two new business development strategies being put in place to tackle the tough times: digitalisation, and service and solutions.

The strategies being employed by the 26 companies in Survive and Thrive Volume II are:

- Collaboration
- Digital
- Diversification
- Export
- Innovation
- Optimisation
- Service and solutions
- Technology

In addition to the actual strategies being used by this year's participants, the report also examines if and how they are scaling-up the solutions they've developed.

At the heart of nearly all the survive and thrive strategies seems to be the need, acceptance and embracing of culture change. The case studies show that any new growth strategy will inevitably bring about a change of culture and ultimately the success of a new solution, and by extension the company, is dependent on the degree to which a company is able to adapt to the new energy landscape and the new ways of doing business which it requires.

Survive and Thrive Volume II also takes a timely look at how the participating companies are dealing with and preparing for Brexit.

Once again we provide recommendations from the UK energy supply chain for government – invaluable first hand data from what is a fragmented industry – as well as key lessons for other companies on how to prosper even during a crisis.

Not only are the 26 EIC member companies' case studies inspirational for an industry which really does need to hear more good news stories, more importantly they provide real tangible advice and best practices which can be used by organisations of any size and working in any sector. These solutions are proven, having generated over £357m per year savings and new orders for these 26 companies alone, and they could and should be working for your business too.

Key findings

Below we outline what we at the EIC consider to be the most important findings to have come out of Survive and Thrive Volume II.

An overview of the companies and their survive and thrive strategies can be found on page 6, while each one's success story is described in detail in its individual case study along with its own recommendations for government and industry.

Nobody seems to realise that Brexit is just around the corner

One year on from the first edition of Survive and Thrive, and now just seven months away from the UK exiting the EU, it is apparent that our exit from the EU is still not being planned for within the energy service sector. Not only are they not gearing up for Brexit, many are currently feeling no impact from the Brexit preparations or implications, so have no sense of urgency to address potential risks or changes to business models.

In 2017 none of the participating companies mentioned Brexit as an issue or part of its future planning. In the second volume of Survive and Thrive only five companies reported having felt any impact from Brexit – negative or positive – and only one organisation is in the process of developing Brexit contingency plans.

It appears companies are assuming there will be a deal that includes a two-year transition period allowing them time to plan later. But there is a real possibility of a no deal outcome as well, when there would be no transition period and we would switch to WTO rules immediately. This would be very disruptive, and companies should start to plan for this scenario now.

Export is the hardest way to grow a business

The findings of this year's report

regarding export are a mixed bag. The good news is that the number of companies turning to export as a growth strategy during the industry downturn has grown from 8% to 19%. Also, approximately 50% of the participating organisations have some existing export revenues from past investments to develop international trade. However, export, for a second-year running, remains the least used survive and thrive strategy. Given the phenomenal results which an export strategy can achieve it's surprising. With Brexit looming, it's very troubling.

Export is still regarded as the hardest of all growth strategies in a downturn because of the upfront costs required, the risks involved with entering a new market and the time it takes to yield results meaning as a strategy it's not palatable for cash strapped companies.

Innovation remains the number one strategy

While export remains bottom of the list, innovation is once again the favourite growth strategy.

The figures across the two studies show a remarkably similar take up: innovation including the use of technology was used by 73% of the participants in 2017 compared to 69% this year.

In contrast to export, which takes time to produce tangible results, the majority of companies which used innovation saw a fairly quick return on their investment – perhaps explaining the ongoing popularity of this business development strategy.

Scale-up is below 50%

While Survive and Thrive Volume II is full of remarkable case studies describing how the participating

Survive and Thrive Volume II strategies at a glance

Collaboration

Working with partners to enable another survive and thrive strategy

Digital

The application of digital systems, analytics and technology to innovate

Diversification

of product, sector or market

Export

In this report we focus on investment in 'new exports' as a means of dealing with the current downturn

Innovation

Enhanced products, services and solutions with new or applied differentiation

Optimisation

Making physical and administrative processes more efficient and cost effective

Service and solutions

The focus on adding value to customers in their OPEX and O&M value chain, and the specific broadening of scope of work to provide a one-stop-shop approach

Technology

Refers to the specific use of technology to solve clients' problems

companies are getting back in the black, across the report only 42% of the participants scaled-up their new tools and solutions.

This leads to the question, if companies are having success with a product or service what's stopping them from maximising their returns even more?

It raises concerns that the UK lacks the infrastructure and funding to make sure that each and every company scales-up.

While a very impressive £357m of savings and new orders were generated by the 26 companies, imagine just how high this figure could climb if 100% of the organisations scaled-up. Then imagine it applied to the whole of the UK energy industry, scaling-up at home and abroad.

Government support on the up

Although funding is perhaps an issue when it comes to scale-up, a pleasing finding of Survive and Thrive Volume II is that the number of companies receiving government support has increased, with 65% of this year's respondents having benefitted from the services and funding offered by agencies such as the Department for International Trade, UK Export Finance and Scottish Development International, compared to just 27% in 2017.

Of the support received almost half was financial and half non-financial. Those companies that hadn't received any government support, approximately a third, in some cases cited a lack of awareness about where to get help from, while others stated that governmental agencies' lack of responsiveness was an issue.