

# Oil & Gas Diversification

Overview  
September 2017

1 | Oil & Gas Additional Markets Programme

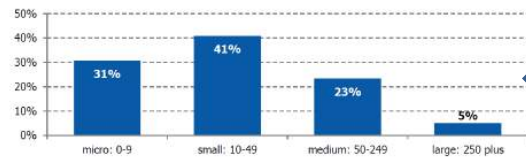
[www.scottish-enterprise.com](http://www.scottish-enterprise.com)

 **Scottish Enterprise**

# Oil & Gas Diversification – Landscape

Approx 2000 companies are in the O&G Supply Chain in Scotland

Figure 2: Distribution of Oil & Gas supply chain businesses by size band



Source: TBR, TBR Ref: (W4/S4)

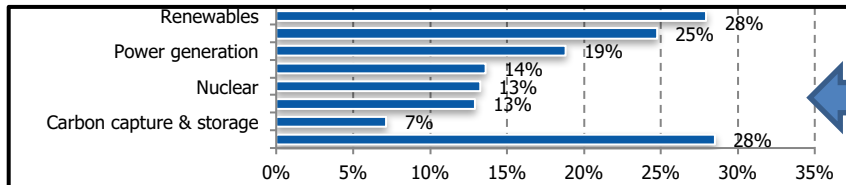
95% of supply chain are SMEs

Table 9: Final estimated employment in Oil & Gas by size band

	micro: 0-9	small: 10-49	medium: 50-249	large: 250 plus	Total
Total Employment	2,630	18,750	49,200	63,975	<b>134,550</b>
% of activities in O&G	86%	85%	80%	79%	80%
O&G Employment	2,250	16,000	39,250	50,380	<b>107,880</b>

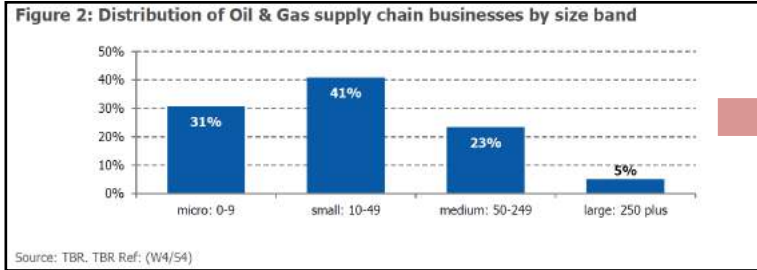
Source: TBR, TBR Ref: (W4/S4) Note: totals may not sum due to rounding.

107,880 people directly employed in O&G



38% of businesses engaged in other markets BUT only 20% of activities

# Oil & Gas Diversification – Landscape



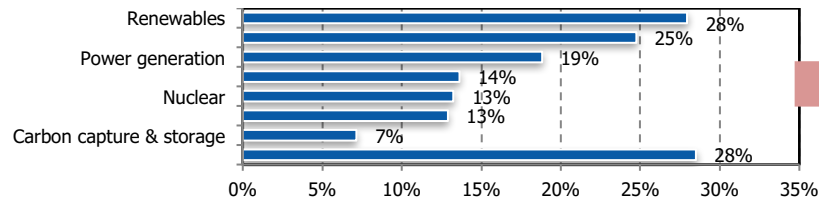
SMEs may be less aware of some and less resource

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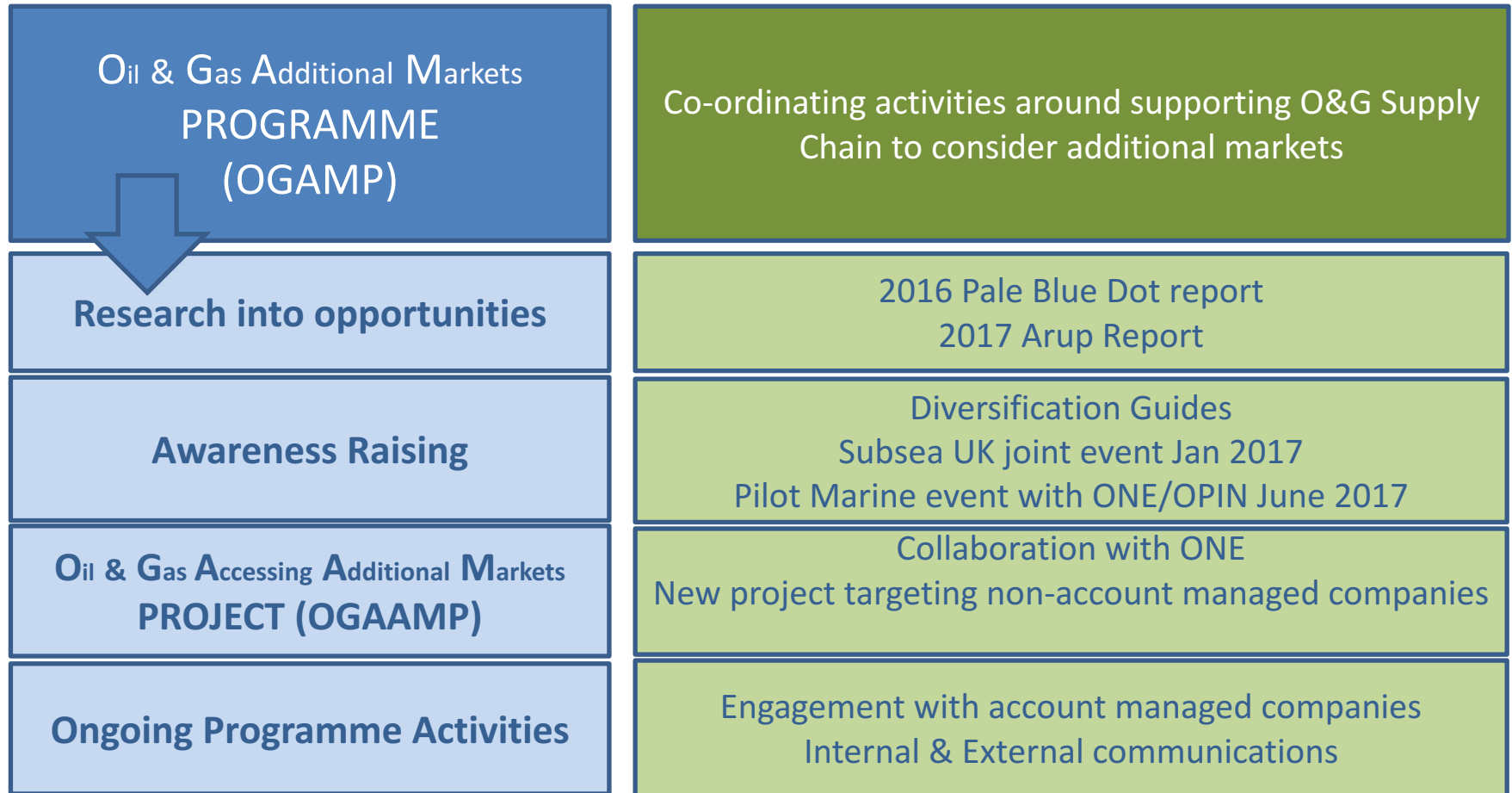
Source: TBR, TBR Ref: (W4/S4) Note: totals may not sum due to rounding.

Small businesses more reliant on O&G market



Scope to significantly increase level of involvement in other markets & share expertise with emerging sectors

# SE Approach



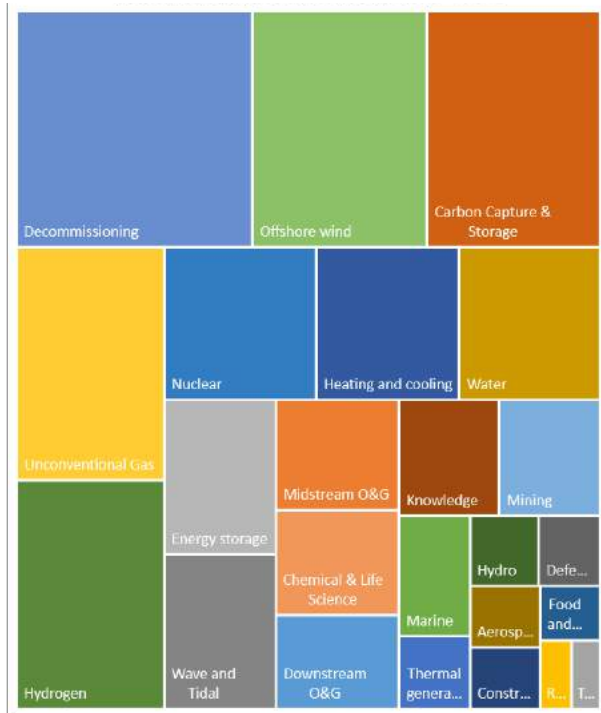
# Oil & Gas Diversification - Rationale

**Objective:** help business resilience, retain talent and skills; and avoid redundancies

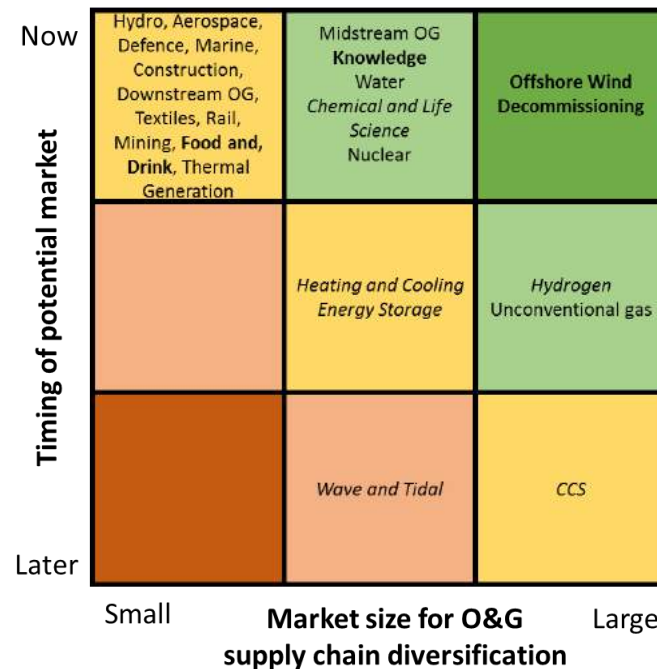
- **Identify** specific and relevant **diversification opportunities**
- **Review** existing support available
- **Support** targeted companies

# Research - 2016

2016: Relative Market size available to O&G companies from diversification

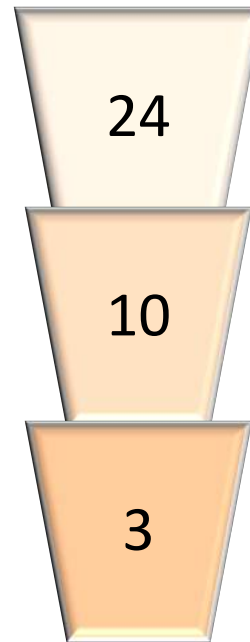
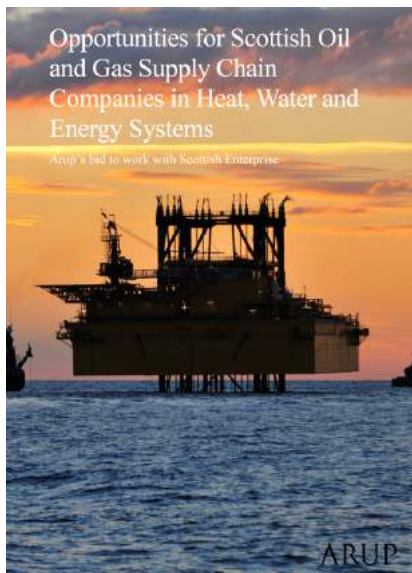


Sectors currently strong in Scotland are in **bold**, Sectors which could be strong in Scotland are in *italics*



# Research - 2017

2017: Research commissioned into 3 potential market opportunities – Arup commissioned May 2017  
Due to report Sept 2017



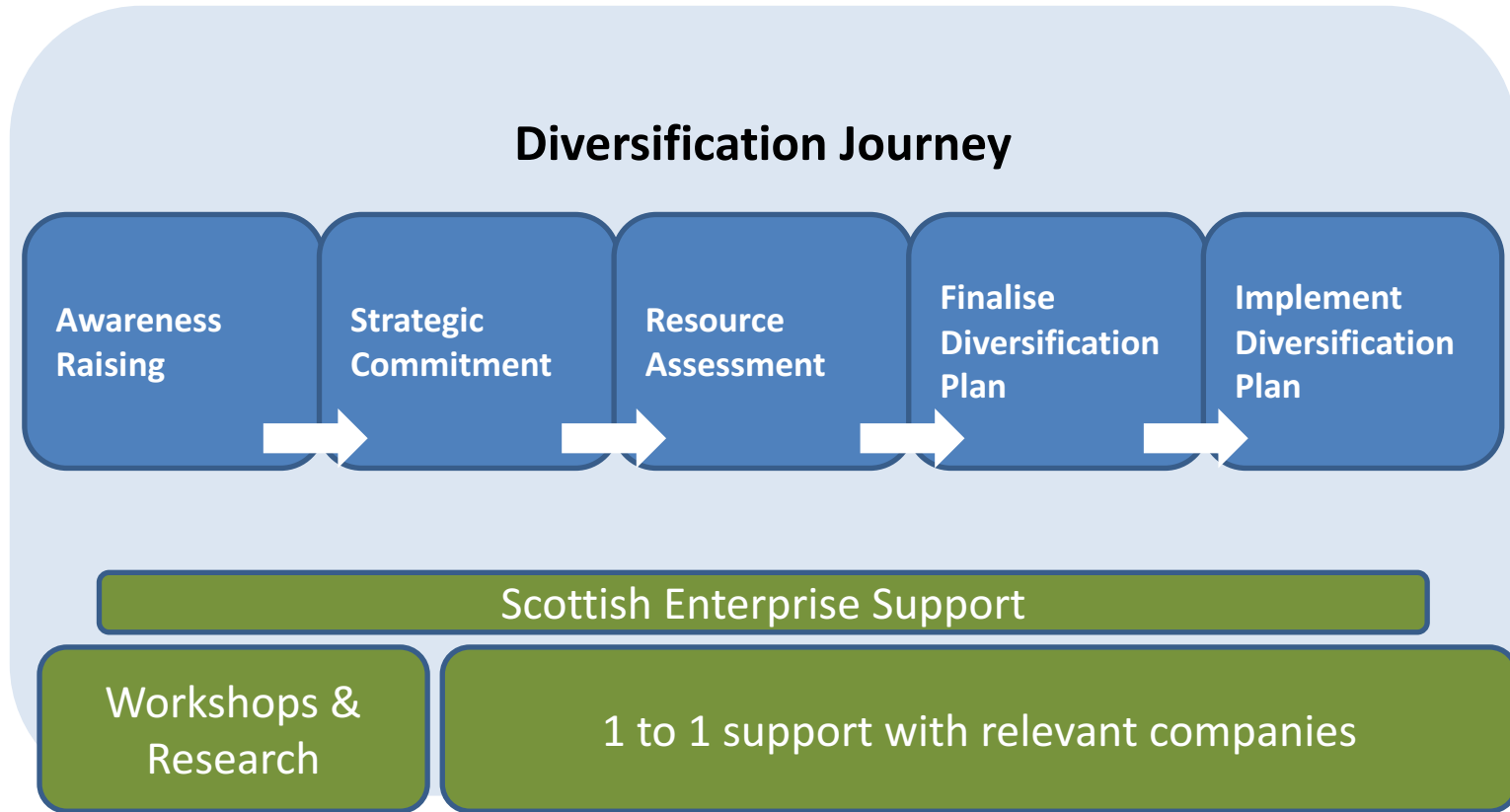
2016 PBD report identified 24 market opportunities for O&G supply chain

Jan 2017: SE published "diversification guides" from PBD report 'Top 10'

May 2017: 3 opportunities selected for further research: Water, Heat, Energy Systems/Storage

*3 markets selected based on potential immediacy and level of other research already carried out by SE*

# Oil & Gas Diversification



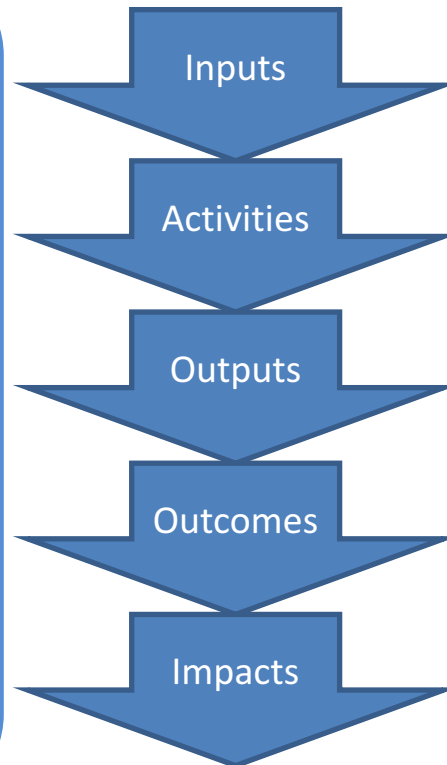


# Oil & Gas Additional Markets Project

Proposal:  
**Collaboration with Opportunity North East (ONE)**

Aim:  
**Reduce single market reliance to build business resilience in non-account managed SMEs**

Status:  
**Approved, preparing for launch**



- SE and ONE joint funding and support

- Diversification Support Manager
- Workshops
- 1-2-1 support
- Diversification toolkit

- 10 workshops - 250 companies reached
- 70 companies provided with 1-2-1 support

- Improved business resilience O&G SMEs
- O&G expertise in emerging markets e.g. Ocean Energy

- Increased innovation activity in O&G Supply Chain.
- Expertise and skills retained in Scotland
- New export potential in supply chain

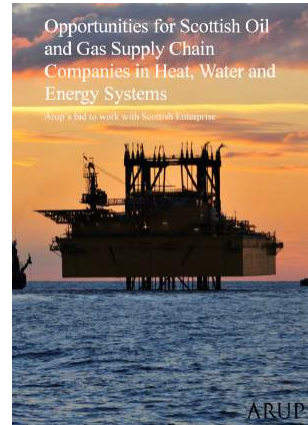
# Programme Deliverables 2017

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## Diversification Guides

- “top 10” guides published on SE website
- Launch event in Aberdeen Jan 2017
- Included presentations from Subsea UK, Pale Blue Dot, Ecosse Subsea



## Arup – Opportunities Review

- Research into O&G opportunities in:
  - Heat
  - Water
  - Energy Storage/Systems
- Due to report in September



OPIN and ONE present  
Workshop for Wave & Tidal and Oil & Gas Companies

14 June 2017

Norwood Hall Hotel, Aberdeen

Dress: Business Casual

Under the ONE Oil and Gas Diversification Programme and through the Ocean Power Innovation Network, this workshop will bring together know-how from the complex and harsh North Sea environment with the newest of the offshore industries.

## OPIN Ocean Energy Event –

- Scottish Enterprise /OPIN/ONE event
- Aberdeen: 14<sup>th</sup> June 2017
- Mutual education event O&G and Ocean Energy
- Attracted 80 attendees
- Good mix of O&G and OE companies

# Barriers to Diversification

One of key issues is understanding and addressing the number of barriers to diversification. These are varied and include:

- *Profitability of the O&G industry*
- *Lack of awareness of specific opportunities*
- *Investment requirements of diversification*
- *Differing procurement processes*
- *Other cultural and practical barriers*

## Contact Details

Thank You!

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