

COMPETITIVE CITIES

Global O&G service provider McDermott sees numerous benefits from having regional headquarters in Greater KL

Malaysia's aspiration to be a leading oil and gas service hub in Asia makes it a suitable location for multinational companies in this industry that are looking for a base for their regional headquarters. Global companies such as Houston-based McDermott International, Inc. (McDermott) have established an office in the Kuala Lumpur city centre that supports their presence in this region.

According to McDermott's vice-president and general manager for Asia-Pacific, Hugh Cuthbertson, the company's growth and expansion plan is aligned with Malaysia's ambition to be a regional oil and gas hub. "As a reputable name in the industry, and with nearly 100 years of experience under our belt, we believe our expertise and specialised service offerings will contribute to the oil and gas success stories in the country as well as the region," says Cuthbertson.

"Our regional operation was initially set up in Singapore in the late 1960s. Then, it was the ideal location as we have a fabrication facility located nearby but Malaysia has never been out of our sight and our office has been here for over 40 years."

"Over the years, the country has increased its focus on the oil and gas industry and it is now a more favourable location for our regional hub. The relocation process was almost seamless as we were able to tap on the resources and network of our existing office. Agencies such as Invest KL assisted us in dealing with local regulations and provided advice every step of the way," he adds.

Founded in 1923, McDermott is a leading global provider of integrated engineering, procurement, construction and installation services for upstream field developments. McDermott is listed on the New York Stock Exchange and serves its international clientele of national and major energy companies through engineering offices and fabrication facilities located around the world. At the end of last year, the company generated revenues of US\$2.6 billion on the back of a global headcount of approximately 12,400 employees.

Malaysia's aspirations to be a leading oil and gas services hub in Asia are embodied in the Economic Transformation Programme (ETP). Under the ETP, the oil and gas industry was chosen as one of the 12 national key economic areas (NKEAs) and targeted to achieve an annual growth rate of 5% up to 2020. Malaysia is known for its strong ecosystem of oil and gas services, and equipment that supports the needs of players in the oil and gas value chain. It is also the second-largest oil and gas producer in ASEAN and one of the world's top liquefied natural gas (LNG) producers.

The Greater KL advantage

"Malaysia's central location makes it a strategic location for a regional headquarters. This is augmented by the country's maturing oil and gas industry. Our presence in this country allows McDermott to be closer to our customers and suppliers and gain access to an established workforce and a matured supply chain network," says Cuthbertson.

He also points to the good standard of living that Greater KL offers and finds the cost of doing business in this city to be very competitive. "Kuala Lumpur has good connectivity and infrastructure. These are important factors needed for a good working environment. McDermott works closely with our customers and we have a number of project offices around the region so that we can be near our customers in those countries. McDermott's office in Malaysia is the company's largest management office in Asia as it functions as the regional headquarters," adds Cuthbertson.

McDermott's local operations include the main engineering office as well as central project oversight and management functions such as its finance, supply chain, and sales and marketing. Its office in Kuala Lumpur currently supports the company's operations in Southeast Asia, China, Australia and India.

"Our office in Kuala Lumpur offers full corporate, strategic, shared and technical services to our operations and projects in Asia. Clearly, our local operations play an important role in expanding our footprint in Asia; a region that we believe has vast untapped potential especially for deepwater projects. The Asia Pacific region is one of McDermott's core markets along with Americas, Europe and Africa, and the Middle East" says Cuthbertson.

In Asia, McDermott currently has two fabrication yards located in Batam, Indonesia, and Qingdao, China, respectively. "Our operations in Batam was setup in 1970 and, at 119 hectares — which is equivalent to 177 football fields — is the largest fabrication yard in size within the company. Our yard in China is a joint venture with the China Ship Building Industry Corporation Wuchan and quite new. It is fully equipped with modern facilities that can accommodate indoor fabrication," says Cuthbertson.

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— Hugh Cuthbertson, McDermott’s vice-president and general manager for Asia-Pacific

A skilled workforce

McDermott has also found the professional, trained and experienced workforce in Malaysia's oil and gas industry to be advantageous. It has close to 400 employees in the country, comprising executives for regional oversight and engineers.

"As an international company and an equal opportunity employer, McDermott endeavours to hire and reward based on merit and performance. We look to hire local first and only open our positions to expatriates if there are no suitable local candidates," says Cuthbertson.

"The hiring of employees is based on business needs and we have increased our local headcount from 90 to more than 400 since moving the regional headquarters to Kuala Lumpur. Malaysia has a very good talent resource for the oil and gas industry and we are very impressed with the capabilities shown by our local employees," he adds.


Local employees benefit from McDermott's learning management system, which is part of its talent management programme. Made available to employees around the world, this learning system consists of three knowledge areas: management, professional foundations and project management.

"As a global leader in offshore construction, we believe we can offer a lot to our employees through our training, systems, processes and the experience that they gain by working with our teams. Our employees also get the chance to work on international projects such as McDermott's Abkatun-A2 platform project in Mexico where the early design engineering of this project was done in Malaysia or the Vashishta project in India, where we are currently installing a deep-water subsea system," says Cuthbertson.


McDermott is also working with the Construction Industry Development Board to conduct certification program for identified skilled trades in order to meet Petrolim Nasional Bhd's industry requirements.




Malaysian-registered McDermott Derrick Barge 30 performing floatover jacket installation in Vietnam




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Engineering Offices and Fabrication Facilities
Located Around the World




Generated Revenues of US\$2.6 billion




WHY GREATER KL?


Mature Oil & Gas Industry



Good Talent Resource
for the Oil and Gas Industry




Competitive Cost of doing Business




BENEFITS TO THE LOCAL ECONOMY


Certification Program for IDENTIFIED SKILLED TRADES to meet **PETRONAS' UPSTREAM INDUSTRY REQUIREMENTS**



Untapping Local Potential especially for **Deep-water Projects**



LOCAL EMPLOYEES Benefit from **McDermott's Learning Management System & Talent Management Programme**



opment Board to conduct certification program for identified skilled trades in order to meet Petrolim Nasional Bhd's industry requirements. "To further develop local talent, we are open to working with universities and relevant training institutions to see how we can contribute McDermott's expertise to the workforce in the local oil and gas industry," says Cuthbertson.

"Our aim was to establish a regional head office in an efficient and competitive environment which will allow us to grow the business when the market improves. It is a difficult time for this industry but we have a strong regional presence and we are working hard to expand our operations here through international projects as well as projects in the domestic market," he adds.

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