

OSI VOL. 10 ISSUE 6 | 2017

Offshore

i n d u s t r y

WINDEUROPE 2017

FOCUS ON LOCAL IMPACT
AND GLOBAL LEADERSHIP

Pipe & Cable Laying

MAREA, THE HIGHEST-CAPACITY
ATLANTIC SUBSEA CABLE

Deep-Water

REDUCING RISKS OF ANNULAR PRESSURE BUILD-UP



The oil & gas and renewables industry should protect their internet-connected assets with utmost care.



Photo courtesy of BP

A Corporate View on an Industry in Transition

IN THEIR DAILY BUSINESS AS TRUSTED ADVISORS, IMAF NETHERLANDS' MANAGING PARTNER JAN-PIETER BORST AND ASSOCIATE DIRECTOR FRANK RUIJGROK COME ACROSS A VARIETY OF COMPANIES WITH A VARIETY OF CHALLENGES. AS EXPERTS, THEY PILOT THESE COMPANIES THROUGH THE REASONING PROCESS WITH REGARD TO THEIR PROBLEMS OR challenges. From an IT security and international tax perspective, Geert-Jan Krol (Partner IT-Advisory) and Peter de Heer (Partner International Tax) of Crowe Horwath Peak give guidance to multinational businesses. They are currently preparing companies for the new, extensive European privacy regulation, effective as of May 2018. Offshore Industry met with them to learn about their point of view on the many challenges confronting their clients.

The Future is Not What it Used to Be

“Until recently, major organisations in the sector continued to grow stronger and larger,” Mr Borst explains. “It used to be a question of ‘the sky’s the limit’, and the future looked bright. Today’s future is completely different from the one these optimistic companies of the past decades dreamt of. Transformation didn’t use to be a necessary evil. However, the recent past has changed everything. Since the economic slump in 2014, everyone has been feeling the breeze of the winds of change. Oil prices remain a big issue. The ability to adapt to new circumstances has become essential and the sector has started redefining itself. New approaches, innovative thinking and new investments have become a necessity.”

Mr Ruijrok adds, “We still believe that unconventional ways of approaching the market can lead to success. Partnerships or joint approaches and the ability to adapt quickly are essential success factors.”

Will the effects of the past persist?

Mr Ruijrok: “For a sector that was conservative, time consuming, bureaucratic, complex and not cost-

effective, change can be a blessing in disguise. We do witness a major difference between the various companies and there is a lot of competition.

Mr Borst: “The overcapacity in the market is enormous. More competitive and lower priced. There are big projects and companies’ futures depend on their winning a contract for one of them”.

Are the challenges companies faced in the recent past a herald of the future?

Mr Borst: “We see that a lot of challenges from the past few years are still present. Companies are uncertain of what the future will bring them. There is no absolute solution to the various problems. But we sense a new sentiment. A growing, optimistic energy.”

Major Increase Transaction Value

Does this new sentiment mean that transactions take place on a more frequent basis?

Mr Ruijrok: “Recently, we published our Oil & Gas sector report. We look at the sector from a transactional angle. We based our report on a time->>

Photo courtesy of IMAP Netherlands



Mr Jan-Pieter Borst, Managing Partner at IMAP Netherlands: “Everyone has been feeling the breeze of the winds of change.”

Photo courtesy of IMAP Netherlands



Mr Frank Ruijrok, Associate Director at IMAP Netherlands: “A change can be a blessing in disguise.”



Mr Geert-Jan Krol,
Partner IT-Advisory at
Crowe Horwath Peak:
"Cybercrime is not
only about data
anymore. It can hit the
real world as well."

Photo courtesy of Crowe Horwath Peak

frame between January 2010 and H1-2017. The number of transactions in H1-2017 decreased slightly (vs H1-2016). Whilst the number of transactions decreased, we witnessed a major increase in transaction value."

If you had a crystal ball, what would you say the future holds?

Mr Borst: "We expect a growth in alternative energy. The numbers support that forecast. The H1-2017 transaction multiples in alternative energy are much higher than those in Oil & Gas."

Mr Ruijgrok: "It seems that all stock transactions are a developing trend, which makes sense since it keeps your liquidity secure in an insecure market."

Data is the New Oil

Digitalisation and IT Security are hot topics in many sectors. What are the cybercrime threats for the oil & gas and renewables industry?

Mr Krol: "We see a threat when every device goes online, from control panels that operate entire vessels or platforms, to smaller Internet of Things devices. Security is often not built-in and/or of poor quality, giving hackers opportunities to breach the companies' internet-connected infrastructure. So, what if hackers break into a poorly secured system that gives real time information about a vessel's location, it's destination and it's cargo? Cybercrime is not only about data any more. It can hit the real world as well."

Continuous vibration monitoring solutions for Marine & Offshore vessels and wind turbines



Bearing and gear monitoring using patented HD technology

Unrivalled performance on ultra-low RPM

Allianz approved vibration monitoring systems

Class approved condition monitoring services provider (DNV-GL, LR, ABS)

Wind CONFERENCE & EXHIBITION
EUROPE 2017 28-30 NOVEMBER
AMSTERDAM

Please come visit us in booth no. 2B54-b

SPM
www.spminstrument.nl

Therefore, the oil & gas and renewables industry should protect their internet-connected assets with utmost care.”

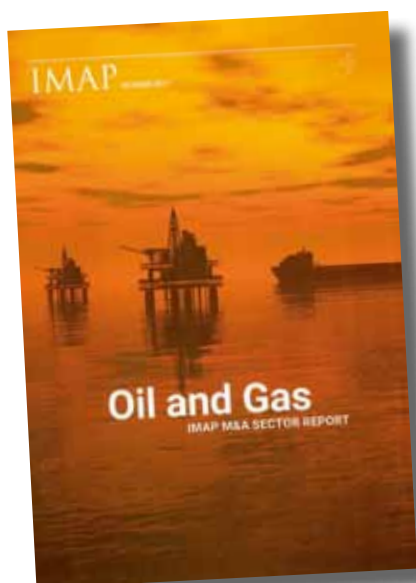
The European Union is taking measures to protect personal data. What should be done with GDPR (General Data Protection Regulation)?

Mr Krol: “Data is the new oil indeed. It can provide prosperity when treated well. GDPR is about personal data, and the way companies should protect the privacy of people whose personal data they process. Sensitive personal data, however, should be treated like nuclear waste, because when that starts leaking you are in serious trouble. The EU has issued a Privacy Regulation, which has to be implemented before the end of May 2018. GDPR applies to all companies processing data about EU citizens. Implementation time may vary, depending on the size and nature of the personal data a company processes.”

Investment in Tax Compliance of Utmost Importance

Brexit, the US tax reform and other global developments, such as BEPS, will have an impact on international business and (tax) regulations. What are attractive investments for this industry in an insecure global market?

Mr de Heer: “What we have seen in the last five years is an unprecedented pace of change in the way society thinks about the taxation of multinationals and an unparalleled number of legislative responses to it. Investment in tax compliance will be of utmost importance in the coming years and virtually every international structure needs to be reassessed. I sincerely believe that the firms that will be the first to get all the new regulations under control will be the ones with the competitive edge.”



IMAP Netherland's Oil & Gas sector report looks at the sector from a transactional angle.

Furthermore, the question about tax sovereignty will be asked over and over again. The US and the UK, but also the BRIC countries, will continually fight for their national interests. In order to withstand that, there is no other possibility within the EU other than giving up national tax sovereignty in favour of EU tax sovereignty, which would also create a stronger EU. Investment in knowledge will therefore be key, not only in the sense of dealing with issues when they arise, but also having a proper tax strategy in place, in which optimisation is created within the boundaries of compliance.”

The sector is recovering and in transition. What tax incentives are applicable to this industry?

Mr de Heer: “With the economy becoming stronger and tax revenues increasing accordingly, more resources will become available for governments. No doubt a serious part of these resources will flow towards tax incentives that will reward greener energy and renewables. What is also true is that a great deal of innovation is aimed at renewability and responsible entrepreneurship. Although innovation boxes have been frowned upon slightly since the OECD-BEPS project, their role does extend to responsible innovation as well.”

i. www.crowehorwathpeak.nl

i. www.imap.nl

Mr Peter de Heer, Partner International Tax at Crowe Horwath Peak: “The firms that will be the first to get all the new regulations under control will be the ones with the competitive edge.”



Photo courtesy of Crowe Horwath Peak.