

Shoaibi Group – A Step Change to Innovation

Saudi Arabia Oil and Gas spoke exclusively with Walid Al-Shoaibi about the company's innovative strategy.



Saudi Arabia Oil and Gas: Can you provide some detail on Shoaibi's evolution and growth?

Walid Al-Shoaibi: Founded in 1973 in Saudi Arabia, Shoaibi Group was originally established to carry out industrial and commercial activities in KSA. The Shoaibi Group of companies currently works with global partners, predominately in the oil, gas & petrochemicals industry, and over the past 4 decades the Group's subsidiaries have steadily expanded to around 100 local and international partners in the fields of exploration, production, and support services to the oil and gas industry, oil refining and gas processing chemicals and petrochemicals, maritime services, and refined products and distribution. Recently, in recognizing the need for oil operators to control costs by becoming more efficient in the discovery and recovery processes, Shoaibi Group has become a developer of, partner to and investor in many innovative oil and gas technology companies with the objective of addressing the needs of the region's reservoirs.

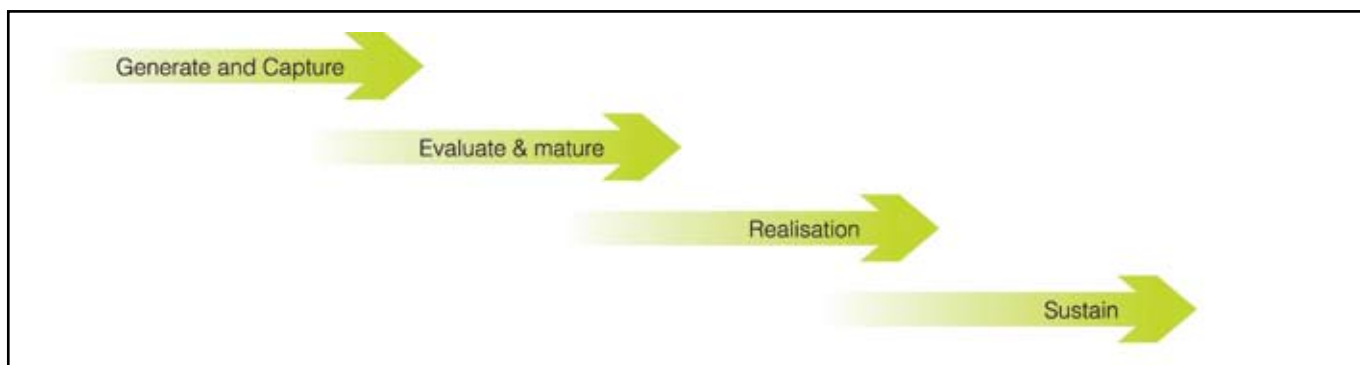
Saudi Arabia Oil and Gas: What upstream solutions is Shoaibi innovating? What are the focus areas i.e. within Drilling and Completions?

Walid Al-Shoaibi: Shoaibi Group recently successfully sold its portfolio company FloTech to Tendeka. Founded

in 2007, FloTech is an innovative reservoir completion company with proprietary technologies. The company's vision is to improve petroleum well efficiency through reservoir completion products, namely inflow control devices and mechanical packers, which combine design simplicity with superior performance. We are further investing in innovative technology companies such as Artificial Lift Company (Artificial lift ESP technology), Ingrain (Digital Core analysis – Shale and Tight Gas) and Fotech (Advanced Reservoir Monitoring).

Saudi Arabia Oil and Gas: How is Shoaibi partnering with Dhahran Techno-Valley (DTV) to research and develop such solutions?

Walid Al-Shoaibi: Recently Shoaibi Group has launched its own 'Incubator'. The Incubator Project is a R&D hub, located in Dhahran Techno Valley ('DTV'), Al-Khobar, to assist in bringing new technologies to local NOCs and the wider region through sponsorship and involvement of local and international universities such as King Fahd University of Petroleum & Minerals (KFUPM) in Dhahran, and other R&D centres. The purpose of this project is to incubate ideas either in-house or take existing technology and modify it towards an oilfield application. By understanding the current and future technology needs of Saudi Aramco, the 'incubator' serves to take these challenges to universities and other R&D centers to validate whether these challenges can be met. There is no better way to gain this understanding than by working alongside oil operators such as Saudi Aramco. If the technology is found to be suitable either as a concept or prototype, then the incubator team will secure funding to take the technology to the 'Technical and Commercial Feasibility' stage. Shoaibi Group collaborates with some of the world's leading venture capital companies in order to bring an added understanding of the specific needs of the MENA region, and a direction of funding to address these needs. Finally, once the technology/prototype has been developed and thoroughly tested it will be passed on to a company with sufficient funding from local



Research & Development Process - Capturing ideas to commercialisation.

and international investors with the objective to commercialise the product, delivering new value to NOCs and international oil companies (IOCs) in the region and globally. The Shoaibi Group, in working with Saudi Aramco and its various partners, very much aims to be a part of developing the innovative solutions.

Saudi Arabia Oil and Gas: How is end-user input helping research and development?

Walid Al-Shoaibi: The end user is key in the R&D process as it will ultimately decide the commercial viability of the new technology. A development process has been put in place where the end users input are 'funnelled' through key stages of the process. Another important note is to have the end users' input at these different development stages. Not only does this provide insight, it also encourages collaborative teamwork between the researchers and the end user. Sharing of knowledge enhances the success of the project.

Saudi Arabia Oil and Gas: What is the business case for the selected R&D and Innovations? How are prospective technologies evaluated?

Walid Al-Shoaibi: The business case for selected R&D projects is mainly driven by our 'development process'. There are four main key stages that any idea/innovation

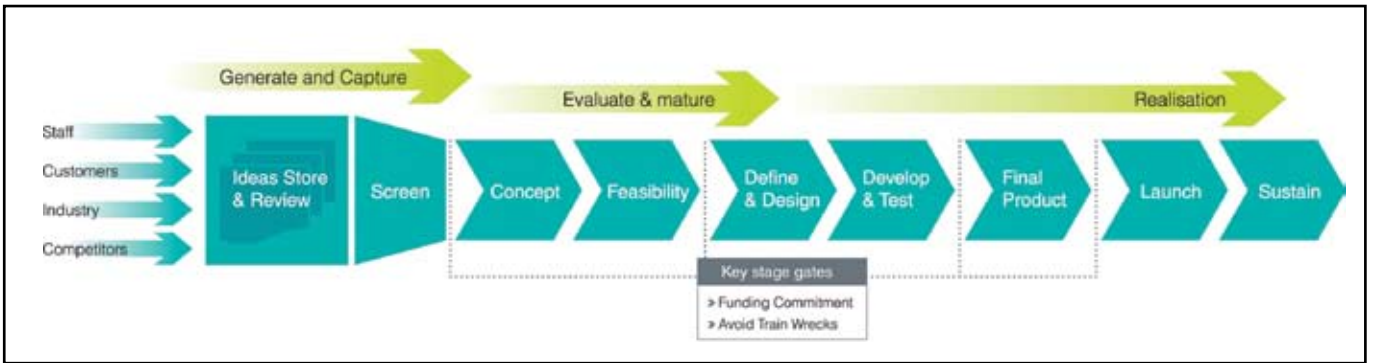
needs to pass through. The First is the 'Generate and Capture' stage, where ideas from industry, individuals, from conferences and from papers, etc, are captured and reviewed. The review process asks a certain number of key questions, e.g. is there a demand from the market for the technology for a particular business critical issue to be addressed. If the idea/innovation passes this stage, it enters the concept/feasibility stage.

This is where funds are provided to carry out small-scale experiments, build prototypes and test the design. Again a screening process is undertaken where certain criteria have to be met in order to pass through the concept/feasibility stage. The third stage is to define the detailed design and carry out further testing with the 'near final' prototype. Once the design is finalized, and tested, the technology is ready for field trials. During the field trial phase the technology is tested and evaluated under real well conditions. After a certain field trial period and assuming success of the trails, the product is commercialized.

Saudi Arabia Oil and Gas: What results has the innovation produced to date i.e. Field tests, Well Tests, Models, Patents, Trademarks, Designs, Process Improvements?

Walid Al-Shoaibi: Since the start of the Incubator project, we have produced seven patents and three com-





Research & Development Process – Go/No-Go key stage project phasing.

mercial products. We are in the process of field trialing new products in the view of commercialization in 2011. There are a number of ideas/innovations that we are screening in the development process and these will take their normal course over the next few months. The number of projects is expected to grow gradually as more ideas are fed into the development process. The Incubator project is expecting to grow with key recruitment of more scientists and engineers.

Saudi Arabia Oil and Gas: What kinds of issues are related to building a R&D infrastructure with qualified professionals?

Walid Al-Shoaibi: The issues in building an R&D infrastructure have been to establish professional working links with clients and universities. In order to recruit good scientists and engineers a base foundation is required. This foundation consists of local administra-

tion, office space and good working environments, but paramount in establishing any R&D structure is to ensure that the results of any such infrastructure will meet the commercial needs of the oil company. To ensure that Shoaibi Group is addressing these needs the Group has continued to build close commercial and collaborative working relationships across the respective organisations to promote the sharing of knowledge and experience.

Saudi Arabia Oil and Gas: What are the long-term plans for the company?

Walid Al-Shoaibi: To continue to represent and partner with the world’s best technology companies in order to serve the region’s oil, gas and petrochemicals industry and to further establish and invest in research and technology in order to be the leading game-changing oil field technology provider in the region. 🔦



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