DIVING AND UNDERWATER SERVICES – AN OVERVIEW

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ABSTRACT. In 1982 the diving and underwater services business became a billion dollar industry, a position it has never since regained. For the next four years sales declined, the crash of '86 only being part of this process. The period since 1987 has however seen an increase in revenues, with the industry probably turning over about $850 million in 1990. The aim of this paper is to give an overview of the commercial development of the North Sea diving and underwater service industry and consider the evolution of the technologies now in use. It concludes by commenting on the future business prospects for the industry set against a scenario of 'post Gulf war' oil prices.

1. Introduction

Over the past 27 years the North Sea has graduated from an outpost of the US offshore industry that employed a few divers to the world’s largest market for subsea technology. But from the beginning a number of inter-linked factors have predominated:

- the short commercial lifetime of some technologies, an example being manned and diver lockout submersibles.

- the continual tendency for gross over-estimation of potential markets and a lack of awareness of alternative technologies, together leading to some commercial disasters.

- the recurring problem of over-supply, in virtually every case a new technology has reached gross (often 100%) over supply within 5 years of its commercial acceptance.

- the impact of diver replacement technology. Between 1981 and 1985 the growth rate in ROV activity was ten times that in diving.
- the considerable investment into non-productive 'R&D'. The channelling of much needed funds away from much needed product development into high profile 'blue sky' projects.

The investment in hardware has been enormous. Over the period some 94 dive support vessels have been built worldwide, plus 22 MSV's and 17 submersible/ROV support vessels, over 1,200 ROV's have been built, together with scores of manned submersibles.

The oil price crash of 1985/6 at last forced the North Sea oil companies into properly examining their costs and defining their real need for underwater services. In the past 5 years the offshore oil industry has matured, the realisation having dawned that the industry is about producing oil, not offering services, and the diving companies have rationalised and begun their transformation into underwater engineering contractors. What does the future hold for these new groupings?

2. The Market - Forecasts And Reality

2.1 THE FORECASTS

"Forecasting is always difficult, particularly if it's about the future.... so if you must do it, do it frequently".

Figure 1 shows the sales of the worldwide diving & underwater services industry, together with some forecasts. Figure 2 attempts to adjust these for inflation, to bring everything to 1990 money values. It can be seen that in most cases, forecasts made in the mid 1980's overestimated the size of the 1990 business by 100%! Why?

Probably the greatest error made by forecasters is that their forecasts of tomorrow are all too often based on today's way of doing things. Secondly, it is easy to forget the production of a forecast can in itself change the future. For example, the forecasting of vast expenditures in underwater inspection & maintenance caused the oil companies to examine how the need for such expenditure could be 'designed out' of future installations. Thirdly, the real costs of many products and services should reduce with time, not increase. This is the experience of many industries.

2.2 OVERSUPPLY

The timescale from introduction of a new technology to its gross oversupply has in most cases been around 5 years, or sometimes less. In a number of cases the situation has been exacerbated by a market downturn.