

# Future. Delivered.

Industry  
Trends  
Report  
2020

**StocExpo** 

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by EASYFAIRS

# welcome.



StocExpo is primarily about providing value to the bulk liquid storage industry. From exhibiting the latest solutions the supply chain has to offer, to our agenda-setting conference and our focus on facilitating peer-to-peer networking, we have always set out to be more than just an event.

That's why StocExpo is the world's largest and longest running international bulk liquid storage event, a status that naturally gives us a birds-eye view of the industry and unique access to a huge number of the sector's best and brightest.

We set out to use our position and contacts to conduct research on the biggest challenges, trends and opportunities facing the bulk liquid storage industry today and in the near future, with the hope that we could aggregate and interpret that information and feed it back to the industry. It's thanks to you and your peers that we were able to generate such a huge amount of pertinent data and I'm very grateful for the response we received.

I, and StocExpo at large, are proud to present our first Industry Trends Report to you. We hope that it offers insight into the commonalities among businesses in the supply chain, shines a light on the perceived challenges and opportunities, and gives you a sense of solidarity, direction and, hopefully, confidence as we face down the future together.

Mark Rimmer,  
StocExpo Divisional Director

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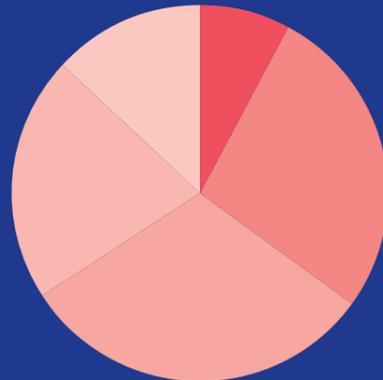
# Methodology.

We conducted this research by surveying 171 senior decision makers at a range of different business types involved in bulk liquid storage.

The majority of respondents, approximately two thirds (60%), work in business development, engineering and projects, or terminal management. The remaining 40% is made up of a broad range of job roles including facilities, financial management, sales, health & safety and marketing & communications.

Respondents also represent a range of business types including terminal operators (approx one third), suppliers to the sector (approx one third), expert consultants (approx one fifth), and oil majors and other businesses making up final 20%.

- 13% Other
- 8% Oil Major
- 21% Consultant
- 31% Supplier
- 27% Terminal Operator



Digging down further, of those that represent terminal operators, the majority store multiple products including refined products (56%), oil (50%), biofuels (47%), petrochemicals (41%), and other unspecified chemicals (44%). Only 22% of respondents from storage terminals store LNG and/or LPG, and even fewer (6%) store hydrogen.



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# Challenges.

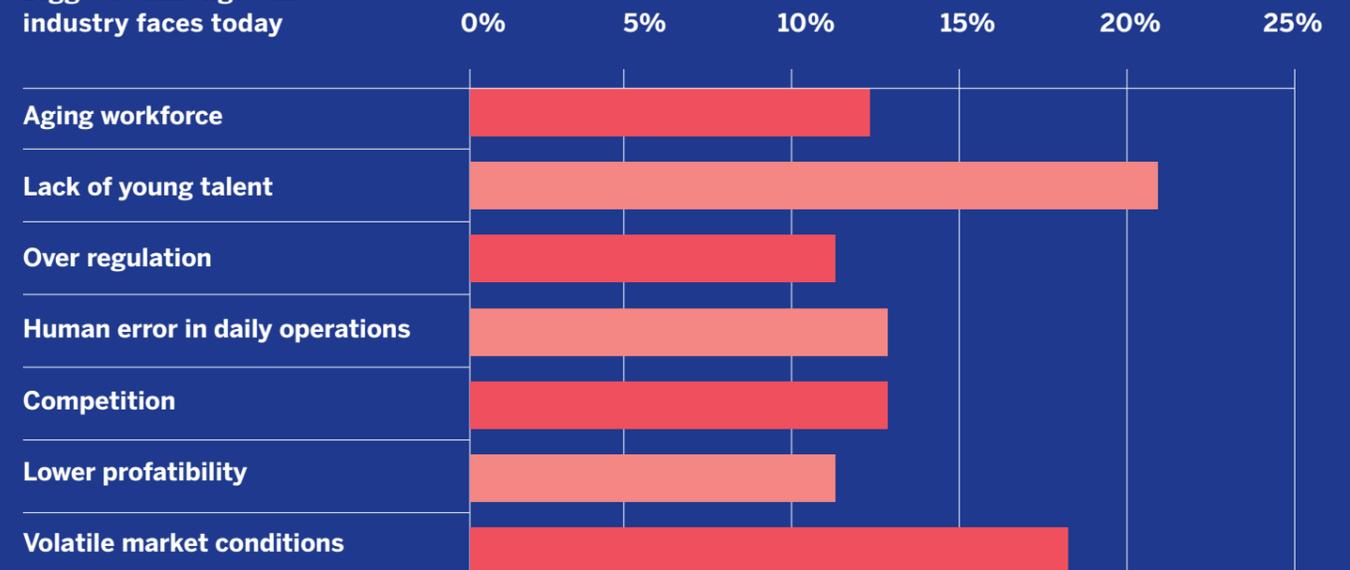
The future holds a number of known and unknown challenges that the industry will have to overcome when the time comes. But first, we wanted to get a sense of how the industry views the myriad challenges it faces today for context.

While you might expect high profile issues such as volatile markets and competition from new-age market disruptors to dominate agendas, it's people-related problems that are felt most keenly.

The majority of respondents felt that a skills shortage caused in part by an aging workforce (12%) and, more critically, a lack of young talent (21%) was the most challenging issue right now. Human error in daily operations also ranked highly, making an aggregate total for people-centric problems of 46%.



## Biggest challenges the industry faces today



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# Priorities.

We also wanted to get a sense of the industry's priorities today. While profitability may only be the dominant challenge for one in ten respondents (11%), when we take a closer look at present-day priorities, profit levers seem to be the main focus

Perhaps this is due to the fact that standard business issues are somewhat easier to understand and proactively address than long-term and abstract obstacles like attracting the next generation to the industry.

Regardless, reducing costs, boosting capacity and the implementation of process automation remain top of the bill in terms of ongoing business goals for 45%, 37% and 32% respectively. Compliance and understanding demand were also predictably high on the agenda.

Concern about the environment, which is driving change in almost all the world's industrial markets, is of course on the radar in this industry too. Nearly half (40%) of respondents felt that improving sustainability and environmental performance was a key focus for their businesses, while a third (31%) were prioritising digitalisation and processing automation which could be seen as a way to address the people-problem alluded to in the previous section.

Perhaps somewhat unsurprisingly, very few respondents (2%) were concerned about Brexit potentially due to the certainty provided in the last UK general election in terms of direction.

And for all of the rhetoric about China and unfair trading partnerships, a similarly low number (3%) reported to be worried about tariffs and trade wars between the US and other trading blocks.

## Practical priorities for your business

- 45% Reducing costs
- 43% Improving safety
- 39% Improving our sustainability/environmental performance as a company
- 37% Boosting capacity
- 32% Bringing in more process automation
- 31% Understanding and predicting demand
- 29% Improving compliance
- 15% Legislation Compliance
- 14% Improving cyber security
- 7% Improving physical security
- 2% Dealing with Brexit implications
- 3% US Trade wars and tariffs



When asked which of these key focus areas was their biggest priority, respondents chose:

- 20% Boosting capacity.**  
"Capacity is currently the bottleneck of our company so naturally that's my priority."
- 20% Reducing costs.**  
"There are other factors, but profit margins have always been and will always be top priority."
- 14% Improving safety.**  
"Safety is paramount to ensuring for the success of any business and is a critical component in the business strategy. It also provides competitive advantages when being vetted by potential customers."
- 16% Understanding and predicting demand.**  
"To be efficient we have to understand and anticipate our client's requests and needs."
- 10% Improving sustainability and environmental performance.**  
"Long term, investors will be very critical about the environmental impact of the Hydrocarbon business."
- 8% Improving compliance.**  
"Everything else is a nice to have. At the end of the day, the company must comply with the legislation and regulations."
- 7% Introducing digitalisation and process automation.**  
"It is difficult and time consuming to keep data up to date. Moreover, it is a very failure sensitive process. This influences productivity, efficient time management and safety."
- 5% Remaining 5% split across both cyber and physical security.**  
"Our cyber security is excellent but always on the forefront of continuous improvement because the threats are always evolving."



# The future.

With climate change, pollutants and sustainability, digitalisation, process automation and the advent of AI, and the rocky and ever-shifting political atmosphere, all posing problems in the present, we wanted to know what challenges our respondents are anticipating as a result of large-scale industry change.

## Carbon & Sulphur reduction

Given that 40% of respondents listed sustainability and environmental performance as a key, and current, business issue, it's no surprise to learn that carbon and sulphur reduction is playing on the industry's collective mind.

A fifth (20%) of respondents listed understanding the challenges and opportunities caused by IMO 2020 as a key concern going forward, while a full third (35%) agreed that carbon reduction will be a major challenge to their business.

But, with only 10% of respondents choosing sustainability and environmental performance as their single priority at present, it can be assumed that it has not yet come to a boiling point and remains below standard business goals such as growth and cost reduction, at least for the meantime.

## Digitalisation

Despite the fact that 35% of respondents felt they didn't fully understand the possibilities of digitalisation, the advent of blockchain, AI and automated processes has made it high on the industry's agenda.

The majority felt that digitalisation was the key to improving the operation of assets (26%) and maintenance (22%), while driving excellence in the supply chain (23%).

"Digitalisation is probably the best means to hold and expand our ground in an extremely challenging, fast-moving and hard-to-predict environment."

A quarter (25%) have an eye on the opportunities and time and money-saving efficiencies Big Data could bring to their businesses. But issues including data security (39%), having a strategy to implement digitalisation across the entire business (37%) and persuading investors to get on board (18%) are a cause for concern.

## Energy transition

Over half of our respondents (52%) felt that dealing with energy transition in general will be a major challenge in the future and it represents the single biggest concern for the greatest number of our respondents (33%).

When asked to rate how prepared they felt their companies were to handle energy transition, we see a case of extremes. Half our respondents said they were at least half way there, but of those, only two respondents said they are completely prepared. On the opposite end of the scale, well over a quarter rated their preparedness as under 25% with twelve respondents reporting that they haven't even begun to prepare.

"If energy transition is well managed and supported by sensible regulation, the future will be bright. But not everybody will be there."

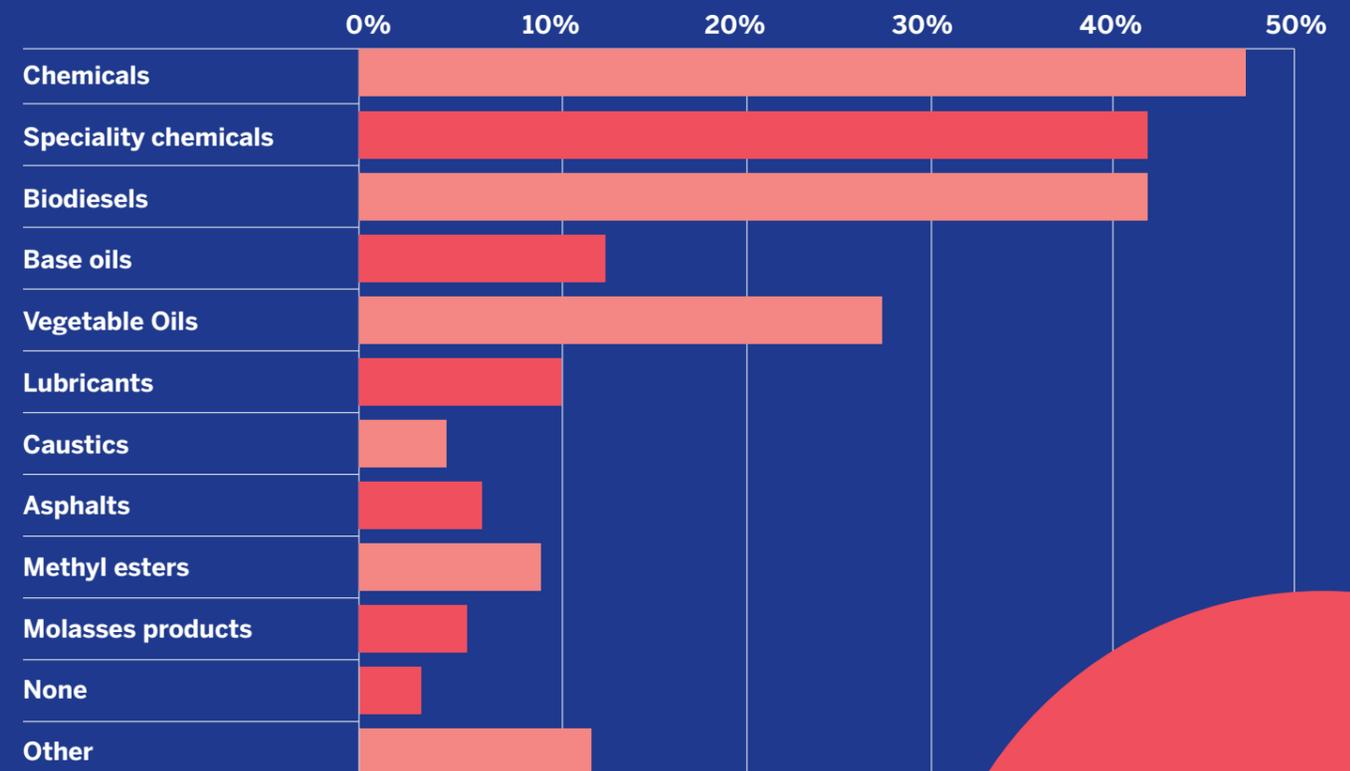
## Niche storage

That said, the practical challenges that come with wider carbon reduction efforts, such as the growth of LNG and hydrogen, remain firmly on the horizon, according to 31% and 23% of respondents respectively. Given that only 22% of our storage terminal respondents are presently storing LNG, and only 6% hydrogen, it's clear that this growth could be the catalyst of enormous change.

Respondents also expect to see a rise in chemical (48%) and speciality chemical storage (43%), as well as the storage of biodiesels (43%) and vegetable oils (28%) over the next two years.



## Storage areas expected to grow over the next 2 years



# Adaptations underway.

While there are some upcoming issues causing the industry some anxiety, that's not to say businesses aren't already working to address them. We were keen to find out what the state of play was on two key areas, sustainability and digitalisation.

## Going green

As we saw before, sustainability is a practical and present-day priority for 40% of the industry. So it's not surprising to see that respondents are already implementing a wide range of measures to improve sustainability across their businesses. These include:

- > Using environmentally friendly construction techniques on all new projects;
- > Recycling;
- > Going paperless;
- > Using vapor management technology;
- > Adding NOx and CO2 catalyst solutions to equipment;

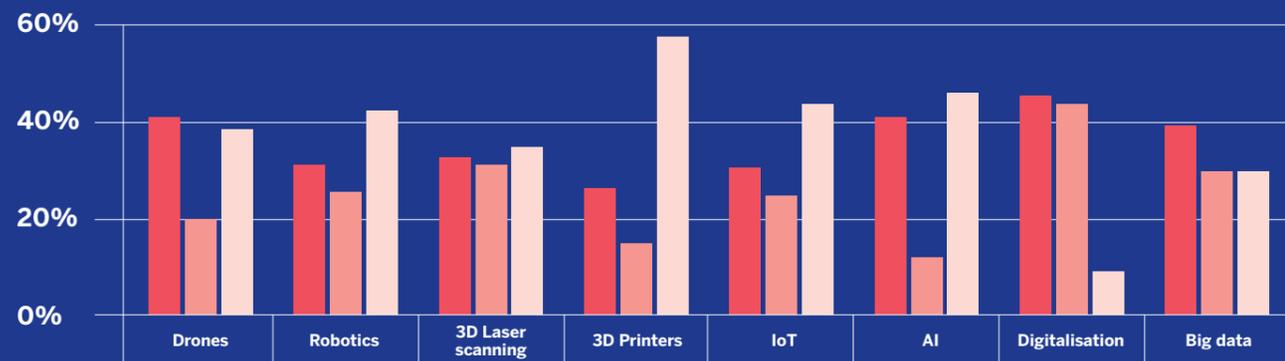
## Implementing digital

Admittedly, when asked how advanced their company was in terms of digitalisation, 15% of our respondents said they hadn't even started. However, the remaining 85% are on their way to implementing digital solutions across their businesses, with over a third (36%) reporting that the process was either complete or near completion. Likewise, in an effort to address the people-problem, at least a few respondents are making an effort to upskill staff to accommodate digitalised processes and new ways of working.

36% of respondents are already using Big Data to inform their operations, while many others are using or exploring the use of a range of new technology. However, while most respondents saw AI as a massive opportunity to improve planning (42%) and terminal management (49%), it is the one technology with the biggest disparity between present-day exploration (41%) and actual implementation (12%).

## Digitalisation at companies

■ Exploring Technology ■ Deployed Technology ■ N/A



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# Conclusion.

The bulk liquid storage industry is always changing, but it's difficult to deny that this is a time of unprecedented upheaval.

The environmental agenda is a huge driver for wide-scale and long-term change in terms of tightening regulation, energy transition and the need to adopt more sustainable operations to satisfy a variety of stakeholders.

Likewise, the advent of digital is the cause of both solutions and problems. The industry clearly recognises the competitive opportunity of process automation and Big Data, but the realities of implementing digitalisation in a secure and wholesale way cannot be underestimated.

One of the major obstacles to the adoption of technology is people. Digital solutions go part of the way to address people-centric issues like human error, but they also create their own. New digital technology will require very different types of workers to operate and, with an aging workforce and a lack of fresh faces, there's a lot of re-skilling to be done and new talent to be recruited.

The clock is ticking, and while some are slow on the uptake on changes they themselves recognise as imperative to their survival, it's clear that the industry is aware of these challenges and many are already taking steps to address them.

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