



CHEMSYSTEMS

DARING TO DIVERSIFY



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ChemSystems has been a fixture of the chemicals industry for over five decades. Sales director, Laurence Davies, and business development manager, Charles Du Bois, discuss how the company is now making a name for itself in the oil and gas sector

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Houghton BOP

A key component of the country's industrial base, South Africa's chemical industry is the largest of its kind in Africa. Globally, the chemical industry boasts an estimated value of more than \$4 trillion and while Africa's contribution to this has been relatively small to date, the chemicals sector is expected to play an increasingly important role in African economies in the decades ahead. One of the factors that is expected to help drive this demand for chemical products and solutions is the growth of the oil and gas sector.

One company that has witnessed first-hand the dramatic industrial changes that have occurred in the region during its 50-plus year history is ChemSystems. A \$46 million company in its own right, ChemSystems is one of 13 chemical companies belonging to the AECI Group (African Explosives and Chemical Industries), which is listed on the Johannesburg Stock Exchange.

"As one of the older companies within the AECI cluster," explains sales director, Laurence Davies, "we have a long history in the field of industrial products." A diverse business, ChemSystems' operations are split into five, very different, divisions. These include Status Industrial Solutions, Capital Polymer Additives (additives for polymer industry), SA Silicones (silicone based products for a wide range of industries), Applied Solutions (the foundry industry)

and Constructichem (a division focusing on the construction sector). What ChemSystems also possesses is three distinct models in which it does business, these being direct trading, manufacturing under license and manufacturing its own IPM technologies.

"One of the biggest contributing factors to our success over the years," Davies continues, "is that we have always employed individuals who are experts in the chosen fields in which we operate. This has allowed us to offer our customers high value-add technical support. Such capabilities are all the more important when you consider the fact that,

as a company, ChemSystems doesn't simply sell a product, it sells solutions."

Being a local manufacturer, ChemSystems possesses a certain degree of flexibility that has allowed it to tailor its offerings to customers throughout the years as the market around it has evolved.

In addition to having a strong

presence in its home market of South Africa, the company has also gained significant access to sub-Saharan territory through various technology and distribution partnerships, giving it a large area of opportunity to pursue.

"While it is important to note that a large proportion of our market remains orientated towards mining, indeed around 80 percent of our African business does still stem from this sector," Davies highlights, "what we have seen in more recent times is a spike in interest towards oil and gas following large discoveries that have been made off the coasts

**\$46
MILLION**

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ChemSystems

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The estimated value of the global chemicals industry

of South Africa, Angola and Mozambique.”

These events have in turn led to ChemSystems shifting its focus towards the oil and gas industry. By getting a better understanding for this market and the type of solutions it can provide potential customers, the company has been able to put together a suite of products that it is able to present to the offshore oil and gas sector.

ChemSystems holds technology and manufacturing license agreements with a number of leading chemical and lubricant producers including the likes of Castrol and Houghton International. “Houghton International,” states business development manager, Charles Du Bois, “is one of only a handful of companies that supply offshore fluids that are used in sub-sea control units, compensator units and blow-out preventers (BOP). These are products that are of the highest quality, are used by drilling companies across the globe and we are very proud to be able to offer them to our customers.”

In addition to the Houghton off-shore fluids, a comprehensive fluid test kit is available and fluid sample analysis programmes can be implemented to ensure that the fluid properties remain within specification. These analyses also allow



Molykote lubricants are extremely effective

it to investigate fluid deterioration and to implement the corrective measures. System-cleaners are available from Houghton in case of fluid contamination whereby systems need to be flushed. Houghton also offers a full range of corrosion protection products for oil field tubular.

Another series of products that are of particular importance to ChemSystems come under the name of Molykote. Created by the company Dow Corning, these products are used to lubricate threaded connections and flanges, and are commonly used to maintain rig equipment that operates in aggressive,

logistically challenging environments. “Dow Corning,” Du Bois says, “has had great success with these products in the North Sea, where the likes of Statoil and Shell have become users of Molykote. It is with this in mind that we see a great deal of potential for this brand throughout Southern Africa.”

The Molykote lubricants are extremely effective on those applications where there is very low relative motion in conjunction with very high loads, for example splines, bolts or nuts, pins and bushes, and press fit applications. The use of these products significantly improves the workshop and on

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site safety during assembly and disassembly of equipment and components.

For almost 30 years, ChemSystems has been involved in the fire fighting industry, manufacturing fire fighting foam concentrates, and today holds a technology partnership agreement with the German company Dr Sthamer. “As you can imagine,” Davies states, “fire is an ever present risk in the oil and gas sector, and as such companies

go out of their way to protect their assets accordingly. What we do is produce a range of globally approved fire fighting concentrates. These products are made under license in South Africa and meet all the global fire protection association standards.”

In addition to the aforementioned products and solutions, the company also represents Chemetall, selling non-destructive testing penetrates into a number of industries, oil

“CHEMSYSTEMS HOLDS TECHNOLOGY AND MANUFACTURING LICENSE AGREEMENTS WITH A NUMBER OF LEADING CHEMICAL AND LUBRICANT PRODUCERS”



Fire is an ever present risk in the oil and gas sector



ChemSystems produces a range of globally approved fire fighting concentrates

and gas included. These products are used to identify defects in vessels, pipelines and other items of equipment that need to undergo regular integrity checks.

Then there are the products that ChemSystems develops itself using its own technology. These include its Marine range of solutions that include oil dispersants. The company also produces a selection of cleaning and maintenance products and microbiological treatments, a range of corrosion inhibitors and descalers and carbon removers.

In its home market of South Africa, ChemSystems oil and gas related activities

continue to expand at an impressive rate. It is at times like this that a company such as ChemSystems, being a relatively new player in the market, benefits greatly from having other well entrenched players around it that it can draw knowledge from.

One of the reasons that ChemSystems finds itself in such a position is through its membership of the South Africa Oil and Gas Association (SAOGA). “SAOGA,” Davies enthuses, “provides us with the ability to network with others in the industry, gain a better understanding of the market and establish potential future partnerships. It also provides us with an excellent

opportunity to showcase our own products and services to the right people.”

The success the company continues to have in South Africa by no means suggests that it doesn't recognise that there are a host of opportunities further afield. Indeed, two particular parts of Africa are becoming of increasing interest to ChemSystems, those being Angola and Mozambique.

“Angola,” Davies says, “is a country experiencing a great deal of activity at present. It is with this in mind that we are working hard to get a better understanding of this unique market. Charles himself recently spent some time in the country forging relationships with potential partners. Similarly, we are looking to identify logistics partners in order to make our product offering as price competitive as possible.”

Research of this nature is also being undertaken as it relates to Mozambique, a market that is still very much in its infancy when it comes to oil and gas. “What we hope to do,” Du Bois says, “is take the lessons we have learnt, and will learn, in Angola, which is a market that is further ahead in terms of industry development, and apply them to Mozambique.”

The sheer potential for Africa's oil and gas sector to become one of the most important



ChemSystems has been shifting its focus towards the oil and gas industry

in the world should be reason enough to believe that a very promising future lies ahead for ChemSystems. However, if any further proof were needed one only needs to look at the company's ability to diversify itself over the years.

“What we have,” Davies goes on to say, “is a level of flexibility that allows us to change our market focus and product offering fairly rapidly.

This makes us highly versatile and able to adapt accordingly as customer needs and business trends change. In truth, as recently as ten years ago we probably wouldn't have predicted moving into the oil and gas sector, but as that market has expanded we have been able to respond in a way that allows us to concentrate more of our efforts on such industries that we see as having a longer lifecycle.”

That is not to say that ChemSystems no longer wishes to be involved in a mixture of markets, but what it does highlight is that, as well as wanting to protect the strong position it already holds in these, the company will continue to seek out new growth opportunities as they arise.

“Today,” Davies concludes, “ChemSystems

exists as a strong player within the South African chemicals sector and we want to build on that. We see a large part of our future being driven by our ability to spread out further across Africa. This won't be a quick or easy process, and may require us to adapt our business model slightly in some regions, but it is one that we see as being of great benefit to us as we recognise that a large portion of our future is going to be intertwined with the future growth of Africa as a whole.” **BE**

**“IN ITS HOME MARKET OF SOUTH AFRICA,
CHEMSYSTEMS OIL AND GAS RELATED
ACTIVITIES CONTINUE TO EXPAND AT
AN IMPRESSIVE RATE”**

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