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Leading in Thailand

An exception level of engineering expertise tailored for the local market is one of the primary reasons why Yokogawa has managed to capture and keep the process automation top spot in the Land of Smiles, says *Somkid Teraboonchaikul*, managing director, Yokogawa Thailand. He talks to *Bob Gill* in Bangkok.

BG: Could you explain first about the evolution of Yokogawa Thailand?

ST: The company started in 1989 when Yokogawa took the majority share in a joint venture with Dynamic Supply Engineering, the company that had previously been representing Yokogawa in Thailand. We were just 20 people working from an office in Sukhimit Road. And I was one of the first employees, having joined Dynamic Supply a year earlier, in 1988.

From those small beginnings we have really grown. We have around 350 staff now and operate from five locations in the country: Bangkok, Rayong, Chonburi, Banpong, Surathani, and Khon Kaen. The majority of those people are located here in our Bangkok headquarters and also in our Rayong office. Rayong is a major industrial area and home of the major petrochemical complex in Thailand; and so we have 160 staff in our office there to serve Yokogawa clients in that cluster.

The other key evolutionary step was transforming from a basic offshore sales organization to a company with strong local capabilities in project engineering and services. We have developed vast experience to execute major process automation projects for both Thai and multinational companies.

BG: And your own background?

ST: I graduated with a degree in electrical engineering and later took a master's in management studies. At Yokogawa, I held a number of different positions in engineering and sales before being appointed deputy managing director in 2007. And then about a year ago, in April 2011, I took over as managing director. I report to the Yokogawa Engineering Asia president, Masatoshi Nakahara, who is located in the regional headquarters in Singapore.

It is worth mentioning that I am the first Thai chief of Yokogawa Thailand. Before me, from 1989 to 2011, there were six managing directors all of whom were Japanese. My appointment is consistent with Yokogawa's



Somkid Teraboonchaikul.

policy of gradually "localizing" in the territories in which it operates.

BG: Thailand seems to have gone through some difficult times in the last couple of years. How are things looking in 2012?

ST: Yes, you're right – first the political problems and then the terrible floods last year. Actually, in 2010, Thailand's economy expanded 7.6 percent, its fastest pace since 1995, as exports rebounded from the depressed 2009 level. The anti-government protests during March-May and the country's polarized political situation had – at most – a temporary impact on business and consumer confidence. Although tourism was hit hard during the protests, its quick recovery helped boost consumer confidence to new highs.

The first half of 2011 was also good, but the second half was really badly affected by the floods. Many factories were submerged, people could not get to work,

and production was halted or slowed. As a consequence, the GDP growth for the country was just two percent last year.

For us at Yokogawa Thailand, we saw a business reduction of about 10 to 20 percent. Our facilities were not directly affected, but there was a reduction of production capacity at some of our major customers and a consequent delay in projects.

The good news is that 2012 is looking a lot brighter, with the flood problem over and the political situation more stable. Thailand is a free-enterprise economy and has a well-developed infrastructure with strong export industries and a good talent base. These strong fundamentals should enable the country to get back on its economic growth path. For Yokogawa, this year we expect business as usual with moderate growth in industrial automation.

BG: In which industrial sectors in Thailand are you most active?

ST: The majority of our business comes from the petrochemical/chemical/oil & gas sectors. There was a period a few years ago of major investments in these areas, which we were able to take advantage of. Recently, however, there have been less of the large-project activities, and the government is also restricting development at Rayong because of pollution and environmental fears. It's a fact that some companies have started to look at Indonesia and Vietnam as alternative investment locations for their process plants.

Still, we are happy that with around 40 percent market share, we are the leading process automation provider in Thailand. And if you look at the Rayong petrochemical complex, we have a significantly higher penetration, with about 70 percent of the market.

We can point to many significant and successful projects for major customers like Map-ta-put Olefin and PTT. And our scope of supply is usually comprehensive: the Centum VP DCS; ProSafe SIS, Plant Resource Manager (PRM); as well as process instruments and fieldbus network infrastructure.

There are also a number of other sectors where we are active, such as food, pharmaceuticals, pulp & paper, power, metals, and the water industry. We completed a project for the Metropolitan Water Authority in Bangkok, to help locate the source of human-induced pipeline leaks. The system monitors pressure and flow at 4,000 points and has helped them reduce leakage by 10 percent.

BG: Why do you believe you managed to make it to #1 in Thailand?

ST: A key factor is Yokogawa establishing its own office here very early on, in 1989, just as the process industry sector was about to boom. That sent a clear message to the local industry that this Japanese company was serious about Thailand and here to do business for the long term. Most of the other process automation companies continued to operate through representatives and set up a direct presence in the country only many years later.

Another reason is our strong engineering capability. Out of the 350 staff, 200 are engineering graduates. This means we can provide and pass on a very high level of technical know-how to our customers. For example, we have 10 certified safety engineers among our staff, which means we can offer local engineering and support of critical safety systems. Other companies tend to have to call in this expertise from overseas.

It was also clear strategy from the very

beginning that project execution be done by our own people, rather than relying on systems integrators. And that also applies to after-sales service and training; our Thai customers appreciate that we engage with them in local language.

Compared to 10-15 years ago it is a lot more competitive now. As I mentioned, our competitors have also set up their own offices, even headhunted our people, and become more capable. Becoming champion is a much easier than staying the champion! But what we can continue to do is give very high value-add to our customers, provide more solutions, better service, and faster response. I believe we are still better than the competition now and will continue to be in the future.

BG: The talent question: how easy is it for you to find engineers for Yokogawa Thailand?

ST: Generally, it is not so easy. Many graduates here want to go straight to do master's degrees or are attracted to jobs in sectors like finance and IT. For the ones that do come and work for us, about 10 percent move on elsewhere after three years. At the mid-career level, the issue is that these engineers have valuable experience and their requirements can be quite high. Overall, I would say that it is a constant challenge for companies to find and keep good engineers in Thailand.

BG: There has been a lot of

talk about wireless for process automation. Your thoughts?

ST: As a rule, customers in Thailand are very positive about new technologies that come out in the market and have the potential to improve performance. This was certainly the case, for example, with Foundation fieldbus, which is now mainstream to the extent that PTT have standardized on it for new projects since 2007.

And so with wireless instruments, I can see that Thai customers are very keen to learn about the technology and to try it out in their facilities. As of February, we had six ISA100.11a wireless installations among our customers, and we will be looking to increase that figure this year.

Everyone knows about the ISA/WirelessHart battle, but I do believe that ISA100 is superior technology, especially when it comes to control, and that it will eventually win through and see widespread adoption in Thailand in the next five years.

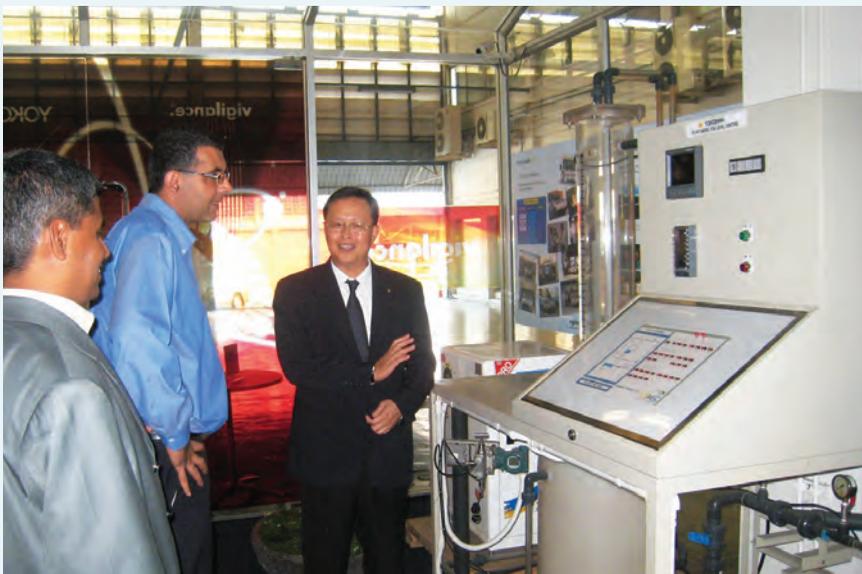
BG: Finally, your assessment of the future outlook for Yokogawa in Thailand?

ST: I believe Thailand has a lot going for it – natural resources, good level of infrastructure, and people with the right skills and attitude to help their companies succeed. So, as long as we can avoid the political problems I mentioned earlier, there will be more investment in the country, an increasing level of exports, and a higher level purchasing power. All this will help Yokogawa Thailand succeed and do well in the years ahead.

But I would also like to say that it is not always just about business and profit for us; it is also important to contribute and give back to society. Since its inception in Thailand in 1989, the company has been socially responsible in a number of different ways.

Apart from giving to charities, which we do, we also donate our products and systems (to the value of one million baht annually) to colleges and universities to encourage students to learn about modern automation technology.

And in 2008, the Yokogawa training academy was set up in cooperation with a local university to provide free training for students and fulfill the need for direct study in industrial automation. Twenty students undergo training for a period of three months and in that time they can interact with our staff and customers. Almost 200 students have benefited from this program. Some of the graduates have been hired by Yokogawa and others placed elsewhere in the industry in Thailand.



Somkid Teraboonchaikul showing Prasad CNN (left), vice president, marketing operations, Yokogawa Engineering Asia, and Control Engineering Asia editor Bob Gill around Yokogawa Thailand's headquarters in Bangkok.

Smart Ideas for a Sustainable Future

The recent VigilantPlant Seminar provided a valuable opportunity for customers in Thailand to hear and learn about Yokogawa's latest technology advancements and offerings.



The Thai resort town of Pattaya was the last stop of a one-day event held successively across countries in Southeast Asia. And a delayed one – because the Thailand VigilantPlant event was originally supposed to take place in late 2011 but had to be postponed because of the devastating floods that affected the environs around Bangkok.

In his opening address, Masatoshi Nakahara, president Yokogawa Engineering Asia, who had flown in from the regional headquarters in Singapore, expressed his deep sympathy for the troubles the floods caused to the Thai people and noted that Yokogawa felt extra empathy given the vicious tsunami that had affected Japan earlier on in 2011.

Nakahara also emphasized the importance of the Thai market to Yokogawa within his region. Indeed, after Australia, it is the second biggest contributor to revenue. And expressed his thanks for the large turnout of customers at the event, which went under the title, *VigilantPlant: Smart Ideas for a Sustainable Future*, and the aim of which was to provide an update of Yokogawa's latest process automation solutions – through presentations, product demonstrations, and interaction with technical experts from Yokogawa – within a general framework of how Yokogawa technology can help meet companies meet sustainability goals.



Wireless specialist Jerry Shi explaining Yokogawa's growing industrial wireless capability and some of the latest additions to its ISA100.11a portfolio.

Special guest speaker Satish Lele, vice president, consulting, Asia Pacific, Frost & Sullivan, gave his take on energy market trends and outlook for Thailand. "The country imports 60 percent of its energy, and domestic consumption has doubled in the last 10 years and will have doubled again come 2030," he said.

He also noted that while Thailand is strong in natural gas and able to meet the majority of demand through its own resources, the picture is not so good when it comes to oil – 85 percent of consumption is imported. Hence, it is important for the country to continue and step up efforts to diversify energy supplies through increased investment in renewable sources, and to improve the level of energy efficiency and management in industry, which could be aided with the application of appropriate technology.

Safe, reliable, profitable

"Putting quality first, pioneering spirit, and contribution society – these are Yokogawa's core values," announced Prasad CNN, vice president, marketing operations, Yokogawa Engineering Asia, at the commencement of his presentation on key recent key technology developments that are helping to realize the vision of VigilantPlant – Yokogawa's automation concept for safe, reliable, and profitable plant operations.

The technology advancements, said Prasad, are a consequence of Yokogawa's significant investment – the highest in the industry – in R&D; and he pointed to landmark innovations like the first DCS in 1975, the DPharp digital pressure sensor, and the vortex flowmeter.

A key release in 2011 was the latest version (R5) of the Centum VP DCS. Significant features include a new high-performance field control station (FCS) that can fully process field signals three times faster than the closest competitor, and the unified gateway station (UGS) that offers improved integration with other plant systems.

Other developments highlighted by Prasad: the growing portfolio of ISA100.11a industrial wireless products, notably, the new redundant gateway; the GC8000 process gas chromatograph – of which Petronas recently ordered 80 units; and the FVX110 Fieldbus Segment Indicator, which can display up to 16 process variables from multiple Foundation fieldbus instruments.

Many of the elements covered by Prasad in his technology overview were explored and detailed by other presenters in later sessions including "Empowering Your Plant Through Digital Technology"; "Analyzer Solutions – Sustaining Your Production and Environment"; and "Sustainable Plant Lifecycle Through VigilantPlant Services".

Prasad summed up by outlining three reasons why customers in Thailand should continue to choose Yokogawa. "Our people – we serve our clients with passion and always go the extra mile; our engineering capability – which is exemplified by our significant investments in developing local resources of expertise; and our commitment to bringing out technology that is not only advanced but has been proved to be robust and ready for the market through extensive testing and attention to quality."

CEA