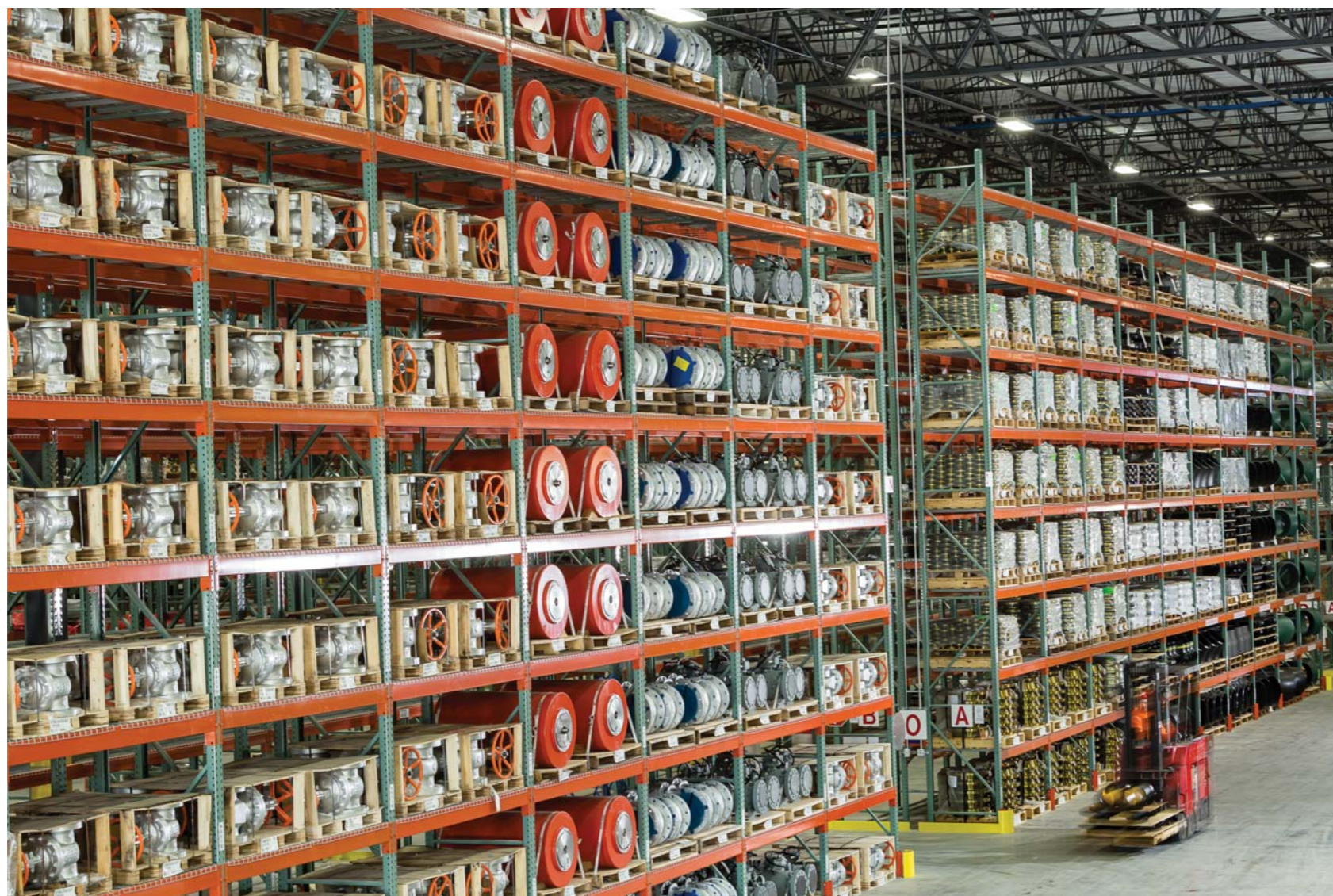


It has been two years since Valve World spoke to the MRC Global team, and the largest valve distributor in the world has not slowed down.

The industry has experienced a significant downturn during 2015-2016. While many companies have suffered or were unable to stay afloat during this time, MRC Global chose to display their strength by strategically investing and growing their business so that they were ready when the market recovered.

By Sarah Bradley



MRC Global: Investing in inventory & new technology

This month, we had the opportunity to speak with John Bowhay, Senior Vice President – Supply Chain Management – Valve and Technical Product Sales; Stuart Spears, VP – Valves Automation, Measurement & Instrumentation; Ralph Chaney, Executive Director – Technical Valve Sales; Greg Peterson, Executive Director – Midstream/Upstream Valves & Automation; Charles Metraier, Executive Director – Downstream Valves & Automation; Lance Lorange, Executive Director – Valves & Automation; Stan Hale, Senior Director – Valve Technologies & Services; and Tom Lockwood, Executive Director – Midstream Engineering Solutions, to discuss the company's role as the industry leaders and their plans for the future.

In April 2017, from a corner office in Houston, TX, John Bowhay, MRC Global Senior Vice President –

Supply Chain Management, Valve and Technical Product Sales, pressed send on an email with a single word typed in it, "Approved." Another commitment of millions of dollars of valve inventory was on its way to one of MRC Global's strategic supply partners.

A quick look at the memorabilia in Mr. Bowhay's office tells a story of a career spent in the valve industry around the world. From the UK refineries and North Sea work of his early career, to assuming overall responsibility for MRC Global's business in Europe and then Asia Pacific, all of Mr. Bowhay's previous roles led up to this view of downtown Houston and responsibility for MRC Global's huge inventory of valves and technical products.

This was not the first such email he had sent in the last quarter. MRC Global has been investing in

building valve and technical product inventories in line with their global brand strategy and to support their growing customer base and leading market position, particularly as the market recovered.

Recognizable brand

"MRC Global became a global valve company through acquisition and that meant we acquired different cultures and different ways of operating. Our vision was to pull our business together and create a brand that our customers could recognize all around the world, but at the same time respect and retain our local identity in each market. We had a unique opportunity to leverage our global footprint and scale, but we also had to be careful to retain our heritage in each market." Mr. Bowhay explained. "I think we are really starting to realize that vision with our expanded inventory, which is available globally, and the local expertise that we have in each market."

The MRC Global valve and automation team, led by Mr. Bowhay, has created a global

inventory which is also augmented by a support network of 27 Valve & Engineering Centers (VEC). These VECs add further value through actuation and modification services.

Unmatched global inventory

MRC Global has always relied on a strong inventory of valves and automation from a trusted family of brands across the world. During the last two years, the company has intentionally increased the depth and breadth of that inventory and has added significant numbers of valves up to 42 inches in diameter. The company now additionally boasts a wide selection of specialty high alloy valves, HF acid valves, triple offset butterfly valves, rising stem ball valves, pipeline valves and other traditionally long lead time valves on their shelves.

In many cases, these valves have a lead time from the manufacturer of 36-50 weeks. Now, customers can receive them from MRC Global practically on demand.

This becomes particularly beneficial for project work. According to Mr. Peterson, MRC Global's available inventory allows for standardization and efficiency without sacrificing product quality when time is critical. "The most successful midstream projects we have participated in are when a customer brings us into the planning process as early as 9-12 months out," Mr. Peterson said. "It makes for a strategic relationship where we can act as a team to build the most efficient, cost effective and reliable supply chain for that particular project. That's when we are able to alleviate a lot of pain for our customers as the project progresses."

"Often times the final investment decision for a project is delayed," Mr. Spears added. "But that doesn't mean that the start-up

date has changed. It just means that, often, the lead time is squeezed to very short timelines. That is when our readily available inventory comes into play."

Balancing both options

Mr. Peterson then used a recent example of a pipeline project that required 89, 30 inch, 600# API 6D trunnion valves and 56, 24 inch, 600# API 6D trunnion valves with a variety of flanged and welded connections that had a 38-42 week lead time from the manufacturer. That timeline was simply not an option for the customer. The project was moving forward, and meeting the planned timeline was crucial.

Instead, MRC Global pulled the entire order from their stock, added pipe pups and began delivering them to the customer site in eight weeks. In addition, the delivery was all from a single, highly respected brand which allowed for standardization across the project.

"No one else in the world could have done that," Mr. Peterson said. "There are a lot of reasons to work with MRC Global - our quality program, expertise, global footprint - but the truth is, our position as the industry leader and resulting inventory investment made that solution possible."

"We do a lot with customers that isn't from stock, but we can balance both options to create the most dependable PVF supply chain possible," Mr. Spears said. "When you have a start-up date, you need efficiency, but you also need dependability."

Fast track automation program

The potential pain of long lead times is not limited to valves. Often, the delivery time for accompanying automation products is





equal to or longer than the valves they are mounted on. To help address this problem, the company has also established a fast track automation program.

The program includes an inventory of valves and automation in strategic locations for upstream, midstream and downstream applications. MRC Global technicians also inventory the mounting hardware onsite and can often assemble and ship the complete package in a matter of days.

"In an emergency, our customers can't wait 14-40 weeks for an actuator to come in," Mr. Lorance said. "We have always kept an inventory of actuators and ancillaries and have recently added high pressure gas and gas over oil actuators, which are notoriously difficult to source quickly."

New technology

While MRC Global may be an established name in the valve distribution world, they are far from stuck in their ways. In addition to bolstering their inventory investment for quicker customer access, the company is constantly searching for new technologies to improve their service offering.

The most recent example is the addition of ValveWatch®, an MRC Global proprietary online monitoring platform for critical automated valves. ValveWatch® automatically captures the information needed to properly assess valve and actuator condition during every valve operation. MRC Global engineers designed the hardware, developed and continue to evolve the software, manufacture

system components, engineer and complete system installation activities at our customer sites and support analysis activities.

"ValveWatch® enables our customers to eliminate many high cost, low value activities by identifying valves that need attention exactly when they need it," Mr. Spears stressed. "ValveWatch® delivers the IIOT, smart plant promise and every single customer we have needs it on certain critical valves in their facility or pipeline."

Continuous on line proof testing

According to Mr. Hale, from a process safety perspective, the oil and gas industry has become increasingly reliant on partial stroke testing (PST) to demonstrate a critical valve's ability to operate on demand. Late last year, the ISA working group responsible for industry guidance on partial stroke testing revealed that PST implementations where the valve is simply moved, and no measurements are recorded is only capable of revealing around 15% of the failures known to affect a valve's ability to operate. "Conversely, PST implementations that employ performance measurements, such as those provided by ValveWatch®, can reveal 80% of the precursors to and causes of automated valve failures," Mr. Hale explained. "But, ValveWatch® is not just a PST tool. Since ValveWatch® is a continuous online proof testing solution, diagnostic coverage increases to 96% when the valve completes a full cycle under active system conditions."

Huge cost savings

ValveWatch® is much more than a contributor to process safety. It also plays an important role in scheduling routine maintenance for operating facilities.

"Numerous critical valves in a downstream facility must be maintained during periodic turnarounds," Mr. Lorance said. "That means working a large population of valves whether you need to or not. With ValveWatch®, you can identify in advance exactly when monitored valves require attention, which can generate huge cost savings for the operator." The group pointed out that while the technology behind ValveWatch® emerged from collaboration with key offshore operating companies in Norway, valve performance monitoring has a long and very successful history in the nuclear power industry. Today, automated valves just don't fail in nuclear power plants. ValveWatch® employs similar data acquisition and analysis tools developed and perfected in nuclear power but in an on line, intrinsically safe package that allows deployment in hazardous Class 1, Division 1, Zone 0 oil and gas environments. "Our customers rely on us to deliver the solutions they need exactly when they need them and in some ways, we have to predict the future particularly in the areas of safety and innovation – ValveWatch® is the future," Mr. Chaney said.

The technical valve experts

"We have grown beyond the global valve company we were two years ago,"

Mr. Bowhay said. "We are leading the industry in more than just sales volume. Our customers know they can depend on us to provide new options and new technologies. No one else in the world can offer such a complete valve, automation and technical product portfolio and that applies to the up, mid and downstream sectors."

The group, which collectively represents 253 years of valve and automation experience, also pointed multiple times to the responsibility they hold as the leading PVF distribution company – not just to their customers, but also to the industry as a whole.

"We are not a supply house," said Mr. Chaney. "We act as a technical resource for our customers. We can help them identify the best product for their application and challenges, then communicate with the manufacturer to help all parties work together toward a common goal. We can do that because of the highly experienced people we have throughout our company on the local, regional and corporate level."

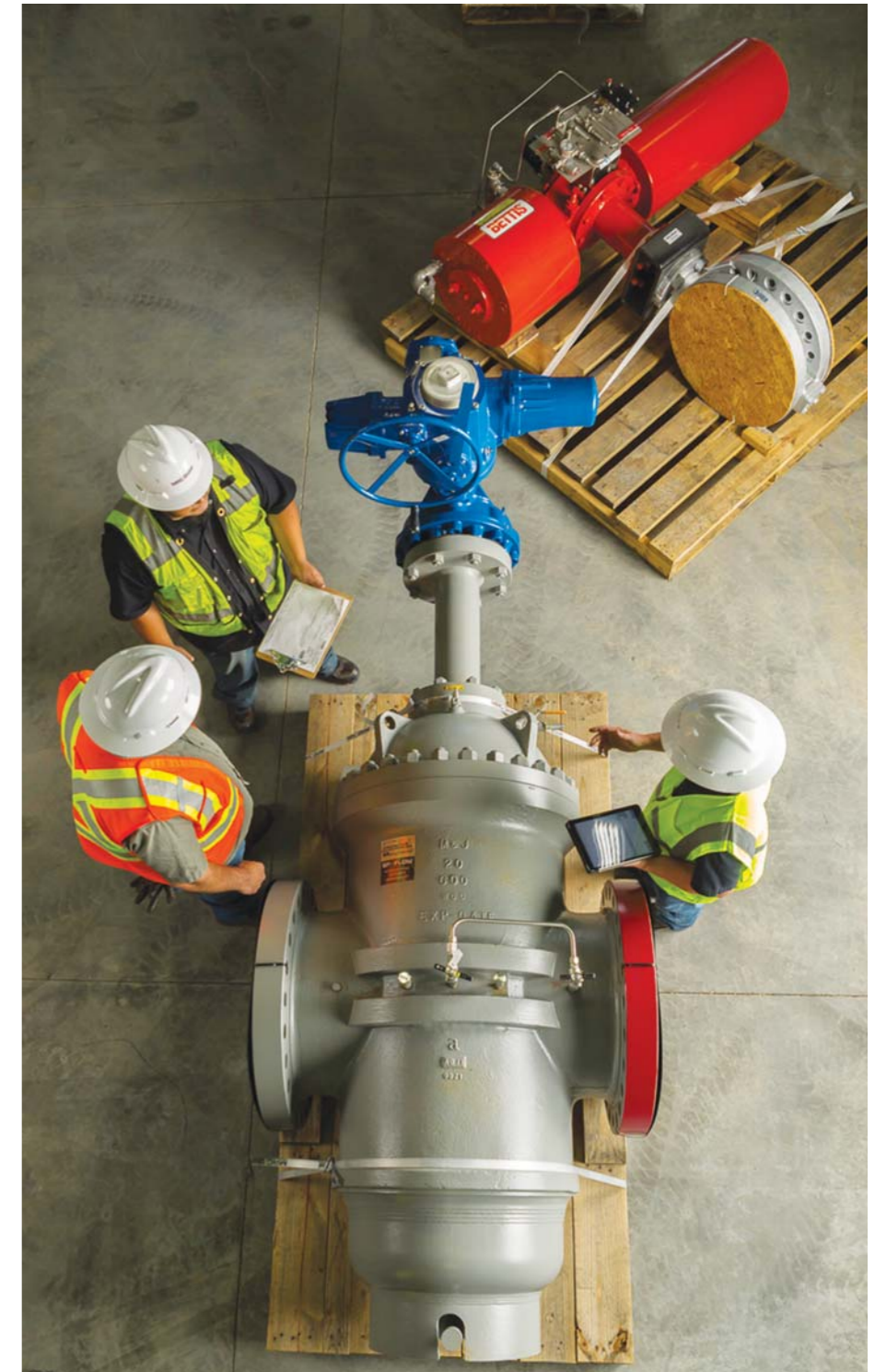
"For example, a growing need for many of our customers is helping them keep their valve specifications up to date with the latest industry standards for valve and automation components," Mr. Metrailler added. "With our help, many customers are able to simplify their process for choosing the correct valve types, which also improves reliability and ultimately meets their cost reduction goals."

Education is vital

Not to mention, MRC Global's extensive manufacturer qualification program, which is widely recognized as the premier process in the industry. Earning a place on the company's Approved Manufacturer List involves regular in-depth audits and onsite inspections of not only the manufacturing facility but the foundry and material source facilities by highly experienced quality experts. MRC Global regularly conducts product training and feels strongly that this educational aspect of their role is vital to the future of the energy industry. That is why the company is constantly adding metallurgists, engineers, trained technicians and other technically skilled people to their team around the world.

"There is a knowledge gap in the industry right now," Mr. Lockwood said. "It is our job to train and mentor young people both inside and outside of our organization so that the product knowledge and supply chain experience isn't lost."

To schedule a training or learn more about MRC Global's offering, visit mrcglobal.com.



MRC Global at a Glance

Company Name	MRC Global Inc.
President & CEO	Andrew Lane
Year Established	1921
Number of Employees	~3,500
Locations	~300 service locations
Products & Services	Pipe, Valve, Fittings & Automation
Industry Markets	Energy and Industrial Markets
Website	www.mrcglobal.com