# How weather data helps offshore companies improve tender responses

DTN

Using weather data to support tender responses can help offshore companies improve planning, ensure pricing is competitive and mitigate against projects overrunning.

## How Weather Data Is Incorporated Into The Tender Process

It's no secret that margins in offshore are tight. And, though the cost per barrel is increasing right now from the lows seen in 2016, profits are not cascading down the supply chain. Therefore, commercial managers and procurement managers across the industry are tasked with identifying ways to make projects more cost-effective.

Using weather data to support tender responses can help offshore companies improve planning, ensure pricing is competitive and mitigate against projects overrunning. Getting this right, before work even starts, can be the difference between a project being profitable or not.

As part of their response, bidding companies will typically analyse what they can expect the weather to be throughout the year. Based on this data, they'll establish when in the year they can reasonably expect to do the work. They'll look at metocean data, to understand what the conditions are likely to be, establish the vessel availability and estimate the time needed to complete the work.

## Weather Data Supports The Commercial Teams To Price Competitively

They'll also analyse their specific requirements, such as maximum wave height, wind speed and wind direction and put all of this information in the metocean database. Based on the outputs, they'll establish when in the year they can do the work. This information determines the limitation of the job. They'll submit their tender with this information included.

As commercial teams are pulling together their bid, they can use weather data intelligently to help them analyse the weather risk and the expected downtime. Regardless of the location, certain weather conditions mean vessels cannot operate. Having a more accurate handle on the project limitations from the offset ensures these can be planned into the project timeline. As a KPMG report, offering guidance on contract issues in offshore wind, explicitly states: "for offshore projects, where the impact of adverse weather on timelines is evident, it is standard practice to make specific provisions with regards to risk allocation.

> If commercial teams can accurately estimate what they expect weather-related downtime to be, they can put together a more competitive price for the work.

## Supporting Engineering Teams To Make Informed Design Decisions

If commercial teams can accurately estimate what they expect weather-related downtime to be, they can put together a more competitive price for the work.

It's not just commercial teams that benefit from weather data during the tender stage. Engineering teams require metocean data and weather data to help specify the design requirements for an offshore project. If they're designing infrastructure that has to remain in place for a hundred years, they need to know it can withstand the expected weather conditions in a specific location. Information provided through metocean reporting, feasibilities studies and consultancy can help answer these questions.

## The Risk Of Not Using Weather Data When Responding To Tenders

Where companies choose not to use a professional weather service and rely on free online weather data, previous experience or anecdotal data, it can lead them to miscalculate the weather risk: a potentially expensive mistake.

Say they assume, based on their data, that during a 50-day project they won't be able to work for 30% of the time. This assumption is all well and good; it allows for 15 days downtime.

They're charging a vessel out at a million a day, including the cost of the vessel, the crew, the supplies the materials, and put in a fixed price at 50 million. Their margin now relies on 30% downtime being right. If they have priced competitively, there won't be room for error.

What happens if the project runs into 20 days or 25 days downtime? What if they've miscalculated the weather risk (which is a simple thing to do)? They still have to pay for the vessel, the crew, the materials and fuel. Almost immediately, the profit on that project is wiped out.

DTN

From the very beginning of the process, weather data can have a positive impact on cost effectiveness and operational efficiency.

## The Three Key Benefits Of Using Accurate Weather Data In Tender Responses

This situation can be linked back to the fact they decided not to spend a little bit of extra money getting that accurate weather data.

From the very beginning of the process, weather data can have a positive impact on cost effectiveness and operational efficiency.

The downside of efficiency drives in offshore is that some companies choose not to invest in weather data during the tender process. However, this increases the likelihood that they will miscalculate their weather risk, which would prove much more expensive down the line, and miss out on the three key benefits that weather data can provide:

### 1. Increase cost-effectiveness

Knowing the likely limitations of a project means you can price more competitively. As well, weather data can help companies determine how to bid, including whether to push for a lump sum or a day rate contract. If the weather analysis shows, for example, that the weather is likely to be very unreliable, it means that you're taking a risk on a lump sum contract. Where this is the case and where the data can support the claims, it can help influence whether a company is awarded a lump sum or a per day contract.

### 2. Improve planning for offshore asset design

Before even starting work, weather data can feed into the design specification process, to help ensure that offshore assets are able to withstand the local conditions and minimize the associated weather risks.

### 3. Reduce the risk of unplanned downtime

Analysis of the metocean data, combined with the vessel requirements, enables reasonable timelines for projects to be set, with an understanding of when the work is likely to happen. This reduces the risk of unplanned downtime during the project itself.

Investing in weather data while tendering will help you price competitively, by giving you confidence in the downtime that you can reasonably expect during a project. It reduces the risk of unplanned downtime and helps to maximize efficiency and profitability.