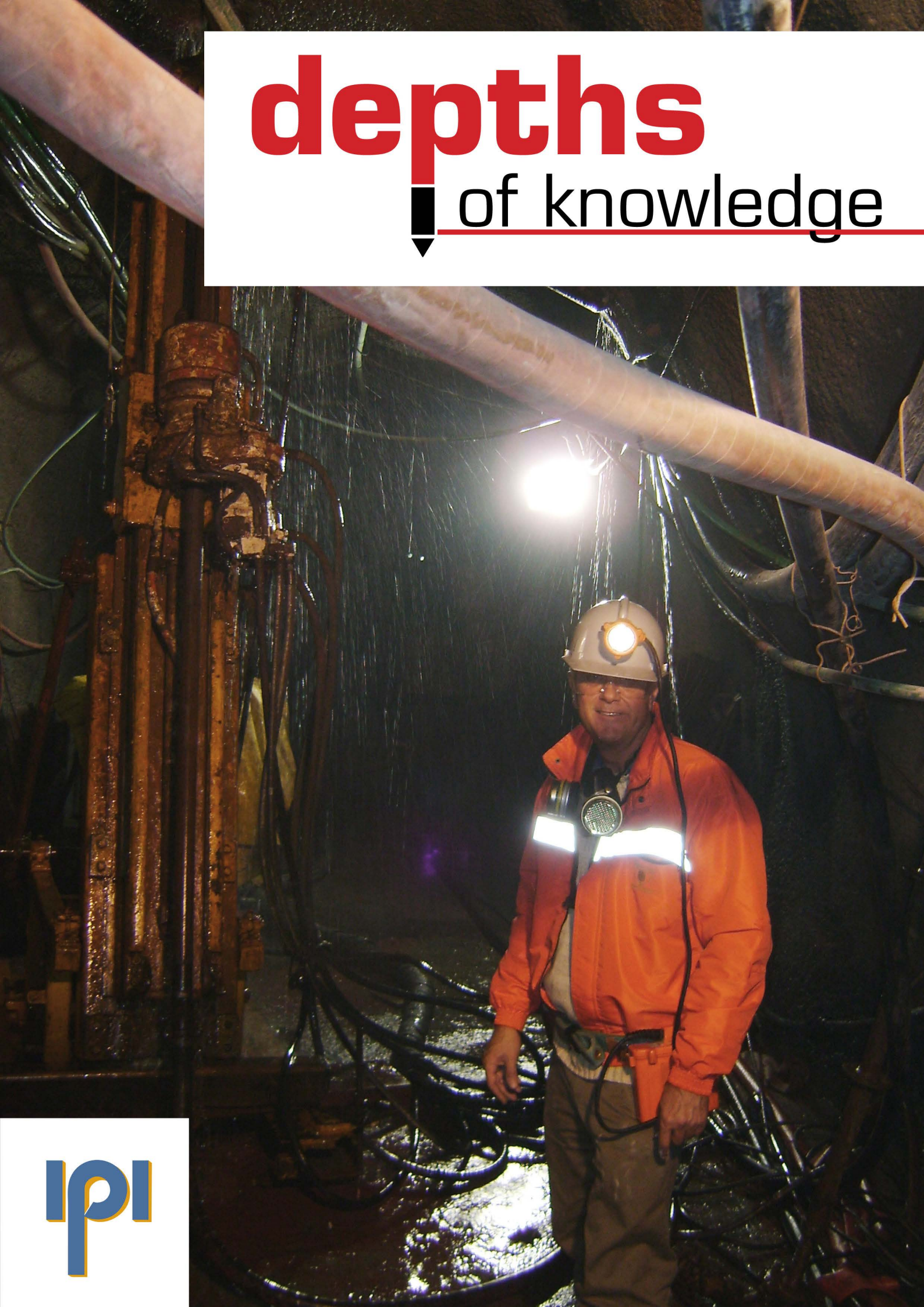




# depths of knowledge







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The people at Inflatable Packers International (IPI) know their business inside and out. According to their Commercial Director, Howard Kenworthy, it is that acumen and attitude that sets IPI apart from their competition in the inflatable packer industry. “We have breadths and depths of understanding of our technology and its applications,” he explains. “This is a bit different from some backstreet operator with basic capabilities, or some of the larger oil field suppliers who focus on the ‘80/20’ for their service arm.”

IPI, a manufacturer of down-hole tools, was founded by Clem Rowe in 1999. Rowe had joined AGE Developments of Osborne Park in 1987, where he and his colleagues invented and perfected a type of packer technology different from the standard in the mainstream oil and gas industry, with their target markets being the Australian water well and mining industries. Rowe, as Engineering Director, was instrumental in developing the business internationally. In 1999, Rowe and AGE founder Andy Giocomel decided upon a split, with AGE choosing to concentrate on the Australian market and Rowe forming IPI to develop markets overseas.



For the first two years of the company's life, IPI subcontracted all production back into AGE. Later, they took on a minor shareholder, which funded their workshops. "Five years after that we evolved from being just a specialist custom manufacturer to developing lines of standard product, as well as making significant improvements to the core technology," Kenworthy says. Since joining IPI five years ago, Kenworthy has helped manage this transition.

"We talk about inflatable packers, but saying inflatable packers is a little like saying 'motor vehicles,'" explains Kenworthy. "It covers a 'broad church'. Really, we're an inflatable packer technology company and there are many different types of inflatable packer with several applications across the world's major resources industries." IPI clients include many leading resource, geotechnical, scientific, engineering, construction and drilling companies. IPI's products are found in water wells, oil and gas wells,

coal bed methane fields, mining work, environmental work, and even on construction sites. "A lot of product development has been assisted by working closely with end user clients and service companies. In mining, that includes Codelco in Chile for block caving hydrofracture, and SRK Consulting, worldwide, for mine site characterisation. Their feedback is invaluable as they are experts in what they do and in turn, they value our responsiveness and quality."

In the mining industry, IPI's products are mainly used for conducting permeability testing. "Permeability testing whilst wireline coring has been around for many years," Kenworthy says. "But the existing technology using nitrogen inflated packers is only really good for down to two or three hundred metres of depth. It's difficult and then impossible to go deeper than that. We've developed a hydraulic system which is both a lot easier to use logistically and operation



ally – because it doesn't require big tanks of nitrogen and there are no inflation lines to tangle, which makes it capable of going more than 1000 metres deep." The trend IPI is seeing in mining is projects going deeper and more remote, a trend they are positioned to capitalize on.

Another IPI market is the construction industry, where packer technology is being utilized more and more often for pressure grouting – a technique used to harden the ground formation where the construction is taking place. Pressure grouting originated in Europe, but it is spreading globally, and it is another



field IPI is ready to take on, supported by its minority shareholder, who are grouting packer specialists.

“There is quite a wide range of applications for inflatable packers,” Kenworthy reiterates. “They are used in a variety of markets.” IPI dominates in the geo-

technical industry, where their packer systems are used to evaluate rock formations, testing permeability and rock strength. Their success in that field, Kenworthy says, is a function of three things: “We do make very good inflatable packers – the core technology has now clearly proved itself as superior to oilfield type packer technology in these markets – but we also are fairly good at making the complete tools. It’s a bit like the packer is the tires on your truck. You need good tires to travel long distances, but we make the truck as well, and the truck has to be up to the job. So we’re familiar with making different types of tools, in a way that makes it low cost and efficient to work in a drilling environment. We don’t require lots of extra special equipment, we make our equipment fit in with what you would find in a normal drilling environment.” The third, final, aspect is their customer service ethic – at IPI, they make sure they are always accessible. “We have clients who if they ask some of the bigger manufacturers for something, it often takes them six months to get a back with a quotation. Then they do not seem to be able to get it actually made for even longer,” he says. “Whereas we reply within the day, normally quote within the week, and then get it made within two months. With standard product and rentals it can be within a week from enquiry to shipping. We’re a lot nimbler and hope we maintain that as we grow.”

Growing is actually the challenge currently posed to IPI – how to manage it, and how to maintain their position as they do. Where that growth will be, however, has already been figured out.





market for grouting packers is \$10 million per annum, roughly. The market for mining and geotechnical type products, which is the market we dominate, is a similar size globally. It's not huge, although we are also doing our bit to grow that. But the market for oil and gas inflatable packers is several hundred million and looks to have strong growth opportunities. The core IPI technology is proving itself as suitable, so that market has our interest and ambition." The

route to achieving this, according to Kenworthy, is consolidating their position in the geotechnical market and then letting their quality product and service speak for itself. "That's brought us into the coal bed methane market, and that leads us into a lot more opportunities to prove our product to the general oil and gas industry."

The other challenge, Kenworthy says, is being an Australian-based manufactur-



er taking on global markets. However, he says that while the exchange rate and high tax rates in Australia make it exceedingly difficult for manufacturers, he also notes that the country excels at new product development, as well as researching and developing leading edge technologies. He is also pleased with the development of the city that IPI is based in: Perth. “It’s quite good to see Perth developing as a mining, oil and gas hub in the Southern hemisphere. Really,

Perth is a centre of excellence, and more should be made of it.”

What did not pose IPI a serious challenge, for the most part, was the global financial crisis. “We’re a very well diversified company in diverse sectors. The world is getting more energy hungry, wants more materials, more water and has more ambitious construction projects. We sort of hiccupped, I can see it on my sales graph, but it was transitional, as was the effect of the recent floods in Queensland.”

IPI currently has over 30 employees, the bulk of them a mix of tradesmen, trainees and professionals. They have a large apprenticeship program, and Kenworthy describes the worker-management relationship as excellent. “I think we have a pretty good team here,” he says, noting that it’s teamwork on several levels, with two other directors in the business playing key roles. Dave Knell, the Operations Director at IPI, has been building and running packers with Rowe for 25 years, and Joel Adams, who is the director of the North American sales office, bring valuable technical and market knowledge.

In the future, Kenworthy sees IPI growing in size and reputation, and believes that the company is well positioned to see that happen. “IPI is definitely a niche company with a technology with lots of potential,” he says. Five years down the road, his vision for the company is clear: “First choice inflatable packer manufacturer for the world’s resources industries. The key words there being: ‘first choice.’ □



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