

The rise of the independent advanced control firm



Recent years saw a shift in the control engineering business toward consolidation of the companies in the field. During 1998 this trend began to reverse in favor of a proliferation of small independent firms that spun off from the merged organizations. The emergence of these new independents will benefit the operating companies who use advanced control technology by diversifying access to top engineering talent, providing unbiased advice separated from the technology vendors, and perhaps leveling the playing field for the various competing control products. What is the impact of the new independents?

The past 12 months saw at least four new control engineering firms founded and staffed by some of the best-known practitioners in the business. These startups are now finding their feet and beginning to grow as they develop client bases and reputations. The largest of them now numbers five experienced engineers, including some former high-ranking executives from a technology vendor. This shift will increasingly impact the business as more firms are established and the current players grow, re-uniting groups of former close colleagues.

Vendors respond. Vendors are moving to establish their response to this change in the landscape. Some independents have entered into relationships with vendors that exchange easy access to software in return for exclusivity, preventing the small firm from implementing a competitor's technology. No consistent strategy has emerged, however; this is one drama that has yet to be played out.

The technology vendors must balance the protection of their services business against the extension of their products' installed base. Restricting access to their technology to protect service revenue will only hinder the products' market penetration, perhaps to the benefit of a competitor. Operating company customers are also likely to resist any attempt to reduce the value of their software licenses by restricting third-party access. Ultimately, the technology vendors will likely accept the need to make their software widely available to third parties, perhaps enforcing quality control through accreditation schemes.

More options. Meanwhile, the emergence of the new independents brings benefits to users of advanced control technology. Operating companies now have more options to gain access to experienced model-

predictive control implementers, bringing keener competition to the field. The new firms also separate engineering advice from the selling of software, giving clients a better chance of truly unbiased advice. In the longer run, the independents may help level the playing field for competing control technologies by making more engineering talent available to implement each to its best advantage. This effect might greatly benefit the control business by catalyzing improvement in all of the products.

Smaller, newer companies have their disadvantages, of course, but these do not appear overwhelming. Small startups don't offer the apparent stability of a larger company, but this will not matter as much to clients seeking engineering services as it would for a software product requiring long-term support. Smaller firms have less flexibility in manpower scheduling than the big vendors, but are more flexible in choice of technology and approach to project methodology and staffing. The small firms are also increasingly offering the more experienced engineers that clients may be willing to wait for.

So how will these developments affect the way operating companies implement and use advanced control technology? Many more options will be increasingly available to staff these efforts, allowing operating companies to tailor the approach to their specific requirements. More sources will be available to provide turnkey projects, including the technology vendors, medium to large-sized independents and networks of individuals.

Project teams may also be drawn from across these groups, combining client engineers with independent and vendor staffs to meet the needs of the task at hand. Operating companies with few in-house specialist control engineers will have better access to unbiased expert advice, reducing their reliance on vendors' more sales-oriented approach.

Operating companies should consider developing relationships with these newly emerging firms. The uncertain future of the control business has yet to play out, but the new independents will be playing an expanding role. ■

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