

A high-quality photograph of a water splash, showing a turbulent surface of water with many small bubbles and a large, clear bubble on the right side. The water is a vibrant teal color, and the background is a lighter, hazy blue.

Capacity Capability Confidence

BUSINESS SURVEY 2023

The supply chain is the essential enabler for delivering upcoming projects. In order to determine the likelihood of project success, understanding the requirement for supply chain investment and decisions, by gauging **capacity** and **capability**, together with an honest assessment of business **confidence** levels, is essential.

Global Underwater Hub (GUH) is the leading trade and industry development body for the UK's underwater sectors. Led and governed by industry, Global Underwater Hub represents, promotes and supports all sectors of the £8billion underwater industry, which includes oil and gas, offshore wind, hydrogen and CCUS, wave and tidal energy, aquaculture, defence, subsea telecoms and cables, and marine science.

We support our member companies and stakeholders by providing access to market intelligence, industry collaboration, networking and learning opportunities, sector expertise, contacts and specialist support to accelerate growth and build value.

Global Underwater Hub is helping to transform the UK's underwater industry into one of the largest and fastest-growing industries in the country, accelerating the drive to net-zero and creating high value jobs and exports.

Foreword

Global Underwater Hub is proud to represent a genuine world-class supply chain. The proof of our ingenuity and benchmark-setting operational excellence is visible and respected around the world, including environments that are so different to those we find off our own shores but which we have also mastered.

Proof also, in the number of products manufactured, or projects managed from the UK, for operations elsewhere around the globe. To have this capability within our shores to support our domestic projects, is a true advantage.

The volume of parallel domestic and international projects is substantial. In just under seven years, the UK aims to reduce carbon emissions by 68%, achieve 50GW of offshore wind, of which 5GW is floating, store up to 30m tonnes of CO₂, maintain energy security and double aquaculture revenue. This is in addition to maintaining data and communications connections to the rest of the world - primarily via subsea cables - and ensuring security across borders which are increasingly seen as extending from landmasses and into the maritime environment.

Most other countries also hold similar aspirations. Differing in size, scale and priority, but all deeply rooted in using the seabed to achieve them. The capability of each country also differs, what can they supply themselves, and what should be imported.

The supply chain is the essential enabler to delivering upcoming projects. In order to determine the likelihood of project success, understanding the requirement for supply chain investment and decisions, by gauging capacity and capability, together with an honest assessment of business confidence levels, is essential.

For all the benefit of a world-renowned and attractive supply chain, the risk is that the supply chain can operate and base itself internationally. With access to a global portfolio of opportunities, focus can be given to those which are most attractive and best align with operational principles. Project certainty, timeline surety, operating environment and financial reward are of course the driving principles. Assets will not sit idle on the quayside in expectation of UK opportunities. Nostalgia does

not contribute to EBITDA. If UK opportunities and operating environments are not as attractive compared to other countries, the supply chain will rightly look elsewhere.

Responses to this survey are clear. A volatile and unpredictable macro-economic environment erodes confidence, making it much harder for supply chain companies to find the metrics and project certainty on which to base their strategic decisions and investments. When projects have lifespans of multiple decades and the financial commitments in new infrastructure, assets and personnel are such that multiple years of planning, preparation and payback are required on either side, more certainty and less variability in the operating environment is essential.

Executive Summary

In preparing the first survey to be launched under Global Underwater Hub's expanded remit, we paid close attention to the transitional nature of the market and sectors which GUH represents. In particular, to bring into focus the areas that require real and timely consideration when talk turns to delivering on all of these opportunities.

Numerous reports already discuss the size of the opportunities which are heading our way - a 'tsunami' as our own Chief Executive Neil Gordon has termed it. GUH's own 2022 white paper references the OECD forecast of a burgeoning underwater market across numerous sectors. The 'size of the prize' is clear and attractive.

But regardless of the size, or the aspirational timelines, how are these projects going to be delivered?

To provide a counterpoint to demand, our over-arching aim was to take a supply chain viewpoint. High demand in itself does not guarantee a successful supply chain, particularly where meeting demand requires elements of transition, investment, upskilling and reskilling, and understanding what demand looks like across a global seascape.

Our survey confirmed that confidence in projects and markets exists, despite a notable level of scepticism on the veracity of project timelines. Obstacles were identified in legislation, approvals and direct and implied government support, particularly when compared to other geographical regions. Confidence too in global opportunities, underlining the export potential of our world-class abilities. Capability was also overwhelmingly endorsed, the ability to call on experience and expertise to execute and perform in chosen markets now and in the future. Capacity highlighted concerns, however, particularly in the transition between current and future supply and demand. Significant investment requirements, coupled with headcount increases would also see companies grapple with competition for talent, staff retention and retraining, and the issue of market attractiveness.

With parallel projects across multiple underwater sectors, companies have strong drivers to consider market diversification. As our results show, companies are keen to be, or already are active in this diversification, identifying strategic and efficient transition from their core markets into adjacent opportunities.

Despite these clear demand drivers, barriers do exist. This includes the ability to unlock investment in technologies, assets, people or facilities. Common concerns include availability of skills, project visibility and the operating environment which includes sector knowledge, contracting models and policy and regulation.

Businesses are required to consider all of these, none of which are easy or quick to fix. The ability of these opportunities to be delivered within the necessary timescales requires these topics to be brought to the forefront in enough time for actions to be implemented. We believe that time is now.

The results of this survey can help to shape the dialogue between all stakeholders tasked with delivering these projects.

Methodology

The transitional and dynamic nature of the underwater market, subject to financial, security, political and societal forces, perhaps more than ever before, is a captivating area to follow and analyse.

It is also for this reason that a conscious decision was made to depart from a quantitative market sizing exercise. Opportunity, ostensibly, exists at every turn, but more importantly the breadth and mix of the opportunity has changed so much from even two years ago. To compare market size then, and now, is not a genuine comparison.

Against such a changing dynamic, a qualitative temperature check is more appropriate, effectively gauging the supply chain's viewpoint on demand. This can separate the possible and the probable.

Above all, we wanted to understand the supply chain's response to three fundamental questions:

Capacity

What is their capacity to meet opportunity demand across multiple underwater sectors?

The supply chain evidently agree that these are important topics, as evidenced by the fact that this survey has seen the highest participation levels of any GUH or Subsea UK survey to date. We extend our sincere thanks to all those who took the time to complete it.

Capability

What is their capability to adapt to transitional requirements?

This report has been compiled by Global Underwater Hub's Market Intelligence team.

Confidence

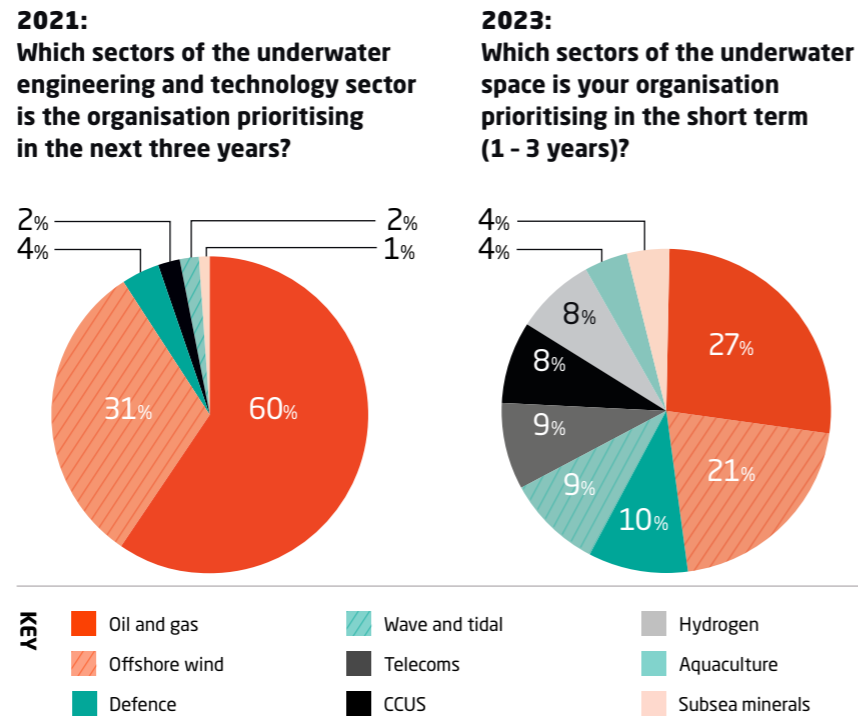
What is their level of confidence in the delivery of these upcoming opportunities?

Underwater Focus

OUR FINDINGS

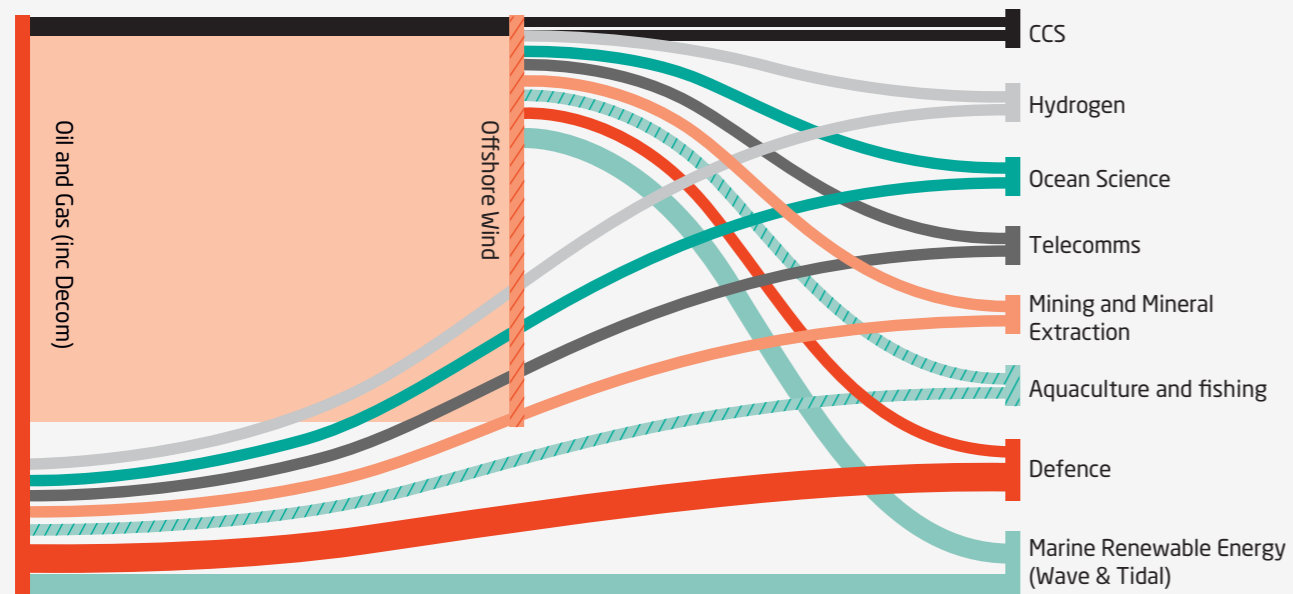
Comparisons with our 2021 Subsea UK Business Survey demonstrate a substantial broadening of focus across the full underwater market.

Asked in 2021, which sectors were to be prioritised in the next three years, more than half of respondents pointed to oil and gas. Two years later and the results present a wider mix of sectors, supporting the broad attractiveness of the underwater industry, with growing constituent parts and greater opportunities for transition across them by the supply chain.



This result largely mirrors analysis on the underwater supply chain undertaken by GUH. The matrix below highlights the transitional nature of most companies' products and services, and therefore the vast opportunity to diversify market offerings and enter adjacent sectors. Expertise gained primarily in conventional energy can be readily applied across many other underwater sectors and the same is largely true with linkages across other areas.

GUH supply chain matrix



Regional Focus

The UK is home to a world-class supply chain and globally recognised centres of excellence in underwater engineering, service provision and project delivery.

Survey respondents represented some of the best examples of companies that have sustained this reputation and it is unsurprising that so many consider a potential opportunity pipeline which spans the globe.

Across the short term, Europe and the Americas were the regions where respondents suggested their priorities lay, driven by continued requirements in conventional energy and a lead in emerging areas in hydrogen, CCUS, offshore wind and aquaculture. Asia ranked third with an emerging renewable energy pipeline followed by the Middle East and Africa.

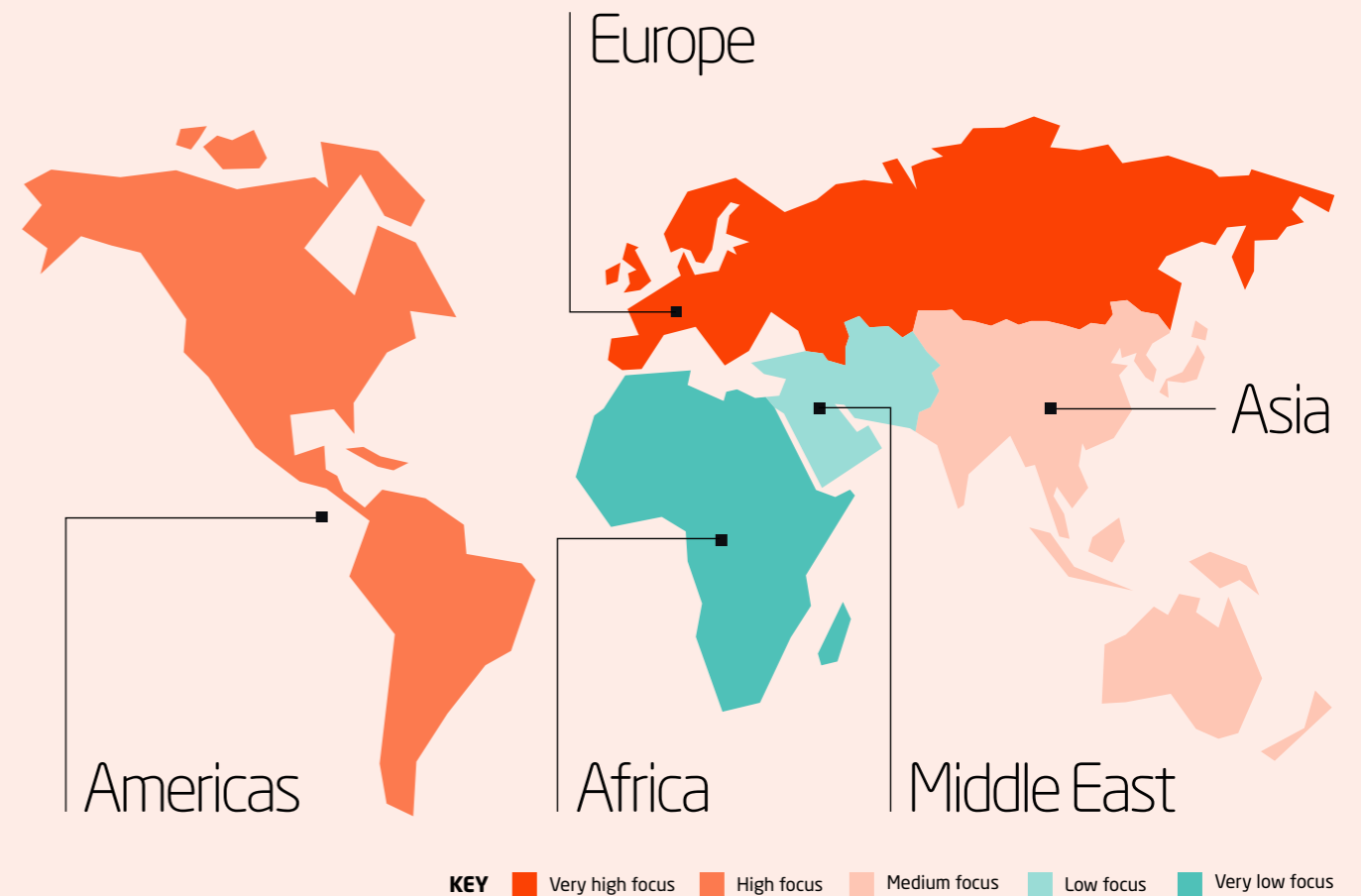
Taking a medium term view, Europe remained as the top ranked region. The Americas remained second but with a higher degree of priority, driven by an increased focus on offshore wind and the impact of the Inflation Reduction Act to spur

investment. Future focus on Asia grew significantly, supporting views that it is set to be a major region particularly within offshore wind. The Middle East and Africa saw no notable change in interest, the relatively narrow sector range undoubtedly contributing to this as companies were either focused already, or saw limited opportunity.

OUR FINDINGS

UK capability and experience is strongly sought after for underwater projects around the globe. As a result, the supply chain is able to actively broaden its horizon when seeking out opportunities.

Which global regions are you focused on in the short term (1 - 3 years) and longer term (4 - 10 years)?



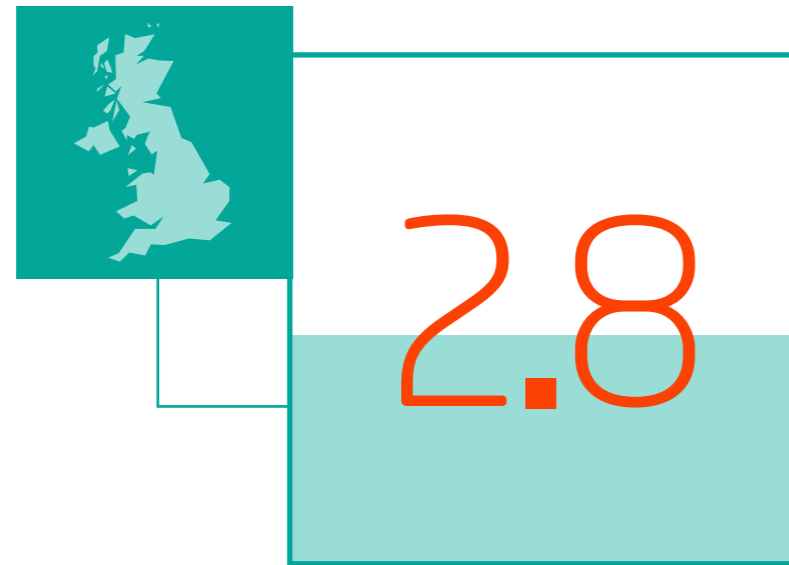
KEY Very high focus High focus Medium focus Low focus Very low focus

Domestic versus International Opportunities

Driven by subsea expertise and best-practice, the supply chain is not restricted to geographies in which it can successfully operate.

Given such a wide range of global opportunities, it is instructive to understand that the UK supply chain does not preserve itself exclusively for the UK market. Domestic opportunities are not viewed with any rose-tinting of goodwill or location, and are generally considered with the same lens of viability, duration, surety and return as any international project.

When you consider your organisation's 'optimum' spread of operations across various countries, how would you assess its current level of activity in the UK (3 being 'optimum')?



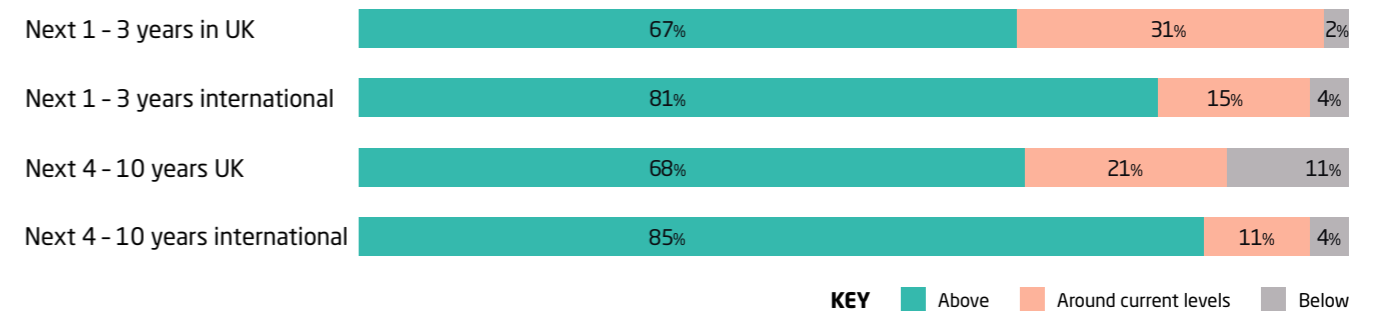
While companies did report that, on the whole, their levels of UK activity were slightly below what they would consider 'optimum', their response to low levels of activity in the UK were unequivocal.

How does your organisation respond if there are low levels of activity in the UK in your current sectors of interest?

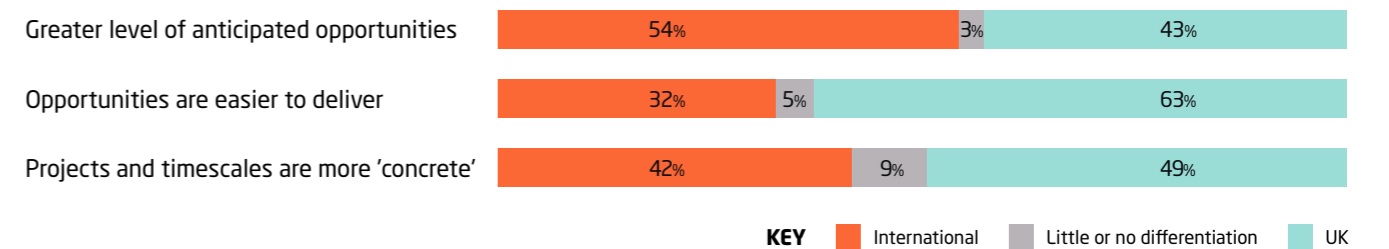


In periods of low activity in the UK, the vast majority of respondents continued to retain focus in the country, suggesting an enduring optimism in future opportunities. However, a larger proportion responded that they actively sought out international markets. Supplementary comments highlighted asset flight to other countries being a major concern, together with fiscal and policy packages of other regions which are designed to attract investor confidence. It was also suggested that technology acceptance in the UK was noted to be less proactive than in other regions.

Taking all of your focus sectors into account, how does your organisation anticipate future activity versus current levels?



How do you assess opportunities in the UK and international markets?



As a direct comparator, opportunities internationally are expected to outstrip the UK over both the short and medium term. A growing number of respondents anticipate UK opportunities to fall below current levels within the next 10 years, which is interesting as it is exactly around the timescales that floating offshore wind should be starting to increase development numbers. This begins to talk to confidence of project timelines, which is explored later in this report. In the context of increased interest in international markets, it is important to remember that Europe remains strong, driven by the emergence of new areas such as the Baltics and Finland, and supported by the REPower EU investment package. The Americas see strong

increases, likely supported by the Inflation Reduction Act. Asia sees significant increase, largely driven by a rise in offshore wind, based on the volume of projects due to come online. When asked to consider the details of assessing opportunities in the UK and internationally, the UK fared well in each category, in fact at odds with common perceptions and even additional commentary. Opportunities were deemed easier to deliver perhaps as an indication that while not a perfect landscape, there is a sense of 'better the devil you know'. Project surety and timescales were also judged to be slightly more concrete in the UK than internationally, although plenty of supplementary comments felt that opportunities generally were being sought more favourably overseas.

OUR FINDINGS
In an increasingly connected world, barriers to international project management and delivery are reducing. As such, all global opportunities are considered on a 'level playing field' basis. This necessitates UK opportunities being viewed as globally competitive to those situated elsewhere, where this extends to both operating and macro-economic environments.

TRANSITIONAL OPPORTUNITIES Current Sector Focus

Oil and gas operations were the dominant sector focus for the majority of respondents and considered the primary focus within these companies' market mix. This was followed by offshore wind, unsurprising given the global focus on wind as the primary low carbon energy solution.

Offshore wind was a primary or secondary focus for most respondents, supporting parallel analysis by GUH that offshore wind is by some considerable distance the primary diversification target for organisations involved in the energy supply chain.

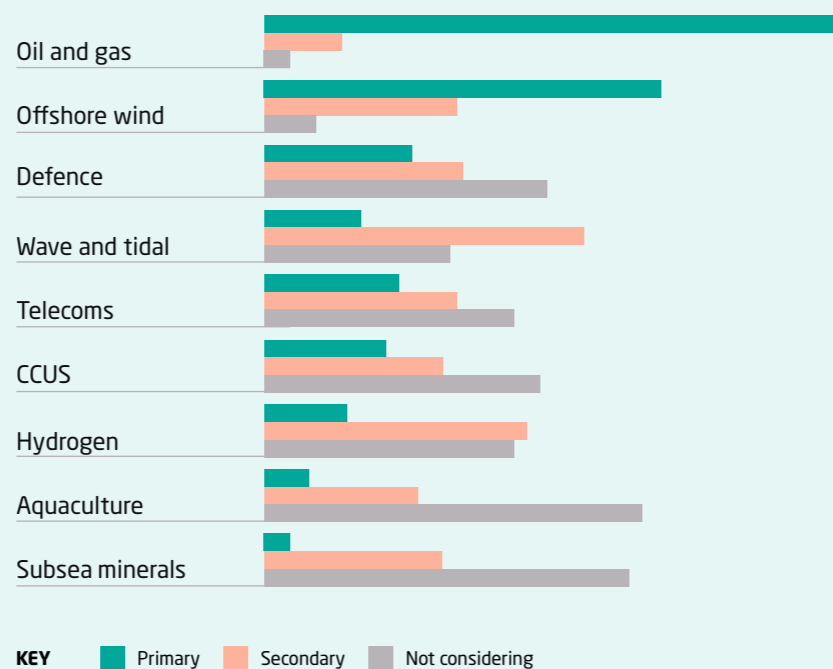
These clear number one and number two focuses were followed by a mixed set of results which found defence to be third, followed by the nascent wave and tidal, CCUS and hydrogen markets. It was interesting to note that wave and tidal and hydrogen were considered a secondary market more than any other ranking, suggesting a watching brief on the part of many as these markets continue to grow.

Aquaculture and subsea minerals responses suggested that these were viewed primarily as specialist industries where diversification into these areas was not attractive or that the barriers to entry were prohibitive.

Which sectors of the underwater space is your organisation prioritising in the short term (1 - 3 years)?



Which sectors of the underwater space is your organisation prioritising in the shorter term (1 - 3 years)?



TRANSITIONAL OPPORTUNITIES Future Sector Focus

Repeating the question into the medium term, oil and gas very clearly remains the primary market for a majority of respondents.

This is telling given the UK's focus during this time period to concentrate primarily on renewable energy, suggesting a migration of operations to other regions. Offshore wind continued to score strongly, substantially closing the gap on oil and gas. Wave and tidal and hydrogen showed marked improvements, supporting the statement that a watching brief in the short term would be followed by active involvement as the sector develops.

Minimal participation in aquaculture and subsea minerals was again suggested as part of a diversified market portfolio for most organisations. This is surprising given that there are successful examples of inspection, crane and mooring companies that have grown a substantial business in these areas as part of a wider market view.

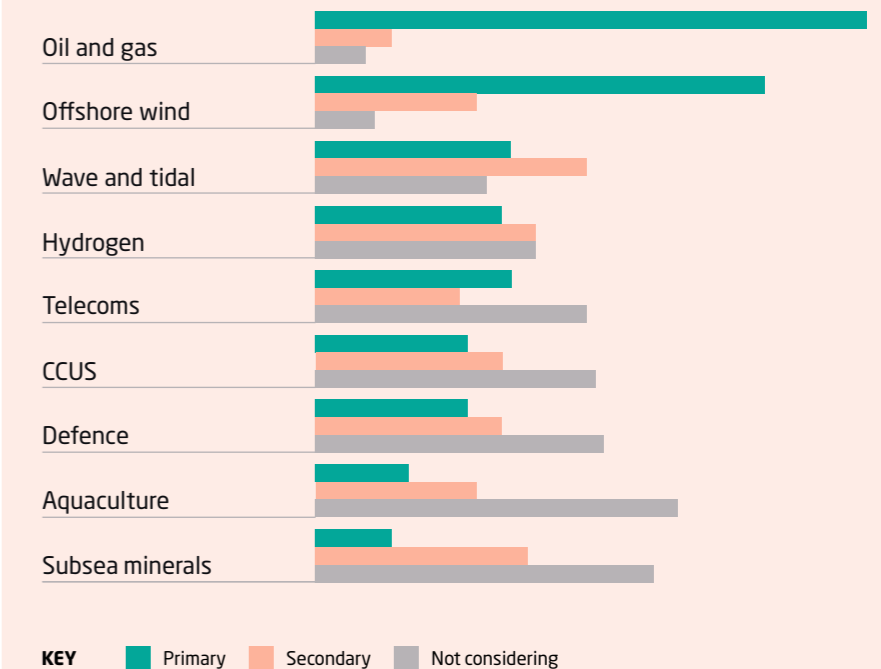
OUR FINDINGS

Oil and gas remains a strong primary market, particularly for companies who see opportunities to retain revenue from their core competencies and experience, and discussion can clearly turn to the geographical focus of this. Unsurprisingly, offshore wind is well supported by the underwater supply chain followed by additional markets where companies can find efficient transition and diversification opportunities.

Which sectors of the underwater space is your organisation prioritising in the longer term (4 - 10 years)?



Which sectors of the underwater space is your organisation prioritising in the longer term (4 - 10 years)?





Diversification

Moving on from the strategic questions of which market areas are deemed attractive for the organisation, respondents were asked to confirm the approach or stage that they considered their organisation to be at in terms of diversifying their markets.

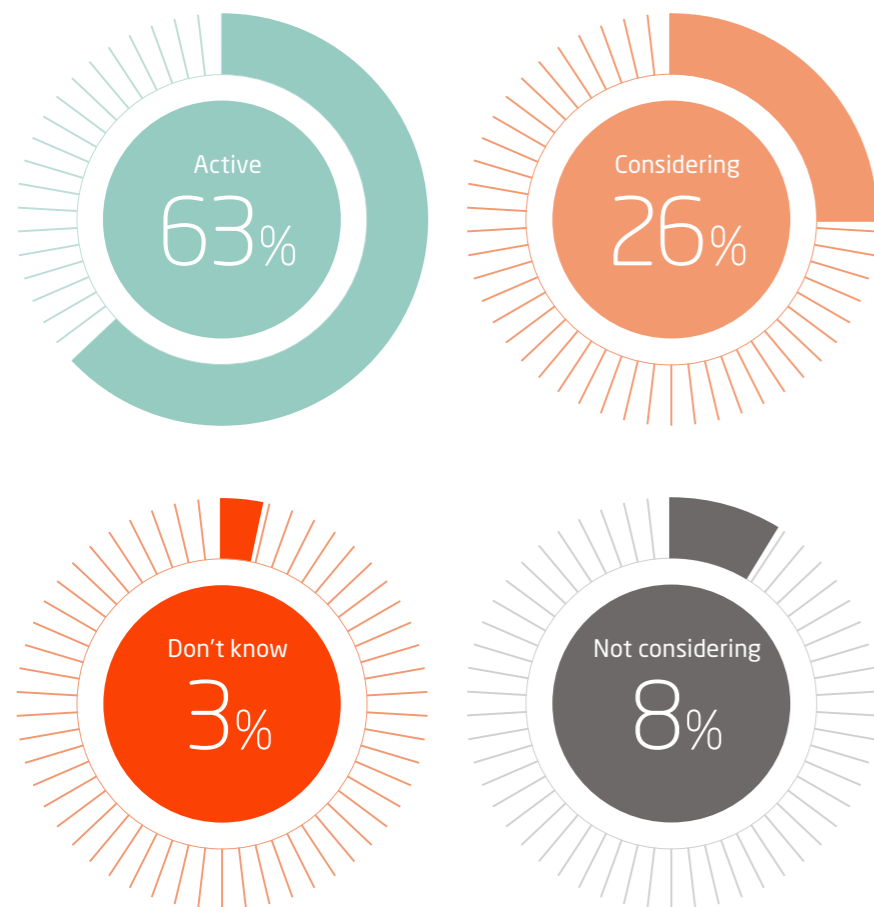
Almost two thirds reported that they were already active in doing so, with a further 26% actively considering which areas to focus on.

OUR FINDINGS

Tied to earlier results on primary and secondary market focus, the results are clear that the supply chain is proactive in understanding and seeking out future opportunities. An acute understanding of their product or service allows them to make the right decisions about where they can effectively and efficiently diversify.

63%
are already active in pursuing a diversification strategy

How would you describe your organisation's approach to diversifying your focus markets?



As noted earlier, the aspirations of the full underwater market opportunity are clear. Demand from a variety of sectors is set to be sizeable by the time all sectors are due to be up and running towards the end of the decade. This is clearly supported and understood by the supply chain based on responses so far. The question, therefore, becomes, 'how does this diversification take place - moving from strategy to execution - and are there further considerations which help or hinder the transition?'



BUSINESS DIVERSIFICATION Transferability

In moving towards the realisation of diversification, the vast majority of respondents judged their product or service offering to be transferable to other underwater sectors.

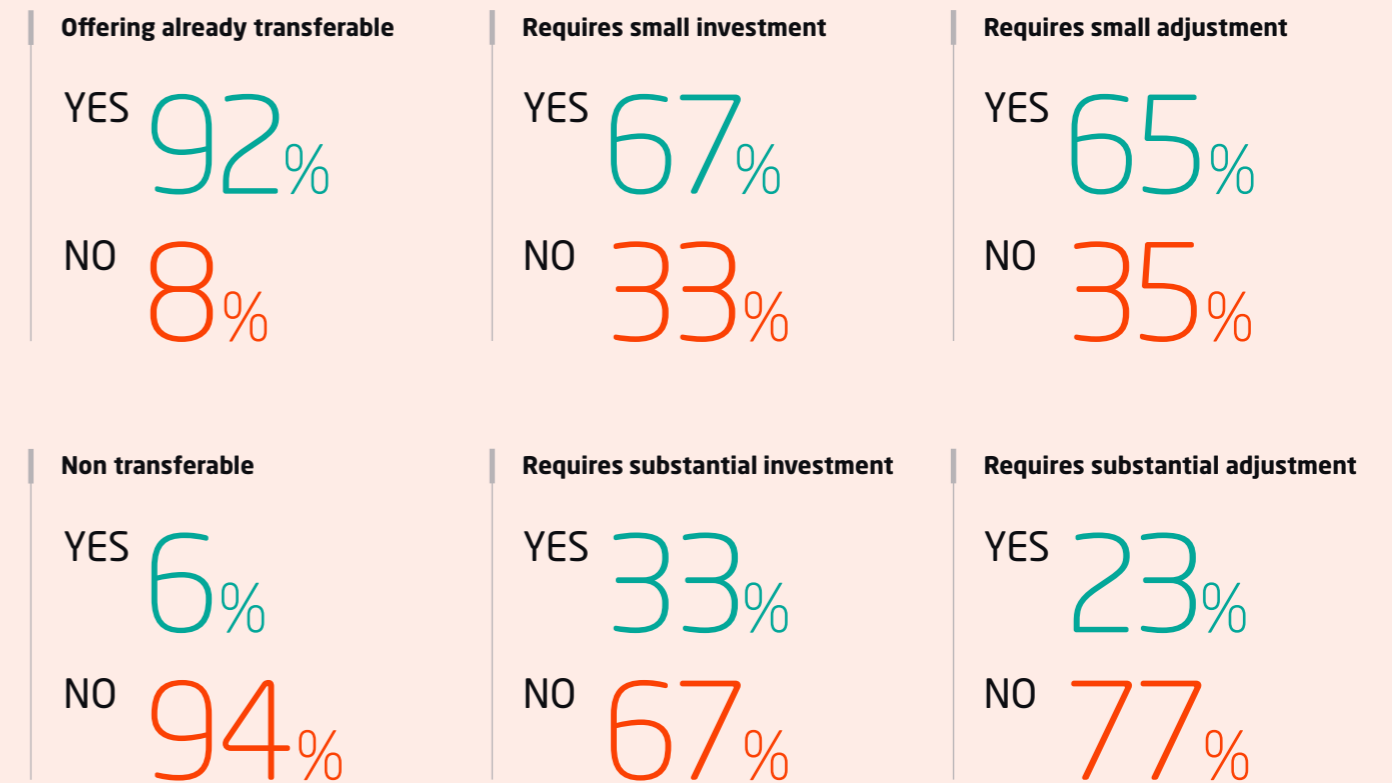
This self-awareness allies well with a variety of industry studies and supply chain analysis conducted by GUH which noted multi-sector opportunities within most product and service offerings. With the exception of the most niche products, transferability across underwater segments is largely possible and at times is merely limited to how wide or creatively the market is considered, rather than the actual functional limits of the product or service.

Underwater inspection by ROV can be conducted on aquaculture pens as easily as subsea trees and proactive integrity monitoring of

umbilicals is adaptable to inter-array cables. Trenching capabilities can be deployed to submarine telecommunications cables and the flushing of disused pipelines prior to decommissioning can be applied to preparation for subsea storage as part of a growing carbon capture and storage lifecycle.

Responses suggest that most companies seek the most efficient opportunity to diversify their markets, resulting in requirements for only small investments or adjustments in order to become active in that sector.

How does your organisation assess the transferability of your products, services and expertise to move into new underwater sectors?



BUSINESS DIVERSIFICATION Barriers

While organisations aspire to actively participate in multiple sectors, barriers do exist to successful implementation.

Availability of the required skills was the primary barrier. This aligns with a number of industry reports and think tanks tasked with addressing a looming skills shortage across a variety of job families.

Scoring marginally lower was the issue of project visibility, which ultimately impacts planning. Simply put, a lack of project visibility and surety impedes the ability of the supply chain to adequately

prepare for the opportunity, an issue further exacerbated when preparation involves investment in facilities or headcount, particularly where there is not enough certainty around the justification of doing so.

A further barrier exists within sector knowledge, both in terms of operations and in the contracting and policy structure.

What are the main barriers facing your organisation with regards to sector diversification?



OUR FINDINGS

These barriers do create significant concern for the attractiveness of sector diversification, particularly where opportunities may continue to exist within an organisation's core markets, even if this is in a different geography. It suggests that having the ability and capability to diversify is relatively straightforward, although crossing the chasm and successfully operating in multiple environments may be a more onerous task.

KEY ● Least → ● Most



Workforce and Skills

Respondents were clear that substantial headcount increases would be required to cover all future sectors of focus, with around 85% anticipating a material headcount increase for technical staff and nearly three quarters anticipating a material headcount increase in non-technical staff over the same period.

Respondents also largely expected an increase in technical staff for current market focus, which points towards notable capacity issues.

On the issue of the capability of that workforce, over and above capacity shortfalls, there are notable reskilling or upskilling requirements, even amongst vastly experienced personnel. This is despite the view that products and services are transferable across sectors. Examples provided in supplementary answers included disparity in oil and gas and offshore wind operational requirements and differences in conversion, training and experience requirements across telecoms cables, inter-array cables and subsea umbilicals.

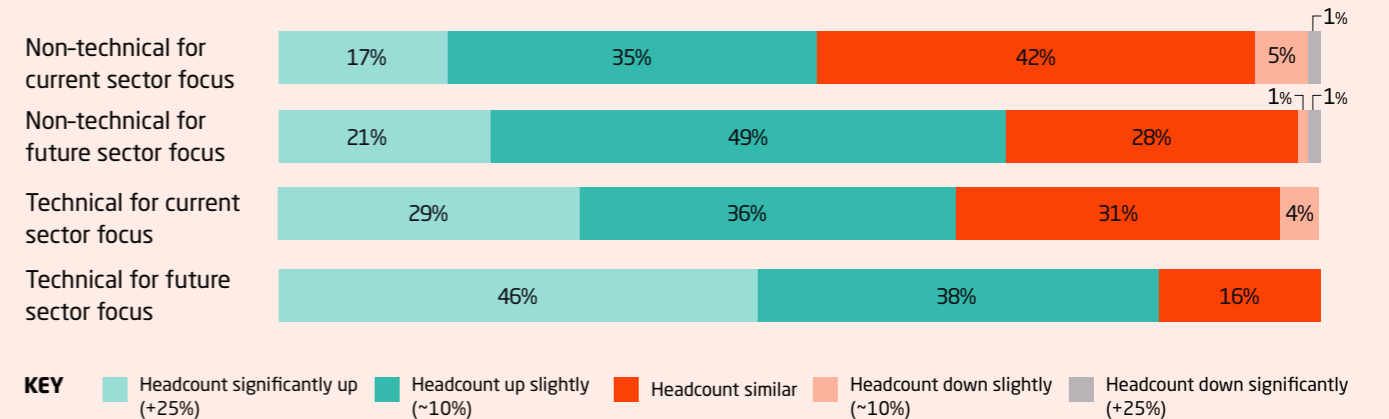
Those surveyed reported a marginally positive response to the question of whether they were confident that they would be able to secure the required workforce.

When asked to identify the main barriers to achieving this, competition for staff and attracting them to and retaining them in roles were the standout concerns, due to personnel supply and demand challenges.

OUR FINDINGS

Availability of skills and a right-sized workforce is a major limiter to meeting project opportunities, across both technical and non-technical disciplines. The underwater industry anticipates a significant headcount increase and the transition of jobs and skills is as vital as the transition across industries and must be enacted in tandem.

Please anticipate workforce requirements versus current levels, for current and future focus sectors



What are the main concerns with regards to workforce and skills?



Investment

Financial investment forms a further key resource without which the supply chain simply cannot deliver all that will be required of it.

Increasing costs, together with an uncertain fiscal environment do not provide the backdrop in which speculative investment is likely to be made. Despite this, it is clear that in order to create the volume of supply required to meet demand, investment is required. More than 80% of respondents felt that investment was necessary across both the short

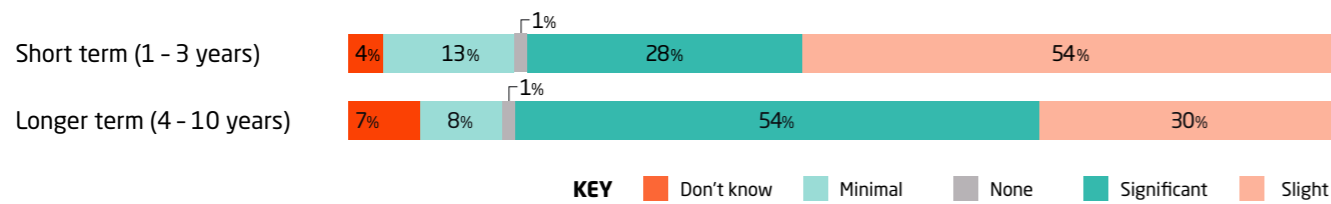
and medium term in order for them to compete in their focus areas. Importantly, more than 50% felt that 'significant' investment - in each respondents' own definition - was required.

Despite concerns about rising costs and, in the case of offshore wind, reducing prices, respondents expected that their Return on Investment (ROI) would be better, particularly for their future market focus, as well as in the markets where they currently operated.

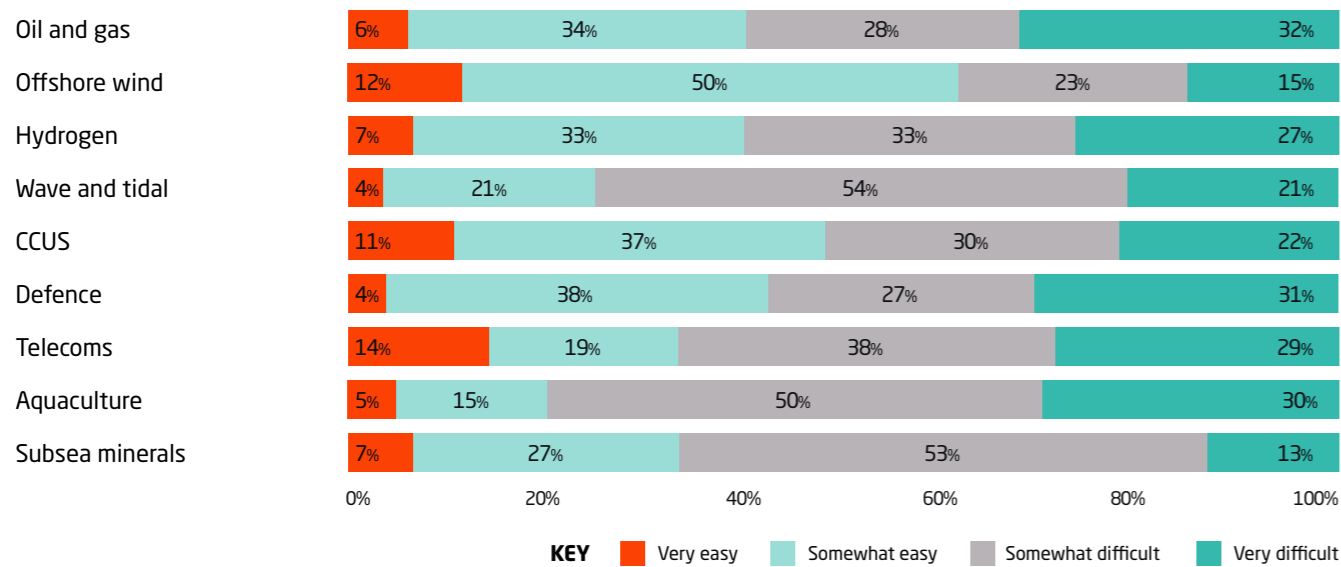
As might be expected, access to finance varied greatly depending on the sector. Availability of finance

for offshore wind is deemed to be the easiest. Finance for oil and gas, presumably international, was deemed to still be attainable, surprisingly, whereas wave and tidal projects did struggle, perhaps impacted by a high current levelised cost of energy (LCOE) and current legislation. Aquaculture was ranked as difficult to obtain finance for, which can be linked to earlier responses where it was not being prioritised. Both of these suggest that aquaculture is more of a specialist sector rather than one which forms part of a multi-sector focus, although examples do exist as exceptions to this.

Please assess the total level of additional investment required for your organisation to compete in all of your focus markets



Please assess the ease of accessing investment and finance across these sectors

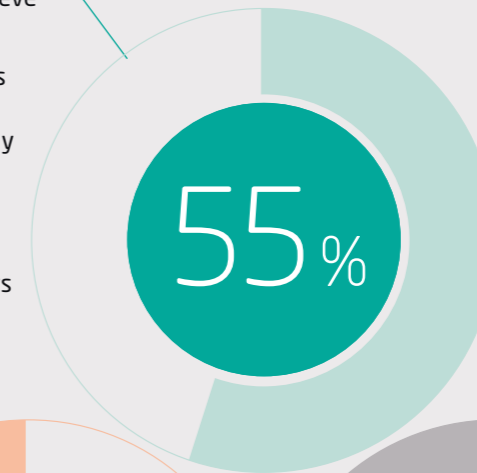


Capacity, Capability, Confidence

Of the UK underwater supply chain

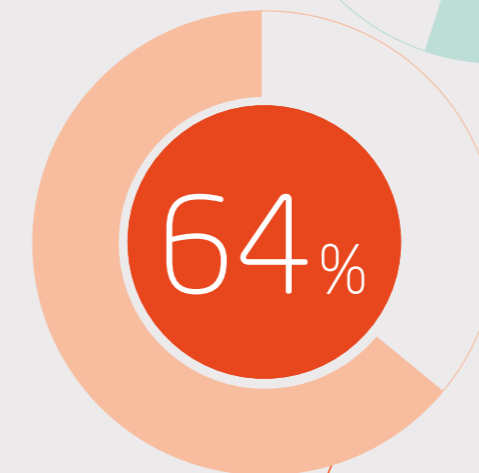
Capacity

- Only 55% of the supply chain believe they have the required capacity
- Strong demand in parallel markets impedes project delivery through supply chain pressure - particularly in workforce volume
- Under-supply of required skills leads to retention issues and cannibalisation across competitors
- Substantial up/reskilling required



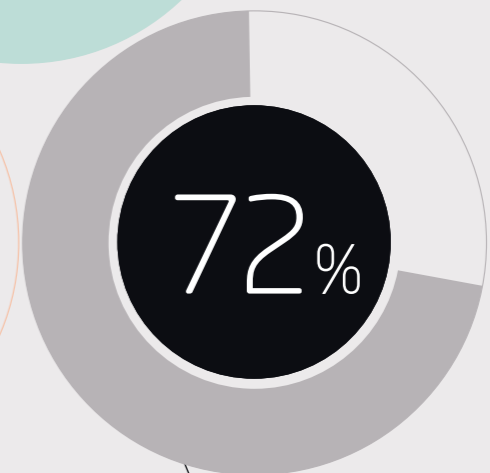
Capability

- 64% of the supply chain feel that they have the required capabilities
- Active engagement in diversification with efficient transfer of skills and expertise to adjacent sectors
- Opportunities in traditional markets can still be found globally
- Strong transferable opportunities into renewables and additional subsea



Confidence

- 72% of respondents had confidence in opportunities within the underwater sector
- Projects are mostly judged to have a 50% chance of maintaining timelines
- Confidence is slightly greater for international projects than UK - where project surety is hampered by regulatory approval
- Securing necessary investment and workforce is vital to provide project confidence



Capacity

A fundamental objective of the survey was to give the supply chain the opportunity to assess their capacity to meet the opportunities upon which they are focusing.

Given that an increase in opportunity across multiple sectors is forecast to happen in parallel, the survey asked if the volume of supply - people, assets, facilities - was enough to meet the necessary demand. An interesting side note is that if demand for certain sectors drops - such as oil and gas - before renewables increases, what impact would this have on the supply chain capacity.

Over half of respondents - 55% - believed they had the required capacity, suggesting a cautiously optimistic viewpoint. Respondents were significantly more positive about their ability to achieve the necessary capacity in the future - more than 80% responded in agreement.

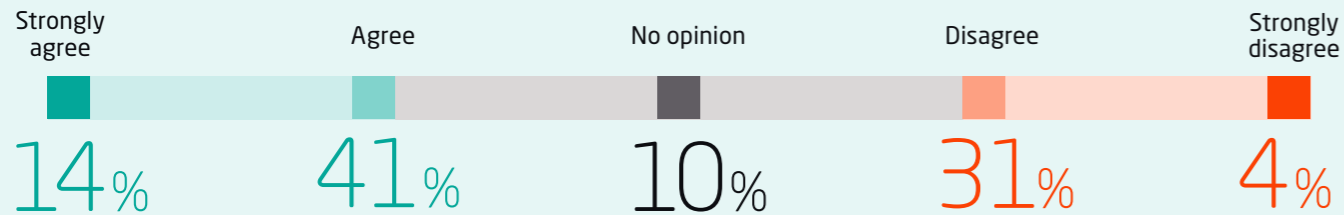
Driving factors in this particular viewpoint on capacity were largely dominated by investment and workforce availability, the main levers to upscale a business if required to meet demand.

Supplementary viewpoints referred to unknown or fluctuating demand which made resourcing and forecasting difficult. Where equipment investment could be made in order to alleviate personnel sourcing issues, the same lack of project visibility had a negative impact on making those decisions.

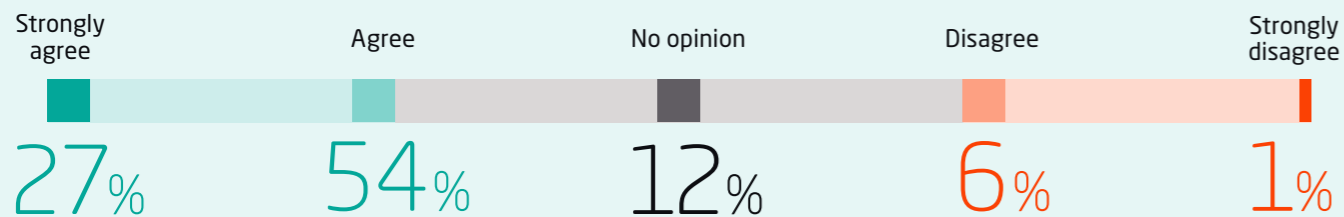
55%

of respondents believed that they had the required capacity.

Our organisation currently has the required capacity



Our organisation will have the required capacity



Capability

The second key question of this survey attempted to understand the supply chain's own assessment of its capabilities - now and in the years ahead - to meet future opportunities. Capabilities included skills, knowledge and ability to deliver.

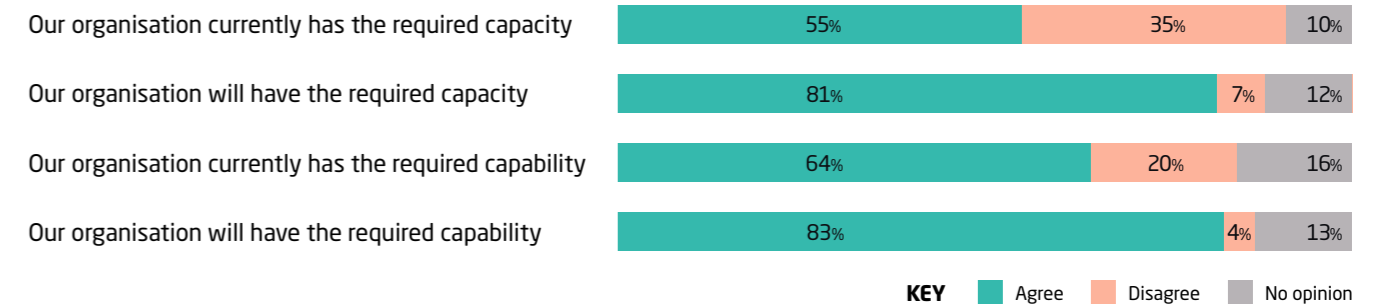
Respondents were confident that they had the necessary capability within their current business. This, allied to responses which suggested that the transferability of products and services was already largely known, suggests that the necessary strategic discussions and decisions are being made in terms of what the future direction and focus of the organisation is.

Nearly two thirds of respondents - 64% - agreed that the necessary capability already existed within the organisation. When considering the

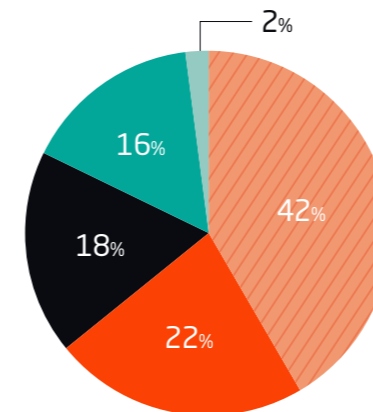
question of capacity and capability delivered in tandem, responses would suggest that while the knowledge and skills exists, the capacity to deliver it to the required volume levels is lacking.

Looking into the medium term, respondents were confident that this upward trend of capability would continue with more than 80% of respondents agreeing to various extents that their capability to serve their focus markets could be preserved.

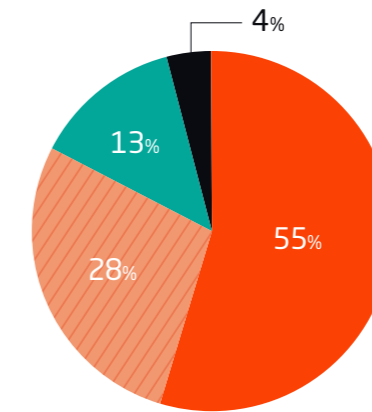
Please assess your organisation's current and future capacity and capability for future opportunities across the underwater and energy transition space



Our organisation currently has the required capability



Our organisation will have the required capability



Confidence

Measuring confidence is essential in order to truly convey the voice of the supply chain in the face of what demand alone would suggest is a long upcycle.

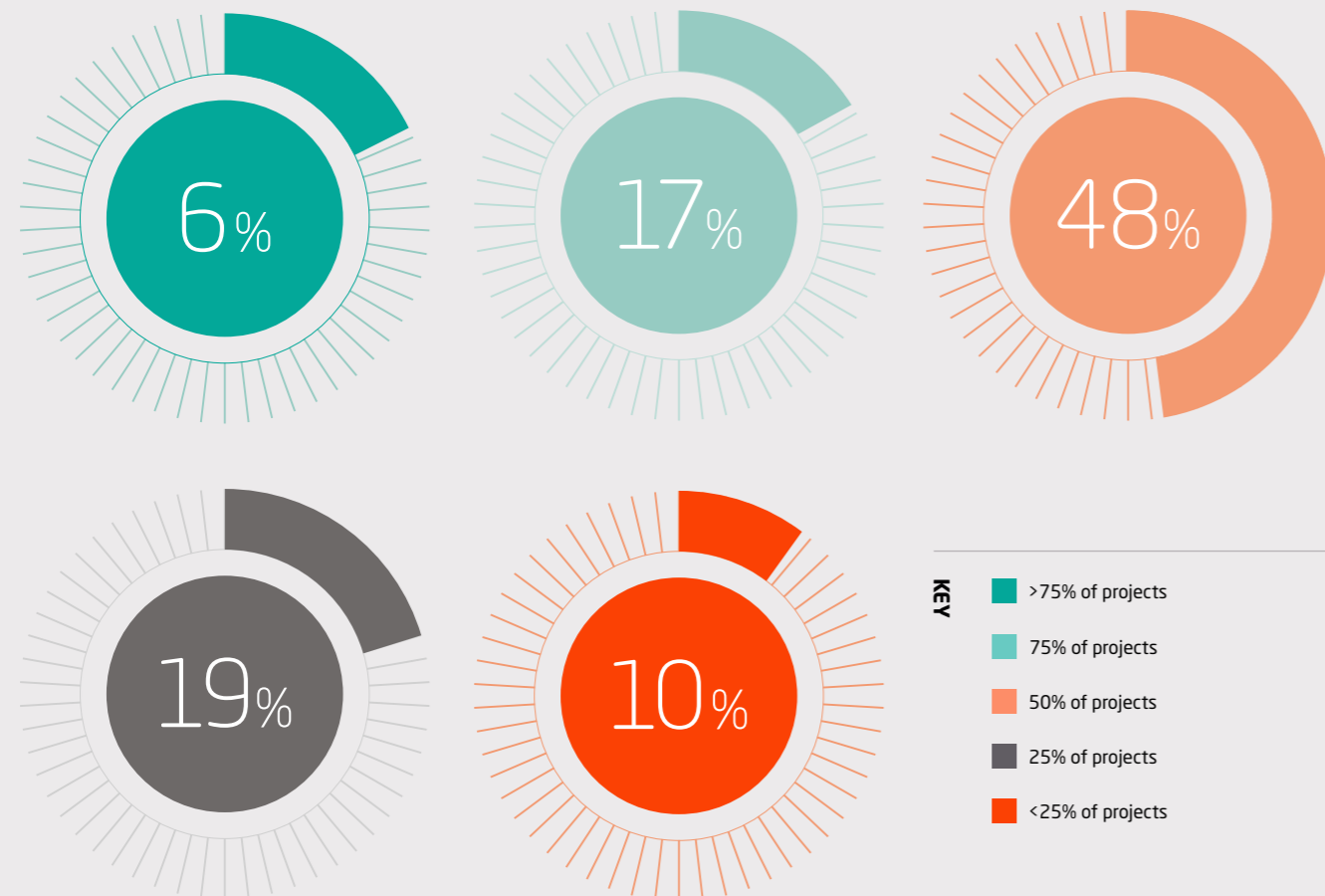
But how many of these projects will realistically progress to development and, if they do, will they retain the timescales that are currently promoted? This, as our results have shown already, is the key contributor to stalling investment in all assets to provide the necessary supply, capital or personnel. Most respondents felt

that across all projects only 50% would maintain timelines, while 80% felt that half or less of all projects were likely to keep to their timelines. This clearly has a profound impact on the supply chain's appetite to invest in expansion or adaptation where the realisation of the opportunity is less certain.

GUH has been vocal in highlighting the risk of anything other than a just and orderly energy transition. Should support for oil and gas projects decline sharply before the anticipated demand for offshore wind takes flight, there becomes

a gap in demand which would prompt the supply chain to seek alternative opportunities, most likely international ones. This, in turn, increases the risk that the required supply chain is simply not available when demand does reach its peak. This risk, coupled with a project timeline confidence of at best 50%, does significantly increase the risk of asset and capacity flight either to traditional markets in other geographies, or opportunities with more certainty.

How much confidence do you have in current project timelines and what % of projects do you anticipate will maintain these timelines?

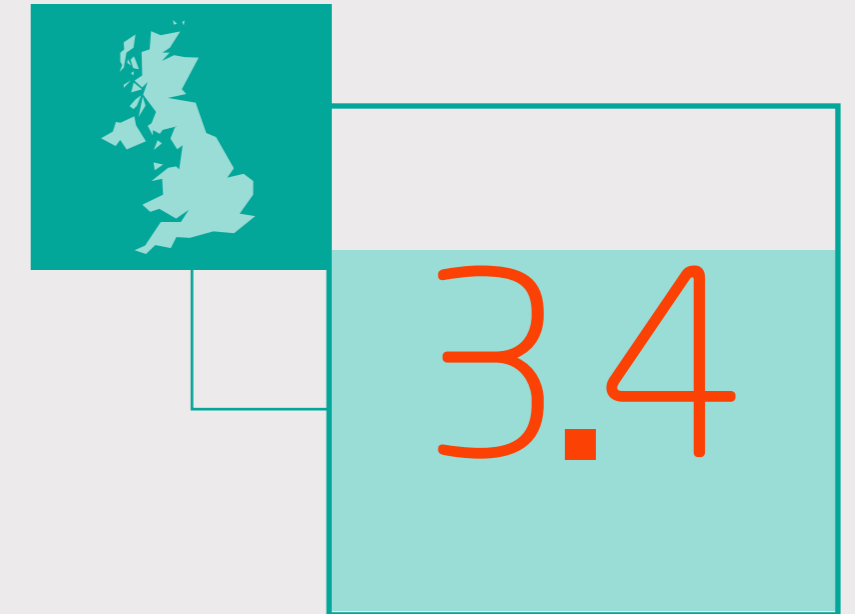


Taking all aspects into account, respondents displayed a marginally positive level of confidence across all aspects of the underwater sector. Interestingly, a more positive response was received to the question of global opportunities, as opposed to UK opportunities in isolation, suggesting greater confidence in non-UK projects. This can be viewed as a cautionary tale given the international mobility of the supply chain.

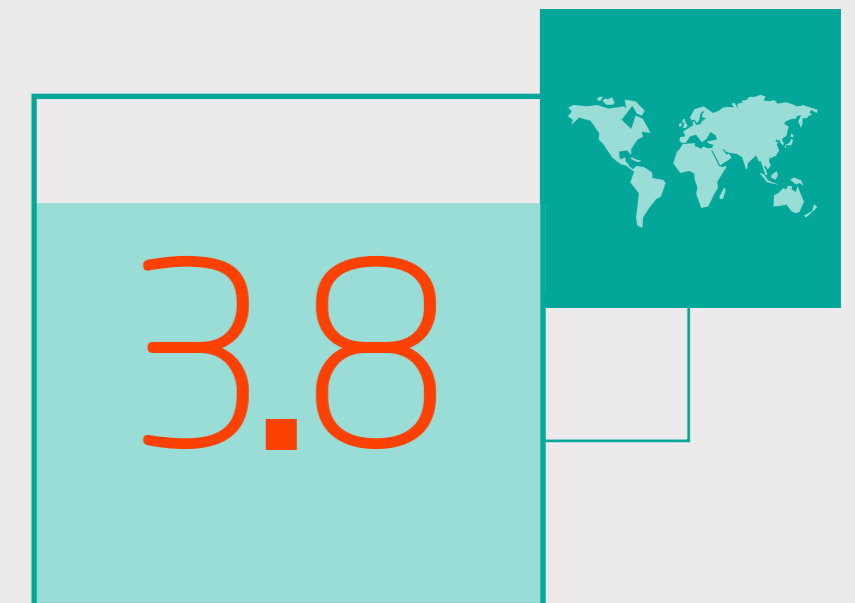
Supplementary answers supported this viewpoint, citing a lack of substantial new oil and gas opportunities in the UK, a perceived lack of government support and clarity of regulatory approval. Timescales for floating offshore wind are unclear - driven by grid capacity amongst other things - and this gap in project surety also extends to the fledgling areas of CCUS and hydrogen where the supply chain is keen to support but requires more concrete timelines in order to adequately plan.

By comparison, opportunities are regarded as being plentiful overseas, where risks are considered to be better understood across both traditional and emerging markets. There is a perception that more government and private investment support exists internationally to stimulate production across a full range of underwater sectors. This investment itself is an important part of the lifecycle of projects as it lends a further layer of support and confidence in the sector and is a primary requirement for the supply chain to adjust and upscale to meet this demand.

Considering all factors, how confident is your organisation about UK opportunities within the underwater sectors (where 5 is very confident)?



Considering all factors, how confident is your organisation about global opportunities within the underwater sectors (where 5 is very confident)?



Conclusions

To make the distinction between possible and probable projects, aspirational timelines and reality, the supply chain's ability to deliver is the key measure of what can be achieved. The logistics, planning, design, manufacturing, installation and a myriad of other activities required to turn these projects into reality is dependent on an appropriately-sized, competitive, available and committed supply chain.

Confidence certainly exists in the underwater industry and the drive to transform it into one of the largest and fastest growing industries is underpinned by continued product and service innovation, excellence and strategic planning, which shone through these results. To achieve these aspirations, capacity and capability are key enablers.

The vast majority of respondents confirmed that more investment was required in order for their organisations to compete in their focus markets, more than half defining this as 'significant' investment by their own metrics. Confidence in financial returns and the operating environment is critical before investment will realistically be made. However, existing concerns about investment, regulation and government support places a risk here.

Availability of the required workforce to meet both current and future market focus was a major consideration, with significant competition to recruit and retain both technical and non-technical roles. Issues of reskilling and upskilling were a major contributor to respondents' concerns in this area, but the overarching unease is the capacity and availability of the required workforce. Respondents pointed to a cautiously optimistic view that the necessary workforce could be sourced to meet demand, although it is clear that much work and effort is required.

Creating capacity is hampered by the availability of skills and a lack of project visibility in order to make the necessary investments and preparations. Availability of finance is also a major consideration for all but the most prominent market sectors. It appears that output and generation targets in areas such

as wave and tidal, aquaculture and hydrogen are not necessarily aligned with the available finance to realise these. Many new and emerging sectors do not feature prominently on the priority lists of most companies and are judged as difficult to secure investment in.

We conclude that the supply chain strongly believes it has the necessary core capabilities but holds concerns around the volume of assets and capacity in order to deliver expected demand. There are barriers to upscaling businesses in order to meet suggested demand which, in turn, begins to dampen confidence or at least turns the attention of a globally mobile supply chain towards other international markets. While benefiting from the globally competitive nature of our world-class supply chain, there is a requirement for UK opportunities to be as attractive as international ones. While these requirements include weightier issues of regulation and policy, they also cover investment and workforce, elements which Global Underwater Hub's special interest groups are already seeking to develop.

As a multi-sector body representing the whole of the underwater industry, Global Underwater Hub is ideally placed to convene industry to further develop these topics. Our 2023 survey has provided important insight into genuine supply chain industry sentiment as a comparator to demand, and we believe it paves the way for important conversations to now take place between a variety of stakeholders to ensure that the aspirations of all can be met.

Confidence exists in the underwater sector and the drive to transform it into one of the largest and fastest growing industries is underpinned by continued product and service innovation, excellence and strategic planning. To achieve these aspirations, **capacity and capability** are key enablers.



Global Underwater Hub

1 Abercrombie Court
Arnhall Business Park
Prospect Road
Westhill
Aberdeen
AB32 6FE

www.globalunderwaterhub.com

