

Aging Infrastructure Impeding Process Manufacturing Growth

Economist Intelligence Unit

Process manufacturing companies in the oil and gas, utilities, chemicals and natural resource industries rely on proprietary infrastructure to run their operations. Much of this infrastructure is rapidly ageing, thus increasing the risk of failure.

Subsequent disruptions hamstring operations and impede opportunities for growth, with the impact of these interruptions felt worldwide. As a result, executives in these industries must make tough decisions about where, when and how much to invest in infrastructure upgrades.

To control the rising costs and risks related to their infrastructure, many executives advocate a proactive approach to infrastructure upgrades and investment in innovative technologies as the best way forward. Such approaches, they say, will help them get ahead of breakdowns, improve safety and manage their resources more effectively.

A new report by the Economist Intelligence Unit, which is based on a survey of more than 350 global executives in the oil and gas, utilities, chemicals and natural resource industries, explores how ageing infrastructure has affected operations in those sectors and the strategies executives are employing to overcome problems.

The research examines:

- The business implications of infrastructure failures
- Key factors executives consider when weighing infrastructure-upgrade decisions
- Tools and strategies companies plan to use to rein in costs

Key findings

- Ageing infrastructure is a headache for many industries. A substantial majority (87%) of executives report that ageing infrastructure has had an impact on their operations in recent years; one in ten say problems related to ageing infrastructure have caused severe problems in their operations that they are still trying to address successfully.
- The current infrastructure upgrade spend will rise. Almost 33% of executives say they plan to increase spending on infrastructure in the coming years, while just 8% plan to decrease spending.

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- Poor project planning, regulatory interference and a lack of resources are the biggest obstacles to meeting schedule and budget. goals. Better project management tools and practices may be a solution. Better upfront planning is the top strategy for overcoming obstacles and delivering projects on time and on budget in the next five years.

The top priorities for process manufacturers will be new troubleshooting technologies, which can identify problems before breakdowns occur, enabling efficiencies, the extended life of assets and reducing the risk of infrastructure failure.

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