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# ExportWise

## Diving Deep into Exports

Submerged in the commercial diving industry, OceanWorks International has emerged an export winner.

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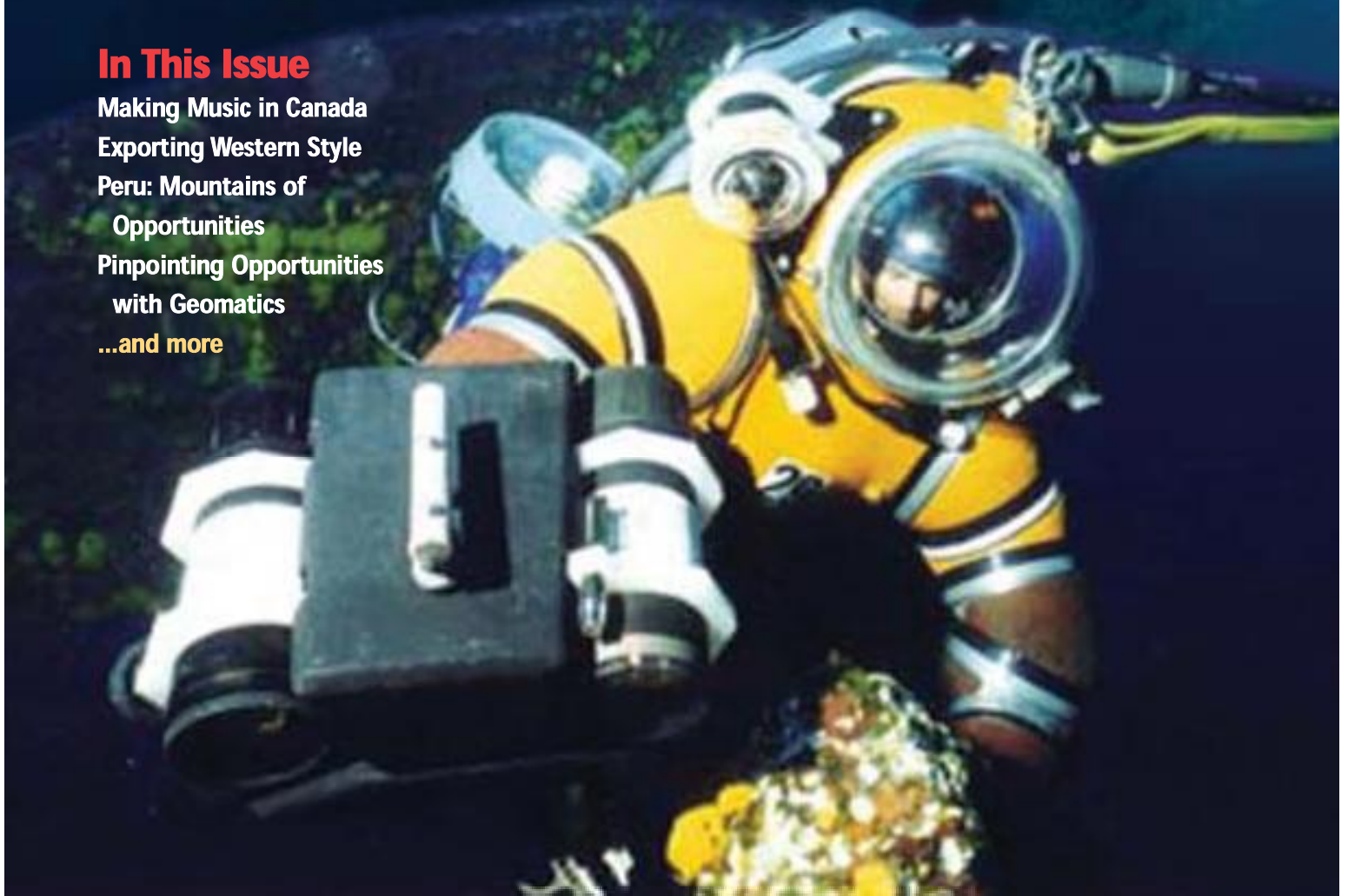
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# OceanWorks International: Diving Deep into Exports

BY IAN M. CLARKE

**A**s a recreational activity, deep sea diving conjures up visions of other-worldly discovery and adventure. Commercial diving, although less prominent than its recreational cousin, often faces greater challenges and dangers.

Commercial diving in North America has existed for over 170 years, its progress highly dependant on technological innovations. The design and manufacture of underwater work systems and equipment is a specialized field, requiring substantial research and development: as an almost alien environment, the subsea landscape demands unique engineering solutions.

OceanWorks International, Inc., a privately held U.S. company headquartered in Houston, Texas, with a wholly owned Canadian subsidiary based in Vancouver, is a recognized world leader in the fields of atmospheric diving and submarine rescue systems. Founded in 1986 as International Hard Suits Inc., the company has since passed through a number of ownership changes, emerging in 2001 as OceanWorks International.

In the competitive subsea market, OceanWorks distinguishes itself by offering unique technologies.



### Of sales and competition

The market for subsea products is international in nature. "In fact, almost 100 per cent of our business is export," says Glen Viau, OceanWorks' Sales and Commercial manager. "The first contract the company ever had was for a Japanese commercial diving operation." Although OceanWorks provides products to the oil and gas and submarine telecommunications industries, Viau says its major client is the military.

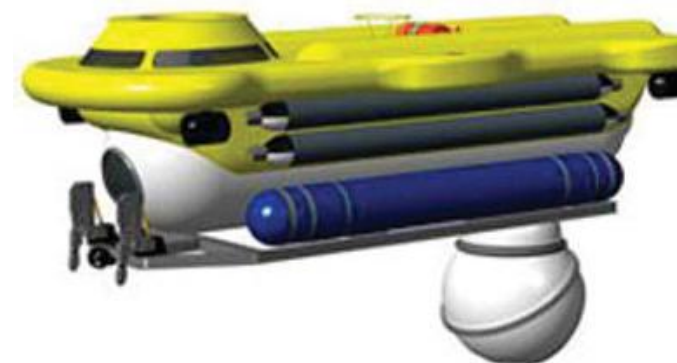
For Canada's ocean technologies sector, domestic and export competition comes from the United States, France, Germany, Norway, Japan, Sweden, Russia, Italy, Australia, the Netherlands, Denmark and the United Kingdom. These countries often maintain barriers to market entry by foreign owned companies. When market entry is achieved, it usually involves a strategic alliance with a firm in the targeted country.

Domestic organizations consist of a few large companies and many small- and medium-sized firms. A significant portion (some 90 per cent) of their goods and services are exported internationally. About 500 Canadian firms and 70,000 employees are involved in operations related to ocean technologies. British Columbia and the Atlantic provinces are home to approximately 47 per cent of these companies, while 45 per cent are located in Ontario and Quebec.

Research and development is a core activity for companies involved in ocean technologies, accounting on average for 30 to 50 per cent of annual expenditures. To research, develop and test equipment, OceanWorks maintains a 2,300 sq. meter office/shop facility in Vancouver, along with a 300 sq. meter office/shop facility in Houston. The company also offers a range of engineering design services, including, mechanical, structural, hydraulic, control and power systems.

### The success of innovation

In the competitive subsea market, OceanWorks distinguishes itself by offering unique technologies. "One of our product lines is for submarine rescue. The Royal Australian Navy's Remora submarine rescue system, for example, presented a particular challenge: How do you get people out of a sub sitting at an extreme angle? Our solution was to develop and patent a technology – the articulated mating skirt – and it has turned into a significant piece of our business."



A key ingredient in any submarine rescue mission is to put diving assets on the scene as soon as possible, running all possible rescue scenarios before the rescue vehicle arrives. Several leading navies, including France, Italy and Russia, use OceanWork's Atmosphere Diving System (ADS) to perform rapid assessment and scene preparation tasks.

Another element is to re-supply the disabled submarine with emergency life support stores (ELSS) until a rescue mission can be mobilized. OceanWorks has been involved in developing ELSS pod-posting systems with both the Canadian and U.S. navies, and is currently developing ELSS with others.

### Bonding relationships

For those who develop equipment to address deep sea applications, significant hurdles also exist above the water. Aside from the struggle of encouraging organizations to adopt new technologies, Viau sees financing as a major challenge. "Working capital requirements of international military contracts can be restrictive and often require bonds." With support from EDC, OceanWorks had its bank issue Advanced Payment bonds, Performance bonds, and Warranty bonds.

It is forecasted that increased networking and cooperation among public and private ocean technology interests across Canada will increase international recognition, market penetration and ensuing industry expansion. In addition to military and oil and gas applications, new market opportunities are emerging internationally with growing environmental awareness, fostering regulatory regimes in coastal zones.

For OceanWorks, with an established record of innovation, the future is indeed bright, no matter how far down it travels. ■

### COMPANY PROFILE

**Business:** Oceanographic Industry  
**Locations:** Vancouver, Houston  
**Established:** 1987  
**Employees:** 70  
**Exports:** 98 per cent  
**Export Markets:** United States, Europe, Asia, Australia  
**Contact:** www.OceanWorks.cc

# Ocean Technologies

BY IAN M. CLARKE

### Export outlook

There are more than 500 ocean technology firms in Canada, located mostly in the Atlantic provinces, British Columbia, Ontario and Quebec: a typical firm employs 10-20 people and generates sales on average of \$100,000 to \$120,000 per employee.

Canada's ocean technology companies have a solid international reputation for producing quality custom products for niche markets, and exports represent 95 per cent of sales activity for some firms. Products and services include underwater vehicles, coastal management technology, remote sensing and satellite data analysis.

Domestic and export competition comes from the U.S., France, Germany, Norway, Japan, Sweden, Russia, Italy, Australia, the Netherlands, Denmark and the UK. These countries maintain barriers to market entry by foreign owned companies. When market entry is achieved, it can involve a strategic alliance with a firm in the targeted country.

Top firms from competing countries often present a unified approach, combining government participation, private companies and university research.

### Opportunities

Competing countries have strong domestic purchasing programs through naval procurement or other applications, allowing export potential to remain strong. In addition, these countries often use targeted aid or preferred financing arrangements to secure contracts.

New market opportunities are emerging internationally with the growing environmental awareness that is fostering regulatory regimes in coastal zones. The European Union, for example, has regulatory directives and is implementing the polluter-pay principle; stiffer regulations have been brought about by the NAFTA.

New markets are also emerging with the obligations imposed on countries that have laid claim to their offshore regions as Exclusive Economic Zones (EEZ's). This means managing them in accordance with United Nations requirements.