

SMEC thriving following ownership transition

How the merger with Surbana Jurong based in Singapore is opening new doors globally for the Aussie consultancy

It's approaching two years since Australia-based **SMEC** joined forces with Singapore's **Surbana Jurong Group** (EA 17-Nov-16). With the SMEC brand and cultural identity still very much in evidence it seems to be pretty much business as usual for the consultancy, which celebrated its 70th anniversary last year. But it's quite a different story behind the scenes.



Bob Tilbury, SMEC market director (water & environment, Australia and New Zealand), tells Environment Analyst how the firm is positioning for the next chapter in its story and how the union between the two companies - who were already well acquainted having collaborated and competed with each other in the past - is creating new openings and opportunities on both sides.

All about the size and scale

The motivation for the merger was and remains quite clear in Tilbury's eyes: "Ensuring SMEC remains competitive in the global marketplace was a key driver for this partnership; size and scale are becoming increasingly important for the growth of companies to effectively compete in larger urbanisation and infrastructure projects."

He adds: "Whilst continuing to operate under its own branding, SMEC now has the ability to draw on the capabilities from across the Surbana Jurong Group of companies, to provide specialist expertise either independently or as combined entities. This is enabling SMEC to better service new and existing clients, by leveraging the latest technologies and approaches to value-engineering and providing a broader range of fully integrated services."

And in terms of its environmental services specifically, the merger has been highly beneficial, as Tilbury explains: "SJ's strong presence in the urban development market has opened up opportunities for SMEC's environment team in the planning and assessment phase of projects and we are sharing our experiences in the sustainability sector. SJ Group also has a very strong track record in buildings sustainability, while SMEC's expertise has been traditionally focused on civil infrastructure (road and rail), so that provides a strong combination of skills and expertise."

This represents an important change for SMEC, notes Tilbury, and one that will enable it "to grow our business and achieve our strategic goals" going forwards.

International platform

A key factor cited at the time the deal was formalised was the geographic element; whilst both firms already boasted operations across Asia, Africa and the Middle East, SMEC brought

Surbana Jurong additional geographic presence in the Americas and of course its native Australia, whilst SJ Group extended the footprint to markets such as China.

From an environmental standpoint SMEC had been operating overseas for several decades, with roughly half of its 180-strong environment consulting contingent located outside the domestic market, based in offices in Africa and Asia Pacific. But there is no doubt that the partnership has created a platform from which to boost the environmental offering and expertise on the global stage.

Africa in particular is a key geography where the partnership is already providing new opportunities, as Tilbury explains: "Most countries in Africa have legislated requirements for environmental and social impact assessments in place and while there is an increase in capacity of local and regional firms in some African countries undertaking ESIA's for larger projects, there is often a requirement for international companies like SMEC to lead these services. There are many infrastructure development projects already underway in Africa and this is going to increase. SJ has opened the [SMEC] environment business in Africa to new clients in the urban and regional development sector, including providing environmental assessments for clients within the natural gas infrastructure, industrial/agro-industrial/knowledge parks development, and regional development planning sectors."

In fact the two partners almost immediately began harvesting the fruits from combining their respective operations. Just a couple of months after the merger was completed, the first successful joint bid was announced, an urban redevelopment and design contract in Guinea, Africa, working under the Singapore Cooperation Enterprise. The pairing has also jointly worked on the design and construction supervision of a vehicle-free zone in the capital city of Rwanda. And Tilbury refers to at least six further proposals currently under negotiation in Africa which SMEC and SJ Group have jointly pursued, covering environmental components of projects.

But with or without Surbana Jurong, SMEC still has its own global expansion aspirations, and it's not just African fruits that it is targeting; the firm has been operating in South America market for almost a decade, with permanent offices in Santiago Antofagasta and Calama in Chile, and a third in Mexico City, from which it provides asset management consulting services to a broad range of sectors, including mining, oil and gas, utilities and transport. It's a region where the firm has ambitions to step up its operations.

"Latin America is a definite region of interest for SMEC. At the moment, our presence is centred on asset management; however, we have recently embarked on providing urban and infrastructure engineering services. We are focused on extending our service offering and building relationships with companies that are established in Latin America, with the view to partnering with them on proposals to deliver projects and to continue to grow our presence," says Tilbury.

Further proof of the international resolve shared by both SMEC and its parent are the local partnerships that both are forging in different regions. Last year SMEC signed an agreement with Japan's Oriental Consultants Global, a firm with which it had already partnered with on projects in South Asia and Asia Pacific, including work on the North-South Commuter Railway

Project in the Philippines. The partners are hoping the MoU will lead to further cooperation in South America. And operations in Africa too could benefit from the link up, as Tilbury explains: "Local skills and experience is a key part of environmental project work and, due to the presence of SMEC's environmental expertise in Africa, we are well placed to service those potential Japanese funded projects."

Also in the past year Surbana Jurong Group has signed MoUs with Sri Lankan Ceywater Consultants (Pvt) Ltd, a water and wastewater consultancy, to collaborate on the provision of consulting and design services across transport, water and environment, ports and coastal sectors in that country, and another with Myanmar Construction Entrepreneurs Association to act as lead technical consultant for affordable housing projects in Myanmar. It also formed a JV with China Highway Engineering Consulting Corporation to pursue highway and infrastructure-related projects globally as well as to undertake projects under the Chinese government's 'belt and road' initiative. All could well provide future openings for the environmental and wider businesses.

Snowy 2.0

But regardless of the opportunities overseas, Australia remains a key market for SMEC where around half of the total EC revenue was generated last year. Whilst infrastructure planning & assessment represents the bulk of environmental activities here, it is also seeing considerable growth in other sectors. Tilbury comments: "The infrastructure spend in Australia continues to drive strong growth, but at the same time we are growing into sectors such as ecology, and waste management and contamination. We have a strategic plan to at least double the size of our ANZ environment team over the next four years." And the target is to achieve a similar level of growth in its overseas EC contingents, he also confirms.

One project that really stands out in its home market is Snowy Hydro. SMEC was itself born of the iconic Snowy Mountains hydroelectric scheme, a colossal hydroelectric and irrigation project in southeast Australia - rated at the time of its construction during the 1950s, 60s and 70s as one of the seven civil engineering wonders of the modern world. Comprising 16 dams, seven power stations, tunnels, aqueducts and roads, the scheme remains the largest engineering projects to have been undertaken in Australia.

And the appointment last year of SMEC to Snowy 2.0 through a competitive process was certainly something to celebrate; it's the first major expansion of the scheme since its completion in 1974 with new pumped hydro capability between Tantangara Reservoir and Talbingo Reservoir in the Snowy Mountains in New South Wales. Hari Poologasundram, CEO SMEC and CEO International Surbana Jurong Group, said: "The Snowy Mountains are part of our namesake and the backbone of our heritage, so the chance to be involved in this project again is a unique 'twice-in-a-lifetime' opportunity, both for our organisation and those engineers who worked on the original scheme."

Tilbury echoes the sentiment: "With SMEC's history dating back to the Snowy Mountains scheme in 1949, it was a very proud moment when we were reunited with Snowy Hydro to assist with the feasibility study of the proposed Snowy 2.0." And, following the release of the

study at the end of last year which found the project to be both technically and financially feasible, the appointment has now been extended for SMEC to support Snowy Hydro in developing owner's requirements and a reference design for the tendering process, he adds. The contract prompted SMEC to reopen its Cooma office, located on the Snowy Mountains Highway, with more than 30 employees to be based there permanently.

Building the future

SMEC is clearly benefiting from the wider associations of the **entire Surbana Jurong Group** of companies, whilst proudly retaining its own heritage and legacy; certainly there are no plans to drop the SMEC branding just yet. At the same time, its own acquisition strategy remains robust, having acquired Cairns-based PDR Engineers last year. Whilst not bringing any environmental expertise per se, PDR has brought structural, civil, geotechnical and mining engineering services for a range of government and corporate clients, and strengthened the SMEC's presence in Northern Australia. And given PDR's involvement in the region's 'major infrastructure programme' (MIP), there's certainly appears to be scope to expand SMEC's environmental services regionally.

Meanwhile, on a much larger scale, the recent acquisition by SJ Group of another Australian player, Brisbane-based international structural and civil engineering company in late 2017, is expected to create further synergies and deepen SMEC's urban development, infrastructure and construction engineering capabilities. With 600 staff across ten global offices, the addition of RBG has extended SJ Group's geographic reach, notably in Southeast Asia, the Middle East and UK.

At the time of SJ and SMEC's joining of forces back in 2016, the acquiring firm had already made it quite clear of the ambition is to become "one of Asia's largest consultancy powerhouses in urban and infrastructure developments". Headquartered in Singapore, **Surbana Jurong's** roots date back to the 1960 but it assumed its current configuration with the merger of **Surbana Corp** and **Jurong International Holdings** in 2015 - which is ultimately owned by investment company **Temasek Holdings** - creating a largely Singaporean-focused 3,200-strong entity.

Since then, and with the subsequent acquisitions (**SMEC, KTP, SINO-SUN, AETOS** and **Robert Bird Group**), the group workforce has grown to 14,000 working across more than 120 locations in over 40 countries in Asia, Australia, UK, the Middle East, Africa and the Americas. SJ now boasts annual revenues of around S\$1.5bn (US\$1.1bn), with SMEC responsible for around 5,800 of the total across 80 offices worldwide.

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