

Cost of valve ownership is key, says VELAN

In the second* of our sponsor interviews, Mr Tom Velan looks at some of the challenges facing the valve industry. Evident is that costs are mounting as the requirement for valve testing increases.

What do you see as important issues in the valve community?

I think that an important issue facing valve manufacturers is that new requirements are being imposed that involve extra costs for manufacturers with no benefit. at a time when there is pressure to reduce prices. Two examples of this are the PED qualification and new fugitive emissions testing requirements. Users are not willing to pay anything extra and in the end there is not even the benefit of a unified European standard because for example Germany still maintains extra requirements despite the PED.

We have done extensive fugitive emissions testing on our valves, but each time a new standard comes out, we have to do new tests at considerable cost. Now we are expecting that a new fire test standard will come out combining elements of the British Standard and API tests. This will probably again mean a lot of extra costs for manufacturers.

What is Velan doing to address these issues?

We have no choice but to comply like everyone else. Hopefully at least the standards of the inspection agencies who give approvals and witness tests are equally applied in all countries.

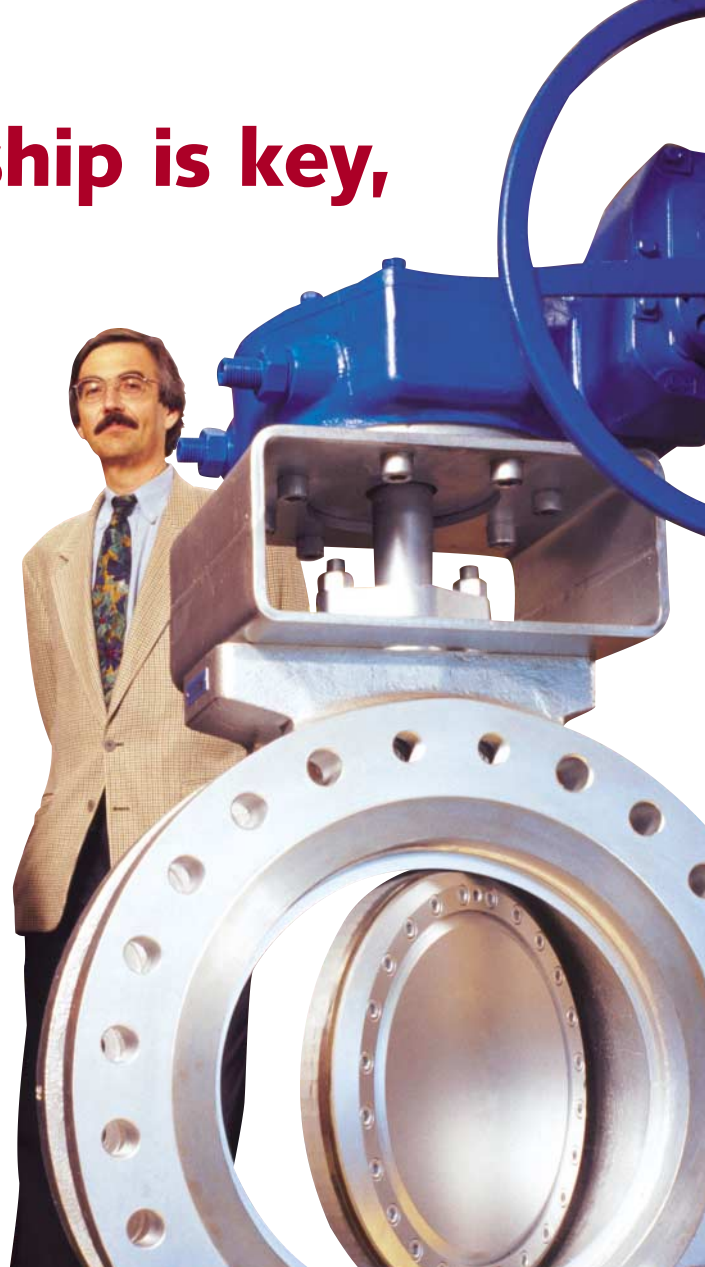
Do you foresee any changes in the relationship between valve buyers and suppliers?

There have been some tendencies in the marketplace to try to turn valves into a commodity like piping and to try to cut out the valve specialty distributor in order to try to cut costs. Fortunately, many users still consider that the cost of the valve goes far beyond the initial purchase price and that long term cost of ownership is a key factor. Safety, downtime and maintenance costs are certainly highly impacted by the choice of valve. Factors like service life and reparability can be more important than initial price and based on records of an independent service shop, our valves are at the top of the list in reparability.

I think there is still a lot of value for valve buyers in dealing with knowledgeable valve distributors backed by quality valve manufacturers who actually design and manufacture world class quality products and stand behind their quality.

Is the world a global village or are there significant differences in doing business in various countries?

Large multinational users are trying to globalize their purchasing through global supply agreements, but even in these cases there are still local factors that can't be ignored.



Local subsidiaries often have different buying practices and preferences and the role of distributors varies from country to country. We try to be open and flexible as much as possible to adapt to local requirements.

What will be key markets for you in the next few years?

I can't be too specific but we see the best prospects for future sales growth in the market for more sophisticated engineered products. For example in the past year we have introduced a new range of power ball valves and developed an innovative metal seated ball valve which we call the "R" Type for high pressure severe service applications in the chemical, petrochemical, and refining markets. We also introduced a range of cast steel HF Acid valves to add on to our small forged line. We are using our 50 years of valve experience and strong engineering capability to develop new world class products. It's not easy to introduce new products but I think developing our own valve solution for a particular market is a better long term solution than collecting a hodge-podge of companies and brands in a large conglomerate. ■

* Please see page 73 of the October 2002 issue of Valve World for an interview with Mr Kobayashi, CEO and President of Kitz Corporation.