

ALKAHFI L RIDING WAVES

FOR a relatively young company, things are certainly looking up for Alkahfi Lestari Oil & Gas Sdn Bhd, a Petronas-licensed provider of products and services to the Oil & Gas and Petrochemical Industries.

Established only in 2012, Alkahfi Lestari is gaining momentum and growing its reputation in the marine, oil, gas and petrochemical industry – thanks to its focus and commitment to the market as well as proven management team and workforce.

Above all, Alkahfi Lestari is slowly but surely becoming a force to be reckoned with particularly in providing fast crew boats services.

A crew boat is a high-speed workboat, typically built with marine grade aluminium, with an enclosed air-conditioned passenger





BY MIOR AZHAR

ESTARI THE HIGH

seating area and open cargo deck area. Crew boats are the main mode of transport for the offshore oil and gas industry around the world. They complement, and in most cases substitute, the use of helicopters.

They, in fact, are primarily the shuttle buses for the offshore oil industry.

Amazingly, the company started offering fast crew boat services only in 2015 when Alkahfi Lestari chief executive officer Mohd Nazri Mohd Zain came on board. Mohd Nazri brought with him his expertise in operating the crew boat from his previous company and today Alkahfi Lestari is already the owner of six crew boats with another two brand new boats set to be launched this month.

Mohd Nazri attributed Alkahfi Lestari's growing success to its commitment and understanding the needs of their clients as well as its willingness to adopt new technology.

"When we started venturing into O&G, the first step or decision made was to understand issues faced by clients and come up with possible solutions to address their needs rather focusing or

providing what is already available in the market. This decision has helped us to be more focused in our approach and be ahead of competitors," he explains.

Before 2015, the company focused only on trading of equipment where it offered a broad range of O&G-related products, from Korea, Italy and Norway among others, with proven quality and cost competitiveness to enhance customers trust and expectations.

"That part of business is still going on. Today, we are also an experienced manufacturer's representative and distributor, with detailed knowledge of customer requirements in terms of technical and business processes. We provide a broad range of products with different capabilities and technologies and more importantly proven product quality and performance. It is our main objective to propose the right solution to the customers rather than "pushing the principal's products".

In that segment, Alkahfi Lestari has, for example, collaborated with Febus Optic SAS, France to provide services to Malaysia's market and PETRONAS's projects by using distributed Optical Fibre Sensing to detect / to measure temperature, strain, and pressure.

ALKAHFI LESTARI'S ACHIEVEMENTS & AWARDS TODATE

COVER STORY

May 3,
2018

MV Alkahfi Aminah received "2017 Marine Vessel Safety & Operational Excellence Award" from Repsol Oil & Gas Sdn Bhd

Oct 4,
2017

Received "2017 Marine Safety Observation Campaign - Best Unsafe Condition Submission (August)" from Repsol Oil & Gas Malaysia Limited

May 16,
2017

Received Focused Recognition Award for "3 Years Free LTI Equivalent to 3.7 Mil Safe Man Hours Since 25 .04.2014" from PETRONAS

Apr 20,
2017

Received "2016 Marine Safety Campaign - Consolation Winner for Safe Navigation" from Repsol Oil & Gas Malaysia Limited

Febus G-Series takes advantage of light-backscattering in standard optical fibres to measure precisely strain and temperature everywhere along those fibres. Typically, a single FEBUS G1 acquisition gives strain and temperature measurement every 1m over a 30 km long optical fibre cable.

CREW BOATS SERVICES

Today, however, the fast crew boats service takes centre stage. With his expertise acquired from his previous business venture, Mohd Nazri sets out to position the company as a prominent new player in offering the fast crew boats services.

As of now, Alkahfi Lestari is operating its fleet in accordance with the superlative professional standards and equipped with the latest technology. The clients of Alkahfi Lestari include some locally listed companies and other international O&G firms that are involved in the offshore O&G exploration and production and oil services industries.

"In March 2015, we acquired a license for the marine business needed for us to operate the crew boats. Being new,

we started off as an agent to a foreign owner operator and began offering our services," Mohd Nazri says, adding that in this business it is almost given that new player started off as agents before becoming owner operators of the crew boats.

"There's no such thing as owning a vessel right off the bat. All Malaysian companies have to either start as an agent and team up with foreign vessel owners or get a contract before it is possible for them to own a ship."

Mohd Nazri recalls that around the time they got involved in the crew boats business, the petroleum industry suffered a downturn and the oil prices dipped to as low as below US\$30 per barrel.

"It was during this time many cost-cutting measures were instituted as per Petronas' order. And this included the need to reduce the usage of helicopters in flying the workers to the oil platforms which has become a rather expensive affair. A cheaper alternative was required, and this is where we the fast crew boats providers stepped in," he adds.

According to Mohd Nazri, economically, fast crew boats make more sense as it can carry up to 70 passengers plus some light cargoes whereas helicopters can only fly about 12 to 15 passengers at any one time.

The slowdown in the oil industry then was, in one way, a blessing in disguise for Alkahfi Lestari and not long after they decided to upgrade themselves from a mere agent to becoming its own owner operator.

"The demands certainly outweighed

the supplies then and the time was right for us to make the move upwards," says Mohd Nazri.

They decided to purchase one fast crew boat first. However, it wasn't an easy move as bank loans were hard to come by especially if you were from the oil & gas sector then.

That's when creativity kicked in and the company approached a Singapore-based ship builder directly and proposed a hire purchase arrangement without having to go through a bank. Such an innovative idea was well received by the builder and in 2016, Alkahfi Lestari launched her first fast crew boat.

Today it has two offices, a headquarters in Kuala Lumpur and another one in Kemaman, Terengganu. Most of the fast crew boats are based in Terengganu.

"When we first bought the ship, it was named Pelican Gain. We renamed it *Alkahfi Asura* in honour of my mother's name. Soon after, Alkahfi Asura was chartered by Repsol on a two-year contract," he recalls.

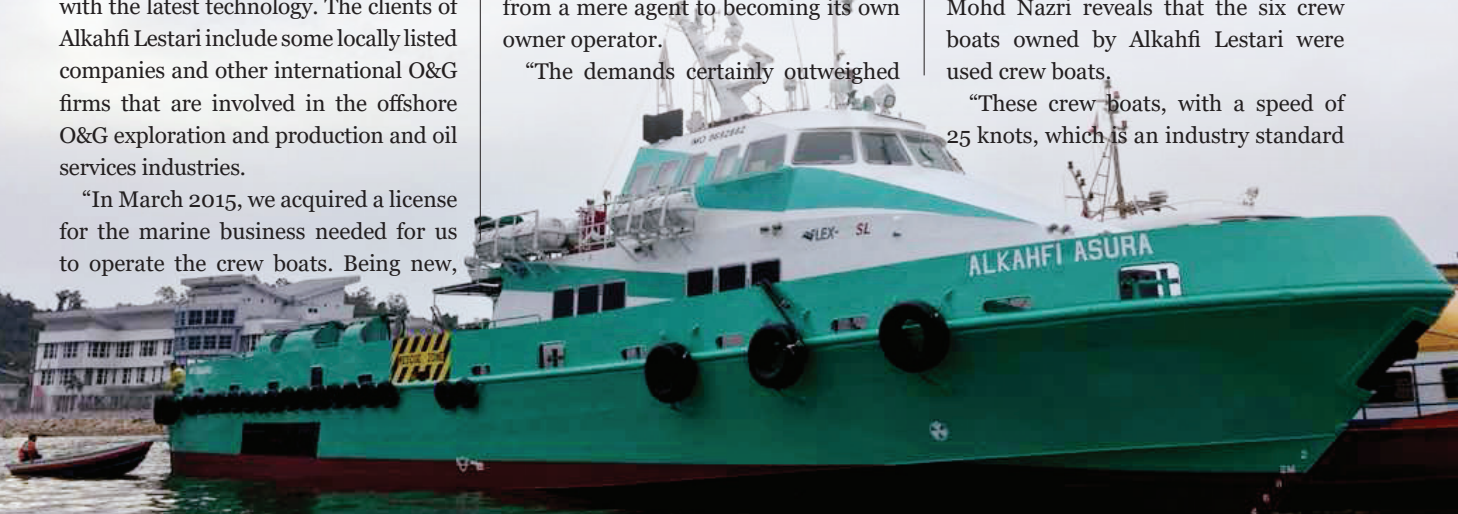
Alkahfi Lestari cruises on steadily and today it has 12 contracts with five being long-term contracts. And last year alone, it acquired another five fast crew boats namely *Alkahfi Alisya*, *Alkahfi Aminah*, *Alkahfi Sumayyah*, *Alkahfi Salina* and *Alkahfi Maryam*. Besides that, it also operates 10 others crew boats in cooperation with their partner.

In addition, it has also received several acknowledgement awards from their clients.

BUSINESS APPROACH

Mohd Nazri reveals that the six crew boats owned by Alkahfi Lestari were used crew boats.

"These crew boats, with a speed of 25 knots, which is an industry standard



MOHD NAZRI

THE ALKAHFI LESTARI'S ABLE STEWARD

today, were about one or two-year olds and are still in good condition to serve our clients' needs. Our focus is to provide reliable services to our clients and these boats are doing just that."

However, Mohd Nazri and his team are not resting on their laurels and expect good things to roll over by itself.

"After being in this business for quite some time, we understand the market and we aim to be better. Therefore, we are always on the lookout for better ways of serving the clients. As a matter of fact, our desire for continuous improvement has helped us to be what we are today," he adds.

With that view, Alkahfi Lestari is making a huge leap this month when it is set to launch two brand new fast crew boats that it believes will further spice up Malaysia's offshore oil and gas industry.

"These will be our first brand new boats," Mohd Nazri proudly reiterates, adding that the Flex-42X crew boats (the 42-metre aluminium multi-role crew boats) are capable of transporting offshore workers and oilfield cargo at a speed of up to 30 knots – making them the fastest mid-sized crew boats in the region.

Mohd Nazri says the new crew boats, named Alkahfi Care and Alkahfi Courage, bring to the market new levels of speed and comfort.

Mohd Nazri explains that these brand-new crew boats, exclusively built by its partner Singapore-based Penguin Shipyard, feature a proven hullform adapted from fast ferries, active ride control interceptors and 4350 BHP of horsepower supplied by three Caterpillar C32 ACERT main engines.

Other features of Alkahfi Care and Alkahfi Courage are:

- 80 reclining business class seats with more than 1,000 mm seat pitch, offering the most generous leg room among crew boats in Malaysia;
- Accommodation of up to ship's crew;
- 80,000 litres of fuel capacity and 20,000 litres of fresh water capacity;
- 110-metre square cargo deck;
- External fire-fighting monitor;

AS a provider of fast crew boat services to the local oil and gas market, Alkahfi Lestari Oil and Gas Sdn Bhd may have been somewhat new. But with its chief executive officer Mohd Nazri Mohd Zain at the helm, the company has been enjoying good growth these past three years.

With his competitive spirit and a will to win, the 40-year old engineering graduate of Universiti Malaysia Sabah has steered Alkahfi Lestari to be a reputable and well-respected company.

Mohd Nazri sits down with *Malaysian Business* where he shares his views on the local oil and gas industry and also is aspirations for the company.



Q | O&G industry in Malaysia is very competitive. In what direction, do you see, the industry is moving towards today?

Mohd Nazri | In my view, cost cutting will be major agenda and direction of the industry. Even though the oil price has increased rather significantly and reached close to US\$70 per barrel (at the time of the interview), the market sentiment has yet to improve.

Major oil companies are still cautious of their investments. These companies are still trying to keep their expenditure at a minimum cost in order to sustain their operations in case oil price drops again.

Having said that, I also believe more projects will be resumed soon especially if oil price is sustained at the present range. This will lead to a better demand for offshore vessels services, our fast crew boats included.

Q | What are some of the lessons

that you've (or Alkahfi Lestari) learnt from the volatile oil prices in these past few years?

Mohd Nazri | Lesson learned from the unpredictable oil price is to not take things for granted and to always be prepared for the worst. When oil price was hovering above US\$100 per barrel in early 2014, no one thought it could suddenly dropped to below US\$40 per barrel by the end 2015. Lower price forced oil majors to cut their expenses

by cancelling projects and negotiated reduced rates with their contractors. This sudden change caused major impact to the industry and pushed a number of major players out of the industry.

That taught us to always be prudent in our business venture, especially when it

comes to investments and managing operating cost. That's why today, we always pay close attention to our expenditure and to ensure that all our undertakings are justified and reasonable.

Q | When it comes to Alkahfi Lestari, what are you most proud of?

Mohd Nazri | I am definitely proud of our growth and what we have achieved in such a short period of time. When it comes to fast crew boat services, we practically started from ground zero and look where we are today. I am also grateful that our services have also been acknowledged by our customers and partners. On that note, I would also like to thank Petronas for their trust and believe in Alkahfi Lestari.

Q | Besides the launch of new crew boats this month, what are

your goals in 2018?

Mohd Nazri | Our first priority is to establish Alkahfi Lestari as a brand well known for quality vessels and services. To achieve this, we are giving our utmost importance to the maintenance and crewing of our vessels.

Proper and constant maintenance is key for us to maintain optimum performance and reduce downtime of the vessels. This, however, would not be achievable without the full support from our employees, both onshore and offshore staff and crews.

While we have good team onshore, we are continuously trying to engage best possible crews onboard our vessels. We try to, as far as possible, engage the same set of crews to the same vessel.

We believe by doing this, the crews will develop sense of belonging to 'their' vessel and will do their best to upkeep and maintain "their" vessel.

This coupled with the able support from onshore staff will help us to offer the best possible performance and services to our clients.

In addition to that, safety procedures are also equally important to us as a Petronas contractor as we must adhere to their stringent safety requirements. On that note, my team and I regularly attend safety programmes to ensure that we are always be on top of our game.

Business-wise, we are exploring the possibility of offering add-on services to our existing O&G clients. This is still at a discussion stage and may only materialise end 2018 or early 2019. We will reveal detailed information of the services once we finalised the details.

We are also making headways into expanding our fast crew boat services to other countries in the Southeast Asia region. In fact, we have been in discussions with potential customers in Brunei and Myanmar and pending approval, we hope to be able to serve them by early next year.

All in all, we will continue to serve our customers with high-quality service vessels for the offshore oil industry.

Q | How would you describe

your management style?

Mohd Nazri | As an organisation, we are not that big. We have about 17 onshore employees here Kuala Lumpur and Kemaman and 48 crew members on board our boats. As a CEO, I champion teamwork. We need to be able to work together efficiently and effectively to achieve our goals. I am here to guide them.

In that sense, we are also very flexible at work. Since O&G is a 24/7 industry, we cannot be too strict in implementing the working hours. Our standard working hours is from 8-5 but we also understand the nature of this industry where on several occasions our employees are required to work way past the office hours and even during weekends to complete certain tasks.

So, whenever there are lull period, we always encourage our employees to go home early and spend time with their family.

We value family time and allow flexibility to our employees provided they are focused in their work and be ready to serve the company as and when the situation arise.

This has helped us to retain our staff, which in turn help us to attend/solve issues or problems quicker and professionally as the staff have been with us longer and are well verse in their job.

Q | What keeps you at night and what do you do in your free time?

Mohd Nazri | With crew boats, you are bound to face problems quite regularly. For instance, exposed to harsh sea conditions, boats tend to be unusable after some time and such a problem may jeopardise your customers' operations. You need to be able to solve issues like this as soon as possible as it may also affect your bottom line. Some of these challenges do keep me awake at night.

As for free time, I always use it to spend time with my wife and two kids. I also travel quite regularly so it is only fair that any spare time I have I spend it with my family. **mb**

- Electronic Fuel Management System for remote tracking of fuel consumption from the shore;
- Multiple CCTV cameras inside and outside for maximum security coverage;
- Ample natural lighting for passengers and crew on the main deck and below main deck; and
- Humphree active interceptors to optimise ride comfort, fuel consumption and speed efficiency.

Noting that most existing crew boats run at a speed of 25 knots today, Mohd Nazri says that with the new crew boats, the travelling time will be reduced by 20%.

While thinking outside the box is vital to ensure their success, Mohd Nazri also believes in having good relationships



with their customers, business partners and other industry players.

"Never stop building meaningful relationships with customers and other people in your industry. For example, choosing to instead view competitors as potential partners and collaborators can positively impact your business in a big way.

"Here at Alkahfi Lestari, we always make it a point to communicate with our clients on regular basis, even when we do not have any vessel on charter to them. Constant communication allows both parties to understand problems and issues of each other better and this in turn, helps us to come up with best possible solution faster when the needs arise," he reasons.

In addition, Mohd Nazri says that the company also strongly believes in providing the best possible after sales support for their clients.

"Even though the job may have been

completed and products delivered, we understand the need of the customers in the after-sale phase. Technical support and training are always available for them and any special needs can be discussed to fit with the customers' requirements," he adds.

CHALLENGES

Like many businesses, Alkahfi Lestari also faces challenges from time to time.

According to Mohd Nazri, one of its biggest challenges in its early days was to get support from the vessel owners.

"We ventured into this as an agent. During the early days, it was very challenging to get support from owners as many were not aware of a company called Alkahfi Lestari and most of them already have partners in Malaysia whom

us some grace period for the payment. The owners slowly accepted back to back payment terms once we proved ourselves and paid them as soon as we received payment from our clients. We are still maintaining prompt payment as part of our rule for vessels being chartered from third parties," he explains.

Mohd Nazri also shares there's also an outside factor that proved to be a challenge for them to eventually rise above the occasion.

It started when Petronas implemented a new condition for the issuance of its licences that stated that only owners/operators of particular type of crew boats are eligible to apply for Petronas Licence for the said category.

"This means no licence will be issued to agents who do not own any vessels

FUTURE

Mohd Nazri believes that the demand for fast crew boats is expected to remain strong in the near future and Alkahfi Lestari aims to be the market leader in this market segment.

"When I say market leader, our target is to be a prominent player that comes with modern and advance fast crew boats, not necessarily in numbers. Of course, we are planning to increase our fleet size, but we are very cautious in this matter. We will only invest when we found the right technology and there is demand for the vessel."

Mohd Nazri believes that the key to stay relevant is to keep abreast with latest development in the industry and technology.

"We have to develop an ability



they are comfortable of working with."

"However, we didn't give up and keep persuading the owners to give us at least one-off opportunity. At last, one company agreed to give us the opportunity to represent them for a tender. We were lucky as the contract was awarded to Alkahfi and the success eventually leads to more opportunities with the same company," he recalls.

Another challenge of being the new kid on the block was on the issue of payment terms with the vessel owners.

"In the early days, the vessel owners insisted on advance payment in order to support us in the tender process. This has caused tremendous pressure at our end as we have to agree to their term while at the same time we have to face payment in arrears from our clients."

"We, somehow managed to address the situation by sourcing funds from various sources and convincing owners to allow

under said category. This requirement has pushed us to look into ways to acquire at least one crew boat in order to stay afloat in the industry. After a long struggle, we managed to acquire our first vessel and it marked a new chapter for Alkahfi," he adds.

Another challenge, says Mohd Nazri, was to make the experience travelling on the fast crew boats as comfortable as possible.

"Many people weren't used to taking crew boats. Helicopters are much faster and comfortable. In most cases, they can reach their destinations within one to two hours. But by crew boats, it'll normally take one hour for a distance of 20 nautical miles and early on many were suffering from seasickness."

"That's the we decided to purchase the two brand new crew boats that not only will cut the travelling time but also be more comfortable."

to foresee future requirements and deliver products/services that meet the requirement of the future. This will only be possible if we are in constant touch with our customers and put in effort to understand their needs while sourcing for solutions and/or technologies which can help to address their future needs. "

That said, Mohd Nazri reveals that presently they are also are working with its partners to deliver new type of fast crew boats into Malaysian market.

"We cannot reveal further information now but will surely announce it to the market when the time comes."

Mohd Nazri also says that the company intends to penetrate into other markets in this region like Brunei and Myanmar as well as to offer other types of offshore vessels to the Malaysian market.

"We hope to realise all these goals within the next three years." **mb**