

HFI

Driving the energy transition in the Middle East with Carbon Capture and Storage (CCS)

How is HFI thriving?

Hugh Fraser has been on a rollercoaster journey with HFI. Having sold up in 2013 after 10 years, he re-acquired the business in 2017 amid the fallout of the mid-decade oil crisis in 2014-2016. Determined to re-inject a clear focus and direction into the business, the decision was taken to diversify its client base and to extend its service offering to relevant areas of the energy transition, leveraging its already formidable standing in the GCC.

The challenge

Not many entrepreneurs can say they have built up a business from scratch, sold it, and reacquired just a few years' later.

For Hugh Fraser, who splits his time between Dubai and Aberdeen, this is exactly what happened in regard to his legal and consulting services company HFI. Initially set up in 2003, it deals exclusively in the Middle Eastern energy market and soon established itself as a go-to niche implementor of business expansion projects in the region.

In 2013, Fraser sold the firm to a major US law firm, committing to a four-year handover in order to support the transition of the business to its new owners – what Fraser did not anticipate was the oil price crash that would follow within a year.

The crisis had a profound impact on HFI and its business serving clients in the GCC oil and gas sector, with clients shifting from growth to survival strategies. The challenge was laid bare. HFI would need to diversify and offer more to both its traditional customers and those driving energy transition efforts.



The solution

Fraser completed the buyback in August 2017 and set about steadying the ship.

Part of the refocussing came in the choice of clients to support. Prior to the oil price plunge, HFI had routinely provided services to SMEs operating in the Middle Eastern oil and gas market, helping them to place a foot on the ladder of a very difficult industry for new players to break into.

Furthermore, pricing was set at pre-fixed levels to ensure fewer client conflicts and tensions, along with greater certainty on forward sales. HFI also utilised specialist applications software to a much higher degree, allowing a whole tier of personnel costs to be removed.

In response, Fraser and HFI carried out a major strategic review in Q2 which uncovered two key priorities.

First, to re-intensify advanced oil and gas technology driven work with private equity clients and, second, to penetrate into the energy transition channels.

The first priority led to the creation of HFI Petroleum Technology, built to target advanced energy technology ventures of clients with Saudi Arabia and Abu Dhabi within the relative safe haven of ARAMCO and ADNOC operations.

Regarding the move into energy transition, Fraser had seen first-hand from Aberdeen the traction gained by offshore wind in western Europe. However, the conditions in the Middle East are far better suited to solar power, a subsector that did not correlate to the HFI clients and connections base.

The focus, therefore, was to be placed on carbon capture and storage under

Get in touch! Share your news and views...

Email: marketing@the-eic.com · **Phone:** +44 (0)20 7091 8600 · **#EICSurviveandThrive**

the banner of HFI Net Zero Legal Solutions, a move which was also part-inspired by the work of the Global CCS Institute (GCCSI) and International Energy Agency.

At the end of 2020, the Global Carbon Capture and Storage Institute, the works leading think tank on CCS, reached out to Fraser through ex-Shell Carbon Projects specialist Angus Gillespie, who found HFI through Scottish Development International's GlobalScot network.

The collaboration represented HFI's breakthrough into the carbon capture and storage space, and began with planning how the Institute could penetrate the Middle Eastern market. GCCSI is comprised of 80 member organisations and is member-owned – all specialist businesses with eyes on the region.

The potential for HFI and its newfound client-based to thrive here is enormous, with billions of dollars set aside to drive towards these lofty ambitions.

Qatar Petroleum's \$30 billion North Field Expansion Project has a carbon capture and sequestration system at the heart of its wider CCS scheme in Ras Laffan which, once operational, will have the largest capacity in the LNG sector at a projected five million tonnes of CO2 capture per year.

ADNOC's Al Reyadah Project in Abu Dhabi is equally capturing up to 800,000 tonnes of carbon dioxide from the flue gas of an Emirates Steel production facility, injecting the CO2 for enhanced oil recovery in nearby oil fields.

Further, the United Arab Emirates is targeting carbon capture hydrogen with the aim of becoming one of the most prolific producers in the world, while Saudi Arabia and Germany also recently signed a hydrogen MoU.

If HFI can tap into these plans through its Qatar Ventures initiative (QATVI), Abu Dhabi Ventures Initiative (ADVI), or Saudi Arabia Ventures Initiative (SAVI) – each aimed at supporting local communities in accelerating CSS



deployment – its foothold in the Middle East CCS market will surely become permanent.

About HFI

HFI Consulting International is a group of specialist professional services businesses led by Hugh Fraser, a Scottish corporate/energy lawyer and member of the Scottish Development International GlobalScot international trade ambassador network. The company provides specialist consulting and legal services for international business ventures with advanced technologies in the oil & gas, power, renewable power and water sectors in developing high growth markets. Its businesses comprise: HFI Bridgehead Solutions, HFI Net Zero Legal Solutions and HFI Petroleum Technology Legal Solutions, HFI's Net Zero Legal Solutions. HFI is based in Aberdeen and Dubai.

Story type

#energytransition (main category)

#diversification, #serviceandsolutions

Benefits

- Successful breakthrough into energy transition with HFI Net Zero

Key findings

For industry

- Maximise homework on market-ability, positioning and pricing of the product/service
- Set and stick to a rigid, gross profit, EBITDA and net profit model

- Be realistic on timelines, sales and costs projections. Manage cashflow aggressively
- Invest in good people and don't be afraid to let go of personnel who cannot add value
- Be independently minded, resilient and brave – "it's your business not a democracy"
- Balance up entrepreneurial risk-taking with managing the downside

For government

- Support bridgehead cluster ventures and similar business models for SMEs.

Government support?

The company has not received any type of government support.

HFI at a glance:

Key products and services: Legal and consulting services

Main industries served:

- Oil and gas – 80%
- Carbon capture and storage – 20%

Headquarters: Aberdeen, UK

Year established: 2017

Number of employees: 4 (in addition to six consultants)

Revenue: £750,000

Revenue from exports: 100%

Sign up for the EICOnline newsletter:

Visit www.the-eic.com/Forms/NewsletterSignup



@TheEICEnergy



EIC (Energy Industries Council)