



# Trans-sector Solutions

As a pioneer in asset management, Transfield Services has developed years of experience in maintaining and operating key assets for clients across a host of different industries.

Images by Scott Ehler

**G**raeme Hunt, Managing Director and CEO of Transfield Services, started his career as a metallurgy trainee for BHP's steel business. He spent 12 to 15 years in the steel sector before moving into transport, particularly shipping and port management. He then transitioned into the resources sector, holding roles with global responsibility before leaving BHP just after the global financial crisis hit. Graeme became CEO of PNG-based Lihir Gold, which had operations in PNG, Australia, and West Africa. Following the merger of Lihir with Newcrest Mining in 2010, he established his own successful consulting business and became a professional company director, joining boards such as AGL and Transfield Services. He eventually stepped down from the Transfield Services board to take up the MD and CEO role in November 2012.

"I've had lots of experience on both a global and a national basis across most of the sectors that this company now does work for. So I am very familiar with being a client and I am very comfortable around capital-intensive industries,

be it infrastructure like roads, rails, and ports, or in mining, petroleum, or energy. It certainly gives me some insight into the customer's view of the world, the challenges that exist on both sides, and the importance of getting the maximum out of the physical assets. I also understand how to get the maximum out of the human assets that are involved in the running and maintaining of those plants and operations. Most importantly, I know what performance is needed to justify the original investment cases in those physical assets."

Transfield Services operates in a unique field as a global provider of operations, maintenance, and construction services to the resources, energy, industrial, infrastructure, property, and defence sectors. The company takes a very hands-on approach to ensure maximum quality and life span for all assets under management. "Most of the time, you will find the twenty-odd thousand people that work in our business on our clients' sites. So they're out there, in some cases, with a rag and a spanner in their pocket making sure that the facilities continue to run. In

other cases, it is project managing the delivery of a new facility for a client."

Graeme was brought into the role for two key reasons. "One was to refresh and refine our strategy. We've done that, and it has given us some more focus on where we want to take the business. But even more so, one of the things that I thought needed to be done was to improve execution effectiveness. A lot of the focus in the past 18 months was about getting the right systems and processes and people in place to make sure we're heading in the right direction. A key achievement is that we have continued to improve our safety performance and drive down our injury statistics. That is critical in this kind of business not only because it's the right thing to do, but because it's your licence to operate.

"We have spent a lot of time improving our contract bidding systems and processes to make sure that we are much better at bidding and tendering. That's not only from the perspective of enhancing our opportunities to win work, but also to make sure that we get the expected outcome when we win it and have to execute. >

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“The last piece is really just taking a lot of costs out of the business. We were bloated in some areas, particularly when it came to overheads. In the past, we had built up the resources for growth, but the growth didn’t follow to the degree that was expected. So we needed to make sure that we were a much leaner organisation. We are now much fitter for purpose going forward.”

Transfield Services often operates in joint ventures and collaborations to use the complementary skills its partners can provide. “In oil and gas and in power utilities, we have strong relationships and partnerships with WorleyParsons. They bring the engineering and design element and we bring the execution and maintenance part to it.

“In the ferries joint venture, we work with Transdev. They have a deeper public transport track record than we do, but we have the local knowledge and experience. That works well together. In one of our North American businesses in Canada, we work with URS, a North American engineering, construction, and maintenance business that has the local market knowledge. We work well together in their backyard.

“On the general supply-chain side, we recognise that you can’t bring everything on your own, and having very strong subcontractors and suppliers is a part of providing solutions to our customers. We like to work with organisations that bring something which complements our skill base and we can join together to give a stronger solution than we could on our own.”

Graeme’s extensive experience across the various global sectors Transfield Services operates in has given him a vast understanding of

*“Wipro is proud to be Transfield’s strategic global IT partner, delivering consulting-led solutions that augment Transfield’s own transformation initiatives. We are also engaged on Mobility and Work-Scheduling initiatives that improve productivity and efficiency in Transfield’s field operations, helping them do business better.” - Manoj Nagpaul, Chief Sales and Operations Officer, Asia Pacific and Japan, Wipro Limited*



the contracting industry. “If you have been around long enough, you have seen things come and go. One thing you notice is that various businesses and sectors always go in cycles. Sometimes, the length of the up or the down swing tends to be longer than most people expect. And one of the things I have learned over the years is that you’ve got to operate pretty consistently regardless of the cycle. For example, taking costs out of your business and being as efficient as you can is something you have to work just as hard on when you are in a growth cycle as when the market is harder. If you don’t do it all the time, it is very hard to take the cost out at a later stage.

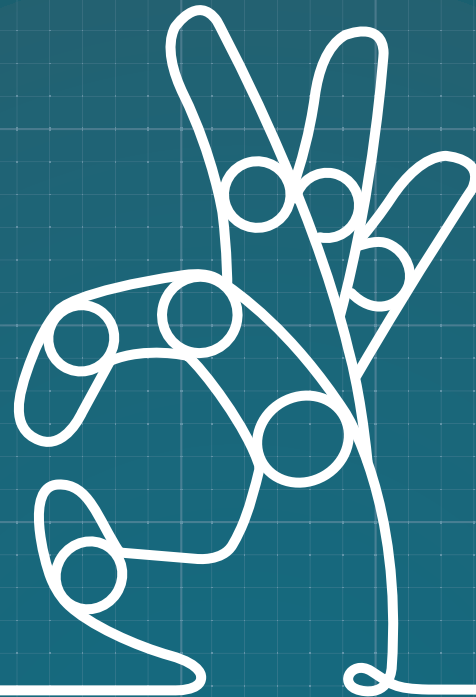
“I think one of the other major changes over my years in business has been scale and technology. Everything is much bigger now. And the technological requirements you need to understand what is going on have also scaled up. The technology is more advanced too. So the skills that your people need to get on



top of the challenges of providing the services that are expected of them are greater. You need to keep upskilling your people. On the other hand, you have more data at your fingertips than you know what to do with. So it’s a question of how you manage that data to get good information and results out of it.”

Transfield Services is currently going through a process of realigning its operating model, which is a crucial element for the company’s future growth plans. “We are reorganising to ensure we have better market knowledge and are able to better capture opportunities across the three >

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broad sectors we operate in: infrastructure; defence, social, and property; and resources and industrial. We're also focusing more strongly on the five services we provide across those sectors: logistics and facilities management, consulting, construction, operations and maintenance, and well servicing.

"In more detail, the first sector is traditional infrastructure—roads, rail, telecoms, water utilities, and electrical utilities. The growth there is probably more modest, but there is ongoing reinvestment in those kinds of critical infrastructure. Often, our clients there are state-owned or ex-state-owned enterprises, be that in Australia, New Zealand, or in the Americas—it varies within those subsectors. But we do see that there are still significant growth opportunities, particularly as owners of those assets, facilities, and providers of services look to reduce their costs. They are considering outsourcing to companies like ours as a proven, effective measure to improve productivity and reduce expense.

"The next sector is defence, social, and property. We already look after a broad range of defence-related services for the Australian

Defence Force, ranging from aircraft refuelling and firefighting through maintenance and facilities management on defence bases across nearly all Australian states, to maintenance of the navy's air-warfare destroyers and Collins Class submarines. With the Australian military facing some major equipment acquisition and expenditure programs over the next decade, we believe we can contribute a lot of smart thinking as they seek to get maximum value for money from service providers. Through our work running the Department of Immigration and Border Protection's Regional Processing Centres on Nauru and Manus, we also have a proven ability to manage facilities in remote and challenging locations, which are supplied by a complex logistics chain. We also see future opportunity as state and federal governments seek to reduce costs by outsourcing the provision of some social services in the future.

"The final sector we operate in is resources and industrial, which includes oil and gas. We see a significant amount of ongoing growth opportunities in that sector, as there is so much money still being spent, particularly in the oil and gas sector in Australia.

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- Graeme Hunt

"A lot of what we do right across our business is dependent upon what comes after the capital investment cycle. While you might get a big boost in investment over a three- to five-year period, what we're focused on is that those assets last for about 30 years. We want to align ourselves with the owners of those assets to operate and maintain them over that life cycle. In the resources sector, it is a bit of a mixed bag, but there is still significant growth potential, particularly around the work we do in the oil and gas sector."

Improving efficiency will be challenging for Transfield Services as many clients are reducing spend due to market volatility. "Outsourcing can provide a viable alternative. Each of our five service lines has the job of driving better execution for the client, driving continuous improvement, and getting cost out, while further developing our own intellectual property. This sort of outsourcing approach is very effective, and there have been a number of examples of that.

"One of them is Harbour City Ferries in Sydney, which we operate in joint venture. The outsourcing of that operation has been very successful in terms of improving the effectiveness of the operation and also the efficiency. So the cost of operations has improved at the same time that the patronage of the ferries has increased, because the quality of service has gone up."

Transfield Services provides a crucial service across some of the most complex and capital-intensive industries. As many sectors dial back spending and focus on streamlining operations, Transfield Services is there to ensure its clients' assets are maintained, operating seamlessly, and continuing to improve. •

*"Toyota Fleet Management enjoys a longstanding, mutually respected relationship with Transfield. Due to the diversity of their business, we finance a variety of vehicles and equipment for them. We thrive on exceeding their expectations, and our partnership is underpinned by trust." - Ed Stanistreet, General Manager, Toyota Fleet Management*