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HEAD TO HEAD

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McCallum takes the industry long view

Xergy chairman says current crisis may be **catalyst for move to 'digital ecosystem'**

RUSSELL MCCULLLEY
London

PANDEMIC, oil demand dive, industry entrenchment – all things considered, 2020 might not look like the best time to launch a new business venture with ties to the energy sector.

But James McCallum, chairman and co-founder, with chief executive Colin Manson, of Aberdeen-based start-up Xergy, is undaunted.

In fact, says the industry veteran and entrepreneur, Xergy's core offering – a cloud-based operating management system called Proteus – is especially applicable in this new working environment.

"We have all been changed forever because of the wholesale nature of what's happening across the world with Covid-19, the fact is, every industry has had to embrace what it means to function remotely, using the kind of software and digital tools that enable us to stay working and connected," he says.

Workforce productivity

To the surprise of many, McCallum adds: "We are actually seeing that in many industries the productivity of the workforce is actually increasing as a consequence of being able to work like this."

Proteus, which McCallum is quick to point out is "industry-agnostic", was designed to provide "all of the essential elements that would historically be in a typical project management toolbox, irrespective of what the project deliverable is, but built into a digital ecosystem".

The platform enables companies using digital technology to find talent and set up project teams, manage projects, and work efficiently from practically anywhere, he says.

"We recognise that, particularly on the oil and gas side, it's an extremely difficult time on both sides of the project delivery equation" – for the people who provide skills and services, and the companies that put them to work on projects, including energy developments.

"It's a very difficult time for the freelancer community," McCallum says. "It's also a very difficult time for upstream operators, who

have had to deal with a very volatile commodity price."

While Xergy and Proteus predate the health crisis, he says, Covid-19 "is transforming the way people behave in a digital world" and hastening digital transformation in all sectors.

"We feel that it is the single largest element that can transform the cost base of the industry down, and therefore should be very attractive. But to be honest, the principal thing that needs to change in the oil and gas industry to get costs down to where they need to be is behavioural, cultural. And it's been like that for a decade. We could have gone another 10 years for very slow digitisation of the industry."

If McCallum's entrepreneurial spirit is undimmed, it could be because he has been around long enough to have weathered a few cycles.

The industry crash of the mid-1980s was particularly rough. McCallum, who hails from South Queensferry, on the Firth of Forth, joined the British National Oil Company as a drilling engineer not long after graduating from Aston University, in 1981, with an honours degree in mechanical engineering and dramatic art.

"I was another young, fresh-faced post-grad who had come in at that juncture where the industry was really beginning to mop up graduates just out of university, changing the landscape of technical management in the upstream oil and gas industry," he says.

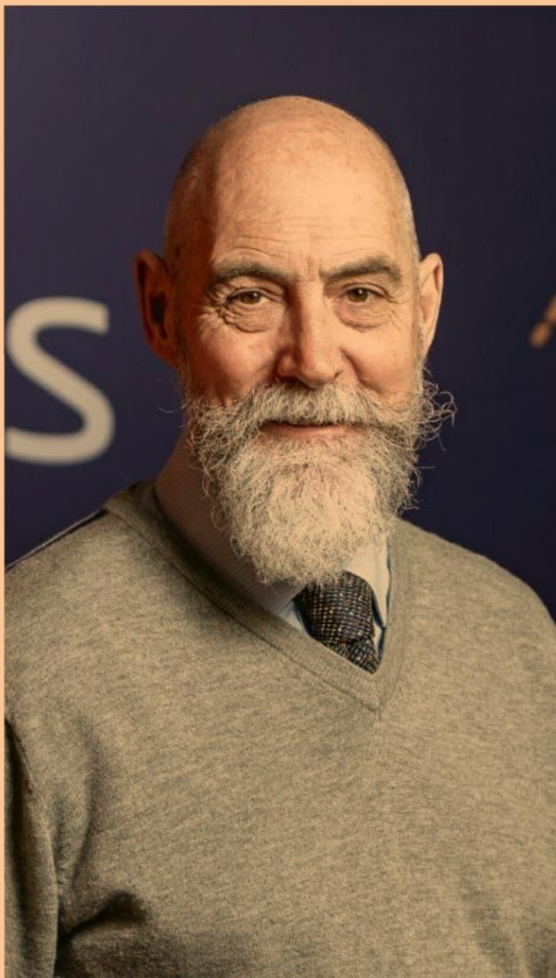
Drilling was becoming a highly complex endeavour.

"We weren't just punching down low-pressure vertical wells anymore. We were drilling on very complex structures that needed proper engineering and geoscience applied to them."

Short-lived

McCallum was genuinely enthusiastic about the industry, but the reverie was short-lived.

"I was just living the dream," he says. "I was travelling the world. I was I was doing what I wanted to do it the way that I wanted to do it, in an industry that seemed new and exciting and front-



Vision: Xergy Group chairman James McCallum

Photo: XERGY

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"And then all of a sudden, as the new kids on the block, we went from being in every meeting and every conversation, to being outside the door, and your keys no longer worked in the locks."

Worse, he saw his father, a petrochemical engineer in his 50s, also made redundant.

"It never occurred to me that I would not go back to the industry, once it bounced back. I would find another opportunity. But my father was confronted with the prospect that he might never work again in the industry," he recalls.

"I remember the trauma of seeing someone who meant an incredible amount to me out of work, no longer the family breadwinner, and facing the prospect of that just might be how it was

going to be for a very long time, if not forever."

His father found a second career as a nuclear submarine inspection engineer, and McCallum, after a stint as an actor and theatre director, made good on his vow to return to the energy sector, founding his first company, McCallumRoss (later Keltec), followed by GMIS/ADTI and, in 2005, the technical management consultancy Senergy Group, which was acquired by Lloyds Register in 2013.

McCallum stayed on in Dubai, where he was living, after the sale, working to develop a telehealth platform to provide medical services in the Middle East, connecting physicians and patients using digital infrastructure.

"I began to see how that would potentially be a philosophy that one could apply to anywhere there

was a source of knowledge and a need," he says.

It was a vision that he shared with Manson, the founder of Xergy and the Proteus platform.

McCallum was once deeply involved in the formulation of the Scottish government's renewable energy strategy and is now working with the rural community of Crail, north of Edinburgh, to develop a vision for sustainable development.

"We've turned our attention to how we make a remote community like Crail an exemplar of a connected community in a digital world."

That mission, too, has taken on added significance in the current environment.

"Community, as a word, is something that we've all come to value, perhaps much greater than we did prior to Covid-19," he says. ■

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Xergy chairman says current crisis may be catalyst for move to ‘digital ecosystem’

By Russell McCulley

London

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