

Interviews from various process industries reveal a mixed bag of approaches in dealing with a limping economy.

By Dr. Jesse Yoder

How is the Economy Affecting Instrumentation Spending?

It's no secret that many companies have experienced downturns since the tragic events of 9/11. To find out what impact the economic climate is having on spending in the process industries, we did a series of interviews with end users from U.S. process companies in a variety of industries. This section gives the results of our interviews with end users of flowmeters in the chemical and pharmaceutical industries. The results are classified according to whether end users said their spending has been up, down or about the same.

The chemical and petroleum industries seem hardest hit by the current economy, within the process industries (again, based solely on our interviews with users, not definitive financial research). Pharmaceutical companies actually seem to be thriving and even taking advantage of the current low interest rates to invest in new projects. Pulp and paper is a mixed bag, with some companies remaining unfazed and others somewhat affected by the economy, depending on their products.

Food and beverage is a stable industry, and is apparently less affected by the economy than many of the other process industries. We all have to eat and drink, even in — or perhaps especially in — hard times.

In our interviews, we asked: Is your spending up, down or about the same as last year and the year before? We also asked if they are changing technologies, and if they are doing anything creative to save money in these tight times. Although many users commented that they are always interested in new technology, for most it was not a priority. Many companies are watching their pennies, even if their spending is not affected. Some are even using the slower business times to take a closer look at being more efficient. One company is scrutinizing their maintenance practices to set up a less reactive and more systematic procedure, for example. Another is planning to consolidate seven old systems into one DCS system. Yet another is looking at how using instrumentation to monitor processes more closely can save money.

Though definitely affected by the economy, chemical companies are still spending money. And some pharmaceutical companies are thriving.

Reports from the Field

Up Industries

- A company focusing on high-yield specialty chemicals has significant projects going on in its Illinois plant that involve instrumentation.
- An engineering company that serves the pharmaceutical industry feels that pharmaceutical companies are taking advantage of low interest rates to undertake new projects.

Down Industries

- A chemical company from St.

Louis specializing in agriculture said their spending is lower than it was two to three years ago.

New technology: This customer is not looking into new technology "because we already use just about everything, including Coriolis, which is good for the right applications (where you measure mass and measurement is not affected by temperature and composition changes)."

- An engineer at a chemical company in Louisiana specializing in chlorine says business has been down for the last three years, but is now starting to pick up. To take advantage of the slowdown and save money, the com-

pany decided to consolidate its seven control systems into one Honeywell DCS system. It has been in the works for two years, but now that things are picking up, the company is going to begin the work in early 2003. The company's Emerson Rosemount transmitters with HART are not compatible with the Honeywell system, so the engineer will manage them both separately from a central location.

New technology: The company is looking into radar for its level technology and moving from differential pressure to vortex and magnetic flowmeters.

- A Texas engineering firm serving

Importance of Various Factors when Specifying or Purchasing Flowmeters

Factor	Mean (Scale of 1 to 5)
Application	5
Handle high temps	5
Technical support	5
Availability of product	5
Chemical resistance	5
Performs well even with noise in the lines	5
Materials of construction for application	5
Product performance	5
Repeatability	4.75
Quality	4.75
Compatibility	4.67
Reliability	4.6
Accuracy	4.42
Price	4.06
Maintainability/Repair	4
Flexibility	4
Durability	4
Safety	4
Installation	4
Calibration	4
Thermic performance	4
Functions immediately	4
User friendly/Simplicity	3.5
Spare parts availability	3
Size/Dimension	1

the chemical industry says that spending is down because no one is doing major upgrades.

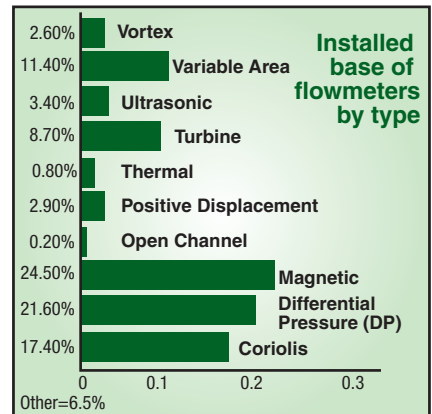
- The Alabama plant of a major chemical company is watching its purchases carefully, but still spends money. Its spending is down from two years ago, but stayed at that level in 2001 and 2002.

- A Midwestern (Ohio) pharmaceutical company says that spending is down a little because no new projects are in the works.

- A process engineer at an Ohio solvents and adhesives company says that capital spending is down because business has suffered in the current economy.

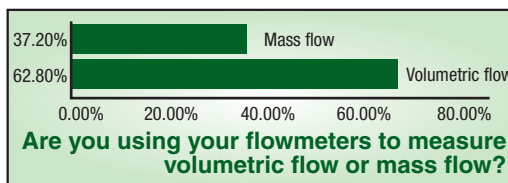
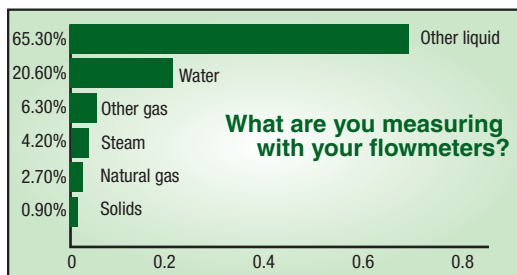
- A process engineer at an engineering company that serves the chemical industry says business has been slow, particularly in the last six months, because upgrades are on hold.

- An engineer at a major chemical company in West Virginia says the economy has negatively affected instrumentation spending.



About the Same

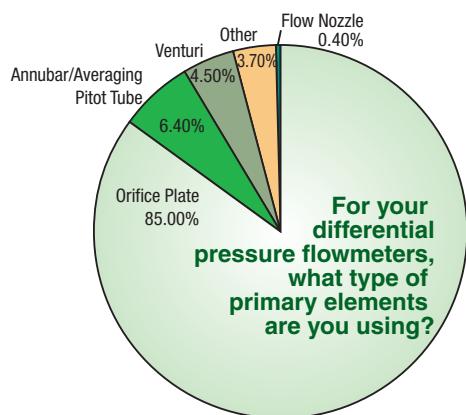
- A paint-related chemical company in Mississippi says that the economy has not made a big difference in its spending because they're producing at the same level. "When things are good, people are painting new things. When things are bad,



About the Author

Dr. Jesse Yoder is president of Flow Research, which he founded in 1998. He has been a writer and analyst in

process control since 1986. Dr. Yoder has written over 40 market studies and is currently completing a 12-volume series of studies on the worldwide flowmeter market. Included in this series is *The World Market for Flowmeters*, which includes all flow technologies. Flow Research (www.flowresearch.com) offers a quarterly update service called the Worldflow Monitoring Service. You can contact Dr. Yoder at 781 245-3200, or jesse@flowresearch.com.



they're painting old things. They always need to paint." They are always looking at new technologies.

- Specialists in polymers for the elastomer and plastics industry in Kentucky say that their spending is "essentially flat" because they haven't needed anything. "We still have some discretionary money for instrumentation, but the economy has affected our spending. We have tighter budgets and we would have to work very hard to justify an expenditure. We're more inclined to shop price, as opposed to going with someone we've done business with in the past. We're reluctant to change vendors, but if there's a necessity, we'll do it. We're doing upgrades, but nothing in instrumentation."

- A pharmaceutical company in Michigan says that instrumentation spending this year is similar to the last two years because the company is thriving.

About the Charts

The charts shown in this feature are based on a series of interviews with end users in the process industries. They were conducted in conjunction with Ducker Research and involved 297 users from Europe, Asia and North America. The charts provide specific information about the use of flowmeters in the chemical industry from users from three continents. **FC**