

# ENERGY OUTLOOK 2020:

*5 Key*

*Trends to*

*Watch*



*The United States energy market is going through significant upheaval as operators wrestle with an imbalance between supply and demand. Additionally, there is a greater focus on efficiencies and cost containment, ever more complex supply chains and contractor relationships, and the growing rise of wind and solar.*

**What awaits us in 2020? Here are five trends we here at RigUp think are key to monitor over this next year.**





1.

## Strong recruitment in the face of price uncertainty.

When it comes to oil & gas prices, 2020 is a mixed picture. Demand still lags behind supply and the global economy hints at a potential downturn. The World Bank predicts that energy prices will average almost 15 percent lower in 2019 and continue to decline in 2020. The International Energy Agency additionally warns that a growing surplus of oil in 2020 is likely to push prices lower.<sup>1</sup>

Yet, there are positive signs as US crude continues to grow in influence and high-volume areas, such as the Permian, continue to recruit. Oil and gas operations in the Permian Basin will support 93,201 jobs in 2020, according to the latest forecast from the Texas Independent Producers & Royalty Owners Association (TIPRO) – 12,209 more jobs than the sector supported in 2019.<sup>2</sup>

In addition, many US operators have undergone the necessary restructuring and cost containment strategies to withstand lower commodity prices as renewable energy enters the US energy mix with wind and solar capacity having quadrupled since 2009.

An aerial photograph of an oil pumpjack (jack-o'-lantern) in a desert landscape. The pumpjack is a large, yellow, mechanical structure used for extracting oil. In the foreground, there are two large white storage tanks on a metal platform. The ground is sandy and shows tire tracks. In the background, there is a green cylindrical tank and some sparse vegetation. A person in a blue uniform is visible near the pumpjack. A white text box with a black border is overlaid on the left side of the image, containing text about job projections for the Permian Basin.

The Permian Basin will support 93,201 jobs in 2020... **12,209 more jobs** than the sector supported in 2019.




2.

## Growing labor shortages prompt a search for qualified workers.

With the rise of renewables and the need for operators to scale up in areas such as the Permian, where half of all US rigs are based, now, more than ever, the success of the domestic US energy sector depends on finding the right people with the right skills. This means the industry continues to face significant recruitment challenges as the need to fill new roles across energy types skyrockets. The industry is on the hunt for talent.

Oil & gas is particularly impacted. In a survey of more than 33,000 people working in oil & gas conducted by [oilandgasjobsearch.com](#), almost 90% of respondents said skill shortages are damaging productivity,<sup>3</sup> with graduates particularly wary of joining the oil & gas sector and replacing those at retirement age.

Expect these recruitment challenges to continue in 2020. Thus it's more important than ever to match the right skills to the right job opportunities, increasing the value of digital work platforms, such as RigUp. There is also a continued focus on contractor management in order for operators to increase efficiency and their ability to scale quickly.



90% of respondents said skill shortages are damaging productivity

3.

## Technology unlocks cost containment and increased efficiency.

The last two years have seen a radically different approach in shale fields with a focus on cost containment, cash generation, and capital returns rather than a 'growth at all costs' model.

While much of the technology focus has been on improved production techniques, such as longer horizontal wells and more frac stages, increasingly the focus is turning to creating greater efficiencies. This is having a significant impact on how companies handle day-to-day operations as they move towards minimizing overheads and incorporating greater digitalization into processes.

Accenture, for example, estimates that, over the next five years in the Permian Basin, technology-driven efficiencies could unlock up to \$11 billion.<sup>4</sup> Equipment and oilfield service providers “could benefit by collaborating to realize a holistic approach to data driven decision making throughout the value chain.”

Examples of new technologies include leveraging analytics and cloud technologies to identify opportunities sooner, new field task systems which take away the manual nature of moving down call lists, new digital invoicing and payment systems, and greater transparency within complex supply chains and contractor relationships, where understanding how to connect to your supply chain is crucial in driving maximum value.

Technologies are also helping operators faced with remote locations and information silos where there is a need to integrate complex networks of suppliers. Watch developments in this space during 2020. It will be the operators and suppliers who embrace the latest innovations who will come out on top.



Equipment and oilfield service providers “could benefit by **collaborating to realize a holistic approach to data driven decision making** throughout the value chain.”

## 4.

### **Complexity drives increased outsourcing.**

Despite greater caution when it comes to significant CAPEX projects in the energy sector and a greater appreciation of costs, the complexity of such projects and their accompanying supply chains is also likely to increase in 2020 with a growth in second and third tier contractors, in addition to prime contractors.

Such complexity brings with it a host of challenges from sourcing qualified workforce companies and the need to pre-qualify contractors to fast-changing local, state, and federal regulations and other legal requirements.

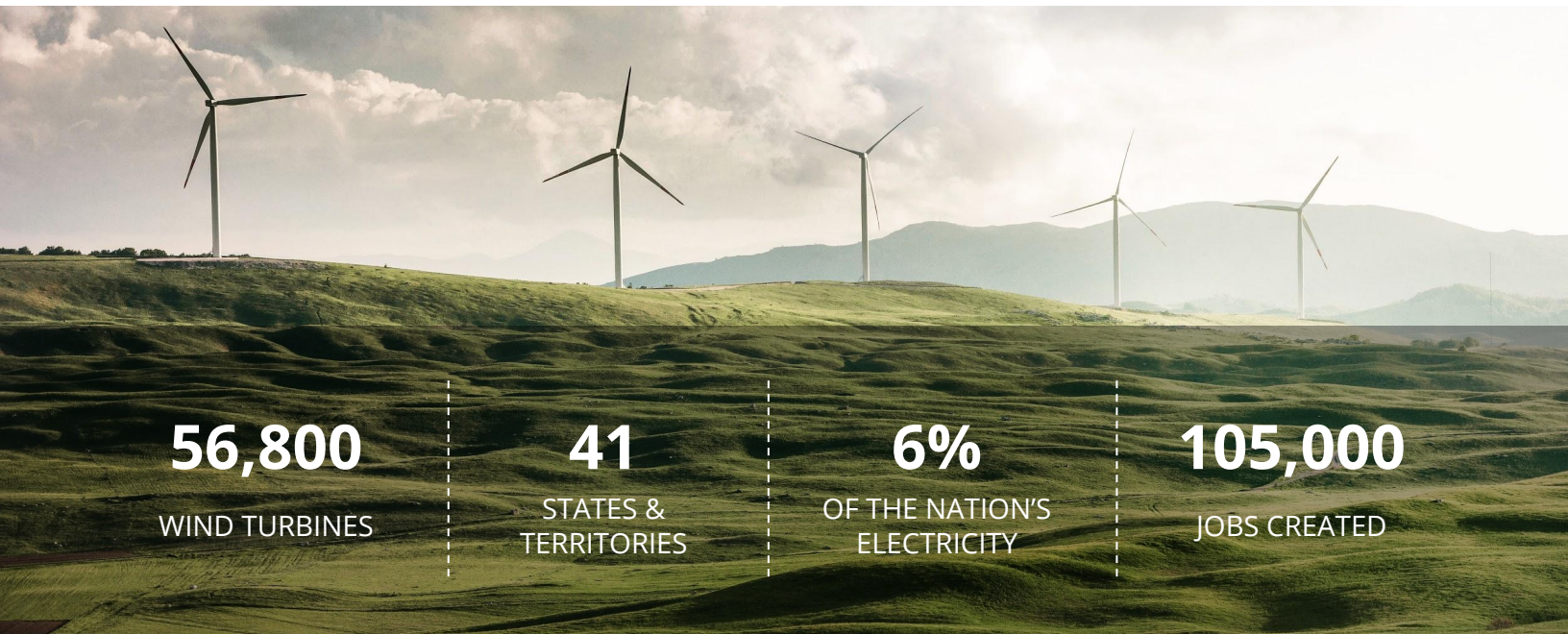
The net result is that energy companies will have to embrace ever more innovative supply chain solutions and accelerate their move toward outsourced contractor and vendor management in order to remain competitive. In this way, energy companies can standardize contractor management programs and practices as well as take advantage of robust compliance and certification tracking.



## 5. Renewables continue to rise.

2020 is also likely to see an increase in wind and solar projects across the US. Onshore, there are more than 56,800 wind turbines in 41 states and territories, generating more than 6 percent of the nation's electricity while creating more than 105,000 jobs.<sup>5</sup>

Greater activity is likely offshore as well. The US Bureau of Ocean Energy Management (BoEM), the federal agency responsible for offshore resources, has already granted over 15 leases for offshore wind development, which support over 21 GW of energy, and more projects are on the way. According to a recent article in ReCharge News, the US offshore wind industry is likely to generate \$68.2 billion in supply contracts through 2030.<sup>6</sup>



There is also positive news for solar with more than 2 million solar installations, according to Wood Mackenzie Power & Renewables and the Solar Energy Industries Association SEIA<sup>7</sup> – a figure which is likely to go up in 2020 as solar becomes more economically competitive.

The rise in wind and solar is likely to lead to significant recruiting and contracting challenges over the next year. Solar jobs have increased by nearly 160% since 2010 with more than 242,000 solar workers across the US.<sup>8</sup> Expect this number to rise.

**While the only thing we can be certain of in 2020 is uncertainty, it's clear that a host of challenges await the energy sector this year. To find out how RigUp can help you navigate through these challenges, contact us today.**

**GET IN TOUCH**

**Questions?** Contact your RigUp representative or reach us at (512) 501-5452 | [sales@rigup.com](mailto:sales@rigup.com)

## End Notes

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