

# Valve World



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# “We want to streamline the supply chain”



Why a metal-seated ball valve company is stepping out from behind the scenes

Determining the best way to get products to the market place is never a straightforward decision for valve manufacturers. Still, eyebrows were certainly raised recently when Union Tech, an integrated oil tools company with products including metal seated ball valves (MSBV) and rising-stem ball valves (RSBV), announced that they were terminating their master distributor agreement with Forum Energy Technologies for their metal-seated ball valves. The valves will no longer be exclusively marketed and sold under the PBV-UT brand and will now be directly available from Union Tech under their Z-Series valve product line.

Looking for the background to the story Valve World contacted Union Tech's VP Mr. Robert Hsia. He explained that the move is all about streamlining their supply chain in response to the dramatic changes in the market. "For the duration of the agreement, the arrangement was mutually beneficial to both of our companies. The agreement enabled us to focus on engineering, design, manufacturing, and service, while Forum could add another product line to their portfolio. However, the market environment has changed, and like a lot of companies, we needed to adapt."

The market Mr Hsia is referring to is of course the oil and gas sector. Although oil prices have somewhat recovered recently, the price of a barrel is still way below the range of USD 90-120 it had reached just a few years ago. As such, the demand for downstream products, including metal-seated ball valves has really dropped off

**“We needed to ensure that justifiable value was added at each step along the supply chain”**

and pricing pressures have been felt across the market, explains Mr. Hsia. "We needed to rethink the structure of our business and ensure that justifiable value was added at each step along the supply chain. We concluded that ending the distributorship would ultimately benefit our customers in a number of ways. Reducing steps in the supply chain enables us to get closer to our customers and provide enhanced, value-added services. End users will now have a direct line to the engineering team that designs the valve, as well as direct lines to sales and operations. As a result, not only is the supply chain shorter, but also the channels of communication between us and the customer are streamlined. Our goal has always been to respond to queries and quotes within 24 hours – this new paradigm will allow us reach the key decision makers much more efficiently and effectively."

With their background as a contract manufacturer for the oil tools industry, Union Tech has always placed quality as fundamental to their business model, continues Mr. Hsia.

"We've had a SIL3 certification for our Z2 valves since 2015 and our manufacturing facilities are certified to ISO 9001:2008. Furthermore, we've undergone the rigors of audits from national oil companies and joined their short lists of approved suppliers. Since 2005, we've engineered, manufactured, and sold over 100,000 MSBV's, both domestically and overseas, as the OEM for a number of different brands. We've grown from a grassroots family business to a global, integrated oil tools company with teams of engineers and product experts who can leverage 250,000 square feet of dedicated manufacturing space, capable of 50,000 hours of monthly machining capacity. Given the evolution of the market for MSBVs, companies need to find ways to deliver quality products to customers at competitive value – for us, this means Union Tech needs to step out from 'behind the scenes' and into the proverbial spotlight."



➔ **Robert Hsia in Profile:** AGE: 40 • **Education:** Bachelor of Science in Systems Engineering - The School of Engineering and Applied Science, University of Pennsylvania; Bachelor of Science in Economics - The Wharton School, University of Pennsylvania • **Career:** Prior to re-joining the family business at Union Tech Robert worked in management consulting and in investment banking. He most recently worked for Jefferies and Goldman Sachs. • **Hobbies:** Getting his two sons to expend as much energy as possible before meal and bed times!