

# Honeywell Transitions from Vendor to Partner at Refining NZ with Assurance 360

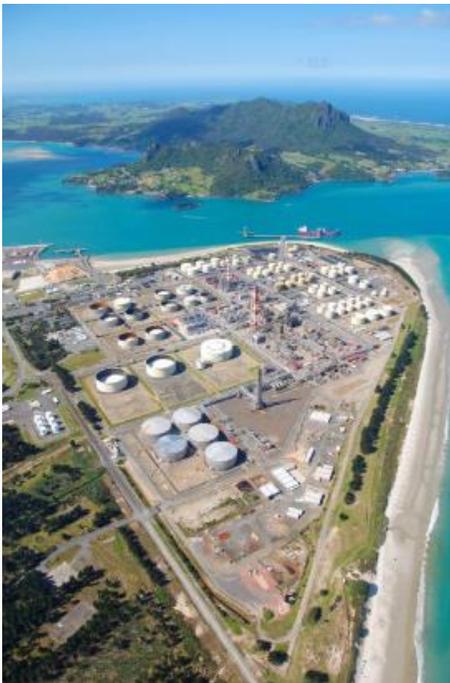
## Case Study

“Negotiating a strategic partnering contract should be done differently than a normal managed service contract. Assurance 360 has helped Refining NZ leadership change the thought processes, with greater focus on outcomes.”

– Peter Smit, Head of Process Control at Refining NZ, Northland, New Zealand

### Background

Refining NZ, located ninety miles north of Auckland, is the only oil refinery in New Zealand. A long term Honeywell customer, Refining NZ has more than thirty years of experience with Honeywell DCS.



### Challenge

While Refining NZ interacted with Honeywell in a number of areas, the relationship was not delivering expected value to either party.

### Solution

The transition to an outcome-based approach, Refining NZ's Aria Program, is based on a two-step process:

#### 1. Develop the relationship in a structured way.

The company engaged an independent consultant to facilitate discussions, to help understand the “why, what, and how” of different aspects of the relationship, and how to align with Refining NZ's strategy.

#### 2. Leverage the relationship to target value.

The Relationship Charter enables visualization of goals and behaviors, elicits executive commitment, and provides a basis for future reference.

To ensure success of the relationship, governance structures were implemented, including executive level sponsorship, Management Review Team (steering committee), and a Functional Delivery Team that is more tactically focused.

*Two crucial projects for the refinery, Te Mahi Hou, a UOP licensed CycleMax II CCR (continuous catalyst regeneration), and DCS migration, highlighted the need for a different approach. These projects represent a significant budgetary plan with Honeywell over a six to eight year time-frame.*

Refining NZ produces 130 kbbbl/day, primarily diesel. The refinery has been in operation for fifty-two years.

Fifty percent of its product is sent via pipeline to Auckland.



Aria Charter, signed at the 2014 Asia-Pacific Honeywell Users Group (HUG) Symposium.

Regular reviews with stakeholders, supported by Honeywell and Refining NZ program managers, helps to keep the program on track.

Out of the relationship transition came the **Aria Assurance 360 Program**, which is a framework agreement, with a five-year term, and options to extend. The three major components of the agreement focus on sustaining support, stable platform, and innovation.

The program required governance structures to align with relationship governance, which were already in place.

A detailed 90-day transition plan was implemented to consolidate policies and procedures, finalize KPIs, and conduct an Initial Cyber Security Vulnerability Assessment.

The scope of the Aria Program includes:

- Honeywell DCS (TDC 2000, TDC 3000, and Experion® PKS)
- Operator Training Simulator (OTS)
- Advanced Alarm Management (AAM)
- Uniformance® PHD
- Profit® Suite
- Refining and Petrochemical Modeling System (RPMS), a Linear Programming MES
- Fail Safe Controller (FSC)
- Process Control Network Infrastructure Level 2 to Level 3.5

The Aria Assurance 360 Program adds detail to the three key components outlined earlier:

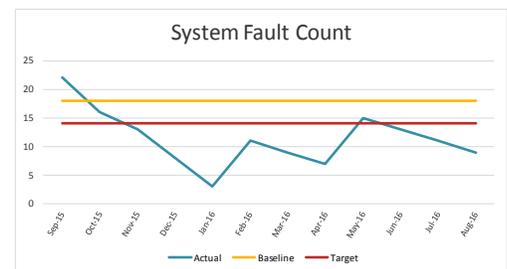
- **Sustain Support**  
Includes managed service for the existing DCS, plus Benefits Guardianship Program (BGP) for Advanced Solutions.
- **Stable Platform**  
Includes the migration program for Experion consoles, including HTML displays, integration of safeguarding migration, and Data Hiway migration for six of the eight Hiway implementations.
- **Innovate**  
Includes a Honeywell global consulting study to identify opportunities and provide seed funding for initial projects.

### Benefits

Two key benefits realized from this program include opportunities to create value, and the transformation from vendor to partner.

Refining NZ sees opportunities to create value by reducing risk, removing areas of waste, and increasing revenue. They are able to make a last-time-buy of Data Hiway spares. Maintenance is even more proactive and the site has increased its focus on cyber security.

The program gives Refining NZ better access to competency, and the stability offered by the local Honeywell office.

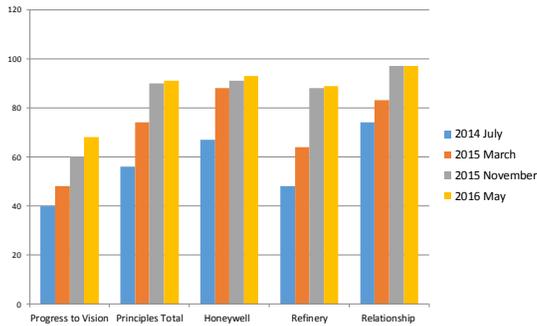


System Fault Count has shown a marked decrease, falling well below target in recent months.

Refining NZ's focus on developing partner relationships with expert providers for non-core areas of the business, was a neat fit with the Honeywell approach.

## Results

Refining NZ views the value of results in three ways: tactical, strategic, and relationship.



Summary of Indicator Trends, showing positive trend in key indicators, including Progress to Vision, Principles Total, Honeywell, Refinery, and Relationship.



Aria Assurance 360 in action – including lean board driven daily toolbox meetings, with a one team approach.

## Summary

“Negotiating a strategic partnership contract should be handled differently than a normal managed service contract. We found external facilitation helped us to articulate the outcome of the relationship process. A framework agreement takes time, with repeated references to the charter when negotiating.

The framework agreement is just the first step. We found that transparency and trust lead to better outcomes. Together, with Honeywell, we are creating an environment for success,” said Peter Smit.

## About Refining NZ

As New Zealand’s leading supplier of refined petroleum products, Refining NZ is a major contributor to both the local community and the country’s economy.

Refining NZ is the country’s only oil refinery and the leading supplier of refined petroleum products to the New Zealand market, including petrol, diesel, aviation fuel and other products.

## About the Honeywell Assurance 360 Outcome Based Services

*Assurance 360 services are multi-year cooperative service arrangements to maintain, support and optimize the performance of Honeywell control systems regardless of the industry or size of operations. These services transform how plant assets are managed, focusing on system performance and outcomes, while allowing users to focus on operations.*

## For More Information

To learn more about how Honeywell Solutions can help you realize benefits, visit our website [www.honeywellprocess.com](http://www.honeywellprocess.com) or contact your Honeywell account manager.

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