



CSSOPE 2013

The 3rd - Conference and Exhibition **China Sourcing Summit On Petroleum Equipment**

21-22 May Beijing



Optimal Supply Chain Management: The Global Supply Opportunity

Speech to CSSOPE in Beijing

May 22th, 2013

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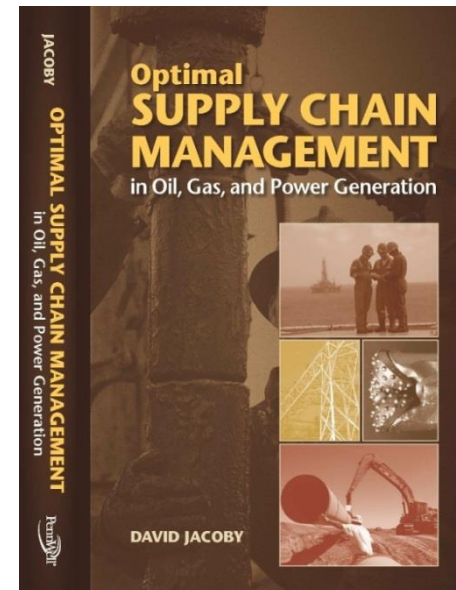
Global growth. Guaranteed.

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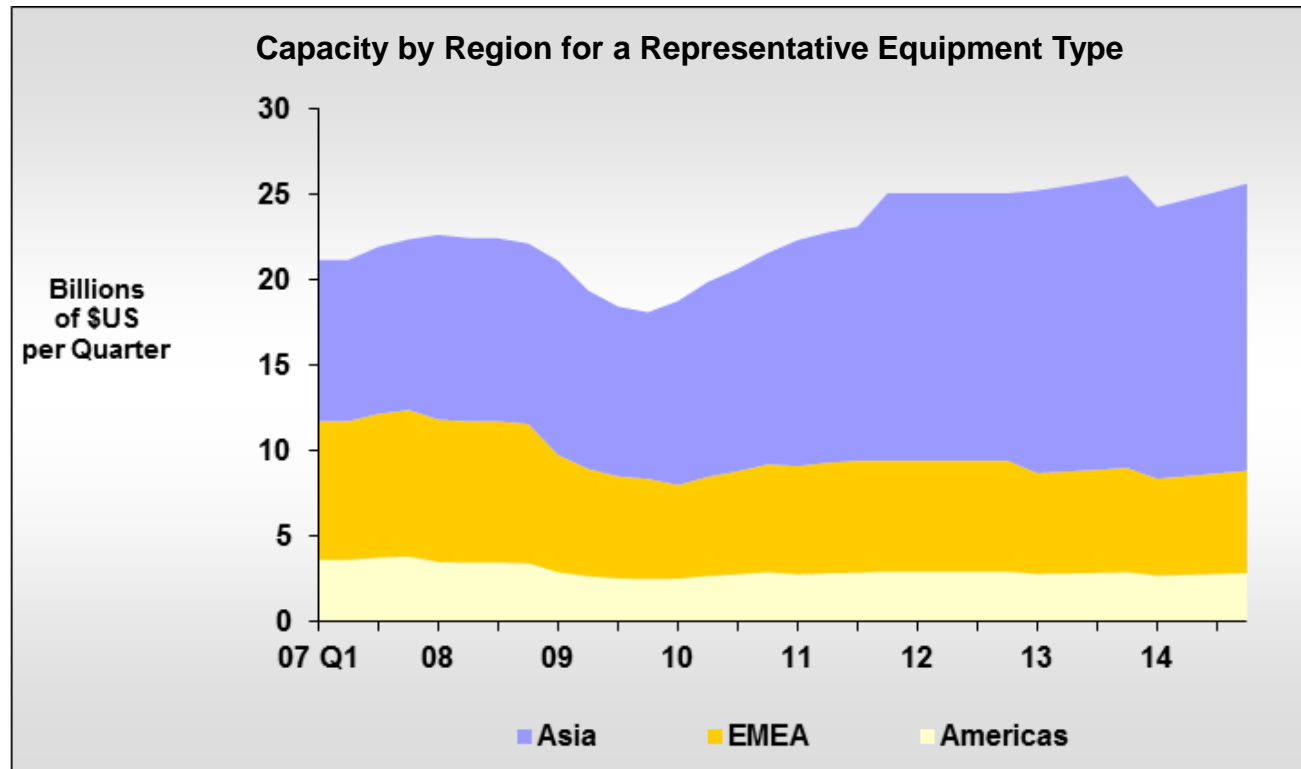
Who is BSI?

- Specialty consulting firm
- Procurement for oil, gas, and power generation industries
- Strategic, long-term supply management issues
- Deep economic analysis
- Offices in USA, Europe, Middle East, Africa, and Asia



Chinese Suppliers are Gaining Ground in World Rankings. However, Some Western Operators and OEMs Moving Faster Than Others to Develop a Chinese Supply Base

- Operators: breaking down longstanding perceptions will take time.
- OEMs: component supply is being increasingly outsourced ('invisible offshoring').
- Service Providers: rapidly getting qualified for domestic work, some exporting.



Western Suppliers Expectations are Increasing; Superlative Performance is Required of Strategic Suppliers

Strategic/Partner Supplier

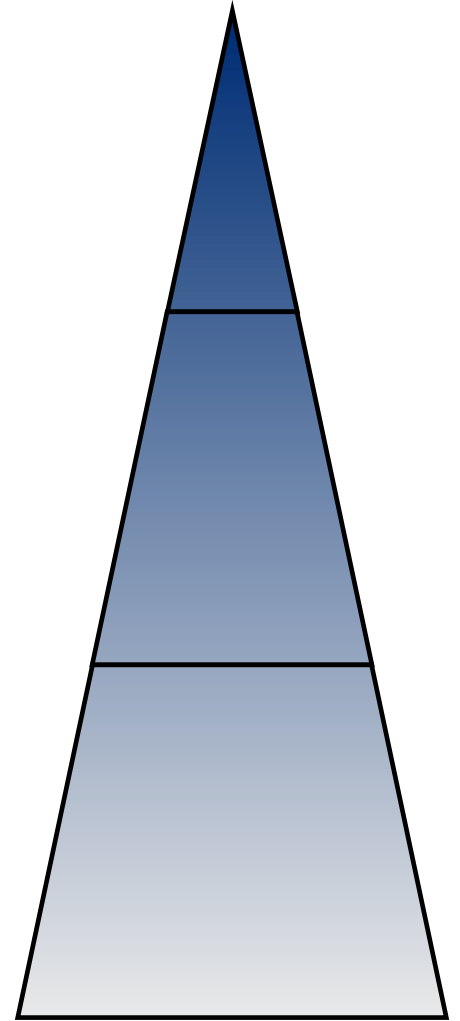
- Lowest price in the world
- Frequent new product cycle and technology offering
- Consulting and support
- Long-term agreement based on stable price and quality

Alliance Supplier

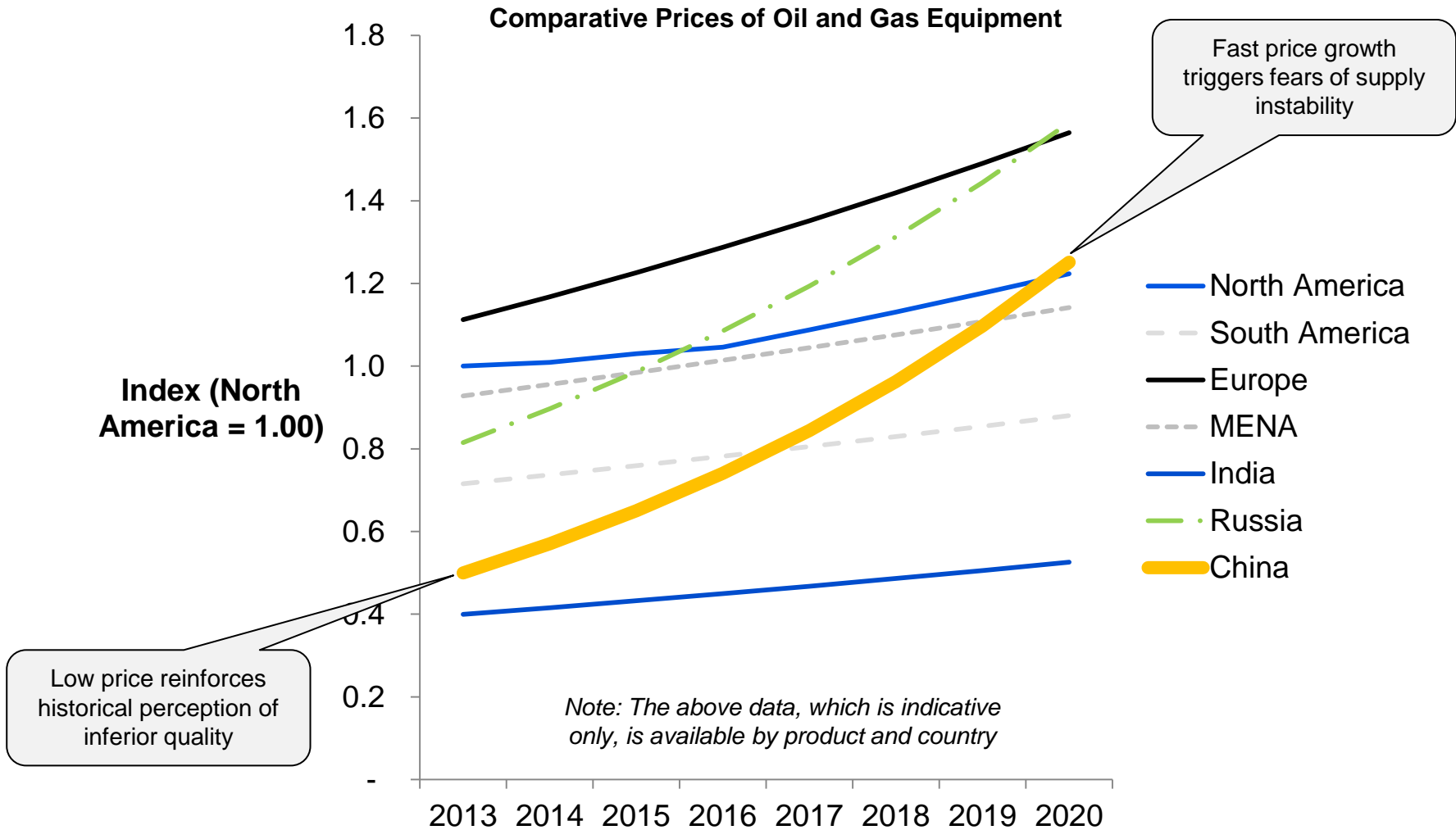
- Lowest price among peers
- Proven quality and stable price (over many years)
- Superior quality (adding value to operations)
- TCO value (services, 'smart' technologies, performance-based pricing)

Preferred Supplier

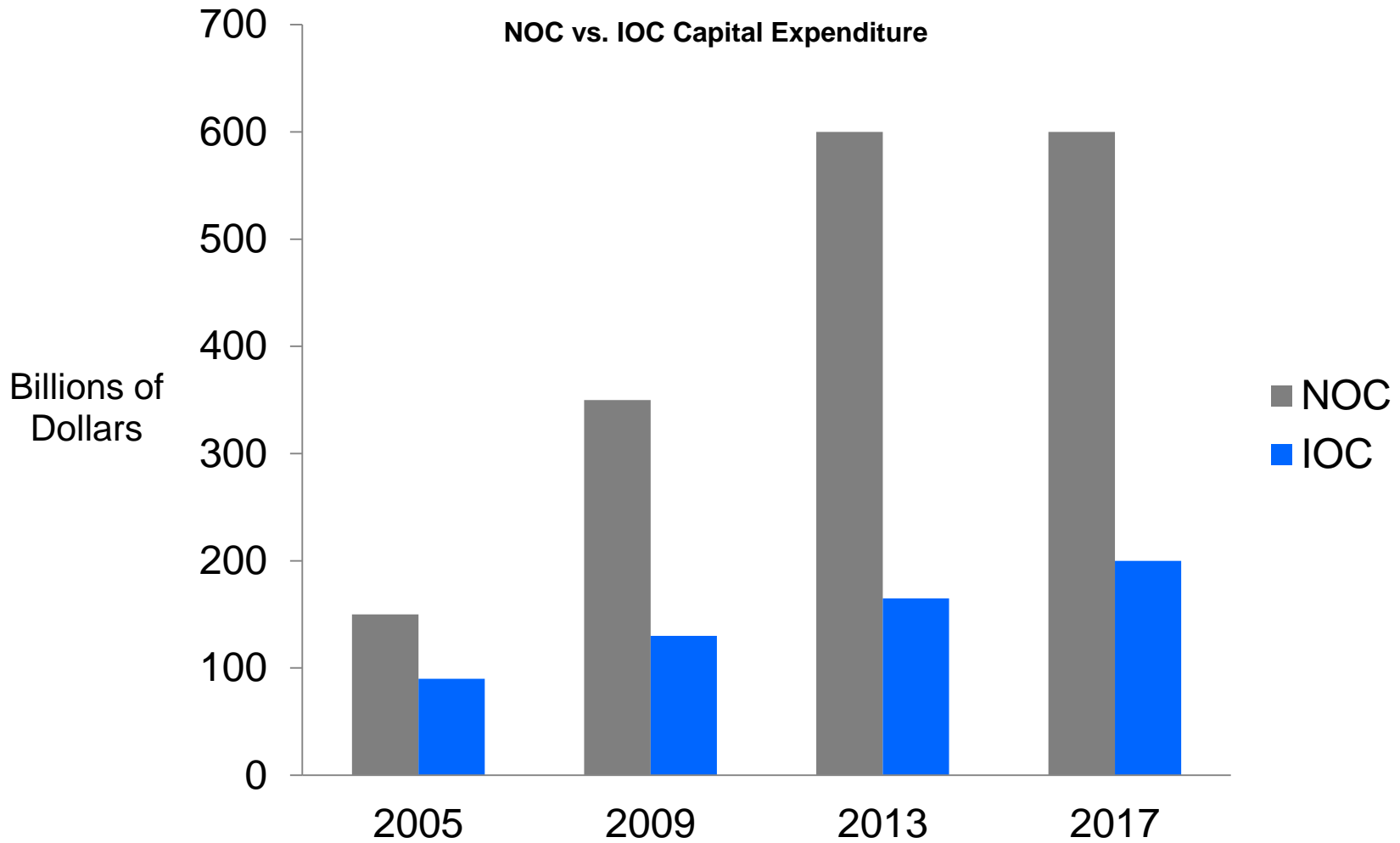
- Low price (but not out of range)
- Stable price (over many years)
- Proven quality (working in harsh duty over a long time)



Low and Stable Cost are Preferred



Emerging NOC Capex Boom: a Large Opportunity for Chinese Suppliers to Attain Global Scale



Source: Boston Strategies International, Bain, Evaluate Energy



BSI is Actively Working for Multiple NOCs on Major Capex Programs, and Needs Qualified Suppliers

- Pumps
- Compressors
- Turbines
- Rigs
- Valves
- Pressure Vessels
- Many other types of equipment

Please contact David Jacoby to submit bids.
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Massive Growth Opportunities for Chinese Suppliers

Opportunities

- Continued penetration in China
- NOC capex contracts
- Strategic partnerships with Western IOCs

Key Success Factors

- Low and stable prices
- TCO value
- Superior quality



Market Outlook

- Growth
- International expansion
- Global competitive leadership

