



**IVS 2019 - Industrial Valve Summit Conference
Bergamo (Italy) - May 22/23, 2019**

SURVEY OF OIL AND GAS VALVE USERS INTERNATIONALLY

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SAI--International business consulting firm serving the equipment and allied industries



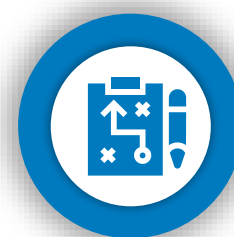
SERVICES

Customer Intelligence
Market Research
Growth Initiatives
Market Leadership



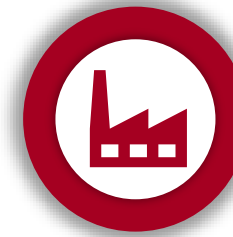
GLOBAL CAPABILITIES

Americas
EMEA
APAC



APPROACH

Primary (Field)
Research
Analysis
Actionable
Conclusions &
Recommendations



INDUSTRIES

Equipment &
Machinery
Chemicals
Food & Beverage
O&G
Pharmaceuticals
Refinery &
Petrochemical
Water & Waste Water
Other

What do O&G valve end users want from and think of their vendors?



PROJECT OBJECTIVES

- Survey end users and buyers of O&G valves to:
 - Gain their perceptions of the Italian valves industry
 - Identify critical success factors for Italian valve manufacturers selling to O&G customers in these regions
 - Gain insights into the future outlook for the valves business
- Design a program that can be repeated on a periodic basis

Global survey of O&G valve end users and buyers

PROJECT SCOPE

Respondents



- End users and buyers of valve manufactured by Italian and/or other manufacturers:
 - O&G companies
 - EPC companies

Job Functions



- Technical/Engineering
- Project management
- Sourcing/Procurement

Geographic Regions



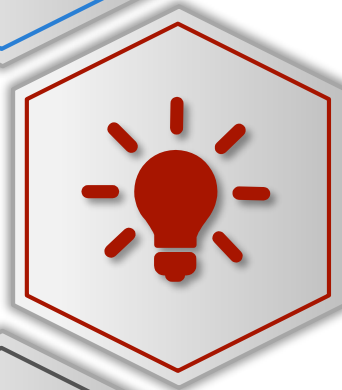
- Europe
- Americas
- Middle East
- APAC

Structured telephone survey and analysis

Methodology



VALVEcampus input



SAI's knowledge base



~15 minute blind structured telephone survey with decision makers or influencers with analysis by:

- Overall
- Geographic region
- Company type
- Job function

A representative sample of over 150 O&G and EPC companies in 34 countries around the globe



STRUCTURED TELEPHONE SURVEY

Region	Number of Countries	Interviews-a	
		Number	% of Total
Europe	17	50	30%
Asia Pacific	10	46	28
Middle East	5	35	21
Americas	2	35	21
Total	34	166	100%

a-Number of interviews, not organizations (SAI interviewed over **150** companies)

**SAI could interview up to three functions in any one company*

The split of 166 interviews is as follows

Region/countries (# of interviews completed)

Asia Pacific (46)

Azerbaijan (1)
China (7)
India (8)
Indonesia (3)
Japan (6)
Malaysia (2)
S Korea (12)
Singapore (2)
Taiwan (2)
Thailand (3)

Europe (50)

Austria (1)
Belgium (2)
Finland (1)
France (7)
Germany (4)
Greece (3)
Italy (8)
Netherlands (2)
Norway (2)
Poland (2)
Romania (1)
Russia (4)
Scotland (1)
Spain (4)
Sweden (1)
Turkey (2)
UK (5)

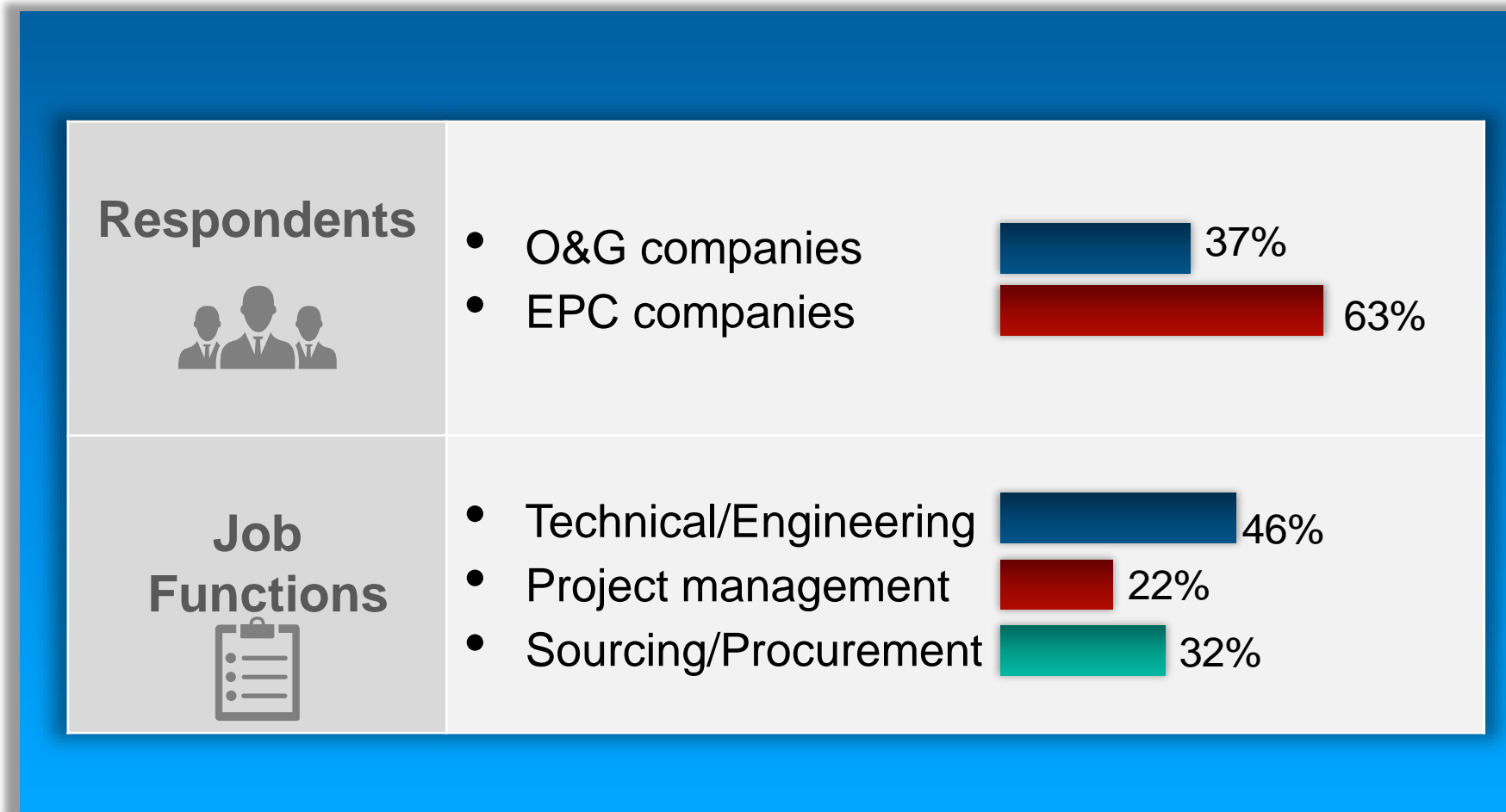
Middle East (35)

Kuwait (4)
Oman (6)
Qatar (8)
Saudi Arabia (6)
UAE (11)

Americas (35)

Brazil (1)
USA (34)

The split of 166 interviews is as follows (cont'd)



SAI analyzed the group as a whole and by segment, to the extent possible

**REPRESENTATIVE
SAMPLE**



**STATISTICAL
PARAMETERS**

ANALYTICAL FRAMEWORK

- Statistical comparison at a 90% confidence level by:
 - Geographic region: Europe vs. APAC vs. Middle East vs. Americas
 - Company type: O&G vs. EPC
 - Job function: Tech/ Eng vs. Proj. mgmt vs. Procurement
- Any other comparisons are directional

What do O&G valve end users want from their vendors?

Often a committee drives the decision process (particularly for critical vs. commodity valve designation)



Most important requirements:

- Be specified by the O&G company
- Meet price required for the project
- Have relevant expertise

Users believe future valve vendors will be global companies offering all types of valves


Importance of meeting local content requirements depends on the company

Reduce delivery lead time

Regional Differences

How important is it that a valve supplier fulfills the following requirements?


Extremely Important (5)	Total (n=166) %	APAC (n=46) %	EU (n=50) %	ME (n=35) %	Amer. (n=35) %
Is specified by oil & gas company	67		94		
Meets the price required for the project	64		96		
Has relevant expertise important for the project	60		96		
Has the ability to offer pre- and post-sales services for the project	49		96		
Was reliable in previous jobs	48				
Is able to supply the full range of valves required by the project	43		68		
Has a very favorable international reputation	33		54		
Gives local content to the project	31		74		
Is in the same geography as the project	25		62		
Is recommended by colleagues	21				

 = Significantly higher than the three other regions at the 90% level of confidence

Regional Differences (cont'd)










Four different areas in which valve manufacturers could allocate their resources over the next 5 years


Ranked First	Total (n=166) %	APAC (n=46) %	EU (n=50) %	ME (n=35) %	Amer. (n=35) %
Reduce delivery lead time	42		62		
Invest in R&D	26				
Improve local content	18				34
Enlarge product range	14				

 = Significantly higher than the three other regions at the 90% level of confidence

Regional Differences (cont'd)

Top countries/areas that manufacture quality valves

Major Countries Mentioned 1/2/3	Total (n=166) %	(P) APAC (n=46) %	(E) EU (n=50) %	(M) ME (n=35) %	(A) Amer. (n=35) %
 USA	74				97
 Germany	66		88		
 Italy	39			77	
 Japan	39		80		
 UK	24				
 China	16				
 Korea	13				
 India	8			29	
 France	4				

 = Significantly higher than the three other regions at the 90% level of confidence

How do end users feel about Italian vendors versus competitors?

Top manufacturers of quality valves:

- First tier: USA, Germany
- Second tier: Italy, Japan

Italian manufacturers **higher** on:

- Mechanical reliability
- Quality of materials
- Design/engineering

Italian manufacturers **lower** on:

- Post-sales assistance
- Lead time

Italians would win more business if:

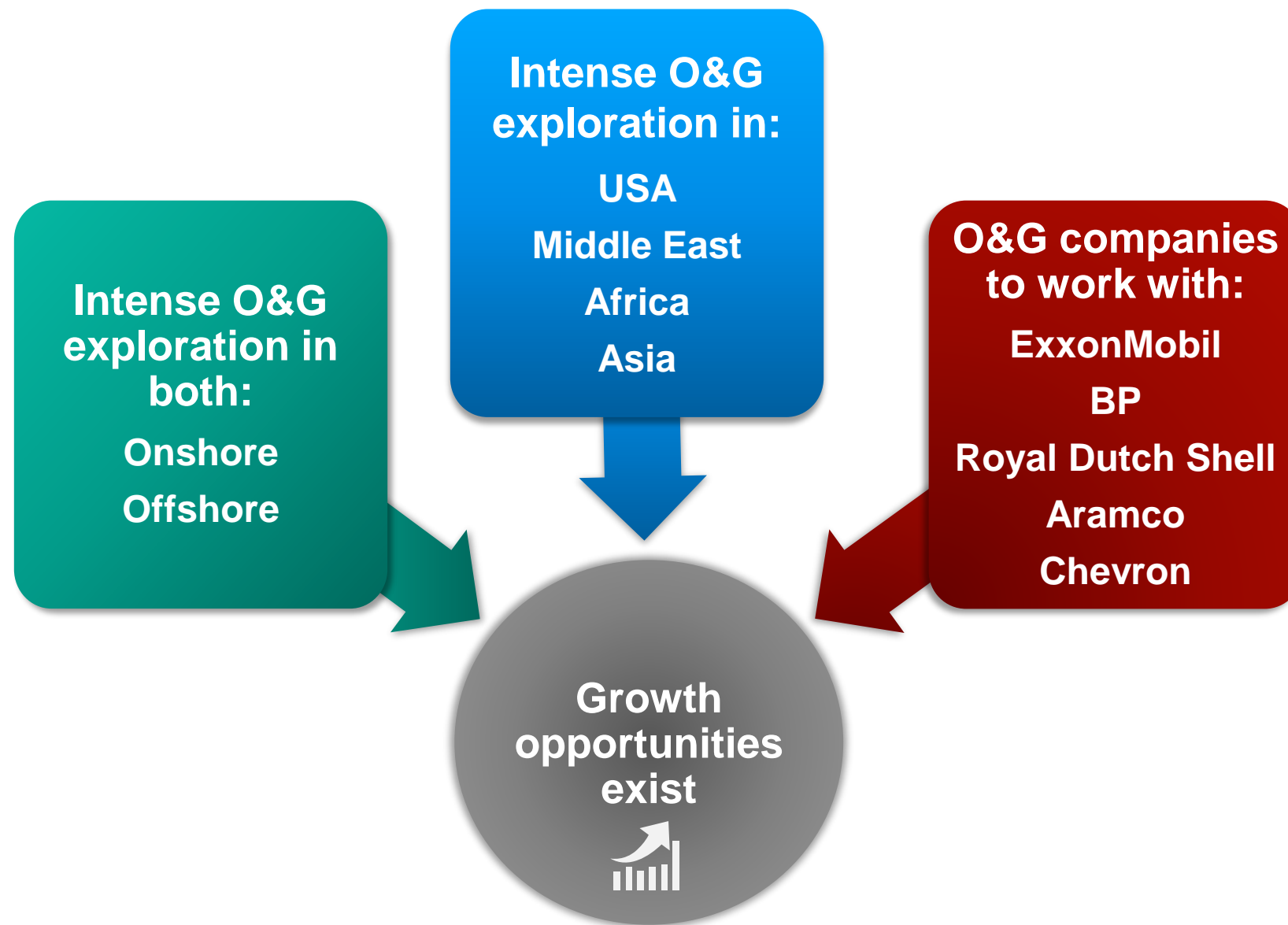
- More cost effective
- Better product availability

89%

“extremely/very
satisfied”

Italian % =
non-Italians %

Where are the future growth opportunities?



Recommendations to Italian valve manufacturers...

1

Get specified by O&G companies, particularly:

- In the future growth areas: USA, Middle East, on and offshore
- With: ExxonMobil, BP, Royal Dutch Shell, Aramco and Chevron

2

If not already a global company, consider investing internationally in:

- Your own sales/distribution/warehousing network
- Partnerships with other regional players

Recommendations to Italian valve manufacturers...(cont'd)

3

Build on Italy's favorable reputation by developing a value proposition that highlights:

- Mechanical reliability
- Quality of materials
- Design/engineering

4

Implement:

- Supply chain/logistic activities that:
 - Reduce delivery lead time/product availability
 - Improve cost effectiveness

Sales force education and motivational plans to increase:

- Knowledge of your individual customer's needs (Not all customers are the same)
- Post-sales assistance

Thank you!

Do you have questions?

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