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BEST PRACTICES

AWARDS

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2020 BEST PRACTICES AWARD



**2020 NORTH AMERICAN UPSTREAM OIL AND GAS
SUPPLY CHAIN COMPETITIVE STRATEGY
INNOVATION AND LEADERSHIP AWARD**

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Background and Company Performance

Industry Challenges

Whereas many industrial segments are working towards accelerating digital transformation, the upstream oil and gas supply chain remains an outlier. Need for innovation is high, yet a large percentage of end users across the upstream oil and gas supply chain are reluctant to adopt new technologies. The major challenges in this market boil down to four elements: scale, complexity, visibility, and safety and compliance.

Scale: Oil and gas fields are dynamic environments, with continuous movement of supplies coming in and product moving out. As such, various replacement parts of machinery are brought in when required to keep operations running smoothly and to prevent a production halt. Hence, the scale of the oil and gas supply chain makes it a challenging and expensive operation.

Operational complexity: The oil and gas supply chain is threefold: first, monitoring physical parameters during various stages of operations; second, moving out the product; and third, supplying drill parts whenever needed and preventing downtime.

Visibility: Lack of visibility into various operational (e.g., physical infrastructure and raw material consumption) and supply chain (e.g., arrival of proppant, water, equipment just in time, and inventory management) parameters often causes production downtime, resulting in financial losses.

Safety and Compliance: Complex operations of upstream oil and gas production require a high level of safety and compliance in the supply chain. Any mishaps can increase both downtime and losses.

Frost & Sullivan recognizes that several companies, including giants such as GE, have attempted to introduce the upstream oil and gas supply chain market to technologies that have proven successful in other sectors. The problem is that they have faltered and ultimately failed to recognize the key success factors, which are to preserve existing workflow while pushing to integrate new digital solutions.

Strategy Innovation and Customer Impact

Headquartered in Houston, Texas, GoExpedi is an innovative startup that is disrupting the oil and gas supply chain with the introduction of a novel online procurement platform. The company has the reimaged oil and gas procurement process by leveraging new tools such as advanced analytics and Web 2.0 technologies while preserving existing workflow to ease the end-user transition.

Strategy Effectiveness: Leveraging Advanced Technologies to Propel the Industry Forward

Given the hazardous nature of an in-field operating environment, end users in the upstream oil and gas industry are conservative; they prefer to use proven products instead of taking a chance on adopting new technologies. Moreover, incumbent solution providers stick to traditional transactional supply chain models, meaning multimillion dollar orders for equipment and tools are managed using Excel worksheets, phone calls, and emails. GoExpedi saw the opportunity in this antiquated set-up. The company understood that to be successful, however, it would need to balance its long-term vision for the industry—to modernize logistics management by leveraging advanced analytics—with the industry’s short-term performance needs—to drive efficiency while retaining the existing purchase workflow process.

Sensing the need for greater efficiency and innovation in service offerings, GoExpedi designed an advanced digital procurement platform. The company’s intuitive product navigation includes interactive schematics of over 200,000 products, from pumps to hand sanitizers, and uses artificial intelligence (AI) tools to offer advanced product suggestions. Most importantly, quick-access product experts are available to help users navigate the digital platform or place orders. This last feature provides comfort for many first-time users as they transition from a decades-old procurement practice to modern, eCommerce-like systems. For advanced users, GoExpedi provides a detailed dashboard of spending reports, product tracking, and risk management to maximize efficiency and visibility.

To gain traction towards its long-term vision, GoExpedi prioritizes its internal innovation program and research and development activities, using an off-beat, unique, and highly successful operating model to understand which areas of innovation need the most attention. The model helps GoExpedi collaborate closely with its clients and test some of its BETA solutions on them, identify what needs improvement, and innovate technologies based on the feedback. This arrangement enables the company to interpret customers’ changing requirements and peek into the future from an “evolving trends” standpoint. As such, GoExpedi understands precisely what is working, what is not, and what needs tweaking to address anticipated issues. A great example is its partnership with Ensign Energy Inc, a proven leader in the oilfield services market, where Ensign Energy is rolling out GoExpedi’s solution to its entire fleet of rigs. Insights learned from this partnership will help GoExpedi improve the technology platform on a continual basis to reduce operational costs and improve site productivity.

GoExpedi’s ability to manage the delicate dance between traditional workflows and new innovations has helped it become the fastest-growing technology company in the oil and gas industry.

Competitive Differentiation: A Blue Ocean Strategy

In the oil and gas supply chain market, GoExpedi competes against two groups: local distributors and service providers who offer time efficiencies, and large industrial distributors who offer wide product availability.

GoExpedi vs. Large Industrial Distributors: A typical drilling operator experiences hundreds of unplanned downtime events each year. It takes anywhere from 2 to 7 days to order a new part or equipment using the traditional supply chain channels, as a quotation must be generated and reviewed before orders are finally placed. Moreover, end users do not have clear visibility into the order process. Using this approach, and with downtime costs estimated at \$200,000 per day, companies lose between \$38 million and \$88 million a year as a consequence of this time-intensive approach.

Frost & Sullivan is impressed that GoExpedi's revolutionary procurement platform has reduced the ordering time down to as little as 5 to 30 minutes and provides clear visibility that helps end users avoid costly mistakes. GoExpedi's platform enables high-level transparency in price, supplier choice, and availability; in this way, the interactive digitized process streamlines vendor and customer relationships. With downtime cost estimated at \$200,000 per day, GoExpedi's solution provides massive savings for customers.

GoExpedi vs. Local Distributors: Local distributors have developed expertise in providing customized parts, enabling them to offer a specific part quickly. Yet during a downtime event, an end user often requires multiple components, and would need to manually source each one from various suppliers. This approach is complex and does not support visibility. In contrast, GoExpedi's extensive product selection of 200,000 components and user-friendly navigation helps customers manage complex orders with ease. The GoExpedi platform connects end users with multiple suppliers, at once making sure customers have the information needed to procure the best product at the lowest price and to get it delivered quickly.

GoExpedi's ability to offer general and specialized solutions efficiently and cost-competitively via a first-of-its-kind platform creates stiff competition for both large and local incumbents, which Frost & Sullivan believes makes it an invaluable supply chain partner for end users.

Stakeholder Integration: Leveraging Collaborative Partnership for Competitive Advantage

Industrial eCommerce is on the rise. Grainger, the leading industrial distributor, reports that eCommerce accounts for more than 60% of its business, and expects this sales channel will exceed 80% by 2022. Even with companies like Grainger taking the lead, eCommerce still follows a transaction model similar to industrial distribution wherein the process involves manual selection and sorting with minimal intelligence built-in. However,

the current COVID-19 pandemic highlights the challenges of this model. As supply chains are disrupted, everyone is looking at their contracts to check the various force majeure clauses to see who is responsible for what. Rather than participate in a transactional relationship, GoExpedi has developed a partnership approach that guarantees supply and helps usher in a new business model for today's industry wherein greater trust is placed on the business relationship, and companies and their suppliers can respond quickly. Trust is the key currency, and by leveraging GoExpedi's secure online platform, end users can securely share their process needs, product requirements, and safety certification requirements with their suppliers. This visibility enables end users and their partners to be resilient as they act as one cohesive unit, helping them remain nimble and successfully navigate the perilous environment.

Executive Team Alignment: Capitalize Industry Expertise to Deliver Operational Excellence

With over 20 years of experience in the oil and gas industry, Tim Neal, CEO of GoExpedi, and his team recognize the intricacies of the upstream oil and gas supply chain and understand what is required to be successful. Specifically, the four critical factors of success are to leverage new technology while maintaining existing workflows, focus on reducing current challenges (e.g., supply chain visibility and scalability), provide quantifiable benefits (e.g., cost savings), and ensure high reliability. With this knowledge, Mr. Neal and his team have developed the company's agile online platform that is uniquely positioned to meet customers' needs through delivery of fast and error-free products and solutions at a low cost.

Mr. Neal continues to hire and develop a robust team of executives that are aligned with the organization's mission and vision, and who help it drive its strategy and execution. For example, Tim Maines, who led a major expansion of a leading industrial distribution company in Brazil, was appointed as the senior vice president of sales. Jared Payne, who has over 12 years of experience in upstream oil and supply chain management with another industrial distribution firm, was appointed the director of business development.

The executive team's ability to successfully navigate the treacherous upstream oil and gas market, and to grow in spite of current economic challenges, has helped it raise more than \$33 million in venture capital investment in a short time.

Customer Purchase Experience: Comprehensive Solution for a Seamless Experience

GoExpedi's intuitive, customer-focused, and interactive intelligence platform has positioned it ahead of its competitors in offering an improved customer purchase experience. Unlike many solution providers' that offer incomplete mapping of available solutions, GoExpedi's platform is the only solution in the market with a comprehensive view of the supply landscape. This transparency helps customers understand and

authenticate each supplier and its source, thus driving increased acceptance of new suppliers and products.

Another element of GoExpedi's platform differentiation that Frost & Sullivan appreciates is reflected in the company's capability to provide comprehensive management of each and every upstream operators' supply need, including key assets such as pumps and compressors, operational necessities such as pipes and fittings, and consumables such as welding rods. Frost & Sullivan's industry benchmarking analysis finds that no other competitor offers a comparable platform that addresses customers' major needs and constraints to the extent that GoExpedi achieves; as such, all of these features position GoExpedi to ensure a streamlined and enjoyable customer purchase experience.

Customer Service Experience: Wide Network of Warehouses Driving High-quality Service

A supplier's response time during the product procurement process is critical. Consequently, end users remain loyal to best-in-class solution providers who have established a strong network of warehouse and servicing capabilities. In this well-charted landscape, GoExpedi has carved a niche for itself by providing outstanding service including 24x7 support and rapid customer response by employing a network of service personnel. With company headquarters in Houston, TX; warehouses in Odessa, TX and San Antonio, TX; and a distribution hub in Cheyenne, WY, GoExpedi is able to meet the demands of service-conscious upstream oil and gas buyers. These features help it provide customer service that is accessible, fast, stress-free, and of high quality.

Conclusion

The upstream oil and gas supply chain is a unique market burdened by long overdue need for innovation, yet customers remain apprehensive about integrating new technologies. While many innovators have failed at delivering accessible upstream supply chain solutions, enterprising startups thriving on innovation found a way to introduce new approaches to old problems and have outpaced their incumbent rivals. GoExpedi exemplifies this new breed of competitor.

GoExpedi has developed a specialized approach to real-time supply chain management and logistics. By leveraging industry 4.0 technologies, GoExpedi has created an online procurement platform that provides access to a wide network of suppliers, reduces ordering time by more than 500%, and decreases downtime cost by more than 25%, all while retaining existing workflow for easier user adoption and a reduced learning curve. Armed with a strong platform, Mr. Neal and his team have successfully disrupted the upstream oil and gas industry where many competitors, including large companies, have failed.

For its competitive solution and ability to disrupt a challenging market, GoExpedi has earned Frost & Sullivan's 2020 Competitive Strategy Innovation and Leadership Award.

Significance of Competitive Strategy Innovation and Leadership

Any successful approach to achieving top-line growth must take into account what competitors are and are not doing; meet customer demand with a comprehensive, value-driven product or service portfolio; and establish a brand that resonates deeply with customers and stands apart from other providers. Companies must succeed in these 3 areas—brand, demand, and positioning—to achieve best-practice levels in competitive strategy.



Understanding Competitive Strategy Innovation and Leadership

Driving demand, brand strength, and competitive differentiation play critical roles in delivering unique value to customers. This three-fold focus, however, must ideally be complemented by an equally rigorous focus on Strategy Innovation and Customer Impact.

Key Benchmarking Criteria

For the Competitive Strategy Innovation and Leadership Award, Frost & Sullivan analysts independently evaluated Strategy Innovation and Customer Impact according to the criteria identified below.

Strategy Innovation

- Criterion 1: Strategy Effectiveness
- Criterion 2: Strategy Execution
- Criterion 3: Competitive Differentiation
- Criterion 4: Executive Team Alignment
- Criterion 5: Stakeholder Integration

Customer Impact

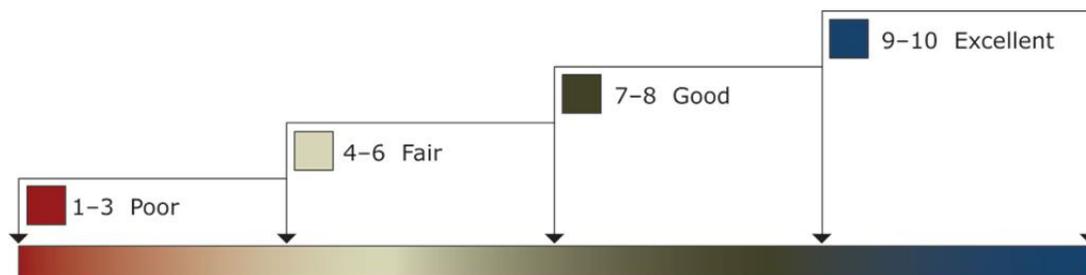
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Best Practices Award Analysis for GoExpedi

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows research and consulting teams to objectively analyze performance according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation. Ratings guidelines are illustrated below.

RATINGS GUIDELINES



The Decision Support Scorecard considers Strategy Innovation and Customer Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criterion are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, Frost & Sullivan has chosen to refer to the other key participants as Competitor 1 and Competitor 2.

<i>Measurement of 1-10 (1 = poor; 10 = excellent)</i>			
Competitive Strategy Innovation and Leadership	Strategy Innovation	Customer Impact	Average Rating
GoExpedi	10	9	9.5
Competitor 1	6	5	5.5
Competitor 2	4	5	4.5

Strategy Innovation

Criterion 1: Strategy Effectiveness

Requirement: Strategy effectively balances short-term performance needs with long-term aspirations and vision for the company.

Criterion 2: Strategy Execution

Requirement: Adoption of best-in-class processes supports the efficient and consistent implementation of business strategy.

Criterion 3: Competitive Differentiation

Requirement: Unique competitive advantages with regard to solution or product are clearly articulated and well accepted in the industry.

Criterion 4: Executive Team Alignment

Requirement: The executive team is aligned with the organization’s mission, vision, strategy, and execution.

Criterion 5: Stakeholder Integration

Requirement: Strategy reflects the needs or circumstances of all industry stakeholders, including competitors, customers, investors, and employees.

Customer Impact

Criterion 1: Price/Performance Value

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

Criterion 2: Customer Purchase Experience

Requirement: Customers feel they are buying the optimal solution that addresses both their unique needs and their unique constraints.

Criterion 3: Customer Ownership Experience

Requirement: Customers are proud to own the company’s product or service and have a positive experience throughout the life of the product or service.

Criterion 4: Customer Service Experience

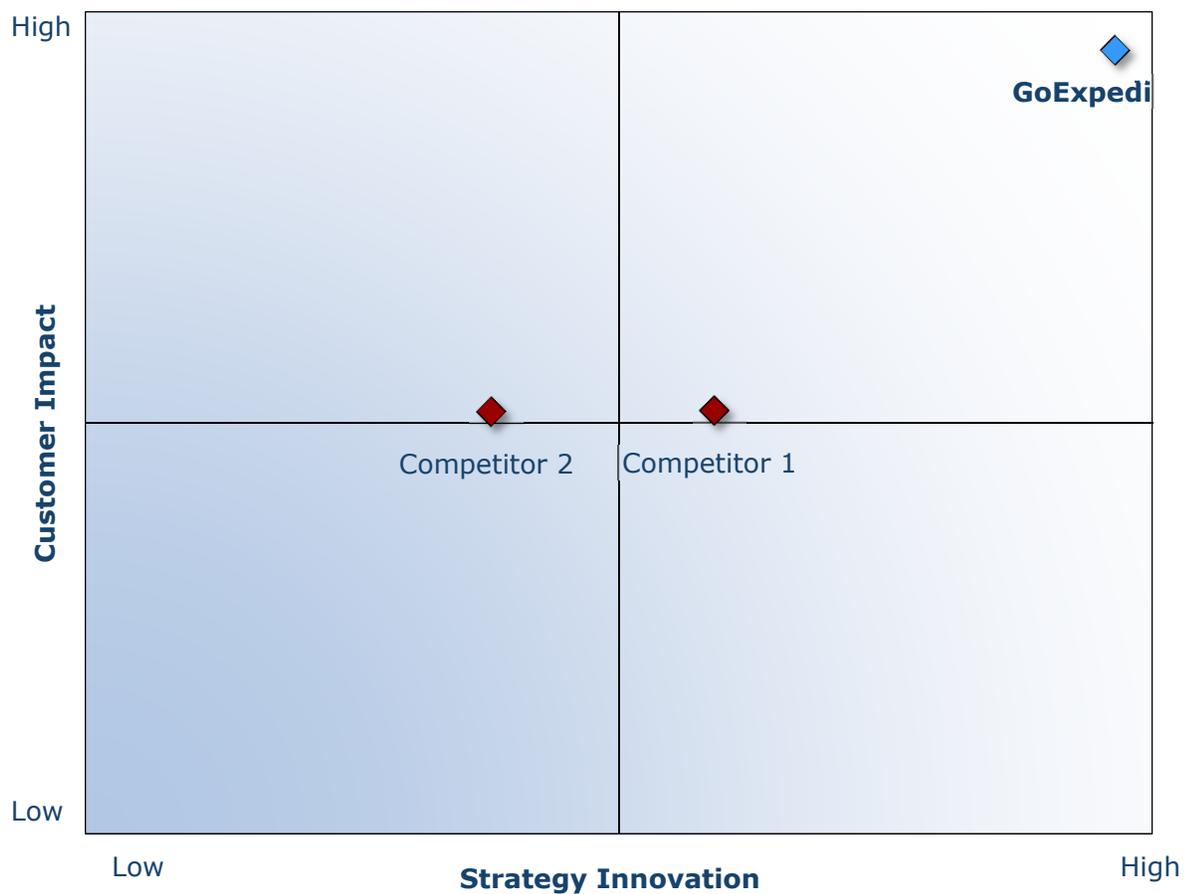
Requirement: Customer service is accessible, fast, stress-free, and of high quality.

Criterion 5: Brand Equity

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.



Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate award candidates and assess their fit with select best practices criteria. The reputation and integrity of the awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 Monitor, target, and screen	Identify Award recipient candidates from around the world	<ul style="list-style-type: none"> • Conduct in-depth industry research • Identify emerging industries • Scan multiple regions 	Pipeline of candidates that potentially meet all best practices criteria
2 Perform 360-degree research	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> • Interview thought leaders and industry practitioners • Assess candidates' fit with best practices criteria • Rank all candidates 	Matrix positioning all candidates' performance relative to one another
3 Invite thought leadership in best practices	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> • Confirm best practices criteria • Examine eligibility of all candidates • Identify any information gaps 	Detailed profiles of all ranked candidates
4 Initiate research director review	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> • Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles 	Final prioritization of all eligible candidates and companion best practices positioning paper
5 Assemble panel of industry experts	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> • Share findings • Strengthen cases for candidate eligibility • Prioritize candidates 	Refined list of prioritized award candidates
6 Conduct global industry review	Build consensus on award candidates' eligibility	<ul style="list-style-type: none"> • Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates 	Final list of eligible award candidates, representing success stories worldwide
7 Perform quality check	Develop official award consideration materials	<ul style="list-style-type: none"> • Perform final performance benchmarking activities • Write nominations • Perform quality review 	High-quality, accurate, and creative presentation of nominees' successes
8 Reconnect with panel of industry experts	Finalize the selection of the best practices award recipient	<ul style="list-style-type: none"> • Review analysis with panel • Build consensus • Select recipient 	Decision on which company performs best against all best practices criteria
9 Communicate recognition	Inform award recipient of recognition	<ul style="list-style-type: none"> • Announce award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance 	Announcement of award and plan for how recipient can use the award to enhance the brand
10 Take strategic action	Upon licensing, company may share award news with stakeholders and customers	<ul style="list-style-type: none"> • Coordinate media outreach • Design a marketing plan • Assess award's role in strategic planning 	Widespread awareness of recipient's award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of the research process. It offers a 360-degree view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often, companies make important growth decisions based on a narrow understanding of their environment, resulting in errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, helps clients accelerate growth and achieve best in class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's growth team with disciplined research and best practices models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages nearly 60 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 45 offices on 6 continents. To join Frost & Sullivan's Growth Partnership, visit <http://www.frost.com>.