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DELIVERING COMPETITIVE ADVANTAGE

*The Future of Control over the
Value of Energy Markets
May 2022*

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Background

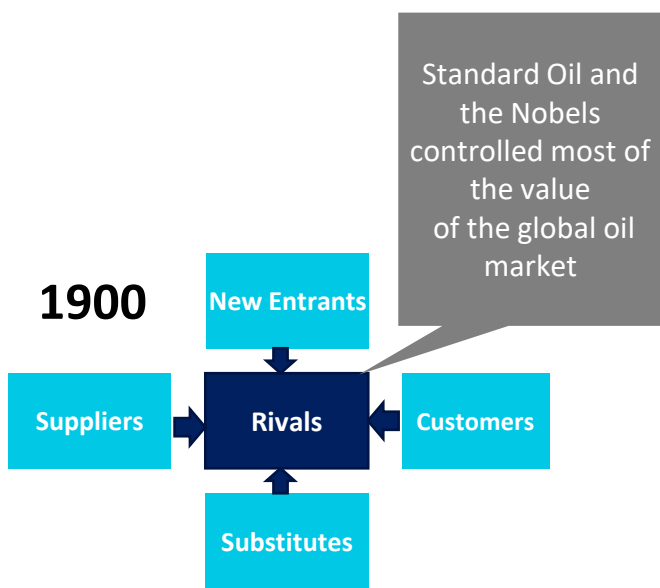
- Since their commercial beginnings in 1859, the oil & gas markets have repeatedly major shifts in the control over their value, time and time again
- Today, faced with massive pressures to decarbonize the world and with Russia creating a major disruption to oil & gas markets, it is critically important to have a view on how this control is likely to shift further in the future
- One option is to track how the key players view this shift and how they plan to maximize their control over the markets' future value
- As the world decarbonizes, the overall value of the oil & gas markets is likely to decline. Therefore, an understanding of the future strategies of key players now needs to extend beyond oil & gas into the younger green energy markets, to identify where competitors control the value of both
- A simple and powerful tool which illustrates this is Michael Porter's Five Forces model

The Seismic Re-Orientation of the Global Oil Market

1900

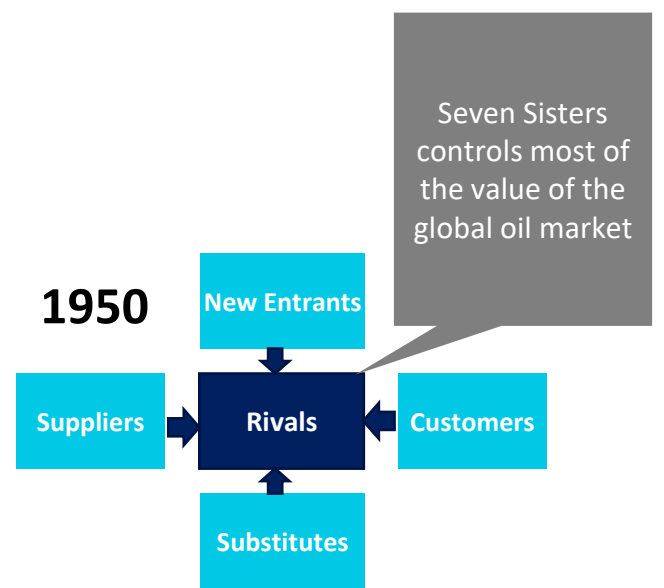
At the turn of the 20th century, the value in the global oil market is controlled by John D. Rockefeller's Standard Oil in the U.S., and in Russia and Europe by the Nobel Brothers and The Petroleum Production Company.

This changes radically in 1911 when the US Supreme Court breaks up Standard Oil into 34 separate companies, by which time Shell and BP have been founded in Europe



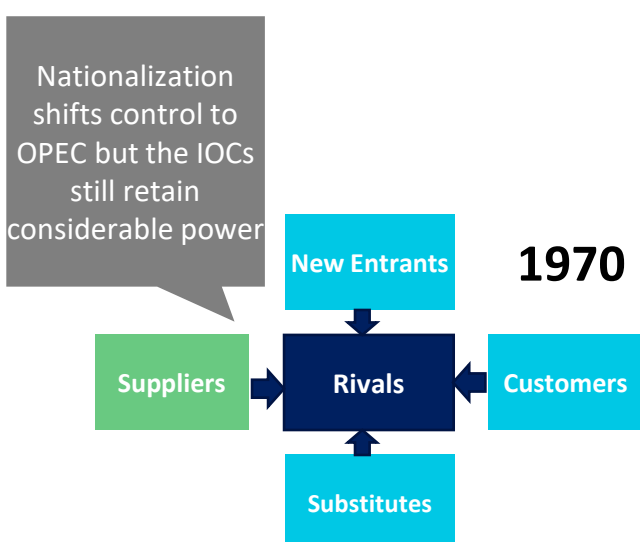
1945 to 1960

The separate US companies, Shell, and BP regroup into the Seven Sisters or Oil Majors, resulting in an oligopoly that controls the global oil & gas markets and their value



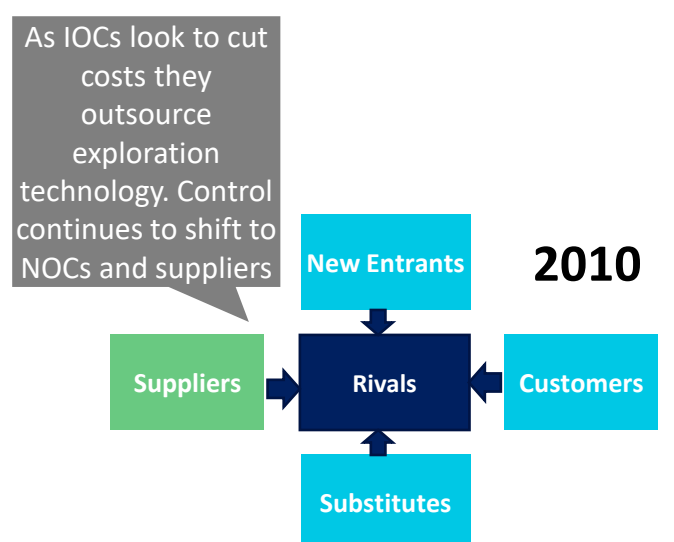
1960 to 1970

The balance of power and control over these markets shifts again when key oil-producing nations form OPEC. This cartel becomes increasingly powerful, setting production targets, and thereby controlling the price of crude and the value of oil & gas markets



1970 to 2020

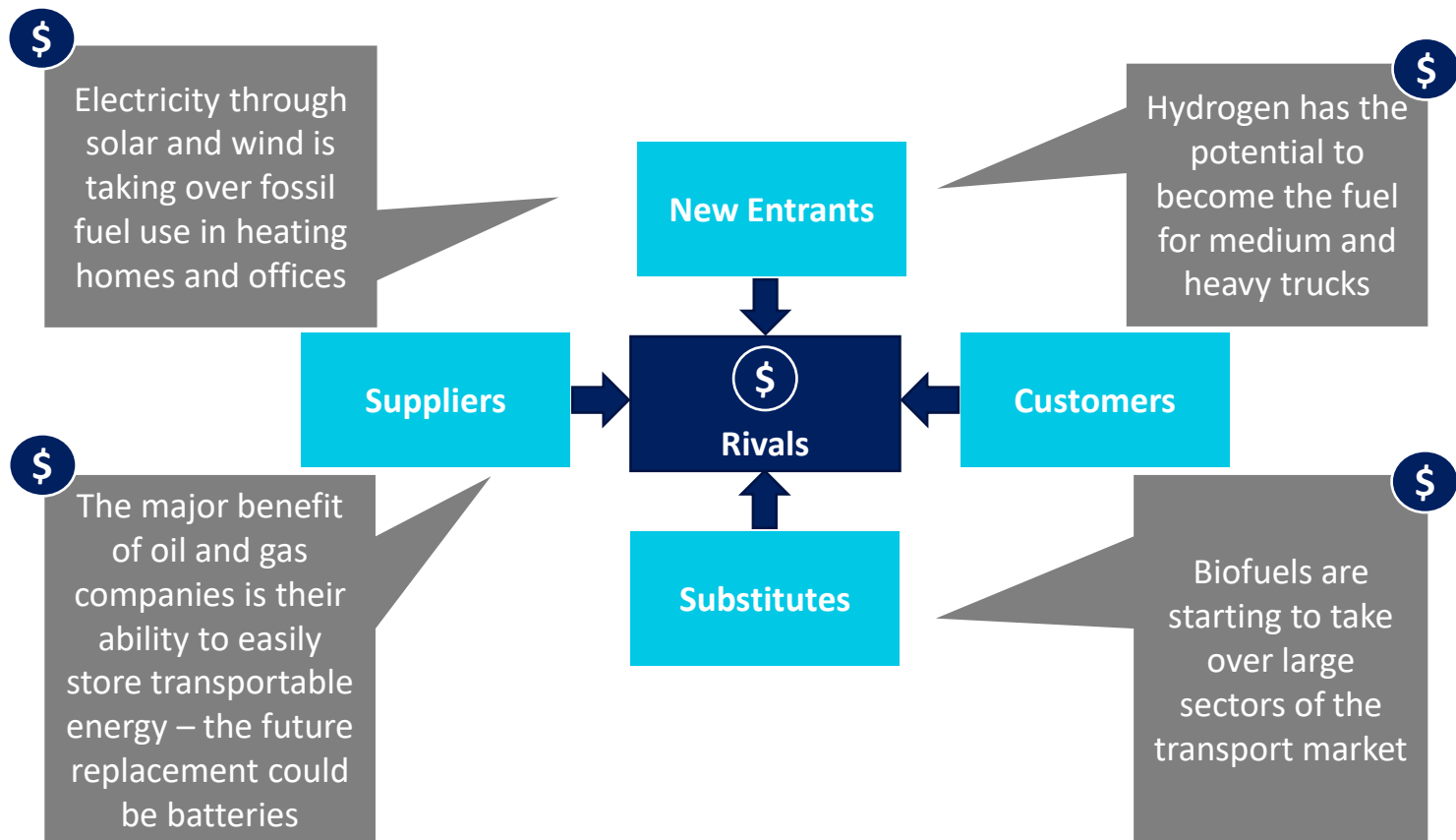
Beginning with Iraq in 1971, oil-producing countries in the Middle East and Africa begin to wrench external control away from the oil majors through the nationalization of oil assets. Faced with the new economic reality, the oil majors consolidate, then cut costs by outsourcing the exploration technology to third parties. As a result, yet again, control over the majority of the market's value shifts, to be shared by NOCs, the remaining IOCs, and third-party technology firms.



Who Will Control The Future Value of the Market?



- Looking to the future, the questions surrounding the value and control of oil & gas markets, their likely replacement over time by zero-carbon markets, and the inevitable interventions by governments, have become increasingly complex and are best illustrated by applying a new Five Forces model
- It is as yet unclear which sectors of this new energy landscape will have the greatest value, and which of the traditional, new energy companies, or institutions, if any, will succeed in controlling the market



Understanding Key Players' Value Strategies will Point to Opportunities and Threats for YOU

- Fuld & Company, as part of its Competitive Intelligence focus, tracks how major market participants attempt to control the future value of the broader energy market through internal developments and acquisitions
 - Today, key competitors have made only limited investments in alternative markets and are yet to show a clear strategy aimed at future control
 - Over time, applying a combination of both primary and secondary research will produce a clearer and more insightful picture of the likely winners for control of the value of the evolving green energy market, whether traditional players or new entrants. Fuld & Company believes that it is critically important to understand and track all industry players
 - Fuld & Company Energy Group can help you maximize your control over the value in tomorrow's energy market
- Do **YOU** have a picture of where your key oil & gas competitors might sit on the future energy value map?
 - Do **YOU** understand their dynamics, how fast they are moving, and in which energy sector they see their future?
 - Do **YOU** understand how to compete against their value strategies?

