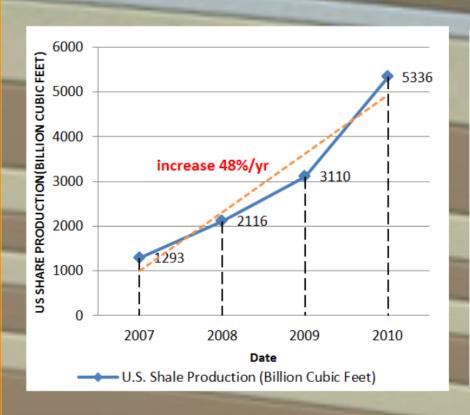
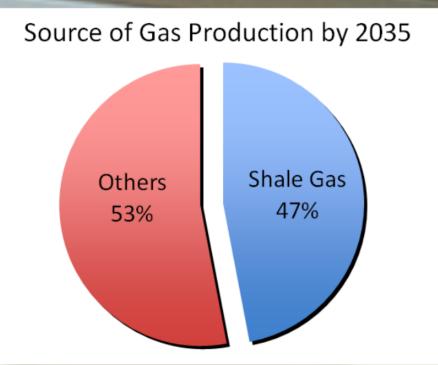


## Situation Analysis





- Environmental Concern & Related Regulation on "toxic" fracturing fluid
- Growing Demand for "green" fracturing fluid

## **Decision Analysis**

#### Assumption:

- No other supplier
- Already sell to AOG at \$0.73 per barrel
- FloatWise's price = 50% \* SB's price

#### Strategy for next 3yrs

#### **Pricing:**

25(50)%\*Competitor Price + 75(50)%\*SB Higher Price > 100% \*SB Lower Price

## Solution Analysis

SB	FW	Eq. price / gal
50%	50%	\$ <b>1.99</b>
75%	25%	\$ 1.46
100%	0%	\$ 0.85



### 3 years exclusivity contract

Year	Perce	entage drop from	2011	Price/g	gal	Cost/gal	
2	012		41.78%	\$	0.85		0.4
2	013		45.89%	\$	0.79		0.4
2	014		50.00%	\$	0.73		0.4

## Solution Analysis

		Year	Percentage drop from 2011	Price/gal	Cost/gal	Additive needed(gal)	Contribution/gal	Adjusted for cost of capital
		2012	41.78%	\$0.85	0.4	4,640,000	\$2,088,000	\$2,088,000
		2013	45.89%	\$0.79	0.4	4,872,000	\$1,900,080	\$1,583,400
		2014	50.00%	\$0.73	0.4	5,115,600	\$1,688,148	\$1,172,325
ı	Total							\$4,843,725
		2012	50.00%	\$0.73	0.4	4,640,000	\$1,531,200	\$1,531,200
		2013	50.00%	\$0.73	0.4	4,872,000	\$1,607,760	\$1,339,800
		2014	50.00%	\$0.73	0.4	5,115,600	\$1,688,148	\$1,172,325
	Total							\$4,043,325
	Difference							\$800,400

# Thank you

