**Background**

There have been many efforts over the past 20 years to create a Web Market Place to sell Seismic data. The success of these sites and efforts can be questioned. In doing an industry review you can see the attempts made by every seismic data provider to build their own seismic marketplace.

Many industry companies have established a collection of seismic lines in a database and do render the seismic lines. Some of the biggest data companies, IHS, Drilling Info, Geologic all present seismic layers to their customers but no one data set is complete or comprehensive, and many of these collections are of such low quality that they represent very little value. This leaves the exploration manager with the challenge of locating a data set in his exploration areas that he is interested in. This is where brokers and marketers come into play. Some data owner companies have enough data coverage that they always have data in any given data region. Some other companies employ brokers so that they take a broad look over many databases and high grade some choices for the client. Clients looking for just 3D coverage often know who has 3D coverage over their land and a broker will often facilitate that transaction. In the United States the idea of Data Owners is more evolved than Canada, because of a bigger market place, resulting in a larger number of oil companies and generally speaking a more fractured land base. Another factor is the amount of time and difficulty to acquire seismic data in the United States, as well as all the associated business risks of acquiring seismic. Buying data from a Data Owner can save a lot of money, in Canada many surveys’ in the North cost in excess of 200,000 dollars a square mile and may be licensed by a data owner for as little as 40K a square mile.

Between the big data owners (TGS, SEI, Seitel, Spectrum, Pulse, Western, etc.) they almost never sell each others data. It is considered not an effective use of their marketer/brokers time to be marketing data that belongs to other data providers. Even to broker data for oil companies they are somewhat in a conflict because they will always want to try to sell their own data first. Brokerage of data does not provide them adequate returns to operate their costly organizational structure. When brokers or industry partners try to sell the data of these large data owners, they often attempt to identify the company that is trying to purchase the data and often try to take the broker out of the deal and simply offer the client better terms and a bigger discount, even if it does not financially make sense.

**Technology**

Technology for many years has been an issue for the companies trying to build these sites, because of web browsers, Java script performance, standards, and the conditioning and the condition of the spatial data. It seems we may be past these issues, and because of the popularity of the ESRI platform, especially in oil and gas, many people are now attempting to build these systems. The implementation of Java Scripting API’s and the significant improvement in Web Browsers ability to process Java Script has lead to a significant advancement in the web GIS Technology area.

**Content**

The quality of the databases, the meta data, and the ownership are all important. If the database is of low quality and the ownership of the data has not been managed the value of the seismic is questionable. When people managed their data in physical in warehouses, and have likely never touched it for years on end, the quality of the database was often in question. Many sellers of data now implement a touch once policies where entire lines are pulled for any request and the completeness and integrity of the line is verified. The entire rules regarding data ownership in the United State are more ambiguous.

**Process**

The clients often want to QI the lines in their office, what happens is the broker or marketer will come in with examples of the lines often from a number of different acquisition efforts. There is an implied trust that the client will not try to interpret the lines. Geophysicists can never have too much data, so the marketers roll is to sell more lines even if it the discount rate is 30 or 40 percent off on the deal. This is the advantage data owners have, they can provide better discount structures. It takes time, sometimes months or even years before a seismic deal is executed. It may depend on a land sale, it may be dependant on next years’ budget, it may depend on well results, it may also depend on price. So the marketers job is to maintain the relationship with the client so that when all the parameters align they will purchase the data. Almost no seismic sells for listing price from a data owner, and even brokers ask for discounts to show they are adding value to the sale. If a broker is making a sale of significant dollar value, they will get a discount always. Seismic deals are very much like real-estate deals, it about location, and data quality. So why data owners prefer to sell their own data themselves and not through brokers, is because they feel they are leaving money on the table because they would sell the client more data. The structure of your agreement with data owners and your ability to discount with have a significant bearing on the success of your solution.

**2d/3d**

The 2d market place is more competitive, because a client often has a choice in which data they are going to select, because no 2D line is in the exact correct location, the selection is based on best fit. In the case of 3D’s, it is very expensive to over shoot a 3D so it is seldom done, which means if you have 3D to sell you own the landscape, less competitive, and represents more of a real-estate play. 2D data is becoming less and less valuable except in places where data acquisition is expensive, or new data can not be shot.

Your business process issues are perhaps your biggest obstacle to overcome, and the creation of a repeatable process will take discipline and thought. The process for selling data needs to be defined generically enough so that it can work anywhere in the world essentially in the same form.

**What are the obstacles that impede the success of Web Seismic Brokerage?**

Making the Process work

Generally speaking, **Brokers** and **Data** **Marketer’s** are human in nature**,** the primary objective is to do the minimum work possible, and because a marketer has the potential to sell north of 10 million dollars’ worth of Seismic in a single quarter, they are treated with Kit gloves. The marketing staff of a data owner is the highest paid group in the company, some years they make more then the president.

**Sales Example**

So on a 10-million-dollar sale the Data Marketer would make 250,000 (2.5%) dollars and the Broker would likely make 500,000 dollars(5%). The difference being is brokers generally lives off commission, and doesn’t have a fixed salary, car allowance, office and has more personnel expenses.

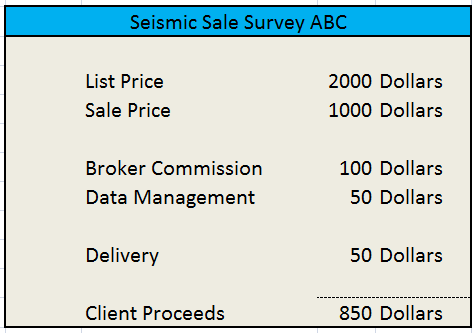
The bottom line is Brokers and Marketers do preform some work, and after years of a relationship a broker will have knowledge about their client, the type of data that is suitable, and will make an effort to look at all sources to get data to meet their requirement. The broker already has the relationship so his ability to work with the client, and the client understanding of his circumstance, make the relationship even more valuable. I have seen a case with a major oil and gas company will in all cases funnel sales through a single broker regardless if they are purchased form another oil company or a local seismic data provider. The believe the broker has expertise and is ensuring they are paying fair value for the data in all cases.

**Commissions are they Justified**

**Brokers Fee’s**

The cutting of commissions people think will entice people to come their site because they feel they will pay less in brokers commissions. This is a fallacy because most seismic data that sells is in volume and with sell at a discount of 30-40 percent with one blink of an eye from the marketer or broker. Brokers who work with oil companies are empowered to discount the data as well, within certain deal parameters. Trying to cut the commissions of brokers simply gets you offside with the industry, and it is much like trying to sell a house with a 1% realtor, it will never happen.

Figure 1



**Data Management Fee’s**

Web Site costs, Managing a Database of available lines, Partnership Approvals, MLA Management, Sales history management, Relicensing, Ownership Research, Completeness of the data, Invoicing, Collections.

5% for managing all these items for an oil company, updating their database with a sales history and collecting future money for them if they have a MLA and there is relicensing. This represents a reasonable fee for a service provided.

**Service Component**

The service component is the most significant component of the solution.

* It means all lines of QI sections available.
* It means the system is always working and you have online support.,
* It means that partnership approvals are done in a timely fashion
* It means the lines are saleable, and your working on making more saleable
* 2d line have available qi data
* 3d lines will be setup for qi quickly as well
* You have a process for QI that is not the web site.
* Data Sets can be delivered in 4 hours
* You have a place where clients can call and always get a person to take to.
* You have a defined process for service that always works the same way.

The service component is where you will make or break the solution, the web site is just a tool in the process, the most important component is a properly managed service desk. This is where Katalyst should shine, and should be able to provide a higher level of service then their competition.

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