

DistributionNOW: Providing customers

With its corporate headquarters based in Houston, Texas, DistributionNOW (DNO) distributes products that deliver energy to the world. The company's overall vision is to be recognized as the market leader in supply chain management through superior customer service by leveraging the strengths of its employees, processes, suppliers and information. This vision has become a reality as DNO is one of the leading distributors of Pipe, Valves, Fittings and Flanges (PVF), fabricated & engineered rotating and process equipment, and MRO products to a variety of markets including drilling, exploration, production, midstream, downstream and manufacturing.

DNO's highly skilled employees, equipped with product and industry knowledge, are key differentiators that its customers have grown to not only expect, but also value. The company's first priority is to provide customers with top quality products that are sourced from the best manufacturers, both domestically and internationally. DNO's impressive product catalogue includes over 300,000 stock keeping units (SKUs) in a variety of different materials such as stainless steel, high-nickel alloy, titanium, aluminum and carbon steel just to name a few. *Stainless Steel World Americas* had the pleasure of speaking with DistributionNOW's Vice-President of Marketing, Mr. Brad Wise, about the company's acquisitions, quality products and dedicated customer service.

By Candace Allison

Growth through acquisitions

DistributionNOW was actually spun off from the well-known company National Oilwell Varco (NOV) on June 1st, 2014 and became a public company listed on the New York Stock Exchange (NYSE) under the ticker symbol "DNO". NOV originally began as Oil Well Oilfield Equipment in 1862, Oilwell Supply in 1878 and then National Supply in 1894. While still part of NOV, DNO operated as the Distribution & Transmission business unit until 2012, when it became NOV Wilson after the successful acquisition of Wilson Industries and C.E. Franklin. In the approximately two and half years since DNO was spun off from NOV, it has grown product and service offerings by completing a remarkable 12 acquisitions in the PVF, process equipment and machine tool distribution markets within the United States, Canada and abroad.

Wise explained that ever since it became a public company, DNO's corporate development strategy has been focused on driving growth by allocating capital towards strategic channels, value added product lines, solutions and key geographies. Acquisitions are a significant, historical part of the strategy as NOV had been acquiring and integrating companies into its business for 150 years. Wise shared, "DNO's most recent acquisition was Power Service, Inc. and that closed in June of 2016. It has expanded our process solutions capabilities by providing a full offering of rotating and process equipment for the energy, water and industrial process markets. Key products and services we offer include turnkey design, engineering and delivery of modular or non-modular LACT units, Vapor Recovery Units (VRUs), a wide range of ASME vessels including two- and three-phase separators, treaters, heaters, fractionation towers, dehydration units, stabilizers, pig launchers and receivers, pipeline facilities, MCC buildings, metering, etc. We are always optimizing our infrastructure and footprint to best serve our customers and our key markets."

Recent company investments

He continued to describe how the company sometimes opens new locations as part of its Supply Chain Service operating unit. Within this operating unit, DNO typically works side-by-side with the customer within their operations: either running a warehouse and managing inventory to support oil and gas producing assets, a refinery or even operating a tool crib on a manufacturing plant floor. A recent company investment made over the past year includes supply chain and logistics simulation tools to optimize and streamline process workflow and materials management for customers. On the back office side, DNO is working on B2B functionality that will allow it to integrate faster with both its customer and suppliers.

In terms of facilities and personnel, there are approximately 750 DNO employees that work within the greater Houston area from four different locations. The company's largest location is the corporate campus that covers 47 acres in Northwest Houston and consists of three separate buildings: Two office buildings and a 221,000 square foot warehouse with a seven acre pipe yard. Many of DNO's locations within the US, Canada, UK, Norway, Netherlands, United Arab Emirates (UAE), Indonesia, Singapore, Australia and Oman are ISO 9001 certified. In addition, the Shelby, North Carolina location is AS 9120A certified and one UK facility is ISO 14001 certified.

"We have several regional distribution centers and pipe yards across the US, Canada, and the rest of the world that are dedicated to replenishing our 300+ locations across the world," detailed Wise. "However, I'd like to highlight a couple of our facilities. With our Power Service acquisition based out of Casper, Wyoming we have over 450,000 square feet of fabrication, service and office space in addition to 13 regional locations across the US Rockies, Dakotas, Mid-continent and Tex-

as areas. Earlier this year, we also opened our new regional distribution center in Jebel Ali, UAE, on a plot of 250,000 square feet, which includes 70,000 square feet of warehouse space and 10,000 square feet of office."

Quality products & services

With extensive warehouse and storage space worldwide, it is no surprise that DNO has an extremely impressive and diverse product portfolio to offer customers. This ability to provide such a wide range of products is a huge benefit to its customers, who then require fewer vendors. The company's main product categories include drilling and production; pipe and tube; fittings and flanges; manual and automated valves; electrical and mill items; tool and safety items; artificial lift; process equipment; and pumps. DNO also offers its products like pipe, tubes, fittings, valves and flanges in all the major stainless and corrosion resistant alloy (CRA) grades that are required within the energy and industrial markets. Common stainless grades include 304/L and 316/L, but super austenitic alloys and specialty grades for high temperature environments are available as well. Even titanium, high nickel alloy and chrome moly ferritic alloy grades are offered. Conveniently, all of the products offered in stainless steel and corrosion resistant alloys, even high and low temperature specifications and high yield products, are also available in carbon steel.

Along with offering customers high-quality dependable products, available in a variety of materials to suit every need, DNO also offers several different types of product service solutions. Wise explained, "DistributionNOW is historically known as a distributor of commodity and specialty products used in the oil & gas market sector. However, we are so much more than that. We are focused on providing our customers with products and solutions that allow for increased flexibil-



DistributionNOW's Corporate Campus in Houston, Texas.

ity as it relates to their capital allocations and the speed and agility they require to get their products to the market quickly and efficiently. For DistributionNOW, this also means highly efficient warehousing capabilities both onsite and offsite; processing solutions such as pre-fabricated, modular measuring devices, pumping technologies and valve automation; and capital project management."

Superior QA

Quality assurance is something that DNO takes extremely seriously, as the company is dedicated to meeting and exceeding the needs and expectations of its customers. DistributionNOW's quality program stands above others in the industry in part due to the Triple Impact Supplier Management Program, which "creates a 'triad' of activities focused on ensuring product quality," as stated on the company's website.

The first of these activities is a novel manufacturer's onboarding process, which includes a rotational physical audit of key manufacturer's sites. The second is a daily ISO 2859 based QA/QC PVF products inspection program. DNO inspects all PVF materials received in the distribution center where materials are isolated by heat numbers and samples, then closely inspected per the ISO 2859 inspection program. Inspection includes review of Mill Test Reports (MTRs) to ensure the material meets standard specifications and traceability requirements, visual,



DistributionNOW's recently acquired Power Service location in Casper, Wyoming.



DistributionNOW's location in Jebel Ali, UAE

with more than *just* high quality products



dimensional, threading and ultrasonic thickness checks, where applicable. Additionally, all the stainless steel and alloy materials are Positive Material Identification (PMI) tested with either X-ray fluorescence (XRF) or optical emission spectrometry (OES) to ensure top quality. The third and final activity is a quality checkpoint process that monitors a manufacturer's performance through Key Performance Indicators (KPIs) and random quarterly checks (physical and chemical) on products from inventory to ensure adherence to the specification's requirements. This unique approach provides customers a truly active managed supply chain through DNOW's approved manufacturer list (AML).

"Many companies state they are quality-focused and customer driven, but our actions are much more important than our words," asserted Wise. He continued, "Not only do we invite customers to audit our processes and locations, we actually welcome it. Those customers that take the time to investigate what we do and how we do it consistently tell us we have the best practices they have ever seen from a distribution partner. Our processes and supplier relationships not only allow us to provide world class quality products and services, but just as important, allows DNOW to scale up and scale down at a highly efficiently level, removing cost from the supply chain.

Efficient distribution

This ability to work efficiently also extends to how the company distributes the products worldwide. DistributionNOW stocks and distributes products across North America, Mexico, Columbia, Brazil, UK, Europe, Middle East, West and North Africa, Russia, the Commonwealth of Independent States (CIS), China, India, Southeast Asia and Australia. With over 300 locations globally, the company has an extensive network of stocking branch locations, distribution centers and sales offices. As well, DNOW is able to export product through its Wilson Export™ business in Houston as well as its Aberdeen, UAE and Singapore export groups. This wide network allows customers to receive quality products wherever in the world they may need them.

When asked about any challenges the company faces in terms of distribution, Wise was quick to answer that the distribution business has changed a lot over the last ten years, however that has opened up a great deal of new opportunities for the company. One challenge that does come along with these changes is managing those manufacturers that do not have a strong market and channel strategy. He clarified, "When a manufacturer does not do a good job of controlling its go-to-market channel, it confuses the market and can confuse our customer base in terms of understanding what they are buying, who they are ultimately buying from and

the true origin of the material. When dealing with pressure-containing vessels (namely PVF) that can cause both bodily and facility harm, this concerns us greatly. We spend a lot of time and money getting this part of our business right."

Wise further explained that this is especially true when DNOW either qualifies or re-audits a specific manufacturer, which is a constant and extremely thorough process for the company. DistributionNOW not only investigates the assembly plant, but also investigates the plant's key suppliers and the true origin of its material. DNOW then reviews import statistics and import permits in order to better educate potential and current clients. The company's goal is to identify what its customers are buying and where it came from so quality and dependability can be ensured.

Dedicated customer service

Just as important as ensuring the quality of

each and every one of the products DNOW stocks and distributes, is also the customer service that the company gives each and every customer. It is an integral part of the company culture and is at the heart of everything the company does. Wise concluded our conversation by explaining that, "It is essential to understand our customers' needs, be timely in our response and to communicate effectively. We want to satisfy their requests, but we also want to provide innovative alternatives in products and solutions. We strive to build trusting relationships that are reinforced through customer service initiatives. We strive to exceed their expectations and maintain that they choose to do business with us because of our pursuit of excellence not just with the quality of our products, but also from our customer service as well. We are very fortunate to be rewarded with long lasting customer relationships that span many years and we look forward to the many more working relationships we will develop in the years to come."



"One of our core competencies is qualifying and managing a wide supplier base of world-class manufacturing partners. This constantly proves to be a benefit to our customers and the industry as a whole. We take our market leadership position seriously. Our corporate culture ensures that each individual takes responsibility for quality, customer service and safety." —Brad Wise, Vice President of Marketing, DistributionNOW

AT A GLANCE

Company name:	DistributionNOW (DNOW)
Corporate office:	7402 North Eldridge Parkway, Houston, TX 77041
Employees:	Greater Houston 750; Worldwide 4500
Products:	Artificial lift products; drilling products; electrical products; fittings, flanges, gaskets & fasteners; machine tools & manufacturing supplies; mill & industrial supplies; paint & coatings; pipe & tubing; power transmission products; production equipment; pumps; regional bonded products; safety & PPE products; assorted tools; valves; and valve actuation & automation
Materials:	Stainless steel grades (304/L, 316/L, etc.); duplex and super duplex grades; super austenitic and speciality grades; high-nickel alloy grades; chrome moly ferritic alloy grades; copper-nickel grades; titanium; aluminum; carbon steel; coated carbon; plastics; composites; fiberglass; and non-ferritic metals
Industries:	Chemical processing, drilling, exploration & production, industrial manufacturing, midstream & transmission, downstream, refining & petrochemical, utilities & gas distribution
Website:	www.distributionnow.com

