

How to deal with the threats a customer may receive when he intends to use alternative spare parts and services?

- If a customer is under the threat that an OEM (Original Equipment manufacturer of Positive Displacement pumps) will cease providing warranty or stop its service and support
- If a customer is under the restriction of a contract or supply agreement with an OEM with clauses of exclusivity of supply

Solutions:

1. Warranty on the pump equipment expires (in general) 12 months after start of operation or 18 months after delivery. After such period a customer is fully responsible over the safety, operation and maintenance of the pump. The customer may decide where to purchase his spare parts or whom he hires for services.
2. There is no precedent of an OEM stopping support/supply/services to any customer in history due to that a customer has started using local spare parts or been supported by local service companies, such as for a bearing replacement or pump repair or trouble shooting.

An OEM has a strategy not to lose any customer, they will endeavour to keep selling any product, either spare parts, or services to any kind of pump-user.

Our experience says that even in countries where the OEM has lost all wear parts supply and services, they are still willing to do business so that they can still sell other products, such as strategy parts and insurance parts. The OEM does not like to lose faith and reputation with their customers. Their main objective is to sell new pumps in the future.

3. In many countries such as the EU it is unlawful to agree with your customer on a contract with an exclusivity clause. The customer has a basic right not to be engaged into a situation of a “Cartel” or “Monopoly” (see below). Please refer to: https://europa.eu/youreurope/business/sell-abroad/free-competition/index_en.htm

NOTE: if Orgalime S2000-S2012 applies to the contract, the contract is governed by the law of the supplier country, in many cases this is the EU.

Customer has right to modify or discontinue any contract or supply agreement, before the beginning of a new year (in general). Customer can simply eliminate any exclusive supply clause in the agreement. The OEM may protest but will accept it since the legal sensitivity! If any unlawful content is found, the clause shall be terminated or modified immediately, please consult your company lawyer to examine the agreement.

4. Valves, valve housings, spools, manifolds and other components are generally used in PD (positive displacement) pumps without a restriction of intellectual property. Designs are prepared according international norms such as ASTM sect VIII. DIServices guarantees the design and fabrication strictly following norms and procedures and has extensive knowledge of their application in the PD (Positive Displacement) pumps.

In very few cases a patent may apply to a specific part in a certain country. This is certainly not the case for valves as these check valves are commonly used in all PD pumps independent if they have 1, 3 or 4 feet, a pin and are with or without seal.

5. There are plenty of alternatives to obtain PD pump services.

DI Services can organize the following services and support for any PD pump users:

- A. Replace whole pump by other well-known PD pump vendors
- B. Replace whole unit/module of your PD pump by well-known PD pump suppliers
- C. Supply repair service by a former OEM service engineer, or by service engineer trained by an OEM
- D. Supply wear parts by experienced manufacturers who have many years R&D experience and know-how in supply of spare parts to the end-users of any PD pumps.

6. A situation that an OEM exercises a Monopoly over their customer is the enemy of the mining industry. It is a paradigm that a PD pump should be serviced and supplied with OEM parts. This is not the case and we know the disadvantages of letting a supplier maintain such monopoly power due to 'Single market abuse' and 'Exploitative abuse':

- A. it is an abuse to not allow the customer a free choice of using alternative products (Single market abuse),
- B. customer are restrained with excessively priced products and implemented price discrimination in different countries and regions (Exploitative abuse),
- C. prices are always much higher than in competitive market (Single market abuse),
- D. poor and slow services are a result (Single market abuse),
- E. long lead times are only favorable to the supplier

7. DIServices will never pursue a monopoly position and in fact DIServices will encourage our customers having both DIServices and OEM as their suppliers to prevent any monopoly.

DIServices will assist customers in case such monopoly exists, and is willing to help our customers breaking up any form of monopoly abuse, and to ensure our customers to deserve a better spending, have on-time-delivery and reduce their operation costs.