

ERGO'S BUSINESS MODEL, SOLUTIONS, AND DIFFERENTIATORS

Answers to Frequently
Asked Questions

April 2014



FAQ

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A. GENERAL BACKGROUND

1) What is Ergo?

Ergo is an intelligence and advisory firm specializing in dynamic markets and geopolitical analysis. Across the globe, Ergo leverages thousands of proprietary on-the-ground sources and in-country teams to provide customized solutions and subscription products for our clients. Leading investment firms, Fortune 500 companies, law firms, and governments turn to Ergo for intelligence, political and economic risk analysis, market opportunities, competitive assessments, and strategy consulting.

2) Okay, but what does Ergo do?

Ergo is a consulting firm with a different take on research. We answer clients' questions by collecting and analyzing intelligence from our thousands of frontline sources. We help clients in two primary ways: 1) creating transparency—answering difficult and complex questions, and 2) impacting outcomes—helping craft and steer the futures our clients desire. Harvard Business Review said Ergo is “breaking from industry orthodoxy” with a “radically new model” of consulting.

3) Can you describe your research model?

We collect data and insights from those who know an issue best, analyze and synthesize the information, and craft customized, actionable solutions to meet our clients' exact needs. Ergo doesn't rely exclusively on expensive in-house experts; by leveraging deeply embedded sources and extracting frontline insights, we don't need to spend time learning about an issue on the client's dime. Our clients save time and money because they aren't educating generalist consultants on their industry.

4) What kinds of questions are you asked?

Our clients come to Ergo with questions that span the micro-to-macro spectrum (from targeted questions about a company or individual to broad questions about the fate of nations). For example:

- Is my potential Chinese business partner who he says he is?
- What technologies are my competitors using across their supply chain in Brazil?
- How will a new law affect my investment in Nigeria?

- Will my mining asset in Bolivia be nationalized by Morales?
- What will happen to Libya's energy resources post-Qaddafi?
- Will the German courts allow Merkel to bail out Greece?
- Will Obama bomb Syria?
- Given possible US energy legislation, what are the top five clean tech companies poised to benefit?

5) What are some examples of projects you've done for various types of clients?

- **China/Due Diligence (PE firm):** Ergo investigated and assessed the suitability of ten proposed partnerships between our client and Chinese businessmen and corporate entities, with an emphasis on previously unknown business history, the quality of their leadership, and their engagement with national political officials.
- **UAE/Leaders and Power Brokers (energy company):** Ergo investigated the murky decision-making process governing the renewal of Abu Dhabi's ADCO concession, including a detailed explanation of practices and procedures and in-depth profiles and network analysis of the 15 individuals with the most influence in the decision.
- **Brazil/Market Opportunities (pharma company):** Ergo uncovered the extent to which the client was overpaying—and calculated what it should be paying—for cargo transport in Brazil through analysis of third-party logistics (3PL) firms' operating costs and in-depth research on Brazilian infrastructure and government regulation.
- **Chad/Geopolitical Risk (reinsurance company):** Ergo assessed the potential for the Chadian government to nationalize—or effectively diminish foreign control of—certain oil assets in Chad, as well as the risks to those assets of instability and terrorism in the region.
- **Global/Strategy (major retailer):** Ergo developed a strategy to build an in-house licensing capability—including identifying and assessing global acquisition targets and teams—for a multi-billion dollar consumer goods manufacturer seeking to compete more fully across the value-chain and reduce dependency on external providers.
- **Global/Strategy (allied foreign government):** Ergo designed and implemented a domestic capacity to collect and analyze "gray source" intelligence on the country's critical national security issues, using a build-operate-transfer model.

B. HISTORY

1) How did Ergo come about? What is your creation story?

We were created at the behest of the US government to provide an alternative form of on-the-ground intelligence in difficult geographies on a wide variety of issues. Our founding partners were leaders in diplomacy, intelligence, Wall Street research, academia, and journalism.

2) Do you still have any connection to any other firm?

No. Ergo is an independent company owned by the partners. We have no outside investors or ownership.

C. TEAM

1) Who leads Ergo?

Ergo was founded by R.P. Eddy, who previously worked at the White House National Security Council, the Department of Energy, the State Department, the UN, and the Monitor Group. The other partners—Todd Egeland, Matthew Moneyhon, Evan Pressman, and Matthew Kelleher—have diverse professional experiences: CIA, UN, State Department, CNN. Their bios can be found [here](#).

2) How do their backgrounds help them in building this sort of company?

Ergo's partners have years of experience in intelligence, diplomacy, investigative journalism, and management consulting. The skills they developed in their previous careers—understanding geopolitics and business in emerging markets, how to solve companies' most challenging problems, how to recruit and engage sources, how to get people to provide information they may not be inclined to share, how to tell compelling stories—are extremely relevant in all aspects of Ergo's business.

3) Who conducts Ergo's research?

Ergo has a team of ~20 analysts across several tiers (from bright recent college grads to seasoned analysts with advanced degrees) who, led closely by a partner, execute all client projects.

4) What are Ergo's analysts' backgrounds?

Ergo analysts typically have degrees (bachelor's and/or master's) from the world's top universities, usually in international relations, political science, economics, or business. Most speak at least one language in addition to English (we currently have in-house speakers of Mandarin, Russian, Farsi, Portuguese, French, and Spanish, among others) and have spent considerable time living or working abroad. Because we rely primarily on information gleaned from our sources, Ergo analysts need not be regional specialists. In fact, we highly prefer intelligent, highest-integrity generalists who enjoy immersing themselves in a wide range of topics and geographies. In addition to being excellent writers and analytical thinkers, they are very intellectually curious and passionate about international issues.

5) Who is on the advisory board and what is the role of board members?

Ergo's advisory board is comprised of former heads of state, former senior diplomats and government officials, and prominent business leaders. Board members provide guidance and counsel to the Ergo partners, participate in client engagements, and are actively involved in the development of new business. The list of board members, with their biographies, can be found [here](#).

D. SOURCES

1) What types of sources do you use?

Ergo has a team of trusted, vetted, local sources around the world, in just about every country and industry. Our assets are not merely observers of a country or industry; they are deeply embedded in their field. Ergo's sources span all levels of the public and private sector, from government officials to apparatchiks and industry executives to factory workers. With deep knowledge of and experience in the business and political landscape of their country, these sources serve as our "eyes and ears" on the front lines. They provide firsthand intelligence, which is synthesized by our highly trained, multilingual analysts using powerful frameworks.

Ergo's network also includes highly connected in-country teams that conduct research and collect unbiased information under the radar. Our trusted teams are locals—they know the political and business environment, understand the customs, and speak the language.

2) How does Ergo find its sources?

Ergo has an unrivaled capacity to custom recruit "exact-fit" sources with unique access and insights, largely through referrals from our expanding network, personal relationships, and mining of public information resources.

3) How does Ergo incentivize them?

Our sources are compensated for the time they spend working with us.

4) How does Ergo protect against misinformation?

First, we vet and validate all new sources to the fullest extent possible, often through trusted sources with whom we have longstanding relationships. Second, we have extensive track records—in some cases spanning decades—with many of our assets. In all instances, Ergo tracks asset performance (e.g., did the source provide useful intelligence/was he correct last time?), and often tests assets to assure fidelity. Third, we employ multiple sources, never rely on one data point, and triangulate the information to look for outliers. We run down the outlier information, which in many cases is information from an exceptionally well-connected or well-placed source.

5) How does Ergo protect against disinformation?

Ergo recruits our sources directly; we don't take "walk-ins". It would be nearly impossible for a source who seeks to mislead us to insinuate himself into our process. Additionally, our sources never know the identity of our client or the ultimate objective of the research.

E. EXPERIENCE

1) How many projects have you done?

Ergo has conducted over 500 projects in nearly 100 countries, across dozens of sectors.

2) In which geographies is Ergo strongest?

Ergo has conducted research on six continents. Our resources—on-the-ground sources, in-country teams, in-house knowledge and experience, and relevant language skills—are strongest in China, Southeast Asia, the Middle East, sub-Saharan Africa (Nigeria, South Africa), and Latin America (Brazil).

3) In which sectors is Ergo strongest?

Ergo has conducted projects in dozens of sectors. We have worked extensively in the energy and extractives, pharmaceutical and healthcare, agriculture and food, aerospace and defense, financial services, telecommunications and IT, and retail sectors.

4) Are you able to do projects in geographies or sectors in which you have never previously worked?

Yes. The beauty of Ergo's model is that it enables us to produce unique, high-quality analysis even in geographies or sectors in which we have no previous experience. We do not rely exclusively on in-house knowledge. Ergo is "the expert at finding the experts." We identify, recruit, and engage the leading experts on the topic, and craft our analysis based on their insights.

F. PRODUCTS

1) What does an Ergo product look like?

We offer a wide range of intelligence and consulting solutions, from conducting detailed due diligence on individuals and entities, to demystifying ongoing and contemplated regulatory changes, to mapping and profiling key country or industry power brokers, to building custom intelligence reports for executives as they engage on specific opportunities and challenges.

Ergo's custom research products are tailored to the client's needs. Typically, they are written reports with clear key findings and recommendations provided in the beginning. The body of the report is designed according to the client's research requests in an intuitive and easily navigable structure. Almost all of our products contain custom-built graphics, maps, and other visual representations of data. The information from sources is clearly attributed, and biographical data on all sources is provided. We can also present our findings in slide decks or in custom-built electronic formats.

2) Does Ergo use boilerplate content or borrow or recycle information from previous studies?

No. All client products contain only fresh, original analysis and writing that directly addresses our clients' needs.

G. CLIENTS

1) Who are your clients?

Ergo's clients include investors and asset managers, sovereign wealth funds, multinational corporations, law firms, insurers, and governments.

2) Can you provide examples of the type of work you might do for each?

- **Private equity firms:** intensive due diligence on prospective portfolio companies and their managers; deal sourcing; strategies to optimize portfolio companies
- **SWFs:** in-depth analysis of industries, economic trends, geopolitical risks; deal sourcing
- **MNCs:** competitive intelligence; supply chain optimization strategies; regulatory assessments
- **Law firms:** investigations; asset tracing; political and regulatory intelligence; due diligence
- **Insurers:** assessment of the risks of instability and terrorism to insured assets and people
- **Governments:** political assessments; key leader and power broker dynamics; human terrain mapping; intelligence collection

3) Can you tell me the names of your clients?

We ensure our clients full confidentiality and do not disclose their identities. Several clients, however, have granted us permission to share their names: KKR, Bain Capital, Corsair Capital, and PineBridge Investments, among others.

4) How are you able to serve such a varied range of entities?

The versatility of our model enables it to be applied to just about any challenge. Problems are best solved with information and insights the world's leading experts on the topic. Ergo knows where to find these experts, how to extract valuable information from them, how to analyze the information, and how to build a product that meets each client's unique needs.

5) Have you ever had any unsatisfied clients?

No (at least not that we're aware of).

6) How do you win new business?

Most new business comes from referrals or word-of-mouth, and via the relationships of the Ergo partners and board members.

7) How much communication with/access to Ergo does the client have over the course of an engagement?

Ergo prefers to have as much communication as possible with the client. Close communication with the client before project launch enables us to design a scope of work and research plan that targets the client's highest priorities. We like to provide regular updates to the client—both written and by phone—to the client during the course of the research, to ensure our research is on track, and to alter course if necessary. We welcome feedback from the client after the final product is delivered so we can ensure that we are continually improving our products.

H. PRICING

1) *How much do you charge? How much does a project cost?*

Project costs are driven by a range of factors, including: the scope of work, the size and composition of the Ergo team working on the project, the number and type of sources and teams to be engaged, the geography and sector of focus, the timeline, the sensitivity of the questions, and the expenses we expect to incur as part of our research and delivery process. Pricing is determined for each engagement based on a calculation that includes these factors.

2) *Can you provide a general sense of price for various types of projects?*

Small, basic due diligence projects can be as little as \$5,000. In-depth, multi-country, multi-month strategy projects can be \$500,000 or more.

3) *What are the various contract structures you offer?*

We prefer to set up retainers or master services agreements with our clients to reduce administrative costs and delays, but we can also do project-specific pricing.

I. COMPETITORS

1) *Who are your competitors?*

There are no notable direct analog companies. Ergo is part geopolitical risk consultancy, part management consultancy, part investigations firm, part expert network platform. In each aspect of our business, there are companies who offer similar products and services.

- Geopolitical risk: Eurasia Group, Control Risks
- Management consulting: McKinsey, Bain, BCG
- Investigations: Kroll, Control Risks
- Competitive Assessments: industry-specific consultancies
- Understanding leaders and power brokers: None

2) *Do you often find yourself in competition with your competitors for a particular piece of work?*

No, although we have gained a number of clients who previously used our competitors and were unsatisfied with their products and/or capabilities.

J. DIFFERENTIATORS

1) *What makes you better than your competitors?*

Unparalleled Proximity. Ergo provides direct, on-the-ground insight into market-moving events as they unfold on drilling rigs and factory floors, in boardrooms and the halls of power—anywhere in the world and in near real time—by virtue of our network of trusted frontline sources.

Direct Access. By removing layers—unknown intermediaries, media spin, open-source contamination—and going straight to the ultimate sources of information, Ergo is able to create solutions that are based on pure intelligence, without filter or adulteration.

Precise Answers. Ergo delivers actionable intelligence and insights that directly address our clients' specific needs. We do not use pre-packaged or recycled material.

Cost-Effective Solutions. Our clients pay for information, not overhead. Unlike traditional consultancies, we don't pass on heavy fixed costs or learn on the client's dime.

Speed. Rapid turnaround from our established networks enables clients to quickly address time-sensitive issues.

Hands-On Experience. Our team, with extensive public and private sector backgrounds, has decades of experience acquiring detailed, first-hand information on the most difficult issues in the most challenging countries.

K. AFFILIATED COMPANIES

1) Is Ergo affiliated with any other companies?

Yes. Ergo launched and has interests in two other companies: Four Rivers, an investment company focused on Myanmar, and Ergo Investment Partners (EIP), which runs a long-short hedge fund.

2) What is the relationship between Ergo and these companies?

Ergo is an owner of both companies. RP Eddy, Ergo's CEO, is also CEO of Four Rivers, and is chairman of EIP.

3) Does Ergo provide information that it gathers through its intelligence business to the other companies?

No. Ergo has engaged a law firm to review any potential compliance or conflict of interest issues and will follow the guidance of the attorneys should such an issue ever arise.