



# Digital Transformation – Procurement in Oil & Gas

Dion Graham – Vice President, Procurement & Business Networks, SAP Ariba  
October 15, 2018

# Agenda

**Digital Transformation Trends**

**Services Procurement Collaboration**

**MRO Inventory Catalogs**

**Intelligent Technologies**

**Partnering**



# SAP's Unmatched Oil and Gas Expertise

83 of the top 95 top oil and gas companies run SAP:



**15 of the top 18**  
fastest growing oil and  
gas companies



**10 of the top 10**  
oil and gas stock picks



**15 of the 16** top  
exploration and production  
oil and gas companies

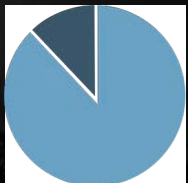
**More than**  
**3,300** oil and gas  
companies in 118  
countries

**Our**  
**customers**  
produce **more than**  
**78 million barrels** of  
oil each day

**All lines of**  
**business**  
supported on a  
single platform

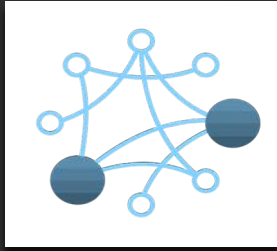
**Embedded,**  
preconfigured  
best practices

**Clear Industry**  
road map



**87%** of the oil and gas companies in the Forbes **Global**  
**2000** are **SAP** customers.

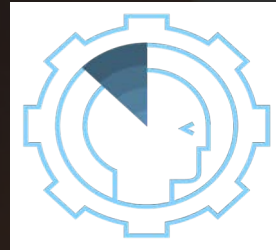
# Technology Trends Enabling Digital Transformation



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## Hyperconnectivity

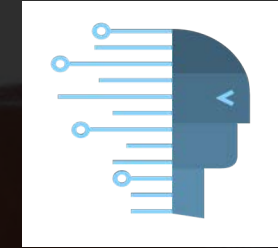
Has moved beyond traditional automation and everyone and everything is connected so data is available now to take action.



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## Artificial intelligence, machine learning

Creates a smarter world where machines talk to each other making workers smarter and systems more reliable



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## Augmented reality

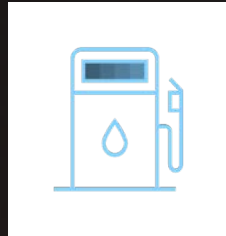
Pushes the boundaries of operations and maintenance activities to improve safety and productivity

# Digital Trends Transforming the Oil & Gas Industry and Potential Impact



Integrated, **digital platforms** are enhancing collaboration and reducing costs.

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**Omnichannel fuel retailers** are engaging customers with personalized offerings

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**Predictive maintenance** to anticipate critical equipment failures

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**\$220 billion**

Potential value addition for the industry

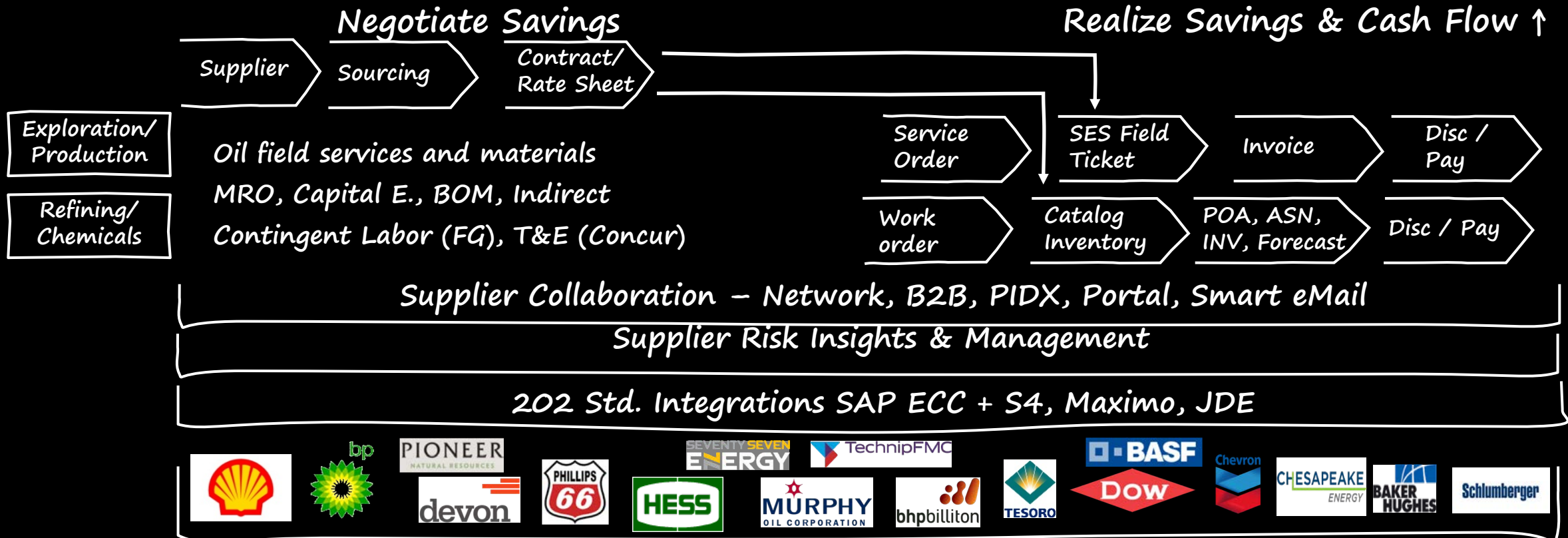
**6%**

Estimated reduction in accidents and injuries

**43,000 barrels**

Estimated reduction in pipeline spills

# SAP Ariba End to End Source to Settle in Oil & Gas



## Differentiator

- UX guiding buying + mobile
- Integration delivered (horizontal & vertical)
- All spend + All buying channels: AFE, field ticket, service invoice, PM, Guided B., MRP
- Lowest TCO: catalog + supplier enablement included, delivered 202 standard integrations, no SAP license required

## Benefit

- 4-15% price reduction
- \$20M / \$1B compliance savings
- 40-60% process efficiency ↑
- \$2M / \$1B cash flow ↑

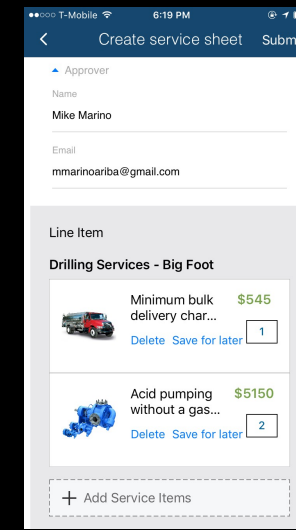
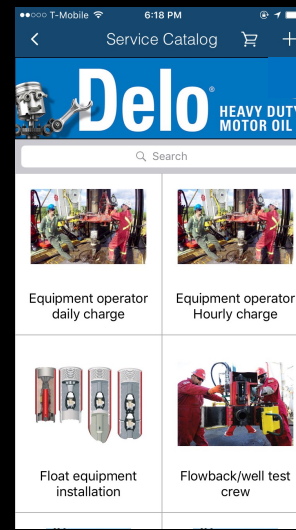
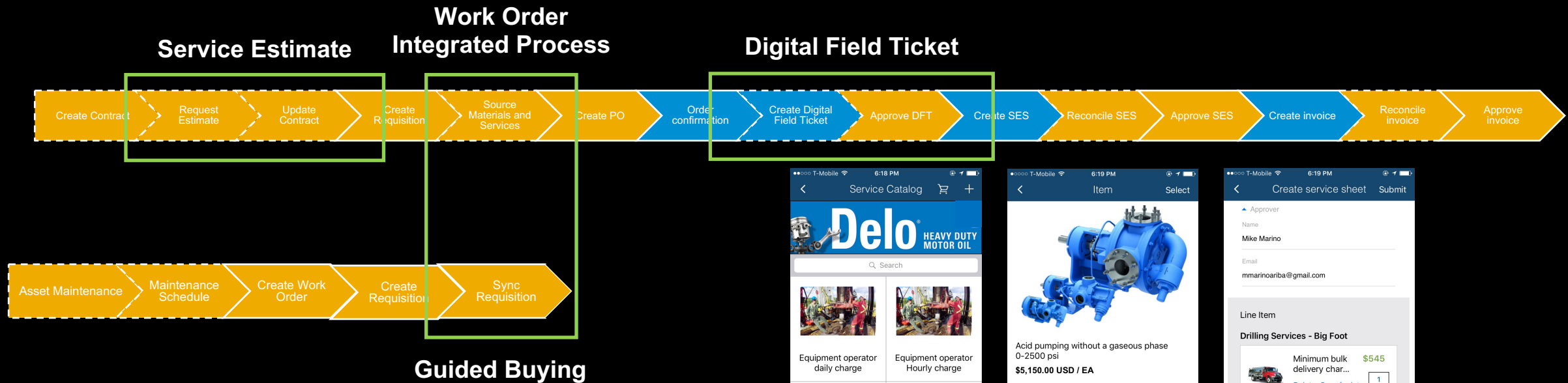
# Services Procurement Collaboration for Oil & Gas

Buyer  
Supplier

Services collaboration leading practice – ERP and Business Network (today)



## Next Generation Digital Transformation Services Procurement Collaboration



# Single View across Inventory, Service and BOM Items

The screenshot displays the SAP Ariba search interface for the term 'pump'. The search results are categorized into 'Company catalog' and 'Spot Buy catalog (99+)'. The results are sorted by 'Relevance' and show 8 of 241 results. The interface includes a left sidebar for refining results by Supplier, Manufacturer, and Category. The main content area displays a grid of items, with two items highlighted by a yellow box and labeled as 'inventory items'. Two other items are labeled as 'service items'.

**Refine results**

**Supplier**

- Internal MRO Supplier 6
- Lyreco AG 3
- MKD Oilfield Services 13
- Safety OneSource 14
- Stratus Safety Supplier 14

[See more](#)

**Manufacturer**

- accurate chemical & scientific instruments 2
- af international ltd 1
- ala scientific instruments 1
- aro 2
- b braun medical 1

[See more](#)

**Category**

- Air Compressors 2
- Alternating Current Ac Motors 2
- Centrifugal Pumps 3
- Circulating Pumps 3

**Company catalog** | **Spot Buy catalog (99+)**

Showing 8 of 241 results

Sort by: Relevance

**service items**

- MRO Pump Services**  
Safety One Source  
MKD Oilfield Services
- Pump Installation Services**  
Stratus Safety Supplier

**inventory items**

- CP23 Centrifugal Pump**  
Stratus Safety Supplier  
\$5,475.00 USD
- G-LP 3400 Double Suction**  
Safety OneSource  
\$80,000.00 USD
- F-1300 Triplex Mud Pumps (API-7K)**  
Stratus Safety Supplier  
\$80,000.00 USD
- F-1300 Triplex Mud Pumps (API-7K)**  
Safety OneSource  
\$80,000.00 USD
- Acid pumping without a gaseous phase 7501-10000 psi**  
MKD Oilfield Services  
\$6,550.00 USD
- Cement pumping charge 1001-2000 Feet**  
MKD Oilfield Services  
\$4,875.00 USD

[More](#)

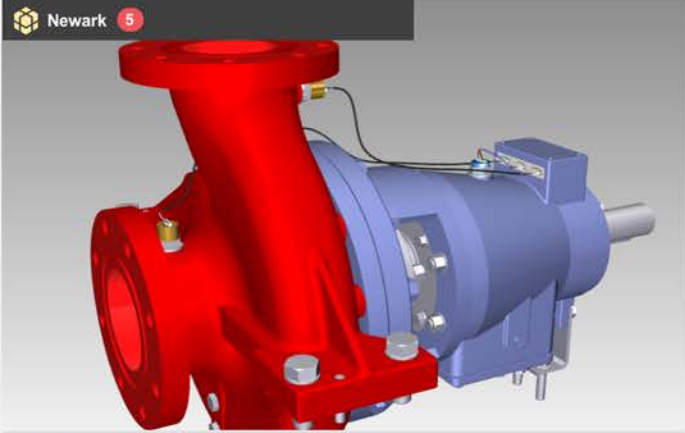


# Bill of Material, 3D Part View for Inventory Items

SAP Ariba

Payod Deshpande

Newark 5



**CP23 Centrifugal Pump**  
From Stratus Safety Supplier  
Rated Horsepower: 1,000 HP, Rated Pump Speed: 110 SPM, Maximum Liner Size by Stroke Length: 7" x 12", Suction Connection: 12", Discharge Connection: 5-1/8" 5,000 psi Flange, Gear Ratio: 4.206:1, Valve Pot: API #7, Approximate Weight: 54,171 lbs

**\$5,475.00 USD**

Available in 15 days

Quantity:  each

**Add to cart**

Volute Assembly **\$1,157.50 USD**

Specification Assembly

Item Name	Item #	Stock	Price/each
CP23 Centrifugal Pump	324341	1	<b>\$109.54 USD</b>
Volute assembly	452342	3	<b>\$70.25 USD</b>
Cover assembly	533434	3	<b>\$89.88 USD</b>
Impeller assembly	787867	5	<b>\$45.89 USD</b>

3D item view

Selected item

Bill of material

# Service Items, Add to Cart/Requisition



### Centrifugal Pump Installation Service

From Stratus Safety Supplier

Contract for pump installation services. Covers all rigs, off shore platforms. Applicable from Jan 18 - 19. All prices are included in the catalog.

**\$1650.00 USD**

Available in 15 days

Quantity

each

Add to cart

You have 1 item in your cart



### Centrifugal Pump Installation Service

Services for installing centrifugal pump...

**\$1,650 USD**

Delete

Total: **\$1,650 USD**

Check out

Service item



Service item add to cart



Specification

Assembly

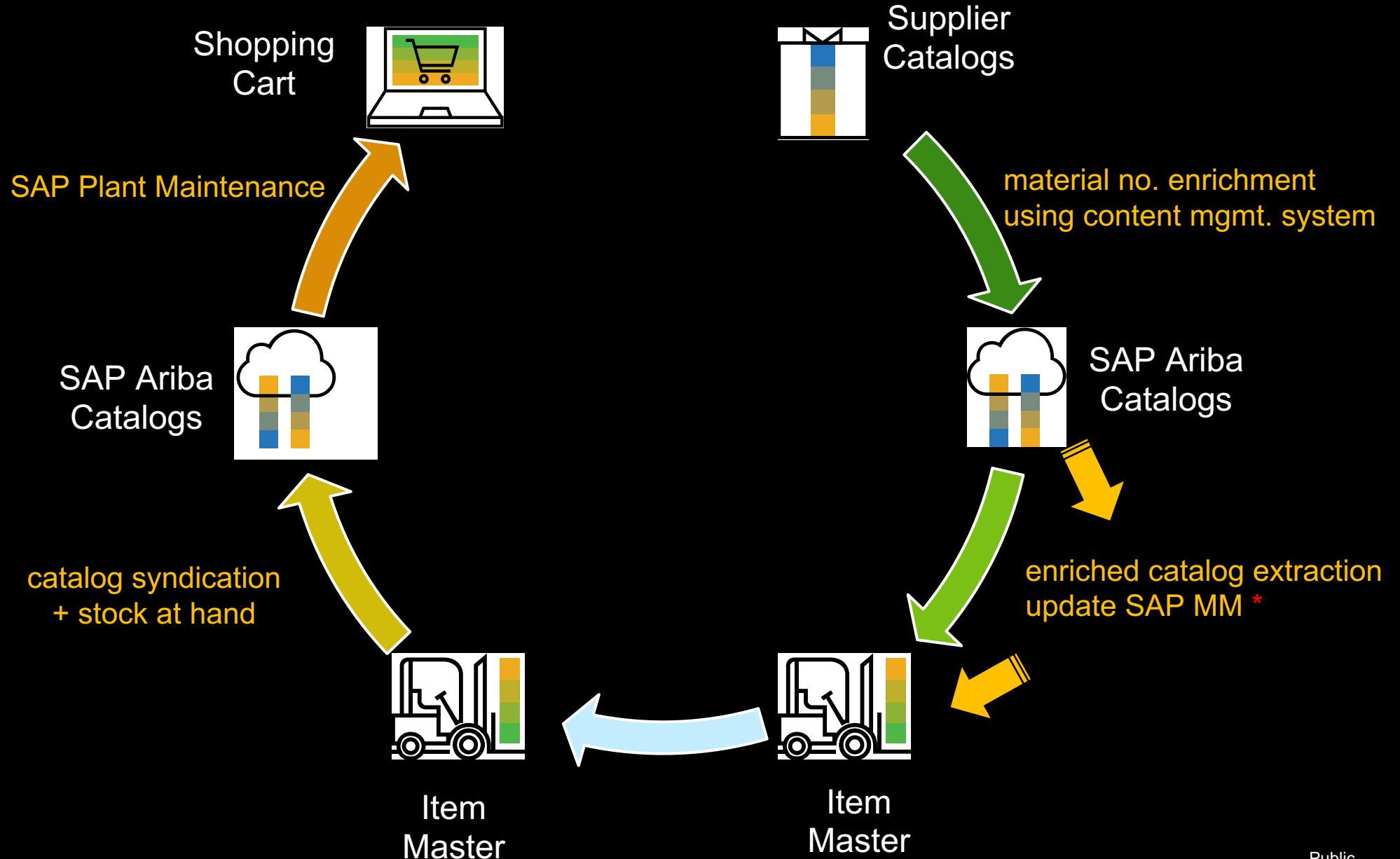
Service Name	Service Number	Price
▼ Pump Installation Services	324341	
▼ Industrial Pumps	452342	
▶ Centrifugal Pumps	787867	<b>\$1650.00 USD</b>
Installation and start-ups	768654	<b>\$1150.00 USD</b>
Vibrational testing	533434	<b>\$200.00 USD</b>
Pressure testing	348765	<b>\$300.00 USD</b>

Complex hierarchal service items



# MRO Inventory Catalogs

- Customer Specific – Open to partnering PIDX to define standard



# Intelligent Spend Management: Countless Inputs. Powerful Outcomes.

- Vendor ID Number**
  - Invoice Amount
  - Product SKUs
  - Vendor Industry
  - Recipient Address
  - Point of Origin
  - Specifications
- Payment Terms**
  - Invoice Number
  - Risk Assessment
- Discount Terms**
  - Strategic Sourcing
  - PO Number
  - Requisition
  - Source Reduction
  - Surplus Property
  - Cost Model
- Contract Clauses**
  - Jurisdiction
  - Qualified Vendors
  - Vendor Geography
  - Restrictions
- Authorized Signatories**
  - Escalation Clause
  - Sub-Tier Supplier Data
  - Post-Consumer
  - Prequalification
- Commodity Code**
  - Vendor Type
  - Regional Headlines
  - Liquidated Damages
  - Geography
  - Indirect Spend
- Supplier Risk**
  - Addenda
  - Extend Option
  - Bill of Lading
  - Cost Avoidance
- Local Weather**
  - Warehouse Data
  - Legal Update
  - Supplier Data
  - Amendment
- Historical Data**
  - Per Diem
  - Transport Status
  - Waybill
- RFID Data**
  - Spend Data



## Deliver more intelligent experiences

Simple, consumer-like, contextual experiences guide users to just what they need.

## Deliver more intelligent processes

Processes that continually and dynamically improve based on data, behavior and results.

## Deliver more intelligent insights

More relevant, future-focused assessments and recommendations right at the point of action.



### Deliver more intelligent experiences

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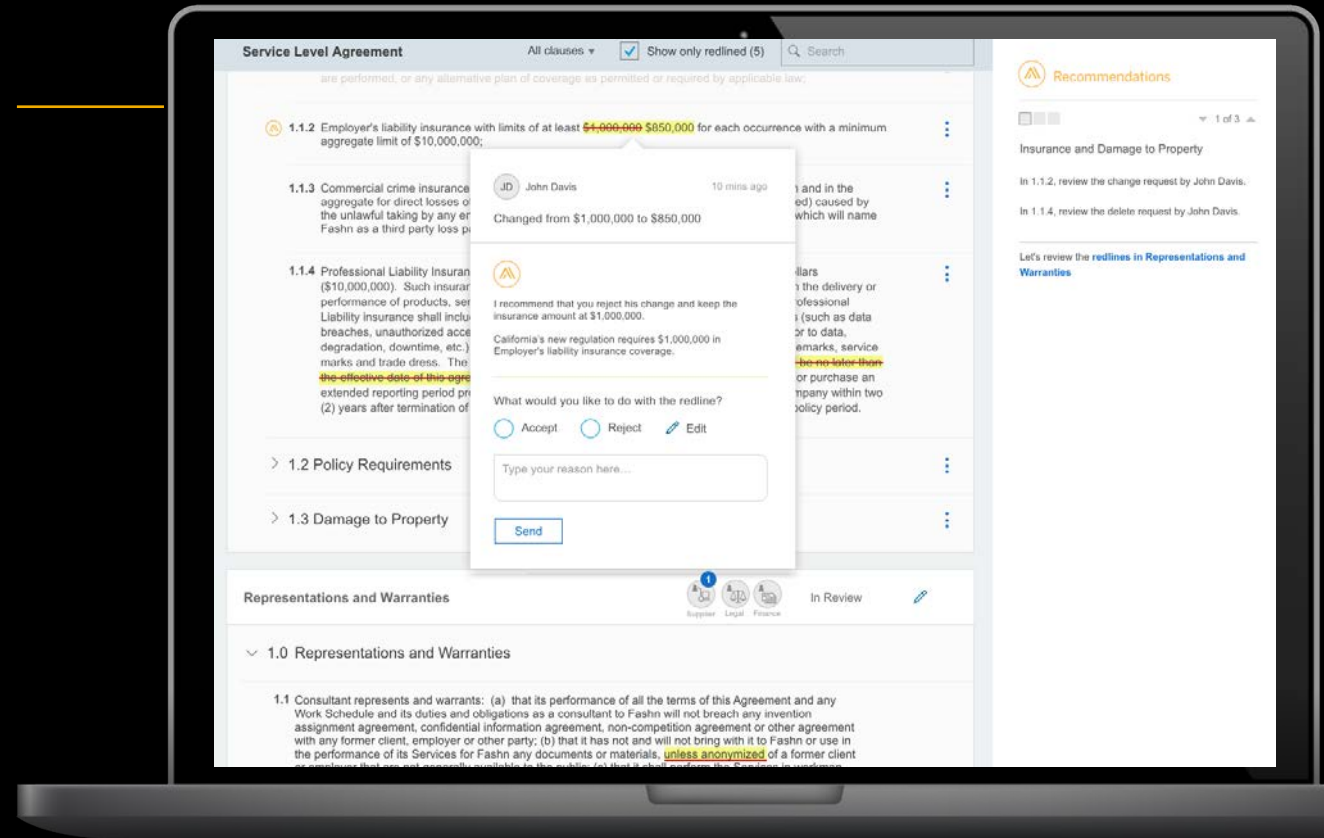
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# Use AI to strengthen contracts



# Automatically identify materials not under contract and recommend alternatives



## Deliver more intelligent experiences

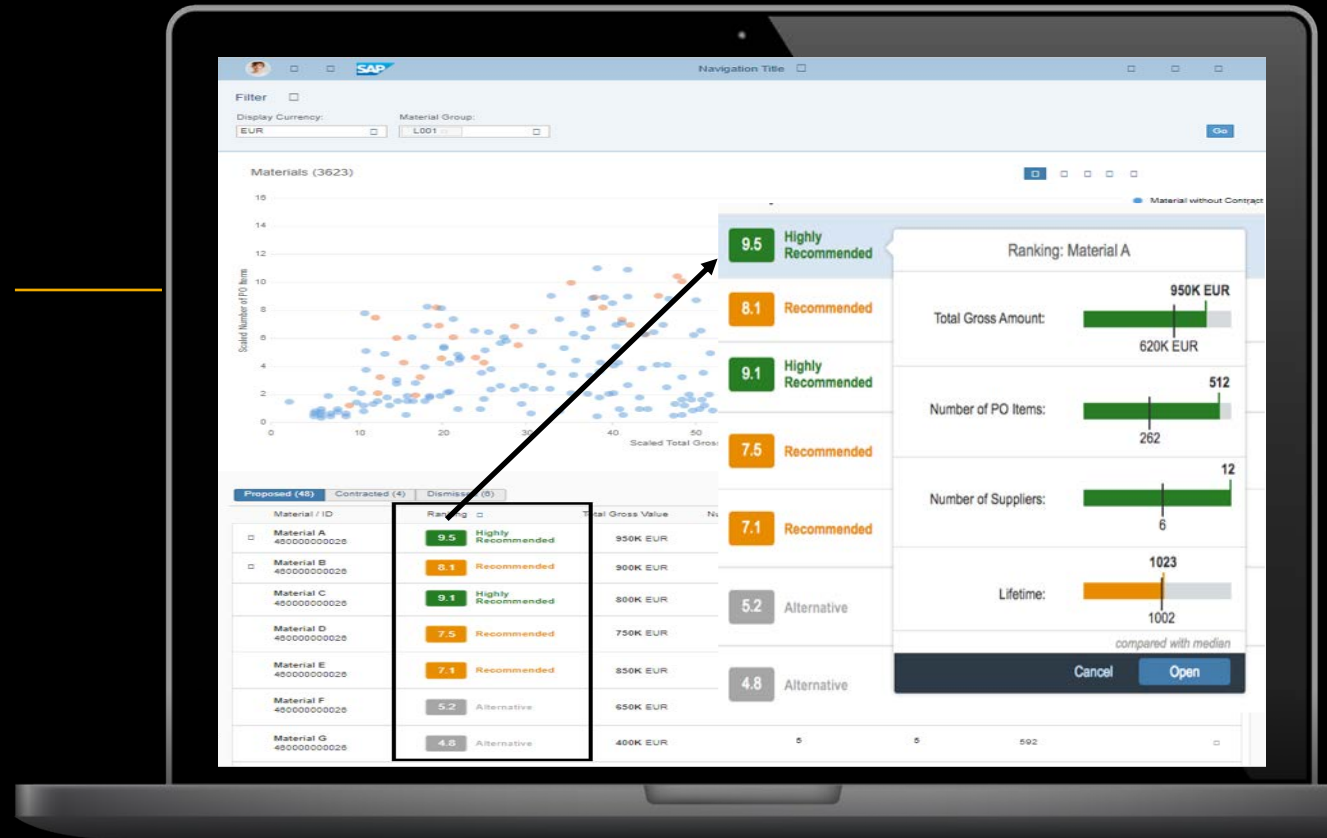
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# Proactively manage risks in your supply chain



## Deliver more intelligent experiences

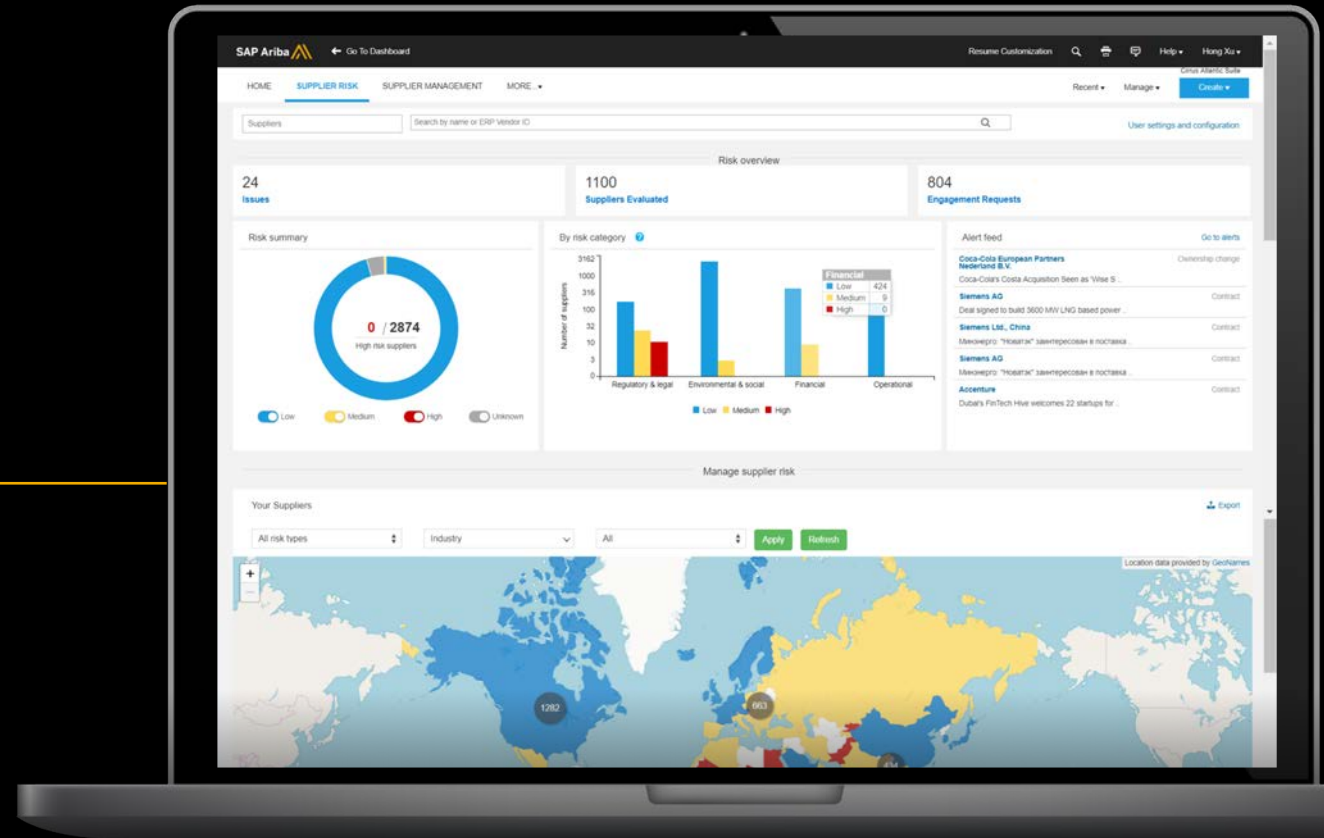
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# Partnering

## SAP Ariba O&G Design Committee



**Program Charter:** Improve SAP Ariba’s end-to-end solution for “complex” services within the Oil & Gas industry for upstream, midstream, and downstream businesses in order to automate the billions of services spend currently not under management. The primary goal is to maximize and increase throughput for existing customers while improving our ability to sell into the market.

Alex Lente, Vice President, Product Management, SAP Ariba

Established in April 2017

Deliverables:

- 30+ enhancements delivered

Other Activities:

- Customer User Group semi-annual meetings (25+ E&NR customers)
- OFS-Portal Invoice Error Reduction initiative working with supplier community

## SAP O&G S/4 in the Cloud Consortium



There is little debate the oil and gas industry has been challenged over the last couple of years. There is an urgency to provide the agility and scale needed to win in this environment. Accelerating into the future, as it has been previously, it is by working directly with our customers that SAP enables our customers to shape their intelligent enterprise with the S/4HANA Cloud.”

Benjamin Beberness, Global Vice President, Oil and Gas Industry Business Unit, SAP

Established in late 2017

Face-to-face Workshops: December 2017, January and April 2018, planned July

**Workstreams:** Procurement, Field Logistics, Asset Management, Finance and Joint Ventures, Hydro-Carbon Revenue Management, Solution Architecture



# Thank you.

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