

The Back Office Moves to the Forefront of the Energy Business
by
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Energy companies have always been eager to embrace technologies that increased productivity and cut costs in the field but not so fast to do the same at headquarters. It's not hard to understand why: oil field tickets generated at flow meters measuring custody transfer read pretty much like the receipt from a cash register, making it easy to quantify increased revenue and prove the business case for the investment. Conversely, ascertaining productivity gains for knowledge workers in the office has been a challenge for decades. Without a solid business case, it has been difficult to justify replacing entrenched manual processes.

The dependence between departments separated by geography has made workforce collaboration logistically cumbersome. Although this situation has been part of energy company operations for a long time, new external pressures exacerbate the problem. Operational costs, from increased fuel prices to shifting regulatory requirements, are rising annually across the entire enterprise. Meanwhile, stakeholder pressure on energy industry companies to become more efficient – and maintain or increase royalties and profitability – is more intense than ever.

Don't take my word for it. According to Barbara Hodge (online editor of the Shared Services and Outsourcing Network) and other industry experts, Fortune 500 companies accounted for \$480 billion in back office inefficiencies in 2013. CEOs and the folks who pay their salaries recognize that improving those business profits can yield dividends in employee productivity, customer satisfaction and shareholder approval.

Like virtually every industry, energy companies are looking to the cloud to revamp work flow schemes and cut costs. True mobility, supported by the cloud and secure, high-performance, ubiquitous global networks, is smoothing workflow between teams in the field and the back office. The network connection between the back office, the cloud and mobile personnel is revolutionizing the way business gets done.

New Answer to Old Business Questions

Mobility and cloud-based services offer technical answers to many of the uncertainties executives face every day: How do we maximize cash flow and get the most from investments? How can we become better at adapting processes in response to the constantly shifting business landscape? How can we elevate each person's efficiency and hone data accuracy? In light of workforce evolution, how do we position the company as the best place to work in the industry? And, there's always the "800-pound gorilla in the room question": Where can we cut costs?

CTOs, CFOs and CEOs in oil & gas enterprises are recognizing the potential in the cloud and mobile applications delivered through software as a service (SaaS) providers. Companies making the leap to SaaS-based business processes are realizing operational and long-term advantages that include:

- Saving cash by taking advantage of early payment rewards and eliminating late payment penalties

- Cutting IT CAPEX through subscription-based, software as service (SaaS) models that eliminate licensing fees and allow you to “pay-as-you-go”
- Reducing IT OPEX by streamlining software maintenance and upgrades
- Supporting business process agility by making it possible to rapidly pivot from established applications to new, more efficient services
- Leveraging real-time cash flow data to make smarter investments with working capital
- Establishing visibility throughout the supply chain that enables better resource deployment and smarter decisions governing the movement of goods, information and funds (see sidebar)
- Arming millennials, the workforce of the future, with the tools they want and energy companies need to attract and retain the best talent in the industry

Industry research organizations estimate that, by 2015, \$8 billion will be spent on oil and gas mobile applications. A recent survey of CIOs in the oil and gas industry conducted by Oil and Gas IQ found that mobile technology was ranked second on the list of top ten priorities and 95.2 percent of respondents indicated that mobile devices would enhance, if not greatly enhance, operations within the oil and gas sector.

Too Good to Be True?

All of this paints a rosy picture for companies integrating mobile applications into their systems. As you probably suspect, these changes to the business also create some new challenges. Integration with existing on-premise applications (ERP) and data behind firewalls will call for a thoughtful strategy; the good news here is that IPaaS (Integration Platform as a Service) technologies are maturing to deal with this issue and that established providers have worked through these details with other enterprises. Another hurdle is network performance and recovery from data transfer interruption. But what we are witnessing is a rapid increase in network reach and reliability that validates claims of “anywhere, anytime” access to information and applications, and mature data archiving and recovery solutions that execute so quickly users might not even notice the glitch.

Part of the solution to these and other challenges is to take a measured approach to implementing off-premise software. Industry analyst Frost & Sullivan reports: “As businesses become more comfortable with deploying mobile worker applications, mobile workforce management (MWM) solutions are a top choice. Current users are highly satisfied with these applications and point to an impressive list of positive business impacts, including reduced paperwork, faster trouble ticket resolution, higher job completion rates and enhanced customer satisfaction and engagement.”¹

No More Excuses, Go Forward!

Although field engineers had good intentions, back office personnel used to regularly hear, “I haven’t been in front of my computer,” from the colleagues they depended on to move documents from one step in the process to the next. Mobility is eliminating that excuse, much to the delight of everyone inside and outside of the walls of the enterprise.

Making significant business changes inherently breeds problems. But that’s the nature of the beast. Technology advances in the field, for example the shift from hand-measurement and clipboard records to digital flow meters and wireless data transfer, took time to develop, but their

value has been proved over time. So it will go with mobility and back-office/field operations workflow collaboration. *Oil & Gas Monitor* echoes my optimism, saying that “not only are mobile devices proving to be valuable in field operations, but, with the advances in cloud computing and network performance, mobile is becoming the preferred method for accessing E&P data.”²

Energy companies have a long history of overcoming challenges, relying on their tenacity and ingenuity. There is great opportunity for oil and gas back office operations to move forward through advances in technology, and forward it will go!

Author Bio:

Richard Slack, president and CEO of Oildex, has more than 30 years of extensive oil and gas industry experience with the majority dedicated to developing, marketing, and selling software products and services. Oildex is a cloud-based, mobile software platform that simplifies financial and operational processes for oil and gas companies through the use of digital data and collaborative workflow tools.

For more information on Oildex, please visit: www.oildex.com.

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