

## Downstream Centre of Excellence

### The Nature of Downstream

The downstream oil sector of the energy industry is in a period of significant change. The need to drive operational efficiencies and the entry of "non traditional competitors" set against a background of volatile commodity prices continues to fundamentally alter the industry landscape. In response many downstream companies are focusing on "-isation" style initiatives (i.e. globalisation, rationalization, harmonisation and standardization) as a way of meeting these challenges.

In this environment, industry executives need services partners that can provide three critical capabilities:

- Deep understanding of current and future factors that will drive success;
- Proven, practical ability to leverage knowledge and best practices of other industries such as Retail, Consumer Goods, Transportation and Financial Services into Downstream solutions; and
- Ability to collaborate with multiple internal and external organizations to identify and implement solutions that achieve sustained performance improvement.

We have a track record of using consistent and successful approaches (e.g. Phase 1, Technology Enabled Re-engineering, Transformation Outsourcing) to help our clients define and realise business results. These broad strengths are augmented by a range of competencies that we have developed to meet the specific needs of our downstream clients. These downstream specific competencies include:

### Customer Experience Transformation

As market and margin dynamics change in each Region of the world, managing the customer experience becomes increasingly important. We help our clients drive improved customer satisfaction, value and retention by transforming the sales, marketing and service processes. This includes:

- Utilising leading practice techniques from "mass retailers";
- The re-design and/or consolidation of customer service centres;
- The implementation of leading CRM technologies such as Siebel and SAP;

- The design and implementation of Customer Portals to support sales and service processes; and
- The design and implementation of effective pricing processes and Price Revenue Optimization.

Benefits we have seen include improvements in customer profitability, reductions in cost to serve, customer and channel alignment and improved sales force effectiveness.

### Supply Chain Effectiveness

Using our Downstream Integrated Value Chain Optimisation (DIVCO) framework as a model, we help our clients define and implement programs that deliver improved Hydrocarbon Supply Chains. The benefits include improved on time delivery performance, reduced working capital and optimised logistics networks. We also help downstream organisations take advantage of new technologies such as Mobility and Radio Frequency Identification.

### Manufacturing Effectiveness

Running refineries effectively and efficiently is critical to business results. Refinery availability has become even more important, as supply constraints continue in key demand markets like North America and China. Chemical manufacturers have similar issues and are seeking to reduce product manufacturing costs. Lubricants blending plants have the added complexity of managing the changeovers and input material inventories of a consumer packaged goods environment. We help our clients drive improved performance from the operations and maintenance of their most significant capital investment - their manufacturing plants. Our capabilities include:

- **Manufacturing Operations Improvement** - We help our clients improve the way in which they operate their manufacturing assets using proven techniques (e.g. Phase 1). These techniques quickly identify the key areas of improvement, validate the benefits, define the implementation requirements and deliver the results.
- **Asset Management Excellence** - We bring together our own skills and those of our alliance partners to build and deploy solutions (e.g. OTTER) to improve the performance of refineries, chemical plants, lubricants plants, terminals, pipelines and retail outlets. We enable the improvement



## About Capgemini and the Collaborative Business Experience

Capgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing services, has a unique way of working with its clients, called the Collaborative Business Experience.

Backed by over three decades of industry and service experience, the Collaborative Business Experience is designed to help our clients achieve better, faster, more sustainable results through seamless access to our network of world-leading technology partners and collaboration-focused methods and tools. Through commitment to mutual success and the achievement of tangible value, we help businesses implement growth strategies, leverage technology, and thrive through the power of collaboration.

Capgemini employs approximately 60,000 people worldwide and reported 2003 global revenues of 5.7 billion euros.

With 900+ million euro revenues in 2003 and 10,000 dedicated consultants engaged in Energy, Utilities and Chemicals projects across Europe, North America and Asia Pacific as of July 2004, Capgemini's Energy, Utilities and Chemicals Global Sector serves the business consulting and information technology needs of many of the world's largest players of this industry.

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through migration from break/fix reliance to preventive/reliability centred maintenance practices, standardized maintenance procedures to enable consistent execution and the reduction of Maintenance Repair and Operations inventories and costs.

### SAP Architecture and Total Cost of Ownership (TCO)

SAP is the primary technology enabler in Downstream Oil. However there are typically multiple implementations of SAP and there are still numerous other applications interfacing and/or integrating with the core platform. In parallel SAP continues to evolve its products and introduce new Oil functionality while SAP's Netweaver Architecture is fundamentally changing the way SAP solutions are deployed and used. As downstream organisations globalise and standardise so as to drive margin improvement the cost-effective use of SAP's toolset is critical. Our knowledge and experience helps downstream organisations meet this challenge. For example we are helping our clients reduce the TCO of their SAP solutions through:

- Our Rightshore™ approach which utilises our expertise centres in Europe, the US and Mumbai to ensure we deliver at the right price;
- Our "SAP in a Box" offer which contains pre-configured SAP components which allows us to accelerate delivery;
- Our expertise in Enterprise Services Architectures and SAP Netweaver in particular; and
- Our alliance with SAP (e.g. helping to optimise SAP for the Lubricants industry).

### Trading Effectiveness

Balancing supply and demand within and across geographies, and taking advantage of global access to markets and information means the difference between winning and losing in Downstream Oil. With our Trading and Risk Management expertise in industries such as Financial Services and Utilities, combined with our strong Global Logistics capabilities, we help our clients improve their Trading operations. This includes:

- Transaction and Risk Management Policy and Procedure evaluation and improvement;
- Transaction and Risk Management application evaluation, selection, implementation and integration;
- Trading Optimization and Quantitative Analysis;
- Credit Risk Management;
- Fulfillment logistics optimization;
- Settlements and Reconciliation improvements; and
- Front-office, Mid-office, and Back-office integration.

An emerging area in Downstream, particularly those with extensive manufacturing capabilities, is Emissions Trading. We have the practical knowledge to help downstream organisations both comply with the regulatory requirements and maximise the trading opportunities.

### HR Effectiveness

Downstream Oil organizations employ significant numbers of people ranging from store clerks in retail sites in Asia, to commodity traders in major financial markets, to plant maintenance technicians in refineries. Many Downstream organisations are facing maturing workforces, particularly in manufacturing. Another challenge with brand implications is competing in convenience retailing against non-traditional competitors in a high-employment turnover environment. We help our clients improve their employee management effectiveness, including:

- Strategic performance management programs;
- Optimising HR processes using SAP; and
- Knowledge Management

### Contact

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