

Maximizing Operational Efficiency with Capgemini's Rig Move Solution



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Abstract

One of the most important activities for drilling contracting companies is performing rig moves. A rig move is a location-based transfer completed with or without any legal entity impact. It represents an integrated way to carry out operations between finance, supply chain, and operations sectors. Because rig moves are a common phenomenon in the drilling industry, it is imperative that they are completed quickly and can operate immediately within IT applications. This white paper intends to present an IT-focused approach for rig move scenarios based on Capgemini's SAP-certified industry solution for oil and gas companies called EnergyPath.

1. The Need For Swift Rig Moves In The Drilling Industry

The Automation and Integration (A&I) of processes and of different systems is in high demand within the upstream oil and gas industry due to a need to optimize operations.

Our approach in SAP ERP outlines the steps for traversing logistics and navigating the finance systems in order to move rigs with the greatest possible transparency and simplicity.

Rig move logistics are as complex as one can imagine. They require strict yet flexible coordination between many different parts in order to maneuver around drilling equipment, spare parts, human resources, rolling stock, chemicals, and any other relevant items needed to streamline supply chain mechanics. In an industry hit by sluggish oil prices and turbulence, the need to efficiently move rigs from one location to another becomes increasingly important. The challenge is not only to plan ahead, but also to ensure that the plans are sufficiently flexible to accommodate unforeseen events.

A rig move process can be carried out within the same country or between different countries. It is important to complete all financial transactions in a short period of time to minimize business impacts. Centralizing information pertaining to rigs and making this information as automated as possible accelerates the decisions surrounding and the overall execution of future rig moves.

2. The Rig Move Process In EnergyPath

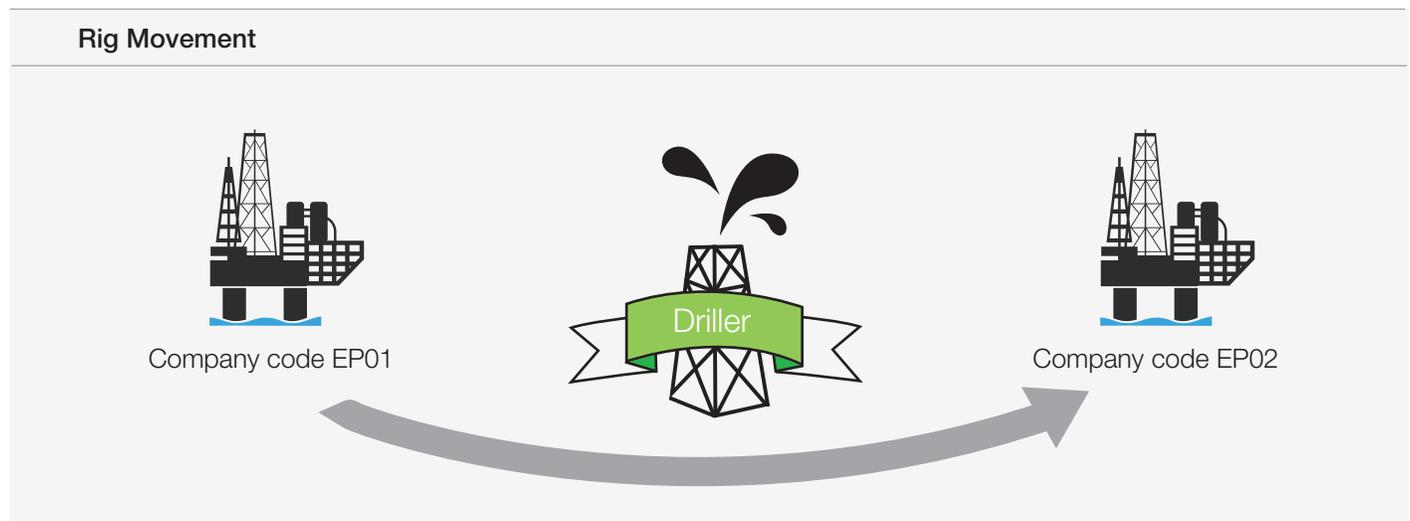
In a typical business scenario, a rig is defined as a "plant" in SAP. Depending on the type of rig and its relevant business contract, it may move frequently from one location to another. Depending on this movement, plants are assigned a new company code. Simple as this process may sound, it often results in heavy business transactions and can grow complex and cumbersome. If it is not carefully executed, it can cause inconsistencies in existing data.

The rig move process outlines a list of steps to perform both pre- and post-rig assignment. These, along with system sophistications like workflows and auto-status updates, facilitate the smooth reassignment of a plant (rig).

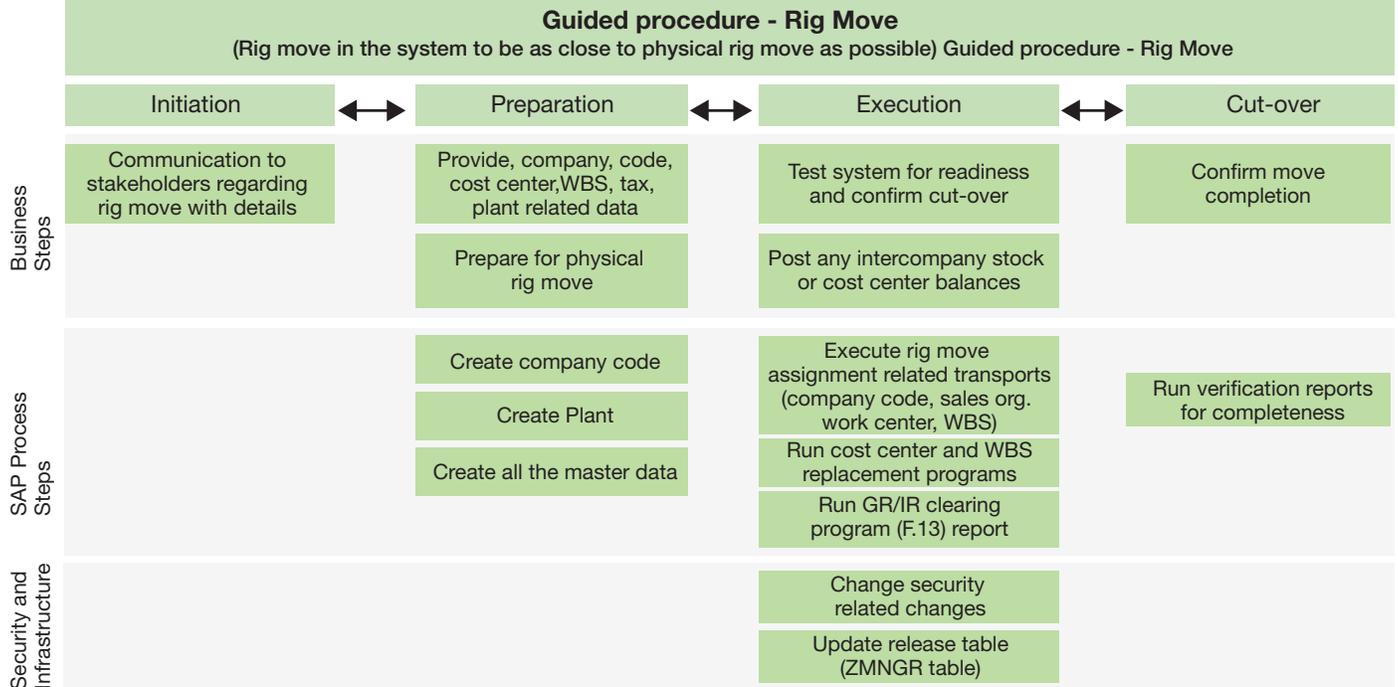
Business Challenges

1. The transfer of balances and entries between legal entities involved in the rig move
2. Accounting for equipment inventory during rig moves
3. P&L reporting for legal entities involved in rig moves

Typically, plants are designed to be static in nature and remain under a single legal entity until closed. However, in the case of valuable plants that are rigs, they can be moved or operated within and across multiple legal jurisdictions during a specified time period.



Detailed Process Description:



A rig move is a process involving coordination between business, IT and security, and infrastructure teams.

Rig move procedure involves the following steps:

1. Initiation
2. Preparation
3. Execution
4. Cut-over

During the initiation phase, stakeholders receive a relocation manual that outlines the steps needed to both dismantle equipment and catalyze the rig movement, a process that requires foresight and planning.

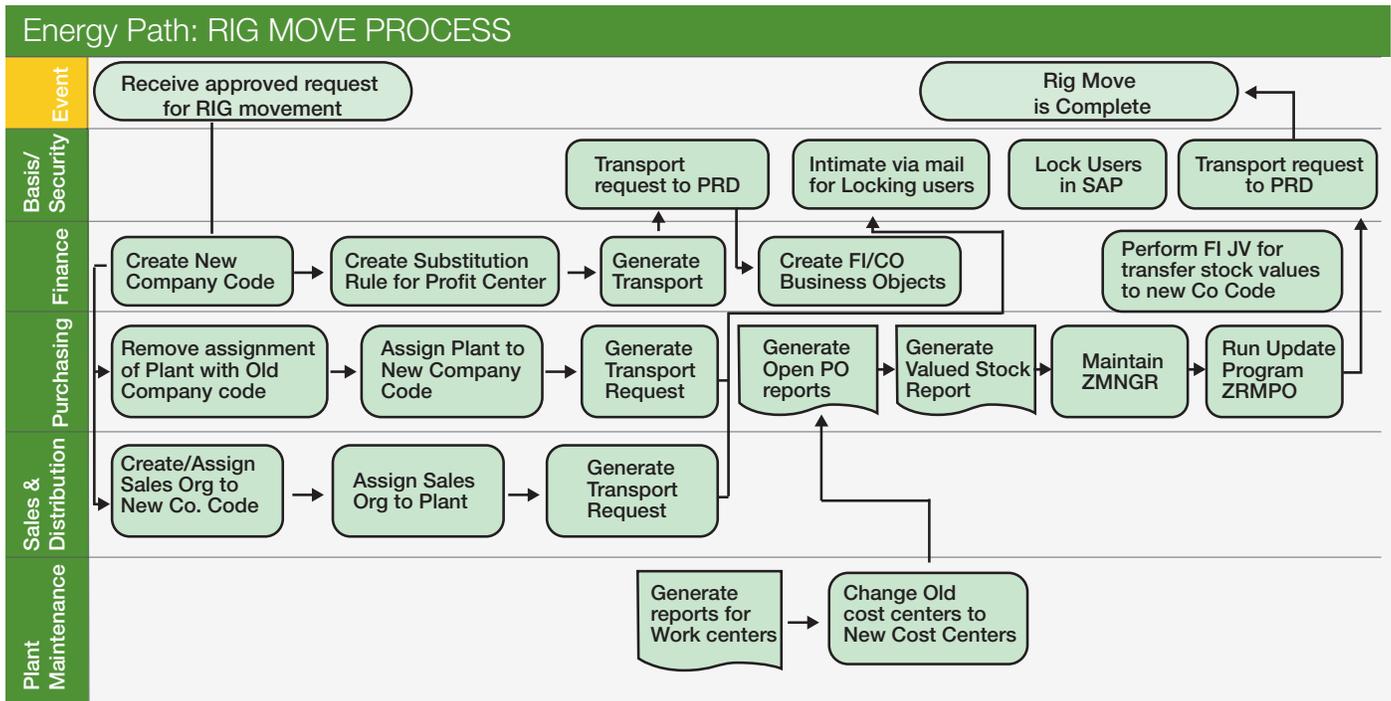
In the second phase of preparation, we create a new company code, plant, and other required master data corresponding to a new legal entity. The third phase—the execution phase—is where the business process step assesses the system testing for qualification readiness and the upload of master data. In this phase, intercompany stocks, cost center differences, etc., are handled. Rig move assignments-related orders are executed, as are the posting of their corresponding receipts and the clearing of accounts. During the last and final phase, the cutover, the rig move process is completed and reports are generated to check for completeness.

Simplified Rig Move Process in Energy Path

The rig move process is highly automated; all the steps required for moving the rig are processed through a rig move dashboard developed within SAP itself. This dashboard provides users with the ability to initiate new rig moves, track the status of existing moves and recognize potential bottlenecks, execute transactions, load master data, and draw status reporting.

The dashboard also provides information such as the status of the rig, the activities involved in establishing the rig, the source and destination company codes of the rig, the person responsible for a particular activity, the department start and end date of the activity, etc. Moreover, this tool's built-in workflow feature sends automatic notifications to stakeholders involved in these activities as they occur. It can also ease the maintenance of data where multiple legal jurisdictions are involved.

Clicking the execute button for a particular activity takes the user directly to the corresponding screen. All activities can be completed simultaneously, and the ability to view these items in real time increases the transparency of each action.



3. Business Benefits

- Facilitates compliance with corporate and industry regulations and legislation
- Increased operational efficiency
- Eliminates existing data inconsistencies within system implementation
- Increased transparency for each step through status tracking
- Simplistic design
- Logical sequencing of steps in tandem with added automation and utility programs
- Ease of data maintenance
- Role-based outcomes
- Maximizes equipment reliability, availability, and maintainability

Rig move solutions can help clients reduce the time required to complete one rig move process from an average of 30-35 days to 5-7 days in an IT application like SAP, facilitating the transfer of all balances and postings through the clear sequencing of steps and increased process transparency.

Additionally, the solution helps reduce the cost of training the users on various SAP modules due to its centralized intuitive interface, notification feature, and cross-module coverage.

4. Conclusion

The rig move solution is a result of collective learning acquired through multiple implementations of EnergyPath. It brings significant business value through increased automation,

simplification, and transparency to organizations across the oil and gas industry. This robust solution greatly enhances the efficiency of multiple rig move scenarios.

5. The Contributors

The following people were key contributors to this whitepaper: Dalbir Sidhu, Manoj Nile, Chirdeep Rastogi, Sushant Rastogi, Neeraj Kumar

About EnergyPath

EnergyPath is Capgemini's SAP-certified, all-in-one ERP solution that enables upstream and midstream companies to streamline operations, providing greater visibility and control of core business processes.

The EnergyPath solution was built over the last eight years based on the leading practices and processes we've refined during multiple implementations. The solution has been improved by adding additional functionality (IP) during each implementation. This solution comes with pre-configured, commonly applicable business scenarios and is very flexible and scalable to meet unique business requirements. In some cases, the solution can be deployed in less than 100 workdays, providing optimal innovation, acceleration, and value.



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Together with its clients, Capgemini creates and delivers business, technology and digital solutions that fit their needs, enabling them to achieve innovation and competitiveness.

A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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