

Digital Oilfield is up and running

Three independents and Unocal are slashing the time and costs associated with invoicing and field ticket processing.

Nexen, Anadarko Canada and EnCana (the new company resulting from the merger of Alberta Energy and PanCanadian) have formed a strategic partnership with Digital Oilfield to use OpenInvoice to standardize and digitize financial process workflow with their suppliers.

OpenInvoice is Digital Oilfield's upstream technology solution for automating the paper-driven invoice process and capturing detailed exploration and production spend data.

What makes this such a unique partnership is that it is the first time a group of operating companies has worked together to deploy standard technology with its suppliers. The partner companies are jointly preparing implementation plans for their various operating areas, and OpenInvoice will begin rolling out to field locations throughout western Canada and the United States during the next few months.

"It's significant that three key players in the global energy industry selected our technology," said Rod Munro, chief executive officer of Digital Oilfield. "Improving workflow processes related to the processing of field ticket and invoice information will provide tremendous savings for these companies and their suppliers. Another key driver in the formation of this partnership is the added benefit of understanding corporate spend through a common technology platform."

A thorough competitive evaluation showed that the three exploration and production companies and their vendors could eliminate 80% of the internal processing time and cost associated with field tickets and invoice approval using OpenInvoice.

The software also would free professional staff to do more valuable tasks, and exploration and production managers would have instant access to detailed spending and operating information.

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"We will have a significant long-term benefit, and that is improved collaboration capabilities," said Hayward Walls, senior vice president and chief information officer of EnCana Corp. "Once you have suppliers and operators trusting and embracing the same technology for something as fundamental as tracking, generating and processing invoices, you have established a platform that provides tremendous opportunities for improved industry practices."

Robert Austin, manager of information technology at Anadarko Canada, said, "There is an important opportunity for us to streamline our internal processes through implementing OpenInvoice. The workflows associated with the receipt, coding, adjudication and approval of invoices are complex and time-consuming. OpenInvoice enables the automation of a significant amount of this process, providing immediate tangible benefits."

"The automated coding feature reduces the coding burden and ensures consistent spend capture information, allowing us to work with our strategic suppliers on operational efficiencies and other savings opportunities," added Grant Utas, director of procurement at Nexen Inc.

Contract management

Less than 2 weeks after this announcement, Digital Oilfield announced the commercial release of OpenContract 2.0, an Internet-based solution to automate and improve the processes supporting strategic pricing relationships.

OpenContract is fully integrated with OpenInvoice, allowing operators and suppliers to compare contract terms to the line items on invoices.

Automating this process saves considerable time, and the operator is able to realize the full benefit of the strategic agreements that have been negotiated.

"OpenContract maintains full audit capability," explained Doug Spackman, vice president of development for Digital Oilfield. "The supplier and operator are notified immediately if there is a variance from the contracted rate, and this is done right down to the line-item level of the invoice. This tremendously reduces the time required to reconcile detailed invoices to complicated contracts."

Prior to the release of OpenContract, processes between strategic sourcing, procurement or purchasing personnel and selected suppliers were manual and paper-driven. "Strategic sourcing and master pricing agreements used to be difficult to track and monitor, particularly at the field level, where field tickets and invoices are often approved," said Munro. "With OpenContract, companies can implement field-to-ERP invoice processing with full confidence that all pricing complies with strategic agreements. Such a foundation for collaboration can lead to significant improvements in the operator-supplier relationship."

Unocal orders both

Unocal has selected the OpenInvoice and OpenContract solutions to automate its invoice and field ticket reconciliation, approval and data capture processes. The company is implementing Digital Oilfield's integrated system initially in its North America operations, with the potential to roll the technology out to its overseas locations later.

"Unocal has an aggressive program under way to deploy e-business technologies that enhance our business performance. We are implementing Digital Oilfield's OpenInvoice and OpenContract solutions as part of this overall e-business strategy," said Tim Pownell, general manager of Unocal's e-procurement project.

As an added benefit, the company will have a greater understanding of its upstream spend, enabling it to negotiate vendor contracts with more favorable terms. **ESP**