



# OpenContract

PROFESSIONAL

PRODUCT

strategic contract management

With all of the things you already have on your plate, why should you consider contract management? Because the return on investment is compelling.



## The Challenge

### THE OIL AND GAS INDUSTRY HAS UNIQUE REQUIREMENTS FOR CONTRACT MANAGEMENT

#### MORE CONTRACTS THAN OTHER INDUSTRIES

The Institute for Supply Management reports that the typical Fortune 1000 company maintains 20,000 to 40,000 active contracts. Regardless of size, oil and gas companies are managing from thousands to tens of thousands of contracts every year. These contracts represent the potential for significant risk, as well as the opportunity for significant cost savings.

#### HIGH PERCENTAGE OF COMPLEX SERVICES

More than 60% of an operating company's annual spend consists of complex services – drilling, completions, well services, field operations, plant and facilities maintenance. Most services purchases in the oil and gas business cannot be automated through a purchase-order process. Rather, the only way they can be reconciled is through a contract-to-invoice reconciliation process.

#### HIGH NUMBER OF DIVERSE SUPPLIERS

The oil and gas industry deals with a disproportionately large number of vendors. Typically, global oil and gas companies have as many as 50 or 100 contracts with a single supplier, depending on the geography, the range of services provided and operating conditions.

#### HIGH RISK SITUATIONS

The oil and gas industry is one of the most “outsourced” industries in the world. So, third-party compliance to various contractual obligations, including environmental regulation compliance and safety and training certification, has become an important part of any contracts management initiative that measures supplier performance.

#### UNIQUE CONTRACTING ENTITIES

Contract terms may be tied to any number of entities, including AFEs, leases, fields, wells, regions, and cost centers. In addition, operating companies and suppliers have complex multi-tiered organizational structures that need to be reflected in the contract approval hierarchy.



PricewaterhouseCoopers suggests that companies using contract automation could save up to 2% of total annual spend by eliminating inaccuracies and non-compliance.

## The Solution

**WITH OPENCONTRACT PROFESSIONAL, AN OIL AND GAS COMPANY SPENDING \$1 BILLION PER YEAR COULD SAVE \$20 MILLION ANNUALLY. IT WILL HELP YOU REDUCE COSTS, IMPROVE CONTROLS, AND MANAGE RISK. HERE'S HOW:**

### **INSTANT, GLOBAL VISIBILITY**

Often overlooked, high value is derived from the capability of accessing contracts from anywhere in the organization. Often, business units, field offices, even specific departments, aren't aware and do not have access to negotiated contract terms – terms that have been negotiated in support of a strategic sourcing initiative, or to satisfy specific operational requirements. OpenContract provides secure enterprise access for approved individuals to every contract they need. Access can even be provided to key suppliers for viewing and managing obligations/deliverables.

### **MANAGE CONTRACT STATUS ELECTRONICALLY**

OpenContract provides automatic notification, configurable by the user, for contract status changes. With OpenContract, there's no reason for contracts to expire because they "slipped through the cracks" of a laborious manual tracking system. This saves manpower time and also protects your company from exposure to liability due to lapsed contracts.

### **ENABLE VENDOR OBLIGATION MANAGEMENT**

OpenContract provides notifications and controls to ensure that companies stay on top of their obligations. The Digital Oilfield Supplier Integration Platform also allows suppliers to login to OpenContract to signify, even certify, that obligations have been met. This way, your company gets the expected value out of all of the terms that were so diligently negotiated.

### **AUTOMATIC PRICE RECONCILIATION WITH INVOICES**

OpenContract is completely integrated with our e-invoicing and spend analysis application, OpenInvoice. This means that contract prices are automatically reconciled to the line-item level. In addition, we provide price-book management services to ensure that your contract pricing data is always up-to-date.

### **STRUCTURE BETTER DEALS**

Through the OpenInvoice Spend Capture database and analysis tools, and the OpenContract obligation management and monitoring capability, you can easily compare spend by product, service, and vendor. You can also capture and monitor vendor performance by quality of the product/service delivered and the supplier's track record on meeting obligations.

### **ENSURE APPROPRIATE CONTROLS**

OpenContract facilitates contract approval workflows, including contract review approval controls and auditability. This is particularly important for senior management in light of corporate governance legislation (Sarbanes-Oxley Act).

### **FASTEST GROWING SUPPLIER NETWORK**

Thousands of oil and gas industry suppliers are already transacting today with oil and gas companies through our solutions. And these suppliers are available immediately to collaborate on managing deliverables, and to engage in performance measurement and improvement.

# The Benefits of Contract Management

## PRICE RECONCILIATION

- Fully Integrated with OpenInvoice
- Verifies contracted pricing at line-item level
- Price book management services
- Flags “off-contract” line-items

## CORPORATE ACCESS

- Global, web-based access to all contracts
- Secure access to appropriate users
- Eliminates inability to find contracts
- Easy access promotes on-contract buying

## RISK MITIGATION

- Manage contract status electronically
- Ensure appropriate controls
- Obligation management
- Reduce liability

## OBLIGATION MANAGEMENT

- Promote best practices
- Contract project management
- Supplier performance tracking
- User notification if obligations missed

## OpenContract Suite: The Right Module For Your Needs

### OPENCONTRACT PROFESSIONAL

OpenContract Professional, the foundation module of the OpenContract Suite, gives you the workflows, data repository, checks and balances, and audit trail you need to begin managing a valuable corporate asset – your contracts.

### OPENCONTRACT PRICEBOOK

An optional companion module to OpenContract Professional, PriceBook reconciles invoices with contract pricing. OpenContract PriceBook is fully integrated with Digital’s OpenInvoice electronic invoicing system.

### OPENCONTRACT EARLYPAY

Another optional companion module to OpenContract Professional, EarlyPay ensures that early payment terms are easily visible to your invoice approvers so that an early payment discount is never missed. EarlyPay is fully integrated with Digital’s OpenInvoice electronic invoicing system.

Digital Oilfield is uniquely positioned to address oil and gas industry requirements for contract and obligation management. We understand the oil industry, and we understand technology development and delivery.

We designed OpenContract with the needs of oil and gas procurement, contract and operations professionals in mind.



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Digital Oilfield delivers Internet-based solutions that improve oil and gas company operations by optimizing core business processes. We provide technology that integrates financial and operational processes and simplifies complex workflows, within and across departments, between field and office. Thousands of operating and supplier companies use our systems every day. Our software is designed to meet the specific needs of companies involved in the oil and gas business, including solutions for electronic invoicing, contract management, spend analysis, well lifecycle management, business process management and rig scheduling. Please visit our website at [www.digitaloilfield.com](http://www.digitaloilfield.com).