
Find Your Way to Success
Case Study
Electronic Invoicing in Upstream Oil and Gas
And Industry Trends

Presented to:
Software AG Supply Chain Forum

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Electronic Invoicing

Customer Business Drivers / Objectives

- Eliminate paperwork and data entry errors
- Reduce the cost of data entry from paper invoices (Time and Personnel)
- Automate invoice approval process so it consumes less time from “highly-paid professionals”
- Balance the books accurately and on time

Electronic Invoicing

Customer Business Drivers / Objectives (cont.)

- Mitigate risks through contract compliance
 - Obtain supplier contract compliance
 - Comply with contracts themselves (pay on time)
- Eliminate rogue buying practices
- Improve corporate controls by standardizing processes and auditing
- Improve access to data for improved decision making

Electronic Invoicing

Supplier Business Drivers / Objectives

- All of the Buyer objectives
 - We want to be a valued business partner by helping our customers achieve their objectives
 - We have the same objectives with respect to our suppliers

- Reduce DSO by getting paid within contract Terms & Conditions
 - Errors and inefficient paper invoice processing methods are primary causes

Electronic Invoicing

Two methods of eInvoicing

- System to System (Direct Integration)
- Presentation via web site (EIPP)
- Both are needed to satisfy a diverse customer base

Electronic Invoicing

System to System

Direct Integration

Direct Integration eInvoicing

Fundamental Requirements

- Establish internet communication channel between our ERP systems (Integration Hub)
- Receive electronic Purchase Orders (optional)
- Send electronic Invoices
- Send electronic Field Tickets
 - Scanned, signed copies or XML w/Digital signature
- Publish contract pricing to the customer
 - Require line-item unit pricing

Direct Integration eInvoicing

Fundamental Requirements

- **Must have Integration Software (Middleware)**
 - webMethods
- **Must have Computer Infrastructure to support the software**
- **Both trading partners must have the capability**
 - Build it within the organization
 - Outsource this requirement to a third party (Network)
 - Several companies available
- **Adoption of Standards**

Direct Integration eInvoicing

Adoption of Standards is Essential

- Data Formats (XML – Extensible Markup Language)
 - Word, Excel, .pdf are not acceptable
- Transmission Protocols (HTTPS, AS-2, RNIF,..)
- Standards adoption minimizes the initial development and ongoing maintenance costs
- Standards for the E&P Industry
 - API PIDX Standards Organization
 - OFS Portal

Standards for Direct Integration eInvoicing

API PIDX

- **Vision - to be the global electronic business standards for the oil and natural gas industry and its trading partners**
- **Mission - provide a forum for delivering the process, information, and technology standards that facilitate seamless, efficient electronic business within the petroleum industry and its trading community**

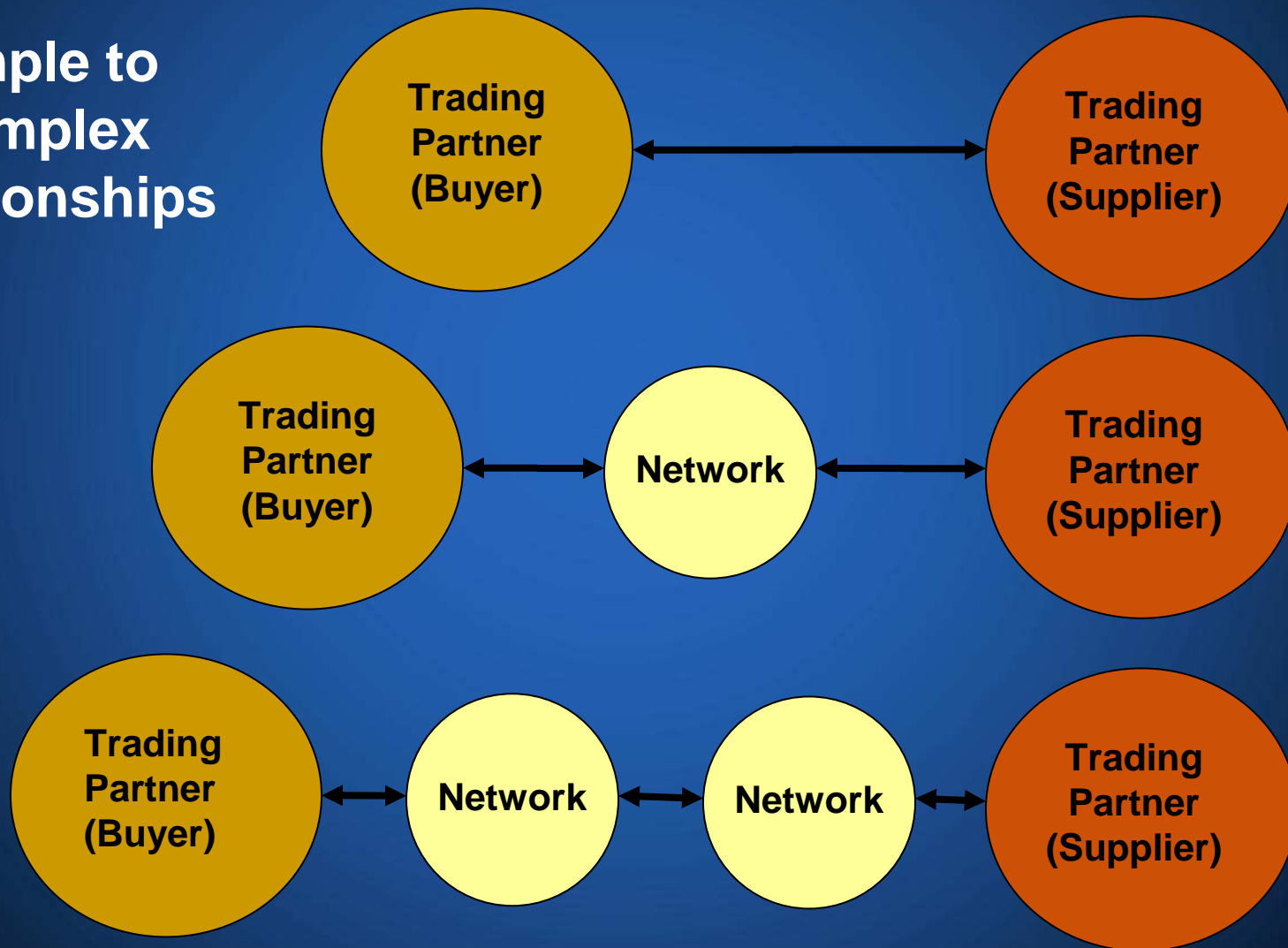
Standards for Direct Integration eInvoicing

API PIDX Membership

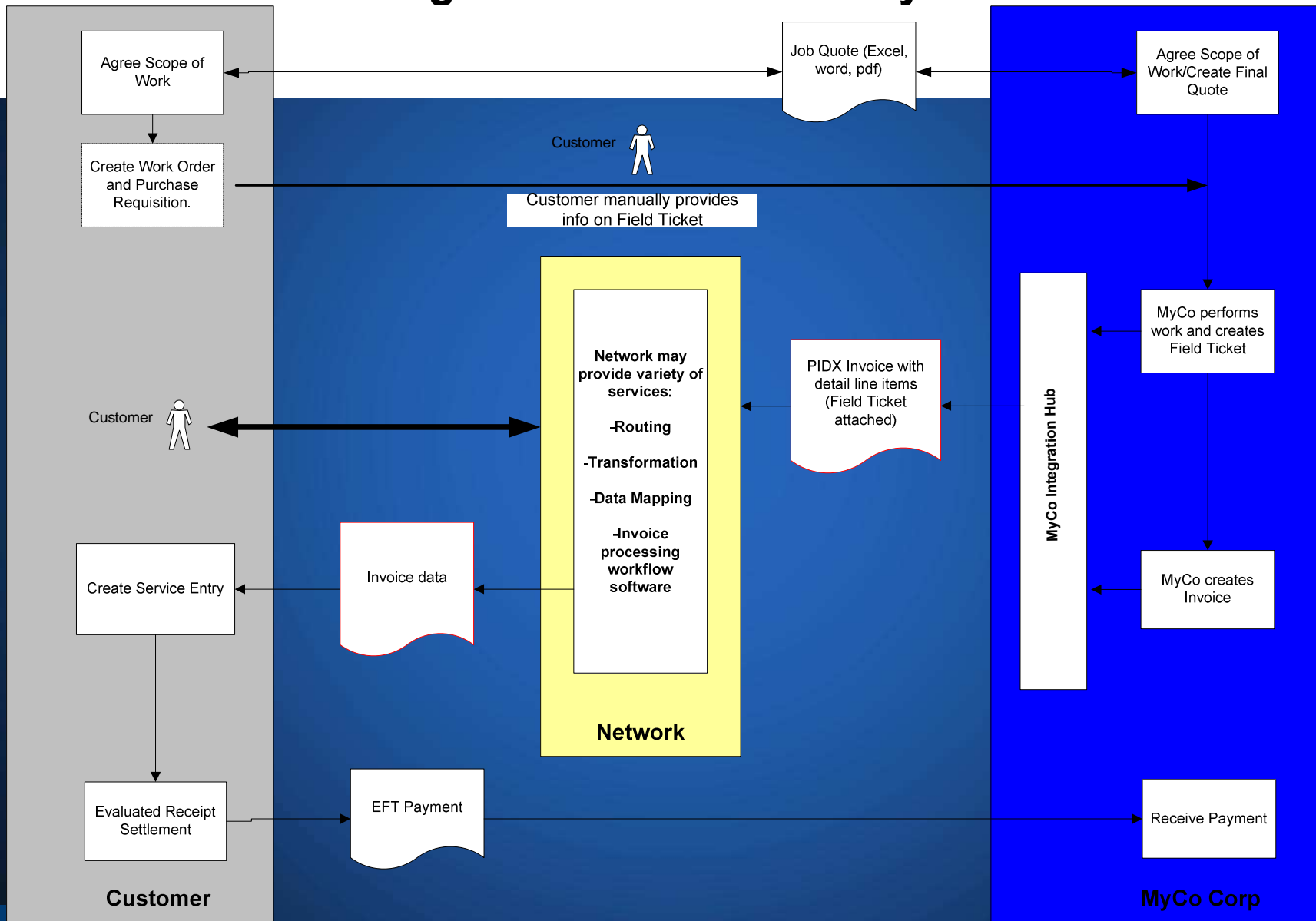
- Baker Hughes
- BJ Services
- Cooper Cameron Corporation
- Chevron Corporation
- ConocoPhillips
- Defense Energy Support Center
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- Digital Oilfield
- DTN
- Eiro Consulting
- FMC Technologies, Inc.
- Green Tweed
- Halliburton Energy Services, Inc
- Logistics Management Institute
- Liquid Frameworks
- M-I Swaco
- Murphy Oil Corporation
- OFS Portal
- Oildex/TransZap, Inc.
- Quadrem
- SAP Global Marketing
- Schlumberger Technology
- Shell International B.V.
- Smith International
- Total S.A.
- Tansport 4
- Vetco Gray
- Weatherford International
- Wellogix

Direct Integration Scenarios

Simple to
Complex
Relationships



Typical Customer / MyCo Corp. Integration Scenario Today



Case Study: Direct Integration Invoicing

Current Invoicing Activity

- 3,000 Invoices per month
- \$90,000,000 per month
- 20 customers being invoiced

Future

- Demand continues to steadily grow
- More than 20 additional customers getting setup or waiting to be set up

Electronic Invoicing

Invoice Presentation via web site

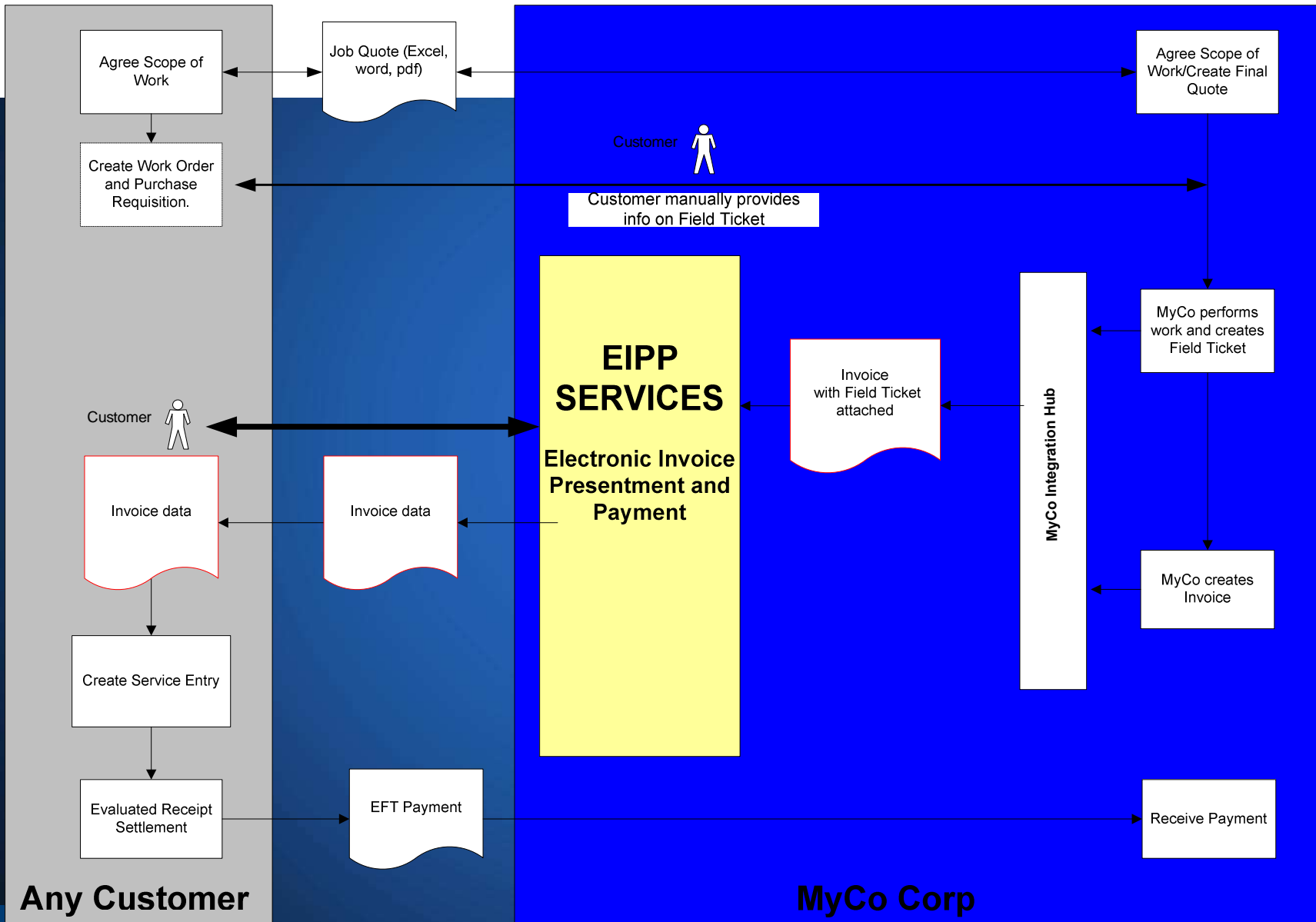
EIPP

**Electronic Invoice
Presentment and Payment**

EIPP Services - Overview

- **A collaboration software tool that enables MyCo to present invoices to our customers for routing, review, dispute, approval and payment, replacing the more costly, traditional paper-based invoice processes.**
- **Accelerates invoice to payment, and automates dispute resolution.**

Customer / MyCo Corp EIPP Scenario



What Does EIPP Offer?

- **List Open and Past Due Transactions with Line Item Details**
- **Identify where Transactions are in the Payables Process**
- **Record Promises to Pay**
- **Provide Scanned Invoice Images**
- **Provide Scanned Proof of Delivery**

What Does EIPP Offer?

- **Log and Distribute disputes that are created at header and/or line item level**
- **Customizable Reconciliation Workflow**
- **Payment Strategies & Rules**
- **Enhanced Collaboration Between MyCo Corp. and our Customers**
- **Customer has Real-time Access**
- **Integrates with existing ERP applications**
- **Integrates with eInvoicing Integration Hub**

EIPP Case Study Performance

Current eInvoicing Activity

- 22 Customers using EIPP today
- \$5,000,000 per month

Future

- Demand continues to steadily grow

Electronic Invoicing Benefits

“Every time we have enabled a customer with elnvoicing, we have realized better pay performance” (Doug Dunlap, Director Credit and Collections) Positive impact on DSO.

Also results in:

- **Improved Customer Relations**
- **Increased Labor Efficiency**
- **Reduction in total \$ per Invoice Processed**

eCommerce Evolution

- Fundamental guiding principle for success is:

e-Business is business...

**...business that is automated
and enabled with web and
digital technologies.**

Industry Trends

- Increase in heterogeneous environments
- Need for integration
- Multi-process/Multi-operational
- Complex supply chain processes

BPM is the answer

Business Process Management

Supply Chain

- **Procurement/Sourcing**
 - **Product Returns**
 - **Logistics Visibility**
- **Supplier Performance**
 - **PO Auditing**
- **Demand Monitoring**

Industry Trends

- Increased need for visibility
- Supplier Chain Mgmt. needs clear view of business processes
- Need to analyze and use data productively
- Need for real-time monitoring, optimizing and reporting

BAM is the answer

Business Activity Monitoring

- Process spans more than one application and organization
- Required end-to-end monitoring of processes & transactions
- High potential for business exceptions, errors, & unfavorable conditions
- High transaction volume
- Business activities are strongly driven by date/time requirements
- High exception management cost
- Strong need for measurement methodologies; e.g. Six Sigma

Thank You for Attending

Drawing for a Garmin Nuvi 260W...

And the winner is...