



AN OILDEX CASE STUDY

# Newfield Realizes More Than 96% In Early Pay Discounts With The Implementation Of OpenInvoice®

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## INSPIRATION FOR CHANGE

As businesses try to succeed in an increasingly competitive marketplace, they must look at ways to streamline overall operations and improve efficiencies. In the case of accounts payable (AP), a general perception is that if invoices are processed and paid, operations must be running smoothly.

For Newfield Exploration Company, its AP functions reached a defining moment a few years ago. Newfield's business was growing at a substantial rate which meant greater demand on the AP department and their existing invoicing solution. They realized that it was time to evaluate and update its invoice processing methods. While company leadership recognized the value of spend and transactional data, they acknowledged the criticality of finding the right solution to fit the needs of their business. Newfield was looking for a product that would help improve efficiencies, productivity and enhance the bottom line.

"Our company would not be experiencing this level of growth if our employees weren't passionate about the business we are in," said Jeffrey Kieso, IT business systems lead, Newfield. "They are dedicated to the company and their job." Despite their commitment, the staff at Newfield has dealt with its share of obstacles — specifically with invoicing. "In the early years of the company, our staff would spend hours processing paper invoices," said Kieso. "It became a real pain point for us. We knew we had to re-evaluate our process and move to an electronic method that would save our company valuable time and resources."

In May 2008, the company began to shift away from paper invoices and moved to an electronic invoicing system. To help with the transition, Newfield invested in a software solution that would provide access to financial data. Management hoped the software would allow staff to complete invoices more efficiently while freeing up their time to focus on immediate business priorities.

"We were excited to upgrade from paper invoicing to an automated platform because we knew it would relieve some of the pressure on our staff," Kieso said. "We felt confident that moving to electronic invoices would transform the way we did business." But according to Newfield, what was supposed to be a seamless transition quickly became complex and challenging. Across the board, company employees were running into technical problems with the new software system. The reporting functionality frequently broke and employees would have to submit help tickets to get support staff assistance. Even when the software was working, invoicing data took too long to load and users experienced significant delays when trying to log into the system. The software also didn't have the capacity to synchronize updates from multiple users. After converting 55% of invoices to the electronic format, progress stagnated to the frustration of the Newfield team.



Newfield Exploration Company (NYSE:NFX) is an independent energy company headquartered in The Woodlands, Texas.

Since its founding in 1988, Newfield has become an industry leader in the exploration and production of oil and natural gas. Today, the company's portfolio is focused primarily on oil and liquids growth located in the Mid-Continent, the Rocky Mountains and onshore Texas. In 2013, Newfield generated \$2.6 billion in annual revenues. In 2014, the company plans to utilize a \$1.6 billion budget to accelerate development drilling and expects to double its domestic liquids volumes by the end of 2015.



The situation hit a breaking point during the summer of 2011. Due to system server issues, employees lost hours of work and data, and had to wait days for system performance to be restored.

“The system was failing us; instead of propelling us forward, the system was setting us back, and our staff was discouraged because they couldn’t work with a platform that had continual issues. They needed the system to function every day,” said Kieso. “Clearly, a change was warranted.”

It was clear that Newfield needed a solution that provided enhanced and more robust capabilities, so Newfield started searching for an alternative in 2012. The AP team wanted to find a proven and reliable program that would help improve efficiencies and streamline the invoicing process.

## IDENTIFYING A SOLUTION

During Newfield’s vetting process, OpenInvoice emerged as a solution that fit the requirements of the company’s AP team. OpenInvoice featured a significant increase in automation, helping to lift the burden of detailed invoice management. It also contained elements that allowed employees to quickly scan and process invoices, inquire about the status of documents and receive notifications about early payment discounts and price reconciliations. The solution also appeared to help streamline interaction with individual invoices, allowing employees to focus on managing exceptions.

By the time OpenInvoice went live in July 2012, the company was starting to see a return on its investment. Converting to a new platform helped Newfield achieve its goal of 70% electronic invoices within the first six months of going live. The solution also helped to reduce the burden on its staff by decreasing the amount of time spent on processing invoices and monitoring invoice status. In addition, the product helped to reduce system glitches, saving time, money and valuable resources.

## THE RESULTS

### Enhancing Supplier Relationships

For nearly any organization, efficient AP requires a process that allows for fast and easy supplier management, and with a new system, providing a smooth transition to e-invoicing is vital. An outdated supplier database can significantly delay invoice processing and payment delivery.

Newfield’s relationship with suppliers had been primarily paper-based. The manual method was tedious with a tendency for potential mistakes, frustrating both suppliers and Newfield employees. With OpenInvoice’s electronic platform, many of Newfield’s suppliers eliminated paper invoices entirely and conducted transactions online, connecting via a single portal.



OpenInvoice helped enhance Newfield's relationships with many of its suppliers. In one case, the transition to electronic invoicing helped a supplier company to better manage its workflow, increasing efficiencies and productivity for its staff. For another supplier in the water and crude oil hauling business, the shift helped reduce the time spent to manually check more than 150 paper tickets from drivers each day. The switch to electronic invoicing transformed the invoicing process for this supplier and enhanced its relationship with Newfield.

"This is a scenario where OpenInvoice helped to demonstrate its value," said Kieso. "The new software helped to bring us out of the paper age, and benefited our suppliers across the board. With a more accurate invoicing process, we were able to offer a more reliable and timely payment system, enhancing the overall experience for our vendors. It was a smart business move for us."

OpenInvoice's robust existing supplier database also was critical to helping improve the overall efficiency of Newfield's invoicing process. It helped save staff from the hassle of entering new contacts and encouraged suppliers to adopt e-invoicing. In one case, the new system helped a supplier cut its paper invoices from 100% to 60%. With access to the OpenInvoice network, Newfield could easily locate its vendors, communicate about invoices and make quick payments using a single platform.

OpenInvoice also helped to enable a new line of communication with Newfield's suppliers. If there were any issues related to invoices, employees could collaborate electronically with vendors to resolve them.

"OpenInvoice's supplier network was a strong selling point — connecting us to each of our vendors free of charge," Kieso said. "From the beginning, OpenInvoice showed a genuine interest in our success."

### **Oil Drilling Invoices Become A Blockage**

For Newfield, the advanced coding feature of OpenInvoice was another essential selling point and it quickly changed how the company processed its invoices. The price checking functionality was particularly important for drilling invoices. Complex and high in volume, these invoices initially required three full-time personnel to review and process. Each day, this team of employees would spend hours manually reviewing and coding invoices that contained hundreds of lines of data. The OpenInvoice platform enabled employees to quickly and easily import codes and make changes using a spreadsheet-based coding template. What used to take hours now took minutes, allowing the Newfield team to focus on higher-value activities.



In addition to assisting in the office, the solution could support employees on the go. With the work and travel schedules of engineers and field personnel, Newfield needed a platform that would be mobile friendly. OpenInvoice allows Newfield employees to review, approve or make changes to an invoice remotely, providing them with greater flexibility to focus on their priorities in the field. The application, paired with a smartphone or tablet, generally allows any user with cellular coverage to manage their reviews and approvals.

Transferring to the OpenInvoice system also translated into cost-savings for Newfield. The company realized significant savings in early-payment discounts and improved its early-payment discount realization threshold from 85% to more than 96%. Using the new software, Newfield successfully exceeded its goal of achieving more than 70% electronic invoices.

“Newfield now has better visibility related to its accounts payable processes and the OpenInvoice solution allowed us to be more strategic about our time,” Kieso said. “Our team can focus on business priorities that help to increase our bottom line instead of worrying about the small details associated with invoices. We need that because we’re growing so fast. There’s no doubt that OpenInvoice provided significant value — in terms of productivity and assurance.”

OpenInvoice continues to work to help meet the AP needs of Newfield as they prepare for future growth.

