



AN OILDEX CASE STUDY

**ANADARKO REDUCES INVOICE CYCLE TIME AND
ACHIEVES MORE ACCURATE COST MANAGEMENT
THROUGH DIGITAL FIELD TICKET ADOPTION**

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KEY CHALLENGES

As shale drilling, completions and production operations become more complex, the scope and nature of operations have grown. In addition, as the process itself becomes more efficient, service intensity increases. Wells that took thirty days to drill and complete only a few years ago are now being finished in twenty days.

As the pace of operations increases, so does the overhead related to running an efficient oil and gas company. Anadarko was looking for opportunities to improve their processes and have a better handle on spend and operations details, and they easily identified one area of difficulty that was overdue for improvement – the field ticketing process.

The Old Model: Paper Field Tickets

With the old process, paper field tickets were getting lost, and that was causing payment on the related invoices to be delayed. Taryn Owen, Operation Specialist at Anadarko, pointed out just one of the issues with paper tickets. “If they send the ticket but that field ticket gets lost, they may not know it’s lost until after the fact. It can be anywhere from a week to months before that field ticket is actually signed.”

That delay made it difficult for Anadarko to keep track of actual monthly spend in the field, which made it hard to accurately report on costs, creating a large accrual variance. A more immediate and exact ticketing system was needed. “We’d been doing paper copy forever,” added Karla Ennis, Field Business Process Manager. “We needed something that was going to be quicker turnaround, not just for us but for our vendors as well. If vendors get paid on time, that means our budget is correct. We wanted something that was more automated because that’s the way that the world’s going now. Everything’s electronic.”



Anadarko is among the world’s largest independent oil and natural gas exploration and production companies, with 1.44 BBOE of proved reserves at year-end 2017. It is headquartered in The Woodlands, Texas, with approximately 4,500 employees worldwide.



“We timed the entire invoice cycle with the OpenTicket app. If we got the vendor to submit it and our foreman to approve it immediately, we received the invoice with approved field ticket in our system within 24 hours.”

*- Karla Ennis
Field Business Process Manager*



THE SOLUTION

Anadarko had some ambitious goals for a digital field ticketing system, and they also had some critical requirements. “We needed something that was going to work, and still be simple enough that our guys out in the field who are sending those tickets can do it themselves,” said Ennis.

The Oildex® *OpenTicket*™ solution was identified as being able to provide value quickly and enhance the relationship between Anadarko and its suppliers. Anadarko was already using Oildex’s *OpenInvoice*® for invoice approval and processing. Introducing *OpenTicket* as a digital field ticketing solution would streamline workflow, help integrate operations data with payment data, and provide near real-time visibility into spend.

OILDEX SOLUTIONS

- **OpenTicket**
to capture detailed field ticket data and manage approvals
- **OpenInvoice**
for invoice automation, reporting, and spend management tools

IMPLEMENTATION

Anadarko piloted the solution in two areas, West Texas and the DJ Basin. DJ focused on transportation companies and water haulers with high volumes of tickets from unsupervised locations. The pilot for DJ began in mid-2016 with a select number of vendors and was then deployed in production over the last half of 2017.

The West Texas pilot was headed by the Field Business Process Office based in Kermit. The business unit is structured so that field foremen manage pumpers and operators for Production and Midstream, with 40 field foremen managing hundreds of pumpers. The foremen were the first to be trained in how *OpenTicket* manages the digital processing of tickets.

The pilot began in the second quarter of 2017, with the focus on a small set of suppliers as the foremen became comfortable with the system. Chemical suppliers were chosen as the first target group, with additional suppliers brought on board at the request of the field foremen. In the fourth quarter of 2017 adoption began with a broader set of suppliers.

Initial Program Acceptance

Anadarko realized that internal acceptance of the new platform was as important as getting suppliers on board. Luckily their field personnel immediately grasped the overall benefits of using *OpenTicket*. “I’ve heard nothing but positive feedback from [our foremen] because instead of having to sign each paper they’re able to go in there, review it, and press ‘approve’,” said Owen, who coordinated Anadarko’s West Texas rollout. “If they’re in the field and can’t get to a computer, they’re able to go on their phone and approve that field ticket and get it out. They like it a lot better than paper.” The same approach – emphasizing the benefits of the system for everyone involved – also worked with suppliers.



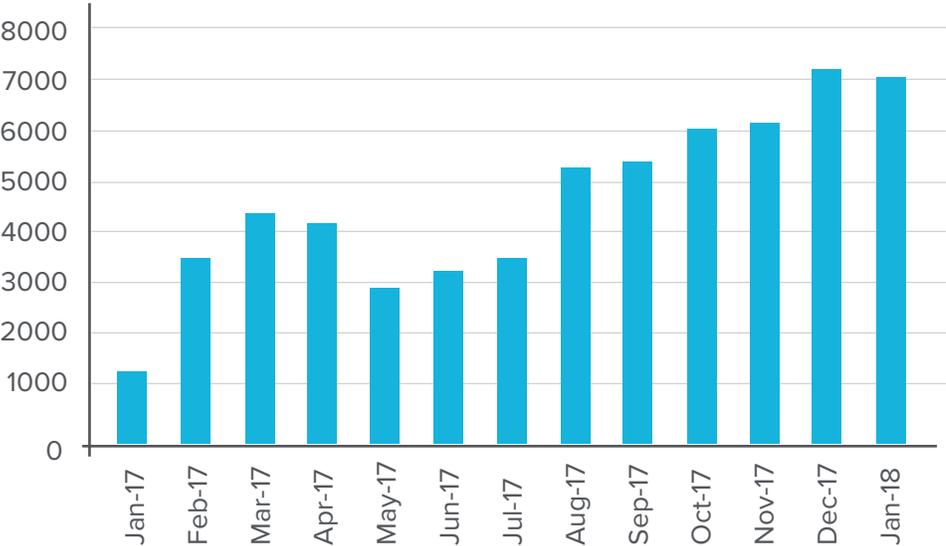
Continued Owen, “I let [suppliers] know that with the electronic field ticketing application, you no longer have locked invoices or tickets where you don't know who they need to go to, you can actually see where that ticket is at all times. Seeing how convenient it is, how efficient it is to get their tickets in and get them approved, helped get them onboard. They're able to turn that field ticket into an invoice and get paid a whole lot faster. They love it, once they get rolling. They want to know why they didn't get on sooner.”

Continuing the Rollout

As the rollout approach proved successful and the platform gained momentum, Anadarko scheduled ongoing events for suppliers to learn more. For example, in late February of 2018, Anadarko West Texas held an open house in their Kermit operations office. They invited all suppliers who had transacted through the Oildex invoicing platform to learn about the Field Ticket solution, and over 250 supplier representatives attended. Following on that success, Anadarko plans on training all pumpers and operators in the system over the course of the first half of 2018. The Supply Chain group is pushing for adoption through all parts of the business, starting with West Texas and moving into other operating areas at the same time.

As of February 2018, Anadarko had 76 suppliers using Oildex’s *OpenTicket* solution, and some 70,000 field tickets have been processed through the course of the two pilots.

Digital Field Ticket Submissions by Month



THE RESULTS

Quick Coding and Approval Process

Automated field tickets have improved the coding and approval process significantly, saving Anadarko time and money. The key benefit is having all the data in one place in near real-time. Says Ennis, “When we code an invoice we have to have an AFE, cost center or a work order number, we have to know who the foreman was and the person that requested the services. With the data provided in the electronic field tickets, we don’t get this blank piece of paper with nothing on it where we have to call that vendor trying to find that information.”

In addition, Anadarko can now set approval authority limits and specific conditions for their coders. For example, if the ticket is within a set limit and has been signed by someone in the field that watched the work happen, it can be quickly approved by the coder. Giving approvers the ability to approve tickets that have already been digitally signed off by a field worker cut the cycle time by 50%. Anadarko also recently implemented a feature that allows the system itself to approve the invoice on behalf of the field approver, based on set criteria, which cuts the cycle time even more.

Accrual Accuracy

Given the fast-paced, high-volume nature of their West Texas operations, Anadarko had been having difficulty providing accurate cost accrual information to their finance group related to their operations. Field estimates were challenged by late-arriving invoices, lost or misplaced field tickets, and a lack of process related to the estimation process. Since the introduction of *OpenTicket*, the errors in accrual estimation have been drastically reduced – by 80% for those suppliers on the solution, according to Anadarko’s Karla Ennis.

Ongoing Supplier Training

Anadarko uses both Oildex resources and their own personnel to engage and train suppliers. Field foremen provide candidates they want on the system, or the Field Business Process Group provides candidates from suppliers who submit high volumes of invoices.

Anadarko staff learned that face to face communication was the best way to educate and train vendors. Telephone interactions were not as useful as direct contact but was still preferable to email. Often suppliers contacted by email would not respond directly, and in those cases Anadarko field representatives would be asked to follow up with the vendors. This proved to be very successful, more so than



“We knew what was going on out in the field, we just didn’t know amounts. [OpenTicket] provides that data, so I can run reports telling me how much of my forecast we’re spending. Now I know how much money I spent and I can accrue those, whereas I couldn’t before. We’re about 80% closer on our accruals.”



Oildex or Business Processing staff engagement efforts, because suppliers work with the operations personnel from Anadarko directly and are therefore more likely to respond.

Another benefit of direct interaction with suppliers is that Anadarko processes and standards could be reinforced. This avoided churn within the approval process and ensured both Anadarko and their suppliers got maximum benefit from the system.

CONCLUSION

Anadarko's deployment of *OpenTicket* as a digital field ticketing system is an excellent example of a successful change management process. All parties involved in the new process were engaged and understood the unique benefits of the system for their role. Operations, Finance, and the supplier community were all integral parts of the solution, and all felt ownership of the process.

The result was a dramatic increase in reporting accuracy and a significant decrease in field ticketing issues and invoice cycle time, benefiting everyone involved.



“It’s a great program, it’s done wonders for us. The big thing is we want to make sure we’re paying for the things that happen in the current month. Now field tickets are returned in a timely manner, and I’m talking within a day. Our vendors are so much happier.”