

REDUCE INVOICE CYCLE TIME FOR MORE ACCURATE COST MANAGEMENT

Anadarko Streamlines Its Workflow with
Digital Field Ticket Adoption



Case Study

Success at a Glance



Challenges

- A rise in production costs demand better cost management
- Payment delays and inaccurate cost reporting from using paper field tickets



Solution

- The Drillinginfo Financial Automation with user-friendly digital field ticketing capabilities



Results

- 50 percent reduction of ticket approval time leads to faster supplier payments
- Up to 80 percent reduction in accrual error estimates
- Dramatic improvement in financial reporting accuracy

Customer Challenge

Shale drilling, completions, and production operations are becoming more complex, changing the scope and nature of operations. In addition, as these processes become more efficient, service intensity increases. Wells that once took 30 days to drill and complete are now finished in 20 days.

As the pace of operations increase, so does the overhead related to running an efficient oil and gas company. Anadarko, an American petroleum and natural gas exploration and production company, looked to improve their field ticketing process to gain a better view on spend and operations.

Anadarko's process used paper field tickets which caused payment delays due to tickets being lost. The delays also made it difficult to keep track of actual monthly spend in the field and report on costs, creating a large accrual variance. To ensure vendors got paid on time and their budget was correct, the company recognized the need to implement an electronic ticketing system.

Customer Solution

Anadarko had ambitious goals and critical requirements for a digital field ticketing system. “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 Karla Ennis, the Field Business Process Manager for Anadarko.

The OpenTicket™ solution was identified as being able to provide value quickly and enhance the relationship between Anadarko and its suppliers. Anadarko was already using 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.

“ *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, Anadarko

Anadarko piloted the solution in two areas, West Texas and the DJ Basin. The DJ pilot 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

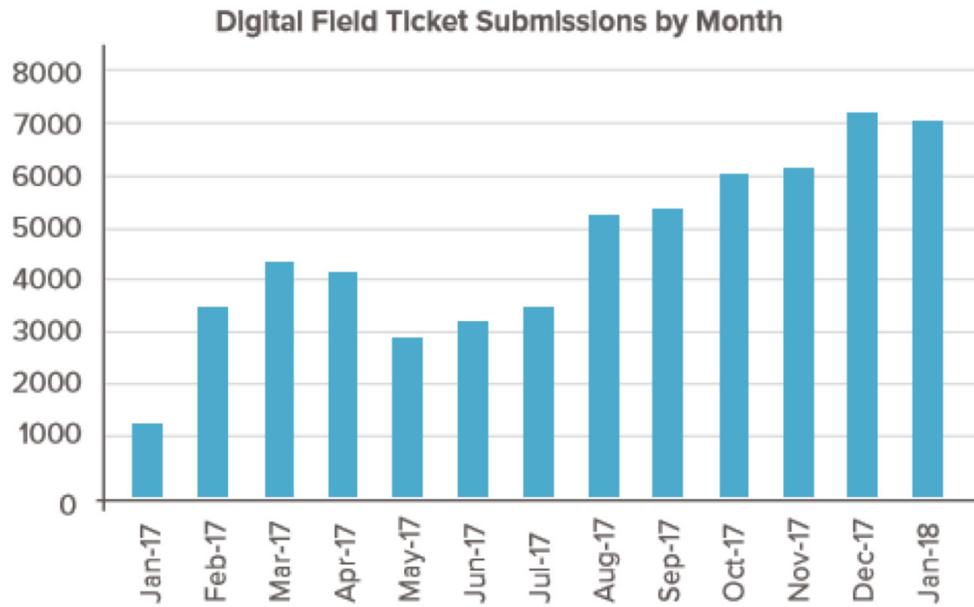
Anadarko realized that internal acceptance of the new platform was as important as getting suppliers on board. Luckily their field personnel immediately grasped the overall benefits of using OpenTicket. “I’ve heard nothing but positive feedback from [our foremen] because instead of having to sign each 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.

Owen continued, “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 use it 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 their invoicing platform to learn about the Field Ticket solution, and more than 250 supplier representatives attended. Following that success, Anadarko trained 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 OpenTicket, and some 70,000 field tickets have been processed through the course of the two pilots.



The Results

Quick Coding and Approval Process

Electronically approved field tickets 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. Ennis said, "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 percent.

Accrual Accuracy

Given the fast-paced, high-volume nature of their West Texas operations, Anadarko had 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.

“ *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.”*

Karla Ennis, Field Business Process Manager, Anadarko

Ongoing Supplier Training

Anadarko uses both Drillinginfo 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. Drillinginfo onboards and trains those select vendors. Another benefit of direct interaction with suppliers is that Anadarko processes and standards can be reinforced. This avoided delayed approval times and ensured both Anadarko and their suppliers got maximum benefit from the system.

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.”*

Karla Ennis, Field Business Process Manager, Anadarko

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