



Managing eCommerce Projects for Success

PIDX Dubai - 30 May 2007

Agenda

- Eirô Consulting Background
- The Value of Electronic Commerce
- Successful Projects in Energy (Common Traits)
- Unsuccessful Projects in Energy (Common Traits)
- The Importance of Execution
- Project Inception

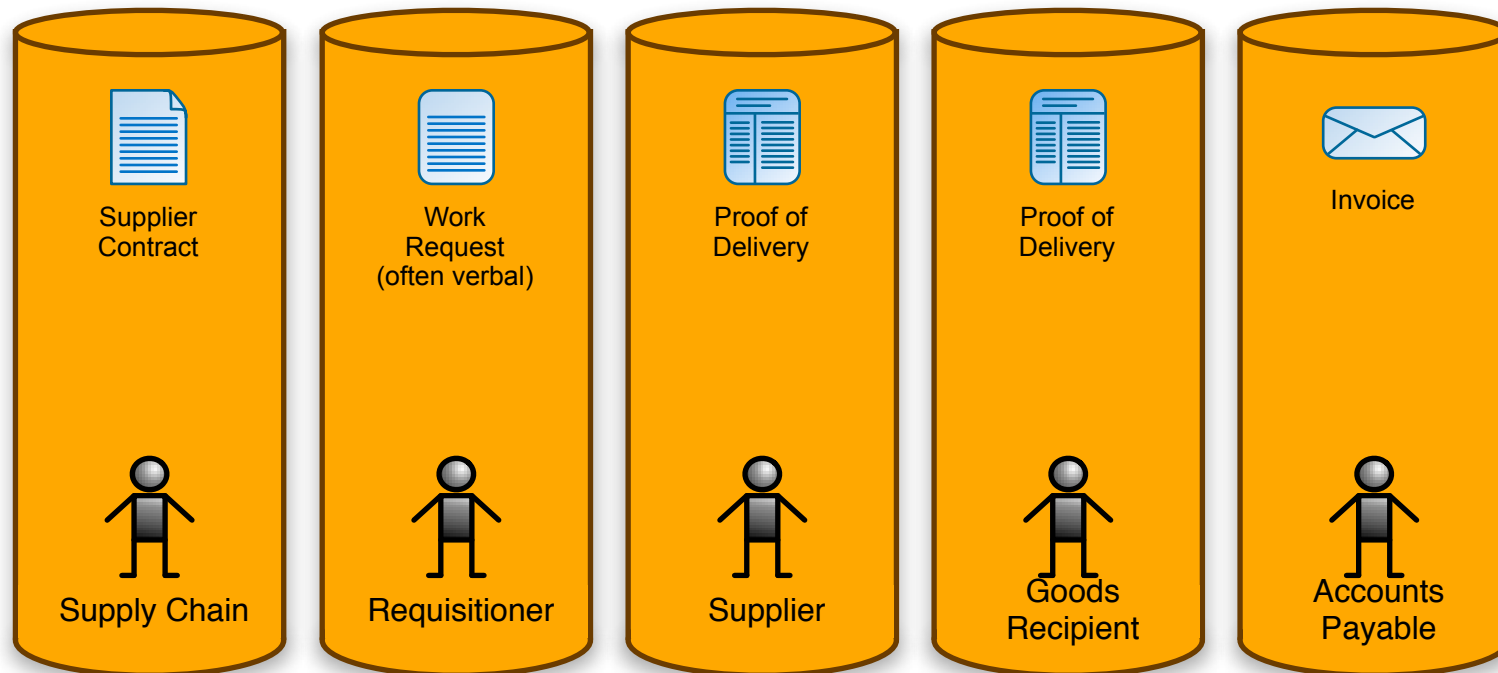
eirô Consulting Background

- eirô consulting is a professional services firm specializing in the business and technical areas of business-to-business eCommerce within the Oil and Gas industry
- eirô consulting was formed to satisfy the increasing need for real-world experience and objective advice in the areas of eCommerce implementation and business-to-business open standards integration. It is this singular focus that allows us to deliver extraordinary results
- eirô consulting is passionate about driving the broad adoption of eCommerce and helping its clients realize the value of eCommerce through independent, real-world advice, and by providing excellent technical services and insightful strategic counsel
- eirô consulting is technology and vendor agnostic and committed to delivering independent solutions within a framework of recognized best practices utilizing industry standards
- The firm has permanent offices in Houston and London

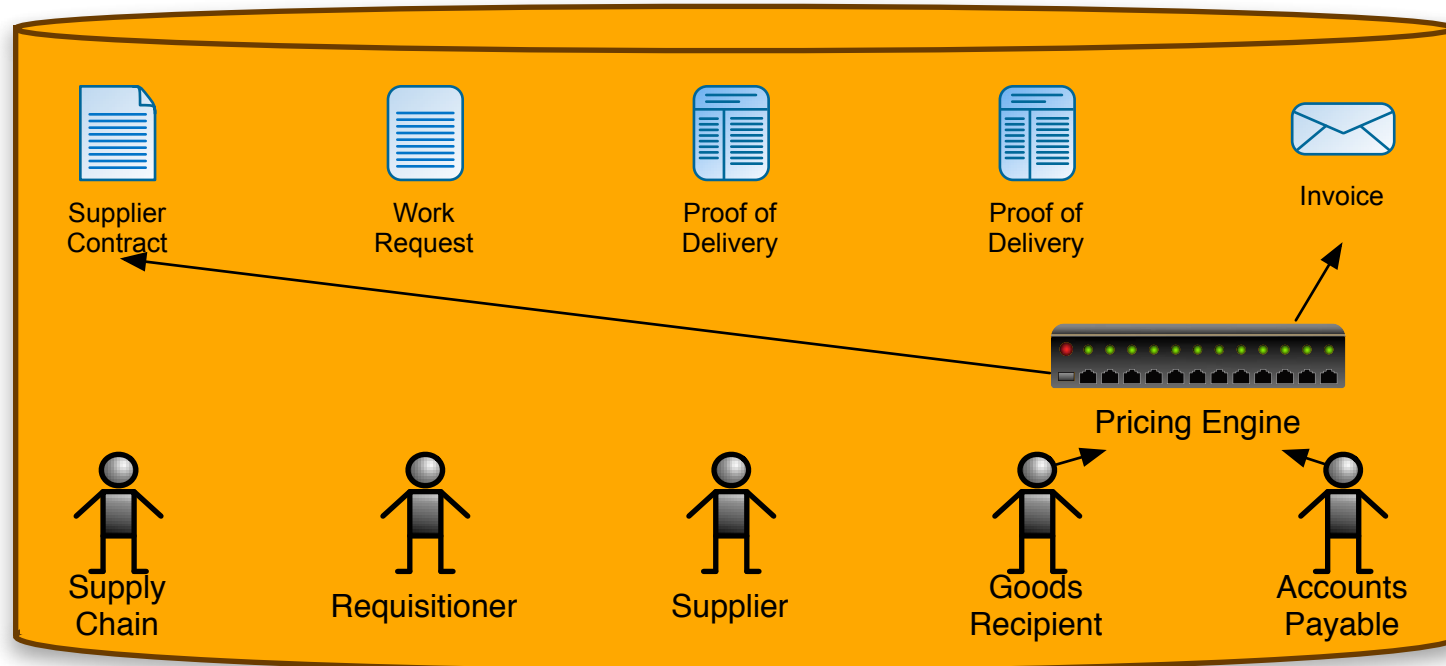
The Value of Electronic Commerce

- **Processing Efficiency**
 - Reduced time spent chasing paper
 - Electronic collaboration with suppliers in seconds (rather than weeks in the mail)
 - System-based access to records
- **Early Pay Discounts**
 - Payment well in advance of existing terms becomes possible
- **Spend Analysis**
 - Consistent classification of materials & services
 - Detailed breakdown at line item level
 - Greatly enhances reporting capability
- **Contract Compliance**
 - Systematized supply chain controls
 - Increased spend levers
 - Developing better contracts
 - Automated pricing compliance
 - Eliminating organizational information silos
- **Technical Integrity Management**
 - Ensuring fit-for-purpose, approved materials are installed in operational facilities
- **Governance and Regulatory Compliance**
 - Systematized controls, view of supplier commitments and liabilities
- **Near Real Time View of Capital Programs**
 - Latency of paper billing cycles is reduced or eliminated
 - Organizations can see much more quickly which investments are realizing return

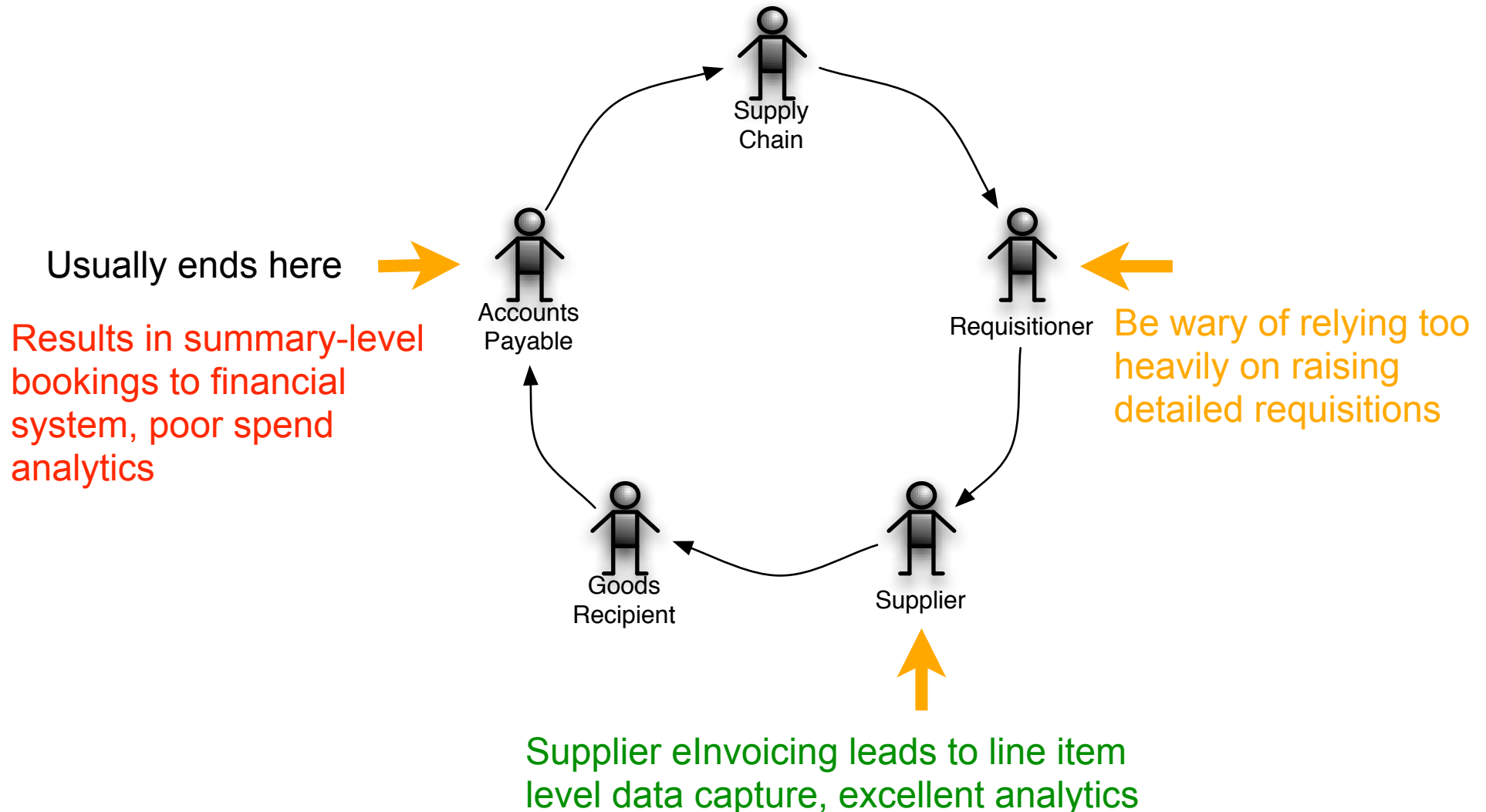
Organizational Information Silos



eProcurement Information Sharing



Who Performs Detailed Data Entry?



Successful Projects in Energy

There are many successful eCommerce case studies in Oil & Gas. *Most* companies that have met or exceeded expectations:

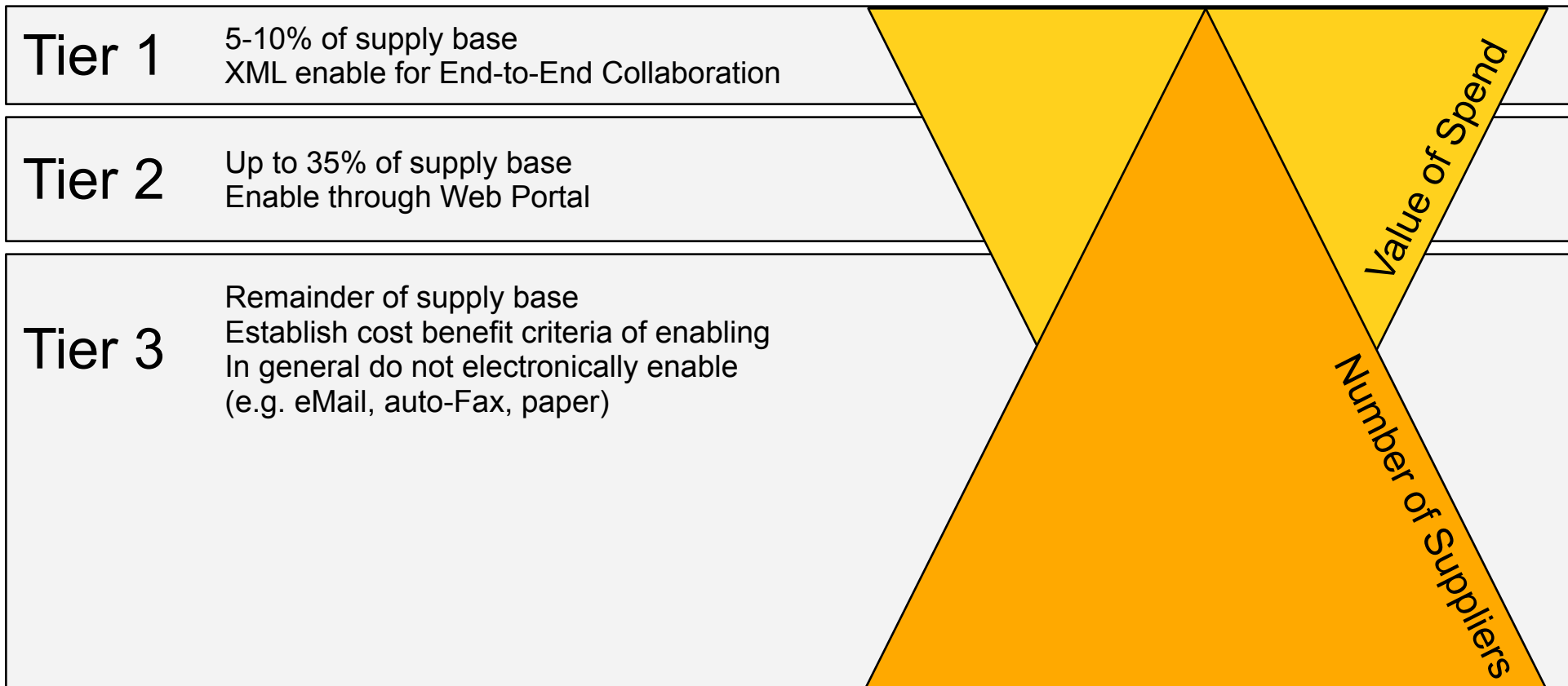
- First focus is on understanding the spend (invoice)
- Do not try to undertake too much change at once
- Offer a multi-tiered solution for different types/sizes of suppliers
- Get organizational alignment and sponsorship across supply chain, finance, and operations
- Follow industry best practices

Unsuccessful Projects in Energy

There are many eCommerce failures (or languishing projects) in Oil & Gas. *Most* companies that have not met expectations have one or more of the following traits:

- Initially focus on the Purchase Order (without prior understanding of spend)
- Are led to believe that if a process can work for Manufacturing (or other industries), an identical process can work for Oil & Gas
- Listen exclusively to ERP providers and/or advice from other industries rather than Oil & Gas peers and suppliers
- Instill too much cultural change at once
- Attempt to fundamental shift workload (to suppliers and/or inside the organization)
- Have a single, “one size fits all” solution for suppliers
- Have not fully considered scalability of solutions
- Attempt to insource non-core areas (like supplier technical enablement)
- Try unproven processes/technologies (in the context of the Energy Industry)

Multi-tiered Supplier Enablement



Limiting Supplier Interfaces

Operator

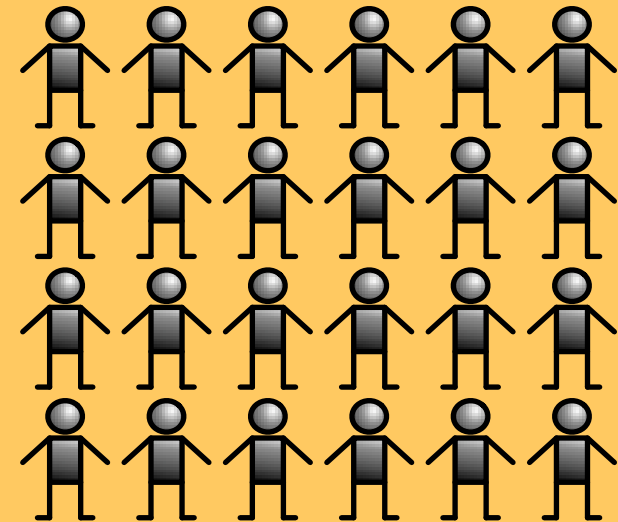
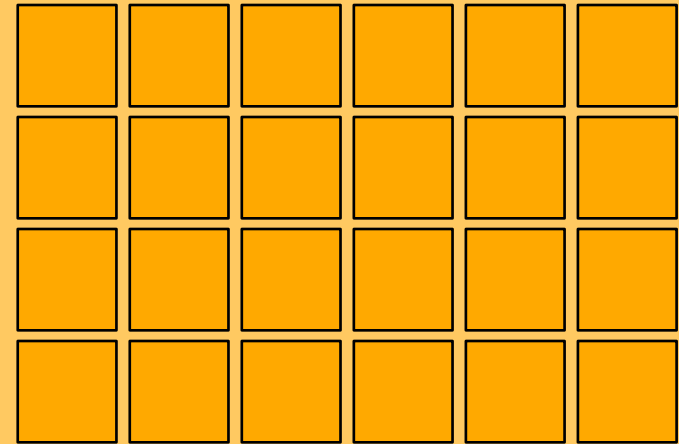
ERP/Financial

Middleware

Web Portal



Supply Chain



Considerations:

- Help desk
- Support
- Training
- Technical/IT

The Importance of Execution

Some projects have had all of the right ideas, but still have not been able to execute.

- Adversarial approach vs partnership, both internally and with suppliers
- Poor communications, internally and externally
- Fees for doing business
- Increased cost of doing business

Project Inception

- Clearly articulated value propositions, business case
- Staffing
 - Knowledge of the Industry
 - Knowledge of standards, players, technologies, technology providers
 - Experience in eCommerce in Energy
 - Transfer capacity in-house
- Communications agenda, education within the organization
- Framework for measurement
- Management buy in, sponsorship

Questions & Answers

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