Who Ya Gonna Call

To Provide Specialized Technical Oil and Gas Expertise while Saving on Operating Expenses and Capital at the Same Time

April 2017
The current “lower for longer” environment has lead our oil and gas clients to focus on ongoing cost management as they re-evaluate their operations in all facets of business. In response, we have introduced MAS (Managed Applications Services) to a number of clients who are required to maintain the same level of responsiveness to business stakeholders with fewer resources to draw upon. This ongoing paradigm shift has customers calling on Arcurve to assist in managing “day to day” operational tasks and processes with the added benefit of reducing their overall spend.

Many of Arcurve’s clients are successfully freeing up precious capital for other E & P activities by repositioning their IT spend and having an industry tailored approach to sustainment of existing systems, applications, and processes. Furthermore, our MAS clients are also able to leverage key learnings and best practices experienced by their industry peers.

In this Whitepaper we would like to share some of the collaborative approaches taken by other leading oil and gas companies in this challenging environment including one engagement where our client trimmed $2 Million in annual operating expenses. We would also like to leave you with a memorable quote (with apologies to Bill Murray and the gang) when you are faced with similar challenges:

*Who ya gonna call?*
Who Ya Gonna Call When “Routine” is Not So Routine?

Leveraging Domain Specific Expertise to Augment Business Functions

Overview: Our client, a multinational oil and gas producer, had retained a global IT service provider to manage its infrastructure, helpdesk, and various lines of business applications. Unfortunately, the offshore IT service provider lacked the specific domain expertise to perform certain requirements in support of business functions. We provide MAS for a wide range of oil and gas businesses with similar offshore support models which still require a service provider with local presence and domain expertise.

Issue
The offshore IT service provider was struggling with a database upgrade for a 3rd party application. After expending three full days and utilizing a team of five resources, the provider was still unable to complete the task so Arcurve was retained to troubleshoot and resolve the problem.

How We Helped
• We were called on Friday afternoon at 5:45 and by 6:00 we had resolved the issue, allowing the client to continue to work on a mission critical task over the weekend
• The ability for the business team to engage directly with the Arcurve team and work in a common domain provided a quick resolution to the issue
• Due to Arcurve’s experience, we were able to identify several steps that were missed during the upgrade procedure and support the offshore IT service team to ensure that the application was up and running with increased functionality that had been previously overlooked by the offshore IT service team

Business Benefits
• Arcurve’s domain specific knowledge helps clients keep their critical systems up and running
• With MAS, we help keep our client’s business running smoothly while reducing downtime and allowing them to devote more time to core business functions
• Arcurve’s business process awareness allows us to make longer term recommendations that assist our clients in the use and planning of their technology investment
Case Study Two
Who Ya Gonna Call to Save $1 Million in Capital Expenses
A Pragmatic Approach to Application Rationalization

Overview: The client is a Canadian Oil and Gas Producer with production of over 45,000 BOE/day. The company was focussed on either:

1. Extracting better information on a more timely basis from its existing software application asset; or
2. Potentially replacing the application altogether

The application was under heavy scrutiny from many users who wanted to replace the application (at an estimated replacement cost of $1 Million) while other business users were so frustrated with their user experience that they derived minimal value from the application and found ways to work around it. We focussed on assisting our client with the decision of whether to improve the use and management of the application within the company, or replace it.

Issues
Consulting with business stakeholders prior to conducting the initial assessment revealed numerous issues:

- Engineers and managers either never trusted the data from the application or waited an unacceptably long time for verification, which rendered the utility of the data pointless
- The reporting functionality of the application was not robust enough to support the client’s operations; leading to many operational activities being completed using spreadsheets, which inherently introduced errors into the system
- Although the company had been investing considerable funds in its field operations, the business process for delivering information to head office had not changed for over 20 years and was conducted manually
- After the initial assessment, it was apparent that the application was not being utilized in an effective manner, and had been inefficiently implemented into the workflow. These inefficiencies culminated in the premature conclusion to eliminate and replace the application at an estimated cost of over $1 Million.
How We Helped
After the initial assessment, Arcurve was tasked with providing alternative solutions and recommendations to the client. Based on experience, it was our view that instead of replacing the application at a significant cost, and risking the possibility that this replacement would not resolve many of the root issues, that the client should continue working with the current application and focus on implementing changes to the application and adjusting the work flow processes within their existing environment. To implement our recommendation we took the following actions:

- Engaged the application vendor and urged them to rectify the Windows 10 issues for the purpose of extending the life of the product within the client's infrastructure environment
- Worked with Field Personnel and Production Engineers to identify processes essential to ensuring that the application is able to effectively support both unconventional and conventional wells
- Identified several "quick wins" regarding configuration improvements as well as updates to make the application more user friendly
- Collaborated with outside contractors, engineers, and an industry software vendor to design a strategy that leverages the client's existing investment in automation technology
- Automated over 70% of manual data entry processes, thereby reducing the potential for errors to be introduced into the client's workflow

Business Benefits
Our client was able to realize significant benefits as a result of Arcurve's services, including:

- Arcurve extended the life of the application for at least another four years and eliminated the need for an upfront $1 Million capital investment
- The need for manual data entry was dramatically reduced, as were the associated errors; thereby allowing the Field Engineers more time to operate in the field rather than “punching in the data”
- We enhanced our client's daily and intraday operations as well as production data strategies to prevent several "workaround" software purchases that became redundant and unnecessary
- Our services encouraged the client to trust in their data, which allowed management to optimize production in the field quickly and accurately
Overview: Our client had engaged Arcurve to provide MAS with the goal of meeting software implementation objectives while providing time and flexibility to re-evaluate their overall resourcing needs.

How We Helped
Arcurve continues to provide services to the client, including management of the day to day support for the client's corporate field data capture tool, data entry, monitoring automated loads, and providing coverage for month end production accounting processes.

The Update – Who Ya Gonna Call for Cost Savings (in this case $2 Million Annually)?
In working with the Production Engineers, several process changes were identified as having had significant cost savings for our client:

- In particular, we focussed on enhancing the trucking cost evaluation for recovered water compared to pipeline shipping
- Working with the Production Engineers, we were able to recalculate the water-to-gas ratio (WGR) in the application. Additionally, we collaborated with the software vendor to update its application so that it harmonized with the Alberta Energy Regulator’s (AER) regulations
- After investing minimal resource time, and spending a nominal amount on services, our client has estimated that as a result of this work they will achieve operational cost savings in excess of $2 million per year

We continue to work with our client and their production optimization team to evaluate further operating and system changes that may provide increased operational savings.

Business Benefits
- Our service model supports increased month end demands while also having the capacity to support technical initiatives
- The MAS engagement model allows our clients to retain our services and have constant access to an experienced “bench” to support their business
- In this engagement our “bench” consisted of four very different resources and skill-sets. This “bench” reduced overall costs by aggregating the services to 0.65 FTE (on average)
- Once the factors in achieving a positive return on investment were identified, we were able to deploy additional personnel to quickly implement the changes that were needed to realize significant cost savings

1 http://www.arcurve.com/tech-blog/post/software-business/2015/02/02/bellatrix-a-collaborative-relationship
Conclusion

As our clients continue to manage in this enduring “lower for longer” environment they are exploring many different ways to achieve their objectives. In response to our clients’ needs we have introduced MAS (Managed Application Services), which allows clients the opportunity to leverage specialized oil and gas technical services while simultaneously reducing overall spend. This Whitepaper aims to share with you some of the cost saving initiatives your peers are experiencing using Arcurve’s MAS offering:

• Saving $1 Million in capital expenses by bringing a pragmatic approach to the evaluation of applications and workflows
• Solving routine application issues and introducing improvements that allow our clients to continue working on “Mission Critical” objectives as part of their business projects
• Saving $2 Million annually in operating expenses by re-evaluating application work flows and adapting them to a more modern, and technically suited, environment

With Arcurve’s MAS offering, our clients have access to the “full asset lifecycle” technical and subject matter experts across multiple domains on an as needed basis; resulting in our clients freeing up valuable in-house resources so that they may focus on delivering strategic and overall support to their core oil and gas business.

So, with all deference to our movie heroes from the days of yore, when you need a problem solved, whether it is managing data, optimizing field operations, improving the use of your applications, or just getting something fixed so that you can keep working ...

*Who ya gonna call?*

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We would be pleased to discuss this Whitepaper and what Arcurve can do for you.

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