

Three telltale signs
your upstream oil & gas
business could benefit
from business process
outsourcing



Business process outsourcing (BPO) is the practice of contracting a third-party provider to complete your back-office accounting functions. Within oil and gas, given that most upstream operators are focused on driving the business forward and streamlining operations, BPO proves effective in meeting these demands. The direct and peripheral benefits of BPO can be realized immediately and help sustain companies' short- and long-term goals.

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Business process outsourcing helps E&P companies move from a reactive model to a proactive one through outsourced talent, capabilities, and technologies.



Ideal business process outsourcing candidates

Who should engage in business process outsourcing?
Three distinct groups within upstream oil and gas meet the criteria.

Start-ups

Oil and gas companies in configuration could benefit from BPO. A new operator, an engineer with newly acquired funding, or a C-level team may all seek an outsourced partner to maintain their back-office accounting functions. These critical tasks are highly specialized, and as new teams ramp up operations, they need an experienced vendor that can assume the responsibilities.

Private equity-backed oil and gas companies looking to grow

These companies are in growth mode, and they've got private equity dollars to spend. As they staff up their organizations with function-critical roles (landmen, engineers, IT, geologists, etc.), accounting back-office work follows suit. In other words, the more E&P activity that transpires, the more back-office work needs to get done.

Resource-strapped firms trying to streamline operations

Doing more with less, as the common adage goes, is applicable to companies that are trying to consolidate resources and relieve the cost burden of G&A. Business process outsourcing amends these needs and frees up money that can be allocated to other parts of the business.

BPO benefits

There are nine key benefits of Business Process Outsourcing.



BPO benefits



BPO benefits



Should My Company Engage in Outsourcing?

Three telltale signs your upstream oil & gas business could benefit from BPO

1. You need to find and implement cost efficiencies

BPO vendors can complete business processes at lower costs because of economies of scale. In other words, their output is far less expensive than an in-house team because the costs of full-time employees do not scale linearly. When companies have a modest well count, the per well costs of their employees are much higher than when they have several thousands of wells. If you're a startup with a limited budget to hire talent, or you're operating a lean staff, you need a trusted BPO partner to own certain functions or tasks that would otherwise be managed by internal employees. BPO is the answer to cost-effective labor and reduced headcount.

Reducing operating expenses by controlling costs is another critical piece of every E&P's business; BPO can be attributed to helping manage both direct and indirect costs.

Direct costs alleviated through outsourcing:

- Salaries
- Benefits
- Personal tech like laptops and cell phones
- Printers

Indirect costs alleviated through outsourcing:

- Management
- HR (staffing)
- Training and development
- IT (data center, storage, upgrades, disaster recovery)

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2. You need expertise and/or specialization in a specific area

Should My Company Engage in Outsourcing?

Your employees may possess some knowledge about a particular subject, but your business needs a true expert to get the job done. Through BPO, you benefit from individual contributors that obtain a diversity of skills in areas such as:

- Revenue reporting and payment processing
- Regulatory reporting
- Joint interest accounting
- Financial reporting and lease operating statement preparation
- Accounts payable and payment processing
- Property administration

- IT functions (software selection, implementation, support, and maintenance)
- Technical knowledge and know-how
- SOX and technical compliance requirements
Yearly SOC 1 Type 2 audit provided for all IFS BPO customers

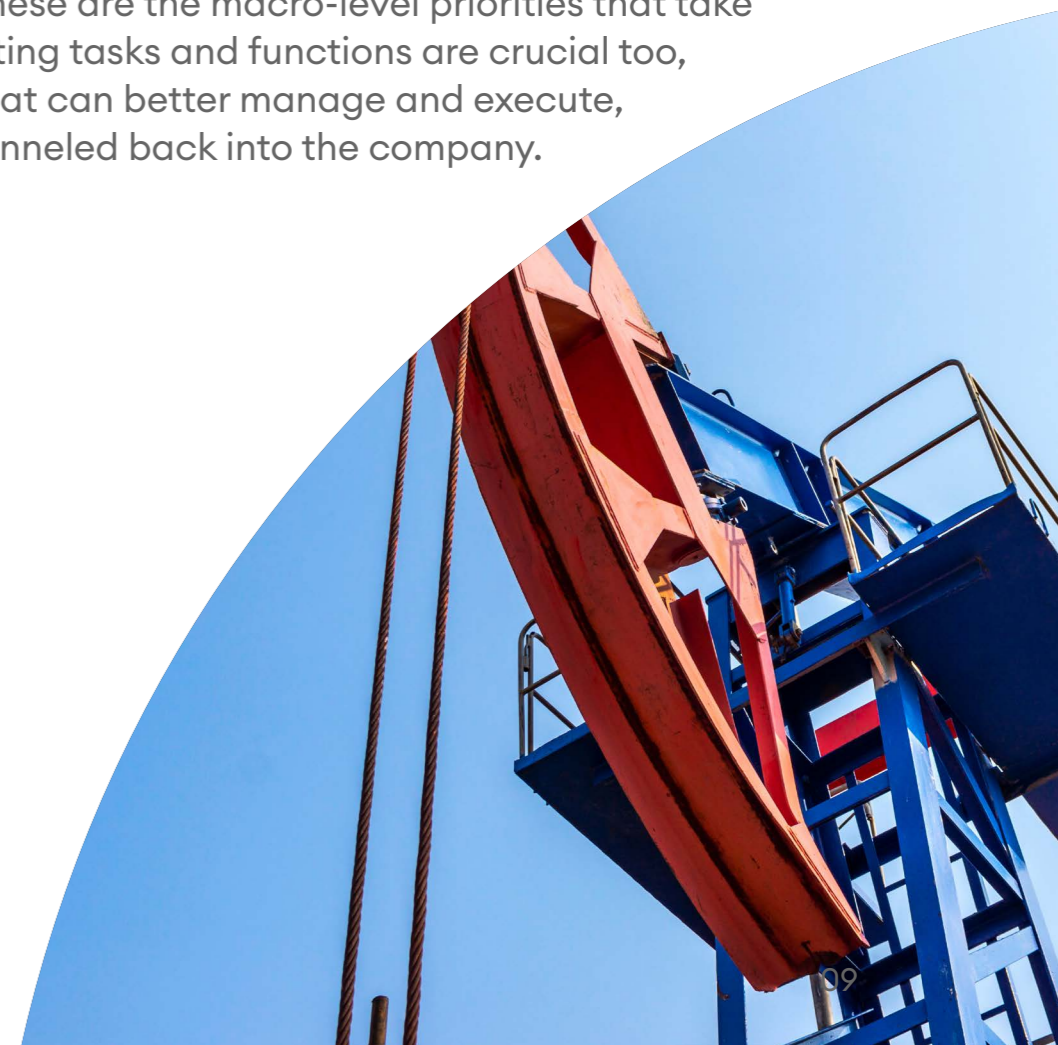
Through an outsourced team with specializations such as these, you're guaranteed high quality process execution. Simultaneously, BPO partners help bridge technological gaps and lower IT costs while making room for innovation, or continuously perfecting business practices that positively impact your E&P.

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3. You need to focus on strategy, operation, and scale

Should My Company Engage in Outsourcing?

Continuously evaluating progress and measuring against your business plan is top priority and your focus every day. Ensuring your operation can adapt to changing market conditions is equally as important. Fine-tuning reporting that enables better decision making is also among the list of things to consider, but bottom line, at the end of the day, it's profitability that matters most. These are the macro-level priorities that take precedence. And while everyday accounting tasks and functions are crucial too, they're easily handed to a BPO partner that can better manage and execute, all while saving you money that can be funneled back into the company.



Alleviate the back-office burden with IFS Energy & Resources — Business Process Outsourcing (BPO)

BPO through IFS can alleviate the burden of back-office work in upstream oil and gas, allowing companies to focus on core objectives and ensure assets are profitable.

Is BPO right for your business? Let us build you a custom cost model that breaks down the cost of outsourcing vs. buying software and hiring full-time employees.

Learn more: www.ifs.com/energy-and-resources-business-process-outsourcing

About IFS

IFS develops and delivers cloud enterprise software for companies around the world who manufacture and distribute goods, build and maintain assets, and manage service-focused operations.

Within our single platform, our industry specific products are innately connected to a single data model and use embedded digital innovation so that our customers can be their best when it really matters to their customers – at the Moment of Service™.

The industry expertise of our people and of our growing ecosystem, together with a commitment to deliver value at every single step, has made IFS a recognized leader and the most recommended supplier in our sector.

Our global team of over 5,500 employees every day live our values of agility, trustworthiness and collaboration in how we support thousands of customers. Learn more about how our enterprise software solutions can help your business today at [ifs.com](https://www.ifs.com).

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