

Digitalize and improve business efficiency for asset owners in Energy



Executive Summary



Introduction

IFS is the market leader providing business software to the energy industry, working with more than 400 project and/or asset driven companies.

Many of the companies in the energy industry are diversifying away from a major reliance on oil & gas revenue and embracing the journey to net zero—and, more specifically, renewable opportunities. This requires them to adopt an agile mindset and ensure that their enterprise software solutions are flexible enough to support new business models and way of working.

IFS still encounters many companies that have manual processes and elevated administrative tasks, and areas where business process automation and workflow improvements are urgently needed. Their ability to optimally manage their assets and work with contractors and JV partners using disconnected software solutions is a major challenge across the energy business. This situation can be rectified by implementing one single source of 'enterprise business' truth

As the energy industry continues to transform and move forwards, having an industry focused enterprise software solution that is configured to help your existing business operate more efficiently—and not constrain your evolution—is more crucial than ever.

IFS offers such a solution for asset owners and operators within the energy industry. Our IFS Cloud solution is a single product with a specific focus on your industry challenges, delivered on a modern open platform which allows innovative application services to be leveraged seamlessly.

Embedding new technologies such as remote assistance, augmented reality, predictive analytics, resource optimization and machine learning into the heart of the product means you can take advantage of Artificial Intelligence (AI) and the Internet of Things (IoT) without requiring large development or major system integration efforts. The solution works seamlessly with Microsoft Power platforms and BI.

Our single product can therefore deliver value and business benefits that provide a delightful user experience and smooth IT operation.



Ways for asset owners to digitalize to improve business efficiency

Reduce cost and secure asset uptime with built-for-purpose supply chain management

Assets must be kept operational to maximize throughput and revenue generation while maintaining best in class standards for safety and environmental management. To reduce cost and increase buying power, it's essential that all procurement is done through Frame Agreements and with a collaborative approach with partners that ensures minimal administration overhead.

Delivery of equipment and spare parts is a critical activity for all asset owning companies, especially in complex offshore environments. Even if operation requires a standard part or consumable, that part or consumable may be in a supply chain far removed from the unit, and simply transporting it to the required location may consume valuable days or weeks. In many other cases, parts or subassemblies required for replacement or upgrade may be long lead time items that must be custom fabricated or made to order by a vendor. To successfully face these situations, it is essential to use an ERP system with rigorous spares and repairs inventory functionality. Software must also streamline material transfer to reduce shipping costs and planned or unplanned downtime. It should also include management of palletized inventory, intermodal containers and other load carriers for on/offshore deliveries. To support offshore processes, functionality for efficient transport order management is essential in order that visibility and transparency is always available to all stakeholders.

An often-unappreciated element of supply chain management offshore is specialized, certified equipment or tools that are used in the repair or maintenance activity, regardless of whether these items are rented or borrowed from an offshore company's own yard, the costs associated must be accounted for in the work scope definition/ project plan and where

necessary accrued against the revenue-generating project in question.

With IFS Cloud, asset owners will have the right solution to:

- Reduce procurement cost with frame agreements
- Optimize inventories (capital/spares equipment, cross-warehouse overview)
- Enable corporate standardization
- Improve offshore operation delivering faster supply and accurate deliveries
- Reduce unplanned downtime
- Increase completion percentages of planned maintenance work, avoiding delays due to part unavailability
- Lower tax exposure through spares and repairs inventory—which is either reduced through better visibility of demand or allocated to different assets to minimize assessments.



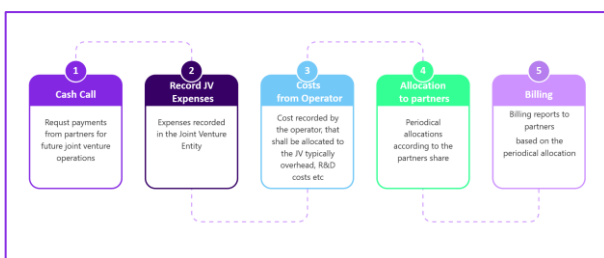
Advanced Finance Management

Joint Ventures (JVs) are essential for the energy industry due to the nature, complexity and size of investments made, and are the most common business arrangement for energy players such as oil and gas or utility companies engaged in exploration, appraisal, development and production operations. Joint ventures provide better access to funding in capital intensive operations, but also to mitigate risk and help to develop and share insight, competence, and expertise.

A Joint Venture partnership typically consists of an operating partner and one or more non-operating partners. One of the partners, normally the operator, defines and manages the accounting for the JV on behalf of the other partners. The operator records all the incurred expenses and allocates these to the partner(s) according to their ownership shares. This is managed seamlessly incurring minimal overhead admin costs within IFS.

Joint Venture Accounting in IFS Cloud

IFS Cloud supports Joint Venture Accounting by capturing expenditures and other relevant transactions from finance, project, supply chain and asset management against the joint venture entity, including cash calls, allocation and billing to partners based on their equity share and potential changes in those equity share.



In addition, the CFO and the finance organization need a comprehensive and modern finance management suite, with embedded operational functions like project management, asset management and supply chain to ensure transparency and traceability.

With IFS Cloud financial transactions are created at the source, based on the defined accounting rules, and will provide traceability and control.

IFS Cloud for the finance organization includes:

- Monitoring of cost, revenue, assets, and liabilities, on multidimensional and multicompany level
- Support for IFRS and US GAAP accounting principles
- Project, fixed asset, and lease accounting
- Automation of processes i.e. requisition to pay and intercompany handling
- Support for functional currency as well as local currency
- Embedded group consolidation with high level of automation in the closing process for shorter time to report, i.e. elimination of intercompany transactions and ownership relations
- Business planning for both operational and strategic planning
- Timely and accurate data in real-time to support business decisions in a fast and reliable way
- Traceability and visibility throughout the value chain and across companies and countries.

Increased collaboration across the value chain

Collaboration in all aspects of the value chain is increasingly crucial for success, so suppliers and contractors can reduce and manage costs efficiently to deliver mutual shared benefits for all parties. Silo operation, plus the lack of visibility and traceability between finance, supply chain and service contractors, will inhibit this best practice approach.

The challenge is to breakdown silos and improve visibility and traceability as the operators increasingly embed vendors through the value chain. A collaborative system is critical to offering the required control and maintaining an open value chain while working with vendors.

With multiple contractors and service vendors working together on major projects, complex coordination is more crucial than ever in large energy assets. Joint ventures, outsourcing and sub-contracts all test managers' ability to retain control of projects and operation.

Subcontractors are vital for delivery in the value chain, and the contracting process is becoming increasingly critical in managing offshore operations.

IFS helps overcome these challenges, with solutions that include sub-contract management and web-based collaboration portals. Sub-contractor agreements, for example, can define service scope and subsequent performance monitoring steps for complex installations, culminating in the service invoices.

In addition, IFS Cloud:

- Provides lifecycle management of a contract from bid and tendering through to completion and handover.
- Allows flexible invoicing and features capabilities to manage variations to scope.
- Handles simple or complex sub-contractor activities that are critical for improving follow-up of suppliers and enable better cost control.

Reduce maintenance and operational costs

In asset operations and maintenance in heavily regulated industries such as energy, a strategy that focuses on health, safety and environment, and asset reliability is a foundation that all organisations must embed in their day-to-day working processes. In the event of an unplanned equipment failure serious consequences will ensue involving cost, revenue and reputational damage. The health and condition of all assets and resources must be maintained at an optimal level.

This can be achieved by a laser focus on asset and service management excellence. Tasks are managed with due consideration for sustainability objectives—all resources are optimized such that unnecessary travel, energy usage or other activities which release carbon emissions are minimized. One successful example is using remote assistance, where a service engineer expert guides a suitably trained technical resource through a task remotely rather than traveling to the offshore installation. Additionally, the use of drones plus other remote monitoring and inspection capabilities also contribute to reduce costs.

With IFS, owner-operators and service contractors have an integrated industry solution for risk-based maintenance and service requirements for both offshore and onshore environments.

In the energy industry, where any downtime directly impacts the bottom line, long-term management and maintenance of assets is critical. Any operator that performs service, upgrades or lifecycle extension on assets needs a platform that meets strict quality requirements and demands.

IFS offers asset owners an industry solution for more effective processes, increased service revenues and—ultimately—reduced downtime. With IFS Cloud, it's easy to manage your service and operation with integrating project management, material management/logistics, maintenance planning, work/service order management, resource

allocation, document management, business intelligence, as well as HSEQ.

IFS Cloud brings control and stability to your business with powerful operations and maintenance capabilities.

- Reduce downtime and improved asset reliability through effective implementation of Condition-Based Maintenance (CBM) and more efficient FLM (First Line Maintenance) using mobility and IoT
- Ensure the safety of your employees, with our Permit to Work (PtW) and Isolation Management solutions
- Improve planning and scheduling capabilities for in-service and out-of-service maintenance activities and projects
- Collaborate effectively with subcontractors
- Increase productivity by having the interface you need for your environment





Learn more

IFS is the market leader providing of business software to project and/or asset driven companies within the energy sector.

At IFS we believe in investing in sustainability and the value it can drive to your business. Through investments in innovation, technology and connected data, more businesses can better build, manage and measure their sustainability initiatives.

Our responsibility to sustainability is centered around our plan to improve operations for energy companies—enabling them to achieve their sustainability goals and commitments. We are also dedicated to supporting the industry at large, to encourage more accountability for our environment, across the whole energy value chain.

For general information about IFS solutions for the energy sector, visit ifs.com