



CUSTOMER CASE STUDY

Sakhalin Energy, based in the Russian Federation, operates the world's largest oil and gas development and used AVEVA to streamline its contract management process.

Sakhalin Energy Investment Company Ltd.
Industry - Owner Operator

Goals

- To implement a database that allowed for full transparency.
- To mitigate contractual risk.
- To fully comply with anti-bribery and corruption rules.

Challenges

- An outdated contract management system made contracts confusing.
- Due to being in the early stages of two major expansion projects, time was tight.

AVEVA Solution

- AVEVA ProCon

Results

- Sakhalin Energy used AVEVA ProCon on the Sakhalin 2 project. Shareholders on the project were Gazprom, Shell, Mitsui, and Mitsubishi.
- Over 1,000 contracts are now streamlined and accounted for.
- Growth is now closely watched.
- All contracting and procurement process are conveniently systemised and codified.

A better way to manage contracts

Sakhalin Island, Russian Federation – Sakhalin Energy is the operator of the world's largest integrated oil and gas development producing 5.22 million tonnes of crude oil and 10.82 million tonnes of LNG in 2015, accounting for 4% of the global LNG market and producing over 300 million barrels of oil since 2008.

Responsible for all contracting and procurement activities for the company, Sakhalin Energy's supply chain management team sought to find a sophisticated contract management solution – a solution which would work for both operational contracting and major projects, by codifying its processes and enforcing its governance procedures.

Time to upgrade

Sakhalin Energy already had a legacy contract management system in place. However, it was outdated and had been in use since the formation of the company.

Although it provided a database where all tenders and contracts were tracked and their status monitored, it did not provide the operational teams full transparency of what was happening. Neither did it offer the ability to report on tender and contracting activities.

Sakhalin Energy went to the market and assessed solutions from different providers and, following an RFP, selected AVEVA ProCon's contract management system solution to improve and streamline their processes. They have not looked back since!

Outgrowing legacy systems

Implemented in 1994, Sakhalin Energy's legacy contract provided little more than a static database of all contracts and vendors, while SAP was used to manage contractual spend.

In 2014 Sakhalin Energy decided to improve the contracting and procurement controls in place, and provide greater transparency on tender activities, contract variations and claims. At the same time, they ensured that contractual risk was mitigated, and that tendering and the company's anti-bribery and corruption rules were complied with.

Sakhalin Energy is also in the early stages of two major expansion projects and wanted to ensure that the solution they selected would deliver the capability to manage and mitigate potential contract variations and claims associated with major projects.



How AVEVA ProCon helped Sakhalin Energy

Sakhalin Energy implemented AVEVA ProCon in 2015 to manage both Pre-Award and Post-Award processes. Initial requirements gathering was completed on site in Sakhalin by AVEVA ProCon consultants, while system build was completed remotely.

AVEVA ProCon is being used across the whole of Sakhalin Energy's contracting team to manage over 200 tenders per year and over 1,000 operational contracts across wells, production, logistics, corporate services, small projects and two major expansion projects. The solution has provided greater transparency on the status of all tendering activity to Sakhalin, as well as the ability to manage all contractual related communications in one place (both internal and with vendors) and improve the management of approvals.

Future plans

In a further drive to streamline and improve its processes, Sakhalin Energy plans to integrate with ERP systems to deliver expenditure management controls, as well as enable better decision making and Management Reporting by using information captured in AVEVA ProCon to systemise the delivery of key reports and dashboards.



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