



SHOWCASE



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BHP Billiton Petroleum Speeds Payment Process for Oilfield Complex Services with Quadrem eInvoicing Solution

Company Brief:

BHP Billiton is the world's largest diversified resources company. BHP Billiton Petroleum is a significant oil and gas explorer and producer, with major producing assets in the Gulf of Mexico (USA), Trinidad and Tobago, Australia, the United Kingdom, Algeria, and Pakistan.

Challenge:

In the oilfield, the majority of invoices processed by exploration and production (E&P) companies are for complex services that cannot be specified in detail through purchase orders. Instead, invoices are created from "field tickets" that document the actual work performed in the field. The end result is that reconciling invoices to the field tickets and to contracts has been a largely manual process requiring significant time and effort from highly paid engineers and other technical staff. Streamlining and automating this process can significantly reduce the cost of invoice processing for the E&P companies and can also speed payment to service providers – creating a win-win situation for buyer and supplier.

BHP Billiton Petroleum addressed this problem by first analyzing their current situation to determine specific improvement opportunities and by defining a number of solution requirements. As a result of their analysis, a number of process improvement goals were set (see Fig. 1).

In addition to providing an automated process that could achieve the established process improvement goals, it was also determined that the solution would have to fully integrate with and leverage BHP Billiton Petroleum's SAP system and would have to support detailed spend capture. And finally, although BHP Billiton Petroleum determined that 80% of spend activity was with 10% of the company's service providers, it was also determined that there was a very high cost of processing invoices from low-volume suppliers. For this reason, BHP Billiton Petroleum also demanded that the solution be adaptable for all sizes and types of service providers

The Solution:

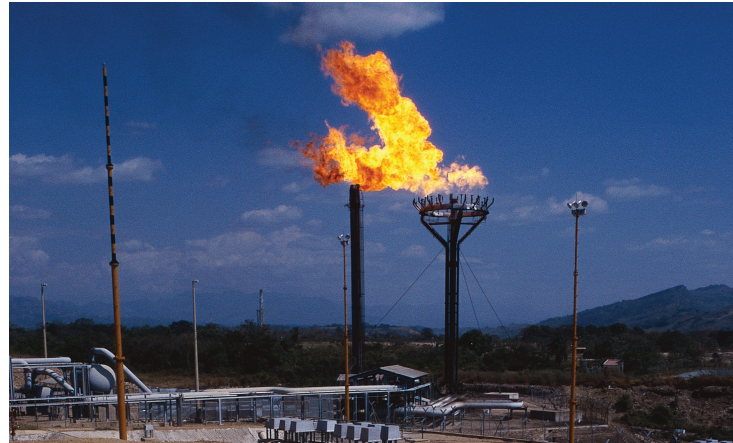
BHP Billiton's Mining business has had a longstanding successful relationship with Quadrem, utilizing Quadrem's eMarketplace to exchange high volumes of source-to-settle transactions for material purchases with its suppliers across the globe. BHP Billiton Petroleum recognized that enhancing and extending the existing Quadrem solution could efficiently address the services process. *From the BHP Billiton Petroleum perspective, this would mean one solution that could support the procure-to-pay process for materials AND complex services, across all categories and sizes of suppliers and service providers.*

Fig. 1

	Current	Target
• # of days to create Service Entry Sheet	• 10	• < 24 hours
• # of days to approve/reject Service Entry Sheet	• 7	• < 72 hours
• # of days to resolve disputed invoice	• 39	• < 5 days
• % of rejected Service Entry Sheets	• 48%	• < 25%
• Total cycle time	• 56 days	• Within terms
• Discounts earned (prompt payment)	• Nil	• Available
• Detailed spend capture in GSAP	• No	• Yes

“We’re dramatically reducing the time it takes our engineers to reconcile invoices without having to make significant changes in our business processes.”

- Yusuf Dalal, World Drilling
 Finance Advisor for BHP Billiton
 Petroleum



Working with Quadrem also provided BHP Billiton Petroleum with proven capabilities and support in areas that included:

- The depth and scalability of solutions provided
- Quadrem’s global solution implementation and support structure
- Quadrem’s supplier on-boarding expertise.

With the guidance of BHP Billiton Petroleum, Quadrem developed the **eInvoicing for Complex Services** solution where suppliers receive orders from the BHP Billiton Petroleum SAP system and send invoices through the Quadrem eMarketplace platform leveraging a central catalog of approved service items for validation of contract compliant pricing and determination of any available discounts. The invoice is stored in the Quadrem platform and a “pro-forma invoice” in the form of a Service Entry Sheet is sent to the BHP Billiton Petroleum SAP system. BHP Billiton Petroleum has established SAP workflow that routes the Service Entry Sheet for approval based on whether or not there are any “discrepancies” from contract terms. Once the Service Entry Sheet is approved, the Quadrem platform releases the invoice, which is automatically loaded to the BHP Billiton Petroleum SAP system for payment processing.

Other features of the **eInvoicing for Complex Services** solution include:

- Full support of document attachments such as field tickets and other supporting information
- An automated Service Entry Response with attached text comments; a discrepancy report is sent to suppliers as notification if an invoice is rejected
- Compliance with SAP iDoc, PIDX, RosettaNet and xCBL standards; ANSI x.12 to ISO UOM code conversion
- Line item expenditure data tied to company procurement and accounting codes

- Full audit trail capability to support SOX compliance

Results:

BHP Billiton Petroleum completed a successful pilot with three key suppliers and is now extending to include additional suppliers in the Gulf of Mexico with suppliers in Trinidad and Tobago, and Australia soon to follow. Results include efficiencies and improvements in accuracy rates that are accelerating the payment approval cycle and supporting BHP Billiton Petroleum’s achievement of the established process improvement goals.

Engineers were spending 10 percent of their time renewing invoices. Now BHP Billiton saves 45 minutes to an hour of employee time per invoice. In addition, suppliers that have on-boarded with Quadrem are receiving faster payment and are realizing associated reductions in Days Sales Outstanding (DSO).

About Quadrem

Quadrem (www.quadrem.com) provides e-business solutions that connect buyers and suppliers to maximize supply chain efficiencies. Quadrem’s global transaction platform, vibrant international trading community, and high-quality content services enable customers to implement the most effective e-business initiatives for buyers and suppliers. Established in 2000, Quadrem has locations in Australia, Brazil, Canada, Chile, France, Korea, Mexico, Netherlands, Peru, Saudi Arabia, Singapore, South Africa, UAE, and the United States.

The eInvoicing for Complex Services solution is a standard component of the Quadrem solution offering and it has been further enhanced to support processes for buyers who do not utilize SAP and/or the SAP workflow engine. 🎯