

# Improving Cost Visibility ConocoPhillips

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# Agenda

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- Introduction
- Case for Change
- Building the Foundation
- So what?
- Questions

# Company Background

17

COUNTRIES WITH  
OPERATIONS AND  
ACTIVITIES

13,300

EMPLOYEES  
WORLDWIDE

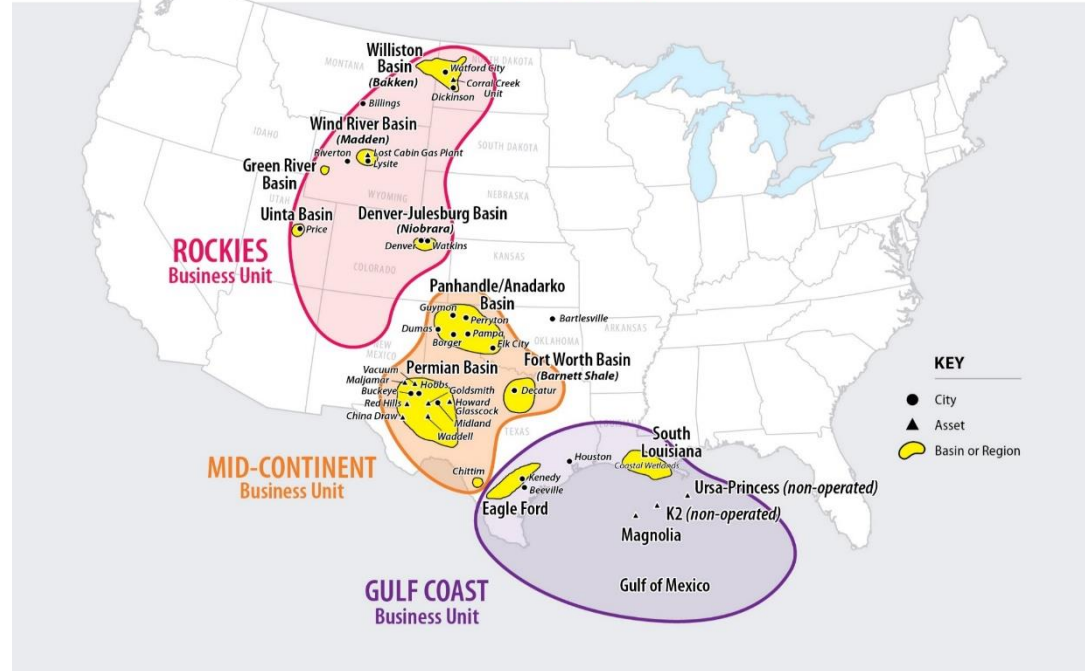
HOUSTON, TX

COMPANY  
HEADQUARTERS

COP

NYSE TICKER

2017 LOWER 48 ASSET MAP



# Case for Change – Lower Cost of Supply

## Operations

- Decreasing price of oil
- Increasing cost of Maintenance
- Poor visibility into other work groups i.e. Drilling & Completions, Land, Production, etc.



## Technical

- Cumbersome to extract data.
- Few people can build insight.
- Organized for financial reporting, not for operational analytics.

## Cost Insight Capability

# The Ascent – Cost Insights

BI/Visualizations

10%

- Reporting
- Analytics

Business logic

20-30%

- BU logic
- Business Processes
- Local flexibility/variation

Foundation

60-70%

- ERP Business rules
- Settlement logic
- Cost Center hierarchies
- Cost Element hierarchies
- Operational dimensions

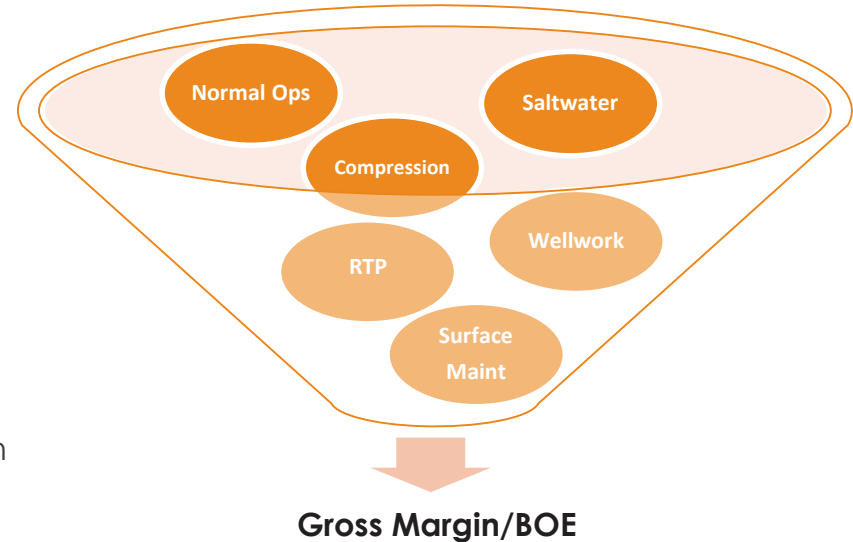
TAS Core

- RAW ERP Data



# Cost Foundation

- What is Lifting Cost?
  - Expense required at the field level to operate wells
- Composed of **millions of individual transactions**
  - 6 major functional categories
  - 50+ cost elements
- Lifting Cost Analytics
  - Maintain accuracy & lineage back to origin
  - Ability to view lifting cost by lease
  - Ability to view lifting cost by month

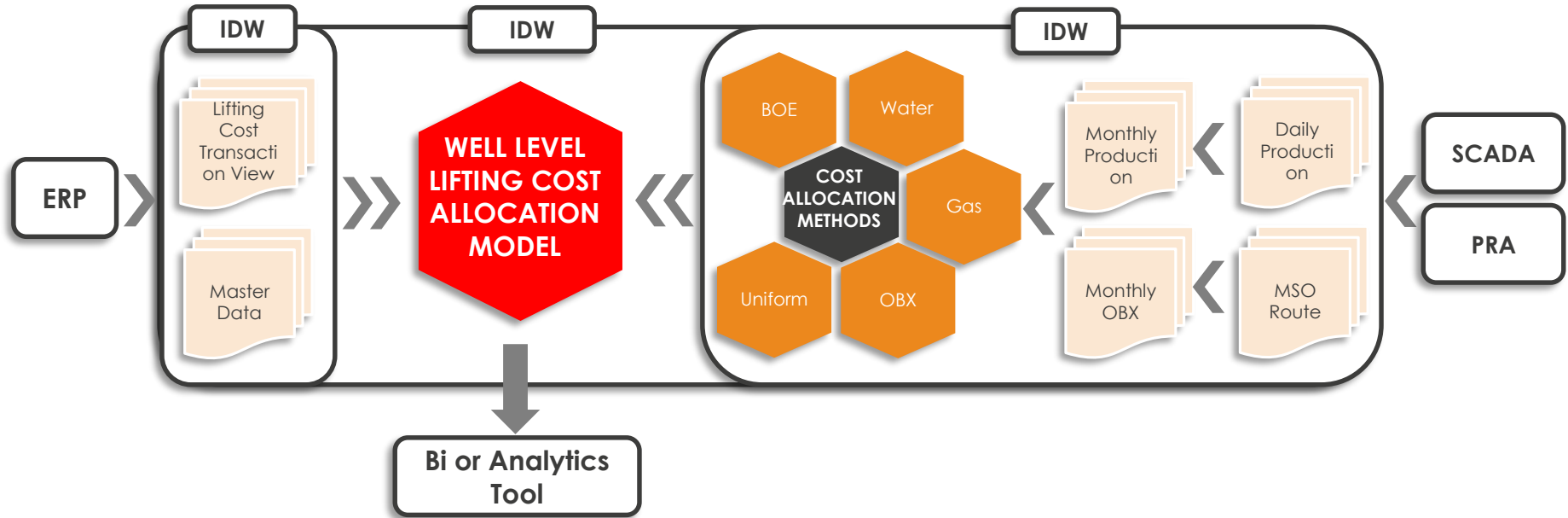


# Data Integration

Financial Data

Integrated Model

Production & Operations Data



# Streamlining cost analytics

- **Automated** consolidation
- Near **real-time** data – updated daily/hourly during closing
- Composed of **millions of individual transactions**
- Financial **roll-up**
- Detailed drill down
  - Lease level
  - Operational dimensions
  - Invoices
- Cost insight to **many** instead of one



## Operational cost reporting already enabled

- Lifting Cost
- Transportation Cost
- Processing Cost
- Invoice Metrics
- Labor cost Analytics
- Vendor Analysis
- SWD accruals process
- Maintenance cost
- Automation Cost
- Lease Analytics
- Project Cost Analysis
- Well Level Economics
- Budget/Forecast integration



# So what?

## Efficiency

- Instant consolidation – Ops cost reporting ~ 1 day
- Analyzing vs. data capture
- Instant visibility

## Cost Savings

- Cost avoidance
- Transparency in allocated cost
- Accounting validation

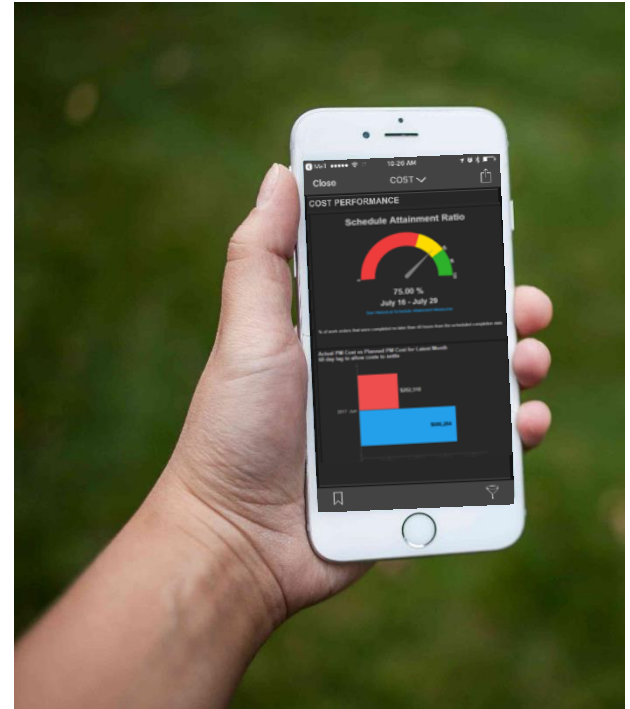
## Strategy & Planning

- Economic modeling for lease divestitures
- Data driven strategy
- Lease reviews
- Maintenance strategy changes
- Vendor relations



# Information Access

- ✓ Achieve lower cost of supply
- ✓ Provide transparency and visibility to asset expenditures
- ✓ Exploit investments made in enterprise data assets
- ✓ Cascade cost insights to enhance business decisions
- ✓ Continually knowledge share with other business units/groups to minimize duplicate efforts





# Thank You!

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**Questions/Comments**

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