Maersk Oil Unique SAP Experience (MOUSE)

April 2013, Morag Cammack and Rune Toft
Agenda

1. About Maersk Oil
2. The business case
3. Introducing the Maersk Oil Unique SAP Experience
4. Highlights of the UK Implementation
5. Results
6. Lessons learned
7. Questions
Maersk Oil – A Top 30 oil company

Gross Production by Operator, 2011 ('000 bpd)

Maersk Oil at a glance

- 3,800 employees
- 321 Licences, incl. 130 operated
- Active in 11 countries
- Production level (2012)
  - Operated: 600,000 bpd
  - Entitlement: 333,000 bpd
- Headquartered in Copenhagen
- Wholly-owned subsidiary of APMM

Note: Data from Wood Mackenzie. National Oil Companies are not included.
Maersk Oil – from local to global player

The value chain

Expansion of geographical focus

2002

2012

Denmark
Kazakhstan
Qatar
Algeria
USA
Brazil
Angola
Kurdistan
Qatar
Greenland
Norway
UK
Denmark
Kazakhstan
Western Australia

Business Development

Exploration → Appraisal → Development → Primary production → Mature field → EOR → Abandonment
The natural upstream oil and gas partner; navigating complexity, unlocking potential
Agenda

1. About Maersk Oil
2. The business case
3. Introducing the Maersk Oil Unique SAP Experience
4. Highlights of the UK Implementation
5. Results
6. Lessons learned
7. Questions
MOUSE: enabling Maersk Oil’s growth strategy

- Common way of working and one system in use globally
- Transparency to operational data across Business Units
- Ability to benchmark and use global Key Performance Indicators
- Ability to share knowledge and resources across Business Units
- Ability to integrate new Business Units faster
MOUSE Overview – Why?

- **Vision** -
  “To achieve global integration of Maersk Oil & Gas’ business processes thus enabling further growth by ensuring standard processes and systems integration”

- **Drivers** -
  1. Maersk Oil & Gas requires a platform for growth
  2. Maersk Oil & Gas should otherwise replace Finance and Business support systems over the next 5 years
  3. Raised off-shore cost awareness

- **Goals** -
  1. Integrated and standardised processes defined by global template
  2. Unified ERP platform to replace local solutions
  3. Build transparency into business processes and system operation

- **Benefits** -
  1. Improved transparency in and between OUs
  2. Raised off-shore cost awareness
  3. Sharing of best practice
  4. Platform for continuous global process improvement / KPI benchmarking
  5. One ready to use ERP package of processes and solutions
Overview - MOUSE Guiding Principles

- Do not change standard SAP
- Processes will be global unless there is a legal or statutory requirement for local adaptation
- All processes should be fit for purpose – keep it simple
- No additional offshore work
- Automated integration with applications used in Maersk Oil & Gas
- Take advantage of new functionality in SAP where possible
- The Global and Local Process Owners will guarantee validity of Global Processes
- Coordinate all SAP related activities with the MOUSE project team
Agenda

1. About Maersk Oil
2. The business case
3. Introducing the Maersk Oil Unique SAP Experience
4. Highlights of the UK Implementation
5. Results
6. Lessons learned
7. Questions
## SAP Modules Content Overview

<table>
<thead>
<tr>
<th>BI</th>
<th>Business Intelligence</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>Reporting</td>
</tr>
<tr>
<td>✓</td>
<td>Maersk Oil defined reports</td>
</tr>
<tr>
<td>✓</td>
<td>BW/BO</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FI/CO</th>
<th>Financials Controlling</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>Cost centre controlling</td>
</tr>
<tr>
<td>✓</td>
<td>Financial Management</td>
</tr>
<tr>
<td>✓</td>
<td>Asset Master</td>
</tr>
<tr>
<td>✓</td>
<td>Invoice approval</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>QM</th>
<th>Quality Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>Quality inspections of e.g. maintenance jobs executed</td>
</tr>
<tr>
<td>✓</td>
<td>QA/QC at Goods receipt</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HR-CATS</th>
<th>Cross Application Timesheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>Time registration</td>
</tr>
<tr>
<td>✓</td>
<td>Approval of registered time</td>
</tr>
<tr>
<td>✓</td>
<td>HR Mini master</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MM</th>
<th>Materials Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>Material Master</td>
</tr>
<tr>
<td>✓</td>
<td>Inventory management</td>
</tr>
<tr>
<td>✓</td>
<td>Purchasing</td>
</tr>
<tr>
<td>✓</td>
<td>Warehouse management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IS-OIL: JV</th>
<th>Joint Venture</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>Venture specific accounting</td>
</tr>
<tr>
<td>✓</td>
<td>Partner billing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IS-OIL: RLM</th>
<th>Remote Logistics Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>Supply process determination</td>
</tr>
<tr>
<td>✓</td>
<td>Pick, Pack and Ship</td>
</tr>
<tr>
<td>✓</td>
<td>Returns, Repairs and Rentals</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PS</th>
<th>Project Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>Project structure and controlling</td>
</tr>
<tr>
<td>✓</td>
<td>Budgets and latest estimates</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PM</th>
<th>Plant Maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>Planning and processing of tasks</td>
</tr>
<tr>
<td>✓</td>
<td>History and analysis of plants</td>
</tr>
<tr>
<td>✓</td>
<td>Technical objects</td>
</tr>
</tbody>
</table>
MOUSE schedule

Project was initiated through a Process Mapping initiative in April 2008.

Mid 2008 the project was transformed into MOUSE (SAP) project.

Blueprint phase was initiated in October 2008, completed and approved July 2009.

Danish Operations live with MOUSE since October 2010.

Danish Operations stabilization period.

Q1 2012 GoLive:
- Angola
- Copenhagen
- Norway

Q2 2012 GoLive:
- Qatar
- UK
- Kazakhstan
- US

Q1 2013 GoLive:
- Qatar
- Brazil
Agenda

1. About Maersk Oil
2. The business case
3. Introducing the Maersk Oil Unique SAP Experience
4. Highlights of the UK Implementation
5. Results
6. Lessons learned
7. Questions
MOUSE UK journey of integration

Integrated ways of working, integrated process and system from work planning to execution, from onshore to offshore and from procedure to pay.
UK organisation impact was documented, converted into action plans and communication kits.
UK Roles and Responsibility Diagrams
UK Change Commitment Curve – Pulse Survey

Pulse survey will measure how we are making progress from awareness to commitment within the project timeframe and will help us identify issues that may need management attention and corrective actions along the way.
UK December Survey - Comments

“More info is needed to provide any confidence.”
Operations Onshore

“Given this is an important project communication is a farce.”
Operations Offshore

“I cannot see how a new IT system changes my roles and responsibilities.”
Operations Onshore

“Not clear on how it (MOUSE) will impact my job. I don’t think it has significant impact.”
Operations Onshore

“Apart from the name ‘MOUSE’ I know nothing about this system.”
Operations Offshore

“I think I will manage although I don’t know what training I will receive.”
Business Services

“Although given the correct priority (MOUSE), this business critical project is being swamped by the vast number of other projects being rolled out with the transformation.”
Operations Offshore

“I feel that we really have started on a journey and the rewards as we become more aligned locally and globally will payback big dividends in the future.”
Operations Offshore
UK Change Commitment Curve – Pulse Survey Results

- **Navigation**
- **Leadership**
- **Enablement**
- **Ownership**

<table>
<thead>
<tr>
<th>Time</th>
<th>Awareness</th>
<th>Understanding</th>
<th>Acceptance</th>
<th>Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec.</td>
<td>4.91</td>
<td>4.44</td>
<td>5.37</td>
<td>4.89</td>
</tr>
<tr>
<td>Feb.</td>
<td>4.76</td>
<td>4.91</td>
<td>5.05</td>
<td>5.51</td>
</tr>
<tr>
<td>May</td>
<td>3.76</td>
<td>4.78</td>
<td>5.21</td>
<td>5.21</td>
</tr>
<tr>
<td>July</td>
<td>4.21</td>
<td></td>
<td>5.05</td>
<td></td>
</tr>
</tbody>
</table>

Support for change vs. time
Act on it!

• Communicate regularly
• Support Super Users beyond implementation
• Take responsibility
• Don’t encourage a blame culture
• Ignoring issues doesn’t make them go away
• Be positive
• Be supportive of one another
UK Change Commitment Curve – Pulse Survey Results

- Navigation
- Leadership
- Enablement
- Ownership

Support for change over time:
- Awareness: December
  - Navigation: 4.91
  - Leadership: 4.76
  - Enablement: 3.76
  - Ownership: 4.21
- Understanding: Feb
  - Navigation: 4.44
  - Leadership: 5.37
  - Enablement: 4.91
  - Ownership: 4.78
- Acceptance: May
  - Navigation: 4.89
  - Leadership: 5.51
  - Enablement: 5.21
  - Ownership: 5.05
- Commitment: July
  - Navigation: 5.10
  - Leadership: 5.59
  - Enablement: 5.32
  - Ownership: 5.29

End Users
UK - Why was it a success?

• Steering committee headed by the MD and senior management committed to success
• Dedicated, experienced, knowledgeable staff seconded to the project who had a passion to succeed
• A “3 legged” implementation management team who together were more than the sum of their parts
• An experienced and motivated delivery partner
• An experienced data conversion vendor who worked well with our delivery partner
• Relentless focus on managing change
• A motivated and committed business who, along with the team, worked tirelessly to prepare and rehearse until we were as perfect as could be
Global Master Data Governance at Maersk Oil

Acknowledging the need for globally aligned processes and rules

- BPR 1 - Material Master
  - Centrally Controlled
  - Locally executed

- BPR 2 - Service Master
  - Centrally Controlled

- BPR 3 - Vendor Master
  - Centrally Controlled
  - Globally and locally executed

- BPR 4 - Chart of Account
  - Centrally Controlled
  - Centrally executed

- BPR 5 - Project & Maintenance
  - Centrally Controlled
  - Locally executed

Data Governance Strategy
Data Governance Organization
Data Governance Entity Strategy <Object>
Data Policies <Object>
Data Standards <Object>
Data Standards Overview
Data Standards Detailed

Project start Roll-outs Next steps
MDG Supplier at Maersk Oil

**Scenarios**
- Create vendor
- Change vendor
- Extend vendor
- Block/un-block vendor
- Delete mark/un-delete mark vendor

**Global Solution**
- For each scenario is implemented one global process

**Vendor Master Data Governance**
- Vendor Master Data Governance is controlled centrally by Corporate Finance

**MDG Supplier Version**
- MDG EhP5

Diagram labels:
- Standardised process to maintain vendor data
- Standardised tools for ensuring data quality
- Data flow transparency within system landscape
- Get an overview of all the supplier related activities
- Data changes transparency (Who, When, What, Why)
- Single entry point to maintain supplier data

MDG Supplier Solution
# MDG supplier – lessons learned

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Lesson Learned</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lack of clear Master Data Governance</strong></td>
<td>• The standard processes delivered by SAP, cannot automatically be adapted to your Business</td>
</tr>
<tr>
<td>• Processes, data rules, data ownership needed to re-designed for all scenarios and aligned with all Business Units</td>
<td>• Establish Data Governance setup before blueprint phase starts</td>
</tr>
<tr>
<td><strong>MDG Supplier is a new technology</strong></td>
<td>Wait for MDG EhP6!</td>
</tr>
<tr>
<td>• Many teething problems</td>
<td>• Less teething problems</td>
</tr>
<tr>
<td>• Hard to find experienced resources</td>
<td>• More experienced resources (SAP focus)</td>
</tr>
<tr>
<td>• Not all areas of the Vendor Master is part of MDG Supplier EhP5</td>
<td>• Valuable new functions and new UI’s</td>
</tr>
<tr>
<td><strong>Business Ownership</strong></td>
<td>• Ensure business ownership is in place, as the make the project able to focus on building instead of changing</td>
</tr>
<tr>
<td>• Project was started without establishing clear business ownership of the MDG Supplier tool, making the decision process hard and unreliable</td>
<td>• If possible, make the implementation of MDG Supplier part of the roll-out or wait</td>
</tr>
<tr>
<td><strong>Working on the side of a moving target</strong></td>
<td></td>
</tr>
<tr>
<td>• Project parallel to the roll-out of SAP ECC, while changes where still being implemented to the template</td>
<td></td>
</tr>
<tr>
<td>• Changes to the template influenced the solution proposed for MDG Supplier</td>
<td></td>
</tr>
</tbody>
</table>
MDG supplier – benefits implementation

- Automated processes for requesting new vendors and changes to existing vendors
- Central Work Center for the maintenance of vendor master data
- Good functions for tracking requests giving process transparency for the users
- Globally aligned and more effective processes
- System controlled duty of delegation
- Local Business has taken ownership of the vendor master data
- Increased data quality through central management and governance control
- Better foundation for reliable reporting, as we are now in control of what goes into the system
- Automated updates of data in SAP ECC
- Support is easier and less time consuming

Maersk Oil Corporate Finance stated after the implementation:

“We save many hours of work every day due to the implementation of MDG Supplier”
**Agenda**

1. About Maersk Oil
2. The business case
3. Introducing the Maersk Oil Unique SAP Experience
4. Highlights of the UK Implementation
5. Results
6. Lessons learned
7. Questions
MOUSE results

- Vision -

“To achieve global integration of Maersk Oil & Gas’ business processes thus enabling further growth by ensuring standard processes and systems integration”

- Drivers -

1. Maersk Oil & Gas requires a platform for growth
2. Maersk Oil & Gas should otherwise replace Finance and Business support systems over the next 5 years
3. Raised off-shore cost awareness

- Goals -

1. Integrated and standardised processes defined by global template
2. Unified ERP platform to replace local solutions
3. Build transparency into business processes and system operation

- Benefits -

1. Improved transparency in and between OUs
2. Raised off-shore cost awareness
3. Sharing of best practice
4. Platform for continuous global process improvement / KPI benchmarking
5. One ready to use ERP package of processes and solutions
The business case consists of a number of costs and benefits.
Top three lessons learned from an implementation perspective

- **Lesson one:** Have a Stronger Business Anchor

- **Lesson two:** Prioritize Solution Governance

- **Lesson three:** More solid stage gate and KPI enforcement
Questions?