

PDO goes live with EOS Solution

A Case Study



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“The EOS solution has made procurement much easier at PDO. We now have better supplier relationships and are able to focus more on Strategically Sourcing products for our organization. Most of all, our vendors too are not complaining of any missing documents”

Graham Smith – Supply Chain SAP Manager
PDO

PDO goes live with EOS’s e-Procurement Solution

COMPANY PROFILE

Petroleum Development Oman (PDO) is a major exploration and production company in the Sultanate. It accounts for more than 90% of the country's crudeoil production and nearly all of its natural-gas supply. The company is operated in Oman by the Royal Dutch/Shell Group.

BACKGROUND

A major problem PDO faced during its procurement process was that many of the procured items would not reach PDO on time. The reason that vendors frequently stated for this problem was that they were not receiving the Request for Quotation, or Purchase Order documents from PDO on time. Moreover, on PDO’s side a delay in the delivery of items had more serious consequences. As Graham Smith (PDO’s Supply Chain SAP Manager) explains, “One problem area for us was document tracking. We were spending a substantial amount of time on attempting to track vendors who had received Purchase Orders and Requests For Quotation (RFQ’s). In some instances disgruntled suppliers were complaining to the Ministry of Oil and Gas about missing documents.” Even with a SAP implementation in place within PDO, the issue of tracking the documents was still prevalent.

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OPPORTUNITY

Having investigated the usual alternatives to gain connectivity, electronic marketplaces, email, PDO believed that implementing a good e-procurement strategy was important to reduce a lot of the manual intervention in the purchasing process and enable procurement professionals to devote more time for value-added activities, including better management of supplier relations. “One of our other objectives in PDO was to have increased security and transparency within the procurement process. We did not want our suppliers to feel that the quotation they have submitted can be viewed by the buyers even before the quotation deadline, and that we favor certain vendors than others. That’s why we needed a system which provided us transparency and security.”

SELECTION CRITERIA

PDO had several criteria in mind when assessing alternative eprocurement solutions – business model, ease of use, ease of implementation, security, long-term support and most of all cost-effectiveness. “We did not want a solution that was cumbersome to implement, and required our vendors and procurement staff to undergo lengthy training sessions. The solution had to provide us with complete security and privacy of data. Moreover, it had to be cost-effective from PDO’s perspective as well as the vendor’s perspective. After a lot of consideration and evaluation, our project team at PDO reached a unanimous decision to go ahead with EOS’ Digital exchange”, says Graham Smith.

THE EOS SOLUTION

EOS’ digital exchange, provided PDO with a simple, easy to use, cost-effective solution. All that the vendors required to use the system was an internet connection and a web browser. EOS consultants and integration experts did a thorough analysis of PDO’s procurement process, and existing IT infrastructure and SAP implementation. The solution development and application integration team then started to design the solution. Built on a .net platform, the EOS solution was ready to go-live within 4 months. PDO’s SAP system and procurement related processes were fully integrated with the EOS system. And this was done with a minimal IT resource requirement from PDO’s side. With the system in place, data now seamlessly flows directly from the SAP system to the vendors and back. PDO no longer needs to re-key the quotation values from vendors back into the SAP system, and the solution has helped reduce this manual time-consuming process, as well as reduced the chances of errors that may arise while re-keying the data. Furthermore, using the EOS system, the procurement staff at PDO can at a click of a button track and trace a document to find out whether a vendor has received a document, who on the vendors side has opened the document, and the date and time when the document was opened. The PDO buyers can also find whether the vendor responded to the document, the date and time when the vendors responded to the document and also the name of the person on the vendor’s side who responded to the document.

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EFFECIENCY, LOWER COSTS

For PDO buyers, the automatic document tracking facility within the EOS system has reduced the time spent manually by the buyers in tracing the document. What used to take hours can now be done in seconds. Vendors too can now securely receive the document, and can

submit the quotation in a matter of minutes. Moreover, EOS' Intelligent Document Alert System, also notifies the vendors each time any new document is sent by PDO. The vendor receives an SMS notification and an e-mail notification thus ensuring that each vendor is fully informed of any new documents that arrive into the vendor's document inbox. Graham Smith confidently adds, "All in all this has brought about a considerable reduction in costs within PDO's procurement process, and this will definitely reflect on our overall organizational bottom line."

IMPLEMENTATION

The EOS solution was implemented in PDO within four months. This timeframe also included the e-registration process of PDO's 2500+ vendors, plus awareness and training of vendors on using the new system. As part of EOS' training strategy, all vendors were provided free training on how to efficiently use the new eprocurement system. The training was conducted at the Oman eCenter located in the office premises of EOS' local partner in Oman – Oman TradaNet LLC. The Oman eCenter, one of the regions very few state-of-the-art e-commerce awareness facility, was a perfect setup for training so many vendors in such a short period of time. Additionally, a 24 X 7 EOS Support Call Center was setup to clarify queries that vendors would have when using the system initially. A short training session was also provided to PDO's procurement staff, to help them with the EOS system. All these steps helped PDO to have a smooth and efficient rollout of the EOS solution.

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THE FUTURE

The EOS solution is a fully scalable and upgradeable system, built on open standards. "We will be implementing new releases of SAP in the future, and EOS offers us any level of future scalability and enhancement", says Graham Smith. With an excellent success rate at present, the future with EOS just seems to be great.

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