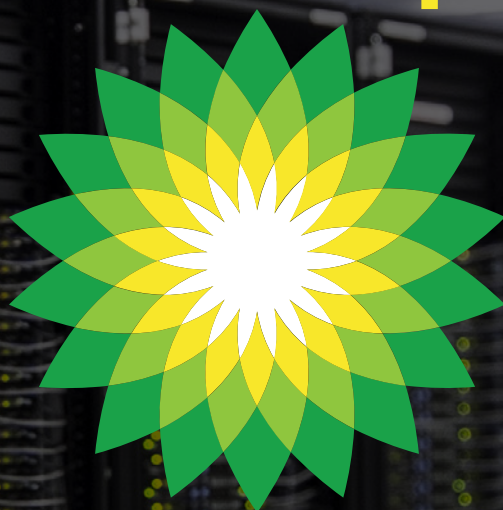


bp



Charting a course for the energy transition through procurement

IN ASSOCIATION WITH

Infosys®



apporchid
· Enterprise AI ·

bp



Charting a course for the energy transition through procurement

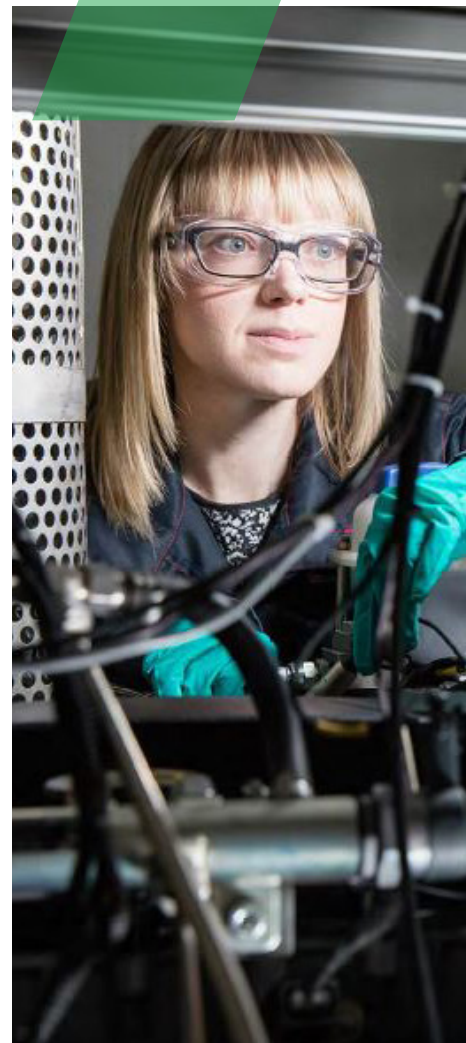
WRITTEN BY
MARCUS LAWRENCE

PRODUCED BY
CHARLOTTE CLARKE



As BP's procurement transformation goes from strength to strength, we speak with Mark Smith and Alex Thomson to discuss the pivotal role that Compass is playing on its enhanced operations

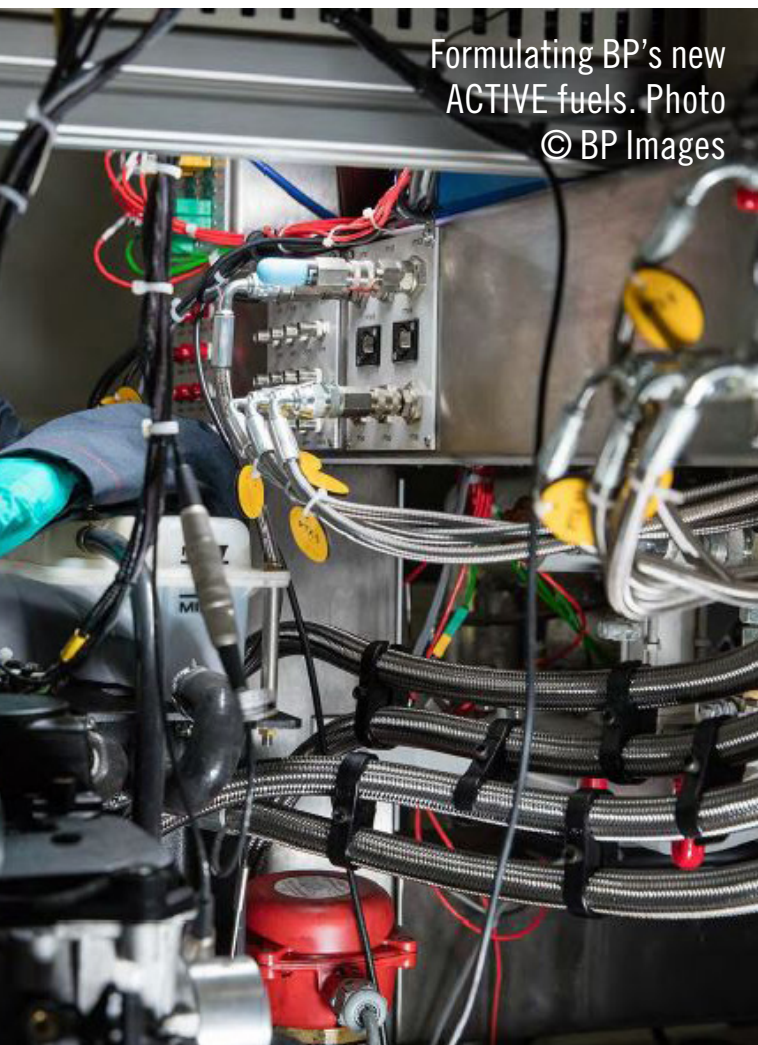
Procurement and digital transformation have become intrinsically linked in recent years. While the former has become more central to business operations for organisations around the globe, the latter seeks to disrupt dated strategies and technologies that have become increasingly incompatible with the demands of modern business. The combination of the two delivers profound benefits for organisations that can master such fine alchemy; offering agility, flexibility, leanness, sustainability and readiness for both business and geopolitical landscapes that are evolving faster than ever before. At BP, the launch of its proprietary Compass platform forms the backbone of procurement transformation within and beyond its Global Business Services (GBS) division. The platform, developed with scalability and flexibility in mind, enables integrated, end-to-end, digitalised procurement processes. Offering ease of use, visibility, artificial intelligence (AI), automated source-to-pay (S2P) functions and a portal for external stakeholders, Compass is revolutionising the way procurement operates at BP.





Server room at
the Center for
High-Performance
Computing. Photo
© BP Images

05



Formulating BP's new
ACTIVE fuels. Photo
© BP Images

Serving as the glue of the transformation, Compass brings vital components together from across the organisation to foster collaboration and visibility like never before. “Procurement and supply chain have been thought of as linear processes in the past,” says Mark Smith, Head of Strategy and Transformation for BP’s GBS Procurement organisation. “You start with a strategy, you end with a contract, you place an order and then, at some point, you’ll go back and restart. In the modern world, you’re

“You’ve got to be efficient, but you’ve got to be effective. A number of companies have gone for efficiency – and that’s very good for function – but you’ve got to balance out the effectiveness of the output”

—
Alex Thomson,
Head of Procurement Services,
BP GBS

06



constantly in all parts of that process.

“There might be new and emerging technologies that force you to rethink a strategy you devised six months ago; there might be changes to your demand patterns that come out of your ordering behaviour, necessitating a review of your supplier portfolio.” Enabling effective management of these concurrent processes, Smith says, is Compass’s *raison d’être*. “The process’s execution may exist in different systems, such as SAP Ariba or some of our legacy environments, but Compass provides end-to-end digital integration of all elements of procurement in one place.”

Highlighting other factors driving the firm’s procurement transformation, Smith begins with the seismic shifts in the global energy market. “The world will require significantly more energy to support population growth and the prosperity that everyone is looking to drive,” he says, “but that energy needs to come with lower carbon. To do this, BP needs access to new ways of doing things, disruptive thinking and new technologies.” In procurement, this challenge can be tackled by optimising



CLICK TO WATCH: 'BP GBS – MARK SMITH, HEAD OF PROCUREMENT STRATEGY ON PROACTIVE OPERATIONS'

07

the mechanics of its supplier interactions – a key component of the Compass platform.

Another considerable factor is the attraction and retention of top-tier talent, both internal and external to the organisation; the training and development of whom can drive the sharpest innovations which will assist in future-proofing the company as the wider industry evolves. “As the world changes, the requirements are changing,” says Alex Thomson, Head of Procurement Services. “We must be agile and able to adjust as new

technologies emerge, such as new battery technology or alternative forms of power and energy.” Smith summarises: “The thrust of the procurement transformation is around three things. The first is people, the second is about enabling the organisation with the with the correct tools, and the third is about combining both people and tools together in order to harness BP’s data to drive value.”

Unlocking the nascent power and enabling qualities of BP’s data has required innovative but pragmatic thinking, and Compass is the result

of such an approach. “We’ve thought innovatively about our entire end-to-end process,” says Smith. “If you think about it, sales is the mirror image of running a procurement exercise, and so we’ve used a sales platform repurposed in reverse to run our procurement processes.” Opportunities are funnelled through Compass in

a similar fashion to a sale, with the related work being distributed to the stakeholders concerned promptly and accurately. In sum, the sales-esque process delivers vital data to the right specialists as required, providing both democratisation of data and enhanced visibility.

While the benefits to efficiency are

EXECUTIVE PROFILE

Mark Smith

Mark Smith is the current Director of Strategy and Transformation for GBS Procurement in BP (having previously held a similar position in Downstream Procurement since 2012), driving the Procurement operating model, systems and process transformation. Overall, Mark has over 17 years’

experience in functional strategy and business transformation, specialising in Procurement within oil and gas. Working with organisations such as Shell, Chevron, Babcock, Centrica, Taqa, Husky and Seadrill, Mark has experience across the Procurement lifecycle from Category Management to Source to Pay in Upstream, Downstream and Corporate and Functions supply chains.

Mark holds an LLB (Hons) and Masters degree in IT from the University of Nottingham. He is married to Jackie and has two children, and recently completed his fifth marathon.



clear, Thomson stresses that focusing solely on making processes more efficient is tantamount to wasting opportunities. “You’ve got to be efficient, but you’ve got to be effective,” he explains. “A number of companies have gone for efficiency – and that’s very good for function – but you’ve got to balance out the effectiveness

of the output. What you then enable from the supply market to the users is appropriate for the output quality you need.” Through Compass, BP is able to connect the end-to-end chain from strategy and category strategy through to execution and the placement of commitment in the supply market. “That adds efficiency to

EXECUTIVE PROFILE

Alex Thomson

Alex Thomson is currently the Global Head of GBS Procurement in BP. He leads a cross-regional, cross-functional team that manages BP’s global Corporate category demand, covering areas such as IT and Business consulting, as well as being accountable for BP’s source-to-pay activities. Alex has over 30 years’ business experience in BP in a wide range of business roles. These include managing the performance of chemical businesses, leading strategic change in IT and Procurement and executing the delivery of major M&A projects. Immediately prior to his current role, Alex was Head of Country for BP in Malaysia and led the GBS Asia operation in Kuala Lumpur, supporting BP businesses and functions worldwide.



NAVIGATE YOUR NEXT WITH INFOSYS




Manage project structuring,
strategic sourcing, benchmarking,
tendering and contract negotiation



Analytics driven S2P offerings
that identify and unlock value and
improve user experience, RPA enabled
operations to realize those

With over three decades of
experience in managing
the systems and
workings of global
enterprises, we can help navigate
you towards opportunity with



-  AI-powered Core
-  Agile Digital at Scale
-  Always-on Learning

The journey to digital has
so many nexts.
Navigate your next with Infosys.

www.infosys.com



Mitigate risk through robust supply
channels to maintain technical
integrity and timely delivery



PROCUREMENT 4.0 – ARE YOU READY?

Procurement has been at the forefront of adopting cloud-based digital platforms enabling efficient transacting processing. This transition to cloud that started with indirect purchasing has accelerated to direct materials. Key purchasing functions have gone a step further by building an ecosystem of solutions offering rich automation and intelligence lowering transaction costs by an average of ~30%.

Some industries like oil and gas have lagged in digitalization due to a mix of high regulations, significant variations between upstream and downstream and history of acquisitions. Figure 1. lists some of the typical challenges these industries face in their procurement value chain.

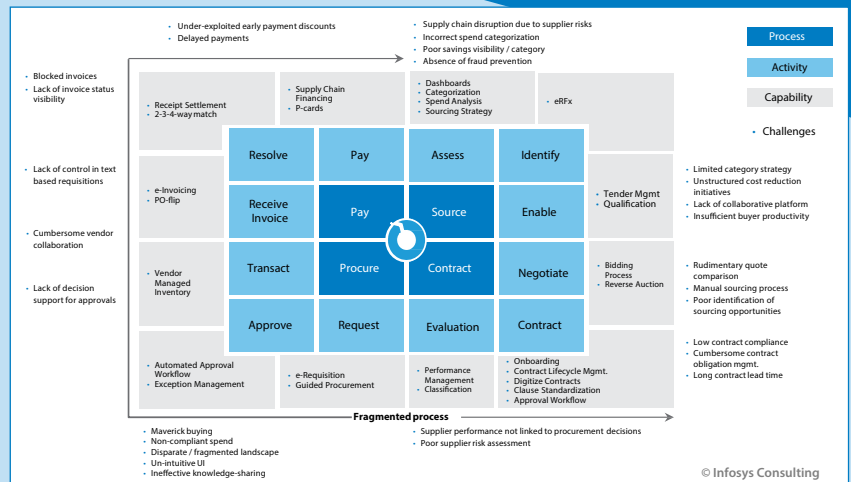
In our experience, such companies can accelerate their digital transformation journey by adopting an approach based on four key principles – a clear view of applications at the core, automating and optimizing in parallel, AI as a central part of data operations and building an agile culture.

Digital Core: Transitioning from a jigsaw of legacy applications to a user-friendly digital platform starts with a clear definition of process that need to be part of the core and those that need to be part of the surrounding ecosystem. User experience needs to be at the center of this decision and supported by seamless data and process flows. We recommend associating productivity and cycle time KPIs with user experience to make this a quantifiable benefit.

Automation: Process variability and disjointed workflows are prevalent in most organizations. While in an ideal scenario, streamlined processes are first developed and implemented, driving automation in parallel can release investments and capacity required to drive larger transformation programs. Looking ahead, these automated KPI driven processes form the cornerstone of the new solution.

AI and data: The challenge of combining meaningful data for analysis and transaction processing has long existed. A bill of material that is common across supply and demand, item master with the right attributes, and supplier masters with well-defined descriptions are examples of elusive essential building blocks. This is one area where AI is playing a significant role in both helping clean current data sets and merging information from new data sets to provide meaningful reporting with a significant positive impact across procurement KPIs.

Agile mindset: Most large companies have followed a traditional waterfall approach with multi-year timelines and complex program structures. Even companies claiming to



adopt agile are largely adopting the waterfall-based QA stage-gate process. Adopting agile requires the upfront allocation of the right team with end users, solution developers working in close co-operation and acceptance of imperfect product versions as a natural part of developing the solution. This fast iterative cycle and close co-operation cuts the project delivery time significantly and has been proven to enable radical simplification of end-to-end processes.

In summary, a mix of clear vision, new technologies, and an agile mindset is already enabling leading purchasing functions to accelerate procurement digital transformation. The timing is right for all organizations to accelerate their journey to procurement 4.0.



Robin Goswami

Senior Vice President,
Global Head – Energy (Oil and Gas)
Practice, Infosys Ltd.

Robin Goswami is a Senior Vice President and heads the Energy (Oil and Gas) practice in Infosys. Goswami has been instrumental in building the oil & gas practice in the organization since its inception to its current stature. He is a transformative leader with over two decades of experience in the IT industry. He is also a member of the board of directors of two companies - an IT consulting firm acquired by the Infosys Energy practice, and a global consortium that sets data exchange standards for the Upstream Oil & Gas industry.



“The world will require significantly more energy to support population growth and the prosperity that everyone is looking to drive, but that energy needs to come with lower carbon. To do this, BP needs access to new ways of doing things, disruptive thinking and new technologies coming from the supply market”

Mark Smith,
Head of Procurement Strategy,
Performance and Transformation,
BP Downstream

processes and visibility of information as to where work is progressing along that continuum, as well as improving the output because you can see the quality and whether it’s meeting users’ needs.”

The modular aspect of Compass means that this solid foundation can be built upon and modified to reflect trends for years to come. One such element to be infused into the platform’s capabilities is automation, with Smith highlighting the S2P function as one area to benefit from the emergent tech thus far. “The intent of automating S2P

is to move to a world where we’re using much more guided buying, with consumer-like technology that allows end users to self-serve,” he says, noting that such innovations are revolutionising procurement’s position within the wider organisation. “Like many procurement organisations out there, we’ve really struggled with the notion that, every time you need or want something, you have to go to procurement and they will slow the process down. While we still have a way to go on that journey, we’re starting to see more use of self-serve catalogues, quoting and



CLICK TO WATCH: 'BP GBS – MARK SMITH, HEAD OF PROCUREMENT STRATEGY ON ACCESSING INNOVATION'

WHAT IF

you were able to cut vendor negotiation time by 80%?

WHAT IF

you were able to virtually eliminate the painful redlining back and forth?

Uncover the Unknowns with
Contract **ai**

ao apporchid
Enterprise AI

ContractAI is an AI-powered SaaS-based solution that automates the creation and negotiation of contracts. ContractAI uses advanced analytics and artificial intelligence to automatically scan, ingest and analyze historical contracts and helps author custom templates based on terms that have been proven to be win-win to both vendor and supplier.

833.277.6724

sales@apporchid.com

www.apporchid.com

OUR PARTNERS

Infosys®

“Infosys are our partners responsible for developing and maintaining two key modules of our Compass platform: opportunity and case planning. The huge advantage we get from those two modules in Compass is in our ability to workforce plan, prioritise and operate our activities at scale. From those modules, we are able to assign resources to those activities, track them to completion and check their status. One of the things we’re really excited about as a development for this year, and into next year, is our work with Infosys to improve the user experience around the way cases flow through the procurement operation.”

– Mark Smith

 **apporchid**
· Enterprise AI ·

“App Orchid, with its AI capabilities that automate parts of the contract cycle, is a great example of BP using new ideas from smaller companies to increase effectiveness and efficiency in an agile way. BP has scale while companies like App Orchid have more agility and ideas of what’s possible with emerging technologies, and co-venturing brings together the best of both worlds.”

– Alex Thomson



buying. The net effect of that is the creation of more space in the organisation to work through the innovation agenda.”

While the automated S2P features have been in operation for a few years, the firm has more recently incorporated intelligent contract reading and analytics-focused AI into Compass, enabling seamless document scanning and archiving in a way that draws value from the respective data. “We’ve been working out a proof-of-concept to allow you to conduct those searches with natural language processing.

For example: ‘What was my caustic soda usage in the last ‘X’ months?’. Compass gives us a platform to innovate from while adding capacity to the organisation,” adds Smith. “We’ve also added collaboration technology that allows people to work on documents together in real-time, along with 360 degree views of all our interactions with particular strategic suppliers.”

Collaboration at scale is an ascendant necessity for organisations, but Smith says that this is particularly acute in increasingly complex procurement environments. Whether it is internal teams liaising for a project, or



extra-organisation communications with suppliers, the intricacies of procurement have evolved to the extent that multiple teams, with complementary capabilities, are found along the operational chain. This increases the risk of silos with poor communication which in turn hamper progress. “In the past, you would have your procurement team who were down the corridor, and they would have conducted the entirety of the procurement process,” Smith explains. “In reality, much of that now is, and should be, operated at scale on the behalf of the entire enterprise.



“A lot of the effort that goes into procurement is effort that most of our workforce would rather not expend”

—
Mark Smith,
Head of Procurement Strategy,
Performance and Transformation,
BP Downstream

Since the implementation of Compass, our teams have seen innumerable benefits, including: the effective distribution of work, improved management of team activity backlogs and the balance of resources. Compass has created a better experience for all those working in and around procurement. The fresh degree of visibility and comparability that BP gains between its vendors and suppliers affords it opportunities to optimise costs and quality through partner selection, while simultaneously illuminating more sustainable options. “We have been working specifically with some of our IT suppliers on reducing their carbon impacts,” says Smith. “Some of our cloud providers, for example, are big power users, and so we can work with them to understand the source of that power and whether renewable is an option.” Thomson echoes this sentiment, adding that growing data demands from all industries will see data centre power consumption continue to rise.

“It’s not a binary case of using this



visibility to decide who we will and won't deal with," he says. "It's about being conscious of footprints as we buy closed requirements, and encouraging sustainable strategy." Compass, through its document scanning functions and end-to-end digitalisation, has also seen a marked shift towards paperless operations, the sustainability benefits of which speak for themselves. "We have been able to eliminate what amounts to around a million paper invoices from suppliers each year," enthuses Smith. "That's a very tangible example of how Compass is reducing our environmental impact."

Implementing such an exhaustive overhaul of procurement functions naturally conjures concerns around the ease with which a workforce will cope with the shift, but Smith is confident that BP's procurement teams have been receptive and supportive. "A lot of the effort that goes into procurement is effort that most of our workforce would rather not expend," he says. "Such as

"It's not a binary case of using this visibility to decide who we will and won't deal with, it's about being conscious of footprints as we buy closed requirements and encouraging sustainable strategy"

Alex Thomson,
Head of Procurement Services,
BP GBS

in reacting to things we would have like to have better foreseen, or in manually collecting information that allows us to make better decisions."

This effort, he enthuses, is better spent on creativity and value added tasks. "The organisation is somewhat frustrated by the drains on its ability to act in a creative capacity because of the challenges in the data landscape and the manual activity required to keep our operations running. We want to be orchestrating rather than



executing those processes. As we enter this world, we're extremely passionate about using technology to move us into that creative space while helping the organisation to upscale in a way that, where necessary, supports that journey."

The sum of all these factors, Smith and Thomson highlight, is a shift in procurement's capacity to enable the energy transition. Compass has revolutionised procurement within BP in many aspects: visibility, ease of use,

communication, collaboration, sustainability, and vendor management. Thomson says that flexibility, however, is the chief boon of the GBS-led procurement transformation. "Being able to adjust as requirements evolve is vital, especially as supply markets around the world change pretty fast. Being able to take advantage of that through procurement is a hugely positive change." ■





BP – Global Business Services

1 St James's Square
St. James's
London SW1Y 4PD

T +44 (0)20 7496 4000

www.bp.com