IFS has recently been awarded a contract to implement its Enterprise Resource Planning (ERP) software for oil and gas industry suppliers Maersk Drilling and Maersk Supply Service. Scandinavian Oil-Gas Magazine spoke with IFS Scandinavia CEO Glenn Arnesen to find out more about the scope of the award as well as IFS’ position in the IT market for the oil and gas industry.

Long-term management and maintenance of assets is critical for oil companies. With IFS Applications, asset owners and service contractors have an industry-based solution for more effective processes and increased service revenues.

For more than 20 years, IFS has worked closely with contractors, suppliers and asset owners to ensure that oil and gas industry requirements are not only met, but exceeded. With over 400 project-oriented companies using IFS Applications, the company can claim a deep industry expertise and a solid track when it comes to the oil and gas industry. IFS solutions are project-driven and flexible, providing management of the total contract, project, asset and service lifecycle.

“Traditional organisational structures and systems make understanding real-time operational situations very difficult, delaying corrections to resourcing and supply, costing the business money and making it almost impossible to decide whether an opportunity will ultimately be profitable. Structuring a business around a network of integrated projects — rather than outmoded fixed departmental or geographic silos — is fundamental for success. IFS Applications is a truly holistic system that enables companies to move from being departmentally constrained to truly embrace end-to-end processes. This provides managers with greater and faster visibility of progress, enables risks to be managed more closely and allows adjustments to be applied instantly”, Glenn Arnesen, IFS Scandinavia CEO says.

Maersk Order

In October, IFS Applications announced that Maersk Drilling and Maersk Supply Service had signed a contract for licenses and services valued at USD 11.5 million.

The IFS solution licensed by Maersk is a full-blown ERP system — including IFS Applications com-
ponents for finance maintenance, operations and planning, supply chain and project management.”

Implementation has already begun, and Arnesen expects the system to be fully integrated in the coming year.

Long known as a shipping giant, A.P. Moller — Maersk Group, the parent company for Maersk Drilling and Maersk Supply Service, also encompasses divisions for oil and gas exploration and production, as well as divisions for FPSOs and Tankers — in addition to the Drilling and Supply Service divisions.

Maersk Drilling supports global oil and gas production by providing drilling services to oil companies around the world. Moreover, Maersk Drilling’s in-house engineering department develops new buildings and modifies existing rigs.

Maersk Supply Service provides marine services to the global oil and gas industry, with a fleet of over 60 vessels operating in all major offshore areas from Southern Brazil to East Coast Canada, from Africa to Asia Pacific.

And these markets will only grow, as Arnesen explains, “I believe that these business units are where Maersk could be investing most in the future, because the margin in the global supply chain may be down, but the price of oil is still very high, so there’s a lot of investment going on.”

Post-Macondo Syndrome

“The need for a maintenance and supply chain system specifically for drilling companies has been positive for IFS because there’s what I call a ‘post-Macondo syndrome’ in the market. What’s happening now is that drilling companies are mainly focusing on compliance to regulations, on credibility, on reliability, and that’s what Maersk wants to achieve,” says Arnesen.

Arnesen continues, “It’s good to talk about the project from a Maersk operational perspective. Their main business segment is the North Sea, and they have a lot of rigs out there. They want to have an integrated solution that will link management to rig operations — supporting an efficient supply chain between offshore and onshore. They have a great deal of capital and spare parts — so it’s part of our task to both make sure they are in compliance with the regulators and that they can fulfil demands from customers.”

“And at the same time, we help them to optimise the supply chain so they can reduce cost for the whole, integrated operations offshore and onshore. That’s one of the main drivers for the project from a business case perspective,” Arnesen emphasises.

**Mature ERP Market**

When asked about how the Maersk contract meets the IFS oil and gas expectations, Arnesen replies that, “The ERP market is a mature market — the market is growing 4 or 5 percent per year. For us, the Maersk contract is important feedback from the market that our strategy for entering the oil and gas segment has been a success.”

“We have other international customers such as Seadrill, Archer, Technip, Heerema Fabrication Group, PGS and Bergen Group Rosenberg, to name a few. We also see that the market has many new opportunities coming up, so being able to announce this contract is, of course, extremely positive for us going forward,” says Arnesen.

Communications are Key

Commenting on the challenges of an industry that covers vast areas and relies heavily on data transfer from remote areas, Arnesen explains, “Because there are no fixed lines out there in the offshore environment, and many dependable satellite communications can be unstable. We have developed a replication solution, IFS Instant Replication, that helps clients like Maersk, and Seadrill to maintain an updated business application offshore. We’ve delivered this solution to Seadrill and PGS in Norway and it will be delivered to Maersk as well.”

Market Place

Asked how IFS is fairing in the competitive IT market, Arnesen says, “I think we have a good position. Previously this market was dominated by what we call ‘best of breed’ suppliers, offering maintenance systems possibly integrated with procurement and finance. IFS is able to provide a complete ERP solution supporting all major business processes to the industry.”

“And we are growing — in December last year we acquired a company in Brazil, because we think that the industry there will grow a lot. Companies in the region will need a business application that can be integrated to support Brazilian operations including quite complex legislation — we are very well positioned to do that. And we have a very strong operation in the Middle East, in Dubai, so we have taken steps to position ourselves as one of the players in this market that will succeed in the future,” he adds.

Attracting Competence

“Everybody is struggling with the same thing — there is a need for competence,” says Arnesen, describing the difficulties of attracting the best minds to the industry.

Has the difficulty filling jobs been a problem for IFS?

“I would be happy to say ‘no’, but... The IT industry has done very well in the last few years, despite the downturn of 2008-09. There’s always been competition for the brightest.”

Arnesen continues, “One of the investments we have made is to look at how Apple has designed the iPhone user interface. A main objective for that, of course, has been to deliver software that’s easy to understand, but it has also been useful to attract young people. They want to be part of the development of new technologies. And they expect, when they start with a company, to see modern technology, not the old-fashioned, green screens.”

The Future

“We have expanded our capabilities by acquiring software that’s complementary to the ERP system, such as scheduling software, and along with that, we will continue to develop software that will add value to our industry solution for the oil and gas industry,” says Arnesen when asked about what’s next for IFS.

“We will continue to deliver on our strategy of being the intelligent choice for oil and gas suppliers. We feel our solutions are good products for oil field service suppliers and contractors that are delivering to this market. IFS software can be an enabler to document competence, share practices — and to support a best-practice approach.”

"IFS Applications provides complete lifecycle support of contracts, projects, assets and services (Illustration: IFS)"