

MAJOR OILFIELD SERVICES COMPANY MODERNIZES PROCUREMENT

A global drilling and well servicing company streamlines its procure-to-pay process

► BACKGROUND

DistributionNOW supplies safety equipment, PPE and MRO consumables for a major Canadian oilfield services company. The customer generates thousands of purchase orders for its rigs, which require individual approvals and sourcing from multiple vendors. DNOW modernized the process with eCatalog technology, automation and standardization, saving the customer effort, time and money.

► CHALLENGES

Complex Manual Process

- Requisition (forms sent manually to buyers from rig managers)
- Approval (materials sourced and priced, sent to superintendent)
- Purchasing (buyers created POs to multiple vendors)
- Payment (multi-vendor invoices per rig, high volume of low-dollar orders)

Lack of Spend Leverage

- High spend overall, but low spend with each individual vendor
- Inability to leverage spend volume with manufacturers

► SOLUTION

DNOW moved the manual procurement process online with eCatalog:

- Empowered rig managers to order their own materials, eliminating errors
- Set up a custom approval hierarchy to enforce spend limits
- Engaged DNOW's broad product offering to reduce the number of suppliers
- Eliminated PO creation time required for each rig manager to place orders
- Consolidated invoicing to 1 per month
- Identified key OEMs and standardized products to leverage spend with vendors

► RESULTS

DNOW's implementation reduced total effort and maximized material savings:

- Reduced 3 weekly multi-vendor orders per rig to 1 per week, per rig
- Standardized consumables purchased for up to 39% material savings
- Reduced number of POs created by up to 3,750, saving as much as \$200 per PO



Up to 39%
material savings

Up to \$500k
process savings

Up to 3,750
fewer POs created

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