



HOW TO WIN DESPITE THE NEW OIL PRICE REALITY

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For many [Energy sector](#) customers, IT plans from just a quarter ago are under scrutiny amidst the new oil price reality. While some greet such price drops with fear, I see many forward-thinking Oil & Gas leaders seizing the dramatic shift for competitive gain. Here are three strategies our customers are using to position for market advantage, based on my recent site visits and conversations.

1 – LEVERAGING SUBSCRIPTION-BASED MODELS

Rather than impulsively slashing costs and outright stopping projects, composed veteran leaders are getting creative in how to fund initiatives they know matter long-term. They have been through down cycles before. This approach was already underway before the economic shift, and is now trending upward: cloud provisioning.

At a major South American-based mining company, project sponsors are shrewdly avoiding any large, upfront capital outlays for hardware and software (formerly typical at project upstart). Instead, they are looking at yearly subscriptions to the same functionality — without the initial procurement and maintenance investment.

This turns a \$1M one-time check writing exercise into a series of responsible, affordable payments. Most importantly, as one recent EMC Documentum customer described it, a private, public or hybrid cloud strategy ensures “no strategic dead end.” They will reap advantages in both the long and short term. They will keep their companies alive.

If and when oil prices increase, they will have made progress on critical initiatives like [optimizing capital projects](#). If prices stay low, they are holding to fiscal responsibility *while still developing competitive advantage*. In fact, they are able to “have it all” with immediate, budgeted access to technology, *as well as* the ability to smoothly bring these customized systems on premise should economics change.

2 – USING EFFICIENCY GAINS TACTICALLY & STRATEGICALLY

The second smart approach I see taking hold is taking a hyper-focused look at process efficiencies. Inevitably, outdated workflows or processes are holding a part of your company back. Sound decision makers are taking the time now to prioritize which tactical efficiency improvement could *also* have strategic impact. They prioritize the macro issues that were coming before oil prices dropped, and are still going to come, regardless of the price of a barrel.

As an example, and as recent [news](#) and studies have noted, the technical workforce in the Oil & Gas industry is changing. Crew replacements will have to happen, and the C-suite knows they can't let veteran knowledge walk out the door. While this was an overall concern before the recent environment, it can now take priority as a timely competitive opportunity.



As leadership teams makes difficult workforce reduction changes, they are also planning how to ensure the capture and reuse of existing organizational knowledge. New factors they are thinking about include:

- what information is critical to run operations with a smaller staff
- what key documents can they afford to digitize today, because it's certain they will be used over and over again in the future
- can data migration now to an archiving system rapidly collect the bulk of their critical content

Short term, such content management moves can help retain key organizational knowledge. Long-term, however, these customers are looking for an additional strategic benefit: attracting and training new talent when economics change yet again.

For college graduates, only modern systems and computer-based workflows are acceptable. If maintenance manuals are still paper-based, or the company's best technicians never recorded tutorial videos, it will be difficult to sell new hires later on your “leading” corporate culture. Worse, it may be impossible to transfer important knowledge after crew shifts have occurred.

As seasoned leaders have recognized, readying for cost-cutting now can actually become a strategic advantage later, if you think in these terms.

3 – DEVELOP A MARKETABLE NEW COMPETENCY

The third move customers are making is creating a new competency at the same time they embark on cost cutting. Most are considering more use of outsourced talent, for example. This could be cost-driven, or a choice because they need flexibility to adjust the workforce amidst an uncertain environment. Either way, getting very good at [managing suppliers and partners](#) is a competitive asset in itself.

We know a nuclear plant builder, for example, who has won RFPs for new builds based heavily on their information collaboration skills. At the worst end of the spectrum are organizations that literally have to sort through and categorize 15-20 pallets of paper documents over a period of six months to start on-boarding new suppliers and partners. At the best end, customers like this nuclear leader can safely turn on and leverage suppliers in a matter of days. They can readily communicate and control



information across all build phases, and globally share accurate documents across multiple vendors.

While their initial driver was to cut the costs associated with transporting and storing paper, they ended up with an architecture that makes them more agile and able to take on new business — faster than competitors.

These three examples give you insight into how some of our mature, astute customers are leading through change. What all of them have in common is the recognition that no IT investment now means no business later. There are opportunities in a down cycle, if you look for them.

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