

BRITISH COLUMBIA

2014

Oil & Gas Report

Highlighting the different facets of B.C.'s oil & gas industry



Green light for the Northern Gateway project: traversing the long road ahead
Prince Rupert LNG terminal proves a hotbed for entrepreneurs
B.C. on the cusp of an upward swing of construction thanks to LNG

ANALYTICS IN THE OIL AND GAS INDUSTRY

By Connie Shepherd, CPA CMA

As Canada continues to emerge as a world leader in energy, oil and gas (O&G) industry participants are faced with divergent challenges ranging from cost pressures and volatile commodity prices, to regulatory and environment pressures. For companies to thrive in today's competitive marketplace, the effective implementation of analytics is critical to understanding customers, markets, suppliers and efficiently deploying resources, which ultimately impact financial performance. But what are analytics exactly, and what are analytics tools? How can it help your company?

Gartner, one of the world's leading information technology research and advisory companies defines analytics as "leveraging data in a particular functional process or application to enable context-specific insight that is actionable" (Kirk, 2006). Analytical tools are the applications used to organize, communicate, and transform data into information so that insights can be inferred. There are different classes of analytical tools, including business intelligence (BI) tools, predictive analytics, and enterprise performance management (EPM) software.

O&G companies already capture a plethora of data, an asset of untapped potential. Advances in technology, such as data-based in-memory platforms like SAP HANA, allows for real-time processing of a large quantum of data, enabling companies to detect trends, anticipate behaviours, and respond quickly with their actions. Companies are deploying analytical tools to broaden and deepen analysis, speed up existing processes, and take planning and forecasting to new levels with advanced simulations.

A recent Performance Analytics project demonstrates how these analytical tools can provide a gas company with an advantage in a dynamic environment. The project was for the energy supply division of a gas company, which forecasts gas costs and performs price scenario simulations as the market price of gas fluctuates.

Performance Analytics helped by implementing an EPM solution – SAP Business Planning and Consolidation – which successfully reduced the company's forecasting cycle time. Furthermore, the software provides the company with insight into data by allowing its energy supply team to analyze the impact of price changes to gas costs incurred and recovery rates. With this fresh insight, the company uses BPC to model strategies under consideration before taking action for rate setting.

In another gas company project, Performance Analytics implemented SAP Business Planning and Consolidation and

Advances in technology, such as data-based in-memory platforms like SAP HANA, allows for real-time processing of a large quantum of data, enabling companies to detect trends, anticipate behaviours, and respond quickly with their actions.

SAP Disclosure Management solutions in the finance department. The solution is being used to expedite the monthly financial close and the external reporting processes. A financial reporting consolidation cycle that had previously taken over one day is now automated and completed in about an hour with strengthened controls. With efficiencies gained by deploying these software solutions, finance professionals now redirect their time on value-added analysis of the business.

The aforementioned projects highlight how analytical tools in the form of EPM solutions can help companies respond to business challenges. O&G companies are awash with field data, logistics and customer information that can be harnessed by analytical tools to help executives deal with the complexities of today's business environment. Whether you are considering business intelligence, predictive analytics, consolidation, planning, or forecasting for your analytics strategy, look to Performance Analytics for a custom solution.

Performance Analytics Corporation is a boutique financial analytics firm, specializing in business planning and consolidation with operations throughout North America. They assist in implementing and advising on financial management systems.
www.performanceanalytics.com/

For further information, please contact Michael Matrick, managing partner, (604) 506-6965.

Sources:

Kirk, J. (2006, February 7). *InfoWorld*. Retrieved August 4, 2014, from InfoWorld: <http://www.infoworld.com/t/data-management/analytics-buzzword-needs-careful-definition-567> ♦