Digital Acceleration in the Downstream Oil & Gas Industry

While leading corporations in the downstream oil & gas industry try to seek market and shareholder differentiation in sustained growth and efficiency, this is extremely difficult to accomplish. Current levels of growth are nowhere near historical levels. But even if were, growth by itself isn’t enough – it must be combined with improved asset utilization.

Digital Transformation is one of the core innovations being used by leading downstream oil & gas corporations to increase asset utilization through higher manufacturing efficiency, including the efficiencies of multi-plant sites and integrated value chains. For larger oil & gas corporations, a key challenge is accelerating the value; finding and using methods to transform operations faster than the competition.
Digital Transformation Trends

Accenture recently published a report where they found that while 60% of refiners said they intend to spend more on digital this year, less than half (48%) say they are mature or semi-mature in digital technology deployment. Figure 1 shows where refiners see themselves in context of the digitization journey. Even though some of these technologies have been around since for decades, i.e., advanced process control, the industry maturity is remarkably low.

The potential is enormous—80% of the same respondents said that digital is adding more than $50M value to their business. Yes, Digital Transformation can take years but the value is enormous.

Value Drivers for Digital Acceleration

There are several key value drivers for accelerating digital transformation across the downstream oil & gas industries. Leading corporations are implementing digital transformation faster than others, and as a result, these leaders are disrupting their market segments. Fast and correct information about the downstream oil & gas – where it is, how it was made, its properties – becomes more valuable to win and grow business from their key customers. There isn’t enough data (yet) on the downstream oil & gas industry digital wave, but many analysts believe that lessons learned from other industries are relevant.
Digital Acceleration Journey

There are a range of economic benefits for several digital acceleration strategies but the objectives remain the same:

1. Maximize net revenue with the best possible margin
2. Optimize/increase output with equivalent input at lower cost
3. Minimize variability through detailed advice and ensuring consistency

Digital Transformation is a transformation of work, enabled by “digitization”. It is helpful to consider the differences between four commonly-used phrases used in the “digital” conversation and reflect where you may be on this journey.

Digital transformation minimizes “wasted work” and changes work in the following ways:

- **Waste**—minimizes “waste”, such as, manual calculations, time to find and verify information
- **When**—earlier, often before situations or opportunities arise
- **Where**—includes remote, mobile workers
- **Who**—optimize the experts’ participation (so that they can focus on improvements)
- **How**—planned, proactively guided, and tracked teamwork

AVEVA focuses on all components to achieve Digital Project Execution excellence using a holistic approach which empowers all project personnel with the right enabling technologies and training to TRANSFORM WORK.

Digital Acceleration is an acceleration of this journey, and it must be driven from the top of the organization. Senior management make and drive decisions across silos to establish the “new way of working”. The impact on corporate performance and shareholder returns is significant.

For more than two decades, AVEVA has been enabling oil & gas corporations to sustain and improve their return on net assets (RONA). Sustained improvement in manufacturing availability has a significant effect on RONA.
Two Lifecycles of Refineries

AVEVA contributes significantly to our customers’ RONA by transforming the performance of designing, constructing and operating plants. In our perspective, refineries and petrochemical plants have two lifecycles: (1) the Asset Lifecycle which includes plant and process design, procurement, construction, maintenance and revamps, and (2) the Operations Lifecycle which includes monitoring and controlling, planning and scheduling, and various methods of production optimization.

A Complete Digital Twin

AVEVA’s technology enables you to bring the Digital Twin from Engineering Design into Operations, thus providing the work to the worker and allowing a 360° digital view of the plant.
To be successful, the concept of “digital maturity” is extremely important. Transformed work and digital acceleration are limited by a corporation’s ability to collaborate across organization silos. Organization silos are necessary, but the ability to collaborate is a key requirement. AVEVA’s Digital Maturity Model is derived from industry analyst maturity models and our unique combination of experience in both lifecycles. The refining enterprise can have various levels of digital transformation maturity for the asset and operations lifecycles. A key objective is to steadily increase this maturity.

One of the highest contributing factor to the success of digital acceleration is the rollout of the implementation. A successful rollout approach implements holistic combinations of transformed work, technology, strategy and culture change. Task groups can be operational areas within plants or work teams within the broader corporation.
AVEVA has more than 23 years of experience in digital acceleration.

During this time, we have learned what predicts successes over failures.

Digital transformation efforts failed because:
- They started as technology projects
- They were implemented as technology roadmaps
- There was insufficient culture change management
- There was either insufficient or too much innovation
- There was insufficient integration of people, work process, strategy and technology

Digital transformation succeeded because:
- They started as work transformation projects
- They were implemented as holistic combinations of people, work process, strategy and technology
- Senior management actively and constantly sponsors the “new way of working”
- They applied best-practice methods for culture change
- They developed methods to maximize end-user adoption

AVEVA’s Rules for Successful Digital Transformation:

1. Make Digital Transformation a business priority, not an IT project.
2. Start the transformation by creating a strategic digital roadmap, visibly supported by Executive Leadership.
3. Think BIG but start small – create a proof of concept with high ROI in selected area.
Digital Acceleration Success Powered by AVEVA

AVEVA contributes significantly to our customers’ RONA by transforming the performance of designing, constructing and operating plants.

Executives of leading oil & gas corporations know that they must drive strategies to accelerate the digital transformation of their refining operations to increase profit and stay competitive. There are many ways to increase profit: improve and optimize process operations, reduce OPEX by streamlining the supply chain, reducing energy cost, etc. Tremendous value can be derived along the digital acceleration journey—in both the Asset and Operations Lifecycles.

**Value chain optimization - increased plant-to-plant transfers**

**More accurate decisionmaking - a single version of the truth**

**$0.70/barrel savings on crude purchases**

**Reduced crude selection and optimization process from 4 hours to 7 minutes with more accurate data**

**Achieved mobile operator driven reliability with increased access to information**

**Enabled predictive maintenance to reduce unscheduled downtime, improve asset reliability, availability & performance**

![Image of success stories with Husky Energy, ADNOC, bp, and GS Caltex logos]

- **Husky Energy**
  - Value chain optimization - increased plant-to-plant transfers
  - More accurate decisionmaking - a single version of the truth

- **ADNOC**
  - Value chain optimization - increased plant-to-plant transfers, reduced electricity costs
  - Improved emergency response
  - Visual management up to 700 times faster

- **bp**
  - $0.70/barrel savings on crude purchases
  - Reduced crude selection and optimization process from 4 hours to 7 minutes with more accurate data
  - Evaluate hundreds of cases in minutes, hundreds of users instead of a few specialists

- **GS Caltex**
  - Achieved mobile operator driven reliability with increased access to information
  - Enabled predictive maintenance to reduce unscheduled downtime, improve asset reliability, availability & performance

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**Asset Lifecycle**

- **Process Design** ↓2%
- **Engineering & Design** ↓3%
- **Procurement** ↓3%
- **Construction** ↓4%
- **Commission & Startup** ↓3%

**Operations Lifecycle**

- **Production Capacity** ↑26%
- **OPEX** ↓24%
- **Cost of Quality** ↓10+%
- **Downtime** ↓30+%
- **Productivity** ↑45+%
- **Maintenance Costs** ↓10+%
Why Partner with AVEVA for Your Digital Acceleration?

As you begin your digital acceleration journey, you will need to partner with a company that can provide both business and technical advice, and ensure that your strategic roadmap for digital acceleration will be successfully implemented. After helping you create the complete digital acceleration roadmap, AVEVA will continue to help implement the processes needed to transform work, streamline the work processes, and reduce the wasted work. We use a holistic approach that integrates both horizontally and vertically within your organization, making us best suited for this initiative.

AVEVA is trusted by global industry leaders as the leader in digital transformation of process manufacturing companies. As we connect people with processes and technology, we deliver comprehensive Value Chain solutions for the process industries. We work with a global partner network that is focused on the complete digital acceleration journey.

Our Differentiators

1. **Where We Add Value**
   - More competitive
   - On a $1B capital project, save $100M
   - Save $90M-$320M/yr implementing asset performance, planning & Scheduling and optimization
   - Higher digital maturity and combined value across the asset and operations lifecycles

2. **Our Credentials**
   - 23+ years in Digital Transformation
   - 19 of top 20 petroleum companies, 22 of top 40 chemical companies, all 15 of largest EPCs
   - 300+ refineries, most of the world’s petro chemical crackers, 900K miles of pipeline

3. **Our Understanding Of Your Challenges and Needs**
   - Stay competitive in the digital age - make better decisions faster
   - Keep pace across the oil & gas industry

4. **Our Approach to Digital Transformation**
   - People, Process & Technology - in that order
   - A holistic approach which empowers all personnel with the right enabling technologies and training to transform work

AVEVA is uniquely focused on digital transformation in plant engineering, procurement, construction, and operation, and we are trusted by the world’s leading integrated, national and independent refiners and petrochemicals corporations, with over 200 refineries and most of the world’s petrochemical cracking furnaces as an installed base.