

JKX Oil and Gas reclaims time, accuracy and achieves compliance with EnergyPro



JKX Oil and Gas is an oil and gas exploration, development and production company. Listed on the London Stock Exchange, the company holds license interests in a number of countries including the Ukraine, Russia, Hungary, Bulgaria and Slovakia. It produces in excess of 11,000 barrels of oil equivalent per day and employs roughly 600 people in the Ukraine, 150 in Russia and 30 in London.

The business operates in remote environments, carrying out tasks that require specialised equipment and machinery.

Over the last four years its annual capital expenditure has ranged between one and two hundred million dollars.

The problem with manual processes

Despite JKX's large and complex business, when it came to managing capital expenditure the company largely relied on manual, paper-based processes in their Authorisation for Expenditure (AFE) process, making it far from ideal.

Stefan Rice, System Accountant, JKX Oil and Gas PLC explains:

"There was no single audit trail and there were multiple templates across the countries. As a result, different templates were being used and this resulted in inconsistent - and sometimes incomplete - information being received."

"There was no integration with our financial systems. The AFE code is a ledger analysis code in Sun and the cost information is posted into the budget ledger within Sun. This was a manual exercise performed by the systems administrator, effectively re-keying the information that the originators had already entered onto the paper based forms.

Solution Snapshot

Solution

Infor SunSystems, EnergyPro

Benefits

- Levels of visibility into \$100m-200m annual capital expenditure never previously available
- Enhanced control and compliance around capital expenditure with full audit trails
- Greater accuracy and faster processing due to elimination of data re-keying
- Significantly reduced approval times

Sometimes the paper-based forms weren't received by the system administrator and there would be a delay in entering the information into our financial systems. And with any re-keying of data, it increases the scope for error."

"The biggest frustration for users was the length of approval time."

"It was often difficult to track and pin down the approvers when they were travelling between sites. Getting the paperwork in front of them to sign and approve could be a lengthy process. There was also a lack of transparency for originators. It was difficult to locate where their request was in the process to enable them to encourage that person to get the approval done to speed the process along. As with all manual processes, there was no easy reporting method. And the last, but **certainly one of the most important issues, it was a difficult and time consuming process to ensure compliance with our policies and procedures, something EnergyPro has greatly enhanced,**" he notes.

"Consistent data is being captured and is providing us with a wealth of information to help us more accurately report on the company's largest spend area." - Systems Accountant



Finding an automated solution

By 2010 it was apparent that JKX needed to find a faster and better way to handle its capital expenditure approvals. The company decided to seek an automated solution. Rice says,

"The key project goal was an automated solution that in time would reduce approval times, enable us to improve control and ensure compliance to our company policies and procedures, and also provide greater transparency for the user."

"It states in our policy that a request must be raised twenty days before the project commences. One of our aims was to reduce this."

In addition, Rice was aware that by storing all the data in a central database such a system would enable JKX to better measure, report, optimise and potentially improve process outcomes.

The company approached Touchstone who recommended EnergyPro, an industry-tailored version of XMPPro, a leading business process management solution developed by Professional Advantage. Fully integrated with the SunSystems environment, it provided a framework and structured format that was easy to use and which wasn't limited to the capital expenditure process. Once in place JKX could use it to automate any number of other manual processes such as advanced payment requests, supplier on-boarding and approvals. Being web-based, it also offered the benefit of secure access from anywhere, outside of the company's network. This meant it would be easy to deploy to all JKX offices.

An integrated, streamlined result

Rice says that the key outcomes of the project have been the introduction of an integrated solution that dynamically links the company's other applications. "All the information is now stored in a central database and a number of reports have been built providing us with key information that we did not have readily available before," he notes.

"In addition all of the issues relating to the previous manual process – including inconsistencies, approval delays, the need to re-key data, the lack of an audit trail and so on – have been addressed."

"The fundamental goal of the implementation was to improve control and ensure compliance which we have achieved. Requests are easily meeting the 20 day approval limit policy."

There are also time savings being achieved due to the system integration, but most important of all, Rice says, **"We now have a structured process in place; one that is web-based so it can be accessed at any time by anyone, thus making approvals by managers who are travelling much easier. The application is helping to ensure compliance to policies and procedures and it is being adhered to by all employees throughout the group. Consistent data is being captured and is providing us with a wealth of information to help us more accurately report on the company's largest spend area."**

"It's a fairly intuitive process, easy to use and provides a single audit trail that gives transparency to the user, thus ensuring greater efficiency of the overall process. EnergyPro has improved control and has also set the wheels in motion to start automating more of our processes over time," Rice concludes.

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