ASUG
Americas' SAP Users' Group

How ConocoPhillips Prepares Its Finance Line of Business for the Digital Economy

Vinod Kumar, Director, ERP Basis, BW & Systems, ConocoPhillips
Felix Ortiz, Consultant, ERP Strategy Technical Architect, ConocoPhillips
Session ID # 84146

About the Speakers

Speaker Name

- Vinod Kumar, Director, ERP Basis, BW & Systems, ConocoPhillips

- System Administrator, Basis Manager, Manager ERP Platform

- Speak 6 languages, Travel and Yoga

Speaker Name

- Felix Ortiz, Consultant, ERP Strategy Technical Architect, ConocoPhillips

- ABAP Developer, Development Manager, Enterprise Architect

- Enjoy History, World Cuisine and Travel

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Key Outcomes/Objectives

1. Awareness of the SAP Pathfinder

2. Focus on Finance Business Process Improvement – KPI Dashboards, Fiori

3. Business Process insights, readiness for the transition to nxtgenERP

Agenda

COP Roadmap — 5

Insights, readiness for the transition to nxtgenERP — 4

Pathfinder Finance Edition – Findings and Recommendations — 2

Business Process optimization in current ERP — 3

Introduction to SAP Pathfinder — 1

ConocoPhillips: Worldwide Operations

Legend:
- ■ Exploration
- ■ Production
- ◧ Exploration and Production
- — Major Pipeline
- ▼ Key Development or Program
- ★ Headquarters
- ○ Key Office Location

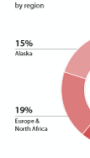## World's Largest Independent E&P Company

ConocoPhillips is the world's largest independent exploration and production (E&P) company based on production and proved reserves.

The company explores for, produces, transports and markets crude oil, bitumen, natural gas, natural gas liquids and liquefied natural gas on a worldwide basis. Key focus areas include safely operating producing assets, executing major development projects and exploring for new resources in promising areas.
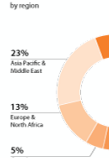
Included in our portfolio are legacy producing assets in North America, Europe, Asia and Australia; North American tight oil and oil sands; large-scale projects in several nations; and a global exploration program.

As of Dec. 31, 2018, ConocoPhillips was active in 16 countries, with production in 11 countries and exploration in 11 countries.
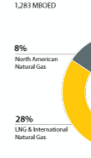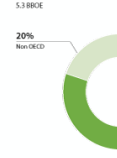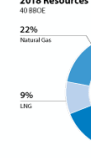
2018 Production by region
- 5% Canada
- 31% Lower48
- 30% Asia Pacific & Middle East
- 19% Europe & North Africa
- 15% Alaska

2018 Proved Reserves by region
- 34% Alaska
- 25% Lower 48
- 5% Canada
- 13% Europe & North Africa
- 23% Asia Pacific & Middle East

2018 Production 1,283 MBOED
- 64% Liquids
- 28% LNG & International Natural Gas
- 8% North American Natural Gas

2018 Proved Reserves 5.3 BBOE
- 80% OECD
- 20% Non OECD

2018 Resources 40 BBOE
- 69% Liquids
- 9% LNG
- 22% Natural Gas

SAP Ecosystem

Tools	**NWDI** Java Development tool *DB - Oracle OS - AIX*	**SAP Solution Manager 7.2 SP7** **TAO** Monitoring/Alerting Testing Scope Optimization Data Volume Management Business Process Analytics Custom Code Management CHaRM Business Process Change Analysis Business Process Monitoring *Database - HANA OS - AIX* Solution Documentation **SLD**	**GRC 10.1** Firefighter Access Segregation of Duties *DB - Oracle OS - RHEL*	**LVM 3.0** Automation tool for system operations *DB - Oracle OS - RHEL*	**WPB** Training tool *DB - MSQL OS-Windows*

SAP SYSTEMS

SAP SRM 7.14

Strategic Sourcing and shopping

Database - Oracle OS - AIX

SAP Portal 7.5

Employee Self Service
Manager Self Service
ISSOW
EPMS

Adobe

Database - Oracle OS - AIX

SAP ECC 6.0 EHP 8

Finance
Assets
Treasury
HR
Logistics
Procure to Pay
Plant Maintenance
Production Revenue Acco

Meridium

Rightfax

Open text
BSI
Taxware
Prometheus
Sariba

Database - Oracle OS - AIX

SAP BWoH 7.5

BCS - Consolidation,
Reporting
BPC – UK Planning & Budgeting

BPC
BCS

Database - HANA OS - RHEL

SAP HANA 2.0(Sidecar)+ SLT 7.5

FI closing Acceleration
JVA reporting Acceleration

Database - HANA OS - RHEL

SAP GTS11.0

Global Trade Service

Database - Oracle OS -RHEL

Nakisa (SLAN) 4.0 SPS5

Database - MSSql OS - Windows

SAP MII 15.1 - Alaska

WellTRAK system – WellTRAK
Regulatory Compliance

Database - MSSql OS - Windows

Integration

SAP PO 7.5

Database - Oracle OS - Linux

Reporting

BOBJ 4.2

Cloud

SAP Success Factors

WP&A
My Learning

COP Finance priorities

- **Value**: Increase Cash flow from operations

- **Finance excellence:** Operationalize new tools for automation, analytics & reporting

- **Innovation:** Improve finance processes or solve problems

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Sample Inc. | System: P01
Automotive Industry

OVERVIEW | **EXECUTIVE SUMMARY** | RECOMMENDED INNOVATIONS | IMPROVE BUSINESS PROCESSES | OPTIMIZE I.T.

Sample

EXECUTIVE SUMMARY – KEY FINDINGS

Recommended Improvements and Innovations
Key recommendations for Sample Inc.:

Enhance your existing SAP ERP system

Functional Enhancements ❯
Relevant enhancements for:
- Finance
- Manufacturing
- Sourcing & Procurement

Simplified User Experience ❯
Relevant SAP Fiori Apps for:
- Field Sales Representative
- Quality Engineer
- Transportation Manager

Cloud extensions

SAP Cloud Extensions ❯
Relevant enhancements for:
- SAP Ariba Invoice Management
- SAP Hybris Sales Cloud
- SAP Hybris Service Cloud

Digital core

S4 HANA Next-Generation Digital Business ❯
Simplified business scenarios for:
- Basic Warehouse Management
- General Ledger
- Sales Master Data Management

Improve Business Processes
Key findings for Sample Inc.:

Areas with potential for **business improvement:**
- Order to Cash, Finance: Overdue customer payments
- Procure to Pay: Overdue purchase order items
- Order to Cash: Overdue outbound deliveries ❯

Optimize IT and Accelerate Innovation
Key findings for Sample Inc.:

Areas with potential for **IT improvement:**
- Users with extended usage rights
- Database growth per month
- Total number of Z-transaction out of overall (%) ❯

Agenda

COP Roadmap 5

Insights, readiness for the transition to nxtgenERP 4

Pathfinder Finance Edition – Findings and Recommendations 2

Business Process optimization in current ERP 3

Introduction to SAP Pathfinder 1

KEY FINDINGS IN YOUR SAP ERP SYSTEM

Sample

	Business Key Figures	Your Value	You vs. Industry Benchmark	Improvement Value
RECORD TO REPORT	Deliveries overdue for Billing	108.544 deliveries		Reduce days sales outstanding
	Failed cost postings during production order confirmation	11.834 orders		Increase productivity
	Purchase order items w/o 'final invoice' indicator	10.873 order items		Improve inbound process FTE productivity
				Details »
ORDER TO CASH	Sales invoices not posted to accounting	546 invoices		Reduce business & operations costs
	Overdue open items FI-AR (customer items)	13.312 open items		Reduce FTE efforts on data analysis for closure
				Details »
PROCURE TO PAY	MM invoice items blocked for payment	1.931.587 invoices		Improve invoice processing FTE efficiency
	Overdue open vendor items FI-AP	1.089 open items		Improve days payable outstanding
				Details »

BUSINESS KEY FIGURES | BUSINESS PROCESS IMPROVEMENT | INNOVATION RECOMMENDATIONS

Sample

ALL FIGURES | DETAILS 1/4

Record to Report

Findings
What we measured

108.544
Deliveries overdue for Billing

🔍 KPI Catalogue »

0-3 months old	4-11 months old	12+ months old
3.861	14.466	90.217
4%	13%	83%

Implication
Understand the problem

- The goods issue is already posted and planned billing date is already in the past
- The invoice has not yet been fully created
- Goods have already been shipped but no customer payment can be expected.

Possible Approaches
Improve or innovate

- Determine whether the invoice still needs to be created
- If so, resolve any errors and create the invoice accordingly
- Optimize the invoice workflow and exception management

📊 Back to all figures »

What's next ➡ ① 🔍 **Business Process Improvement for Record to Report** ❯ ➡ ② 🔄 **Innovation Recommendations for Record to Report** ❯

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BUSINESS KEY FIGURES | BUSINESS PROCESS IMPROVEMENT | INNOVATION RECOMMENDATIONS

Sample

ANALYSE YOUR PROCESSES | MEASURE THE IMPROVEMENT

1. Identify root-causes and proactively control and improve your business processes
With tools and services included with SAP Support*

Business KPI Trees with SAP Solution Manager 7.2

Period End Closing is an important activity being able to create accurate and consistent financial statements

Transparency about the various activities is important. Those activities should be planned and controlled to reach the planned time window.

The earlier the related KPIs are tracked and cleaned up the better the quality and time frame of closing will be.

With SAP Solution Manager a KPI tree for Period End Closing can be defined and tracked enabling the Finance department to track the process quality and mitigate risks.

Watch Overview Video »

* All these functions are already included in your SAP Enterprise Support agreement with no additional costs.

BUSINESS KEY FIGURES | BUSINESS PROCESS IMPROVEMENT | INNOVATION RECOMMENDATIONS

Sample

ANALYSE YOUR PROCESSES | MEASURE THE IMPROVEMENT

2. Monitor progress: Track the impact of your improvement projects and compare to baselines and defined thresholds
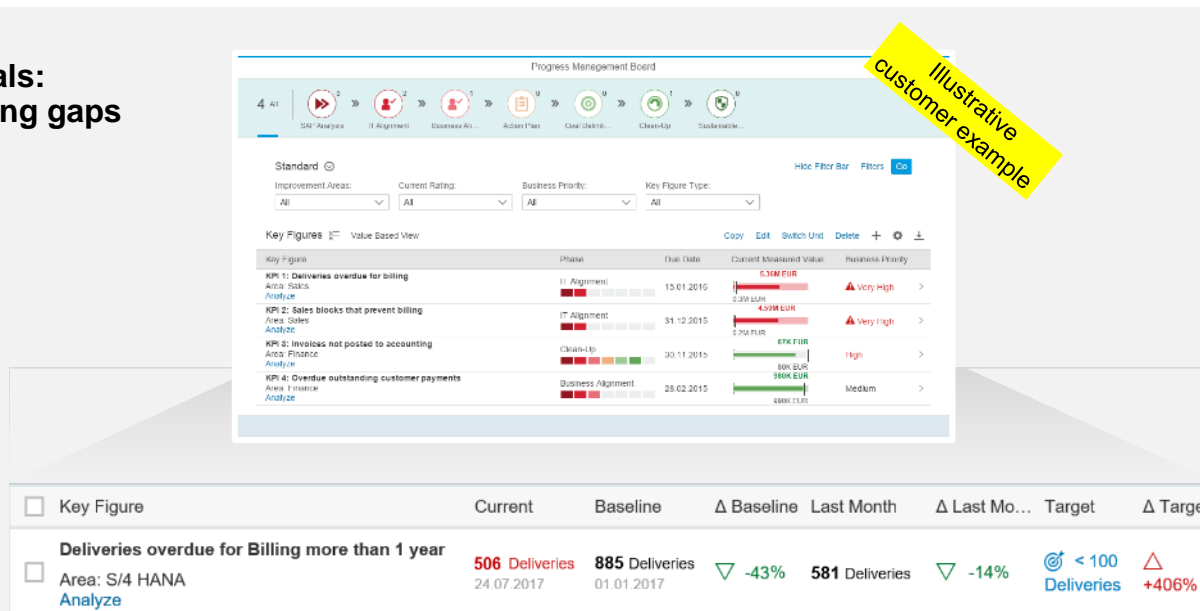
From a single source on your desktop or tablet. No manual data collection anymore.

**Track your progress along defined business goals:
Actual values, thresholds, progress and remaining gaps**

Quick and powerful overview about the current status and
progress of Business KPIs in real-time:

- Always up-to-date without additional effort

- Accessible on desktops and mobile devices

- Illustration of KPI dependencies

- Tracking along organizational structures

- Restricted access based on authorization

- Drill-down to the individual documents

Illustrative customer example

| Key Figure	Current	Baseline	Δ Baseline	Last Month	Δ Last Mo…	Target	Δ Target
Deliveries overdue for Billing more than 1 year Area: S/4 HANA Analyze	506 Deliveries 24.07.2017	885 Deliveries 01.01.2017	▽ -43%	581 Deliveries	▽ -14%	< 100 Deliveries	△ +406%

Progress Management Board

Next Steps »

* All these functions are already included in your SAP Enterprise Support agreement with no additional costs.

WHAT'S NEXT? | **GET TRANSPARENCY** | ENHANCE | EXTEND | MOVE

Sample

▶ **LEARN MORE ABOUT:**

Watch this video to better understand how the Business Process Improvement capabilities from SAP Solution Manager can provide your business stakeholders with relevant information on the current health of core processes and monitor their progress with quantifiable KPIs.

Watch the video »
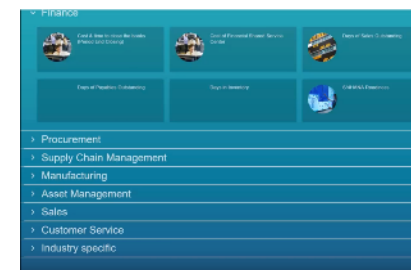
ALREADY INCLUDED IN SAP ENTERPRISE SUPPORT:

Business Process Improvements Value Map

Leverage SAP Enterprise Support services to control template adherence to given standardized business processes and increase process efficiency. Furthermore you can reduce process costs, achieve faster period-end closing, improve working capital, ensure process compliance, improve the supply chain planning, improve data accuracy, increase technical performance, increase integration and process automation.

Discover the Value Map »

🏆 **ADDITIONAL OFFERINGS FOR BUSINESS PROCESS IMPROVEMENTS*:**

Premium Engagement Service for Business Process Improvement for SAP Solutions
- Initial process health check and mapping of Business Process Analytics key figures to customer business goals (e.g. perfect order fulfillment)
- Best practice implementation of Business Process Analytics and management tools for status and progress tracking in customer SAP Solution Manager

*SAP DBS Service offering, contract your SAP Services sales representative for more information   **Watch this video to learn about SAP Enterprise Support Value Map
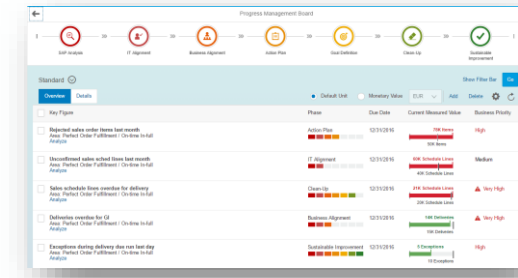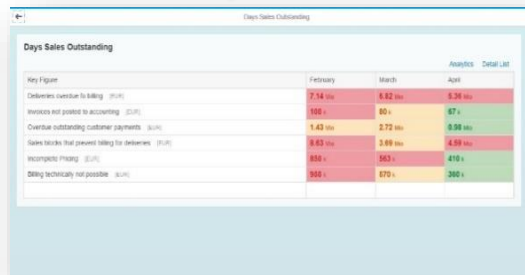
EGI for Business Process Improvement

Setup the Business Process Improvement suite in SAP Solution Manager for selected Finance key figures

Dependency Diagram
Differentiate cause and effect to improve the right thing

Progress Management Board
What shall be improved and what is the progress

(Tabular) Dashboard
Continuous tracking / break-down across org. units

Business Process Analytics
Identify the root cause

Issue Management
Document and track actions

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Key learnings

- Dependency diagram & Dashboards are powerful tools for business
- Engage business and functional team early, IT effort is 1-2 weeks
- Setup the right filters and timeframe
- Use SAP resources, Value maps, EGI etc.

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Sample Customer | Main System: P01
Automotive Industry

BUSINESS KEY FIGURES | BUSINESS PROCESS IMPROVEMENT | INNOVATION RECOMMENDATIONS

Sample

OVERVIEW | OPTIMIZE | EXTEND | MOVE

Innovation Recommendations Summary for Record to Report

Optimize your ERP
Functional enhancements for SAP ERP and an improved user experience with SAP Fiori

Top enhancements:
- New General Ledger Accounting
- Local Close
- Regulatory compliance

Modern user experience for:
- Controller
- General Ledger Accountant
- Cash Manager

Details »

- Many enhancements and SAP Fiori apps for the SAP Business Suite are are included with your underlying SAP software license and maintenance agreement*

Extend your current solution
Explore SAP Leonardo & cloud solutions

Top additional SAP cloud solutions:
- Analytics and Reporting
- Time and Expense Tracking

Top SAP Leonardo recommendations:
- Payments and Bank Communications
- Debt and Investment Management
- Financial Risk Management

Details »

- SAP Leonardo offers business process improvements based on the newest innovations like machine learning and Internet of Things (IoT)u

Move to SAP S/4HANA
Build an intelligent enterprise with SAP S/4HANA and SAP Model Company

Top business scenarios:
- General Ledger
- Asset Accounting
- Closing Operations

SAP Model Company available for:
- Forest Products, Furniture & Textiles Industry

Details »

- SAP S/4HANA is the "digital core" natively supports the Internet of Things, Big Data, real-time analytics, mobile, business networks, and more

* Details can be found in SAP Note 152246 and http://news.sap.com/sapphire-now-sap-fiori-user-experience/

Sample Customer | Main System: P01
Automotive Industry

BUSINESS KEY FIGURES | BUSINESS PROCESS IMPROVEMENT | INNOVATION RECOMMENDATIONS

OVERVIEW | OPTIMIZE | EXTEND | MOVE

Sample

Latest enhancements for your SAP ERP system
Top enhancements:

Enhancement Name	Industry Usage	Relevant Transactions
New General Ledger Accounting	★★★	**1**
Local Close	★★★	Recommended*
Regulatory compliance	★☆☆	Recommended*
Nondeductible input taxes	★☆☆	Recommended*
Financials, Group Closing, Compliance	★☆☆	Recommended*
Financial Supply Chain Management Processes	★☆☆	Recommended*
Enablement for Financial Shared Services	★☆☆	Recommended*
ERP controlling	★☆☆	Recommended*
Direct cash flow statement for actual data	★☆☆	Recommended*
Cost Center Management	★☆☆	Recommended*

Next Steps »

Increase the productivity of your end users
Modern user experience for:

Role Name	Industry Usage	Relevant SAP Fiori Apps
Controller	★★★	**9**
General Ledger Accountant	★★★	**2**
Cash Manager	★★★	Recommended*
Bank Account Manager	★☆☆	Recommended*
Treasury Accountant	★☆☆	Recommended*
Treasury Risk Manager	★☆☆	Recommended*

SAP Fiori

Next Steps »

* Recommended: Usage data provided does not allow for relevance calculation however recommendations indicated can create added value.

Sample Customer | Main System: P01
Automotive Industry

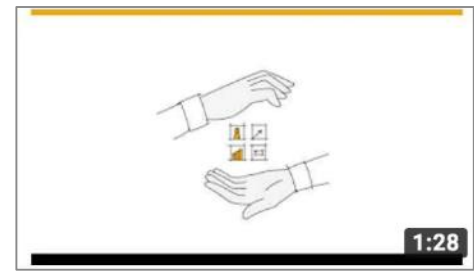| INTRODUCTION | EXECUTIVE SUMMARY | RECORD TO REPORT | ORDER TO CASH | PROCURE TO PAY | NEXT STEPS |

WHAT'S NEXT? | GET TRANSPARENCY | ENHANCE | EXTEND | MOVE

Sample

▶ LEARN MORE ABOUT:

Get a quick introduction on what SAP Fiori apps are and how they can improve your business processes leveraging an enhanced business users experience.

Watch the video »

`1:28`

ALREADY INCLUDED IN SAP ENTERPRISE SUPPORT:

Digital Innovation Value Map

Leverage SAP Enterprise Support to simplify the SAP Fiori adoption journey. Rapidly design, build, and deploy SAP Fiori apps for browsers and mobile devices and easily extend or build customized SAP Fiori apps with SAP developer tools and technology, give your users the best SAP user experience via SAP Fiori Cloud.

Discover the Value Map** »

🏆 ADDITIONAL OFFERINGS*:

UX Design Services

Build role-based, custom solutions to bring your business monetary and human value and enhance user efficiency and effectiveness.

Mobile Engagement and Messaging Services

Extend your reach, innovate services, engage consumers, and speed decision-making with intelligent, interconnected services.

*SAP DBS Service offering, contract your SAP Services sales representative for more information

**Watch this video to learn about SAP Enterprise Support Value Map

Fiori apps under consideration for COP

- My Timesheet
- My Inbox
- Timesheet Approval
- My Spend
- Cash & Liquidity Management

- Bank Account management
- Market risk analytics

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Key learnings

- Fiori Apps are suitable for standard processes, setup is easy

- Gain early experience with Fiori – business (change management) and IT (support)

- Suite on HANA next step on roadmap – assess Fiori Apps available on SOH

- Don't waste time on Fiori Apps which are close to end of life

Agenda

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Introduction to SAP Pathfinder — 1

What is nxtgenERP?

What are the benefits	How do we get there

Usability intuitive user interfaces, dashboards, mobility

Data accessibility access to higher quality enterprise-wide data to support data-driven decision-making

Innovation modern infrastructure provides a platform for innovation and faster adoption of advances in technology

Flexibility ability to respond to business changes

Lower costs lower support and maintenance costs

Standardizing our ***processes*** globally and aligning to industry standards

Rationalizing our current set of ***applications***

Establishing enterprise ***data standards*** to support key business outcomes

Focusing investments on what drives value

Establishing the ***governance*** to realize and sustain benefits

Program Vision

Deliver a modern ERP platform that enables efficient ways of working, drives business value, and supports strategic objectives.

Anchored Agility

This strategy differentiates capabilities across the value chain to emphasize the most value-adding capabilities that differentiate us from our peers, while striving for the most cost-efficient execution of foundational capabilities.

	PEOPLE	**PROCESS**	**TECHNOLOGY**
FOUNDATIONAL *Lowest Cost*	Lowest cost	Industry standard across BUs	Lowest cost, limited customization (legal / regulatory)
COMPETITIVELY NECESSARY *Keep pace with industry*	Cost-optimize	Industry standard, minimal variability	Balance cost + functionality, minimal customization (legal/regulatory + strong business case)
DIFFERENTIATING *Invest to maximize value*	Maximize competitive advantage	Develop to optimize competitive advantage	Prioritize functionality over cost

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How Pathfinder informs nxtgenERP

Business Scenario Name	Industry Usage	Relevant Transactions
Accounts Receivable	★★★	39
Electronic Bill Presentment, Payment and E-Invoicing	★☆☆	Recommended*
Collections Management	★☆☆	Recommended*
Credit Evaluation and Management	★☆☆	Recommended*
Dispute Resolution	★☆☆	Recommended*
Contract Accounting	★☆☆	Recommended*
Online Bill Presentment and Payment	★☆☆	Recommended*
Settlement Management	★☆☆	Recommended*

Next Steps »

SAP Innovation and Optimization Pathfinder for Finance

Conocophillips Company | Main System: PRD
Oil and Gas Industry

| INTRODUCTION | EXECUTIVE SUMMARY | RECORD TO REPORT | ORDER TO CASH | PROCURE TO PAY |

BUSINESS KEY FIGURES | BUSINESS PROCESS IMPROVEMENT | **INNOVATION RECOMMENDATIONS**

OVERVIEW | OPTIMIZE | EXTEND | MOVE

🚀 **Transform your core**
Next-Generation digital business with SAP S/4HANA:

Business Scenario Name	Industry Usage	Relevant Transactions
Accounts Payable	★★☆	35
Invoice Processing	★★☆	18
E-Invoicing	★☆☆	Recommended*
Contract Accounting	★☆☆	Recommended*
Payments and Bank Communications	★☆☆	Recommended*
Financial Supply Chain	★☆☆	Recommended*
Invoice Management	★☆☆	Recommended*
Invoice Collaboration	★☆☆	Recommended*

Next Steps »

▶ **SAP Model Company: State of the art digital foundation**
Realize your digital vision quickly based on proven best-practices:

🚀 **Transform your core**
Next-Generation digital business with SAP S/4HANA:

Business Scenario Name	Industry Usage	Relevant Transactions
General Ledger	★★★	77
Asset Accounting	★★★	31
Financial Reporting	★☆☆	3
Closing Operations	★☆☆	Recommended*
Financial Close Governance	★☆☆	Recommended*
Inventory Accounting	★☆☆	Recommended*
Revenue and Cost Accounting	★☆☆	Recommended*
Overhead Cost Management	★☆☆	Recommended*
Product Costing	★☆☆	Recommended*
Profitability Analysis	★☆☆	Recommended*

Next Steps »

Agenda

COP Roadmap 5

Insights, readiness for the transition to nxtgenERP 4

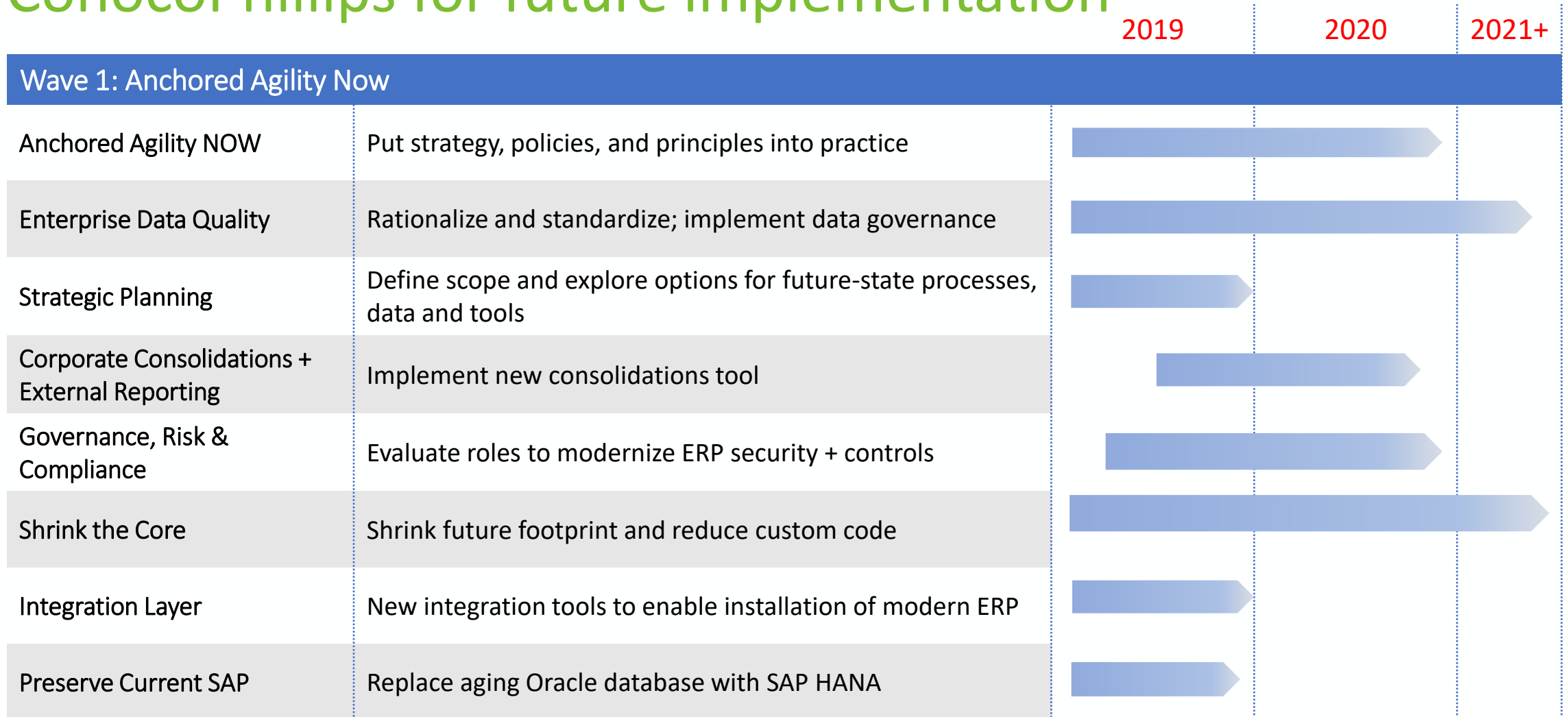Pathfinder Finance Edition – Findings and Recommendations 2

Business Process optimization in current ERP 3

Introduction to SAP Pathfinder 1

Wave 1: "Anchored Agility Now" Projects prepare ConocoPhillips for future implementation

		2019	2020	2021+
Wave 1: Anchored Agility Now				
Anchored Agility NOW	Put strategy, policies, and principles into practice			
Enterprise Data Quality	Rationalize and standardize; implement data governance			
Strategic Planning	Define scope and explore options for future-state processes, data and tools			
Corporate Consolidations + External Reporting	Implement new consolidations tool			
Governance, Risk & Compliance	Evaluate roles to modernize ERP security + controls			
Shrink the Core	Shrink future footprint and reduce custom code			
Integration Layer	New integration tools to enable installation of modern ERP			
Preserve Current SAP	Replace aging Oracle database with SAP HANA			

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Summary

- Adopt Pathfinder recommendations in Finance for one BU
  - Business process improvement
  - Introduce Fiori
- Take learnings from Finance to other LOBs
- Exploit Fiori during migration to Suite on HANA
- Insights for ConocoPhillips' nxtgenERP program
  - Specific S/4 capabilities based on current usage
  - Industry practices in each LOB

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Presentation Materials

Access the slides from 2019 ASUG Annual Conference here:
http://info.asug.com/2019-ac-slides

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Q&A

For questions after this session, contact us at
Vinod.Kumar@conocophillips.com and
Felix.Ortiz@conocophillips.com

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