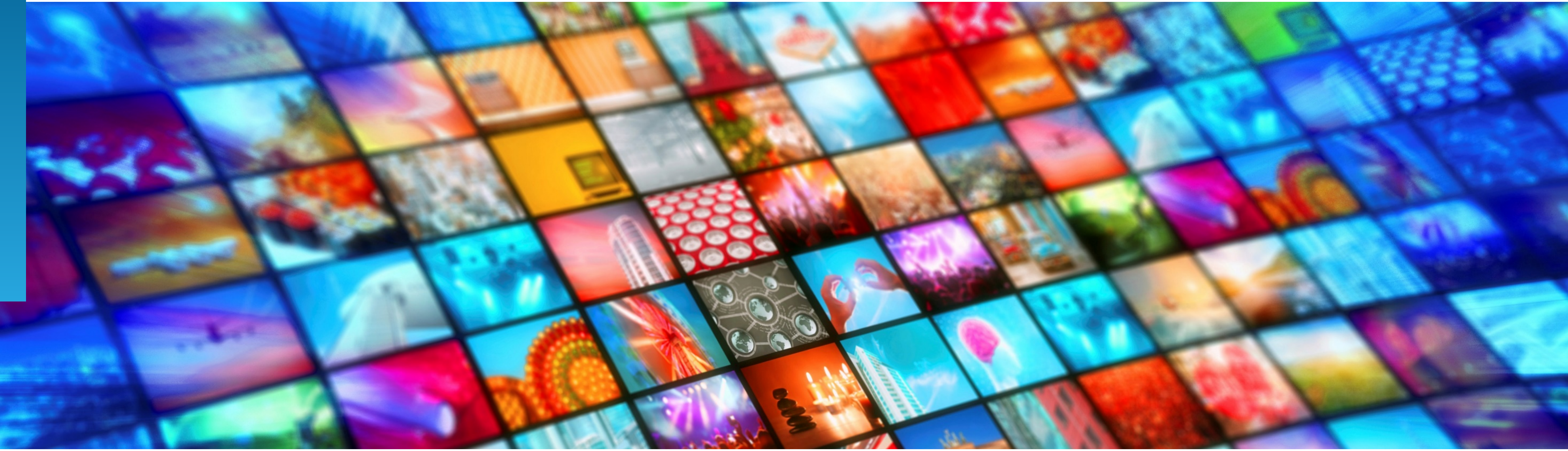
Market Report

Market Vista™

Market Vista™: Industry Insights – Oil & Gas

June 2023: Complimentary Abstract / Table of Contents



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Focus of this report

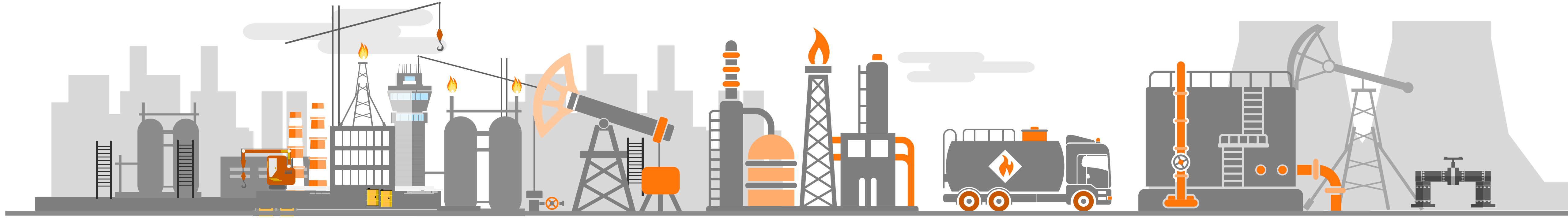
Key questions addressed

- What are the key trends and emerging themes in oil & gas firms?
- What is the offshore penetration and sourcing mix trends for oil & gas firms?
- What is the global sourcing maturity achieved for delivery of oil & gas services by third-party service providers and GBS organizations?
- What are the key offshore/nearshore locations leveraged by oil & gas companies?

Key market players

- This report focuses on the global sourcing adoption (of both GBS centers and third-party service providers) by leading oil & gas firms
- Examples of key market participants:
  - Oil & gas enterprises: Petrobras, Saudi Aramco, BP, Shell, ExxonMobil, Chevron, Schlumberger, Lukoil, etc.
  - Global service providers supporting the oil & gas industry: IBM, Wipro, Atos, Accenture, HCLTech, TCS, etc.
  - Industry-specific specialist service providers supporting the oil & gas industry: Nabors Industries, Transocean, Helmerich & Payne, Halliburton etc.
  - Oil & gas enterprises leveraging GBS model: ExxonMobil, Chevron, Shell, ConocoPhillips, BP etc.

Overview of the oil & gas industry



Oil & gas companies are boosting their investment in digital products and platforms. Cutting-edge digital technologies such as the IoT, AI, cloud computing, and blockchain are revolutionizing the overall landscape of the oil & gas industry.

The in-house delivery model is gaining more prominence in the oil & gas industry due to its ability to drive innovation, improve collaboration, and maintain critical skills and expertise within the organization. It is emerging as a strategic partner for oil & gas companies, helping them to remain competitive and adapt to the evolving energy landscape.

The oil & gas industry is now becoming more aware and focused towards reducing the environmental impact. Advanced technologies, conscious efforts, and investments are being directed to be ESG-compliant, reduce carbon footprint, and become more efficient at deploying the renewable energy sources.

The shortage of skilled labor is a major concern for the oil & gas industry. An aging workforce and waning interest in the younger workforce are the key reasons for the shortage. To address this issue, many oil & gas companies are investing in training and development programs to upskill their existing workforce and attract new talent.

This study offers six distinct chapters providing a deep dive into key aspects of oil and gas market; below are four charts to illustrate the depth of the report

Key trends for global sourcing in Oil and Gas industry

Strengthening global sourcing operations through in-house capabilities

The oil & gas industry is recognizing the need to improve its global sourcing operations in order to better manage their supply chains. As a result, companies in the industry are investing in building strong in-house capabilities. This involves developing and expanding digital capabilities, particularly in established and mature offshore locations, to increase efficiency and effectiveness in global sourcing operations. By focusing on these efforts, the industry can achieve better supply chain management and ensure a reliable supply of resources for its operations.

Process-specific location strategy

As oil & gas companies strive to remain competitive in a rapidly changing global market, the trend toward process-specific location strategies with an emphasis on standardization and process improvement is expected to continue. This will likely involve increased investment in technology and infrastructure to support standardized operations and consolidations across regional hubs. Additionally, as sustainability and social responsibility become important considerations, oil & gas companies may also focus on selecting locations based on environmental and social factors such as access to renewable energy sources and local workforce development initiatives.

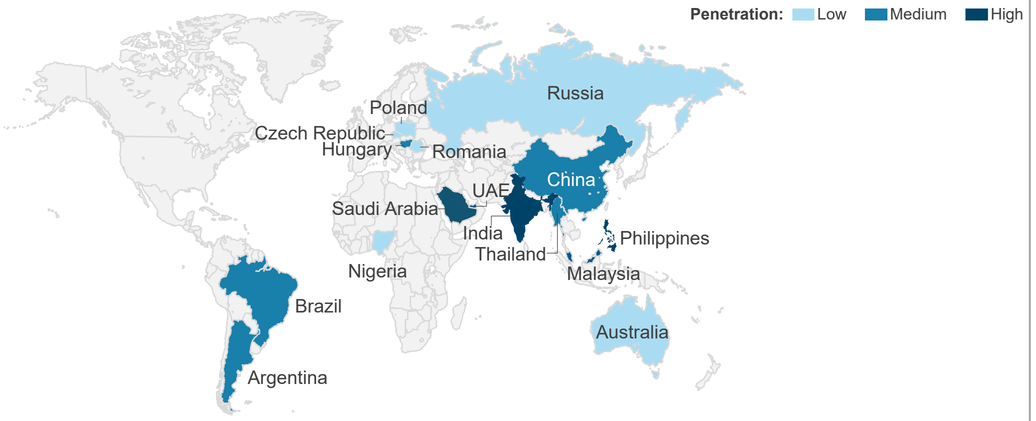
Plans of secondary service providers in the vendor landscape

The oil & gas companies are looking to minimize their dependence on a single vendor to mitigate the risk of service disruptions by engaging secondary service providers in their vendor landscape. The emerging trend in this area is to build strategic relationships with a smaller number of high-quality vendors that can provide a range of services across multiple regions or business units and adopt a more strategic approach to vendor management.

Adoption of digital technologies

The oil & gas industry is increasingly adopting digital technologies, such as AI, blockchain, IoT, and big data to unlock the higher level of efficiencies and reduce costs and carbon footprint across the value chain. Global oil & gas players are setting CoEs and research centers across GICs to develop digital capabilities.

Leading offshore locations leveraged by retail and CPG organizations



Key value-chain process in oil and gas industry

Oil & gas operations

NOT EXHAUSTIVE

UPSTREAM		MIDSTREAM	DOWNSTREAM	
Subsurface exploration and drilling	Operations support	Midstream operations	Refinery operations	Sales and marketing
Exploration and survey	Production optimization	Field processing of oil & gas	Processing of oil & gas (distillation, conversion, and treatment)	Market analysis and competitive intelligence
Geological and geophysical modeling	Surveillance and monitoring	Transportation management	Quality assurance	Lead generation
Economic modeling	Planning and maintenance	Warehousing and storage management	Auxiliary operations and facilities (steam and power generation, sampling, testing, etc.)	Supply and trading (refined products)
Reservoir and well engineering	Risk assessment and inspection	Demand planning	Inbound and outbound logistics	Product marketing and retail
Drilling and extraction	Reliability-centered maintenance	Inventory management	Commissioning and decommissioning	Client Relationship Management (CRM)
Subsurface data management	Asset management	Carrier management and maintenance		
Decommissioning/Abandonment	Hydrocarbon accounting			

Industry-specific support activities	Environment, health and safety, contract management, regulatory and compliance, data and document management, trading activities, energy risk management, and quality assurance
Horizontal processes	IT services – IT application development and maintenance, IT infrastructure, and system integration
	Digital services – analytics, automation, Artificial Intelligence (AI), cloud, Internet of Things (IoT), cybersecurity, and blockchain
	Corporate functions – (Finance & Accounting (F&A), Human Resources (HR), procurement (non-core), legal, and Contact Center (CC))

Framework to assess global sourcing maturity across functions

Factors	Dimensions of assessment	Assessment rating – how to interpret		
		Low maturity	Medium maturity	High maturity
Nature of work	Mix of rule-based vs. complex/ judgment-oriented work	Predominantly rule-based work supported	Both rule-based and complex work supported, with a skew toward rule-based work	Both rule-based and complex work supported, with a skew toward complex work
Average scale of operations for global/regional work	Size of teams handling the function	Evidence of small-scale centers (<100 FTEs per function for leading players) supporting global/regional operations	Evidence of medium-scale centers (100-200 FTEs per function for leading players) supporting global/regional operations	Evidence of large-scale center (200+ FTEs per function for leading players) supporting global/regional operations
Number of key players supporting global/regional work	Number of leading players leveraging back office for the function (supporting global/regional work)	No/limited companies supporting the function	Some companies (four to six) supporting the function	Multiple companies (seven to ten) supporting the function
Level of ownership	Degree of independence / end-to-end execution of a process	No independence in carrying out a process	Provides some level of independence in executing a process	End-to-end execution of a process

Research calendar

Market Vista™

Published Planned Current release

Reports title	Release date
It Is Not a Talent War; It Is a New Reality – 2022 Key Issues in Global Sourcing – Service Provider Perspective	March 2022
Market Vista™: 2021 Year in Review and Outlook for 2022	March 2022
Market Vista™: Industry Insights – Telecom and Network	May 2022
The Growing Need for Inclusive Talent Models: Learning from Impact Sourcing Specialists	May 2022
Impact Sourcing Specialists Profiles - 2022	June 2022
Market Vista™: Q2 2022	June 2022
Market Vista™: Q3 2022	September 2022
Market Vista™: Industry Insights – Healthcare	October 2022
Market Vista™: Industry Insights – Retail and CPG	December 2022
Market Vista™: Q4 2022	December 2022
Market Vista™: Q1 2023	March 2023
Market Vista™: 2022 Year in Review and Outlook for 2023	April 2023
2023 Key Issues in Global Sourcing	April 2023
Market Vista™: Industry Insights – Oil and Gas	**June 2023**
Market Vista™: Q2 2023	Q2 2023
Market Vista™: Q3 2023	Q3 2023
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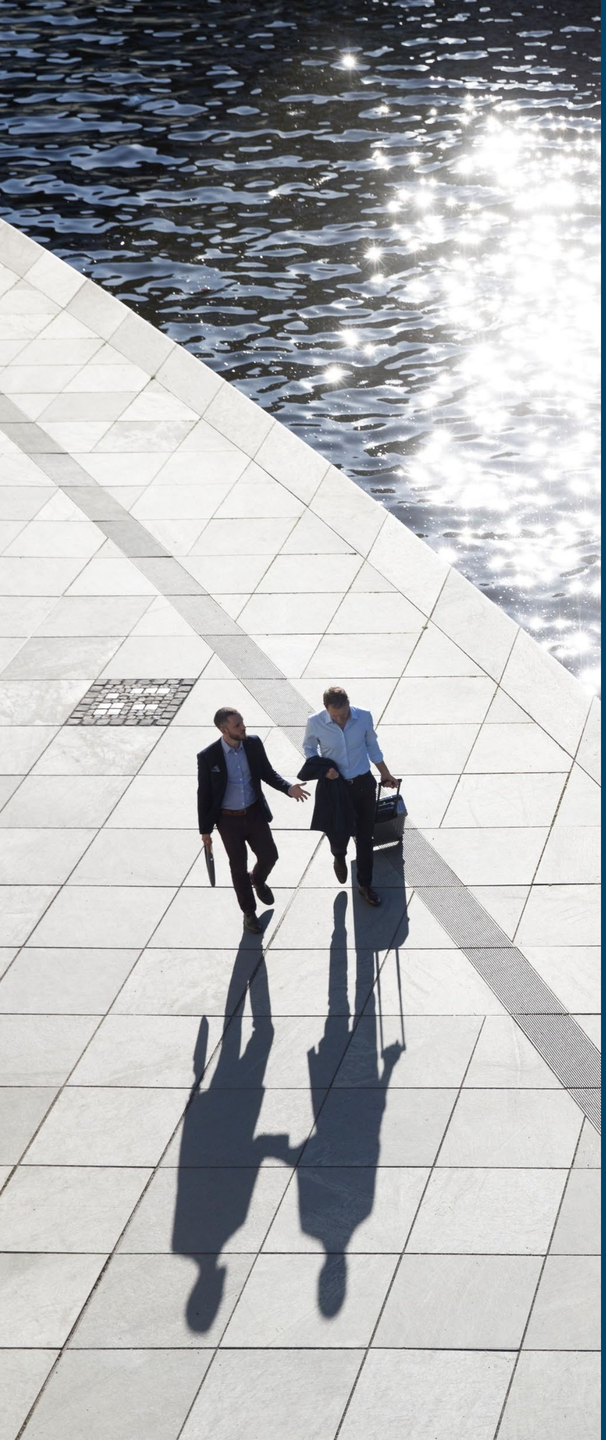

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