

The Oil & Gas Industry



Important business cases on the road to clean energy in 2023

Even after months of record profits, the future of the oil and gas industry—one of the world’s most important commodities—remains promising yet uncertain.

Expected to straddle two different realities: the established (and no longer sustainable) fossil fuel market, and the wholesale shift to clean energy sources, oil and gas companies are in a complicated race to save our planet.

The energy market today

The growth of clean-power energy is undeniable. [The World Economic Forum](#) cites impressive gains, with researchers expecting a big drop in fossil fuel generation as solar, wind and other renewable sources continue to grow:



39%

renewable electricity across our operations



80%

Increase in worldwide electricity demand in 2022 that was met by wind and solar

While the path ahead appears relatively straightforward, the fact is that many countries and industries remain reliant on oil and gas. According to the US Energy Information Administration, US petroleum consumption in 2021 averaged in excess of 19 million barrels per day. In Europe and the Commonwealth of Independent states, average daily consumption was 18.3 million barrels.

It’s a difficult balance. Oil and gas companies must support the existing market even as it declines (including its massive infrastructure), while building for a future of clean and sustainable energy.

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Maintaining business as usual (for now)

The sector experienced historic profit levels in 2022, with Reuters reporting \$219 billion—a doubling of profits—for Big Oil. While these gains are impressive, they are also temporary. Volatile prices within global energy markets will level out. And as costs continue to rise, profits ultimately will decline.



\$219^{bn}

Big Oil doubles profits in 2022

For as long as the world continues to rely on oil and gas, the onus is on energy business leaders to ensure production and supply is managed sustainably, reliably, and as cost-effectively as possible. In tandem, energy companies must also satisfy the expectations of shareholders, regulators, and the public.

IFS works closely with oil and gas companies to achieve this balance, providing enterprise asset management (EAM) technology that supports the business as usual, and into the future.

Sustainability

As we shift towards clean energy, oil and gas companies must support best practices in alignment with ESG, government, and industry regulations. In the race towards a sustainable future, even the race must be sustainable.

Some organizations exceed these standards, buying clean assets within the energy spectrum (e.g., wind farms) to power their operations and to participate in the power generation and wholesale industry. Others contract power from clean sources or invest in transmission grids that connect to green field energy in close proximity to their worksites.

Oil and gas companies leverage IFS Cloud EAM capabilities to accurately support and deliver on ESG goals. Using up-to-date and real-time data continuously generated from assets and applications across their operations, performance and maintenance is managed in real-time, with streamlined reporting capabilities for proof of compliance.

IFS customer BW Energy, a global oil and gas exploration and production company, relies on IFS for EAM and enterprise resource planning (ERP) capabilities to support its global oilfield production and development strategy. IFS helps the company manage carbon emissions as it develops new oilfields and enhances maintenance of its offshore production assets.

“We are focused on unlocking proven worldwide offshore oil and gas resources but utilizing existing infrastructure that leads to lower development costs, faster project delivery, and reduced carbon emissions.”

Knut R. Sæthre, CFO, BW Energy, BW Offshore



Reliability

With oil and gas playing such a critical role in today's economy, maintaining a consistent supply to the market is imperative. This means safeguarding the operation from unexpected—and expensive—disruptions.

For example, the average oil and gas company loses 32 hours of productivity each month due to unplanned downtime. Factoring in an average cost of \$220,000 per hour, annual losses for a facility can add up to \$84 million.



\$200^k

Cost per hour of unplanned downtime

IFS Cloud EAM safeguards the health and productivity of the business, enabling predictive maintenance with real-time alerts to keep the operation running smoothly. If an issue arises, remote assistance capabilities eliminate lengthy response times, allowing experts to remotely connect and guide the repair immediately, versus time spent transporting them to attend onsite. The outcome is a fast resolution with minimal downtime and a reduced carbon footprint.

Cost Effective Operations

While a sustainable and reliable operation is paramount, the business must be profitable if it's going to survive. As the industry experience has made clear recently, operational efficiencies provide a valuable counterpoint to offset decreasing profit margins.

BW Energy has gained significant operational efficiencies with IFS. One example is the ability to replicate or twin data between offshore units and onshore offices. These parallel environments allow people to work completely offline—even within a cloud-hosted environment—providing a local copy of all systems and data to avoid disruptions to the business.

Maintenance efficiencies also contribute to significant savings in resources and costs. By planning, scheduling, and resourcing maintenance activities in advance, IFS customers are able to make changes quickly and easily with no interruptions to productivity.

“IFS’s oil and gas industry expertise is reflected in the rich and critical functionality of the software. Its ability to support multiple business activities, together with ERP and EAM capabilities, helps us to meet our multiple goals quickly and efficiently while giving us the agility we need to navigate a rapidly changing market and regulatory environment.”

Knut R. Sæthre, CFO, BW Energy, BW Offshore

Building the business for the future

Beyond business as usual lies our clean energy future, with many companies actively diversifying from traditional oil and gas to renewables.

Leveraging recent gains in profitability, energy companies are using the extra margin to invest in new projects, including sustainable energy initiatives. This commitment to a greener future funds important research and innovation in the form of a new division within the organization or as a joint venture with a clean energy company.

While the onus is on the future, there is a positive economic business case as well, with some energy companies choosing to sell the business once it's stood up as a means to mitigate taxes. But this doesn't detract from the value of the research and innovation that's been produced. In fact, building positive business cases that support a sustainable future is critical to the success and rapid adoption of the technology.

An Integrated Enterprise with EAM

IFS works with our customers to help them achieve their diversification objectives. For some companies, this means integrating existing infrastructure with new technologies that support the future state of the operation.

One example is Lightsource bp, a 50:50 joint venture partnership between solar energy producer Lightsource and energy major bp.

Lightsource bp uses IFS Cloud EAM, easily integrating complementary solutions with the system, such as its Land and GIS application. This integration model interconnects functionality and communication across systems for a more responsive and agile operation.

Data Analytics

Data is another consideration. Vast networks of connected devices generate rich stores of data that provide the company with real-time insights to help guide the business.

EDF Renewables, a leader in wind, solar, and battery technology, relies on IFS Cloud EAM to support its plans to increase total green energy output produced by onshore and offshore operations. The project launched in 2021.

IFS will enable the company to optimise the quality and utilization of its assets, while also creating shareholder value through improved information flows.

“The new platform will allow us to scale our business more efficiently and consistently, whilst also capturing the richer management information needed to drive continuous improvement and inform key decision-making.”

Piero Maggio, Director of Asset Operations, EDF Renewables



Summary

IFS understands the context behind the transformation that's underway within the oil and gas sector. In defining the next generation of EAM technology, we're empowering our customers to achieve their immediate sustainability goals while building towards a world fueled by clean energy.

Our industry focus—especially within the energy, utilities, and resources sector—allows us to work collaboratively with our customers, helping them build resilient, sustainable EAM strategies today and into the future.

For more information, visit our website or contact us. Is there a link to specific content that we want them to reach?

About IFS

IFS develops and delivers cloud enterprise software for companies around the world who manufacture and distribute goods, build, and maintain assets, and manage service-focused operations. Within our single platform, our industry specific products are innately connected to a single data model and use embedded digital innovation so that our customers can be their best when it really matters to their customers – at the Moment of Service™.

The industry expertise of our people and of our growing ecosystem, together with a commitment to deliver value at every single step, has made IFS a recognized leader and the most recommended supplier in our sector. Our global team of 5,000 employees every day live our values of agility, trustworthiness, and collaboration in how we support thousands of customers.

Learn more about how our enterprise software solutions can help your business today at ifs.com

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