

NCS SHARING ECONOMY

# Standardised Supply Chain Behaviour



09.05.2019



# Introduction

## Standardised Supply Chain Behaviour introduction



This presentation is developed as support documentation for Key Implementation Contacts to implement Joint Industry Guideline in own organisation

The presentation consist of three parts:



- Key presentation slides of Standard Supply Chain Behavior initiative
- Guideline deep dive (selected elements)
- Other selected support slides



“Joint Industry Guideline” is recommended as handout for more detailed learning

# **Standardised Supply Chain Behaviour introduction**

# Timeline of the Standardised Supply Chain Behavior initiative

NCS Sharing Economy contributes to operationalising recommendations from Konkraft 2018

## NCS Sharing Economy program

Initiated as a formal initiative owned by Norwegian Oil and Gas Operations Executive Committee

## Konkraft recommendation (2018)



«To succeed, the industry must realise the potential offered by digitalization, industrialised standard solutions and new forms of collaboration»

## Operationalisation

- Norwegian Oil and Gas  
The Federation of Norwegian Industries
- Operators
  - Contractors
  - Suppliers

*"How can we benefit from sharing in a more marginal world?"*

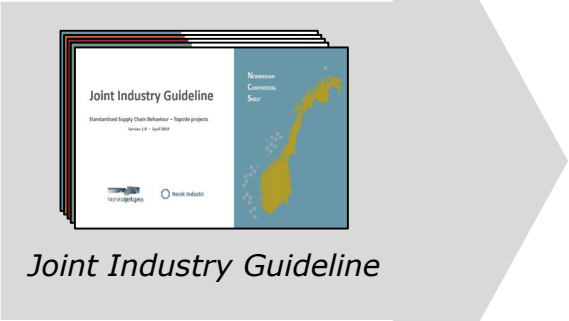
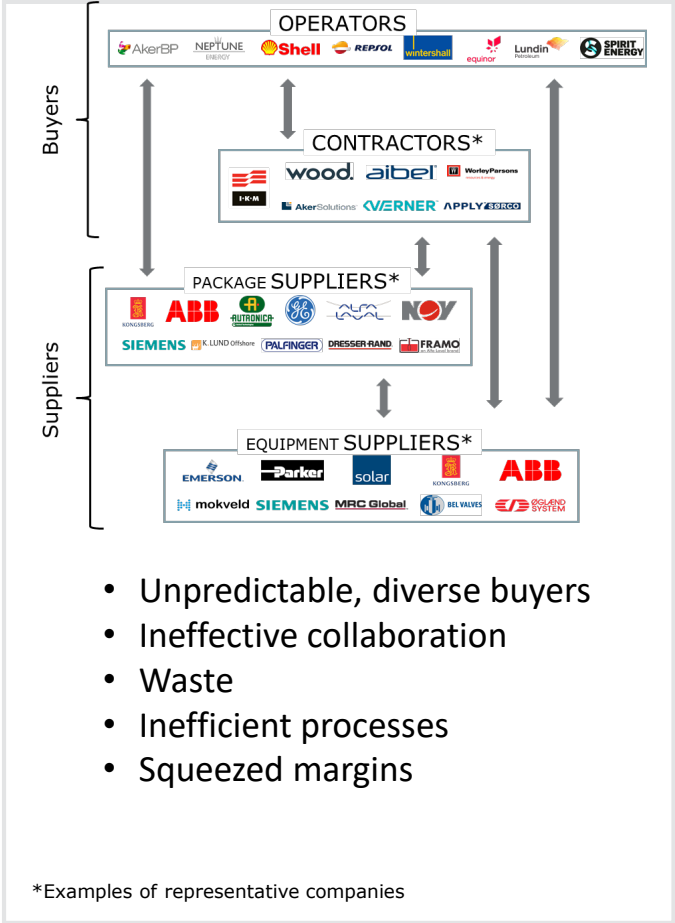
*"Think big, start small, fail quickly and safely, scale fast"*



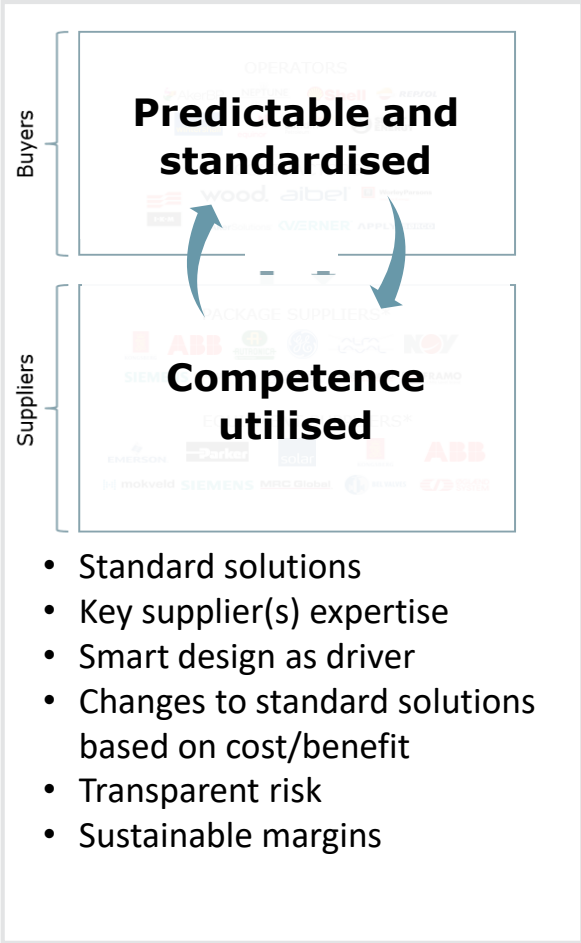
# Standardising supply chain behavior to increase competitiveness on NCS

## Current and desired situation of buyers and suppliers

### Current situation



### Desired situation



### Continuously improvement



# Recommendations

An analysis conducted by the players in the supply chain identified several recommendations that will improve the supply chain and increase competitiveness on the NCS



## Increase use of industry **STANDARD DELIVERY**

By using **functional requirements, standard products** should be the basis for all deliveries.

Necessary **customisation** should be based on **cost-benefit** considerations.



## Better and earlier use of **SUPPLIER EXPERTISE**

**Early selection** and involvement of **key supplier(s)** expertise for optimisation of scope.

Establish joint effort for smart design in a **Total Cost of Ownership (TCO) perspective**.



## **ALIGN DRIVERS** across the supply chain

Use **compensation** formats and **incentives** to **drive value creation** for the overall business case as well as cost efficient design and supply chain collaboration.

Compensate key suppliers for significant and **value adding engineering** contributions.

Use **industry standard contracts** through the supply chain, ensuring **transparent risk** allocated where best managed.



## Change operator and contractor **CULTURE**

Understand and avoid cost-driving behaviour.

**Leadership** in the companies to **drive change**, implement best practice in project management, engineering and procurement. Adjust based on results from benchmark.

Cross-organisational collaboration to utilise competence for value creation.

# How to achieve the four best practice recommendations to change industry behavior



## Recommendations



Increase use of industry **STANDARD DELIVERY**



Better and earlier use of **SUPPLIER EXPERTISE**



**ALIGN DRIVERS**  
across the supply chain



Change operator and contractor **CULTURE**



Joint industry best practice **Guideline**



**Benchmark and KPIs to measure change and results**



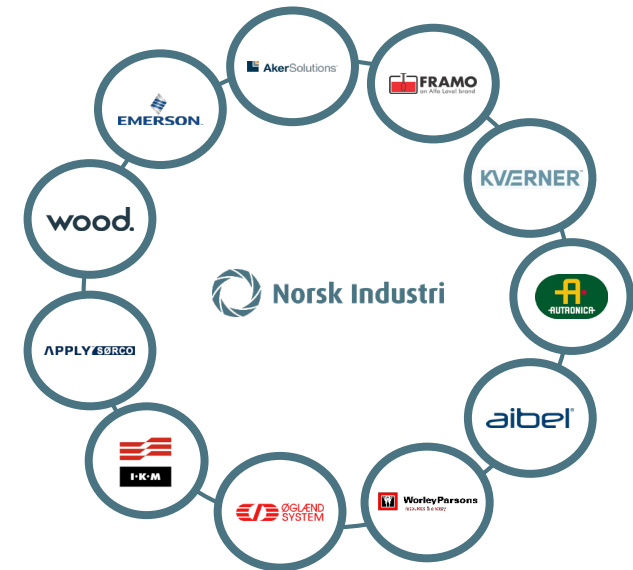
**Lighthouse projects to accelerate implementation**



**Implementation network** and implementation support

# Joint Industry Guideline version 1.0 developed by member companies

The guideline will be published by The Norwegian Oil and Gas Association and Federation of Norwegian Industries

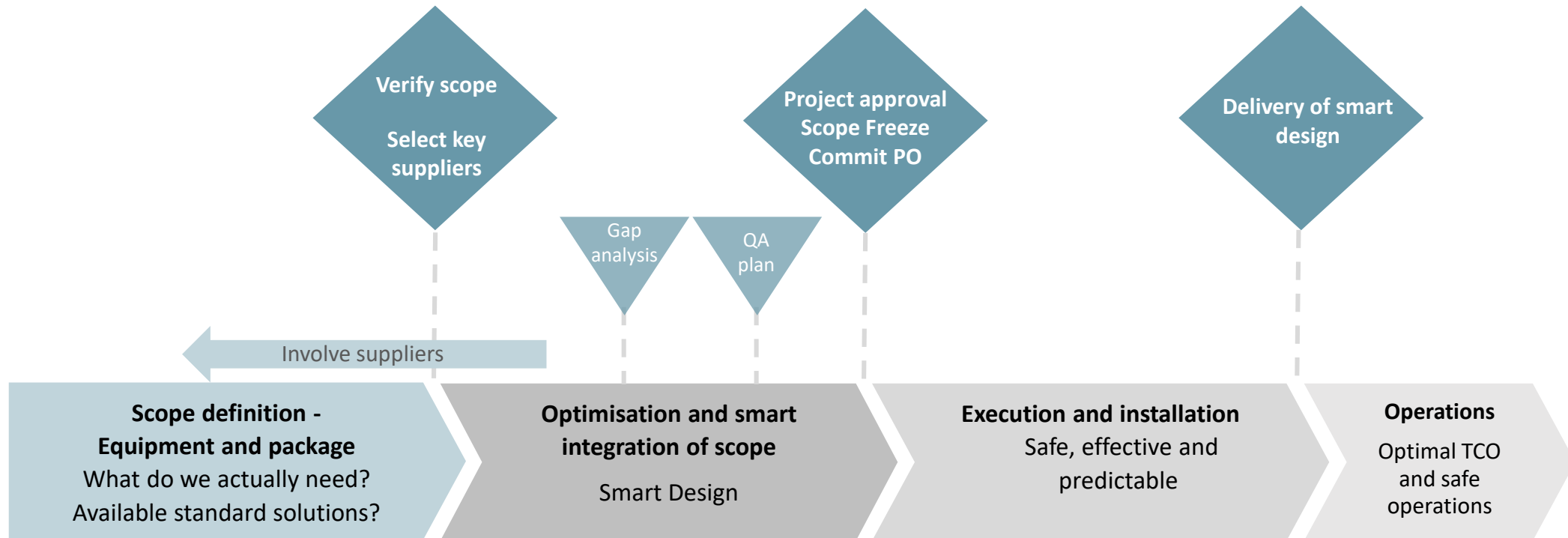


Relevant companies not yet involved are welcome to join



# Joint industry best practice Guideline

Significant milestones are shown below in a value chain to a project. Best practices to ensure predictability and efficiency in the supply chain are detailed in the different chapters in the guideline





# Benchmark and KPIs to measure change and results

Collaboration between The Norwegian Oil and Gas Association and the Federation of Norwegian Industries will build on follow-up of competitiveness on the NCS, and stimulate continuous improvement – such collaboration will be based on KPIs and an industry benchmark.

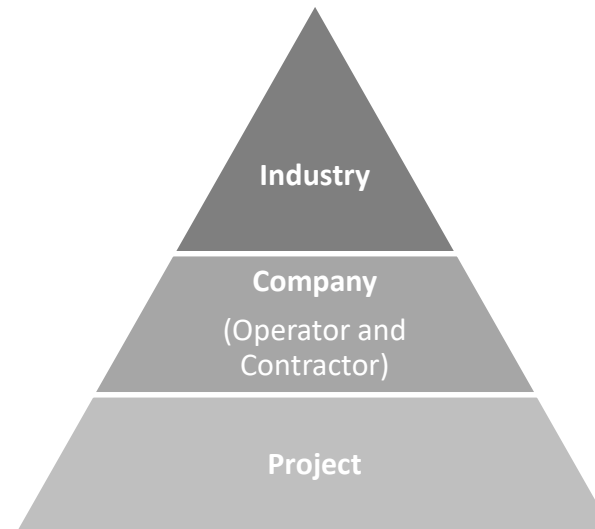


## Input to KPI database:


 **Benchmark Maritime industry**  
(Qualitative survey)


 **Ability to change**  
(Qualitative KPI reporting)


 **Commercial effect**  
(Quantitative KPI reporting)



## Analysed output from KPI database:

 Measures and stimulates  
NCS competitiveness

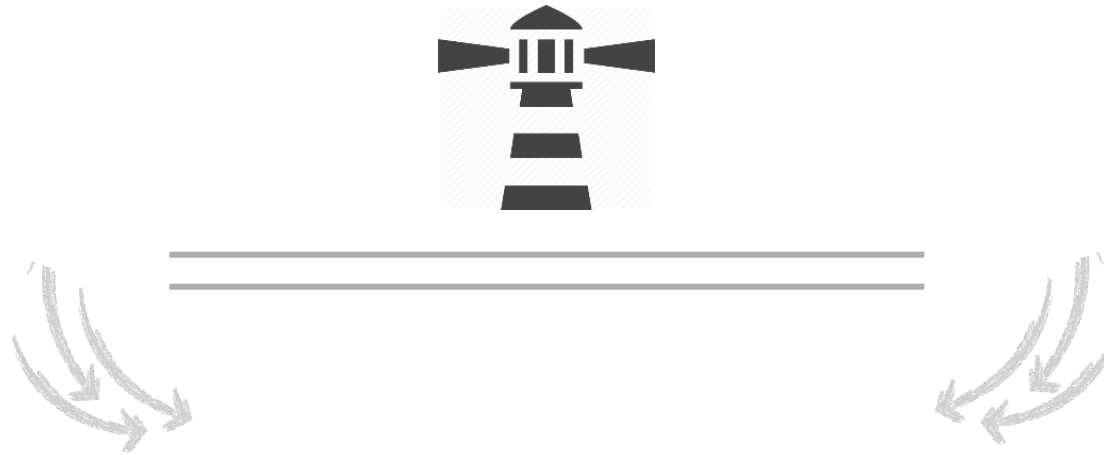
 Measures and stimulates company  
competitiveness on basis of KPIs and  
benchmarking

 Measures the effect of  
recommended best practice

**Pre-requisite:** Confidential processing and distribution of sensitive information

# Lighthouse Projects to accelerate Implementation

In parallel with full scale roll-out in operator and contractor organisations nominated lighthouse projects will be used to achieve immediate best practices and get feedback for improvement

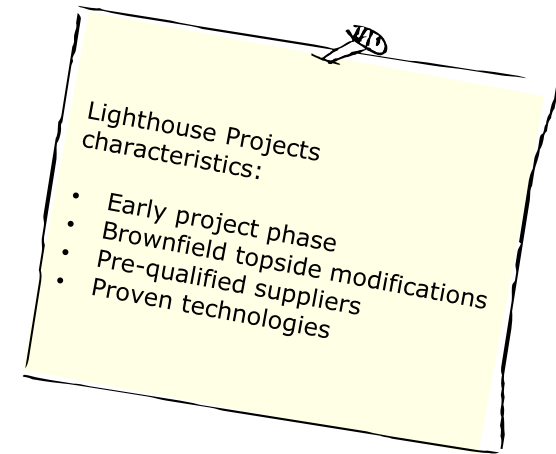


## The Value of Lighthouse Project

Lighthouse projects is selected projects as **first movers** for implementation of industry guideline. Feedback and experience from the different projects will create **basis for improvement** of best practices and KPIs

## Way forward

For full effect there is still a **need for more lighthouse projects**. Early phase topside projects with significant equipment deliveries are especially relevant as lighthouse projects.



# Future Joint Industry Improvement Arena

An arena across the value chain for continuous improvement on the NCS



## Changing tide on the NCS – time for new ways of thinking



«To succeed, the industry must realise the potential offered by digitalization, industrialised standard solutions **and new forms of collaboration**»

## Structures to support new forms of collaboration across the supply chain



Joint industry best practice **Guideline**



Benchmark and KPIs to measure change and results



**Lighthouse projects** to accelerate implementation



Implementation network and implementation support

## How do we harvest value and drive NCS competitiveness going forward?

A cross industry collaboration is needed to **stimulate continuous improvement of competitiveness** in the supply chain



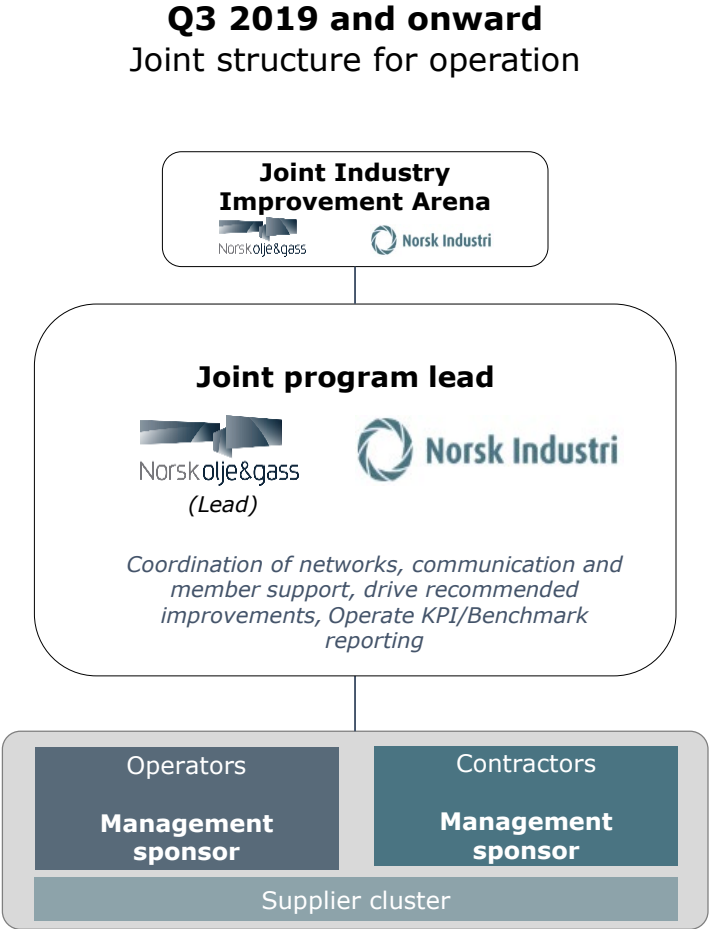
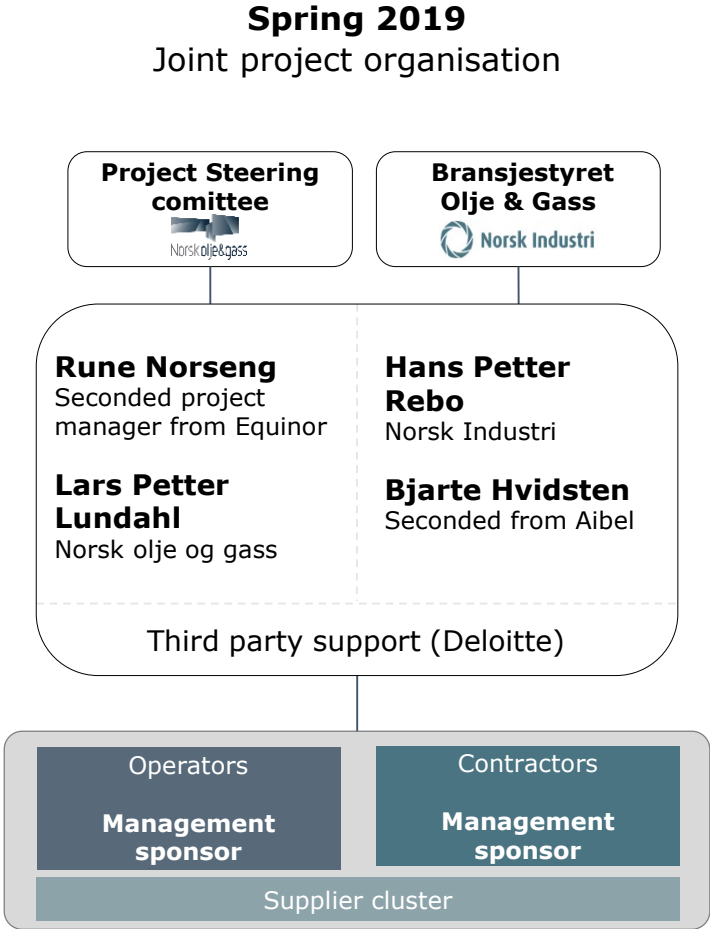
- *Formalised*
- *Fixed mandate and deliveries*

15% cost reduction in the supply chain – and sustainable margins for all parties

# Way forward for continuous improvement

Joint project organisation during implementation and transition to operation

To be approved



# The way forward

Fundament for a successful implementation and continuous improvement



## Implementations activities

- **Communicate best practices** to Project management, Engineering and Procurement in Operator and Contractor companies
- **Communicate best practices** in Supplier companies
- Each company to **define plan for implementation** of best practices
- Nominate and implement best practices in **lighthouse projects**
- Use KPI system and **start learning and improve** based on results



## Fundament for success

- Strong **implementation network** from operator and contractor management
- **Dedicated leadership** supporting implementation in own organisation
- **Transparent communication** to players across the supply chain
- **Formalised cooperation** between Norsk Olje og Gass and Norsk Industri
- **Continuous improvement** based on learning

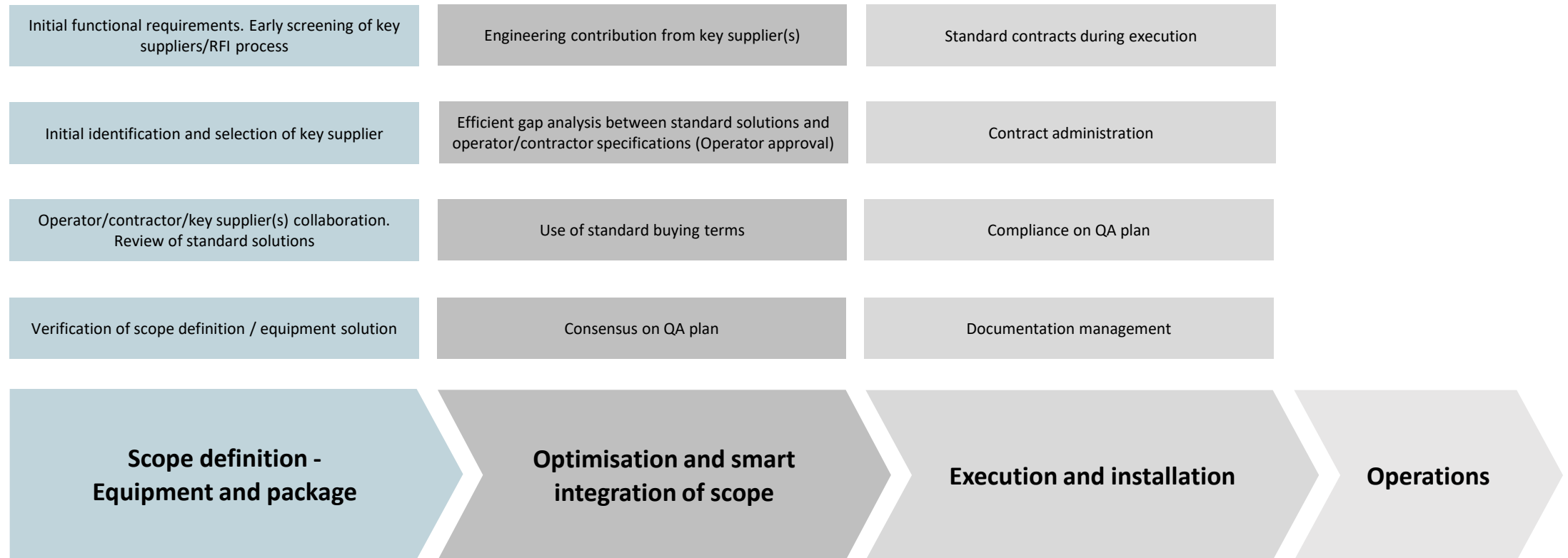
## Timeline



# Selected support slides

# Joint industry best practice Guideline

Best practices to ensure predictability and efficiency in the supply chain are detailed in the different chapters in the guideline





# How to implement best practice in own organisation?

Key topics to consider



Implementation of best practice in **organisation**



How to align implementation with other ongoing initiatives in the company?



How to **implement** in **specific projects**?



How do we reach the different **target groups** in the project?

- Project
- Procurement
- Engineering



How to handle **interface** with **contractors and suppliers**?



How to get everyone **onboard**?

How can we change **culture**?

How do we **communicate** best practice?

# Joint Industry Guideline version 1.0 developed by Industry-members

Approved and signed by Karl Eirik Schjøtt-Pedersen and Stein Lier-Hansen



*“The Federation of Norwegian Industries, the Norwegian Oil and Gas Association and our respective member companies are pleased to present a joint industry guideline for **delivering smart solutions, cost reductions, sustainable margins and more integrated ways of working** between suppliers and operator companies.*

*Above all – this will contribute to maintain the Norwegian continental shelf as one of the best-managed and innovative offshore sectors worldwide”*



**Karl Eirik Schjøtt-Pedersen**  
Director general  
The Norwegian Oil and Gas Association




**Stein Lier-Hansen**  
Director general  
The Federation of Norwegian Industries

FOREWORD EXECUTIVE SUMMARY INTRODUCTION BEST PRACTICES KPIs APPENDICES

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# Appendix in Join Industry Guideline

Terminology list, detailed definitions, equipment categorisation and KPI reporting



**APPENDICES INDEX**

ABBREVIATIONS AND TERMINOLOGY

FUNCTIONAL REQUIREMENTS

TAG

SPARE PART INTERCHANGEABILITY RECORD (SPIR)

LIFE CYCLE INFORMATION (LCI)

EQUIPMENT CATEGORISATION

KPI REPORTING

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