

OpenText Contract Management in the Energy Sector

Reduce risk and support effective management of change through the entire lifecycle of your contracts.

With the increasing number of energy exploration and production projects, contracts are growing in volume as well as complexity. Legally binding contracts and agreements underpin almost every business transaction.

They can protect a business from operational and regulatory risk, lock in favorable pricing and payment terms with suppliers and customers, define acceptable service levels, and provide enforceable remedies when those terms are breached. Contracts can contain clauses, terms, conditions, commitments, and milestones that need to be tracked and managed throughout the entire contract lifecycle to maximize business benefits and minimize associated costs or risks.

Energy companies are not only faced with the challenge of managing pertinent physical and electronic contracts, they also need to consider other tasks such as fostering collaboration between users, ensuring HSE and regulatory compliance, providing secure access, and tracking the progress and value of contracts throughout capital and maintenance projects. The complexity of these tasks is heightened as projects are executed simultaneously between Engineering, Procurement and Construction (EPC), causing the scope of contracts to continuously change.

Because of the many moving parts that span over many years, companies in the energy industry are investing in contract management solutions that can, quite simply, deliver a single point of truth – while ensuring compliance and effective management of change.

Secure Collaboration around a Single Point of Truth

In order to gain control of the contract management process, companies must first be able to efficiently locate the contracts. Typically, contracts are hidden away in departmental filing cabinets or disparate repositories on various business systems. Having multiple contract management systems can lead to high support, help desk and training costs. Additionally, most companies rarely manage their contracts proactively, which results in delayed reviews and, sometimes, costly mistakes. Because a contract management solution provides a centralized and secure repository to store and manage contracts, all business groups can collaborate quickly and securely access all contracts from a single structure.

BENEFITS:

- Rapidly locate all contract knowledge across the enterprise through a centralized, secure repository
- Enforce contract standardization and minimize risk through use of templates that incorporate approved language
- Accelerate cycle times and reduce operational costs by automating the creation, review, approval and even execution processes
- Take advantage of contract incentives and mitigate risks from scope changes by effectively managing key milestones
- Ensure adherence to terms and conditions, HSE and regulatory requirements
- Proactively manage renewals for increased revenue and cost savings
- Powerful search and analytics tools enable extensive insight into contract performance
- Control archiving and dispositions, making sure contracts age appropriately minimizing exposure to risk due to non-compliance

There are many benefits to accessing contracts from a central repository aside from further enhancing the visibility and transparency on all contracts across the enterprise and beyond the company firewall. For example, being aware of contract milestones means that project control points are identified and contractual obligations are kept. A centralized contract management solution allows companies to automate the creation, access and processing of contracts, which will reduce, if not eliminate, the amount of manual, inefficient and costly procedures.

Risk and Compliance Management

Often contracts lapse and are not renewed on time, which causes risk, limits leverage and negotiating power, and results in lost valuable assets such as exploration rights or leases on a tracts and tenements. Proactively mitigating risks associated with the management of contracts can set one company apart from another. Companies with a methodology to efficiently create, track, store and recall contracts are better able to reduce risks, increase compliance and save costs by avoiding unnecessary expenditures, such as last minute scrambles to locate and recreate contracts. When creating contracts, for example, companies should have pre-approved templates, clauses, and terms in place to achieve contract quality and consistency. Additionally, companies need a mechanism that effortlessly controls the way those contracts are classified, captured, retained, and destroyed in accordance to industry standards.

A comprehensive contract management solution enables companies to curb audit, regulatory and administrative costs by streamlining contract management processes – from creation to disposition. More importantly, the right solution will have a powerful search option that allows you to quickly find and retrieve records to meet regulatory demands and certify the authenticity of business records, while tracking all activities associated with them. When the right information is available when it is needed, companies can competently assess situations and make better business decisions. When disputes or claims arise, having a complete, auditable history of the contract changes can prove due diligence, and mitigate costly litigation.

Effective Change Management

Because some capital projects, supplier relationships and maintenance agreements can span many years, the related contracts need to be properly managed throughout their entire lifecycle. Constant scope changes resulting from regulatory changes or due to concurrent EPC, can become arduous to capture and log, especially when these changes occur often and impact the deliverables and schedule of other related suppliers. Some companies are experiencing a spike in procurement staffing costs because supplier disputes arise due to poor compliance and require follow-up tracking, dispute resolution, and often re-sourcing contracts prior to completion. The pressure to reduce operating expenses, as competition and costs to deliver continuously increase, leaves some companies scrambling to find a reliable solution that not only relieves the operational workload but can improve and automate processes as well.

A complete contract management solution allows project managers and engineers to update the status of deliverables and scope changes, easily review the change history and audit trail for any contract, know who was involved, and review the whole negotiation process. Additionally, having ready access to detailed reports and analysis means greater visibility and transparency for stakeholders who need the information. Increased visibility around an enterprise-wide (or group-wide) solution enables effective benchmarking, supporting continual improvement of contract management practices.

The OpenText Approach: OpenText Contract Management

OpenText Contract Management provides a holistic, strategic and flexible approach to support your company's contracting processes while at the same time managing that contract-related information in the context of a best-in-class information governance framework. Supported by a central repository that can power your entire enterprise, Contract Management centralizes, organizes, and prioritizes all contract-related activities, enabling your teams to focus on delivering the highest possible value from your agreements. Furthermore, user adoption and compliance is increased by enabling

The risk of contract related litigation is high because of:

- **the number and length of contract disputes**
- **the lack of enforceable contract process controls**
- **use of non-standard language and conditions**
- **the cost and effort required for eDiscovery tasks (find, collect, review, cull and log)**

users to access to contracts via their application of choice, whether it is email, ERP system or Microsoft® SharePoint or Outlook.

Contract Management offers more than a point solution; it creates an enterprise-wide, structured process to manage all contract types from creation, negotiation and approval through fulfillment, retention, and eventually disposition. With a foundation of centralized, auditable control built on the industry-leading Enterprise Information Management (EIM) platform by OpenText, our Contract Management solution helps Energy companies: avoid unnecessary risks and liabilities; improves efficiency in your capital projects, asset management and supply chain processes; and empowers people to maximize the value of contracts for the organization through secure collaboration. ■

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