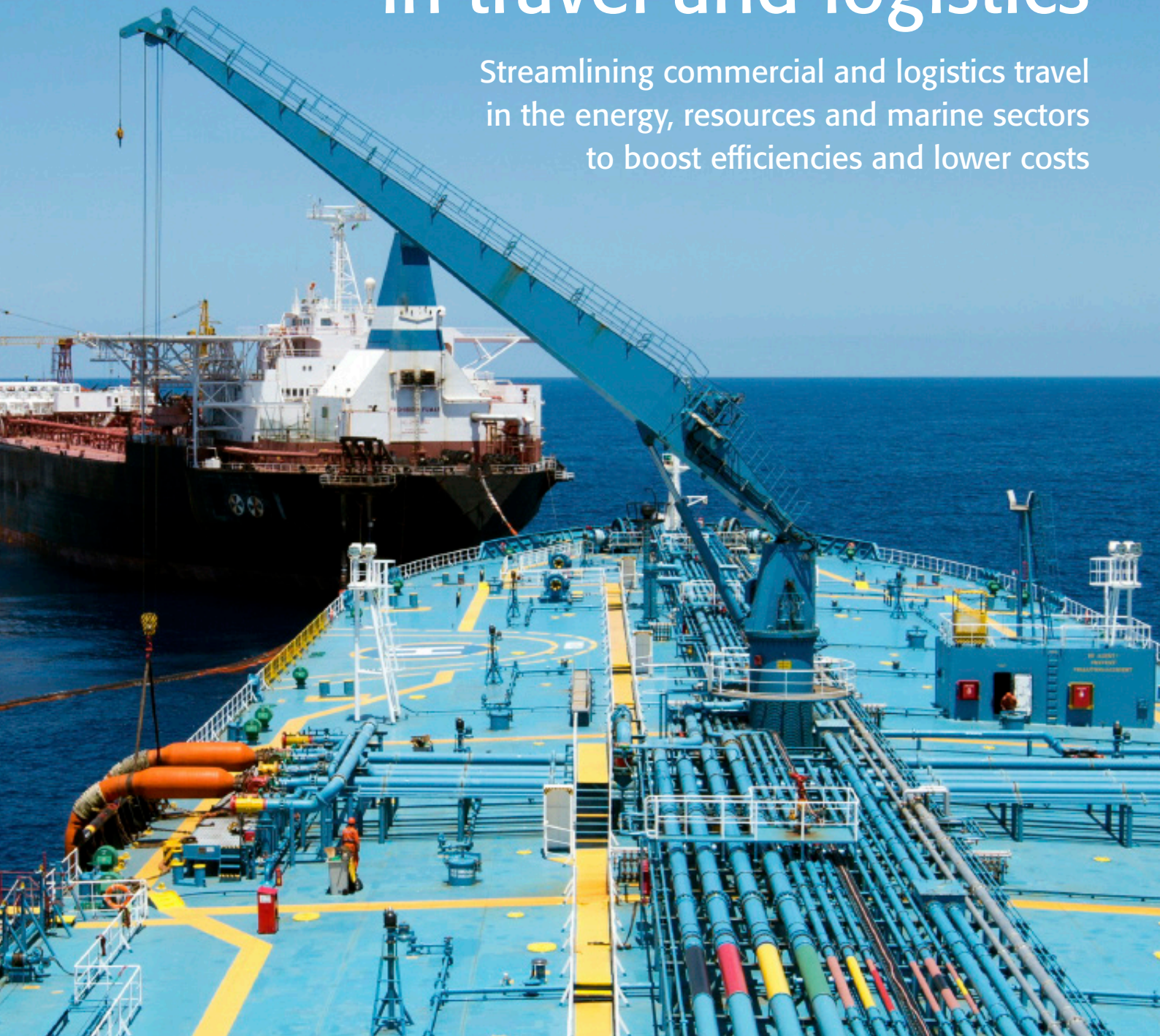


Mining for savings in travel and logistics

Streamlining commercial and logistics travel
in the energy, resources and marine sectors
to boost efficiencies and lower costs



WHITE PAPER AND CASE STUDIES

CWT
Energy, Resources
& Marine

ibs
Inventing future

Door to door journey management

Executive summary

As volatile oil prices prompt the search for additional savings, more companies in the energy, resources and marine sectors are looking to manage their logistics and business travel as a single process. A streamlined process allows for easier reporting, both for internal tracking purposes and for reporting activity based on local regulations, a tricky task when managing crew rotations in manual spreadsheets. By centralizing and managing the process from end to end, companies have more control of each of their travelers' trips. This includes better visibility and control of worker certifications, end-to-end itinerary management (e.g., helo, vessel and rig) and more. Combining logistics and commercial travel operations introduces enhanced efficiencies, safety and potential savings of up to 10-15% of the overall travel spend.

Introduction

The nuances of managing staff and contractor travel in the energy, resources and marine industries have always been a very complex process. The distinct processes involved in arranging commercial and logistics travel have often resulted in organizations keeping separate in-house travel desks. This makes the overall travel experience challenging and troublesome not just for operators and booking agents, but also for passengers. The changing nature of the offshore business makes it even harder for these companies to accommodate the last minute requests, thus warranting a new solution that can take care of all these needs.

The intention of this white paper is to look beyond this disconnect and propose a solution that will enable a synchronized flow of information between the logistics travel world and the commercial travel world.

Inefficient processes cause headaches for the industry

Often times the operators of these industries, commercial players and passengers have been left with very few choices, considering the constant changes in plans and itineraries that the energy, resources and marine sectors are known for. There is no doubt that the current oil price woes have compounded the challenges posed due to the disconnect between commercial and logistics travel worlds. The below illustration provides a snapshot of the current process inefficiencies. The cost of maintaining multiple travel desks and the safety risks caused due to passengers making non-compliant travel decisions make this problem more challenging. In some cases, the communication gap that exists between the logistics and commercial travel worlds forces companies to take decisions that increase the cost of their overall operations.

MANAGING TRIPS FOR ROTATING WORKFORCES IS COMPLEX



Complex logistical requirements



Multiple booking touch points



Time-consuming manual process



Business inefficiencies

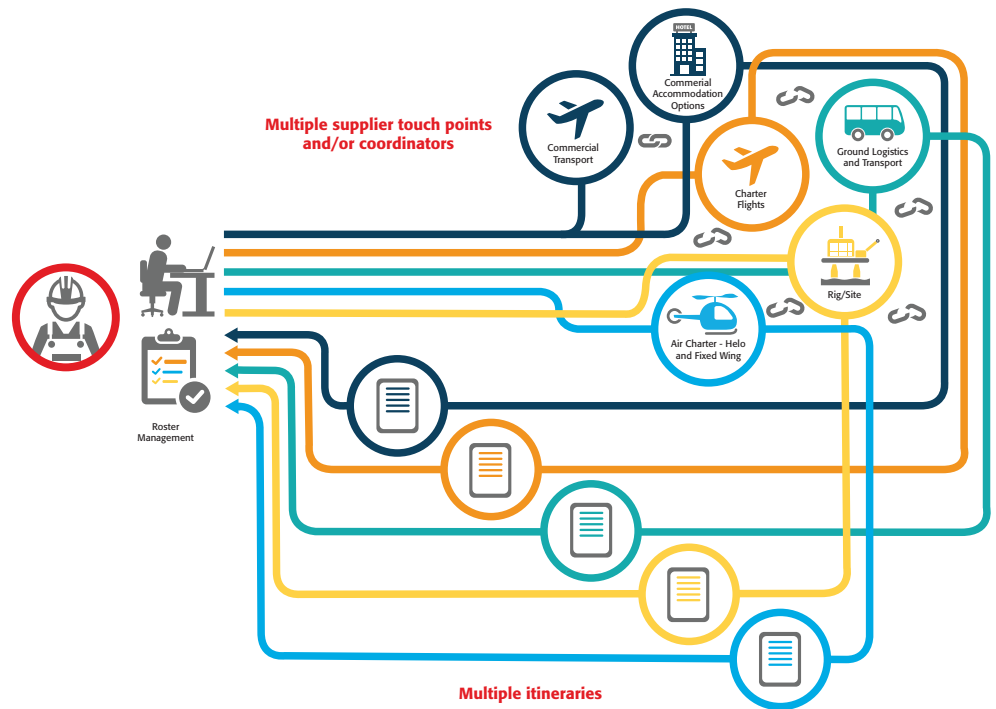


Disconnect between logistics and commercial travel



Frustrated or discouraged travelers making non-compliant travel decisions

The illustration to the right summarizes the current state of affairs in the energy, resources and marine worlds, with multiple touch points taking care of different booking needs. An analysis of the current state clearly indicates a process inefficiency due to the absence of a streamlined process. The inefficiency becomes more amplified when the journey involves multiple travel modes, and the whole travel experience can



become chaotic as changes happen frequently. There could be scenarios when the unavailability of logistics or commercial seats cascade to the other world, forcing a shift in the entire travel itinerary of a passenger. Looking at all these scenarios there is no doubt that the current hand-shake mechanism between logistics and commercial travel needs a thorough review and this is exactly what this solution is all about.

Moving to a streamlined approach

Untangling the web of the various logistics and commercial travel arrangements to create a streamlined process may appear a daunting task, but can be achieved through a systematic and organized approach, yielding strong results.

As a starting point, it is important to have a good understanding of the process required to get a worker from home to site and the impact that a single change to this process can have up or down stream.

Things to consider are internal processes such as: who is creating the bookings, how the bookings are being made, approval processes, change requests and lead booking times. Are these processes that can be changed? For example, rather than having a site worker create their own commercial flight and hotel booking that requires approval from a line manager before site travel can be booked, can this be handled by the site travel team incorporating a policy that no longer requires the booking to be approved if it's within that policy? The site travel team will then have control of the complete booking. This also allows for increased efficiencies when a booking amendment is required.

The next thing to look at is booking best practices throughout the organization. Are all Rig or Travel Managers following the same process when coordinating and sending travel requests to the travel desk? If not, why? Are Line Managers consistent with approvals and confirming change requests for workers on and off site? Should policies be mandated?

Capturing data is key, and the best way to do this is through one data source. Instead of having multiple touch points taking care of different booking needs, minimizing systems and complexities while providing an efficient booking process will help ensure consistency in data used for financial reporting, workforce management and optimization, traveler tracking and duty of care.

Systems can be simplified and multiple touchpoints can be reduced by:

- 1 Incorporating all travel (commercial and logistic) bookings through one team
- 2 Automating and integrating where possible
- 3 Outsourcing all workflow management and mobility processing

In the following sections we'll look at streamlining in action and case studies demonstrating the benefits of this approach.

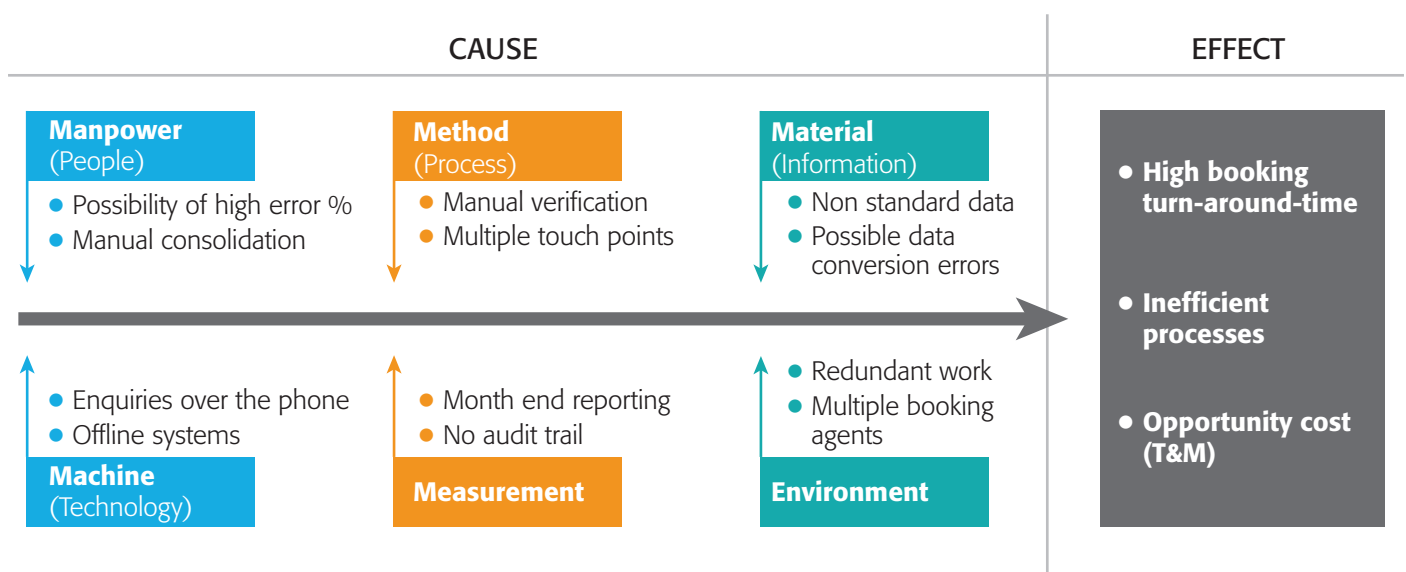
Streamlining in action: analyzing the benefits of consolidating logistics and commercial travel

The below comparison study is based on a current travel scenario existing within a major Oil & Gas company. We have quantified the business benefits that a company can achieve as a result of implementing this new concept.

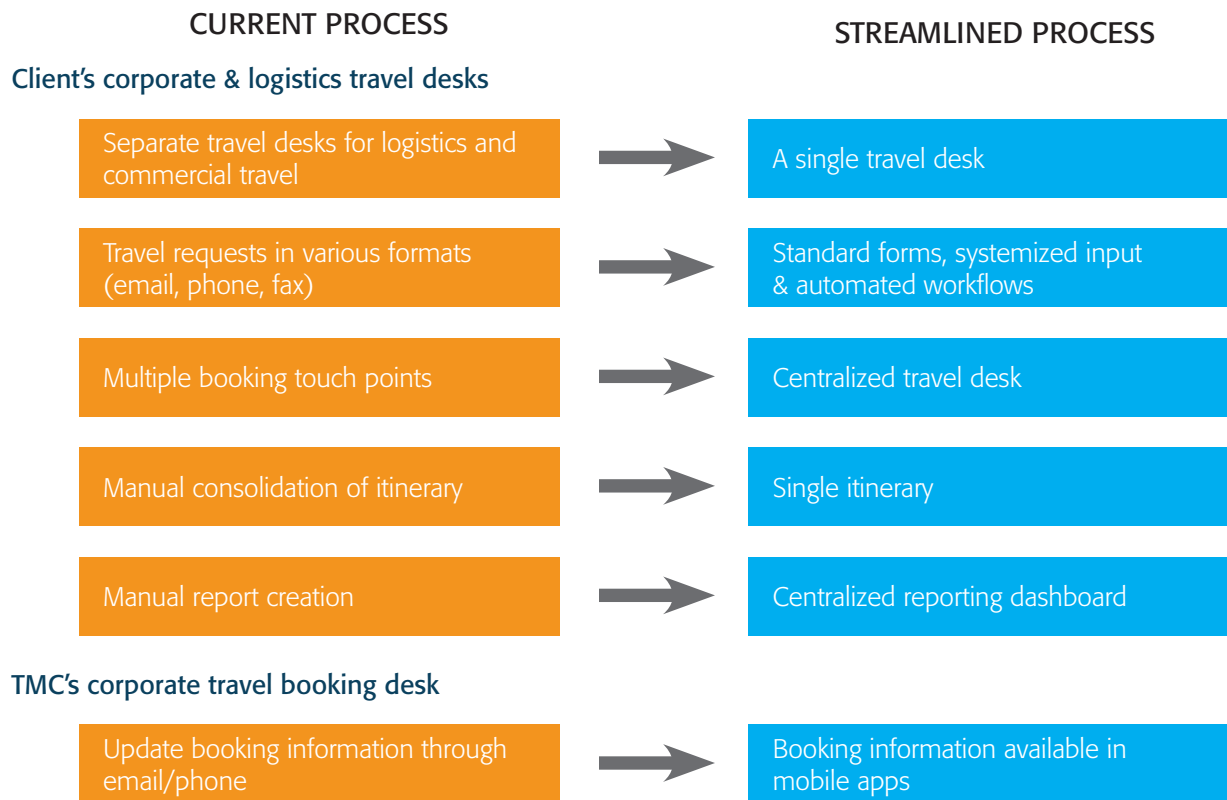
BUSINESS SCENARIO

- **A large business unit which has 10,000 plus passenger trips each month**
- **Of the 10,000 passenger trips a month, approximately 2,500 include commercial segments.**
- **Proportion of international travelers:** 10-15%
- **Average commercial segment count for international travelers:** 4 segments (2 x flights e.g. London via Houston to New Orleans; 1 x airport transfer; 1 x hotel stay)
- **Percentage of regional travelers:** 15-20%
- **Average commercial segment count for regional travelers:** 3 segments (2 x flights e.g. Dallas via Houston to New Orleans; 1 x airport transfer; 1 x hotel stay)

INEFFICIENCIES IN THE CURRENT PROCESS



MAKING CHANGES TO CREATE A STREAMLINED PROCESS



PROCESS EFFICIENCY ANALYSIS

In cases where an organization already has efficient communication processes, well planned bookings with few or no changes, and accurate data captured at the time of booking itself, it is still possible to identify a number of bottlenecks in the current travel arrangement process.

As outlined in Table 1 below, streamlining commercial and logistics travel processes and implementing the right technology has the potential to significantly reduce travel arrangement times.

TABLE 1

Identified process bottlenecks		Approx. time taken per booking in current process	Approx. time taken per booking in streamlined process
1	Verification & validation of request	2 min	1 min
2	Conversion of data to standard format	1 min	0 min
3	Send requests to booking agents for action	1 min	0 min
4	Work with multiple booking agents for request fulfillment (assume on an average there are 2 segments)	2 min	1 min
5	Prepare end of the day reports	1 min	0 min
6	Verify & approve month end invoices	2 min	1 min
7	Inform passengers about booking status	1 min	0 min
8	Consolidate different bookings to single itinerary	1 min	0 min
9	Finding mapping profile in their respective booking engines	1 min	0 min
10	Perform actual booking		
TOTAL		12 min	3 min

For a large business unit that has approximately 2,500 commercial bookings per month, this could potentially mean a reduction of $9 \text{ min} \times 2,500 = 22,500 \text{ mins}$ or 375 man-hours in travel arrangement time each month – in other words, the time of more than two full-time employees.

In reality, a number of organizations face multiple travel request changes, inefficient communication processes, and incorrect data capture (as typically found when data needs to be entered manually), and so there is even greater potential for streamlining as shown in Table 2 below.

TABLE 2

Identified process bottlenecks		Approx. time taken in current process for large OU~2500 Passengers
1	Frequent modification of commercial travel requests (assuming 40% of requests get modified)	(40% of 2,500 commercial bookings per month) * 4 mins = 4,000 mins per month
2	Back-and-forth communication for fulfilling incomplete commercial bookings (assuming 20% requests are incomplete)	(20% * of 2,500 commercial bookings per month) * 4 mins = 2,000 mins per month
3	Errors during data conversion (assuming 2-5% error)	(5% * of 2,500 commercial bookings per month) * 6 mins = 750 mins per month
TOTAL		6,750 mins per month

By eliminating the bottlenecks identified in both Table 1 and Table 2, travel arrangement times could potentially be reduced by almost 500 man-hours each month, or the time of about three full-time employees. This could help drive significant cost reductions.

In short, streamlining logistics and commercial travel potentially enables a 60-75% reduction in the overall travel arrangement time, and also creates a scalable model for handling frequent changes that occur in the logistics and commercial travel worlds.

Annual cost benefit for a large business unit (~2500 commercial bookings per month)

- Direct cost benefit - \$200K (reduction of 3 full time employees tasked with managing travel)
- Indirect cost benefit - \$300K (reduces last minute ticket cancellation and provides advance visibility)
- For a typical large business unit with a travel spend of \$5 million per year, this translates to a 10% cost saving

Other benefits and futuristic business models

If we extend this proposition to the next level, one might be quite surprised at the level of efficiency that the entire process can achieve in the long run.

For example, if an Oil & Gas operator chooses to outsource their internal travel desk operations to an established player like CWT, there could be a further reduction in the booking turnaround time, resulting in potentially significant cost benefits. In this model, the operators can excuse themselves of the overhead of managing travel desks, enabling them to focus on core function areas.

The next step towards driving even greater levels of savings would be a consolidation of travel desks across the organization's global operations. Of course, for such an approach factors like time zones and other operational aspects must be considered.

If we look further, it becomes clear that this solution is not just about improving booking turnaround time and efficiency; there is the much bigger element of a "feel good factor" from a traveler perspective. Having your entire itinerary accessible on one click is a significant improvement when we consider the constant changes and current state of affairs.





iLogistics

iLogistics is a multi-modal logistics management system designed to manage logistics operations pertaining to exploration and production (upstream) operations of oil and gas companies. iLogistics covers the end-to-end operations of the upstream value chain from logistics planning to managing the movement of personnel and material via air, sea and land, to analysis and performance reporting. The system supports Health, Safety and Environment compliance measures and has comprehensive personnel management and Personnel-on-Board (PoB) tracking. Essentially, iLogistics helps you gain end-to-end control over upstream oil and gas logistics.

CWT Energy, Resources & Marine and IBS offer

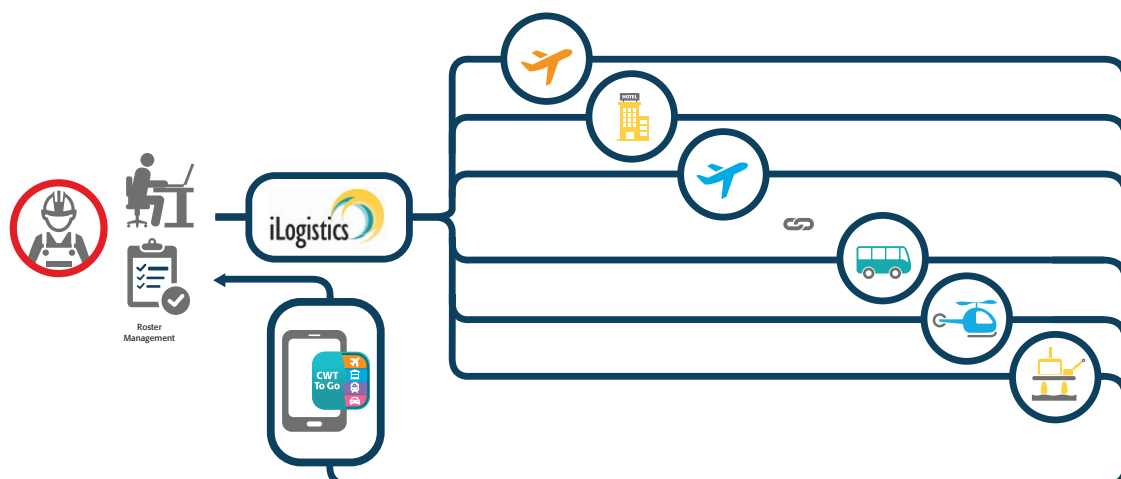
- A streamlined booking process for remote workforce travelers
- Increased efficiencies driving cost optimization
- Integration with both IBS's iLogistics and CWT's Safety & Security offering
- A robust standardized booking process for handling last minute changes
- Opportunity to outsource workforce management & mobility workload to CWT

Why this solution is different?

- One interface to manage both logistics and commercial bookings
- A single consolidated mobile itinerary
- Global availability
- Harnesses the combined expertise of CWT and IBS
- A customizable solution with a broad range of modules.

Client benefits

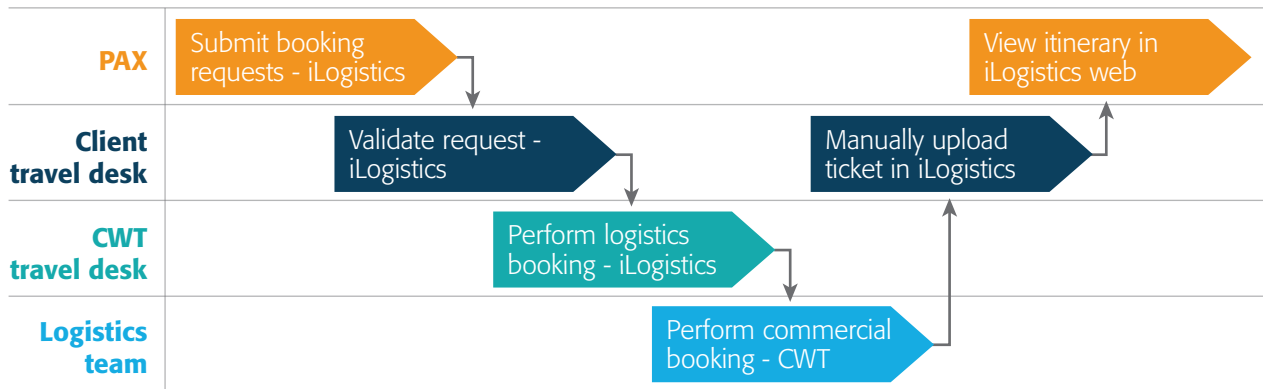
- Reduced booking touchpoints resulting in greater efficiencies
- Improved user experience
- Cost optimization through improved utilization
- Increased duty of care for travelers



Appendix 1 - case study

Oil & Gas major in Africa

PROCESS FLOW



KEY STATS

- **Passenger volumes:** 7000
- **International travelers:** 35%
- **Reduction in travel spend:** 15%
- **Improvement in booking turn-around-time:** 50%

Historically, this operator managed camp accommodations for more than 2,500 passengers using spreadsheets, and aviation arrangements for 1,500 passengers on a weekly basis using a system built in-house. Journey reservations for camp, aviation and trip planning were done manually in two different systems. The lack of an integrated system resulted in major communication gaps between departments. This lack of visibility resulted in lower operational efficiency, leading to increased operational costs.

Key challenges

- Disparate systems to manage accommodation and people movement
- Wastage of time due to manual information processing
- Difficulty in retrieval of information on demand and utilization of resources and assets
- Non-availability of accurate operational data
- Lack of statistical analysis and decision support

Business needs

- Bring cost benefits by removing planning and operational errors
- Improve productivity of employees by scaling down manual intervention
- Efficient logistics process aligned with business operations
- Integrated system for managing camp accommodation, aviation and Personnel-on-Board (PoB)
- A system with high scalability in terms of operational expansion
- Accurate visibility to logistics operation for decision support

Major cost drivers



Assets

- Helicopters
- Helibase
- Airport
- Camp



Manpower

- Check-in clerks
- Travel planners
- Airport staff



Compliance

- Visa
- Audit

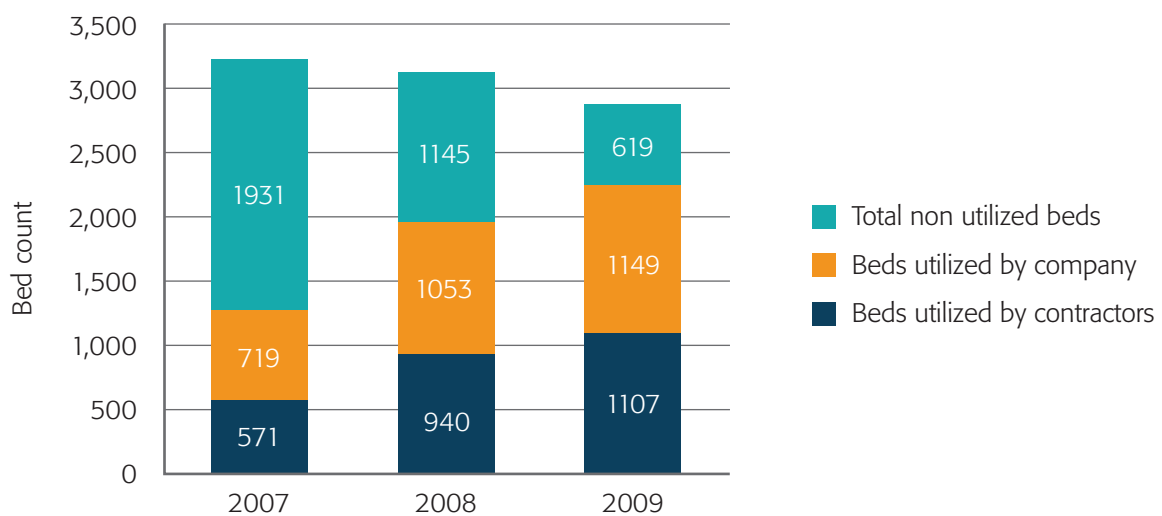


Safety

- PoB mustering
- Training courses

iLogistics effect

CAMP UTILIZATION



	Before	After	How & Why	Cost savings
Percentage of ad-hoc flights	30%	10%	As a result of advance visibility of demand	Operator was able to manage the spike in travel demand with the same level of resources thus resulting in savings of close to US\$2 million
Flight utilization	52%	76%		
Camp utilization	44%	78%		
Productivity improvement		65%	Automated workflows / training compliance checks	
Charter seat utilization	56%	77%	Capability to create recurring long term schedules	
Flight check-in time/ Passenger	4 min	90 sec	Automated check-in using smart cards	
PoB check-in	5 min		Automated check-in using smart cards	
Passenger / Month	5400	7000	Post project passenger count increased to 7000	
Number of helicopters	12	12		



A division of Carlson Wagonlit Travel (CWT), a global leader in business travel management, *CWT Energy, Resources & Marine* operates in over 150 countries providing specialized travel management solutions for organizations operating in oil and gas, diversified resources and mining, offshore, marine services and alternative energies. Building on more than 30 years of experience, CWT ERM works closely with clients worldwide to find the right solutions for their complex travel needs, providing first-class service and leading-edge technology and products.

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